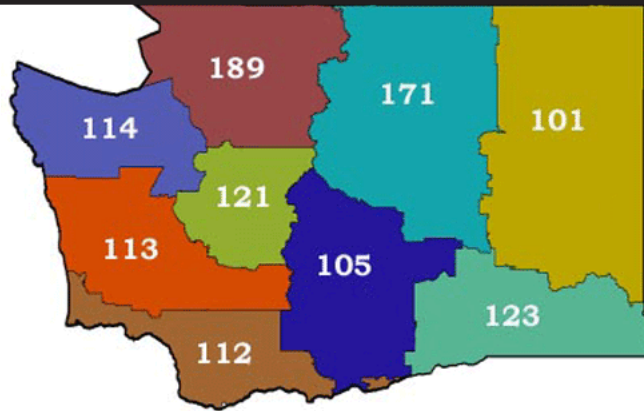


Performance Audit Report

Educational Service Districts Executive Summary

Report No. 1000004



September 18, 2007



Washington State Auditor Brian Sonntag, CGFM

A letter from State Auditor Brian Sonntag



Brian Sonntag, CGFM
Washington State Auditor

This report reflects the results of our performance audit examining the cost-effectiveness and efficiency of Washington's Educational Service Districts. It contains the results of a year of work by our office and MGT of America Inc., the contractor we hired to conduct the audit. MGT brought extensive experience in K-12 school performance auditing. One of its auditors involved in this engagement served as an Executive Director of an ESD in Texas for 10 years.

This audit revealed many things about how ESDs serve school districts and students. Two items in particular stand out: The auditors found Washington ESDs on average serve more school districts and students than ESDs in other states and that school district officials and teachers strongly appreciate the services ESDs provide.

The audit report details commendations, or things ESDs are doing well, and recommendations for ESDs to improve their efficiency and business practices. The commendations point to the ESDs' provision of programs that school districts do not have the resources to develop. The recommendations identify measures that could potentially free up \$9.4 million over five years to provide even better services and programs. The recommendations identified an additional \$5.3 million in revenue opportunities for ESDs. The cost savings and operational efficiencies identified in the audit could give ESDs greater financial depth within their existing financial framework.

Each of the ESDs was given an opportunity to provide a written response to the audit recommendations. Those responses can be found at the back of each ESD's section of MGT's report.

I believe the results of this audit will provide ESDs with the tools necessary to offer targeted services to school districts that are clearly aligned with ESDs' individual and collective goals, with the ultimate benefit of improving services they already provide districts.

Our audit authority

Voters approved Initiative 900 in November 2005, giving the State Auditor's Office the authority to conduct independent performance audits of state and local government entities on behalf of citizens. The purpose of conducting these performance audits is to promote accountability and cost-effective uses of public resources.

The State Auditor's Office engaged MGT of America, Inc., to conduct this performance audit in accordance with Government Auditing Standards. Those standards require that the auditor plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for the findings and conclusions based on the audit objectives. The audit team believes that the evidence provides a reasonable basis for the findings and conclusions based on the audit objectives.

In planning the audit, the auditors gained an understanding of internal controls that relate to audit objectives. The results of the internal control work did not impact the nature, timing or extent of our initial audit procedures.

No privileged or confidential information was omitted in this report.

*The complete text of
Initiative 900 is available
at [www.sao.wa.gov/
PerformanceAudit/
PDFDocuments/i900.pdf](http://www.sao.wa.gov/PerformanceAudit/PDFDocuments/i900.pdf)*

After the performance audit

The release of this report triggers a series of events:

- Each ESD will hold a public hearing within 30 days to receive public testimony.

Each ESD will publish and distribute a report by July 1 of each year detailing the status of corrective action on recommendations in this report. Justification will be provided for recommendations not followed. Those justifications may be subject to follow-up performance audits.

- The state Legislature and any of its committees may hold one or more public hearings within 30 days of this report's publication to receive public testimony.

The Legislature will publish and distribute a report by July 1 of each year detailing the status of legislative action on recommendations in this report. Justification will be provided for recommendations not followed. Those justifications may be subject to follow-up performance audits. Details of other corrective action must be provided as well.

Follow-up performance audits of any state or local government entity or program may be conducted when determined necessary by the State Auditor.

*Notices of public hearings
are posted with reports
on the Auditor's Web site
at [www.sao.wa.gov/
PerformanceAudit/_
reports.htm](http://www.sao.wa.gov/PerformanceAudit/audit_reports.htm)*

Objectives and scope

MGT organized its report into chapters. Each ESD has its own chapter. The global section of the report contains the systemwide results.

Objectives

The audit was designed to answer the following questions about each ESD:

1. Are operations costs reasonable, prudent and appropriate?
2. Is the contracting process and monitoring of contracts reasonable and a cost-effective method of delivering quality services or programs to school districts? Are all contracts necessary?
3. Do operations comply with statutory authority? Do the services and programs provided meet the original intent established by the Washington Legislature? If not, what are the areas of noncompliance? Are statutory changes are needed.
4. How do Washington ESDs compare to similar organizations in other states?
5. What are the best practices for providing cost-effective services and programs to school districts and how much would it cost ESDs to adopt those that are recommended?

Additionally, Initiative 900 directs us to consider the following elements:

1. Identification of cost savings.
2. Identification of services that can be reduced or eliminated.
3. Identification of programs or services that can be transferred to the private sector.
4. Analysis of gaps or overlaps in programs or services and recommendations to correct them.
5. Feasibility of pooling information technology systems.
6. Analysis of the roles and functions and recommendations to change or eliminate roles or functions.
7. Recommendations for statutory or regulatory changes that may be necessary to properly carry out its functions.
8. Analysis of performance data, performance measures and self-assessment systems.
9. Identification of best practices.

Scope

The audit reviewed the operational performance of each of the nine Washington state Educational Service Districts' governance, management, administrative and overhead operations by reviewing data from fiscal year 2006.

Overall conclusion

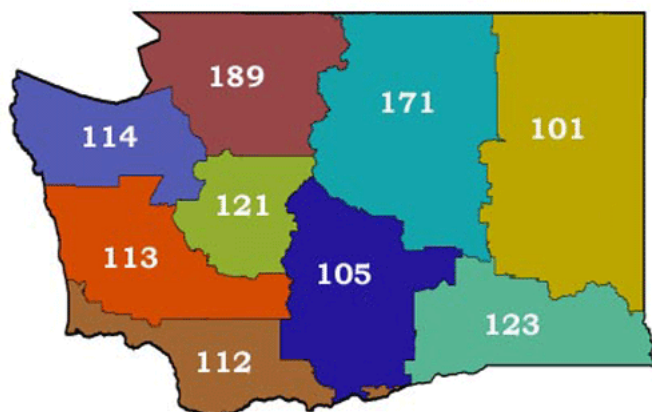
The audit field work and analysis revealed that in general, the ESDs' operational goals are not linked to budgets or strategic plans. In many cases no system is in place to track progress towards operational goals.

The recommendations in this audit provide the ESDs with the tools to offer targeted services that are clearly aligned with their individual strategic plans and with statewide strategic plans. Developing statewide strategic plans will require the ESDs to work with each other, the school districts and the Office of Superintendent of Public Instruction (OSPI).

The cost savings and operational efficiencies identified in the audit will give ESDs greater financial depth within their existing financial framework.

Background about ESDs

Map of Washington Educational Service Districts and their headquarters



ESD 101 - Spokane, www.esd101.net
 ESD 105 - Yakima, www.esd.105.wednet.edu
 ESD 112 - Vancouver, www.esd112.org
 ESD 113 - Olympia, www.esd113.k12.wa.us
 ESD 114 - Bremerton, www.oesd.wednet.edu
 ESD 121 - Renton, www.psesd.org
 ESD 123 - Pasco, www.esd123.org
 ESD 171 - Wenatchee, www.ncesd.org
 ESD 189 - Anacortes, www.esd189.org

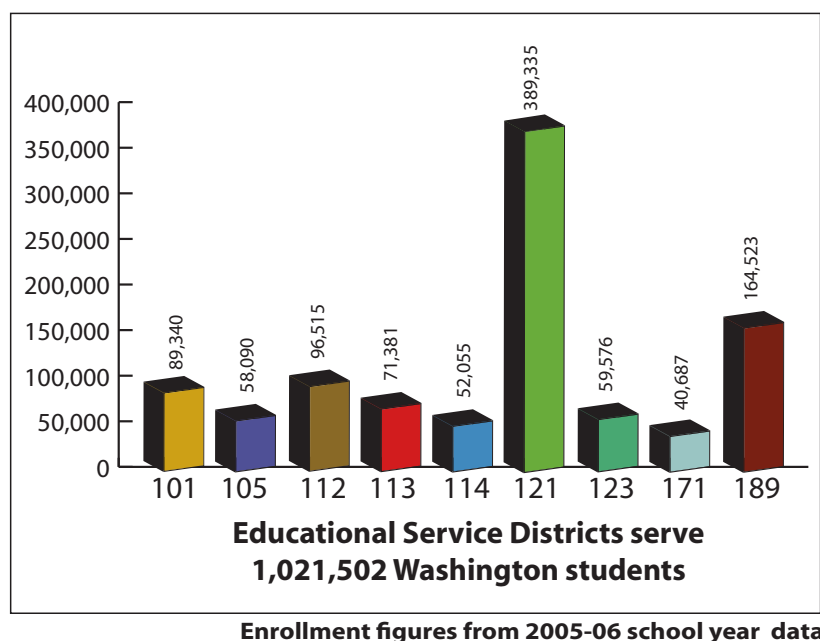
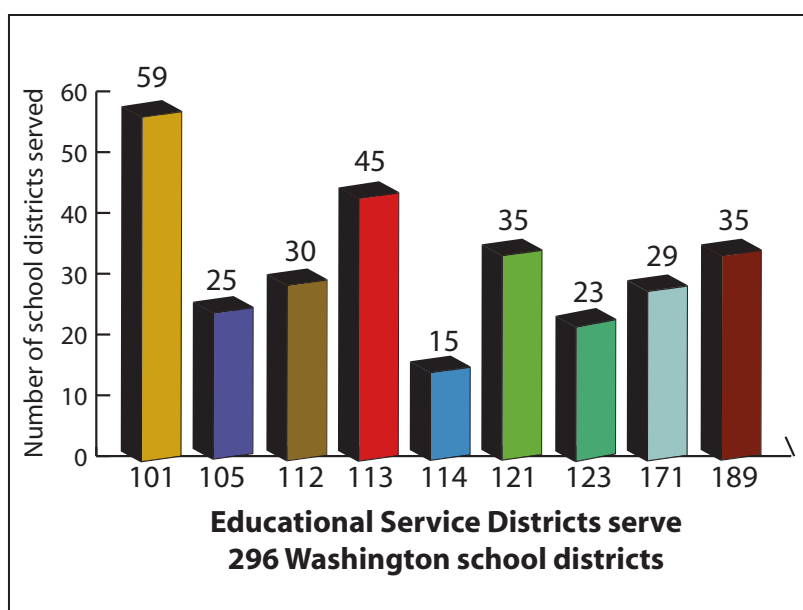
Educational Service Districts in Washington provide training, technical assistance, administrative support and other services to public and private school districts, the Washington School for the Blind and the Washington School for the Deaf. ESDs also serve as an intermediary between school districts and the Office of the Superintendent of Public Instruction (OSPI), the state agency that regulates schools.

ESDs were created by the state Legislature in 1969. There were originally 14 ESDs; today there are nine. During the audit period, the nine ESDs employed 1,407 people and served 296 school districts with more than 1 million students.

Services that ESDs provide to school districts include:

- Financial support and guidance.
- Grant management.
- Special education, Head Start and early learning programs.
- Teacher certification.
- Purchasing cooperatives.
- Teacher training and staff development.
- Learning resources.
- Construction management.

Each ESD is governed by a seven- to nine-member board of directors. Board members serve four-year terms and are elected by local school boards. Each ESD's board of directors has final decision-making authority and hires the ESD superintendent.



About the report

The State Auditor's Office engaged MGT of America, Inc., to conduct a performance audit of the nine Educational Service Districts in Washington. The performance audit reviewed the structure and operations of the ESDs as of fiscal year 2006 for cost-effective and efficient delivery of support services to the school districts in Washington. In addition, MGT was tasked with identifying opportunities to improve the efficient and effective delivery of service to school districts.

MGT identified the following audit areas:

- Number and geographic distribution of ESDs
- Governance and management
- Financial management
- Institutional structure
- Program and academic delivery
- Human resources
- Facilities' use and management
- Purchasing and contract management
- Technology

The audit identified significant opportunities for additional revenue and cost savings, particularly in two areas:

1. Eligible ESDs and many of their member school districts are not taking advantage of a federal telecommunications rebate program, resulting in a potential reimbursement of \$10.7 million over five years.
2. Analysis of ESDs' staffing structures revealed a potential for \$7.8 million in cost savings over five years. The biggest savings were identified in two of the smallest ESDs.

While these two smaller ESDs have great opportunities for cost savings related to the number of administrators in place, the audit found that the state's largest ESD has instituted a performance model that allows it to serve a large number of school districts and students in an effective and efficient manner.

The audit also revealed that ESDs provide a valuable service to school districts and, by extension, students. An audit survey indicated that more than 80 percent of school districts find value in the wide range of services that ESDs provide to schools and school districts.

The audit found that all of the ESDs operate with inconsistent funding, which makes continuity of services a

Cost savings and revenue opportunities over five years

Total estimated fiscal impact:

\$25.3 million

ESDs' cost savings:

\$9.4 million

ESDs' potential revenue:

\$5.4 million

School districts'
potential revenue:

\$10.5 million

Performance audit contract cost:

\$1.4 million

challenge. Key reasons for funding fluctuation are:

- State and federal funding to ESDs fluctuates.
- State and federal funding to school districts fluctuates, causing the districts to opt in and out of fee-based services from ESDs.
- School districts' program needs change. As needs decrease, so does funding.

One ESD staff member summarized the situation this way: "We are offering services that are a mile-wide with resources that are only an inch deep."

The report recommends ways to counterbalance erratic revenue:

1. Each ESD should create a long-term strategic plan that sets operational goals, links them to budgets and tracks progress in meeting those goals. Improved planning for continuance of federal and state grants, coupled with financial and program continuation planning, could decrease the loss of programs.
2. All nine ESDs should work together to ensure that successful programs continue and to reduce duplication in services. To achieve that, the ESDs should develop a systemwide strategic plan that aids service and program decisions and increases efficiency.

The pages that follow give highlights of the commendations and recommendations relating to the ESDs as a statewide system and individually.

Commendations for ESDs

The ESDs, individually and as a system, received commendations in areas where they are performing well.

Systemwide

- ESDs provide quality services that meet the needs of school districts.
- All ESDs are providing services to school districts outside their regions.
- ESDs in Washington enjoy the leadership of administrators and board members who possess rich experience and the knowledge to lead effective, 21st-century organizations. The exemplary working relationships among these leadership teams serve as models for similar organizations throughout the country.
- Washington's ESDs have effective controls over fiscal operations including budgeting practices.
- Washington's ESDs are organized to meet the needs of the participating districts and schools and provide effective services related to program delivery.

ESD 101 - Spokane

- The "Try It Before You Buy It" program enables districts to evaluate technology in the classroom before purchasing it.
- Teaching Internet safety to students, teachers, parents and law enforcement officers through a partnership with the Washington State Internet Crimes Against Children Task Force, the U.S. Attorney's Office (Spokane branch), the Washington State Attorney General's Office, the Federal Bureau of Investigation, the Department of Homeland Security and NetSmartz.

ESD 105 - Yakima

- Developing and maintaining a comprehensive strategic plan allows staff to accomplish agency goals.
- Developing an inquiry-based science program.
- Transforming the traditional media center to an Instructional Improvement Cooperative that provides on-site staff development and online technology resources at a cost savings to school districts.

ESD 112 - Vancouver

- The Construction Services Group provides school districts a construction management partnership with the construction industry and two other ESDs.
- Efficient and effective processes to monitor budgets

and actual costs.

ESD 113 - Olympia

- Creating and expanding online learning/training for its own employees and for member schools.
- The Student Assistance Center should be considered a Center of Excellence. This unique program combines funds from several grants to assist students with issues regarding tobacco, alcohol, drugs and mental health.

ESD 114 - Bremerton

- Achieving a high level of satisfaction from the Workers' Compensation pool members and an innovative program that encourages early return to work.
- Statewide leadership demonstrated by its exclusive statewide agreement for "Just 5 Clicks" data analysis software that supports data-driven decisions in Washington schools.

ESD 121 - Renton

- Implementing and applying the principles of the Carver Governance Model to its strategic planning.
- Organizing efforts to pursue external funding sources through a grants consultant and tracking those efforts.

ESD 123 - Pasco

- Four-day training for teachers based on the modules developed by OSPI in math, reading and writing.
- Developing and making available to member school districts an academy for leadership development and bilingualism.

ESD 171 - Wenatchee

- Providing cooperative programs and shared services arrangements.
- Partnering with public utility districts to acquire use of fiber optics telecommunications for member school districts.
- Using the existing facility as a conference center and involving local districts in the decision-making process. The facility will provide a source of revenue for the ESD and a cost-effective facility for clients.

ESD 189 - Anacortes

- Hiring a fiscal services manager to assist school districts with business operations on a fee-for-service basis.

Recommendations for the ESDs as a system

Number and geographic distribution

- Maintain the current boundaries and number of ESDs.

Financial management

- Institute long-term strategic plans that are linked to budgets and develop performance measures to ensure goals and objectives are met.
- Reduce payroll costs by instituting mandatory direct deposit.
- Implement a purchasing card program in all ESDs.
- Research the benefits of using interstate purchasing cooperatives and, if feasible, coordinate an effort among ESDs and school districts to join them.

Governance and management

- Washington policy-makers should undertake an evaluation or performance audit of the state's special education system to improve efficiency.
- All nine ESDs should continue their efforts toward being recognized as a statewide system of ESDs.
- Develop a statewide accreditation system for ESDs in collaboration with OSPI and other interested parties.

Program delivery

- Establish a comprehensive, statewide strategic planning process that includes school district satisfaction surveys, needs assessment and program evaluations that link ESD services and staff development to student performance indicators.
- Establish Centers for Excellence among the ESDs with ESDs specializing in different programs that provide technical assistance and staff development to school districts. Those programs can then be shared with and used by all nine ESDs rather than building the same programs nine times.
- Collect and distribute effective instruction methods and curriculum for all schools.
- Create a professional development plan consistent with systemwide ESD strategic planning, program evaluation and student performance indicators.
- Provide online training so teachers and staff avoid the cost of traveling to ESDs for training.
- To meet the requirements of the federal No Child Left Behind Act, ESDs and OSPI should jointly develop a statewide program to train teachers to meet education reform requirements.

Human resources

- Re-evaluate the basis for salary schedules, cost-of-living increases and employee performance measures.
- Allow applicants to apply for jobs online.

Facilities

- Explore telecommuting opportunities for itinerant and consultant staff.
- Write a simple preventive maintenance plan that both prompts activities and documents their completion.
- Develop a long-term facility master plan for each ESD.
- Conduct periodic energy audits to identify areas where energy-efficient devices would reduce energy costs.
- Appoint a Resource Conservation Manager and train staff on energy efficiency.

Technology

- Implement a strategy to receive discounts for telephone services, Internet access and internal connections from the federal telecommunications discount program known as "E-rate." All eligible ESDs and school districts should participate, as the potential revenue opportunities exceed \$10 million.
- Consolidate seven data centers into two strategically located centers that serve the entire state.
- Develop disaster recovery plans for data and technology systems.
- Each ESD should consolidate all technology-related departments into a single division under the direction of a single Chief Information Officer.
- Use a centralized system at each ESD to account for equipment, networks and service.
- Survey technology users at school districts and ESDs on a regular basis.
- Develop a process to plan for future technology needs with representatives from ESDs, school districts and the community.
- Standardize computer hardware and software, including operating systems and applications, to minimize technical support costs. Consider pooling resources of ESDs to use a single vendor for greater cost savings.
- Join with member school districts and surrounding ESDs to pool purchasing power and maximize potential discounts for technology-related purchases.

Recommendations for individual ESDs

ESD 101 - Spokane

- Track technical support requests and actions.
- Centralize the funding for the ESD Webmaster and technical support staff.

ESD 105 - Yakima

- Document planning and budgeting procedures, including annual instructions and staffing standards.
- Consider outsourcing courier services.
- Expand the mathematics in-service network to all districts in the ESD.

ESD 112 - Vancouver

- Place the Administrative and Operational Guidelines Manual online with a searchable index.
- Track student math performance to determine whether the instructional materials provided by the Science and Math Materials Cooperative are effective.
- Collect data on the Construction Services Group and compare it to private sector construction charges.
- Make job applications available online.

ESD 113 - Olympia

- Pursue a public/community relations cooperative
- Increase leadership development efforts for ESD employees and school district employees.
- Establish a data-driven curriculum design framework at the school level.
- Improve financial controls by separating accounts payable and purchasing functions.
- Work with OSPI to create a process for collaborative planning and delivery of school improvement and professional development.

ESD 114 - Bremerton

- Consolidate all financial management activities within one division of the organization.
- Consider eliminating the Certification Specialist position (not the services) and forming a cooperative with other ESDs to provide certification services.
- Consolidate all instructional program delivery components under one assistant superintendent.
- Establish a new organizational structure that aligns job functions, titles and salaries to a fair and objective workload distribution plan in order to achieve an administrator to staff ratio of 1:6.

- Restructure the salaries of the assistant superintendents so they are comparable to those of peer assistant superintendents.

ESD 121 - Renton

- Expand the current evaluation process to secure measurable performance data on ESD services to help drive program delivery goals, objectives and service models.
- Expand current program evaluation processes to link research-based data to drive program delivery goals, objectives and service models.
- Put information regarding scheduling conference and meeting rooms, fee schedules and policies online.

ESD 123 - Pasco

- Reorganize the ESD into two service divisions.
- Eliminate the public relations office cooperative program for the 2007-08 fiscal year if other districts are not willing to purchase the service.
- Obtain government rates for lodging when available, following the State's per diem rates, and discontinue the use of travel agents for booking flights.
- Expand the Human Resources Web page to provide information to current and future employees.

ESD 171 - Wenatchee

- Update administrative procedures to follow state law.
- Revise employee performance evaluations to provide quantifiable information as a basis for merit compensation.
- Establish a new organizational structure and create a job classification matrix that aligns job functions, titles and salaries to a fair and objective workload distribution plan.
- Reduce the number of executive directors by one, through reassignment, attrition and/or hiring freeze. Eliminate at least two administrative tiers, reclassify administrators to professional specialists and increase the administrator to staff ratio to a minimum of 1:5 from the current ratio of 1:2.5.

ESD 189 - Anacortes

- Expand opportunities for staff collaboration through interdepartmental planning, implementation and evaluation of services to clients.
- Maximize the recovery of personnel costs pertaining to fiscal management services provided to school districts.

Legislative Recommendations

The audit team makes the following recommendations to the Legislature:

- Modify Washington Administrative Code 180-22-150, so that all ESDs fall within its square mileage requirements. (Recommendation 2-2).
- Remove ESD Superintendents' responsibility from the regulatory functions of RCW 28A.310.260 in relation to member school district staff code of conduct violations (Recommendation 3-1).
- Modify the controlling statutory language to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes (Recommendation 3-2).
- Washington policy-makers should undertake an evaluation or performance audit of the state's special education delivery system in an effort to increase efficiency and use existing infrastructure (Recommendation 3-6).

I-900 cross-reference tables

The following tables cross-reference I-900 elements to the recommendations in the report. The first table shows a cross-reference of the nine elements in ESDs 101, 105, 112, 113 and 114. The second table shows a cross-reference of the nine elements in ESDs 121, 123, 171, 189 and in the global report. The recommendations listed below reflect MGT's numbering system, in which the first number represents the chapter and the second number represents the recommendation number.

I-900 element	ESD 101	ESD 105	ESD 112	ESD 113	ESD 114
Identification of cost savings	3-1, 3-2, 7-2, 7-7	3-2, 3-3, 5-3, 7-2, 7-6, 8-2, 8-3	3-3, 3-4, 3-5, 4-1, 7-3, 7-4, 7-6	4-4, 8-4, 8-5	3-2, 4-9, 6-4, 6-6, 8-2, 8-3
Identification of services that can be reduced or eliminated				5-5	6-4
Identification of programs or services that can be transferred to the private sector		4-4			4-11
Analysis of gaps or overlaps in programs or services and recommendation to correct gaps or overlaps	4-1, 4-6				5-3, 6-6
Feasibility of pooling information technology systems	8-1, 8-3			8-1, 8-5	
Analysis of the roles and functions of the Educational Service Districts and recommendations to change or eliminate districts' roles or functions					3-2, 4-1, 5-1, 6-6
Recommendations for statutory or regulatory changes that may be necessary for the Educational Service Districts to carry out their functions	4-3	4-3			4-4, 4-8, 4-10
Analysis of Educational Service Districts' performance data, performance measures and self-assessment systems	3-3, 4-2, 6-1, 8-4	4-2	3-1, 4-2, 5-1, 5-2, 5-3, 7-5	3-1, 4-1, 5-3, 8-3	4-3, 5-2, 5-5, 6-3, 6-5
Identification of best practices (number of commendations)	7	4	17	15	8

I-900 cross-reference tables, cont.

I-900 element	ESD 121	ESD 123	ESD 171	ESD 189	Global report
Identification of cost savings		3-5, 3-6, 4-3, 5-3, 4-2	3-3, 8-1, 8-2	4-1, 7-1	3-1, 3-2, 4-4, 5-2, 7-5, 7-6, 8-7, 8-8
Identification of services that can be reduced or eliminated		5-1	3-2		3-1, 3-2
Identification of programs or services that can be transferred to the private sector			4-6, 7-3	7-1	
Analysis of gaps or overlaps in programs or services and recommendation to correct gaps or overlaps					3-5, 5-1, 5-2, 5-3, 5-6, 8-4, 8-5, 8-6
Feasibility of pooling information technology systems				8-3, 8-5	8-6
Analysis of the roles and functions of the Educational Service Districts and recommendations to change or eliminate districts' roles or functions		6-1, 8-3	3-2	7-1, 8-3	2-1, 3-1, 3-2, 3-4, 5-2
Recommendations for statutory or regulatory changes that may be necessary for the Educational Service Districts to carry out their functions			4-1		2-2, 3-1, 3-2, 4-2, 4-3
Analysis of Educational Service Districts' performance data, performance measures and self-assessment systems	5-1, 8-1	3-1, 5-1, 5-2, 6-4, 6-5	3-1, 4-2, 5-1, 6-2	5-1, 8-1	3-3, 4-1, 5-1, 5-4, 5-6, 6-8, 8-2
Identification of best practices (number of commendations)	2	7	11	2	6

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Mission Statement

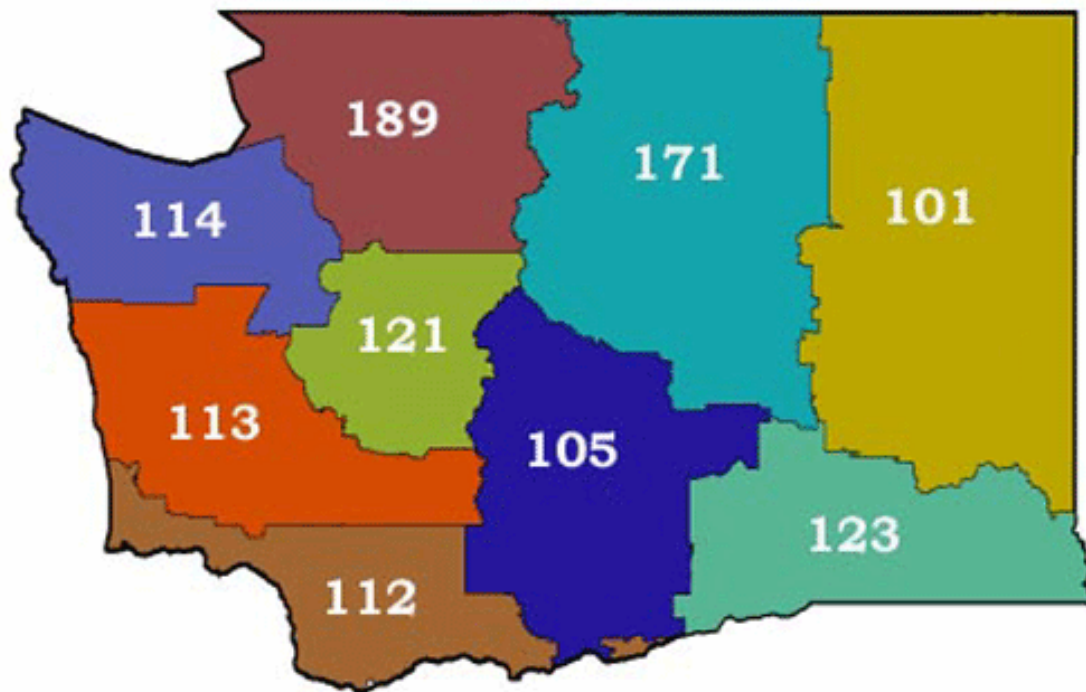
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PERFORMANCE AUDIT OF WASHINGTON STATE EDUCATIONAL SERVICE DISTRICTS

Volume I – Global Report



Presented to:



THE WASHINGTON STATE
AUDITOR'S OFFICE

Presented by:



April 30, 2007

PERFORMANCE AUDIT OF WASHINGTON STATE EDUCATIONAL SERVICE DISTRICTS

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Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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APPENDICES

APPENDIX A: MGT's Methodology, Work Plan, and Benchmarks for Conducting the ESD Performance Audit

APPENDIX B: List of ESD Core and Special Services

APPENDIX C: AESD Formal Response to Audit Report

APPENDIX D: MGT's Response to AESD Formal Response to Audit Report

1.0 INTRODUCTION

1.0 INTRODUCTION

This chapter provides an introduction to this performance audit, as well as background information on Washington's Educational Service Districts (ESDs). Please note that an executive summary of this report can be found on the State Auditor's Office (SAO) Web site at http://www.sao.wa.gov/PerformanceAudit/audit_reports.htm. The executive summary will highlight key points of the nine individual ESD reports and the global report. Additionally, the executive summary will detail overall cost savings related to MGT's recommendations.

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No privileged or confidential information was omitted from this report.

The complete text of Initiative 900 is available on SAO's Web site at: <http://www.sao.wa.gov/PerformanceAudit/PDFDocuments/i900.pdf>.

The operational performance audit of each of the nine ESDs' governance, management, administration, and overhead operations included nine specific elements of Initiative 900, namely:

- Best practices.
- Opportunities to improve, reduce, or eliminate services.
- Opportunities to transfer programs or services to the private sector or other public sectors.
- Opportunities to achieve cost savings.
- Gaps and overlaps in programs and services with recommendations to correct.
- Feasibility of pooling information technology systems.

- Opportunities for changing or eliminating roles or functions of the organization.
- Opportunities for improving performance data, performance measures, and self-assessment systems.
- Recommendations for changing statutes, rules, and policy directives that impede the delivery of efficient and effective educational or operational services.

The purpose of this review was to develop findings, commendations, and recommendations to include, but not necessarily be limited to, the following:

- Determination of whether the costs of operations are reasonable, prudent, and an appropriate expenditure of funds.
- Evaluation of the contracting process and monitoring of contracts, including a determination of whether contracted services are necessary, reasonable, and a cost-effective method of delivering quality services or providing programs to school districts.
- Determination of whether the operations of each ESD comply with its statutory authority and whether the services and programs the ESD provides meet the original intent established by the Washington State Legislature, as well as identification of non-compliance and whether statutory changes are necessary.
- Comparison of the current model of Washington ESDs to similar organizations in other states.
- Identification of best practices for providing cost-effective services and programs to school districts, with recommendations to improve efficiency and effectiveness and determination of the financial effect of adopting similar best practices.

In accomplishing these purposes, the audit team also evaluated how the governance system of the ESDs contributes to an effective and efficient organization and ensures delivery of cost-effective services to school districts; assessed the cost-effectiveness of services and programs, including cooperative programs, provided by the ESDs to meet the needs of school districts of various sizes and geographic locations; reviewed a sample of school districts in each ESD region to assess the cost-effectiveness and quality of services and programs provided by their regional ESD; and determined the five-year impact on costs, revenues, decision-making, and level of services.

In conducting this audit, MGT reviewed effectiveness and efficiency in the following areas:

- Governance and management
- Financial condition
- Number and geographic distribution of ESDs
- Institutional structure
- Program and academic delivery
- Human resource management

- Facilities use and management
- Purchasing and contract management
- Management information systems

Appendix A provides the audit team's methodology and work plan as required by contract.

BACKGROUND

ESDs are intermediate educational units that provide training, technical assistance, administrative support, and an array of other services to meet the needs of local school districts and private schools. The ESDs are called "intermediate" units because they serve as intermediaries between the Office of Superintendent of Public Instruction (OSPI) and local school districts. ESDs have a long history of providing assistance to all Washington school districts, be they rural, small, private, metropolitan, or large suburban districts.

When Washington became a state in 1889, its counties were responsible for serving local school districts through 39 county education units, under the supervision of the Superintendent of Public Instruction. The Washington Legislature officially created ESDs in 1969 by passage of the Intermediate School District (ISD) Act creating 14 statewide ISDs. In 1972, the State Board of Education reduced the number of ISDs to 12 and changed the focus of the services provided. In 1979, the name ISD was changed to ESD.

In 1977, the State Board of Education further reduced the number of ESDs from 12 to nine, and the State Legislature directed that the purposes of ESDs were to:

- Provide cooperative and informational services to local school districts.
- Assist the Superintendent of Public Instruction and the State Board of Education in the performance of their respective statutory or constitutional duties.
- Provide services to school districts and to the school for the deaf and the school for the blind to assure equal educational opportunities.¹

The ESDs have access to a combination of financial resources from state, federal, and local sources to provide services within each region. **Exhibit 1-1** presents information on the funding sources and amounts for 2005-06. Some programs are funded by all three major sources of revenue; others, by only one. For the 2005-06 school year, the ESDs' revenues totaled \$219.4 million.

¹ RCW 28A.310.010.

**EXHIBIT 1-1
FUNDING SOURCES FOR PROGRAMS/SERVICES
OFFERED BY THE ESDs, 2005-06**

REVENUE SOURCE	AMOUNT (\$)
Tuition and Fees	5,413,022
Sale of Goods and Services	5,633,289
Food Service Fees	1,615
Bus Fees	3,925
Investment Earnings	984,591
Gifts and Donations	392,550
Rental of Property	1,292,160
Insurance Recoveries	25,725
Certification Fees	369,965
Pre-certification Fees	280,196
E-Rate	75,725
Local Sources, Unassigned	3,077,722
ESD Allotment	3,763,794
Special Education	2,045
State Institutions-Delinquent	1,798,399
Special Programs	1,560,092
Nursing Services	2,440,108
State General Purpose, Unassigned:	
Early Childhood	9,131,385
Transportation-Operations	2,816,285
Transportation-Depreciation	807,611
Other State Agencies	3,766,685
State Special Purpose, Unassigned	8,386,666
Special Education, Supplemental	9,123,618
Remediation	148,636
Migrant	1,665,638
Mathematics and Science	1,395,238
School Food Services	420,405
Head Start	24,422,582
Youth Training	3,374,910
USDA Commodities	241,880
Federal, Special Purpose, Unassigned	35,203,694
Payments From School Districts in WA	42,810,371
Payments, Other Entities	5,004,025
Payments From School Districts in WA	10,569,214
Payments From School Districts-Other	110,017
Payments, Other Entities	7,194,214
Sale of Real Property	5,143,166
Sale of Personal Property	28,435
Long-Term Financing	20,542,539
Grand Total, All ESDs	219,422,137

Source: OSPI Web site, February 2007.

Exhibit 1-2 provides information on ESD expenditures for 2005-06, which totaled \$205.1 million. **Exhibit 1-3** shows the total 2005-06 revenues and expenditures broken down by ESD.

**EXHIBIT 1-2
ESD EXPENDITURES BY USE, 2005-06**

EXPENDITURES	AMOUNT (\$)
ESD Operations	33,208,640
ESD Direct Cost Centers and Agency Services	1,619,717
Instructional Resources	2,127,609
Special Education	24,814,939
Staff Development	5,986,496
Educational Technology	7,575,705
K-20	2,827,032
Safe and Drug-Free Schools	19,852,951
Traffic Safety	566,748
Math and Science	4,926,806
Communication, Reading and Writing	1,518,705
Art Education	385,118
Social Studies	705,211
Environmental Education	325,064
Highly Capable	52,817
Vocational	781,848
Early Childhood	37,567,670
Migrant Education	1,820,959
Alternative Learning Experience	1,336,543
Student Assessment	46,573
State Institutions	1,842,330
Health and Fitness	167,524
Professional Development Centers	587,634
Other Instructional Support Programs	6,385,076
Adult Job Training	7,309,215
Data Processing	16,644,377
Risk Management	8,245,232
Public Communications	400,060
Transportation	3,346,395
Environmental Compliance	30,812
Nursing Services	2,570,169
Human Resources Services	333,804
Employment Programs	4,122,722
Fiscal Agent Services	3,087,241
Group Purchasing	476
Other Non Instructional Support	1,619,868
Transportation Equipment	328,468
Total, All ESDs	205,068,553

Source: OSPI Web site, February 2007.

**EXHIBIT 1-3
ESD REVENUES AND EXPENDITURES, 2005-06**

ESD	DISTRICT OFFICE	REVENUES (\$)	EXPENDITURES (\$)	REVENUES LESS EXPENDITURES (\$)
101	Spokane	16,543,674	16,048,600	495,074
105	Yakima	13,733,994	13,481,839	252,155
112	Vancouver	41,569,404	41,708,211	(138,808)
113	Olympia	23,059,199	23,377,723	(318,524)
114	Bremerton	17,081,674	16,764,451	317,223
121	Renton	64,426,282	52,129,517	12,296,765
123	Pasco	7,277,215	7,414,715	(137,500)
171	Wenatchee	16,829,285	16,672,563	156,722
189	Anacortes	18,901,411	17,470,931	1,430,480
All ESDs		219,422,137	205,068,550	14,353,587

Source: OSPI Web site, February 2007.

The total revenues available to each of the ESDs varied from \$7.3 million in ESD 123 to over \$64.4 million in ESD 121. ESDs 121 and 189 had the largest numbers of students, together comprising 54.2 percent of total students in the state, but received only 38 percent of total revenue.

All of the ESDs except 112, 113, and 123 had revenues in excess of expenditures during 2005-06, enabling them to add to their fund balances. Since the majority of the ESDs held fund balances equaling less than three months of expenditures, adding to the fund balance may have been a planned outcome.

The ESDs receive state revenues for core services. These monies are appropriated by the Legislature under its funding method, which assigns a weighting factor to core service costs, a geographical factor for larger ESDs, and a factor based on the number and size of local school districts within each ESD. Core services are identified (RCW 28A.310.350) as including:

- ESD administration and facilities.
- Cooperative services to abolish sex and race bias.
- Fiscal services.
- Grants management services.
- Special education services.
- Transportation.
- Personnel certification.
- Learning resources.
- Cooperative curriculum services such as health education, in-service training, and workshops.
- Special needs of local school districts.

Among the many services that the ESDs deliver are early childhood programs such as Head Start. During the 2005-06 school year, all ESDs except ESD 171 provided early childhood programs, for which they received a total of more than \$38 million. **Exhibit 1-4** displays information on the total early childhood funding that the ESDs managed. These funds are included in the total revenues previously displayed in **Exhibit 1-3**.

EXHIBIT 1-4
2005-06 EARLY CHILDHOOD REVENUES RECEIVED BY THE ESDs

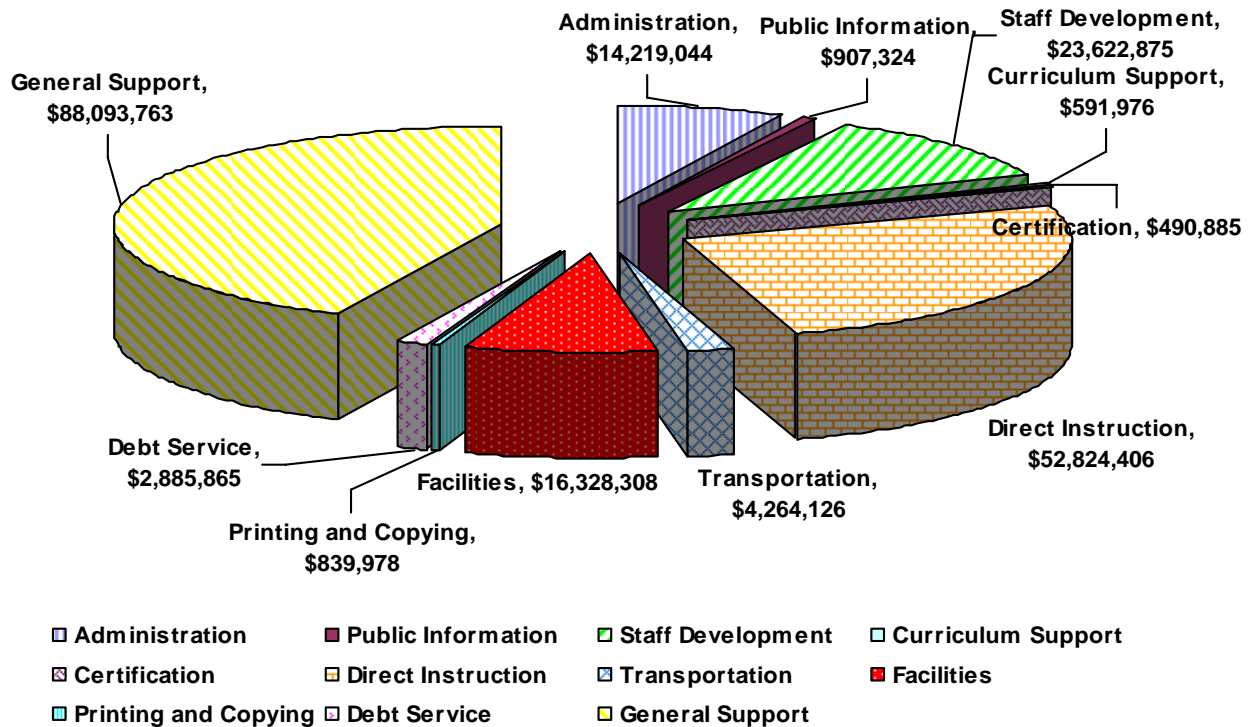
ESD	EARLY CHILDHOOD FUNDING (\$)
101	656,746
105	29,648
112	1,048,901
113	6,263,681
114	3,765,817
121	25,642,423
123	2,893
171	22,066
189	617,847
All ESDs	38,050,022

Source: OSPI Web site, February 2007, as corrected by ESDs 114 and 171.

The ESDs have no taxing authority. Participation by school districts in ESD programs is strictly voluntary. As a result, ESDs must customize and market their services to school districts and private schools as well as outside individuals and entities to generate additional or local revenues. Local revenues are generated by fees-for-service, the sale of products, and other local sources, including the enterprise fund and other public and private entities.

The ESDs budget and account for funds within the laws and systems prescribed by OSPI. OSPI's accounting system uses multi-level accounting, including accounting by fund, function, and expenditure code. The ESDs are organized to accomplish a service mission that differs from that of school districts; this is reflected in the costs associated with various functions. Expenditures by function are shown in **Exhibit 1-5**. Of the \$205.1 million in total expenditures, ESDs spent \$88.1 million on general support, \$52.8 million on general instruction, \$23.6 million on staff development, \$16.3 million on facilities, and \$14.2 million on administration.

EXHIBIT 1-5 2005-06 ESD EXPENDITURES BY FUNCTION



Source: Developed by MGT from OSPI data, February 2007.

General fund balances of 25 percent of the prior year's expenditures represent approximately three months of operating expenses. **Exhibit 1-6** displays the general fund balances for five fiscal years, including the designated, undesignated, and restricted fund balances. There was considerable variability both in the amount of the fund balances and in the percentage change from Fiscal Year 2001-02 to Fiscal Year 2005-06. **Exhibits 1-7 and 1-8** display the fund balances as a percentage of operating expenses and as the number of months of expenses each ESD had in 2005-06. Only ESDs 114, 121, and 189 had fund balances equaling more than three months of expenditures. Note that balances shown are total, including restricted funds.

EXHIBIT 1-6 ESD FUND BALANCES FOR FISCAL YEARS 2001 THROUGH 2006

ESD	01-02 (\$)	02-03 (\$)	03-04 (\$)	04-05 (\$)	05-06 (\$)	\$ CHANGE	% CHANGE
101	4,581,479	4,181,557	3,739,149	2,771,553	3,266,627	-1,314,852	-28.70%
105	2,481,561	2,675,688	2,935,487	2,877,005	3,129,160	647,599	26.10%
112	5,939,842	5,834,024	3,676,999	3,243,275	3,300,983	-2,638,858	-44.43%
113	3,958,603	3,742,294	3,945,091	3,769,877	3,451,353	-507,250	-12.81%
114	4,599,999	4,902,762	4,652,943	4,305,101	4,622,325	22,326	0.49%
121	4,331,987	4,746,000	4,097,397	4,098,478	16,395,243	12,063,256	278.47%
123	2,054,258	1,911,044	1,517,891	1,179,286	1,041,786	-1,012,473	-49.29%
171	4,744,069	4,032,586	3,894,248	3,511,110	3,667,831	-1,076,238	-22.69%
189	4,061,771	4,233,225	4,504,770	4,651,596	6,082,076	2,020,305	49.74%
All ESDs	36,753,568	36,259,178	32,963,975	30,407,281	44,957,384	8,203,815	22.32%

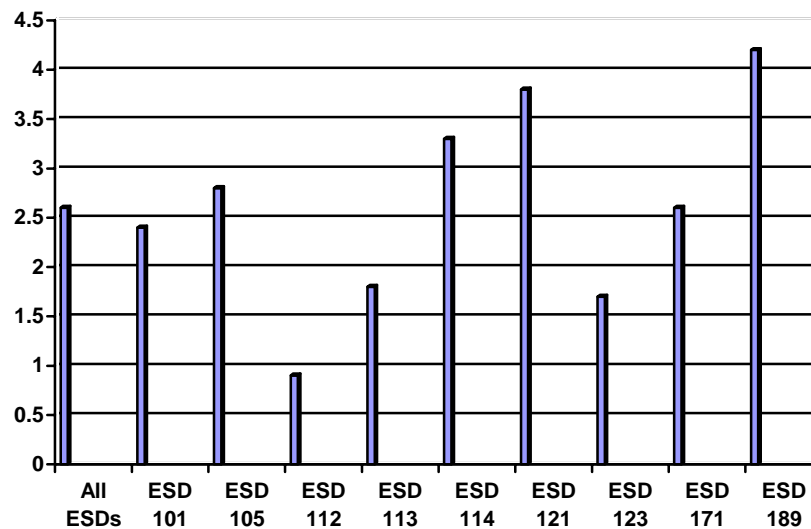
Source: Developed by MGT from OSPI data, February 2007.

**EXHIBIT 1-7
FUND BALANCES COMPARED TO EXPENDITURES**

ESD	05-06 EXPENDITURES (\$)	25% OF EXPENDITURES (\$)	05-06 FUND BALANCE (\$)	FUND BALANCE AS % OF EXPENDITURES	DIFFERENCE FROM 25%
101	16,048,600	4,012,150	3,266,627	20.35%	(745,523)
105	13,481,839	3,370,460	3,129,160	23.21%	(241,300)
112	41,708,211	10,427,053	3,300,983	7.91%	(7,126,069)
113	23,377,703	5,844,426	3,451,353	14.76%	(2,393,072)
114	16,764,451	4,191,113	4,622,325	27.57%	431,212
121	52,129,517	13,032,379	16,395,243	31.45%	3,362,863
123	7,414,715	1,853,679	1,041,786	14.05%	(811,893)
171	16,672,563	4,168,141	3,667,831	22.00%	(500,309)
189	17,470,931	4,367,733	6,082,076	34.81%	1,714,343
All ESDs	205,068,530	51,267,133	44,957,384	21.92%	(6,309,749)

Source: Developed by MGT from OSPI data, February 2007.

**EXHIBIT 1-8
MONTHS OF FUND BALANCES FOR EACH ESD, 2005-06**



Source: 2005-06 ESD Annual Financial Reports, OSPI Web site.

The Educational Service Districts provide six major types of services to school districts, schools, and other entities:

- Core services identified in statute
- Decentralized agency functions
- Administrative support for schools
- Instructional support for schools
- Direct student instruction
- Other locally determined services

The chief purposes of these services are to assist in the improvement of student performance, to assist schools in operating more efficiently and effectively, and to carry out the initiatives of the Washington Legislature and OSPI, as mentioned earlier.

Detailed information on the size, demographics, geographic distribution, and institutional structure of the nine ESDs may be found in **Chapter 2.0**.

A list of core and special services provided by the ESDs to districts appears in **Appendix B**.

Appendix C provides the ESDs' response to the global report, and **Appendix D** provides MGT's comments on that response.

**2.0 WASHINGTON EDUCATIONAL
SERVICES DISTRICT NUMBER,
GEOGRAPHIC DISTRIBUTION,
AND INSTITUTIONAL
STRUCTURE**

2.0 WASHINGTON EDUCATIONAL SERVICE DISTRICT NUMBER, GEOGRAPHIC DISTRIBUTION, AND INSTITUTIONAL STRUCTURE

This chapter presents findings and recommendations relating to the number, geographic distribution, and institutional structure of the Educational Service Districts (ESDs).

CHAPTER SUMMARY

This chapter includes information on the size and demographics of the ESDs, the impact of location and technology on delivery of services, and service centers in other states. The section on institutional structure focuses on how the structure of the ESDs supports the purpose and mission of the ESDs in the state. The chapter examines the roles and responsibilities of ESD Superintendents and their management teams in accomplishing the mission and purpose of the ESDs.

There are nine ESDs in Washington, a reduction from the original 39 county education units and from the 14 Intermediate School Districts created in 1969 by the Washington Legislature. The nine ESDs serve all the local school districts in the state, providing a variety of services based on the needs of the school districts. Although some of the ESDs are large, no change in the number of ESDs is recommended at this time.

ESD Superintendents and their management teams appear to adequately administer the operations of the ESDs and provide quality services to local schools.

Key commendations in this chapter include:

- All ESDs are providing services to school districts outside their region as part of statewide or other initiatives.
- ESDs provide quality services that meet the needs of school districts.

Key recommendations in this chapter include:

- Maintain the current geographical distribution and number of Educational Service Districts. **(Recommendation 2-1)**
- Modify Washington Administrative Code 180-22-150 so that all ESDs fall within its square mileage requirements. **(Recommendation 2-2)**

2.1 Number and Geographic Distribution

ESDs are intermediate educational units that provide training, technical assistance, administrative support, and an array of other services to meet the needs of local school districts and private schools. The ESDs are called “intermediate” units because they serve between and as intermediaries for the Office of the Superintendent of Public

Instruction (OSPI) and local school districts. ESDs have a long history of providing assistance to all Washington school districts, including rural, small, private, metropolitan, and large suburban districts.

When Washington became a state in 1889, its counties were responsible for providing services to local school districts through 39 county education units, under the supervision of the Superintendent of Public Instruction (SPI). The Washington Legislature officially created ESDs in 1969 by passage of the Intermediate School District (ISD) Act creating statewide 14 ISDs. In 1972, the State Board of Education reduced the number of ISDs to 12 and changed the focus of the services provided. In 1979, the name of ISD was changed to ESD.

In 1977, the State Board of Education further reduced the number of ESDs from 12 to nine. At that time, the Washington State Legislature directed that the purposes of ESDs were to:

- Provide cooperative and informational services to local school districts.
- Assist the Superintendent of Public Instruction and the State Board of Education in the performance of their respective statutory or constitutional duties.
- Provide services to school districts and to the school for the deaf and the school for the blind to assure equal educational opportunities.¹

In 1982 the Legislative Budget Committee commissioned a performance audit on the ESDs. The audit found that there was overall compliance with the law. This was not the first study of the ESDs, as shown in **Exhibit 2-1**. Studies were completed in 1969, 1974 and 1975 as well as in 1994 and in 1995.²

¹ RCW 28A.310.010.

² Fromhold, Marcia L. *Self-Study Washington State Educational Service Districts*, October 1, 2006.

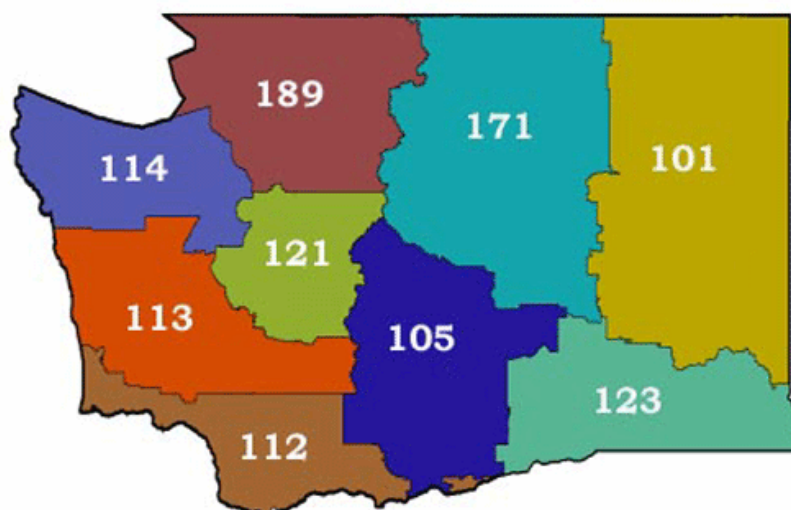
**EXHIBIT 2-1
PREVIOUS STUDIES OF WASHINGTON'S ESDs**

YEAR	AUTHOR	TITLE	DONE FOR:
1969	Howard, Ray	The Intermediate School District Act of 1969: A Project Report on Policy Considerations	Joint Committee on Education
1974	Action Plan Committee	Action Plan for Intermediate School Districts	ESDs
1975	Dunlap, Barbara	Intermediate Units in the State of Washington	OSPI
1975	Miller & Associates	Common School Financing and Reform	Select Educational Study
1982	Legislative Budget Committee	Performance Audit - Report 82-3	Legislative Budget Committee
1986	Reul, Gary	History of Intermediate School Districts in WA	UW Dissertation
1994	Harding & Sykes	WA ESDs: Design for an Evaluation	Legislature
1994	Institute of Urban & Local Studies	Cost Reduction and Boundary Analysis of ESDs	OSPI
1995	Legislative Budget Committee	ESDs - Report 95-8	Legislative Budget Committee
2006	Fromhold, Marcia	Self Study: Washington State ESDs	ESDs

Source: Constructed by MGT from various sources, February 2007.

The map of the Educational Service Districts displayed as **Exhibit 2-2** shows the location of each of the nine districts. ESDs are assigned responsibility for providing core services to each school district, campus, and qualified private school within their respective regional boundaries. As can be seen from the map, there is considerable variation in the geographic areas for which the different ESDs are “responsible.”

**EXHIBIT 2-2
LOCATION OF EDUCATIONAL SERVICE DISTRICTS**



EDUCATIONAL SERVICE DISTRICTS	DISTRICT OFFICE	SCHOOL DISTRICTS SERVED	STUDENTS SERVED 2004-05
101 Educational Service District	Spokane	59	89,340
105 Educational Service District	Yakima	25	58,090
112 Educational Service District	Vancouver	30	96,515
113 Educational Service District	Olympia	45	71,381
114 Olympic Educational Service District	Bremerton	15	52,055
121 Puget Sound Educational Service District	Renton	35	389,335
123 Educational Service District	Pasco	23	59,576
171 North Central Educational Service District	Wenatchee	29	40,687
189 Northwest Educational Service District	Anacortes	35	164,523
Total		296	1,021,502

Source: SAO, Background File A in RFP Number 07006RFP-K12-01, 2006.

Exhibit 2-3 displays the number of enrolled students in 2005-06 in school districts within each of the ESDs. There are considerable size differences among the ESDs, which vary from ESD 171 serving school districts with 40,267 students to ESD 121 serving school districts with 391,597 students. In terms of the number of students, ESD 121 is almost 10 times as large as ESD 121. Seven of the nine ESDs serve districts enrolling less than 100,000 students.

Exhibit 2-3 also displays the number of enrolled students by ethnicity and by the special needs categories of the No Child Left Behind Act (NCLB). School districts are responsible, by 2014, for bringing all children in all of the subgroups up to proficiency in certain subject areas. Comparison of the data for the service districts shows the following:

- The percentage of students by ethnicity varies significantly among the ESDs. For example, although the statewide percentage of Hispanic children is 13.5 percent, among the ESDs the percentage varies from 3.1 percent in ESD 101 to 51.9 percent in ESD 105.

- Similarly, the percentage of black students statewide is 5.7 percent, and the percentage varies from 0.9 percent in ESD 171 to 10.7 percent in ESD 121.
- The percentage of economically disadvantaged students (as measured by the percentage of children eligible for free or reduced price meals) averages 36.3 percent across the state, but varies from a low of 30.7 percent of students in ESD 121 to a high of 65.5 percent in ESD 105.
- Similarly, the percentage of transitional bilingual students averages 7.3 percent across the state, but varies from a low of 1.9 percent in school districts in ESD 101 to a high of 20.4 percent in schools in ESD 105.
- The percentage of migrant children enrolled in schools varies from 0.1 percent in ESDs 101 and 121 to 16.1 percent in ESD 105, with a state average of 1.9 percent.
- The percentage of special education students is fairly consistent across the ESDs, and averages 12.7 percent, with a low of 11.8 percent in ESD 105 and a high of 18.3 percent in ESD 171.

These varying percentages of children with special needs or children of different ethnicities means that it is likely that the school districts in each ESD vary significantly in the services needed from the ESD to ensure equal educational opportunity as well as consistent achievement across all subgroups.

Exhibit 2-4 displays the geographic area of each ESD as well as the largest and smallest school district in the ESD's area. The geographic areas served vary from 3,822 square miles in ESD 121 to 14,239 square miles in ESD 101. The school district areas also vary, from 1.5 square miles in ESD 112 to 1,874 square miles in ESD 189.

**EXHIBIT 2-3
STUDENT COMPOSITION OF EACH ESD, 2005-06 SCHOOL YEAR**

DISTRICT	STATE TOTAL	ESD 101	ESD 105	ESD 112	ESD 113	ESD 114	ESD 121	ESD 123	ESD 171	ESD 189
Total Enrollment	1,026,540	88,650	59,181	98,591	71,134	50,986	391,597	61,079	40,267	165,055
Percent Asian or Pacific Islander	7.9%	2.5%	1.0%	4.5%	5.1%	5.9%	13.6%	2.0%	1.2%	7.3%
Percent American Indian or Alaskan Native	2.6%	3.4%	5.3%	2.0%	4.2%	4.7%	1.8%	0.8%	4.0%	2.7%
Percent Black	5.7%	2.7%	1.3%	2.9%	3.0%	3.6%	10.7%	1.9%	0.9%	3.0%
Percent Hispanic	13.5%	3.1%	51.9%	7.4%	8.0%	4.8%	9.6%	34.4%	35.7%	10.1%
Percent White	69.0%	87.1%	39.7%	81.8%	78.4%	80.0%	62.6%	60.2%	57.9%	75.8%
Percent Migrant	1.9%	0.1%	16.1%	0.2%	1.2%	0.2%	0.1%	8.3%	5.4%	0.8%
Percent Transitional Bilingual	7.3%	1.9%	20.4%	5.4%	2.5%	1.9%	6.9%	15.9%	14.0%	6.7%
Percent Special Education	12.7%	12.8%	11.8%	12.4%	12.8%	13.3%	12.2%	12.0%	18.3%	12.9%
Percent Eligible for Free or Reduced Priced Meals	36.3%	40.2%	65.5%	34.6%	37.6%	32.8%	30.7%	47.9%	47.9%	31.5%

Source: Calculated by audit team from OSPI data on OSPI Web site, February 2007.

**EXHIBIT 2-4
GEOGRAPHIC AREA SERVED BY EACH ESD AND SCHOOL DISTRICTS**

ESD	ESD 101	ESD 105	ESD 112	ESD 113	ESD 114	ESD 121	ESD 123	ESD 171	ESD 189	STATE TOTAL
ESD Total	14,239.24	8,308.13	4,835.00	6,526.80	4,051.40	3,821.70	6,763.30	12,030.10	6,328.90	66,904.57
Smallest District	5.80	4.80	1.50	7.90	17.40	5.70	29.40	39.20	15.30	1.50
Largest District	678.80	1,326.15	1,045.00	901.00	764.00	459.90	681.00	1,715.00	1,874.00	1,874.00
Average District	241.34	332.33	161.17	145.04	270.09	109.19	294.06	414.83	180.83	226.03

Source: ESD 113, November 2006.

Exhibit 2-5 displays comparative information on educational service agencies (ESAs) in nine comparison states. Washington has fewer ESAs than Iowa, Michigan, New York, Ohio, or Texas but serves districts with a higher average number of students than all of the other states except Texas (114,060 per Washington ESD compared to 188,583 in Texas and 4,900 in New Mexico).

Service area size varies from 3,822 square miles for the smallest Washington ESD to 14,239 for the largest. In contrast, service area size in the comparison states varies from 184 square miles to 3,339 square miles in New York and from 4,900 square miles to 37,553 square miles in Texas. Not only do Washington ESDs serve more students, but they also serve more square miles than do ESAs in almost all the comparison states.

ESA staff size ranges from a total of 4,270 statewide in Texas to 12 assigned Department of Education personnel in Kentucky, with 204 staff in Iowa and 1,407 staff in Washington. Information on staff size was not available from three comparison states.

All states except Kentucky have some form of elected board of control for each ESA. Boards have the power and authority to set policy, select an executive officer, and provide final decision-making authority.

The board size varies substantially, from a low of five members in Iowa to a high of 15 in Minnesota, but typically boards have seven members. Board members serve three-year terms, generally, in the comparison states, and four-year terms in Washington.

**EXHIBIT 2-5
COMPARISON OF WASHINGTON ESDs WITH OTHER EDUCATIONAL SERVICE AGENCIES IN THE UNITED STATES**

COMPARISON FACTORS	TEXAS REGIONAL EDUCATION SERVICE CENTERS	IOWA AREA EDUCATION AGENCIES	KY REGIONAL SERVICE CENTERS	MI INTERMEDIATE SERVICE DISTRICTS	MN SERVICE COOPERATIVES & SOLUTION CENTERS	NM REGIONAL EDUCATIONAL CENTERS	NY BUREAUS OF COOPERATIVE EDUCATIONAL SERVICES	OHIO ORGANIZED REGIONAL EDUCATIONAL DISTRICTS	WA ESDs
Number of Centers	20	15	8	57	9 & 4	9	38	60 ESEs and a total of 143 different service centers	9
Average Number of Students in Region	188,583	30,439	Not available	29,443	64,618	4,900	42,938	94,375	114,060
Service Area Size/Variation in Size	37,553/4,900	6,594 / 1,604	Not available	4,000 / 294	13,000 /1,000	15,282 /1,592	3,339 /184	Not available	14,239 / 3,822
Selection of Superintendent or Executive Director	By board w/ State Comm. approval	Elected by board w/ number of votes determined by AEA size	DOE employees	Supt. hired by board	By board	No information	District Supt. is CEO of respective BOCES w/ Comm. of Ed. approval	Elected chair by Council and must be Supt.	Supt. appointed by board
Board/Council Sets Policy	Yes	Yes	Not available	Yes w/ action of districts	Yes	Yes	Yes	Yes	May delegate to local school districts
Size of Staff: Average and Range	4,270 (statewide)	204 (statewide)	12	Not available	40 & 8 to 220	88 (statewide) Plus various ancillary	Not available	Not available	1,407 (statewide)

EXHIBIT 2-5 (Continued)
COMPARISON OF WASHINGTON ESDS WITH OTHER SERVICE CENTERS IN THE UNITED STATES

COMPARISON FACTORS	TEXAS REGIONAL EDUCATION SERVICE CENTERS	IOWA AREA EDUCATION AGENCIES	KY REGIONAL SERVICE CENTERS	MI INTERMEDIATE SERVICE DISTRICTS	MN SERVICE COOPERATIVES & SOLUTION CENTERS	NM REGIONAL EDUCATIONAL CENTERS	NY BUREAUS OF COOPERATIVE EDUCATIONAL SERVICES	OHIO ORGANIZED REGIONAL EDUCATIONAL DISTRICTS	WA ESDS
Board Structure	Board of Directors	Board of Directors	No Board	Board of Directors	Board of Directors	Regional Education Coordinating Council w/ Exec. Dir.	Board of Education: reps from component districts	Supt. from each region and rep. from Comm. Schs.	ESD Board of Directors
Size of Board	7 elected; 1 appointed charter school rep (if charter in ESD)	5 and 9	n/a	One per district w/ 6-yr. term	6 and 15	Varies by number of school districts represented	Varies by number of school districts represented	Varies by number of Supt. and Comm. Schs.	7 or 9
Membership Determined By	Elected by local boards w/ 3-yr. terms	Elected by school boards w/ 3-yr. terms	State DOE employees	Elected by reps of participating school boards	Elected by local boards w/ 3-yr. terms	Composed of supt., CEO of school district or state supported ed. institution	Elected by component board members	Elected by district boards	Elected by local boards w/ 4-yr. terms
Final Decision-making Authority	Board of Directors	Board	No decision authority	Board in accord w/ MI Compiled Law	Board of Directors in accord w/ state law	Council	Board	Regional Council	Board

Source: Created by MGT of America from information made available by the states, February 2007.

The ESDs have no formalized process for communicating, in economic terms, their efficiency levels or the fiscal impact of the services or products delivered to member school districts. This results in a lack of understanding of ESD services and products in terms of their effect on school districts and resulting impact on state funding of important school district activities.

The audit team did not find any specific reports that translated provided services or products into economic impact terms that were easily understandable by the general public, legislative personnel, and other interested parties. Even school superintendents interviewed were unable to attach specific monetary value to the services they draw upon from their ESD. These superintendents were clear in their statements that the ESDs are an invaluable resource; the largest school district's superintendent was able to articulate ESD value to his district and to the state as a whole, but no quantification of value was available.

Several ESDs developed sample reports that could demonstrate the economic impact of their services. **Exhibit 2-6** shows two examples of the type of report that could be developed, and shows in lay terms the effectiveness of ESD actions in relation to client districts' staffing.

The first column of the examples shows the service provided by the ESD; the second, the number of full-time equivalent staff (FTE) (management and/or support) that the ESD employs to provide the requested service; and the third, the number of FTEs (management and/or support) that the client school districts do not have to employ as a result of the ESD's managing or providing the service. The final column shows any special comments needed to clarify information provided.

As can be seen, ESD efficiencies are expressed in terms of FTEs (management and/or support) that school districts do not have to employ. In the samples provided, ESD 121 shows a possible efficiency by reducing the number of school district FTEs by a potential 362.9 and ESD 189 by 541.9. These numbers can then be quantified as dollar savings.

Expressing efficiencies in terms of conserved or saved FTEs makes it easy for the public and other stakeholders to understand the value of the ESDs' services to the school districts of Washington State.

**EXHIBIT 2-6
SAMPLE EFFICIENCY REPORTS**

EXAMPLE ONE



**PERFORMANCE AUDIT - NOVEMBER, 2006
SAMPLE OF EFFICIENCIES**

Function	ESD Representative (Management or Support)	Estimated Number of School District Staff Eliminated (Management or Support)	Special Notes
Emergency Communications System	1.0 FTE	17.5 FTE	Emergency/disaster communication to clients and media outlets
Pools and Trust	18.0 FTE	81.0 FTE	3.0 FTE/District
- Worker's Compensation Trust	1.0 FTE	9.0 FTE	.2FTE/District
- Unemployment Pool	21.0 FTE	78.0 FTE	3.0 FTE/District
- Washington Schools Risk Management Pool	1.0 FTE	7.0 FTE	.2/District
- Compensated Absences Liability Pool			
ECEAP Centers	19.0	100.00 FTE	Directors, Family Support, Health/Nutritionist/Nurse, Support Personnel
- 20 sub-contracted sites			
Prevention Services	6.0 FTE	35.0 FTE	1.0 FTE/District
- Healthy Youth Survey			
- Crisis Response			
- Drug-Alcohol/Tobacco Programs			
Clock Hours and Registration	1.0 FTE	35.0 FTE	1.0 FTE/District
Native American Program	4.3 FTE	7.5 FTE	1.5 FTE/District
Paraeducator Services, including Web site	1.8 FTE	35.0 FTE	1.0 FTE/District

**EXHIBIT 2-6 (Continued)
SAMPLE EFFICIENCY REPORTS**

EXAMPLE ONE (Cont'd)

Function	ESD Representative (Management or Support)	Estimated Number of School District Staff Eliminated (Management or Support)	Special Notes
School Improvement Planning and Implementation	1.5 FTE	6.0 FTE	1.5 FTE/District for 4 current clients
Relife School (variable depending on enrollment)	1.0 FTE Director 1.0 FTE Clerical 2.0 FTE Instruction 1.0 FTE Counselor 1.0 FTE/Student for those who require full-time aides		1.5 FTE/Student: - Instruction
K-20 Network	1.0 FTE	17.5 FTE	.5 FTE/District
Network Services Contracts	1.0 FTE	Costs Through: Private \$285,300 PSESD 90,500 Savings \$194,800 Or Private 3.0 FTE PSESD 1.0 FTE Savings 2.0 FTE	See 2005-2006 Ends Report, page 25
Software and Online Purchasing Agreement		Educational Retail Cost \$9,486,548 PSESD Cost \$7,172,072 Savings \$2,314,476	See 2005-2006 Ends Report, page 25
Interagency Relations (liaison with mental health, juvenile justice and county systems)	1.0	8.75 FTE	.25 FTE/District
Legislative/Governmental Relations	.5 FTE	8.75	.25 FTE/District
TOTAL	85.1 FTE	452 FTE Private 9,771,848 PSESD 7,262,572 Savings 2,509,276	School Districts' Reduction in FTE is estimated at 362.9

*Currently under development

Support Data: List of Services; List of Client Users; List of Estimated Conserved School District FTE

EXHIBIT 2-6 (Continued)
SAMPLE EFFICIENCY REPORTS

EXAMPLE TWO



1601 R Avenue
ANACORTES, WA 98221
Office Telephone: 360-299-4003
Office FAX: 360-299-4070

Performance Audit – November, 2006
Sample of Efficiencies

Function	ESD Representative (Management or Support)	Estimated Number of School District Staff Eliminated (Management or Support)	Special Notes
Administration— e-rate Services	0.2 FTE	0.7 FTE	7 districts served. Most of these districts did not apply for e-rate in the past as the cost of adding staff to process e-rate applications, sending those staff to national trainings, etc. was too great.
Administration— Certification Services	1.0 FTE	3.5 FTE	35 districts served. Certification applications cannot be legally processed by school districts at this time.
Administration— Interagency/Legislative Relations (liaison with county and state departments)	.5 FTE	17.5 FTE	35 districts served. Under current statute OSPI refers complaints to NWESD 189, requires data collection, determination of available recourses (e.g., professional conduct complaint, special education due process, district administration/school board, court). 0.5 FTE/district.
Administration – Clock Hours	1.0 FTE	35.0 FTE	35 districts served. 1.0 FTE/District.
Administration— Northwest Regional Data Center (NWRDC)	29.0 FTE	138.8 FTE	42 districts and one private school served. According to expenditure data provided to OSPI by non-WSIPC-NWRDC districts, the current structure is 20.9% of the cost of the districts providing their own service.

**EXHIBIT 2-6 (Continued)
SAMPLE EFFICIENCY REPORTS**

EXAMPLE TWO (Cont'd)

Function	ESD Representative (Management or Support)	Estimated Number of School District Staff Eliminated (Management or Support)	Special Notes
Fiscal —Financial and Business Manager Services	2.4 FTE	3.5 FTE	2 districts receive full management services, 33 receive support/monitoring.
Fiscal — Unemployment Pool Compensated Absences Pool	0.5 FTE	92.8 FTE	27 districts, WSIPC, and NWESD 189 served. 3.2 FTE/district.
Information Systems Support Center (ISSC) — Network Cooperative	1.6 FTE	4.1 FTE	16 districts served. Current structure is 39.3% of the cost of the districts providing their own service.
Migrant Education Regional Office (MERO) — West-side Operations	3.6 FTE	12.5 FTE	9 districts in region and 16 outside region served. 0.5 FTE/district.t
Prevention Center — Safe and Drug Free Schools Grant	1.5 FTE	28.0 FTE	28 districts served. Provides crisis response team, state/federal reporting, technical assistance, focused regional training, collaborative grant participation.
Prevention Center — Safe Schools – Healthy Students Grant	13.8 FTE	21.0 FTE	7 districts served. Grant provides intervention specialists, welcome baby coordinator, early childhood specialists, nurses, home-school liaisons, grant evaluation, focused training, etc. Large service contracts with county agencies.
Special Programs — High Need/Low Incidence Student Programs (Regional Cooperatives)	66.6 FTE	132.8 FTE	35 districts served. Savings are derived from serving high need, low incidence students in one location.
Special Programs — School Nurse Corps Direct Services Technical Support	6.6 FTE (including contracted services)	35.0 FTE	13 districts receive direct services and 35 districts receive technical support. 1.0 FTE/District.
Special Programs — Autism Outreach Project	2.4 FTE	6.3 FTE	63 districts and 828 participants served.

**EXHIBIT 2-6 (Continued)
SAMPLE EFFICIENCY REPORTS**

EXAMPLE TWO (Cont'd)

Function	ESD Representative (Management or Support)	Estimated Number of School District Staff Eliminated (Management or Support)	Special Notes
Special Programs— Early Learning Opportunities Grant	3.5 FTE	35.0 FTE	35 districts, 5 county health districts, 150 care centers, and 537 daycare providers served. 1.0FTE/district.
Teaching & Learning— CBA Cooperative	0.1 FTE	15.0 FTE	15 districts served. Coordinated quality classroom based assessment system and training (\$177,835 average savings per district). 1.0 FTE/district.
Teaching & Learning— Learning Resources Cooperative (LRC)	1.0 FTE	14.0 FTE	18 districts and 19 high schools served. Significant savings also includes shared library vs. duplicate libraries.
Teaching & Learning— NW LASER Alliance	1.0 FTE	7.0 FTE	14 districts and 534 teachers served. 0.5 FTE/district.
Teaching & Learning— Paraprofessional Training/Support	1.1 FTE	35.0 FTE	35 districts and 211 para-educators served. 1.0 FTE/district.
Teaching & Learning— Science Materials Cooperative	3.4 FTE	7.0 FTE	7 districts and 619 teachers served. 1.0 FTE/district.
Teaching & Learning— SIPTAP	1.0 FTE	28.0 FTE	28 districts served. 1.0 FTE/district.
Teaching & Learning— Young Authors' Conference	0.2 FTE	3.0 FTE	28 districts and 1,598 students served.
Technology Leadership Center (TLC)/ETSC— Internet Safety Training	0.1 FTE	8.5 FTE	17 districts served. .5 FTE/district.
TOTAL	142.1 FTE	684 FTE <ul style="list-style-type: none"> • A savings of 541.9 FTE. • At \$50,000/FTE (for average salary and benefits) a value of \$27,095,000. 	

Source: ESD 121 and ESD 189, 2007.

FINDING

All ESDs provide services to school districts out of their region or out of state through statewide initiatives or other statewide projects. Each ESD provides at least one service to school districts outside its region, and all ESDs operate or participate in cooperatives with school districts outside their regions. This practice allows for expertise to be shared outside of an ESD's region while not requiring each ESD to build its own unique program or create a new cooperative.

COMMENDATION

All ESDs are providing services to school districts outside their region as part of statewide or other initiatives.

FINDING

The geographic service areas of the ESDs have not changed since 1977 although there have been changes in the number of students enrolled in the public schools, in the number of private schools, in the responsibilities of the ESDs, and in the capacity of technology to deliver services. No ratios or student population counts were used to set up the original boundaries of ESDs. The ESDs and school districts now have teleconferencing capability, which permits the delivery of training and other services at a distance.

Since ESDs began serving school districts, student enrollment has remained relatively stable in some regions and has increased in others. Needs of school districts also have changed dramatically in the last 40 years, as have performance requirements, mandatory courses, and assessment of the quality of the schools. The State Board of Education has statutory authority related to the number and boundaries of ESDs (RCW 28A.310).

During this 40-year period the services provided by the ESDs also have changed. Some ESDs provide many more services than do others. Certain ESDs serve school districts primarily by going to the district and in effect providing specific consulting services, while other ESDs provide more generic services. These differences in the methods of serving schools and school districts appear to be related to differences in the needs of the school districts. Small school districts have needs for certain services such as assistance with accounting, payroll, and other business functions that large school districts can staff with their own personnel. Small school districts rely on ESDs for staff training to a much greater extent than do large school districts, which can support in-house staff development specialists.

In the audit team's survey of school district superintendents, the majority of them agreed or strongly agreed that the number of ESDs should not change, and a majority disagreed or strongly disagreed with an expansion of the number of ESDs. In interviews with other staff, the general opinion was that the number of ESDs should remain unchanged.

In the past five years, the number of satellite offices of ESDs has increased. In most of these cases, the remote or satellite sites were deemed necessary to serve distant school districts or to provide early childhood services. Satellite offices permit ESD staff to

provide school district personnel with convenient training and other services without driving several hours. On the audit team's survey of school district personnel, school district staff indicated that they would not attend training or other sessions at an ESD if they had to drive more than one hour. This is an especially difficult criterion to meet for those ESDs that serve an area that is greater than 10,000 square miles, unless the ESD uses teleconferencing equipment, Web sites, or the Internet to support the training needs.

On average, ESDs serve more school districts and significantly more students than do educational service agencies in comparison states. However, seven of the nine ESDs serve school districts that enroll less than 100,000 students in total. The majority of school districts in Washington are considered to be "small" school districts, relatively speaking, that enroll fewer than 2,500 students. School districts with small student enrollments generally require different services than large school districts that have adequate central office staff.

The audit team conducted surveys of school district superintendents and other school district personnel to determine their satisfaction with the services offered by ESDs. School district superintendents were very satisfied with the services provided by the ESDs. Over 90 percent responded "strongly agree" or "agree" to the statements "The ESD in our region is highly efficient and effective," "The ESD in our region provides quality services," and "The services provided by our ESD are critical to the success of our district's programs and operations."

Based on site visits to each ESD, interviews with ESD personnel, surveys of school district personnel and school board members, comparisons to educational service centers in other states, and best practices, the audit team found no justification to change the number of ESDs or modify their geographic distribution at this time. School district personnel in general are satisfied with the services provided by the ESDs. Although every ESD could improve its operations and become more efficient and effective in at least one area, the audit team did not find any failing ESDs that should be eliminated.

Although there were many discussions about changing the boundaries of the ESDs to distribute the square mileage covered, the number of school districts served, number of small or rural school districts served, or number of students enrolled more evenly, the methods of change were arbitrary, and no geographical redistribution had any more merit than the others. The geography of Washington is such that it is not possible to balance the number of students enrolled, number of school districts served, and square miles encompassed.

Recommendation 2-1:

Maintain the current geographical distribution and number of Educational Service Districts.

There is no adequate justification for changing the number or geographic distribution of ESDs at this time.

FISCAL IMPACT

There is no fiscal impact or timeline associated with this recommendation.

FINDING

The size of three ESDs exceeds the maximum area for an ESD as established in WAC180-22-150, which specifies that ESDs should have no more than a maximum area of 7,500 square miles nor less than a minimum area of 1,700 square miles. ESD 101 serves an area of 14,239 square miles; ESD 105 serves 8,309 square miles; and ESD 171 serves 12,030 square miles.

RCW 28A.310.020 and RCW 28A.310.140 give the Office of the Superintendent of Public Instruction the authority to make changes in the number and boundaries of ESDs. However, there is no justification at this time for changing the number of ESDs or modifying their geographic distribution. Instead, the Washington Administrative Code should be changed to conform to current ESD size.

Recommendation 2-2:

Modify Washington Administrative Code 180-22-150 so that all ESDs fall within its square mileage requirements.

Implementation of this recommendation could begin in September 2007 with the ESD Superintendents meeting with OSPI staff to draft modifications to the administrative code. After appropriate review, the administrative code should be able to be changed by the end of the calendar year, 2007.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

2.2 Educational Service District Structure

FINDING

In 1977, the State Legislature directed that the purposes of ESDs were to:

- Provide cooperative and informational services to local school districts.
- Assist the superintendent of public instruction and the state board of education in the performance of their respective statutory or constitutional duties.
- Provide services to school districts and to the school for the deaf and the school for the blind to assure equal educational opportunities.³

³ RCW 28A.310.010.

ESD Boards of Directors employ (and dismiss) the superintendent, who in turn employs personnel to carry out the ESD's functions. A seven- or nine-member board of directors governs each ESD. Directors have voting power and are elected by the boards of directors of school districts within the region. ESD Board members serve for four years and may not be employed by a school district or serve on a school board or the state board at the same time as serving as an ESD Board member (RCW 28A.310.070). Each ESD Board contributes to establishing policies that govern the operation of the ESD, and to hiring the ESD Superintendent. In addition to its board of directors, each ESD has several key advisory committees composed of stakeholders in the various service areas, including teachers, campus and central administrators, and superintendents. These committees provide input to the superintendent regarding programs and services.

In addition to their other duties and responsibilities, each ESD Board also may establish and operate for the schools within their ESD's boundaries a depository and distribution center for educational media; organize teachers' and school directors' meetings; provide cooperative service programs for school districts within the educational service district and joint purchasing programs; provide and operate pre-school programs such as Head Start; provide special aid for children with disabilities; provide direct student service programs, including pupil transportation; certify statistical data; and perform other duties as prescribed by law, the state board of education, or SPI (RCW 28A.310.180 and RCW 28A.310.190).

The ESD Board may delegate any of its powers and duties to the ESD Superintendent. It is the responsibility of each ESD Superintendent, operating under the policies of the ESD, and with the board's approval, to employ necessary personnel to carry out the functions of the ESD (RCW 28A.310.230). During FY 2006, the ESDs employed a total of 1,407 full- and part-time employees.

The superintendent serves as the chief executive officer of the ESD and secretary of the ESD Board (RCW 28A.310.270). His or her responsibilities include visiting the schools in the ESD to assist in advancement of educational interests. In addition, the superintendent is charged with records keeping, providing liaison and informational services to local school districts and the SPI or state board of education; maintaining all reports of school officers and teachers (RCW 28A.310.280); administering oaths to school directors and teachers when appropriate; and furnishing a directory of all school officers to the auditor and treasurer of the county in which the school district is located (RCW 28A.310.290). In addition to these responsibilities, the superintendent is charged with assisting school districts with preparation of their budgets; enforcing compulsory attendance laws; and performing other duties as determined by the board.

As shown in the individual ESD reports, school district superintendents, classroom teachers, and school district professional and paraprofessional staff are satisfied with the services provided by the ESDs. Almost all survey respondents and interviewees indicated that their school district frequently used the services of the ESD, and perceived that the services offered were critical to the success of many school districts. Ninety-five percent of superintendents indicated that their ESD provided high-quality services that met the needs of their school district.

COMMENDATION

ESDs provide quality services that meet the needs of school districts.

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

This chapter presents information about the governance and management functions of Washington's Educational Service Districts (ESDs).

CHAPTER SUMMARY

Educational service agencies (ESAs) in the United States constitute the foremost support service infrastructure for schools in nearly 44 states. Their overall focus is in three areas: efficiency, equity, and excellence. They are an efficient solution to schools based on economy of scale and do their best to provide equitable services to all students, parents, teachers, administrators, and schools. Most recently, ESAs have been called on to help schools provide the highest quality education for all children in a commitment to excellence.

Such a challenge cannot be met by ESAs without significant organizational effectiveness practices. The schools they serve deserve and expect the utmost efficiency and effectiveness. Demonstration of this level of effectiveness begins at the top, in both management and governance functions.

The following key commendation is found in this chapter:

- ESDs in Washington enjoy the leadership of administrators and board members who possess rich experience, high integrity, and the knowledge necessary to lead effective 21st century organizations. The working relationships among these leadership teams are exemplary and serve as models for ESAs throughout the country.

Key recommendations in this chapter include:

- Remove ESD Superintendents' responsibility from the regulatory functions of RCW 28A.310.260, in relation to member school district staff code of conduct violations. **(Recommendation 3-1)**
- Modify the controlling statutory language to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes. **(Recommendation 3-2)**
- All ESDs should implement comprehensive strategic planning processes within their organizations. **(Recommendation 3-3)**
- Washington's ESDs should, in collaboration with the Office of Superintendent of Public Instruction (OSPI) and other key stakeholders, develop a statewide accreditation system/process for ESDs. **(Recommendation 3-4)**
- The ESDs in Washington should vigorously continue their efforts toward being recognized as a statewide "system" of ESDs. **(Recommendation 3-5)**

- Washington policy makers should undertake an evaluation or performance audit of the state's special education delivery system in an effort to increase efficiency and use existing infrastructure. **(Recommendation 3-6)**

3.1 Board Governance, Management, and Support

Service agency organizational structures and management systems are key factors in determining an agency's ability to meet its goals and to operate in an effective and efficient manner. An effective organizational structure systematically arranges functional areas in a manner that supports the agency's mission and related goals. A successful organization has the capacity to alter its structure to meet the changing needs of its customers. Organizations that are resistant to this structure are often less likely to meet client requirements/needs and, as a result, tend to experience fewer successes.

In his book *What Works in Schools: Translating Research into Action*, Robert J. Marzano states, "leadership could be considered the single most important aspect of effective school reform." Marzano has identified the following as the three principles of leadership for change:

- Is most effective when carried out by a small group of educators with the principal (key administrator) functioning as a strong cohesive force.
- Operates (the leadership team) in such a way to provide strong guidance while demonstrating respect for those not on the team.
- Is characterized by specific behaviors that enhance interpersonal relationships.

The management system of an ESD needs to include the ability to make informed decisions, communicate effectively, and provide appropriate planning and accountability functions. Ultimately, these factors determine the extent to which the organization can successfully carry out its mission and accomplish its goals.

The development and maintenance of an effective organizational structure is an important task for the superintendent and the members of his or her cabinet. Primarily, an organizational structure is a support system designed to facilitate the mission of the ESD and sustain its efforts to accomplish its goals. If its mission does not drive its organizational structure, the support system is weakened and the organization's ability to accomplish its mission is compromised.

Organizations often are bureaucratic and subject to inertia created by tradition and size. Often, the organizational structure has evolved based upon tradition and special interests. Too often, organizations tend to represent their predecessors. In fact, organizations should be developed systematically, with energies focused on the needs of clients and staff members

FINDING

Overall, the ESDs in Washington appear to be efficient and effective organizations that are highly valued by their peers, their member school districts, and their own staff. For the most part, ESDs appear to be led by esteemed Washington school administrators who oversee these exemplary organizations with talented and highly capable senior managers. They are employing a variety of contemporary management practices in an effort to position their organizations for success. The ESD Superintendents and Boards appear to have open and trusting relationships that facilitate system oversight.

The ESD Boards of Directors act under authority from the Washington State Legislature and serve as the governing bodies for the nine ESDs. Six of the ESDs have seven-member boards and three have nine-member boards. The term of office for each board member is four years or until a successor is duly elected and qualified. Candidates for the board of directors file with the Office of the Superintendent for Public Instruction (OSPI) between September 1 and September 16 on odd-numbered years. Local district board members in the ESD region elect the ESD Board members.

A clearly focused governance system is required by Washington statute RCW28A.310.200. This act lists the powers and duties of every ESD Board, and states that every ESD Board shall:

- Approve the budgets of the ESD.
- Meet regularly according to the schedule adopted at the organizational meeting.
- Approve the selection of ESD personnel.
- Fix the amount of and approve the bonds of designated ESD employees.
- Keep in the ESD a full and correct transcript of the boundaries of each district within the ESD.
- Acquire by borrowing funds or by purchase, lease, devise, bequest, and gift and otherwise contract for real and personal property for the ESD.
- Provide cooperatives at the written request of a school district or districts.
- Adopt bylaws and rules for the ESD's operations.
- Enter into contracts.

The development and adoption of ESD policies and procedures are important functions of the board of directors. Board policies provide a means by which an ESD can communicate its expectations to its various constituencies. An ESD's board policies provide a legal framework, often based on state and federal law, that guides the operation and decision-making processes of the organization.

Well-designed policies and procedures provide the basis for:

- Establishing the board's expectations for the organization.
- Keeping the board of directors and administration within legal guidelines.
- Establishing an essential balance and division between policy-making and administrative roles, providing for a system of checks and balances for the organization.
- Creating policies and guidelines to assist staff and clients.
- Providing reasonable assurances of consistency and continuity in decisions.
- Providing a legal basis for the allocation of fiscal, personal, and facility resources.

With only a few exceptions that are noted in the individual ESD reports, it can be stated that the ESDs, in general, have well-developed policies that appear to follow a consistent development, approval, and implementation process through the board of directors. Administrative and decision-making authority is clearly delegated and follows Washington statutes §28A.310.270, 280, 290, and 300. Board procedures and agendas are well established and provide adequate opportunity for public input.

ESD Boards are comprised of experienced and dedicated individuals from the public and private sector. Many of the board members have significant experience; some have served for decades. Many of the ESD Board members have a background in education, as teachers, administrators, or local school district board members. Thus, they are able to view their organizations through a variety of lenses as they represent their diverse constituencies. As a group they are very savvy about political, financial, operational, and strategic matters.

There is clear evidence across the ESD system that administrative staff members and members of the boards of directors enjoy effective and productive professional relationships. They share a clear understanding of their agency's mission, goals, and objectives. Board members express informed perspectives relating to their overall roles and responsibilities including the development and implementation of policy, board operating procedures, communication hierarchy, oversight of management and operations, and of the effectiveness and efficiency of the management team. Board members and administrative staff appear very committed to listening and responding to their constituents and customers.

COMMENDATION

ESDs in Washington enjoy the leadership of administrators and board members who possess rich experience, high integrity, and the knowledge necessary to lead effective 21st century organizations. The working relationships among these leadership teams are exemplary and serve as models for ESAs throughout the country.

3.2 Management and Operations

FINDING

Washington's ESD Superintendents are required by the Office of Superintendent of Public Instruction to investigate code of conduct violations for certificated staff and superintendents of member districts according to RCW 28A.310.260. Procedures and standards for such a review are prescribed in RCW 28A.405.210, 28A.405.300 through 28A.405.380, and 28A.645.010 (<http://apps.leg.wa.gov/RCW/default.aspx?cite=28A.310.260>). Performing this regulatory responsibility negatively impacts the ESDs' efficiency (due to time and funds spent on investigation and legal proceedings) and effectiveness (the primary mission of ESDs is to provide technical assistance and cooperative services to member school districts).

At one time, this investigatory function was considered one of the "core funded services" of ESDs. Subsequent and significant decreases in "core funding" provided by the Legislature, and an increased number of investigation requests have combined to create a negative impact on ESDs, in terms of their budgets and in being contrary to their primary purpose. The ESDs in Washington serve relatively large numbers of students and districts and, in some cases, those districts are spread across large geographic regions, some with difficult transportation challenges. Thus, such an investigatory function appears to be a difficult and unfunded mandate.

Performance of the informal and formal investigations and subsequent rendering of an administrative decision result in significant human resource and fiscal expenditures for the ESDs. In addition, the collaborative and collegial relationship essential between the ESD and their member districts is placed in jeopardy each time this regulatory function is performed. The key technical assistance or "critical friend" role of an ESD is compromised when the agency is forced to play the enforcement or policing role. In addition, the number of requests for these time-consuming investigations is increasing annually.

Exhibit 3-1 shows one ESD's (101) estimate of annual opportunity costs for performing this function.

EXHIBIT 3-1
ESD 101 ESTIMATED ANNUAL OPPORTUNITY COST ANALYSIS
COMPLAINTS AND INVESTIGATIONS

	SUPT.	CABINET	SUPPORT STAFF	LEGAL/AAG COSTS	ESD TOTAL
Level 1*	1 Hr. X \$90 X 20 Complaints = \$1,800	2 Hrs. X \$65 X 20 OPP Complaints = \$2,600	.5 Hr. X \$28 X 20 Complaints = \$280	NA	\$4,680
Level 2**	6 Hrs. X \$90 X 10 OPP Complaints = \$5,400	6 Hrs. X \$65 X 4 OPP Complaints = \$1,560	2 Hrs. X \$28 X 14 OPP Complaints = \$784	2 Hrs. X \$125 X 14 OPP Complaints = \$3,500	\$11,244
Level 3***	35 Hrs. X \$90 X 3 Investigations = \$9,450	35 Hrs. X \$65 X 3 Investigations = \$6,825	12 Hrs. X \$28 X 3 Investigations = \$1,008	12 Hrs. X \$125 X 3 Investigations = \$4,500	\$21,783
TOTAL					\$37,707

Source: ESD 101, January 2007.

*Level 1 – citizen allegation not followed by formal written complaint as per WAC 180-86-105.

**Level 2 – written and signed complaint requiring further investigation. School district assures ESD it will conduct investigation.

***Level 3 – written and signed complaint requiring ESD investigation.

Recommendation 3-1:

Remove ESD Superintendents' responsibility from the regulatory functions of RCW 28A.310.260, in relation to member school district staff code of conduct violations.

This responsibility would best be assumed by the local education agency, the state education ombudsmen office, and/or the Office of Superintendent of Public Instruction. Implementation of this recommendation will preserve the collaborative and collegial relationship between ESDs and their member districts, as well as yielding significant savings in fiscal and human resources (ESD Superintendent and support staff.)

The Legislature, OSPI, and ESDs should work together within the next year to begin implementing the recommendation. Such activity would shift the responsibility for investigating code of conduct violations from the ESDs Superintendent to another, more appropriate entity or group of entities.

FISCAL IMPACT

Because there are no statewide baseline data, opportunity costs are difficult to calculate, but based on estimates provided by some ESDs during the MGT audit of individual ESDs, there will be opportunity cost savings for ESDs if this recommendation is implemented. Such savings should enhance the ability of the ESDs to meet the expressed needs of school districts.

FINDING

According to RCW 28A.315 and 28A.310.140, Washington ESDs are mandated to resolve local school district boundary disputes. This regulatory/enforcement responsibility falls outside the scope of the primary technical assistance function of ESDs.

RCW 28A.310.140 states:

Every school district must be included entirely within a single educational service district. If the boundaries of any school district within an educational service district are changed in any manner so as to extend the school district beyond the boundaries of that educational service district, the superintendent of public instruction shall change the boundaries of the educational service districts so affected in a manner consistent with the purposes of RCW 28A.310.010 and this section.

According to RCW 28A.310 (<http://apps.leg.wa.gov/RCW/default.aspx?cite=28A.310.140>), school district boundary changes impacting an ESD are to be decided by the Superintendent of Public Instruction. Those duties/responsibilities appear to be closely aligned with the duties currently assigned by the Superintendent of Public Instruction to the ESD Superintendent in resolving school district boundary changes/disputes. The division of the two functions (ESD boundary changes and school district boundary changes) between two entities (ESD and OSPI) places an unnecessary and negative burden on the superintendents/staff of ESDs. Duties of Regional Committees are specified in RCW 28A.315, and essentially ESD Superintendents and the Regional Committees have only had to deal with those assigned duties related to boundary disputes. Other matters, such as establishing districts under certain circumstances, have not materialized and if any other of these assigned matters did arise they could all easily be managed by OSPI or another agency. Regardless, these committees' activities detract from the primary mission of the ESDs and can place an ESD in an adversarial role with one or more of its client school districts.

Performance of the informal and formal investigations and subsequent rendering of an administrative decision in such boundary disputes results in significant human resource and fiscal expenditures for the ESDs. In addition, the collaborative and collegial relationship essential between the ESDs and their member districts is placed in jeopardy each time this regulatory function is performed. The key technical assistance or "critical friend" role of an ESD is compromised when the agency is forced to play the enforcement or policing role.

An informal analysis of the mission statements of educational service agencies in the U.S. would suggest that "leadership" and "service" are the two most highly valued functions provided to schools. Boundary dispute mediation, as well as code of conduct violation investigations, would appear to fall well outside of those functions.

Recommendation 3-2:

Modify the controlling statutory language to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes.

The ESD should pursue legislation to revise the statutory language regarding the requirements for addressing boundary disputes. Implementation of this recommendation could result in improved services to member districts, clarification of roles and responsibilities to be consistent with other regulatory statutes, and savings of time and effort on the part of ESD Superintendents and administrative staff. Modification of the statutory language also would help to preserve the collaborative and collegial relationship between ESDs and the districts they serve. This recommendation could result in assigning the responsibility for resolving school district boundaries to an authoritative body, such as OSPI or the Attorney General's Office. The consolidation of the school district boundary change process with the ESD boundary change process would provide clarity to the roles of both ESDs and OSPI.

Within the next year, the Legislature and OSPI, working with ESDs, should revise the wording of Washington Statute RCW 28A.310.140 and effectively free the ESDs from responsibility for boundary disputes.

FISCAL IMPACT

Implementation of this recommendation should result in some cost savings, but accurate estimates cannot be made since there are no baseline data. However, it is expected that there will be cost savings for ESDs due to elimination of time and effort expended under the current system. The cost savings from the elimination of this regulatory responsibility would allow ESDs to reallocate dollars to their primary mission of providing services and technical assistance to school districts.

Calculations in the table below are based upon the most recent annual costs for boundary disputes/changes as shown in the OSPI report on all ESD spending for Regional Committee duties, which was \$16,756 for 2005-06. In addition to fiscal costs, the primary issues at this time focus on the missions of the two entities (districts and ESDs) and the lack of congruency that this particular duty represents for the ESDs as a system.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Remove Regulatory Functions of School District Boundary Changes	\$16,756	\$16,756	\$16,756	\$16,756	\$16,756

3.3 Strategic Planning

An effective organization needs to have the ability to determine the correct direction to take. This ability is a product of effective planning. Planning is not an accidental process with what are often termed random acts of improvement. In the book *The Basic School: A Community for Learning*, Ernest L. Boyer states that "a school community is, first a purposeful place, with a clear and vital mission." A quality planning process needs to be embedded in the operation of the organization and understood by all the employees.

Effective organizations maintain a balance of both strategic and operational activity in their organizations. Those that focus only on the operational run the risk of finding

themselves to be irrelevant in a rapidly changing context. Those that focus only on the strategic tend to fail in execution or production of results. That strategic focus in organizations is typically referred to as “strategic planning.” When carried out effectively, the process helps to reposition the organization for success within the changing context.

Strategic planning is a proactive process of envisioning the future and developing the necessary strategic actions to bring the vision to reality. In essence, a good strategic plan serves as a map for an organization’s members to guide actions towards meeting organizational goals. In addition, planning moves organizations from reactionary modes to proactive modes by connecting goals, strategies, performance measures, and action plans to an overall resource allocation process. Organizations that link these elements through the planning process are much more likely to achieve identified goals and enhance their overall organizational effectiveness.

Strategic planning should provide a road map for an ESD by accomplishing the following:

- Providing for a common planning design and language for the ESD.
- Establishing a written plan that should include action steps, accountability, and evaluation measures for the ESD.
- Empowering the ESD’s staff to serve on teams, which should assist the ESD in accomplishing the strategic plan’s goals.
- Improving school districts’ access to ESD services by clearly defining goals, needs, and priorities.
- Providing for increased communication between the staff members and school districts.
- Providing for resource allocation in a systematic manner that should correlate directly to the strategic plan’s goals and priorities – in other words, align the strategic plan with the budget. The strategic priorities of an organization, if indeed they are priorities, should have budgetary implications. The budget should reflect their status as priorities by allocating dollars for their implementation.

FINDING

Not all Washington ESDs have adopted and implemented effective strategic planning processes. Strategic planning for ESDs is not required by Washington statute or rules. Other states such as Texas and Iowa do require comprehensive planning activities for their ESAs. Such a requirement can be successful in insuring that the state’s educational mission and goals are articulated and implemented across the education system.

Evidence suggests that ESDs 112 and 113 are engaged in highly effective comprehensive strategic planning processes. Staff, administration, board, and “customer” school districts are involved in and supportive of the efforts. It appears that

other ESDs either do not have strategic planning processes in place, or could benefit from efforts to strengthen their planning processes.

Recommendation 3-3:

All ESDs should continue to implement comprehensive strategic planning processes within their organizations.

Examination of the strategic planning processes among the state's ESDs suggests the following issues in one or more regions:

- Lack of alignment between the strategic plan and budgeting process.
- Poor follow-up and execution of action plans.
- Unclear roles and responsibilities for plan implementation.
- Lack of reporting and oversight of plan execution.
- Lack of opportunity for stakeholder (internal and external) involvement and input into the planning process.
- Lack of clarity regarding ESD overall purpose, mission, and goals among stakeholder groups.
- Lack of time and attention to strategic planning activities.

Dynamic, successful organizations thrive on change. Strategic planning is the method used by public and private systems to position their organization to take advantage of its future. A well-developed strategic plan provides a comprehensive action framework or road map for the district to follow toward improvement in service delivery.

Strategic planning:

- Empowers an organization to capitalize on its opportunities.
- Addresses emerging challenges.
- Provides the kind of leadership that masters change.

Done correctly, this process incorporates in-depth planning models that take place over time with stakeholder community involvement. A valuable resource that could be utilized by ESDs to facilitate this recommendation is the National School Boards Association (NSBA).

Through the NSBA Web site, <http://www.nsba.org/sbot/toolkit/spt.html>, ESDs can access a variety of tools, including:

- A preliminary readiness assessment.
- A process for creating a vision and setting goals and objectives, action steps and resource allocation, and evaluation criteria.

- A communication plan for stakeholder input and buy-in.

Those ESDs cited by the audit team for lacking effective strategic planning processes should begin immediate improvement of those processes. Such improvement might involve selection and implementation of new planning models/approaches, or simply a recommitment to and improvement of existing plans that are in place.

FISCAL IMPACT

Implementation of this recommendation may involve increased staff time and involvement and thus may increase costs in certain ESDs. However, implementation of effective strategy may also save dollars through increased efficiency or raise revenue from new programs and sources.

3.4 Accountability

The issue of accountability for the nation's ESAs has recently become paramount among ESA leaders, chief state school officers, and policy makers. Increased attention on a state and national level can be documented over the past 10 years. ESAs in several states have adopted or are in various stages of developing accountability systems.

This increased activity is likely the result of declining public resources and growing scrutiny of recipients of public funds. The evolution of accountability systems and accreditation models provides states without them with examples to which they can benchmark. Thus, more and more states are examining the practices of their national peers.

The Association of Educational Service Agencies (AESA), the national association for ESAs, has seen increased attention by members to accountability issues. Brian Talbott, Executive Director of AESA, reports that the association's executive council has recently engaged in significant discussion and presentations about ESA accountability/accreditation. The 2005 summer CEO conference for AESA focused exclusively on ESA accountability.

During the 1960s and 1970s, accountability activities of public sector organizations emphasized organizational efficiency. Since the mid-1980s, accountability efforts have emphasized results and, more recently, performance measurement, that is, how consistent are the results of the organization's work with its program intentions?

E. Robert Stephens and William Keane in their recent 2005 book *The Educational Service Agency: American Education's Invisible Partner* assert the following regarding ESA state accountability systems:

A state accountability system is defined here as the cumulative set of state rules, regulations, and policies that are expressions of the state's intent to provide oversight of educational service agencies to ensure that they further the achievement of some prized state policies. Various approaches are employed by the state including the use of fiscal accountability measures, legal compliance accountability measures, and

accreditation standards that focus on the processes and procedures used by the agencies and the measurement of the outcomes and impact of their efforts.

This increased attention to ESA accountability is taking many forms, including:

- Establishment of mandatory or voluntary ESA state accreditation systems.
- Increased ESA and state data collection and analysis.
- Increased attention on customer satisfaction.
- Increased use of quality improvement processes (TQM, Baldrige, ISO 9000, LEAN, etc.).
- Establishment of common core services.
- Creation of standards, benchmarks, or rubrics as a way to document quality of operations and services.
- Public reporting of quality and progress.
- Increase in strategic planning processes.
- Attempts to tie ESA success to student achievement.
- State education department inspection/accreditation visits.
- Program or performance audits.

FINDING

ESDs in Washington do not currently appear to be focusing attention on potential new approaches to ESD accountability. It is logical to assume that with only a fraction of their budgets being comprised of state dollars, their accountability efforts are focused directly on listening to and delivering high-quality service to those providing the lion's share of their revenue – local school districts. ESD staff members meet frequently with district superintendents and work hard on developing strong provider/customer relationships. ESDs obviously feel most accountable to their customers. ESD survey results from district superintendents show strong support and satisfaction across all regions.

However, many state ESD systems are realizing that this intense focus on customer satisfaction may be accompanied by insufficient attention to overall accountability questions/issues. Thus, they are working together, sometimes with their state departments of education, to develop new accountability approaches.

Stephens and Keane (2005) go so far as to suggest that “it is imperative that state interests and supporters and practitioners of service agencies in many states must be more aggressive in working toward the design of a meaningful system that will help

ensure that there is continued support for this type of organization.” Further, they assert, “We take the position that the centerpiece of a comprehensive accountability plan ought to be a state performance accreditation system that will provide timely, policy-relevant information on whether or not the state network and its constituent individual agencies meet, exceed, or fail to meet the expectations held for them.”

Recommendation 3-4:

Washington’s ESDs should, in collaboration with OSPI and other key stakeholders, develop a statewide accreditation system/process for ESDs.

ESD Superintendents have recently drawn conclusions about their state consistent with the above recommendation. In their October 2006 Self Study, a recommendation was made to “Develop consistent ESD strategic planning and accountability practices.” Such practices could be voluntary or could be embedded in state code or rules. Examples of both are prevalent in the country.

Development of such a system would:

- Help to insure a common level of high-quality service to all children and educators in the state.
- Provide consensus on what are considered “core services” at any given time.
- Be a tool for organizational learning and continuous improvement for ESDs.
- Help to align the work of ESDs with the goals, objectives, and work of the OSPI.
- Help to insure the overall efficiency and effectiveness of the ESD system.
- Generate data/information to help improve customer satisfaction as well as overall system effectiveness.

Stephens and Keane (2005) suggest that most recently developed state ESA accreditation systems feature: common core programs and services, alignment of those core services with the state’s school improvement strategy, performance measures, multi-year comprehensive plans, annual progress reports, customer satisfaction surveys, and periodic on-site visits by designated reviewers. **Exhibit 3-2** expands on these features and provides *Recommended System Components of a State Performance Accreditation System, State Network of Special District ESAs*.

EXHIBIT 3-2
RECOMMENDED SYSTEM COMPONENTS OF A STATE PERFORMANCE
ACCREDITATION SYSTEM, STATE NETWORK OF SPECIAL DISTRICT ESAs

1. The accreditation period is specified and is the same as the one for districts/schools.
2. Standards are established and, at a minimum, include required core services to be performed by each agency in the network.
3. Performance measure(s) are established for each core services standard.

Each ESA is required to:

4. Submit to the state a periodic, multiyear comprehensive improvement plan, first approved by districts/ schools, and then by the state.
5. Submit to the state an annual progress report.
6. Submit to the state an annual budget, aligned with comprehensive/annual reports.
7. Submit to the state an annual self-assessment report.
8. Submit to districts/schools, and the public in the service region an annual report card, with both aggregated and disaggregated data.

The state is required to produce:

9. An annual statewide customer satisfaction survey of core services.
10. A periodic statewide cost-analysis study of core services.
11. An annual report card on the network, with both aggregated and disaggregated data that features comparison with past performance and having a required broad dissemination schedule.

The state is also required:

12. To schedule an on-site re-accreditation review by an external panel.
13. To provide for public disclosure of the report of the on-site re-accreditation review.
14. To allow a service agency to file a rejoinder to the review report.
15. To levy sanctions for a poor accreditation report.
16. To provide a reward for an exemplary accreditation report.

Source: E. Robert Stephens and Bill Keane, *The Educational Service Agency: American Education's Invisible Partner*, 2005.

Within the next 24 months, ESD Superintendents should work together with their boards and OSPI to begin development of an accreditation system appropriate to Washington's context. Such development should be preceded by a thorough study of other states' ESA accreditation systems. A system should be in place at least for a pilot by July 1, 2009.

States that would be helpful targets for benchmarking include Texas, Iowa, Georgia, Nebraska, West Virginia, Ohio, and Oregon. Michigan has just launched a voluntary approach to accreditation using a "North Central" evaluation model adapted for its ESAs. Accreditation discussion also has occurred recently in Arkansas and Colorado. **Exhibit 3-3** provides additional information about states that have demonstrated experience with accreditation processes.

**EXHIBIT 3-3
OVERVIEW OF STATE EXPERIENCE WITH ACCREDITATION SYSTEMS**

STATE	ENACTMENT TIME FRAME	FEATURES
Georgia	1997: state board adopted administrative code O.C.G.A. 160-5-1-13	Annual plan, needs assessment, objectives, 3-year strategic plan, performance indicators and levels, annual report, standards
Iowa	1996: Chapter; 2001: administrative rule Chapter 72	Core services, comprehensive improvement plan, budget submittal, annual progress report, site visit, customer satisfaction survey, standards, performance indicators, goals, sanctions
Nebraska	1998: administrative rule 84	Periodic comprehensive evaluation and on-site visit, core services, one year accreditation
Ohio	1995: legislature directive (3301.07.12)	13 minimum standards, service plans, charter, periodic evaluation (performance measures, pending)
Oregon	1995 (most recent revision): OGR 581-024-0210(1)	Standards, annual report, on-site evaluation, self appraisal, designation as standard or substandard following review
Texas	For many years	Independent fiscal audit, annual desk audit, client appraisal of services, on-site review, accountable for district student achievement, annual plan, performance standards and indicators, sanctions
West Virginia	2003: rule Title 126, Series 72	Comprehensive strategic plan, centers of excellence, performance based self assessment system, annual progress report, quality standards of service, core outcome measures/indicators/benchmarks

Source: MGT analysis, February 2007.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

3.5 Other Key Issues

FINDING

The nine ESDs in Washington have made significant progress of late in trying to come together as a statewide “system” of ESDs. They deserve commendation because their efforts thus far outpace those of educational service agencies in many other states. The following features adopted by Washington ESDs demonstrate these efforts:

- There is a formal “superstructure” for involvement of the ESD Boards.
- There are elected officers who oversee certain statewide activities.
- Statewide conferences for ESD Boards/staff are held yearly.
- ESD Superintendents meet regularly for joint planning, advocacy, and interaction with state partners/stakeholders.
- One or more ESDs are collaborating around the development and delivery of services. Examples include construction management service hosted at ESD 112 and joint grant procurement.
- There has been collaborative development of the Washington Learning Source – a shared “storefront” or “solutions center” portal for the ESD system.
- Efforts are pending to jointly employ part-time staff to carry out statewide activities.

Recommendation 3-5:

The ESDs in Washington should vigorously continue their efforts toward being recognized as a statewide “system” of ESDs.

Implementation of this recommendation should result in greater efficiency in service delivery due to collaboration, standardization of best practices across the state, increased regard for the system among its stakeholders, a closer working relationship with OSPI and other partners, and a strengthened ability to advocate for the needs of children and educators in Washington.

Additional features from states that have made progress in becoming “systems” are listed below. The ESDs should consider adding these features to those mentioned above, which are already present in the system. Specifically, the ESDs should take the following steps:

- Create a statewide logo and public image guidelines for use of the logo.
- Create a state ESD “system” Web site using the new logo.

- Develop a statewide video describing the services and value of the system.
- Create standing committees (legislative advocacy, public relations/marketing, etc.) for statewide work.
- Pursue development of statewide purchasing co-ops in food, office supplies, art supplies, sports/PE equipment and supplies, copiers, etc.
- Jointly enter into licensing agreements with private sector companies to provide statewide access for parents, students, and teachers to online resources.
- Develop a financial formula for shared programs and services followed by development of a unified budget to support statewide staff, programs, and activities.
- Employ shared state or regional employees to carry out collaborative programs and services.
- Explore creation of “centers of excellence” where one or two ESDs provide expertise and service to other ESD regions or throughout the state.
- Create a system-wide annual report.
- Develop a system-wide strategic plan.
- Pursue additional partnership with state education associations.
- Standardize and implement a formal communication and joint planning process with OSPI.
- Clarify roles and responsibilities between OSPI and ESDs.
- Each ESD should place policies, procedures, handbooks, minutes, directories, guidelines, etc. on its Web site for easy public access – and link its site to the statewide Web site (to be developed).
- In collaboration with OSPI, develop a yearly customer satisfaction survey.

The ESDs should benchmark to other states that have made progress in developing themselves as a system, and should implement features such as those shown above. A variety of additional steps to strengthen the “system” should be pursued in Washington in the next 36 months.

FISCAL IMPACT

Implementation of this recommendation can most likely be accomplished with existing staff, but could require additional time and dollars throughout the three-year period. The additional resources would be seen as an investment in becoming a more unified state system of ESDs. Such an investment should increase both the efficiency and effectiveness of the system and would allow existing resources to be used in more creative and efficient ways.

FINDING

During the on-site reviews of the nine ESDs, there were discussions and questions about the ESDs' role and relationship with the special education delivery system. Some ESDs were more involved than others with special education programs and services. For example, most of the ESDs had some type of special education cooperative services. These discussions, along with the auditor's extensive experience in special education management, prompted significant concern about the lack of a predictable, standardized state structure or delivery system for special education.

Auditor knowledge of various state approaches to special education suggests the following as the major variations in special education delivery system infrastructure:

- Special education programs/services are delivered entirely through local school districts.
- Special education programs/services are delivered through voluntary or state determined cooperatives – or a combination of cooperatives and local school districts (Kansas).
- Special education programs/services are delivered through some type of regional education service center or county office/district infrastructure, or a combination of this and local school districts (Iowa).

There are variations of the above models. For example, in Kansas all instructional and support services are delivered through cooperatives and a few larger districts. In Iowa, instructional services are delivered by the local district, while all support services (school psychology, social work, occupational/physical therapy, consultants, hearing/vision services, etc.) are delivered by the 10 Area Education Agencies (AEAs). This infrastructure in Iowa allows a standardized approach with a close working relationship between the AEAs and the Department of Education. This approach places responsibility for all student placement decisions in the hands of 10 directors of special education, one in each regional agency (AEA). Such a defined structure with associated rules minimizes administrative costs. States without such a structure run the risk of having excess administrative overhead.

Unlike ESAs in other states, the ESDs do not appear to be formally connected to the special education delivery system in any standardized fashion. It appears that the delivery system for special education is not well defined or standardized, compared to those in other states. Therefore, it is most likely not as efficient as it could be. For

example, for the special education system not to take formal advantage of having an established regional ESD system seems questionable, especially when ESDs are working diligently to assist districts with raising achievement for all students, including those with disabilities.

Recommendation 3-6:

Washington policy makers should undertake an evaluation or performance audit of the state's special education delivery system in an effort to increase efficiency and use existing infrastructure.

Such a study should be conducted by independent experts, including, but not limited to those in the fields of special education and regional service agency operation. The study should be completed by January 1, 2009.

**4.0 FINANCIAL MANAGEMENT
AND REPORTING,
PURCHASING, AND
CONTRACT MANAGEMENT**

4.0 FINANCIAL MANAGEMENT AND REPORTING, PURCHASING, AND CONTRACT MANAGEMENT

This chapter contains findings and recommendations pertaining to financial management and reporting as well as purchasing and contract management. This information applies to Washington's Educational Service Districts (ESDs) as a whole.

CHAPTER SUMMARY

The Washington ESDs, in general, provide effective and efficient oversight of their funds. The audit team found fiscal staff members to be knowledgeable and highly competent individuals. In addition, the fiscal services provided to member school districts, including cooperatives for services such as workers' compensation and unemployment insurance, are well managed and offer invaluable benefits to member schools.

In general, most ESD fiscal policies and practices are well documented. However, the audit team noted a few instances where policies and procedures need to be developed and implemented. In addition, the auditors recommend implementing a mandatory direct deposit policy to reduce payroll processing costs in all ESDs.

The audit team noted two observations that were global to all ESDs, the first being a lack of fund balance policies and the second a failure to link ESD budgets to strategic plans. This chapter provides recommendations for addressing these findings.

The key commendation in this chapter is as follows:

- Washington's ESDs have effective controls over fiscal operations including budgeting practices.

Key recommendations in this chapter include:

- Tie ESD budgets to long-range strategic plans and develop performance measures to ensure that goals and objectives are being attained. **(Recommendation 4-1)**
- Develop and implement accounting and fiscal policies and document accounting and fiscal procedures. **(Recommendation 4-2)**
- Develop policies that set minimum and maximum unrestricted and undesignated fund balance targets, and develop processes for addressing fund balance levels that fall above or below the targets. **(Recommendation 4-3)**
- Reduce payroll processing costs by implementing a mandatory direct deposit policy for ESD and school district employees. **(Recommendation 4-4)**
- Implement the purchasing card program in all ESDs. **(Recommendation 4-5)**

- Research the potential benefits of using specific interstate purchasing cooperatives and, if feasible, coordinate a collective effort among ESDs and school districts to join these cooperatives. (Recommendation 4-6)

4.1 Financial Management and Budgeting

4.1.1 Background Information

The Legislature created the Educational Service Districts to provide support services to the 296 school districts located in the state of Washington. The Revised Code of Washington (RCW) Section 28A.310.300 requires that ESDs, among other things, act as liaison between local school districts and the Office of Superintendent of Public Instruction (OSPI), and provide fiscal assistance to school districts. The ESDs, therefore, provide a wide variety of fiscal support services to school districts including accounting, budgeting, and payroll services. In addition, the ESDs operate various cooperatives including a Workers' Compensation Trust, an Unemployment Insurance Trust, and a Compensated Absences Pool.

In Washington State, OSPI and state laws and regulations require that ESDs compile financial and budgetary information and submit it to OSPI for review and approval on a set schedule each year. These documents include the F-206, which is a report of the ESD's current year revenues and expenditures, as well as the F-185, which contains approved budget data for the upcoming fiscal year.

The ESDs have access to a combination of financial resources from state, federal, and local sources to provide services within each region. **Exhibit 4-1** provides information on the funding sources and amounts for 2005-06. Some programs are funded by all three major sources of revenue, while others receive funding from only one of the major sources.

**EXHIBIT 4-1
FUNDING SOURCES FOR PROGRAMS/SERVICES
OFFERED BY THE ESDs, 2005-06**

REVENUE SOURCE	AMOUNT (\$)
Tuition and Fees	5,413,022
Sale of Goods and Services	5,633,289
Food Service Fees	1,615
Bus Fees	3,925
Investment Earnings	984,591
Gifts and Donations	392,550
Rental of Property	1,292,160
Insurance Recoveries	25,725
Certification Fees	369,965
Pre-certification Fees	280,196
E-Rate	75,725
Local Sources, Unassigned	3,077,722
ESD Allotment (Core Funding)	3,763,794
Special Education	2,045
State Institutions-Delinquent	1,798,399
Special Programs	1,560,092
Nursing Services	2,440,108
State General Purpose, Unassigned	
Early Childhood	9,131,385
Transportation-Operations	2,816,285
Transportation-Depreciation	807,611
Other State Agencies	3,766,685
State Special Purpose, Unassigned	8,386,666
Special Education, Supplemental	9,123,618
Remediation	148,636
Migrant	1,665,638
Mathematics and Science	1,395,238
School Food Services	420,405
Head Start	24,422,582
Youth Training	3,374,910
USDA Commodities	241,880
Federal, Special Purpose, Unassigned	35,203,694
Payments From School Districts in WA	42,810,371
Payments, Other Entities	5,004,025
Payments From School Districts in WA	10,569,214
Payments From School Districts-Other	110,017
Payments, Other Entities	7,194,214
Sale of Real Property	5,143,166
Sale of Personal Property	28,435
Long-Term Financing	20,542,539
Grand Total, All ESDs	219,422,137

Source: OSPI Web site, February 2007.

For the 2005-06 school year, the ESDs' revenues totaled more than \$219 million. **Exhibit 4-2** provides information on expenditures for 2005-06, which totaled \$205 million, and **Exhibit 4-3** shows 2005-06 total revenues and expenditures for each ESD.

**EXHIBIT 4-2
ESD EXPENDITURES BY USE, 2005-06**

EXPENDITURES	AMOUNT (\$)
ESD Operations	33,208,640
ESD Direct Cost Centers and Agency Services	1,619,717
Instructional Resources	2,127,609
Special Education	24,814,939
Staff Development	5,986,496
Educational Technology	7,575,705
K-20	2,827,032
Safe and Drug-Free Schools	19,852,951
Traffic Safety	566,748
Math and Science	4,926,806
Communication, Reading and Writing	1,518,705
Art Education	385,118
Social Studies	705,211
Environmental Education	325,064
Highly Capable	52,817
Vocational	781,848
Early Childhood	37,567,670
Migrant Education	1,820,959
Alternative Learning Experience	1,336,543
Student Assessment	46,573
State Institutions	1,842,330
Health and Fitness	167,524
Professional Development Centers	587,634
Other Instructional Support Programs	6,385,076
Adult Job Training	7,309,215
Data Processing	16,644,377
Risk Management	8,245,232
Public Communications	400,060
Transportation	3,346,395
Environmental Compliance	30,812
Nursing Services	2,570,169
Human Resources Services	333,804
Employment Programs	4,122,722
Fiscal Agent Services	3,087,241
Group Purchasing	476
Other Non Instructional Support	1,619,868
Transportation Equipment	328,468
Total, All ESDs	205,068,553

Source: OSPI Web site, February 2007.

**EXHIBIT 4-3
ESD REVENUES AND EXPENDITURES, 2005-06**

ESD	REVENUES (\$)	EXPENDITURES (\$)	REVENUES LESS EXPENDITURES (\$)
101	16,543,674	16,048,600	495,074
105	13,733,994	13,481,839	252,155
112	41,569,404	41,708,211	(138,808)
113	23,059,199	23,377,723	(318,524)
114	17,081,674	16,764,451	317,223
121	64,426,282	52,129,517	12,296,765
123	7,277,215	7,414,715	(137,500)
171	16,829,285	16,672,563	156,722
189	18,901,411	17,470,931	1,430,480
All ESDs	219,422,137	205,068,550	14,353,587

Source: OSPI Web site, February 2007.

The total revenues available to each of the ESDs varied from \$7.3 million in ESD 123 to over \$64.4 million in ESD 121. ESDs 121 and 189 had the largest number of students, together comprising 54.2 percent of total students in the state, but received only 38.0 percent of total revenue.

All of the ESDs except 112, 113, and 123 received revenues that totaled more than expenditures during 2005-06, enabling the ESDs to add to their fund balances. Since the majority of the ESDs held fund balances equaling less than three months of expenditures, adding to fund balance may have been a planned outcome.

The ESDs receive state revenues for core services appropriated by the Legislature under its funding method, which assigns a weighting factor to core service costs, a geographical factor for larger-sized ESDs, and a factor based on the number and size of local school districts within each ESD. Not all core services are core funded, and some are only partially funded. Core services are identified (RCW 28A.310.350) as including:

- ESD administration and facilities.
- Cooperative services to abolish sex and race bias.
- Fiscal services.
- Grants management services.
- Special education services.
- Transportation.
- Personnel certification.
- Learning resources.
- Cooperative curriculum services such as health education, in-service training, and workshops.
- Special needs of local school districts.

Among the many services that the ESDs operate are early childhood programs such as Head Start. During the 2005-06 school year, all ESDs except ESD 171 provided early childhood programs, for which they received a total of \$38 million. **Exhibit 4-4** displays information on the total early childhood funding that the ESDs managed. These funds are included in the total revenues displayed above.

**EXHIBIT 4-4
2005-06 EARLY CHILDHOOD REVENUES RECEIVED BY ESDs**

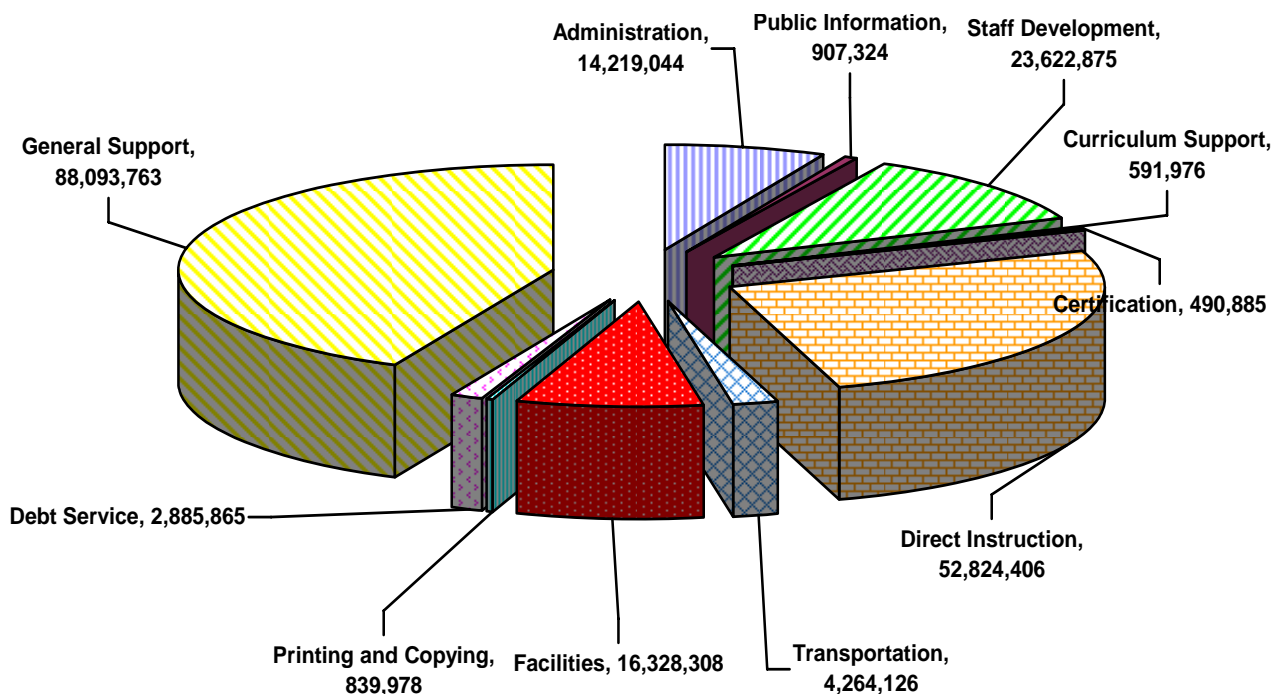
ESD	EARLY CHILDHOOD FUNDING (\$)
101	656,746
105	29,648
112	1,048,901
113	6,263,681
114	3,765,817
121	25,642,423
123	2,893
171	22,066
189	617,847
All ESDs	38,050,022

Source: OSPI Web site February 2007, as corrected by ESDs 114 and 171.

The ESDs have no taxing authority. Participation by school districts in ESD programs is strictly voluntary. As a result, ESDs must customize and market their services to school districts and private schools as well as outside individuals and entities to generate additional or local revenue. Local revenues are generated by fees-for-service, fees generated from sources such as the sale of products, and revenues from other local sources, including the enterprise fund and other public and private entities.

The ESDs budget and account for funds within the laws and systems prescribed by OSPI. OSPI's accounting system uses multilevel accounting, including accounting by fund, function, and expenditure code. Because the ESDs are organized to accomplish a service mission that is different from school districts, the costs associated with various functions vary from those of school districts. Expenditures by function are shown in **Exhibit 4-5**.

**EXHIBIT 4-5
2005-06 ESD EXPENDITURES BY FUNCTION**



Source: Developed by MGT from OSPI data, February 2007.

4.1.2 Planning and Budgeting Process

According to Washington Administrative Code (WAC) Section 392-125-030, all Educational Service Districts are to prepare an annual budget to be presented in a public hearing no later than August 1 of each year. Following budget adoption, an ESD must file its budget with OSPI no later than August 3 (WAC Section 392-125-020).

RCW 28A.310.360 requires each ESD to identify core services for budgeting purposes and to use a formula for its biennial budget request. The formula contains the following factors:

- Core service cost that shall receive primary weighting for formula purposes.
- A weighting factor based on geographical location and that will serve to weight the larger ESDs.
- A weighting factor that shall be based on the number and size of local school districts within each ESD.

FINDING

Washington's ESDs, while each preparing strategic or other long-range plans, do not have processes to link spending plans to these strategic plans. Overwhelmingly, the

audit team found that the ESDs' budgets are based on estimates of revenues that are anticipated to be received from various sources, and the amount of money that should or could be spent based on the anticipated revenues, taking into account needed reserves. Although it ensures that spending will be within anticipated resources, this process falls short of ensuring that ESDs fulfill their respective missions of helping schools to improve student performance or achieve other educational goals.

In addition, the ESDs do not have performance measures to help them determine the impact of funding on given programs, initiatives, or activities. All ESDs, while following OSPI budgeting guidelines and budgeting templates, lack indicators of the effectiveness of program efforts in fulfilling program objectives.

Best practices in budgeting suggest that budget-performance integration is essential for sound fiscal management. Until the ESDs link their budgets to performance, they will be unable to determine the most efficient and effective manner of expending funds.

Ever since the mid-1990s, when the federal government refocused government decision-making and accountability on the results of the activities, it has become more and more important to ensure that budgets (at all levels of government) are linked to planning. A budget should show the resources that will be required to achieve the goals established in the plan, not just how much money needs to be spent based on how much is expected.

The National Advisory Council on State and Local Budgeting was established in 1995 by eight associations of state and local government, including the Government Finance Officers Association (GFOA), to develop and recommend practices in the area of state and local budgeting. According to the National Advisory Council of State and Local Budgeting Practice, a good budget process should:

- Incorporate a long-term perspective.
- Establish linkages to broad organizational goals.
- Focus budget decisions on results and outcomes.
- Involve and promote effective communication with stakeholders.
- Provide incentives to management and employees.

Recommendation 4-1:

Tie ESD budgets to long-range strategic plans and develop performance measures to ensure that goals and objectives are being attained.

Implementing this recommendation will help the ESDs to ensure they are spending program funds only for activities that directly and positively affect the goals or outcomes sought by each program. The ESDs will be able to link their budgets to their long-term goals and focus their programs on desired and planned outcomes. The result will be a more cohesive and consistent budget approach.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

4.1.3 Internal Controls, Including Internal Audit

Internal controls are the measures taken by an organization to protect resources against waste, fraud, and inefficiency; ensure accuracy and reliability in accounting and operating data; secure compliance with policies, rules, regulations, and laws; and evaluate the level of performance.

The elements of good internal controls include:

- **Quality Personnel** – obtained by thoroughly interviewing prospective employees, conducting background and reference checks, and verifying educational and prior job experience. In addition, good controls require that employees are properly trained and cross-trained to ensure that they know what they should and should not be doing. Employees need to have clearly established lines of authority and responsibilities documented in written job descriptions and procedures manuals. Organizational charts provide a visual presentation of lines of authority and responsibility. Periodic updating of job descriptions ensures that employees and supervisors are aware of the duties employees are expected to perform.
- **Documented Policies and Procedures** – necessary to provide a foundation for all activities that occur in an organization and to ensure that all employees understand the processes necessary to comply with those policies. Documented procedures help to ensure program and position continuity in the event of employee absences or employee transition into and out of positions.
- **Segregation of Duties** – reduces the likelihood of errors and irregularities. An individual should not have responsibility for more than one of the three transaction components: authorization, custody, and recordkeeping. When the work of one employee is checked by another, and when the responsibility for custody of assets is separate from the responsibility for maintaining the records relating to those assets, appropriate segregation of duties exists. Proper internal controls help detect errors in a timely manner and deter improper activities. At the same time, proper internal controls and the segregation of duties should be devised to prompt operational efficiency and allow for effective communications.
- **Physical Restrictions** – involves having the proper procedures and processes in place to protect the physical custody of assets such as inventory, property, and data.
- **Documentation and Record Retention** – provides reasonable assurance that all information and transactions of value are accurately recorded and retained.
- **Monitoring Operations** – verifies that controls are operating properly. Reconciliations, confirmations, and exception reports provide monitoring information on an ongoing basis. In addition,

regular independent audits provide reasonable assurance that an organization's controls are working.

Internal auditing is a monitoring operation that occurs within an organization to examine and evaluate its activities. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes the organization with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost. Occasionally an entity may contract with an external auditor or firm to conduct its internal audit function.

Washington's ESDs do not have formal internal auditing functions. They do, however, provide basic review of financial activities and transactions in an attempt to prevent or detect errors or irregularities. In addition, each ESD receives an annual audit conducted by the Washington State Auditor's Office and periodic audits from federal and state granting agencies.

FINDING

The audit team found that, with the exception of a lack of written documentation at some ESDs, the districts have good controls over financial management, budgeting, and purchasing operations. In general, the ESDs effectively monitor revenues and expenditures, and provide adequate information to managers, decision-makers, and board members. Many of the budget processes and practices reviewed by the audit team were exemplary in that they provided adequate information and support to budget managers, communicated critical events and timelines, and presented member districts with ample opportunity for input.

Further, the audit team noted that ESD fiscal staff members are knowledgeable of their responsibilities and are provided sufficient infrastructure for review and supervision over the processing of financial transactions.

COMMENDATION

Washington's ESDs have effective controls over fiscal operations including budgeting practices.

FINDING

The ESDs do not have documented policies and procedures in some cases. Several ESDs do not have policies requiring that bids be obtained for the procurement of goods and services, and one ESD was found to be lacking documented procedures for its accounting operations.

Documented procedures are critical to any organization, but especially for those that, like most of Washington's ESDs, have small accounting staffs. If something were to happen to an employee that prevented him or her from working for an extended period of time, an ESD could be at risk of being unable to conduct key processes or functions.

In addition, having well-documented procedures that spell out what each employee should and should not be doing plays a key role in the process of good internal controls.

The Government Finance Officers Association is a professional organization that supports state and local finance officers in the United States and Canada. The GFOA provides a wide array of services including providing recommended best practices. In its Documentation of Accounting Policies and Procedures statement issued in 2002, the GFOA states the following:

Communication is an essential component of a comprehensive framework of internal controls. One method of communication that is particularly effective for controls over accounting and financial reporting is the formal documentation of accounting policies and procedures. A well-designed and properly maintained system of documenting accounting policies and procedures enhances both accountability and consistency. The resulting documentation also can serve as a useful training tool for staff.

The GFOA further states that accounting manuals need to include the policies and procedures for accounting and other finance-related functions, such as accounts payable, payroll, budgeting, investments, cash receipts, and financial reporting. By carefully documenting business processes, current and future employees can fully understand what is expected and required of them to accomplish their duties.

Recommendation 4-2:

Develop and implement accounting and fiscal policies and document accounting and fiscal procedures.

Beginning in June 2007, the ESD Superintendents should meet with staff to determine whether accounting and fiscal policies are in place for all major functions. For those functions that lack accounting and fiscal policies, the superintendents should draft a policy and submit it to their boards for review and approval. The superintendents should then direct all of their respective department managers to document significant processes in writing, if not already done.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

4.1.4 Fund Balance

Fund balance is the difference between assets and liabilities as reflected on the balance sheet and serves as a measure of fiscal health for an organization. Fund balances can be reserved, set aside for specific future uses, or unreserved. Unreserved fund balances represent the resources available to an organization for immediate use in operations.

Fund balance targets vary by industry or type of organization, but typically range from two and a half to six months of cash operating needs. It is critical for organizations to maintain adequate fund balances so that current obligations can be fulfilled in the event anticipated funding or revenues fall short. Conversely, for public entities, it is also

important to ensure that fund balances do not accumulate to the extent that funds are not being put to their intended use. In some cases, large fund balances for public entities can be an enticement for possible reallocation for special needs and away from potential operations.

Exhibit 4-6 displays the general fund balances for the past five fiscal years for each of the ESDs. Fund balances of 25 percent of the prior year's expenditures in the general fund represent approximately three months of operating expenses. There is considerable variability in the amount of the fund balances, and in the percentage change over the time period of Fiscal Year 2001-02 to Fiscal Year 2005-06. **Exhibits 4-7 and 4-8** display the fund balances as a percentage of operating expenses and as the number of months of expenses each ESD had in 2005-06. Only ESDs 114, 121, and 189 had fund balances equaling more than three months of expenditures. It should be noted that these are total fund balances, including restricted funds that may be used for capital expenditures.

**EXHIBIT 4-6
ESD FUND BALANCES**

FISCAL YEAR	01-02 (\$)	02-03 (\$)	03-04 (\$)	04-05 (\$)	05-06 (\$)	\$ CHANGE	% CHANGE
ESD 101	4,581,479	4,181,557	3,739,149	2,771,553	3,266,627	-1,314,852	-28.70%
ESD 105	2,481,561	2,675,688	2,935,487	2,877,005	3,129,160	647,599	26.10%
ESD 112	5,939,842	5,834,024	3,676,999	3,243,275	3,300,983	-2,638,858	-44.43%
ESD 113	3,958,603	3,742,294	3,945,091	3,769,877	3,451,353	-507,250	-12.81%
ESD 114	4,599,999	4,902,762	4,652,943	4,305,101	4,622,325	22,326	0.49%
ESD 121	4,331,987	4,746,000	4,097,397	4,098,478	16,395,243	12,063,256	278.47%
ESD 123	2,054,258	1,911,044	1,517,891	1,179,286	1,041,786	-1,012,473	-49.29%
ESD 171	4,744,069	4,032,586	3,894,248	3,511,110	3,667,831	-1,076,238	-22.69%
ESD 189	4,061,771	4,233,225	4,504,770	4,651,596	6,082,076	2,020,305	49.74%
All ESDs	36,753,568	36,259,178	32,963,975	30,407,281	44,957,384	8,203,815	22.32%

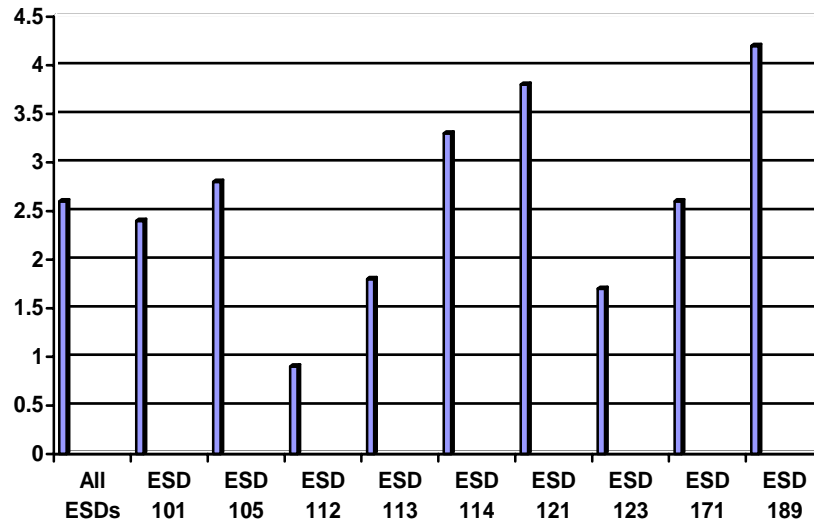
Source: Developed by MGT from OSPI data, February 2007.

**EXHIBIT 4-7
FUND BALANCES COMPARED TO EXPENDITURES**

ESD	05-06 EXPENDITURES (\$)	25% OF EXPENDITURES (\$)	05-06 FUND BALANCE (\$)	FUND BALANCE AS % OF EXPENDITURES	DIFFERENCE FROM 25% (\$)
101	16,048,600	4,012,150	3,266,627	20.35%	(745,523)
105	13,481,839	3,370,460	3,129,160	23.21%	(241,300)
112	41,708,211	10,427,053	3,300,983	7.91%	(7,126,069)
113	23,377,703	5,844,426	3,451,353	14.76%	(2,393,072)
114	16,764,451	4,191,113	4,622,325	27.57%	431,212
121	52,129,517	13,032,379	16,395,243	31.45%	3,362,863
123	7,414,715	1,853,679	1,041,786	14.05%	(811,893)
171	16,672,563	4,168,141	3,667,831	22.00%	(500,309)
189	17,470,931	4,367,733	6,082,076	34.81%	1,714,343
All ESDs	205,068,530	51,267,133	44,957,384	21.92%	(6,309,749)

Source: Developed by MGT from OSPI data, February 2007.

EXHIBIT 4-8
MONTHS OF UNDESIGNATED FUND BALANCES FOR EACH ESD, 2005-06



Source: Developed by MGT from OSPI data, February 2007.

FINDING

Washington ESDs do not have fund balance targets, nor do they have processes for addressing targets should the fund balances exceed or fall below certain levels. As a result, and as the charts above indicate, some ESDs appear to have excess fund balances, while others have fund balance levels that would not be sufficient should the ESD face an unexpected funding decline.

There are several recommended approaches to achieving and maintaining adequate fund balances. The Government Finance Officers Association, for instance, recommends that unreserved fund balance in the general fund be between five and 15 percent of general fund operating revenues or one to two months of general operating expenditures. The recommended balance will vary from operation to operation and will depend on the predictability of revenues and volatility of expenditures, availability of resources in other funds, and liquidity of invested funds.

Taking the GFOA's guidelines into consideration, the Texas Education Agency (TEA) has determined a reasonable level for undesignated fund balance for the General Fund (unreserved and undesignated) for Regional Education Service Centers (RESCs) in Texas, agencies similar to Washington's ESDs. The fund balance for RESCs may be up to 20 percent of the prior year expenditures. This is based on the concept that undesignated fund balance should be equal to about two and a half months of operating expenses. This is a little higher than the GFOA recommended amount because, unlike most other governmental agencies, RESCs (and ESDs) have no direct tax base. Their annual revenues are subject to substantial fluctuations due to state and federal legislative funding of programs, government and non-profit grant availability, local school district financial constraints, and other factors that are not only beyond their control, but also are somewhat unpredictable.

Others experienced with regional service centers believe that an unreserved fund balance equal to three months of expenditures was more appropriate due to unpredictable funding from local, state, and federal sources and because certain revenues sources, such as federal grants, are funded on a reimbursement basis. For those particular revenue sources, the funds must be spent several months before revenue is received, which may create cash flow difficulties.

Recommendation 4-3:

Develop policies that set minimum and maximum unrestricted and undesignated fund balance targets, and develop processes for addressing fund balance levels that fall above or below the targets.

The determinations of appropriate fund balances are critical factors for ESDs; however, what is determined to be an appropriate target for one ESD may not be suitable for another. For instance, an ESD that serves as a fiscal agent for a Head Start program may need to maintain a higher level of fund balance reserves than an ESD without a Head Start program. For this reason, it is important that each ESD develop and justify its own targets.

Because fund balance deficits can take years to overcome, and excess fund balances require careful and deliberate planning to determine how best to use funds, the ESDs should also develop a practice of reviewing fund balances regularly and comparing them to targets. Any anticipated overages or shortfalls can then be sufficiently addressed.

Beginning in June 2007, each ESD should hold a series of meetings with key financial and management staff to develop fund balance targets to present to their respective boards. Each ESD Board should discuss, review, and approve the fund balance targets. Each ESD should then review fund balance projections on an ongoing basis to anticipate any overages or shortfalls.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

4.1.5 Technology Use and Adequacy

The Washington School Information Processing Cooperative (WSIPC) is a collaborative effort to provide business software solutions to Washington's school districts and ESDs. The cooperative is managed by a board of directors and an executive committee. In addition, advisory committees are used to advise the board and executive committee on strategic needs of WSIPC users. WSIPC Board members include representatives selected by each ESD Board in addition to an ex-officio, non-voting member from OSPI, while the executive committee is made up of school superintendents representing the nine service districts within the state as well as an ex-officio, non-voting representative from OSPI. The cooperative's five advisory committees include the fiscal, human resources, operations, special education, and student committees.

In 2001, the cooperative started a partnership with Skyward, a Wisconsin-based firm specializing in K-12 software solutions. The customized product that resulted from this partnership is WESPaC, which stands for WSIPC Enhanced Skyward PaC. WESPaC is

a business software system that has been customized to support K-12 reporting within the context of Washington's education regulations. ESD 189 was the pilot site and has completed that process.

Most ESDs have opted to convert their accounting systems to the WESPaC product.

FINDING

Most ESDs do not make full use of the technology available to them for depositing net pay directly into their employees' bank accounts (direct deposit). Although most ESDs have the capability of direct deposit and offer it to employees as an option, no ESD has made automatic deposit mandatory. This is costing the ESDs in processing fees and extra staff time spent handling manual paychecks.

In addition, some ESDs process payroll on behalf of their member school districts. Requiring these employees to use direct deposit would provide further savings that would be passed on to schools.

Studies have shown that organizations that use direct deposit effect not only cost savings from the elimination of check stock and reduced processing fees, but efficiency savings as well. For instance, the National Automated Clearinghouse Association (NACHA) - The Electronic Payments Association, states the benefits of direct deposit as follows:

- There are fewer checks to print and store.
- Deposits to individual accounts occur at a specific time and date.
- Facsimile signature security is not necessary with direct deposit since no signatures are required.
- Lost and stolen checks are eliminated.
- Financial institution service charges are reduced. Typically, it costs more to process a paper check through an entity's bank account than a direct deposit transaction.
- The potential for errors is reduced because direct deposit requires less manual handling than a check.
- Account reconciliation is simplified.
- Fraud is reduced because there is less potential for counterfeit checks, stolen checks or signature plates, altered amounts, and forged signatures.
- Problems with direct deposit are very rare. The chance of having a problem with a check is 20 times greater than with direct deposit.

- Administration costs can be lowered due to the elimination of manual check preparation.
- Organizations report savings of more than 40 cents in direct processing costs for each paper check converted to direct deposit.
- Direct deposit adds one more incentive to competitively attract employees.
- Productivity can be increased due to employees spending less time away from work to cash or deposit a payroll check.

Recommendation 4-4:

Reduce payroll processing costs by implementing a mandatory direct deposit policy for ESD and school district employees.

Implementing this recommendation would save the ESDs money while simultaneously improving the internal controls over the payroll function. Broad implementation of the mandatory policy would also result in savings for school districts.

For those individuals who do not maintain an account with a bank, the ESDs can establish a program with a participating bank that allows these individuals to access their funds through a debit card. To promote the use of direct deposit, many banks offer such programs at no cost.

Direct deposit is the rule instead of the exception. It is the best practice of business.

Beginning in June 2007, the accounting administrator at each ESD should develop a mandatory direct deposit policy. The direct deposit policy should be submitted to each ESD Board for review and approval. Each ESD should inform its employees of the new policy and then implement the new policy immediately.

FISCAL IMPACT

The implementation of this recommendation could save the ESDs an estimated \$2,026 annually. This amount was calculated by taking the total number of all employees working at ESDs and not receiving directly deposited paychecks multiplied by the estimated direct processing cost of \$0.40 per paycheck ($\{1,407 \text{ total employees} \times 12 \text{ paychecks per year}\} \times 30 \text{ percent estimated number of employees not receiving direct deposit pay} \times .40 \text{ cost avoidance rate}$).

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Implement a Mandatory Direct Deposit Policy	\$2,026	\$2,026	\$2,026	\$2,026	\$2,026

4.1.6 Purchasing Policies and Procedures

RCW 28A.335.190 contains the specifications of the competitive bid law for school districts. This law, however, is applicable only to ESDs providing purchasing services to school districts, which must follow the school district statutes.

Most of Washington's ESDs have policies in place that govern the responsibility for making expenditures and purchases, setting internal thresholds for bid requirements. In most cases, purchasing authority is delegated to the ESD Superintendent.

A variety of purchasing options are available to ESDs, including direct procurement, cooperative purchasing, and purchasing from established state contracts. Most ESDs make direct purchases on a just-in-time (JIT) basis using a decentralized purchasing process. The JIT concept allows ESDs to avoid the necessity of maintaining warehouse space and the staff to distribute inventory items. Some ESDs, however, have warehouses where purchased math and science kits are stored until needed by school districts.

Under a decentralized procurement process, staff members located in each ESD department are responsible for processing their own purchase requests, obtaining their own bids, and interfacing with vendors. However, in general, these activities receive oversight from fiscal staff.

The King County Directors' Association (KCDA) is a non-profit organization established in 1938 to procure items needed on behalf of schools and school-related organizations both within and outside the state of Washington. By making volume purchases, cooperative members receive goods and services at reduced prices and avoid the cost and effort associated with the competitive bidding process. Five of the nine ESDs are members of KCDA.

ESDs, along with school districts and other public entities in the state of Washington, are permitted to procure items from state contracts under the State Cooperative Purchasing Agreement. Purchasing from a state contract fulfills state bidding requirements and has the potential of providing better prices than if goods or services were purchased or contracted for individually.

FINDING

Many of the ESDs' purchasing processes are inefficient for a variety of reasons including labor-intensive manual processes and policies requiring the issuance of a purchase order for nominal purchases. The state of Washington maintains a contract with a financial institution for a purchasing card program through its State Cooperative Purchasing Agreement. This program is designed to make travel and purchasing easier for staff and to save time and money by reducing the number of warrants (checks) issued. Use of procurement cards improves efficiency, flexibility, and convenience. In addition, the purchasing card program offers a rebate based on the average annual net spending per card, and on how fast bills are paid, providing ESDs with further benefits and information.

A recently completed research study conducted by the Association of Government Accountants (AGA) of the federal government's purchase and travel card programs cited numerous advantages for the programs. The report stated several fiscal benefits including:

- Savings from enhanced efficiencies in processing procurement transactions and finance-related procedures, including billing, payment, and audit activities.
- Earnings resulting from rebate programs.
- Fiscal benefits from improved cash management practices such as petty cash requirements and float opportunities.

The study reported an average savings per credit card transaction of between \$60 and \$166 for the agencies responding to the survey. In addition, the types of purchases made by the card can be controlled by the commodity codes authorized for use by the card.

The audit team found at least two ESDs that use procurement cards as a means of procuring small items, resulting in a more efficient and effective purchasing process. For example, ESD 113 has streamlined its purchasing process and increased controls over the procurement of goods and payment of travel through use of its procurement card. In addition, ESD 113 staff report that making travel reservations is more convenient by with the card. Using the card's rebate program, ESD 114 received a \$1,500 rebate by purchasing furnishings for its new facility with its procurement card.

The audit team noted that the ESDs that used the credit cards all maintained policies and procedures for proper card use, established pre-defined spending limits for each card, trained all employees on proper use of the cards, and carefully reviewed and tracked expenditures made with the cards.

Recommendation 4-5:

Implement the purchasing card program in all ESDs.

The state and the ESDs themselves would benefit if all nine ESDs used the purchasing card for purchases. Since the card has already been tested by several ESDs, the remaining districts that do not currently have the program could review, modify, and adopt the policies and guidelines for purchasing cards, making the transition process less burdensome.

In June 2007, the ESD Superintendents should contact the state to enroll in the procurement card program. The ESD 113 and 114 Superintendents should provide their procurement card policies to the other ESDs. ESD 113 and/or 114 staff should help train staff in other ESDs as requested to assist in the implementation of the program. ESDs that do not currently use the purchasing card program should implement the program for the ensuing fiscal year beginning in July 2007.

FISCAL IMPACT

The full fiscal impact of this recommendation is difficult to quantify for several reasons. One, the savings associated with competitive bids is dependent on the individual ESD bidding process and how that process would be reduced or eliminated. Second, the rebates available to ESDs are dependent upon the dollar value of items purchased with the cards and how quickly payments are made. However, regardless of the methods of implementation, adopting the card program will certainly provide operating efficiencies by reducing the amount of time and effort expended on making purchases, the number of individual vendor payments made, and the number of purchase orders processed.

FINDING

Although the ESDs use a statewide purchasing cooperative to assist in procuring equipment and supplies, they might experience greater cost savings if they participated in additional cooperatives, including those operated by other states. An ideal procurement environment is one in which an organization can seek opportunities to leverage existing purchasing agreements to the extent allowed by law.

The ESDs currently participate in the King County Directors' Association, a non-profit purchasing cooperative owned by Washington's public school districts. KCDA provides the flexibility for an ESD to purchase supplies and equipment from the KCDA warehouse or directly from vendors on KCDA's approved list. Examples of available items include computers, audio visual equipment, copiers, paper, custodial supplies, furniture, vehicles, and modular classrooms.

Because KCDA operates under the same laws and regulations that apply to ESDs and school districts in Washington, the ESDs are able to use the cooperative freely. All purchases through KCDA comply with the state procurement regulations for seeking price quotations and competitive bids. However, limiting participation to cooperatives within the state may prevent the ESDs from obtaining the most advantageous pricing for all of their acquisitions.

There are various cooperatives across the country that can provide the ESDs with opportunities to acquire goods at substantially discounted prices through pre-negotiated agreements. An example of an interstate network that is available for ESDs and school districts is The Cooperative Purchasing Network (TCPN). TCPN is a network administered by a regional educational service center in Texas, with educational service centers in three other states serving as participating partners. TCPN's membership consists of over 1,200 schools and school districts in several states, along with over 400 other entities, including educational service centers, community colleges, cities, and counties. The purpose of TCPN is to provide a venue for public sector entities to take advantage of collaborative purchasing agreements to provide significant cost savings when acquiring equipment and supplies.

Like KCDA, TCPN ensures that procurement arrangements comply with applicable state laws and regulations. Because TCPN originated in Texas, TCPN designed its purchasing activities to comply with Texas procurement laws. However, TCPN has been successful in expanding the network across the country due to efforts by educational service centers in other states that are able to research and ensure the compatibility of

TCPN's procurement procedures with their own state requirements. For instance, an educational service agency in Arizona assumed the responsibility for researching procurement laws and coordinating efforts to allow Arizona public entities to participate in the network.

Recommendation 4-6:

Research the potential benefits of using specific interstate purchasing cooperatives and, if feasible, coordinate a collective effort among ESDs and school districts to join these cooperatives.

The ESDs should explore the possibility of participating in procurement networks led by other states as a means to enhance purchasing power and to obtain the best value for their organizations, as well as for school districts throughout the state. The initial step would be to identify opportunities for potential savings on goods and services in high demand. Specifically, the ESDs should identify their high-dollar and high-volume acquisitions and determine whether there are cooperatives outside of the state that have purchasing agreements for these types of items.

The ESDs should also contact representatives of the desired cooperatives to inquire about the steps taken by out-of-state participants to join these networks. Some states, such as Oklahoma and Tennessee, have specific provisions in state law that permit government entities to participate in cooperatives with other entities outside their respective states.

FISCAL IMPACT

If the ESDs and school districts are able to participate in interstate procurement cooperatives, they should expect to achieve gradual cost savings on purchases of equipment and supplies as they expand their participation. The amount of savings generated will depend on the type and volume of items acquired through the cooperatives.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter presents information relating to the program delivery of Educational Service Districts (ESDs) throughout the state of Washington.

CHAPTER SUMMARY

The Washington Educational Service Districts offer a wide array of services to local school districts, including all of the core services currently required by law: fiscal, grants management, special education, transportation, personnel, learning resources, curriculum, in-service training, workshops, regional committees, assessment, and special needs of local agencies. The need for these services varies among the school districts.

There is a set of services that are not statutorily defined as core services but are available in ESDs to meet school district needs. These services include:

- Student assistance.
- Safe and drug-free schools.
- School improvement plans.
- District improvement plans.
- State reporting assistance.
- Teacher training and coaching.
- Leadership coaching.
- Technology and district technical support.
- K-20 support.
- Professional development support.
- Educational technology centers.

Washington's ESDs are commended for organizing to meet the needs of the participating districts and schools and providing effective services related to program delivery.

Recommendations in this chapter include:

- Establish a comprehensive statewide ESD strategic planning process, to include client satisfaction surveys, needs assessments, and program evaluations, that link ESD services and staff development to student performance indicators. **(Recommendation 5-1)**
- Establish Centers for Excellence among the Educational Service Districts for decentralization of technical assistance and staff development to participating school districts throughout Washington. **(Recommendation 5-2)**
- Examine effective instructional models and programs for core academic subjects that can be collected and disseminated to all school administrators and teachers. **(Recommendation 5-3)**

- Develop a system-wide professional development plan consistent with system-wide ESD strategic planning, program evaluation, and student performance indicators. **(Recommendation 5-4)**
- Implement a plan for increased online/distance learning opportunities for both meetings and trainings. **(Recommendation 5-5)**
- Develop a collaborative partnership between ESDs and the Office of Superintendent of Public Instruction (OSPI) to develop a statewide, proactive, campus-level training model for state reform to be delivered by ESDs and replicated at the building or campus by building administrators. **(Recommendation 5-6)**

BACKGROUND

To evaluate program delivery of Washington's ESDs, it is necessary to have a clear understanding of the historical and legislative perspective, and to review selected data on the nine ESDs. The diversity of the student population throughout Washington has significant impact on the types of programs and services that are necessary to ensure adequate student performance.

In 1854, the first legislative assembly of the Washington Territory passed legislation providing for a common school system. In that legislation, the assembly established the position of County Superintendent of Common Schools. Legislation in 1969 and 1971 began focusing on providing services as opposed to regulating local school districts. In 1975, Intermediate School Districts were renamed Educational Service Districts, with their structure and scope of authority modified to enable them to operate more efficiently and effectively as service organizations to local school districts.

The geography and demography of Washington is diverse. The ESDs and their geographic distribution provide a way for diverse and geographically isolated local school districts to obtain centralized services. This promotes an *environment to which the state is committed: an equitable opportunity to obtain a quality education for all children*. As Puget Sound ESD 121 states, the benefits of ESDs to schools are to:

- *Save schools money through cost-effective cooperatives, centralized services and pooled resources.*
- *Provide specialized services otherwise unavailable.*
- *Secure new resources for the region.*
- *Provide leadership for innovative educational and administrative practices.*
- *Build networks and cooperative arrangements among district and other agencies.*
- *Link schools with state and national education resources.*
- *Serve as liaison between schools and the OSPI and other agencies.*

ESDs are considered to be political subdivisions of the state according to the Washington State Attorney General in AGLO 1977 No. 39. Each ESD is governed by a board of either seven or nine members, with each member representing a subdivision of the district called a “director district.” The board members are elected by the school directors of each school district within the ESD. At the ESD Board’s option, the size of the board may be increased from seven to nine members. Currently, three ESDs have nine-member boards. Each ESD Board has the responsibility to hire a superintendent to provide administrative oversight of the ESD initiatives.

Each ESD is statutorily obligated to provide services as outlined in Chapter 28A.310RCW. The relevant program delivery statute reads as follows:

- **RCW28A.310.010 – Purpose:** *It shall be the intent and purpose of this chapter to establish educational service districts as regional agencies which are intended to:*
 - *provide cooperative and information services to local school districts;*
 - *assist the superintendent of public instruction and the state board of education in the performance of their respective statutory or constitutional duties; and*
 - *provide services to school districts and to the school for the deaf and the school for the blind to assure the equal educational opportunities.*

In addition to other duties as provided by law, RCW28A.310.180 mandates that every Educational Service District:

- Comply with rules and regulations of the state board of education and the Superintendent of Public Instruction.
- Establish and operate a distribution center for instructional and media materials, as deemed necessary.
- Establish cooperative service programs for school districts within the educational service district and joint purchasing programs for schools.
- Establish direct student service programs for school districts within the educational services district including pupil transportation.

ESDs provide a wide array of services to local school districts. The major categories of programs and services offered across the nine ESDs include special education, staff development, education technology, substance abuse prevention, data processing, risk management, early childhood and an array of other instructional and non-instructional services.

In 2006, the ESDs prepared a master database of regional services. Among the services provided are all of the core services currently required by law: fiscal, grants

management, special education, transportation, personnel, learning resources, curriculum, in-service training, workshops, assessment, and special needs of local agencies.

There is a set of services that are not statutorily defined as core services, but are available in every ESD. These services include:

- Student assistance.
- Public transportation.
- Safe and drug-free schools.
- School improvement plans.
- District improvement plans.
- State reporting assistance.
- Teacher training and coaching.
- Leadership coaching.
- Technology and district technical support.
- Professional development support.
- Educational technology centers.

A review of services provided by ESDs to districts and schools in 2004-05 shows the following:

■ **Instructional Materials:**

- Instructional materials at various collection levels. Only ESD 121 does not provide video streaming. All ESDs also provided *instructional* materials databases of ProQuest, Elibrary, and Culture Grams. ESD 113 also provides a TLC database. (Refer to Chapter 8 for complete review of technology.)

■ **Special Education:**

- Special education cooperatives with provision of direct services, training, and technical assistance, with the exception of ESD 121.
- Guidance, direction, technical assistance, to schools regarding preschool services for children with disabilities, with the exception of ESD 123.
- Program instruction, with the exception of ESD 105 and ESD 123.
- Cooperative various ancillary services including vision, motor, and speech therapy, and guidance on local education agency (LEA) applications. ESDs 101 and 113 provide direct ancillary services to students with disabilities.
- Technical assistance or other services related to gifted education, with the exception of ESDs 105, 112, 114, and 123.

- Technical assistance and professional development related to English language learners, with the exception of ESD 112 and ESD 114.
- Networking meetings and technical assistance for Title I service provision.
- ESDs 101, 113, and 123 conduct an annual Title I parent conference.

■ **Student Support Services:**

- A nurse cooperative, with the exception of ESD 189.
- Technical assistance regarding dropout education, with the exception of ESD 171.
- Technical assistance to juvenile detention programs or truancy intervention services, with the exception of ESDs 105, 121, and 171.
- Student assistance programs in early intervention, screening, referral, and prevention. ESDs 101, 112, and 113 provide Youth Workforce Programs. ESD 113 provides an integrated student assistance and treatment service for the prevention, intervention, and treatment of substance abuse. ESD 113 also provides technical assistance and consultation for school districts.
- State-approved No Child Left Behind (NCLB) supplemental services, with the exception of ESDs 105, 113, and 121. The ESDs in collaboration with OSPI developed a School Improvement Process Planning Guide that has been disseminated to ESDs and school districts throughout the state.
- Only three ESDs provide career and technical education (ESDs 101, 112, and 113).

■ **Learning Improvement Programs:**

- General support and assistance, as requested from School Improvement Facilitators; data carousel and analysis. ESD 171 provides coaching and support for building teams and principals.
- Science kits, with the exception of ESDs 121 and 123.
- Math helping corps.
- Reading First, with the exception of ESDs 113, 114, and 171.
- Leadership coaching.

- Content specialist is one or more of the core subjects or reading, writing, math, and science.
- ESDs provide various levels of technical assistance and support to districts in the area of district and school improvement. The majority of ESDs offer district or school improvement upon request from the district. ESD 112 offers a cohort model of district and school improvement planning. ESD 121 provides in-depth assistance with district and school improvement plan development. ESD 123 provides planning facilitation and school study team support.

■ **Early Learning:**

- Head Start services are provided at various levels, except by ESD 105 and ESD 123. ESD 101, ESD 171, and ESD 189 provide only consultation and professional development. All other ESDs provide direct Head Start services.
- Early Childhood Preschool programs, with the exception of ESD 105 and ESD 123.
- Child care, with the exception of ESD 123 and ESD 171.
- Reading First is provided in ESD 101, ESD 105, and ESD 121.
- Early Head Start is provided in ESD 112, ESD 114, ESD 121, and ESD 189.

According to the 2005-06 Washington State Report Card, demographic data for Washington in 2005-06 show:

■ **Student Enrollment:** 1,013,189

■ **Ethnicity:**

- American Indian/Alaskan Native: 2.8 percent
- Asian: 7.9 percent
- Black: 5.7 percent
- Hispanic: 13.7 percent
- White: 69.2 percent

■ **Special Programs:**

- Free or reduced-price meal students (FARMS): 36.7 percent
- Special education students: 12.4 percent
- Transitional bilingual students: 7.4 percent
- Migrant students: 2.0 percent

■ **Teacher Information:**

- Classroom teachers: 58,011
- Students per teacher: 17.4
- Average years of teacher experience: 13.5
- Teachers with at least a master's degree: 61.4 percent
- Total number of teachers who teach core subjects: 49,142
- Percentage of teachers with an emergency certificate: .01 percent
- Percentage of teachers teaching with a conditional certificate: 2 percent
- Total number of core academic classes: 135,669
- Percentage of classes taught by teachers meeting NCLB Highly Qualified definition: 95.6 percent
- Percentage of classes taught by teachers not meeting NCLB Highly Qualified definition: 4.4 percent
- Percentage of classes taught in high-poverty schools taught by teachers meeting NCLB Highly Qualified definition: 91.9 percent
- Percentage of classes in high-poverty schools taught by teachers not meeting NCLB Highly Qualified definition: 8.1 percent
- Percentage of classes in low-poverty schools taught by teachers meeting NCLB Highly Qualified definition: 97.5 percent
- Percentage of classes in low-poverty schools taught by teachers not meeting NCLB Highly Qualified definition: 2.5 percent

Graduation and dropout statistics show that in 2004-05 nearly 16,000 students in grades 9 through 12 dropped out of school, approximately 5 percent of all high school students. Males dropped out at a higher rate than females, and 10 percent of all American Indian students dropped out of a high school grade during the year. Of the students who began grade 9 in the fall of 2001 and were expected to graduate in 2005, approximately 19 percent dropped out. Approximately 74 percent of this cohort of students graduated on time and 7 percent were still enrolled in school at the end of grade 12. An additional 5 percent graduated after their expected year, so the extended graduation rate was 79 percent. Asian/Pacific Islander and White students had the highest on-time graduation rates, 80 percent and 78 percent, respectively. Only 55 percent of the American Indian students had graduated by the end of the four-year period.

A review of student assessment data shows that the highest student performance occurs in reading, particularly in fourth and tenth grades. The second highest performance area is writing, particularly at the tenth grade level. Math is the third-highest performance area. Math scores also show decreasing performance from fifth to the tenth grade. Science is the lowest performance area for students as measured by the Washington Assessment of Student Learning (WASL).

The Washington State Report Card indicates that the state did not meet the requirements for Adequate Yearly Progress (AYP), as defined by NCLB. Eighty-eight (88) school districts made AYP overall requirements and 23 did not. A total of 79.3 percent of school districts did achieve AYP.

Subgroup populations of students who did not meet the proficiency goal of AYP included:

- **Fourth grade reading:** limited English proficiency and special education.
- **Fourth grade math:** American Indian, Black, Hispanic, limited English, special education, and low-income.
- **Seventh grade reading:** Hispanic, limited English, and special education.
- **Seventh grade math:** American Indian, Black, Hispanic, limited English, and special education.

5.1 Strategic Planning, Program Delivery, and Evaluation

Strategic planning, program delivery, and program evaluation are imperative to maximize the effectiveness and efficiency of services and technical assistance to school districts. With increased emphasis on the need to improve student performance, the development of academic standards, the improved availability of technology, and the increased identification of best practices in education, the review of strategic planning, program delivery, and evaluation practices becomes critical.

The Association of Educational Service Agencies (AESA) believes *that public education is the cornerstone of our democracy*. Educational service agencies provide cost-efficient regional services leadership to help all students reach high standards of performance. The U.S. Department of Education has identified the following key functions for ESAs:

- Teacher training
- Paraprofessional training
- Alternative certifications
- Supplemental services
- Expert teams for school improvement
- Integration of technology
- Feedback on proposals and regulations
- Communication and dissemination

This section reviews the statewide strategic planning, program delivery, and program evaluation processes. Technology is reviewed in Chapter 8. There is no documentation that supports the provision of adult education by ESDs. There are no key findings in the areas of gifted and talented education, migrant programs, or Head Start and early childhood education.

FINDING

ESDs are structured to address the needs of school districts within each region. The Washington ESDs are organized to meet the needs of the participating districts and schools and provide effective services related to program delivery.

In the individual ESD reports, there were numerous commendations for quality and timely services:

- ESD 101 has a well-respected and valued special education support program.
- ESD 101 uses the capacity of its telecommunications.
- ESD 101 provides a quality juvenile detention school program.
- ESD 101 has a strong commitment to continue to provide school nurse program consultants.
- ESD 105 is commended for developing and maintaining an inquiry-based science program.
- ESD 112 is commended for providing cost savings to participating districts in the Special Education Cooperative.
- ESD 112 is commended for seeking funding streams from products as well as programs and services for its districts and districts out of its region.
- ESD 113 is commended for contributing to and providing leadership for the development and dissemination of the OSPI School Improvement Planning Process Guide. The guide is exemplary and provides a variety of process, graphic tools, and resources, as well as specific linkages to the OSPI Web-based School Improvement Planning Tool.
- ESD 113 is commended for the creation and development of the True North Student Assistance and Treatment Services Program. The program demonstrates a fully integrated continuum of prevention, intervention, and treatment of chemical dependency. The program also demonstrates fiscal efficiency through cost-sharing services among county, state, and federal funding sources.

- ESD 123 is commended for the design of a four-day intensive training for teachers based on the instructional modules developed by OSPI in math, reading, and writing.
- ESD 123 is commended for developing and making available to its school districts an academy/institute for key areas: leadership development and dual language.
- ESD 171's team approach to program delivery allows the district to effectively support member school districts.

Common themes regarding the quality and delivery of program services among the district superintendents interviewed include:

- ESDs are critical to the existence and operation of smaller school districts. They provide a valuable service.
- ESDs are more in touch with school district needs and issues as compared to OSPI.
- Overall, the ESDs are providing good leadership to the districts. They are prompt and very responsive to school district needs.
- Staff at the ESDs are professional, first-class administrators.
- ESDs know their purpose and fill it to the best of their abilities.
- ESDs are operating efficiently. Their goal is to offer quality services.
- ESD staff members know the people in the different districts and can share information regarding other similar sized districts. They are flexible when it comes to pricing and the programs they offer school districts.
- The staff at the ESDs have been tremendous. They are very helpful, caring and do their best to help out with any problems.
- ESD operations that are performing exceptionally well include: drug and substance abuse programs, the nursing cooperative, media cooperative, coaching program, instructional learning, and support for new district superintendents.
- Operations or activities rated as five star that should be replicated in other ESDs include: school improvement plan, instructional coaching model, True North Student Assistance and Treatment Services Program, professional development learning services, analyzing WASL data, media services, special education, and Head Start.

The Association of Educational Service Agencies, in its September 2003 issue of *Perspectives, A Journal of Research and Opinion about Educational Services Agencies*, (Volume 9), in an article titled "Educational Collaboratives: Saving Tax Dollars for

Massachusetts Schools,” summarized the results of four nationwide studies showing the significant savings that can be realized by adopting a regional approach to educational support services. The author states that it is important to note that funding for these regional approaches may be costly in the initial stages but provide savings over the long term.

These four studies show that the regional professional development program and delivery of services provide the following benefits:

- Avoids duplication of services.
- Improves efficiency and administration and coordination.
- Saves on printing costs.
- Improves quality.
- Improves equity of opportunity.
- Ensures some standardization among the ESDs.

COMMENDATION

Washington’s ESDs are organized to meet the needs of the participating districts and schools and provide effective services related to program delivery.

FINDING

Washington ESDs do not have a system-wide strategic plan, a consistent needs assessment process, or program evaluation criteria that link services, staff development, and client satisfaction.

Strategic planning is characteristic of effective instructional programs. Instructional strategic planning is important to all levels and should include teachers, program directors, supervisors, principals, and district administrators. The selection of an organizational approach and instructional delivery model for instructional programs must be based on a clear and consistent mission and strategic plan for meeting the needs of all students.

Over the past five years, No Child Left Behind has changed the educational landscape throughout the country by demanding improved achievement, enhancing the understanding of teacher quality, and strengthening classroom practice. These changes have benefited students, families, schools, and the country.

NCLB provides significant increases in flexibility, accountability, and funding. The major goal of NCLB is to increase student achievement and performance of all students. The expectation is that all students can and will learn, and that appropriate measures exist or can be developed to demonstrate that learning. All instructional and effective programs are to be based on scientifically based research. Accountability lies not only in the results of testing, but also in the selection of well-researched program content and methodology.

There is a wide variance in the availability of planning and evaluation documents for each program offered in an ESD. Specific measurements for evaluation of programs are required by law, grant, or other funding sources, which makes it challenging to have

consistent planning and evaluation within the ESD. According to the *Self Study of Washington State Educational Service Districts*, 2006, superintendents identify two areas of current effort to improve ESD program offerings. One area is using a periodic cost/benefit analysis to ensure that programs are both cost-effective and beneficial for improvement of student learning and administrative efficiency. A second area is measuring improvements in student learning as a direct result of district participation in ESD programs.

Characteristics of Improved School Districts: Themes from Research, OSPI, published in 2004, documents that improved districts develop and implement policies and strategies that promote equity and excellence, and then review and revise those policies and strategies to ensure coherence among programs and practices linked to district goals. The research studies emphasize the importance of coherence across policies, programs, and practices. Several studies suggest that improved districts move on several fronts and that no single change made all of the difference in improving student learning. In these improved districts, change efforts were system wide rather than program based. Consequently, the efforts superceded specific programs, departments, or operations.

The research studies also document that strategic planning is a tool used by some improved districts to help build coherence. Such planning can increase the likelihood that all components, such as staffing, budgeting, and staff development, are connected with the district vision. Districts can create roles and structures that support teachers in improving instruction through providing time for collaborative work and helping create professional communities that enhance coherence. Financial planning and budgets also align with programs and practices, increasing the coherence in systems. The districts studied by the Learning First Alliance, for example, made *instruction the centerpiece of their improvement efforts*. The districts then put in place a system-wide approach to improving instruction and built the necessary infrastructure to support instructional improvement.

The *Leading for Learning Sourcebook* includes a description of creating coherence in districts. Essential tasks include:

- Using pathways that intentionally address student, professional, and system learning.
- Aligning activities with resources, with each other, and with compelling visions of learning and teaching.
- Creating structures and incentives for system learning that support student and professional learning.

ESD 113 has begun the strategic planning process that links needs assessment and program delivery to client satisfaction and overall student performance. The process is in the developmental phase, but offers an example of how other ESDs can begin to link strategic planning, needs assessment, program evaluation, client satisfaction, and overall student performance.

System-wide strategic planning is lacking for Washington ESDs. Program evaluations that support the implementation, continuation, or elimination of programs in many ESDs

is limited or does not exist. There is no consistent method to link client satisfaction, instructional practices, staff development, or specific programs to overall student improvement.

Recommendation 5-1:

Establish a comprehensive statewide ESD strategic planning process, to include client satisfaction surveys, needs assessments, and program evaluations, that links ESD services and staff development to student performance indicators.

ESDs should work collaboratively with OSPI to develop a set of criteria to guide the development of individual ESD strategic plans that would provide consistency among the ESDs, yet allow for individual differences among the ESDs. Templates should be developed for annual needs assessment and program planning for each ESD program to include goals, evaluation criteria, and accountability measures directly related to student learning where possible. A program evaluation cycle should be established to periodically document the effectiveness and efficiency of programs and services, as well.

The ESDs in collaboration with OSPI should create a guide for the development of individual ESD strategic plans and templates for annual needs assessments and establish a program evaluation cycle to document the effectiveness and efficiency of programs and services. Subsequently, the ESDs, with OSPI review, should develop strategic plans and annual needs assessments based on the strategic plan guide and needs assessment templates. Thereafter, the ESDs should update the strategic plan and needs assessment annually, and continue to keep them current.

FISCAL IMPACT

It is not possible to measure the direct fiscal impact of this recommendation because involvement of staff time could be either more or less than current efforts.

FINDING

Washington ESDs do not designate Centers for Excellence.

As previously mentioned, ESDs offer valued and exemplary services to districts and schools. These services are based upon the core services currently required by law including fiscal, grants management, special education, transportation, personnel, learning resources, curriculum, in-service training, workshops, assessment, and special needs of local agencies. Exemplary practices exist in data analysis, school improvement planning, instructional coaching models, True North Student Assistance and Treatment Services Program, media services, and special education.

According to the *Self Study of Washington State Educational Service Districts*, 2006, it is the responsibility of ESDs to provide core services prescribed to meet the needs of the districts in their respective regions. A review of ESD contracted services indicates that ESDs often contract with private sector businesses. Private vendors for the types of services needed by small, rural school districts are often unavailable or too costly because of travel distances. In ESD programs, districts benefit from having a direct hand in program governance and fee setting. Services may be cooperatives, fee-for-service,

or grant programs. District needs, district ability to pay for services, and private sector availability of similar services vary from one ESD to another so there is an inherent lack of absolute consistency among the regions.

While larger school districts may have the infrastructure to provide services within the district, they often choose to use the ESD for cost-effectiveness. Large districts are active users of ESD services. ESDs offer expertise, cost-effectiveness, and neutrality.

The *Self Study of Washington State Educational Service Districts* documents that the superintendents of all Washington ESDs meet periodically during the year for the purposes of planning, organizing, and making a more efficient ESD system. The group has an elected leader who provides coordination. There is no statutory recognition of a system of ESDs. The superintendents, however, recognize that greater efficiency for all can be realized by working together. Current projects include development of a Solutions Center for the review and purchase of educational software. Another topic of dialogue is the development of multi-region cooperatives. The purpose of multi-region cooperatives would be to develop a program in one ESD that can provide services to other ESDs. The superintendents and boards are working toward taking selected programs to a larger, more efficient scale without diminishing the quality of service. Another consideration is whether each ESD could operate a “storefront,” while the development and administration of a program resides with one ESD. This would ensure that a variety of services would be available throughout all ESDs without costly duplication of program costs. Such efforts have proven to be effective for some programs, while others, including core services, require the management of the home ESD.

In 1995, the Texas Legislature rewrote the Texas Education Code (TEC) to provide greater flexibility and local control to Texas public schools. This transfer was accompanied by strong accountability for improved student performance. To assist districts in meeting these performance expectations, technical assistance and other non-core functions were transferred from the Texas Education Agency to the state’s 20 Regional Education Service Centers (RESCs). The support needed to improve student performance was placed closer to the districts and schools to be more responsive to local needs.

To provide this support, new operational relationships were created in a collaborative manner to link the Texas Education Agency, the RESCs, and school districts. For a few functions, the RESCs continue to provide technical assistance in their own regions, with support from agency staff whenever needed. For the most decentralized functions, however, one center was designated as the lead center to create a statewide network of support for the other 19 RESCs in their effort to provide technical assistance to the region’s districts. Lead center responsibilities were distributed across the state to capitalize upon unique strengths and interest of specific RESCs. Still a different model was created when a center assumed responsibility for operation of a grant program not identified as part of the core agency duties. For these functions, the complete program was decentralized, with an agency liaison designated to provide state program coordination and linkage, as needed, with the state and federal governments.

Texas provides an example of a highly successful model for decentralization of ESD services. The Texas state-leadership decentralized functions include:

- Region I – Multicultural and diversity and diverse learning.

- Region III – Low incidence disabilities.
- Region IV – Behavior and discipline management for students with disabilities.
- Region IV – Assistive Technology.
- Region IX – Parent Coordination.
- Region XI – High school/transition services.
- Region XI – Technical assistance and training functions for visually impaired programs.
- Region XII – Evaluation of students.
- Region XX – Access to general curriculum.

The Texas state-leadership decentralized projects include:

- Region II – Texas Autism Conference.
- Region VI – Comprehensive System of Personnel Development Leadership Council.
- Region XI – Texas Effectiveness Study.
- Region XVIII – Legal framework for the child-centered process.

Similar decentralized functions could be replicated throughout the Washington ESDs. For example:

- **Access to General Curriculum** – Through a comprehensive planning process, the Texas Access to General Curriculum (AGC) Network develops a framework for statewide collaboration. Priorities in professional development and technical assistance focus on ensuring that all students with disabilities will have access to and show progress in general curriculum through instructional accommodations in the least restrictive environment.
- **Assistive Technology** – Through a comprehensive planning process, the Texas Assistive Technology Network (TATN) has developed a framework for statewide collaboration. Priorities in professional development and technical assistance focus on providing training, products, and services that build district capacity in assistive technology knowledge and skills, promote strategies for building literacy skills of all students, and are aligned with statewide literacy initiatives.
- **Behavior and Discipline Management** – The focus of the Behavior and Discipline Management Network for Students with Disabilities is

to provide capacity building trainings and products for RESCs and Child-Serving Agency Network Representatives to use in regional level professional development and technical assistance activities with district schools and child-serving agencies. The goal is to create a Positive Behavior Support System in the Texas public schools that will enable students with disabilities to receive special education supports and services in the least restrictive environment and to participate successfully in state and local assessments.

- **Evaluation** – Texas RESC XII provides statewide special education decentralized function of evaluation. RESC XII offers the latest staff development and technical assistance, with current and relevant information.
- **High School/Transition** – Texas RESC XI provides statewide leadership and facilities activities for the 20 RESC High School Transition Network and the statewide post-school outcomes committee. The focus is to promote communication and collaboration between stakeholders and a comprehensive, coordinated, transition service delivery system in Texas that leads to improvement of post-school student outcomes.
- **Multicultural and Diverse Learners** – The Texas Multicultural Network (MCN) is committed to assisting schools statewide close the achievement gap between student populations via data-driven results based action plans, so that no student is left behind. The primary focus of the MCN is to help educators effectively determine appropriate educational services for all students, meet the educational needs of culturally and lingually diverse (CLD) students, and prevent the inappropriate referrals of CLD students to special education.
- **Parent Coordination** – The Texas Parent Coordination Network is committed to ensuring that parents of students with disabilities receive accurate and timely information to assist them in making informed choices in their child's education. The Network has identified the following priorities: joint training opportunities for parents and educators, collaboration with other parent training entities, and technical assistance to parents and school district personnel in the area of special education.
- **Services for the Deaf Contacts** – Four Texas RESCs provide leadership, staff development, technical assistance, and support to assist Texas school districts in meeting the educational needs of students who are deaf or hard of hearing. Priorities include student communication and competence, access to the general education curriculum, literacy, and educational interpreter training.
- **Low Incidence Disabilities** – Texas RESC III has the responsibility to provide leadership to the Texas RESCs for building capacity to meet the needs of students who are severely and profoundly

cognitively disabled, medically fragile, or deaf and blind. The goals of the project are to establish a collaborative network of stakeholders, facilitate professional development to meet statewide needs, and develop a process for evaluating the effectiveness of statewide activities.

- **Training and Technical Assistance for Visually Impaired Program** – Texas RESC XI provides statewide leadership and facilitates activities for the 20 RESC regional networks. Professional development and technical assistance focus on building capacity to ensure that students with visual impairments have comparable access to the general curriculum and improve skill areas necessary to compensate for visual loss.
- **CSPD Leadership County** – The Texas Comprehensive System for Personnel Development (CSPD) Leadership Council consists of members representing parents, community, state agencies, institutions of higher education, and educational service centers. The role of the CSPD is to serve as an advisory group to the Texas Education Agency concerning the recruitment, training, and retention of highly qualified teachers to instruct students with disabilities.
- **Legal Framework** – The Texas Legal Framework for the Child-Centered Process is a dynamic electronic roadmap that summarizes state and federal requirements for special education by topic. It empowers those who use it to be able to provide to every child the benefits of a free appropriate public education. It also helps with managing systems change for continuous student performance and program improvement.
- **Texas Autism Conference** – The focus of this Texas network is continued education and technical assistance for people involved with individuals with autism.
- **Texas Effectiveness Study** – The primary purpose of the Texas Effectiveness Study is to provide a clear measure of post-school results of youth with disabilities as they transition from high school to adult life. RESC XI collects, organizes, analyzes, and interprets data based on surveys and qualitative case studies and facilitates the development and distribution of the Special Education Supplemental Report.

Washington ESDs could provide similar state leadership for special education–related decentralized programs in collaboration with the Office of Superintendent of Public Education’s Special Education Improvement Plan. The plan specifies 20 state performance plan monitoring priorities and indicators for special education programs. Some examples of decentralized special education services have been provided in the Texas decentralization model. In addition, Washington ESDs could work collaboratively with OSPI to prioritize and decentralize data reporting functions required by the Individuals with Disabilities Education Act (IDEA).

Characteristics of Improved School Districts: Themes from Research, OSPI, published in 2004, documents that improved districts provide, allocate, reallocate, and find resources to ensure quality instruction. Almost universally the districts in these research studies were responsible for planning, locating, allocating, and reallocating staff and financial resources. Resources generally included time, personnel, materials, and facilities. How districts managed the responsibility for use and distribution of resources had a significant impact on education reform across the system. As districts shifted their role from one of monitoring compliance to one of providing support and service, resources were also shifted.

Washington ESDs could realize cost-savings over time through the implementation of decentralized funding and establishing Centers for Excellence. Opportunities exist for decentralization of school improvement planning, data analysis and data-driven instruction, comprehensive staff development, drug and alcohol abuse programs, instructional technology, school-to-work transitions, English language learners, gifted and talented, as well as special education.

Recommendation 5-2:

Establish Centers for Excellence among the Educational Service Districts for decentralization of technical assistance and staff development to participating school districts throughout Washington.

ESDs should work with OSPI to establish Centers for Excellence among the Educational Service Districts for the decentralization of technical assistance and staff development. The establishment of lead centers should be based upon the existing expertise and service provision of selected ESDs. Resources will need to be reallocated to lead ESDs, thus streamlining resources to targeted decentralized functions. The state should realize a cost-savings over time by decreasing duplicated professional development and staff functions within the ESDs.

The implementation of this recommendation also should include a plan to market products, programs, and services to a variety of clients for which the ESDs have the authority to offer services. The process involved in establishing a statewide model for Centers for Excellence should include identifying other potential markets such as private schools, business applications, and other targeted government entities. However, providing services to government entities outside of K-12 or outside the state of Washington would require the ESDs to follow the Interlocal Agreement Act.

In addition to working with OSPI to establish Centers for Excellence, the ESDs should make recommendations on establishing lead districts for decentralization of technical assistance and staff development. OSPI and the ESDs should collaboratively develop a plan to market products, programs, and services of the lead ESDs, and the ESDs should implement the decentralization of technical assistance, staff development, and the marketing plan statewide. The technical assistance, staff development, and marketing will then be an ongoing effort.

FISCAL IMPACT

The fiscal impact associated with this recommendation is dependent upon the development of a decentralization plan and the assignment of lead agencies for selected

initiatives. With the development of the decentralization plan of key services throughout Washington, budget analysis should be completed and existing resources should be reallocated to lead ESDs in conjunction with assignment of key initiatives. An option for funding marketing could involve the development of a collaborative alliance with a college or university that has a marketing department.

FINDING

Washington ESDs do not have a method for collecting and disseminating research-based, proven-effective instructional programs and models. There is not currently a system-wide process for the identification, evaluation, and expanded use of identified best practices.

ESDs have the statutorily required responsibilities to:

- Assist public and private schools in providing quality and cost-effective services.
- Assist public and private schools in providing equal educational opportunities for all children.
- Provide cooperative and information services to public and private schools.
- Provide liaison services between the local public and private schools and the Office of the Superintendent of Public Instruction.

ESDs provide a vital link between local public and private schools and various state and federal agencies. These regional agencies provide a central focal point for the delivery of services and information of value and benefit to participating school districts. The result of a centralized approach is to provide a highly efficient and cost-effective service delivery system to the participating districts.

No Child Left Behind requires that school districts adopt and implement instructional methods that have a proven track record of success at raising student achievement. The ESDs could be instrumental in providing a list of recommended instructional models and programs that incorporate instructional methods that have proven to be successful in working with all students.

In 2004, the Virginia Department of Education established the following criteria for recommended models and programs:

- **Scientifically based evidence of effectiveness:** The effectiveness of the models and programs are justified based on scientific research that involves the application of rigorous, systematic, and objective procedures to obtain reliable and valid knowledge on the model programs. The major components of the model or program include instructional methods and practices that have been verified through scientifically based research. The research that documents improvement in student achievement has presented convincing

evidence that the observed results were based on the model or program intervention. The model's effectiveness in improving student achievement has been demonstrated in the school district and is based on effective research-based strategies. Gains in student achievement on state standards have been sustained over time.

- **Implementation and capacity for technical assistance:** The model or program has explained the essential components necessary to make the program fully operational, including estimates of costs, with respect to time and money, and the requirements for implementation. The program managers have described in detail their capacity, in terms of technical assistance, to provide the staff development, consultation, and support necessary for successful implementation in a number of schools.
- **Replicability:** The model or program effectiveness has been demonstrated through multiple implementations in a number of locations with low-achieving students.
- **Correlation with or adaptability to the state standards in core academic areas:** The content of the model or program correlates with the state standards or the model or program can be adapted to the state standards.

Recommendation 5-3:

Examine effective instructional models and programs for core academic subjects that can be collected and disseminated to all school administrators and teachers.

The models, programs, and use of data in various schools and districts should be systematically examined and disseminated to all ESDs and school districts. The dissemination of successful models and programs ensures that the best practices of individual districts, schools, and departments contribute to the improvement of all schools in the region.

The ESDs should collect effective instructional models and programs for core academic subjects and disseminate them to school administrators and teachers. Subsequently, ESDs should provide technical assistance and staff development related to these models. Beginning with the 2008-09 school year and thereafter, the ESDs should expand these programs and models based on evaluation results, as appropriate.

FISCAL IMPACT

It is not possible to measure the direct fiscal impact of this recommendation because involvement of staff time could be either more or less than current efforts.

FINDING

Washington ESDs do not have a system-wide, comprehensive staff development process that is consistent with strategic planning, program evaluation, and legislative requirements.

Each ESD plans and implements staff development activities based on the needs and requests of the school districts. The delivery of staff development varies from traditional workshops and conferences to embedded activities with coaching and support from content area coaches. While high-quality staff development may prove to be effective in improving student performance, there is currently no process for linking those activities to strategic plans and program effectiveness. High-quality professional development translates to better teaching practices for the improvement of student learning. As good training is key to good performance, it is important to know how professional development and related coaching are implemented in schools. ESDs are a significant resource in the provision of professional development and coaching in schools.

Characteristics of Improved School Districts: Themes from Research, OSPI, 2004, documents that research studies emphasize the importance of professional development to build the capacity of educators, schools, and districts to meet challenging learning goals. Improved districts tend to use professional development strategies that reflect research practices. These districts also provide professional development for principals.

The research also supports that professional development must include deliberate strategies to research-based principles of professional development, widespread use of data in decision-making, and clear connections between district goals and school-level practices. This is in large part the result of coherent strategies that districts put in place to support and improve instruction. Improved districts used student performance data to guide what teachers needed to learn and created cadres of principal and teacher leaders to provide quality instructional guidance.

The evaluation of improved districts in Ohio also identified professional development as an essential component. The report illustrates the range of professional development with a list provided by a superintendent in the study that included:

- Improving student achievement.
- Implementation of continuous improvement plans.
- Curriculum alignment and mapping.
- Use of assessments to monitor and identify student academic progress.
- Instructional strategies to reflect proficiency test format.

OSPI has published a planning guide for teacher professional development that identifies seven research-based practices for districts and schools to consider and use.

NCLB is very clear that where “educational service agencies exist, ESAs shall consider providing professional development and technical assistance through such agencies.”

The definition of professional development does not include one-day or short-term workshops and conferences. Based on NCLB, opportunities for professional development exist on a variety of topics for a variety of learners, including:

- Methodology for assessing English language proficiency, for teaching the English language, requirements for parental consent (Title III: Language Instruction for Limited English Proficient and Immigrant Students).
- Instruction for paraprofessionals on methodology in teaching reading, writing, and math; partnering with a degree-granting institution to provide coursework leading to the required two-year associate degree (Title I, Part A. Sec. 1119: Qualifications for Teachers and Paraprofessionals).
- Effective instructional strategies, based on scientifically based research for improving student achievement in reading, including instruction in phonemic awareness, phonics, vocabulary development, reading fluency, and reading comprehension, and instruction in the use of rigorous diagnostic reading and screening assessment tools (Title I, Part B, Sec. 1201; Reading First).
- Effective instructional strategies based on scientifically based research and state academic content standards for improving student achievement in mathematics and science, mathematics and science summer workshops or institutes, including follow-up training (Title II, Part B: Mathematics and Science Partnerships).
- The use of technology and its application to the curriculum and academic content areas (Title II, Part D: Enhancing Education through Technology).
- Instruction for teachers and principals in the way to teach children with special needs (Title II, Subpart 2, Sec. 2123).
- Instruction in methods of improving student behavior in the classroom (Title II, Subpart 2, Sec 2123).
- Assistance with the establishment of beginning teacher mentoring programs (Title II, Subpart 1, Sec. 2113).
- School leadership academies to help exceptionally talented aspiring or current principals and superintendents become outstanding managers and educational leaders (Title II, Subpart 1, Sec. 2113, C-13, Subpart 2, Sec 2123, 2-6).
- Instruction in methods for teaching civics (Title II, Part C, Chapter c, Subpart 3).
- Instruction methods for teaching character education (Title V, Part D, Subpart 3).

- Effective instruction for gifted and talented students (Title X, Part C; Title V, Subpart 6).
- Instruction for elementary and secondary school counselors, including new models for identification of students in need of treatment, establishment and delivery of mental health and counseling services in the local educational agency setting (Title V, Part D, Subpart 2, Sec. 5421: Elementary and Secondary School Counseling Programs).
- Professional development for school personnel to heighten awareness of specific problems in the education of homeless children (Title II, Part C).

The Virginia Department of Education has developed criteria for high-quality professional development. High-quality professional development should:

- Improve and increase teachers' knowledge of the academic subjects the teachers teach, and enable teachers to become highly qualified if they are teaching in a federal core content area.
- Be sustained, intensive, and classroom-focused to have a positive and lasting impact on classroom instruction and teachers' performance in the classroom.
- Be based on, aligned with, and directly related to state standards of learning.
- Be structured on scientifically based research demonstrated to improve student academic achievement or substantially increase the knowledge and teaching skills of teachers.
- Be sponsored by school divisions, colleges, universities, organizations, associations, or other entities experiences in providing professional development activities to teachers and instructors.
- Be delivered by individuals who have demonstrated qualifications and credentials in the focus area of the professional development.
- Support the success of all learners including children with special needs and limited English proficiency.
- Provide training for teachers in the use of technology so that technology and technology applications are effectively used in the classroom to improve teaching and learning in the curricula and federal core academic subjects in which the teachers teach.
- Promote the use of data and assessments to improve instruction.
- Be reviewed for high quality and evaluated after completion to determine if the intended results were achieved.

A system-wide staff development plan can aid ESDs in quantitatively and qualitatively measuring the effectiveness of services and technical assistance provided to school districts, as well student learning.

Recommendation 5-4:

Develop a system-wide professional development plan consistent with system-wide ESD strategic planning, program evaluation, and student performance indicators.

ESDs should develop system-wide professional development consistent with the ESD strategic planning, program evaluation, and student performance indicators. The professional development should adhere to criteria for high-quality staff development, provide targeted assistance, and be focused, sustained, or job embedded. Professional development should focus on improved competencies of teachers and administrators directly related to improved student performance. ESDs also should include opportunities for improving the use of technology and distance learning for staff development and communications among the ESDs and participating school districts.

The ESDs should develop and implement a system-wide professional development plan consistent with system-wide ESD strategic planning, program evaluation, and student performance data. At the beginning of the 2008-09 school year, ESDs should evaluate and document the effectiveness of the professional development plan in conjunction with the implementation of the strategic plan student performance indicators, with specific documentation related to the initiatives that contribute to improving student performance. Following this evaluation, ESDs should modify staff development initiatives based on the evaluation results.

FISCAL IMPACT

It is not possible to measure the direct fiscal impact of this recommendation because involvement of staff time could be either more or less than current efforts.

FINDING

ESDs do not consistently maximize technology and distance learning for delivery of services, resulting in unnecessary travel costs and lost work time. Survey data and employee interviews indicated the need to consider using teleconferencing and expanding online courses for professional development. Identifying and expanding opportunities to use technology effectively can result in improved services and client satisfaction, as well as provide more planning and evaluation time for ESD staff.

While the North Central Educational Service District 171 strategic plan states that Initiative 2 of the five key strategic initiatives is to collaboratively develop the right technology solutions for and with all school districts, requested documentation and interviews with staff and school district superintendents indicate a need for innovative electronic delivery options. The need to travel to the ESD 171 site consumes time and dollars and takes teaching time away from students.

ESD 114 also does not provide comprehensive online/distance learning options for meetings and delivery of training to ensure cost-efficiency for clients. Requested documentation, interviews with school district superintendents, and responses/comments on the Survey of Washington School District Superintendents indicate that ESD 114 should explore options and opportunities for online/distance learning/video conferencing training for meeting and training obligations. Costs in time, dollars, and unnecessary teacher time away from students exist as results of the maximum distance (145 miles) and the mean distance (65 miles) from school districts to the ESD.

ESD staff members indicated that while the opportunity to use distance learning/video conferencing equipment for training and meetings exists at some ESDs and school districts, the medium is rarely utilized. School district staff expressed interest in the medium both in interviews and on surveys. Comments from superintendent interviews included the following:

- Do more outreach rather than expecting us to travel to central ESD site.
- Offer more online services.
- Increased use of technology, such as K-20 network and video conferencing can help close the physical distance gap.
- Using video-conferencing would be better.
- Travel is expensive, so the closer to the school districts are to the training that is available, the better.

Because there is increasing demand for both synchronous and asynchronous learning opportunities, online learning and video conferencing are becoming popular delivery methods with the RESCs in Texas. Centers are offering certain trainings for teachers, teaching interns, and administrators using both media. As access to high-speed Internet becomes more universal, many RESCs are investigating delivering content via streaming video. Best practices are evident in several regions including Regions IV in Houston, Region XIII in Austin, and Region XX in San Antonio.

Recommendation 5-5:

Implement a plan for increased online/distance learning opportunities for both meetings and trainings.

The plan for increasing the use of online and distance learning opportunities should be based on a needs assessment developed with the input from school district staff. This assessment should be conducted online to ensure cost-efficiency and as an indicator of the commitment to use the distance learning system. A representative steering committee of ESD staff should be created to study options and make recommendations.

ESDs should work with OSPI and school districts to identify the training topics and meetings to be developed into video conferencing/K-20 network meetings/sessions, as well as ensure that the use and pricing of electronic delivery is included in the planning process. The ESDs should identify topics for electronic delivery and submit them to

OSPI to ensure no multiples or overlaps are generated. Further, ESDs and OSPI staff should develop, research, and deliver appropriate techniques for electronic delivery of training, with evaluation of its effectiveness to proceed after one year.

FISCAL IMPACT

It is not possible to measure the direct fiscal impact of this recommendation because involvement of staff time could be either more or less than current efforts. The technologic capacity currently exists in the system. However, once the recommendation has been implemented, the various school districts should experience cost savings due to reduced travel and staff time away from the school building.

5.2 School Improvement and Student Achievement

The focus on all students learning to high standards requires quality teaching and learning. Thus, schools must have high expectations and accountability for adults in the system because the adults have the main responsibility for improving student learning. District leadership coordinates and aligns curriculum and assessment and ensures alignment with state and district learning standards. In addition, coordinated and embedded professional development is provided continually to prepare teachers to meet high expectations for their performance. These three characteristics help ensure that quality instruction takes place, and districts help schools develop a shared understanding of good instruction.

This section reviews the processes for effective school improvement and student achievement, including effective leadership, quality teaching and learning, and effective use of data.

FINDING

Washington public schools did not meet Adequately Yearly Progress in 2005-06. The ESDs do not have a proactive, systemic program plan in place to address the state reform movement requirements, nor is there a partnership with OSPI toward this end. ESDs do not consistently work with school districts to disaggregate student performance data for use in instructional planning and delivery.

As previously mentioned, student assessment data show that the highest student performance occurs in reading, particularly in fourth and tenth grades. The second highest performance area is writing, particularly at the tenth grade level. Math is the third-highest performance area. Math scores also show decreased performance from fifth to the tenth grade. Science is the lowest performance area for students as measured by the WASL.

The Washington State Report Card shows that the state did not meet the requirements for Adequate Yearly Progress according to NCLB. Eighty-eight (88) school districts made AYP overall requirements, and 23 did not. A total of 79.3 percent of school districts did achieve AYP.

Subgroup populations of students who did not meet the proficiency goal of AYP include:

- **Fourth grade reading:** limited English proficiency and special education.
- **Fourth grade math:** American Indian, Black, Hispanic, limited English, special education, and low-income.
- **Seventh grade reading:** Hispanic, limited English, and special education.
- **Seventh grade math:** American Indian, Black, Hispanic, limited English, and special education.

The 2005-06 WASL data also show that the students meeting the standard in:

- Reading proficiency increased at third to fourth grade, but steadily declined in fifth, sixth, and seventh grades. Reading proficiency increased in eighth grade and tenth grade. Three-year trends, 2003-04 to 2005-06 school years, show that reading performance has increased in fourth grade and tenth grade, but declined in seventh grade. These data indicate that greater emphasis should be placed on reading instruction, particularly at the middle school level.
- Math proficiency declined from third grade to seventh grade. Math proficiency increased in eighth grade and tenth grade. Three-year trends, 2003-04 to 2005-06 school years, show that math performance has remained consistent with no significant improvement in student performance, except in a slight improvement in tenth grade. These data indicate that greater emphasis must be placed on math instruction, particularly at the intermediate and middle school levels.
- Writing proficiency improved from fourth grade to tenth grade. The lowest writing proficiency was at the fourth grade level. These data suggest that greater emphasis must be placed on writing instruction, particularly at the elementary level. Three-year trends, 2003-04 to 2005-06 school years, show that writing performance has consistently improved at fourth, seventh, and tenth grades. These data indicate that continued emphasis must be placed on writing instruction, particularly at the elementary and middle school instructional levels. Writing performance is the only subject that has consistently improved over a three-year period.
- Science proficiency is significantly below expectation with 35.7 percent proficiency at third grade, 42.9 percent proficiency at fifth grade, and 35.0 percent proficiency at eighth grade. Three-year trends, 2003-04 to 2005-06 school years, show that science performance has remained consistent with no significant improvement in student performance, except a slight improvement in

eighth grade. These data indicate that considerable emphasis must be placed on science instruction at all grade levels.

Requested documentation and interviews with staff indicate that while there are a variety of technical assistance and training initiatives offered by ESDs to support the state reform movement, there is no proactive, systemic program plan in place to address the needs across testing and curricula areas or across grade levels to ensure success with the reform. While OSPI has taken the primary responsibility for school improvement for those school districts not making AYP, it is using a model built around remediation of school districts needing improvement. While some ESDs do not currently have a school district in *needing improvement* status, those ESDs should develop a proactive model to ensure continued success, as well as growth in student performance. The model can be a planned, systemic leadership academy focusing on the school reform movement and be combined with the current focus on coaching and the development of professional learning communities. This could support the movement of ESDs away from reliance on an expert model of professional development and provide a blended model of a combination of information provided through a leadership academy and reinforced through coaching and professional learning communities.

ESD 113 works very closely with schools in collecting, sorting, analyzing, and responding to student data. Greater emphasis, however, must be placed on accessing and interpreting student data for instructional planning at the school level. To improve student achievement in the classroom and on state assessment tests, schools must be actively engaged in data collection and analysis. To increase student achievement, school administrators and teachers need to have access to current and accurate data on an ongoing basis. ESD 113 has the capability of providing these data to school districts.

Schools, however, must build an educational framework that results in academic growth for students and helps make data-driven instruction a reality. By using this framework, schools can develop a way to secure the data needed to make better instructional decisions and improve student achievement on a continuing basis throughout the year.

A school-based data-driven framework has four major components, including:

- Curriculum alignment: What should be taught?
- Curriculum mapping: When will the content be taught?
- Curriculum benchmarking: Did students learn the content?
- Differentiation: What teaching methods would be best for each student?

Establishing a curriculum design framework at the school level can document student expectations for each grade level. Administrators and teachers can track student progress, identify needs, and provide focused instruction and interventions. Student achievement can be improved throughout the school year.

Results of ESD 105 and OSPI school improvement efforts over the past four years have been highly effective. Recent independent evaluations demonstrated *steady and continuous improvement* on student scores. Specific examples of ESD 105 school

improvement initiatives implemented with the Wahluke School District include Math Helping Corps, educational technology planning, special education technical assistance, migrant and bilingual instructional strategies, and parent and paraprofessional training.

Characteristics of Improved School Districts: Themes from Research, OSPI 2004, documents that effective leadership that focuses on all students learning is at the core of improved school districts. Leadership is committed, persistent, proactive, and distributed through the system. The two themes of focusing on all students learning and promoting dynamic and distributed leadership are at the center of a conceptual model to illustrate their importance throughout the system as they connect and inform personnel, policy, programs, and practices in the district. District staff and organization components are focused first on student learning; leadership conveys the importance of the focus and takes action to implement strategies to improve learning. A third theme, sustained improvement over time, indicates the forward and upward direction that leaders must take to have all students meet high expectations. District and school improvement takes time, and district vision and strategies must be sustained by educational leaders for significant change to occur.

The research studies emphasize the importance of high expectations and accountability at all levels of the system. The effective schools research highlights the importance of high expectations for students. In these studies, high expectations are held for the adults who have responsibility for students meeting high standards. Research studies indicate that the high expectations begin with the superintendent and central office staff and include principals and teachers in schools. Accountability must be focused on academic results and classroom practices.

Research further documents that school districts are concerned with the alignment of curriculum and assessment as a factor in improving student achievement as measured by test scores. The studies indicate an almost universal concern with matching curriculum with state standards and state tests; however, approaches to alignment vary from district to district.

The Education Research Service/Laboratory for School Success Study reported that districts had aligned local curriculum with state standards and assessments. These districts also performed item-by-item analysis of results from state tests and revised curriculum and planned instruction accordingly. Districts provided teachers and schools time to work together to ensure alignment from grade to grade, as well as across the district. Teachers were expected to use pacing guides that were developed by teachers. Interim assessments that paralleled the state test were developed to check student learning periodically.

Further studies on improved districts report intensive attention and guidance focused on classroom instruction. Different researchers have described this focus on instruction as “single-minded system emphasis,” a “clear unitary focus,” a district “instilled vision,” and support for “faithful implementation.” The studies describe the strategies and approaches used in districts to train staff as well as support and monitor instructional classroom practice.

The Washington ESDs do not have a proactive, systemic program plan in place to address the state reform movement requirements, nor is there a partnership with OSPI toward this end. ESDs do not consistently work with school districts to disaggregate

student performance data for use in instructional planning and delivery. ESDs should have the opportunity to work collaboratively with OSPI in creating a systemic program plan for continued improvement of all schools that involves leadership training, high-quality instructional practices, curriculum alignment with state standards and assessments, and comprehensive process for collecting and analyzing student performance data.

Recommendation 5-6:

Develop a collaborative partnership between ESDs and OSPI to develop a statewide, proactive, campus-level training model for state reform to be delivered by ESDs and replicated at the building campus by building administrators.

The model developed as a result of this recommendation should include:

- Disaggregation of school testing data focusing on areas of improvement including special populations of students who have disabilities or who are economically disadvantaged, minority, or English language learners. ESDs should consistently and methodically compile detailed student assessment data to assist schools in achieving the requirements set forth by the Washington accountability system as well as the requirements for NCLB. The ESDs should use these data to determine areas of focus for the school districts. Annual ESD goals should be written to measure the academic growth of the district. These data should be used to help schools develop school improvement plans and should help the ESD plan programs and services for the school districts that are timely and relevant.
- Answers to building level questions:
 - Where are our weaknesses and are we addressing them?
 - What do we need to know to be successful?
 - Specifically, what is changing due to reform?
 - What do we need to do to assist our students in preparation?
 - What resources are currently available (especially what resources are available from OSPI)?
 - What resources are missing?
 - How will we know that we are moving in the right direction?
- The following delivery methodology:
 - ESDs provide training of trainers to administrators and teacher leaders.

- Provide administrators/teacher leaders a presentation format for administrators to utilize with campus staff.
- Provide administrators/teachers face-to-face training at ESDs and/or other convenient locations including distance learning opportunities.

ESDs and OSPI should establish a collaborative partnership to develop a statewide, proactive, campus-level training model for school improvement to include a comprehensive process for analysis and dissemination of student performance data to school districts. In addition, OSPI and ESDs should establish roles and responsibilities of OSPI and ESD staff in the school improvement process, with ESDs assuming the primary responsibility for the school improvement initiative in participating school districts. ESDs should use student data to determine focus areas for school districts and write annual goals to measure their improvement, along with individual school and student academic growth. ESDs should provide technical assistance to school districts in using student data to develop school improvement plans and align programs and services to those plans. Annually thereafter, ESDs and OSPI should provide reports of student performance while continuing to review strengths and weaknesses based on student performance data.

FISCAL IMPACT

It is not possible to measure the direct fiscal impact of this recommendation because involvement of staff time could be either more or less than current efforts. As the training model is developed and implemented, associated costs should be assessed. A cost savings could be realized by assigning existing staff from ESDs to provide services to districts rather than additional contracted staff through OSPI.

6.0 HUMAN RESOURCE MANAGEMENT

6.0 HUMAN RESOURCE MANAGEMENT

This chapter reviews the human resource (HR) management functions of the Washington State Educational Service Districts (ESDs) including, but not limited to personnel policies, procedures, and practices; hiring, affirmative action, and staff retention; professional development; salary and staffing structures; and performance assessment.

CHAPTER SUMMARY

Human resource management involves planning, implementing, and maintaining a sound system of personnel services that complies with local, state, and federal regulations. Effective HR management must be consistent with the mission and policies of the organization. The major functions of a human resources department typically include:

- Interpreting and recommending personnel policy and procedures.
- Conducting recruitment activities.
- Handling all applications for employment.
- Processing new hires for employment.
- Tracking employee qualifications, certifications, assignments, promotions, transfers, resignations, and retirements.
- Implementing competitive salary schedules.
- Conducting employee training.
- Handling employee complaints and grievances.
- Monitoring employee appraisals.
- Maintaining personnel records.
- Administering employee assistance programs.
- Tracking workers' compensation claims and unemployment benefits.

Professional personnel administrators in the private and public sector recognize that there are generally eight essential functions incorporated into a comprehensive and effective human resource program. R. W. Rebores, Jr., in *Personnel Administration in Education: A Management Approach* (6th Edition), cites the following dimensions:

- Human resource planning
- Recruitment
- Selection

- Placement and Induction
- Staff development
- Appraisal
- Rewards
- Employee relations

The HR Web sites for the ESDs provide an overview of available services. Areas listed on most sites include:

- Recruitment and selection of employees.
- Employee orientation, relations, and wellness.
- Employee compensation/benefits.
- Personnel policy development and implementation.
- Safety.

In addition, the following services have detailed information for clients listed on the ESD HR Web sites:

- Administrative support services
- Certification
- Educator preparation programs
- Testing information (basic skills and endorsement testing)
- No Child Left Behind and Highly Qualified Teacher information
- Clock hour transcript system
- Credit counting and experience
- Fingerprinting services

Local school districts can choose from a variety of services including:

- Superintendent searches.
- Interpretation of Revised Code of Washington (RCW) and Washington Administrative Code (WAC).
- Guidance on personnel issues.
- Fingerprinting of employees.
- Drug and alcohol testing of commercial driver's license.
- Certification.
- Public Schools Personnel Cooperative.
- Providing labor relations and negotiations services to member and non-member school districts as contracted.
- Providing conflict resolution/team-building services in school districts as requested, for both individuals and groups.

- Leading Substitute Placement Consortium for participating member districts; maintaining Aesop system; training district administrators, staff, and substitutes.
- Providing Pacific Institute training for *21 Keys for High Performance Teaching & Learning* to school district staff/buildings as contracted.
- Providing Human Resource Management services to participating member districts as contracted in all areas of K-12 human resources management.

The ESDs offer a variety of HR services that differ according to the needs of the regions' districts. All of the ESDs show evidence of appropriate personnel practices. Each has recruitment practices, periodically reviewed job descriptions, evaluation processes, induction/orientation procedures, and ongoing staff training. These personnel practices vary based on the size and needs of the individual ESD. The audit team found that the ESDs use "best practices" in their procedures for maintaining comprehensive personnel policies and procedures manuals. Typically these documents are available to ESD employees.

Recommendations in this chapter include the following:

- Ensure that an Employee Handbook is available to all staff at each ESD. **(Recommendation 6-1)**
- Expand the capacity of ESD Web sites to allow applicants the opportunity to apply online. **(Recommendation 6-2)**
- Develop a master ESD recruitment plan. **(Recommendation 6-3)**
- Develop the capacity to provide cultural competency training to school districts. **(Recommendation 6-4)**
- Prepare, plan, and introduce a longitudinal salary schedule with increases in pay after seven, 10, and 15 years of employment in the same position with an ESD. **(Recommendation 6-5)**
- Restructure the salaries of assistant superintendents so they are competitive with those of peer assistant superintendents in the state. **(Recommendation 6-6)**
- Ensure that non-certificated employees are evaluated annually as part of a comprehensive system of appraising employee performance, merit compensation, and growth and development of the individual, as well as growth of the organization. **(Recommendation 6-7)**

6.1 Personnel Policies, Procedures, and Practices

The policies and procedures of an organization are integral to its effective and efficient operation. The development of policy and procedures constitutes the means by which organizations can communicate expectations to its constituents. Policy development authorities agree that well-crafted policies and procedures should meet certain criteria, including:

- Establishing the board's expectations and what may be expected from the board.
- Keeping the board, administration, and other employees out of trouble.
- Establishing an essential division between policymaking and administrative roles.
- Creating guidelines within which people operate.
- Providing reasonable assurances of consistency and continuity in decisions.
- Providing the legal basis for the allocation of resources.

Specifically, effective personnel policies and procedures address several important areas including:

- Recruitment, screening, and selection of the most qualified and best candidates.
- Assignment of personnel to appropriate areas of performance.
- Provisions for positive programs of staff training and professional development.
- Development of a climate for optimum employee performance, morale, and satisfaction.
- Staff involvement in planning, decision-making, and evaluation.
- Guidelines for attractive compensation and benefits programs as well as for staff welfare.
- Appropriate guidelines for assessment of personnel performance with provisions for positive processes that contribute to staff improvement and recognition.

Policies and procedures, therefore, reveal the philosophy and position of the board and should be stated in sufficient detail to provide for direction for employees.

FINDING

Comprehensive personnel policies and procedures manuals should be available to all ESD employees. During the audit, it was not clear that handbooks were available in all of the ESDs. Employee Handbooks would provide a convenient reference for organizational policies and guidelines. Such a handbook can provide staff with relevant information that can help them understand the culture, philosophy, and inner workings of the organization.

Recommendation 6-1:

Ensure that an Employee Handbook is available to all staff at each ESD.

The handbook should include, but not be limited to, the contents listed in **Exhibit 6-1**.

EXHIBIT 6-1 CHECKLIST OF SUGGESTED TOPICS FOR AN ESD EMPLOYEE HANDBOOK

1. A statement of welcome and an explanation of the handbook's purposes.
2. A brief company history.
3. A description of products and services.
4. Organizational charts.
5. A map showing the physical plant.
6. An explanation of authority or reporting procedures.
7. General information on customers and clients, facilities and services, and corporate activities in the community.
8. A corporate mission statement.
9. Corporate policy statements on equal employment opportunity, affirmative action, a drug-free workplace, business ethics, sexual harassment, and union representation.
10. Information on internal and external recruitment and selection, including job posting policies, promotion and transfer policies, separation and rehire policies, and opportunities for training, career counseling, and professional development.
11. Basic compensation and benefits information, including employment classifications, work hours, pay procedures, and schedules, overtime pay, holidays, vacations, bereavement, jury and witness duty, sick leave, and other leaves of absence.
12. Summary descriptions of such fringe benefits as health and life insurance, tuition reimbursement, stock purchase, pensions, employee assistance programs, and work/life programs.
13. Emergency information, including numbers to call in case of a fire, an accident on the job, or unforeseen disasters.
14. General rules of workplace conduct. For example, smoking, dress and grooming, or absenteeism and tardiness, and methods for addressing complaints and resolving disciplinary problems.
15. Brief explanations of procedures for purchasing equipment, arranging travel, or receiving expense reimbursements.
16. An acknowledgment receipt form.
17. An alphabetized topic index.

Source: American Association of School Personnel Administrators Web site (www.aaspa.org), 2003.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD Web sites have information for employees on benefits and also provide prospective applicants the ability to download an application to apply online. The sites do not, however, provide the opportunity to apply online. The time spent by HR staff answering questions about specific benefits can be significantly reduced by placing comprehensive information about benefits on the Web sites. In addition, creating the capability for online submissions of job applications will also reduce time that can be spent on other human resource responsibilities. New technologies in this area can streamline operations and reduce costs.

Recommendation 6-2:

Expand the capacity of ESD Web sites to allow applicants the opportunity to apply online.

Such an expansion, if it does not already exist, can increase the efficiency of the HR staff.

FISCAL IMPACT

The fiscal impact for this recommendation cannot be determined at this time as some ESDs may need to contract for services.

6.2 Hiring, Affirmative Action, and Staff Retention

As larger numbers of the Washington public school workforce either enter or contemplate retirement, and the number of students enrolled in Washington schools continues to increase, recruitment and employment functions become more important. These factors contribute to an impending crisis for ESDs regarding staff for the future. In addition, as recognized by researchers knowledgeable in the discipline of personnel management, factors affecting the retention of employees play an important role in maintaining a skilled and experienced workforce.

Employee retention is an issue for most ESDs. Because ESD salaries are not close to (or on par with) those at school districts, significant numbers of staff leave to work for school districts when an opportunity exists. This is unfortunate in that the turnover causes inefficiencies and a loss of institutional history. Some departments have quite high turnovers of staff. The need to hire and train new staff has a ripple effect on all who coordinate with those departments.

The ethnicity of employees who work in the ESDs is not reflective of the regional ethnic student distribution. ESDs have found it difficult to locate ethnic minority applicants and

have great difficulty in hiring minorities. Data on staff composition were not available for the ESDs.

Exhibit 6-2 displays the student composition of each ESD for the 2005-06 school year. These data illustrate the high percentage of ethnic minority students in ESDs 105, 121, 123, and 171. Since the ESDs serve the public schools of the region, they would serve the institutions well by achieving a workforce that is reflective of the students in those schools.

However, it should be noted that Initiative 200, known as the Washington State Civil Rights Act, prohibits government entities from discriminating or granting preferential treatment based on race, sex, color, ethnicity, or national origin. In essence, the initiative prohibits governmental agencies in Washington from having a goal that achieves or maintains a specified level of ethnic diversity in employment.

**EXHIBIT 6-2
STUDENT COMPOSITION OF EACH ESD, 2005-06 SCHOOL YEAR**

	TOTAL ENROLLMENT	% ASIAN OR PACIFIC ISLANDER	% AMERICAN INDIAN OR ALASKAN NATIVE	% BLACK	% HISPANIC	% WHITE
State Total	1,026,540	7.9%	2.6%	5.7%	13.5%	69.0%
ESD 101	88,650	2.5%	3.4%	2.7%	3.1%	87.1%
ESD 105	59,181	1.0%	5.3%	2.0%	51.9%	39.7%
ESD 112	98,591	4.5%	2.0%	2.9%	7.4%	81.8%
ESD 113	71,134	5.1%	4.2%	3.0%	8.0%	78.4%
ESD 114	50,986	5.9%	4.7%	3.6%	4.8%	80.0%
ESD 121	391,597	13.6%	1.8%	10.7%	9.6%	62.6%
ESD 123	61,079	2.0%	0.8%	1.9%	34.4%	60.2%
ESD 171	40,267	1.2%	4.0%	0.9%	35.7%	57.9%
ESD 189	165,055	7.3%	2.7%	3.0%	10.1%	75.8%

Source: Calculated by audit team from OSPI data on OSPI Web site, February 2007.

The importance of a culturally relevant, culturally sensitive regional delivery to local school districts is clear. ESDs are near enough to their “customers” to have trust, closeness, and an understanding of common problems unique to a region, while offering the expertise, experience, and competence needed by school districts.

FINDING

The ESDs do not have a master recruitment plan.

The data reflected in **Exhibit 6-2** of the profile of students in the ESD regions provide a stark contrast and highlight the disparity in diversity. Such disparity will continue, given the projected growth of diverse students in the state of Washington. Within the constrictions of Initiative 200, this issue needs to be aggressively addressed by ESDs for their internal employee structure, as well as to provide assistance to districts in this vital area. Publication of job openings should include Web sites and newspapers with high minority readership to expand the outreach and recruitment.

Recommendation 6-3:

Develop a master ESD recruitment plan.

Implementation of this recommendation should result in a master recruitment plan imbedded with multiple, tested recruitment strategies. Intensifying the recruitment of qualified minority populations for job openings should allow ESDs to attain a staff composition that more accurately reflects the ethnic mix of the regions served. Because there are language differences in the communities, more bilingual staff will have better communication skills, which likely will reduce misunderstandings and provide an environment where minority students have the best possible opportunities to succeed. A more diverse staff is more likely to have better communication skills and a better professional image within the community. Furthermore, the master plan should be helpful to client school districts and schools that require assistance with recruiting personnel.

The ESD executive directors should appoint a task group to develop a master recruitment plan. The task group can collect recruitment information from other ESDs, the state's universities, school districts, and other organizations that may have successfully developed and implemented recruitment strategies. The proposed plan should be reviewed and approved by the executive directors and used by ESDs that have placed a high priority on recruitment.

FISCAL IMPACT

This recommendation can be implemented with existing resources and at no additional cost to the ESDs.

6.3 Professional Development

A well-qualified workforce is necessary to meet the needs of a rapidly changing work environment. Instant communications resulting from technological advancements and increased demands created by political forces are the factors that drive educational improvement initiatives. Each of these factors contributes to a need for organized, coordinated, and effective staff and professional programs that are based on documented needs.

"Staff development" is the term that educators use to describe the continuing education of teachers, administrators, and other employees. "Internal staff development," as used herein, refers to the continuing education of all employees of the ESDs and not to staff development services provided to clients.

FINDING

One key area of need in Washington State is the development of culturally competent staff.

The rationale to incorporate cultural competence into organizational policy is predicated upon the need to respond to current and projected demographic changes in the nine service districts. The ESDs could serve this purpose most effectively if they had the capacity to provide training in this critical area.

The makeup of the American population is changing rapidly as a result of immigration patterns and significant increases among racially, ethnically, culturally, and linguistically diverse populations already residing in the United States. Education programs must implement systemic change to meet the educational needs of this diverse population.

The ESDs provide a valuable service to local school districts and must provide assistance to eliminate longstanding disparities in the educational status of people of diverse racial, ethnic, and cultural backgrounds. Increasingly, cultural knowledge and understanding are important to personnel responsible for quality assurance programs. Cultural competence needs to be inextricably linked to the definition of specific educational outcomes and to an ongoing system of accountability that is committed to reducing the current educational disparities among racial, ethnic, and cultural populations.

Three Migrant Education Regional Offices are located at ESD sites across the state. Staff of these offices can be used to provide technical assistance in carrying out this recommendation.

Recommendation 6-4:

Develop the capacity to provide cultural competency training to school districts.

The particular needs and emphasis differ from one district to another, and ESDs are best equipped to respond to these local needs.

FISCAL IMPACT

The cost would be contingent upon the present capacity to develop and implement an effective program. Those ESDs with a resident Migrant Education Regional Office will be better equipped to implement the recommendation than those ESDs without resident technical assistance.

6.4 Salary and Staffing Structures

As with other educational organizations in Washington State, the bulk of the budget in each ESD is expended on salary and benefits. ESDs attempt to keep their salary and benefit packages competitive with local districts. However, unless employees are state-funded, the ESDs do not receive specific funding for salaries and benefits. Consequently, the incremental costs of state-provided Cost-of-Living Adjustments (COLA) and benefits are not provided for all employees and must be covered from program dollars. That ultimately erodes services to school districts. In addition, the fleeting nature of many grants and state programs makes it difficult to attract and retain the highest quality employees in some service areas.

FINDING

The ESDs do not have a longitudinal salary schedule. Generally, ESDs use the statewide certificated salary schedule as the basis for compensation of direct-service, certificated staff. Although the methodologies used differ from one ESD to another, the calculation of salaries is generally related to a local market analysis; amount of certificated, classified, and administrator salaries in the school districts served; regional cost of living; comparable private-sector salaries in the region; and the ability to attract and retain staff with the requisite knowledge, skills, and respect of the local school districts served. Customarily there are provisions for additional longevity, experience, and education.

Recommendation 6-5:

Prepare, plan, and introduce a longitudinal salary schedule with increases in pay after seven, 10, and 15 years of employment in the same position with an ESD.

Once this recommendations has been fully implemented, a reduction in recruitment, training, and replacement costs of an employee will be realized. Replacement costs include posting, advertising, interviewing, and training of new staff to replace those leaving a position. The loss of job efficiency in support functions often has ripple effects on other positions, causing loss of productivity in those surrounding positions. Replacement of professional staff can be even more difficult and is problematic with the higher pay available for those similar positions with school districts, particularly for those on the upper portions of the LEAP schedule.

FISCAL IMPACT

There is no fiscal impact in that the savings derived in the costs of replacing employees offset the costs of implementing this procedure.

FINDING

There is a wide discrepancy between the salaries of ESD Assistant Superintendents and ESD Superintendents.

One of the most important employee benefits of an organization is a fair, equitable, and competitive salary system – one in which employees are compensated comparably to their peers in the industry who perform similar work under similar conditions.

ESD Superintendents' salaries are in part determined in much the same way as other ESD employees. All ESD Superintendents have three-year contracts with the annual possibility of rolling the contract forward for an additional year. It was expressed in several ESDs that the boards desire to set their superintendents' salary at a competitive level with superintendents in the largest local school districts to avoid having the superintendent "recruited" away.¹

¹ *Self-Study: Washington State ESDs*, October 1, 2006 – Marcia L. Fromhold – MLF Solutions – Vancouver, Washington, pp. 45-46.

Exhibit 6-3 illustrates the disparity between salaries of superintendents and assistant superintendents in Washington ESDs. The mean difference for the state's service districts is 27 percentage points, based on the 2005-06 data shown in **Exhibit 6-3**.

**EXHIBIT 6-3
SALARY COMPARISONS
SUPERINTENDENT AND ASSISTANT SUPERINTENDENTS
SELECTED EDUCATIONAL SERVICE DISTRICTS
2005-06 FISCAL YEAR**

SELECTED ESD	SUPERINTENDENT	ASSISTANT SUPERINTENDENT	SALARY DIFFERENCE	PERCENT DIFFERENCE
101	\$155,000	\$109,320	\$45,680	29%
105	\$137,501	\$105,343	\$32,158	23%
112	\$182,055	\$109,319	\$72,736	40%
113	\$140,000	\$109,190	\$30,810	22%
114	\$134,596	\$113,893	\$20,703	15%
121	\$170,400	\$112,813	\$57,587	34%
123	\$131,040	\$100,982	\$30,058	22%
189	\$135,645	\$98,509	\$37,136	27%

Source: Olympic Educational Service District. Salary Comparison Survey.

(These data were extracted from Educational Service District Salary Surveys conducted by the Olympic Service District. Data for ESD 171 shows no salary for the assistant superintendent and was therefore excluded from the comparison.)

Recommendation 6-6:

Restructure the salaries of assistant superintendents so they are competitive with those of peer assistant superintendents in the state.

This action must take place on an individual basis, given local considerations, and show some degree of uniformity.

FISCAL IMPACT

The cost to implement a restructured salary schedule for assistant superintendents is contingent upon the schedule that results and the placement on the schedule. The cost is further impacted by the implementation timelines for the individual ESDs as part of the salary restructuring process.

6.5 Performance Assessment

Providing a fair, equitable, and accountable appraisal system to improve employees' performance; providing direction for employees' professional growth; and making administrative decisions regarding employees' retention and assignment are activities of major importance to an organization.

The purpose of a performance evaluation system is to promote continuous improvement, increase productivity, and accomplish both in an effective and efficient manner. A quality performance evaluation system has two major dimensions: the first spans the employee's entire career and is designed to provide growth, development, and support

for increased performance; the second provides a system's approach to continual organizational growth and development.

Morale is often affected by uncertainty, and without formal written evaluations on an annual basis employees are often left not knowing where they stand with their supervisor. This can lead to unease and a lack of job satisfaction. Training of supervisors is necessary, both initially and over time.

FINDING

Annual evaluations of non-certified employees are not consistently conducted.

ESDs could benefit from a structured comprehensive performance evaluation system for all employees with components that link goal-setting, performance expectations, professional development, coaching, and rewards together so that employment is a continuous improvement process of professional development. The assumption is that a highly qualified and prepared workforce produces high-quality outcomes in an effective and efficient manner. In several instances where personnel evaluations are performed, they are not aligned with the job descriptions, nor do they include an employee self-evaluation process.

Recommendation 6-7:

Ensure that non-certificated employees are evaluated annually as part of a comprehensive system of appraising employee performance, merit compensation, and growth and development of the individual, as well as growth of the organization.

FISCAL IMPACT

The cost would be contingent upon the scope of work and deliverables required for development and implementation.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

CHAPTER SUMMARY

This chapter presents findings and recommendations relating to the overall facilities management system for Washington's Educational Service Districts (ESDs). The chapter includes information on the following areas: facility use and planning, facility acquisition, energy management, and custodial and maintenance services.

This chapter contains the following key commendation:

- ESD 112's Construction Services Group is commended for providing school districts with a construction management service that provides a partnership with the construction trades industry and with two other Educational Service Districts.

Key recommendations in the chapter include:

- Develop a long-range facility master plan for each ESD. **(Recommendation 7-1)**
- Establish a funding mechanism for the acquisition, improvement, and maintenance of ESD facilities. **(Recommendation 7-2)**
- Explore and "pilot" the practice of "home-officing" for itinerant/consultant employees. **(Recommendation 7-3)**
- Implement preventive maintenance plans/processes with a simple written plan that both prompts activities and documents their completion in all ESDs. **(Recommendation 7-4)**
- Conduct periodic energy audits to identify areas that need retrofitting to reduce energy expenditures. **(Recommendation 7-5)**
- Install additional energy-saving devices as part of a total energy conservation program. **(Recommendation 7-6)**
- Develop and conduct ongoing staff training related to techniques for saving energy in the work place. **(Recommendation 7-7)**
- Employ a resource conservation manager to lower utility costs. **(Recommendation 7-8)**
- Establish a database for each ESD Construction Services Group construction project to accurately record cost-savings and time-saving efficiencies. **(Recommendation 7-9)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-10)**

The ESDs have a clearly defined role and set of core responsibilities as part of the overall government infrastructure for Washington. Facilities use and management, although not directly addressed in the core responsibilities, is a necessary function to provide the physical environment where learning and teaching can occur. Facilities planning, use, and maintenance are vital functions supporting the delivery of educational services and also are highly visible activities involving large amounts of capital for construction, maintenance, and operations. Improved use and management of facilities should result in increased funds being available to support the ESD core responsibilities.

FINDING

ESD 113 manages with a long-range facilities plan, but other ESDs do not appear to have formal long-range facilities plans. Some have a needs assessment process in place for facilities issues, but the centers do not convert the identified needs into a formal plan that can be benchmarked, monitored, and evaluated. This situation creates an inherent gap in overall center-wide facility planning and creates the potential that current or future facilities configurations and conditions will not align with programmatic planning. The Washington ESDs have a unique challenge in this regard as they have no funding mechanism in place for acquisition, maintenance, or improvement of facilities. Facility costs must come from program dollars – dollars that should be directed toward services to children and educators. Thus, the lack of a predictable funding stream likely contributes to low motivation or ability to engage in effective facility planning. Nevertheless, successful contemporary organizations understand the need to include facility planning as part of their overall strategic thinking and planning. The following nine steps for facilities master planning have been identified by the Council of Educational Facility Planners, International:

1. Establish an organization and specify the roles and responsibilities.
2. Collect data about such factors as occupants, facilities, community expectations and the educational program.
3. Analyze the collected data and identify trends, directions, and goals.
4. Develop alternative ways of achieving the ends identified by analysis of collected data.
5. Assess the feasibility of each identified alternative.
6. Select the preferred or “best” alternative(s).
7. Develop a facilities master plan to achieve the chosen alternative(s).
8. Implement the plan, provide the required facilities, and put the developed facilities into use.
9. Evaluate the completed facilities and initiation update of the facilities master plan.

Recommendation 7-1:

Develop a long-range facility master plan for each ESD.

A comprehensive long-range facility master plan is an essential component of strategic activity for any educational agency, especially one that is experiencing programmatic and enrollment growth. Each ESD should take steps to create a formal, written, long-range facility master plan to guide future facility decisions in the organization.

For those ESDs that have not already completed or initiated a long-range facility master plan, the superintendent should direct appropriate staff to develop such a plan, begin implementation of the plan, and align the plan with the budgeting process. Such efforts should be completed by July 1, 2008.

Exhibit 7-1 illustrates a guideline for the comprehensive development of an effective facilities plan.

The overall process provides the level of detail necessary to make sound, efficient facility improvement decisions and to justify those decisions to those responsible for funding, such as the executive director, the board of directors, or state officials.

FISCAL IMPACT

This recommendation can be implemented with existing resources, but in the long term will save resources that may have been expended for capital items.

EXHIBIT 7-1
COMPONENTS OF A SOUND FACILITIES PLANNING AND BUDGETING SYSTEM

Addition of new facilities or renovation of older buildings requires a detailed evaluation of needs and the development of a facilities plan. To be effective, facility evaluations and plans must be detailed, specific, efficient, and defensible.

Evaluation and plans should include the following components:

1. **Development of reliable projections of future growth.** Once constructed, a building is likely to be in place for at least 30 to 40 years. It is critical that reliable growth projections be established for each program for at least 10 years into the future.
2. **Development of reliable projections of future educational programs.** Educational programs are not the same and different programs require different types and amounts of space. It is essential that reliable projections of future programs and their growth be established. It also is important to establish guidelines for space that can be easily adapted as program needs change.
3. **Establishment and use of facility planning standards.** Establishment of facility planning standards tailored to the center's unique needs is critical to ensuring that an adequate amount of the right type of space is built. Standards typically include the types of spaces necessary for each type of program, the sizes of those spaces, critical adjacencies, utilities necessary in each space, storage requirements, and equipment.
4. **Evaluate the need for traditional space against emerging technology that may render physical space for certain functions and activities unnecessary.** For example, can some staff be home-officed rather than be housed in agency facilities; or given digital storage capability, is traditional storage space necessary?
5. **Determination of the current inventory of each type of space for each program area.** Once future need for each type of space is known, it is essential to know the current inventory of each type of space for each program area. Space inventory data should be accurate, up-to-date, easily updated, and in the same format as the needs data.
6. **Comparison of current inventory to need for each type of space.** Offices do not make good classrooms and vice versa. It is critical that the amount of each type of space in each building and for each program be compared to the current inventory to identify shortages and overages. Shortages can often be solved by remodeling areas with overages (e.g. converting excess training room space to solve a shortage of computer lab space). Comparisons of the total amount of current space to the total amount of space needed shows which areas have shortages of space and which have surpluses. Comparisons are also necessary in the sizes of those spaces, critical adjacencies, utilities necessary in each space, storage requirements, and equipment.

EXHIBIT 7-1 (Continued)
COMPONENTS OF A SOUND FACILITIES PLANNING AND BUDGETING SYSTEM

7. **An evaluation of the condition of current facilities.** Because maintenance has often been deferred, the repair and renovation of existing facilities represent major needs in most education agencies. Thus, a systematic and reliable assessment of the condition of existing facilities is a very critical component of facilities planning. The evaluations should include not only an evaluation of the condition of current building components but also improvements needed to meet Americans with Disabilities Act (ADA) requirements, all safety codes, updates to accommodate new technology, and changes to make the space suitable for the program being housed.
8. **Development of a highly efficient, comprehensive, and long-range facilities plan.** After the development of detailed growth projections, specific facility guidelines, estimates of the amounts of each type of space needed, comparisons of standards to current inventories, and measures of the condition of each facility, the next essential component is the development of a specific facilities plan that includes some or all of the following:
 - Renovations of older buildings.
 - Remodeling of some buildings or spaces.
 - Addition of space to some buildings.
 - Closing some buildings.
 - Building new buildings.
 - Changing facility utilization practices.
 - Estimating the cost for each building and space.
9. **Development of a funding plan.** The final component involves the development of a funding plan that may include funds from any or all of the following sources:
 - Sale or lease of existing properties.
 - Allocations from operating funds/reserves.
 - State capital funds (if available).
 - Lease back/purchase from private developers.
 - Federal funds (where available).
 - Other sources, such as private gifts and grants.

Source: MGT of America, Inc., 2006.

FINDING

Unlike most governmental entities in Washington, the ESDs do not have any funding mechanism in state law that allows for acquisition, improvement, and maintenance of facilities. This situation makes it difficult to effectively predict and plan for facility needs. Furthermore, it places undue strain on the program part of ESD budgets, as facility expenditures must come from program dollars. These funds typically fund programs, materials, and services for the region's school children and educators.

One would expect that if a state creates in law an entity to perform various government services, that it would also provide a facilities funding mechanism for those entities. This lack of funding mechanism diverts dollars from the central mission of the ESDs and likely drives up the cost of programs and services provided to member districts. The cost of such services already makes it difficult for small districts to participate in and purchase ESD services. Investment in and adoption of the following recommendation might make it easier for small districts to be able to afford such services.

Recommendation 7-2:

Establish a funding mechanism for the acquisition, improvement, and maintenance of ESD facilities.

The ESDs should work with the Legislature to establish such a facilities funding mechanism. Such a mechanism should provide for the identification of a source of funding similar to that provided for other governmental organizations in the state. This would have the following benefits:

- Allow existing ESD funding and revenue to be fully directed toward the provision of core programs and services to children and educators in the region.
- Allow for improved planning and budgeting by the provision of a predictable funding mechanism.
- Provide clean, comfortable, safe, and secure learning and working environments for ESD stakeholders.
- Allow for reduced district cost for programs and services, which would allow for greater participation from small school districts that now cannot afford to contract for such services, thus providing more equitable distribution of services to all children.

Robert Stephens and William Keane, in their book *The Educational Service Agency: American Education's Invisible Partner* (2005), suggest that educational service agencies (ESAs) throughout the United States have a variety of mechanisms provided by their states. They write that there are three major practices:

1. *The majority of state networks are authorized by the state to hold ownership of one or more facilities, but have limitations on how this can be accomplished. Most rely on the use of lease-purchase agreements, a permissible option in most states. Authority to receive*

gifts and grants is also a common feature of the legal framework under which service agencies function.

- 2. A minority of agencies are provided facilities by county governments. This practice is generally limited to those two state networks that are constitutional offices, the Arizona County Office of Education, and the fiscally dependent California County Boards of Education (the fiscally independent County Boards of Education may lease, lease-purchase, hold and convey real property). Three other networks that are provided facilities by a county government are the Arizona, Illinois, and Ohio systems.*
- 3. Two state networks can levy a tax to build or purchase facilities. The Michigan ISDs and Oregon ESDs can levy a tax to build or purchase facilities to house their special education and vocational/technical programs. Voter approval is required in both states. The New York BOCES are authorized to borrow funds from a state agency to acquire facilities.*

The ESD Superintendents and board members should work with the Washington Legislature to establish a funding mechanism in state policy/code that provides for facility acquisition, improvement, and maintenance by July 1, 2008.

FISCAL IMPACT

The development of policy/law to create such a mechanism should be able to proceed through the normal policy development process in the state utilizing existing dollars/resources. The mechanism itself, when developed, would likely demand an increased investment of state dollars. Such an investment must be seen not as just an investment in “brick and mortar,” but as an investment in providing equitable programs and services to all districts in Washington.

FINDING

Expansion of ESD programs and services is putting a strain on the existing facilities. ESDs that are experiencing growth in programs and services should look seriously at the practice of “working from home” before acquiring or building additional space. Some ESD employees who are primarily field-based (e.g., consultant staff) are rarely at the ESD, but still have an assigned office. The option of allowing those employees to work at home deserves serious consideration.

Many agencies and private consulting firms with staff that travel permit their staff to work from home (telework) to reduce facilities costs, retain employees, provide balance for their employees’ home and work life, and increase worker productivity and job satisfaction. The term “telework” appears to be gaining favor as the preferred descriptor. Research conducted for the Industrial and Technology Assistance Corporation (ITAC) by The Dieringer Research Group as part of Dieringer’s 2005 American Interactive Consumer Survey demonstrates that millions of Americans are embracing telework – the ability to work from anywhere. Other terms relating to telework include telecommuting

(work at home), virtual work, and mobile work. The Dieringer study also found that the number of employed Americans who worked from home during business hours at least one day per month grew nearly 40 percent from 2001 to 2003.

In a report guide entitled, “Exploring Telework as a Business Continuity Strategy,” ITAC, the Telework Advisory Group for WorldatWork, estimates the current number of teleworkers in the U.S. to be 26 million, nearly one-fifth of the workforce, up from four million in 1995. It is estimated that 100 million U.S. workers will telework by 2010. The dramatic rise in telework will take place in part because more and more companies are realizing the cost benefits from telework and are creating the infrastructure – both cultural and technical – to support it.

Telework is no longer just a business strategy but a business necessity, according to summaries from the 2006 Telework Conference presented by WorldatWork and ITAC in Washington, D.C., in late September. Companies and government agencies are starting to view telework as a way to control costs while improving productivity.

Cost-benefit models are increasingly being developed and applied to quantify employer cost savings from telework. Here are a few examples from conference attendees who have reaped the benefits of telework within their companies:

- Relocation cost savings – the cost to relocate an employee to another city can run as high as \$100,000.
- Increased productivity from reduced employee absenteeism for teleworkers (teleworker productivity is up to 45% higher than in-office workers).
- Cost avoidance in office rent when employees telework – office space for the average worker costs \$10,000 per year.
- Savings from reduced need for office space – as much as \$100 million for large corporations.
- Reduced recruitment costs – employee retention has improved significantly in business units where telework has been embraced.
- Overall job satisfaction – employee satisfaction is highest among teleworkers and their managers, up to 25 percent more as compared to in-office employees.

Many agencies and private consulting firms with “itinerant” staff permit their staff to work from home to reduce facilities costs. Firms such as Deloitte Consulting estimate that “home-officing” has saved the firm over \$2 million per year.

Recommendation 7-3:

Explore and “pilot” the practice of “home-officing” for itinerant/consultant employees.

By implementing this recommendation, ESDs should be able to free space in the existing facilities to accommodate growth, and could delay the decision and expenditures for new facility construction. The Grant Wood Area Education Agency in Cedar Rapids, Iowa, successfully implemented such a practice several years ago. This agency reports that others in Iowa, are considering the practice, while agencies throughout the country often inquire about the practice.

Allowing employees to work from their homes is obviously not a traditional practice in ESAs, or other governmental organizations for that matter. Such a practice requires an assumption that dishonest people will take advantage of their employer regardless of the organization's practice of deploying people and service. Another assumption worthy of note is that if people are trusted and provided a work environment that is comfortable and meets their needs, then they will provide the full measure, if not more, of what the organization expects from them. Perhaps a focus on "results" rather than "process" would allow for easier acceptance of this alternative.

This is not to say that a process for monitoring employee compliance is unnecessary. Such monitoring could take many forms, such as:

- Use of online monitoring through use of project management or other "accountability" software.
- Verifying calendar and attendance congruence of employees by frequent or periodic contact with district attendance center officials.
- Periodic phone calls by supervisor to verify task and location.
- A check-in and check-out record signed by a customer district official.
- A standing request of local district attendance center officials that they report any absences/tardiness of ESA officials to the ESA human resource office.

FISCAL IMPACT

This recommendation is not as much about saving current dollars as it is about moderating the costs of growth and expansion. Minimizing those costs will allow greater investment in programs and services for client districts in the near term. Because such a strategy could free up current facility space as well as delay the need for construction, it is anticipated that implementation of this recommendation could translate into several thousand dollars for reallocation to new programs or expansion of existing programs.

FINDING

Other than ESD 113, the ESDs do not currently have written, systematic preventive maintenance plans and processes. Although many preventive maintenance activities occur, the lack of a system to track the activities almost guarantees a "hit-or-miss" schedule and under-maintained equipment. A systematic preventive maintenance process will anticipate wear and tear on facilities and equipment and prompt the

maintenance department to take corrective actions before a failure to ensure efficiency and minimize costly repairs.

An effective program involves systematic inspection, adjustment, lubrication, and replacement of components, as well as performance testing and analysis. As a result, the preventive maintenance program extends the life of the facilities and equipment, and minimizes unscheduled downtime. Some preventive maintenance programs are highly computerized and expensive systems, while others are simple to use. The audit team, through its experience in numerous facilities management reviews, has developed a simple system that could be put in place in all ESDs. This system is described in **Exhibit 7-2**.

Recommendation 7-4:

Implement preventive maintenance plans/processes with a simple written plan that both prompts activities and documents their completion in all ESDs.

Once fully implemented, the preventive maintenance program will extend the life of the facilities and equipment, and minimize unscheduled downtime. In addition, to the extent that systems and equipment are monitored through this process, better budgeting for upcoming equipment or systems replacement can be expected. Staff training and deployment would be more efficient and effective if supported by a quality preventive maintenance plan. A variety of commercial software programs, such as *SchoolDude*, are available to assist with the preventive maintenance function.

ESD Superintendents should direct the appropriate staff in their ESDs to develop and manage from a systematic preventive maintenance plan. Such plans should be in place by July 1, 2008.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

EXHIBIT 7-2 MONTHLY PREVENTIVE MAINTENANCE SCHEDULE

ESD 114

NAME:

DATE:

MAINTENANCE MONTHLY ROUNDS:	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Measure fuel and send Fuel Reports and fax in												
Send in Water Sample and fax in												
Complete Generator Report and fax in												
AIR HANDLING UNITS:												
Inspect and clean air filters or replace												
Check all controls- at proper setting?												
Check fan motor & belt tension should have 1/2 to 1" play												
GENERATORS:												
Test glycol ADD GLYCOL												
Start generator and run with full load for 4 hours or more												
FIRE ALARM SYSTEM:												
Notify Administrator, test Fire Alarm												
Turn over fire extinguishers and shake to loosen powder												
Inspect all fire extinguishers for proper operation												
FURNACE:												
Test flame for proper combustion, adjust as needed												
Inspect combustion chamber for cracks, repair as needed												
Inspect photo cell, clean as needed												
WATER HEATER: (GUN FIRED)												
Test flame for proper combustion, adjust as needed												
Inspect combustion chamber for cracks, repair as needed												
Inspect burner assembly, clean as needed												
Inspect photo cell, clean as needed												
Test pressure relief valve												
Drain accumulated rust from bottom of water tank												
BOILERS:												
Test flame for proper combustion, adjust as needed												
Inspect combustion chamber for cracks, repair as needed												
Inspect burner assembly, clean as needed												
Test boiler relief valve												
Blow down low water cut-off control												

Source: MGT of America, Inc., 2006.

FINDING

The audit team found inconsistent effort among ESDs in evaluating and attending to energy use and conservation. Improvement of such efforts would allow for more efficient use of ESD funds as well as an opportunity to model energy conservation practices for participating school districts.

With the advent of increased costs for energy for HVAC systems, transportation vehicles, food service operations, and other related activities, governmental organizations have established numerous and varied policies, procedures, and methods for increasing efficiencies in energy consumption and reducing operating costs. Policies typically describe the governing board's specific desire to ensure that maximum resources are available to devote to the organizational mission and purposes and charge the administration with developing related procedures.

Procedures generally prescribe a range of measures and activities to be implemented and a specific means for computing the results. Some boards develop incentive systems

to reward employees for actions or recommendations that have resulted in substantial savings or improvement in the performance of energy-consuming equipment.

Although many ESDs have installed energy-saving devices in their facilities, there are still a number of areas that provide opportunities for significant utility savings. In some ESDs, the audit team found a number of older light fixtures with T-12 lights using magnetic ballasts. Even in areas where there had been lighting upgrades, there were still numerous incandescent lights. Light switches in many buildings did not have occupancy sensors. Some vending machines in buildings lacked motion-activated electrical switches. This lack of energy and utility conservation measures is requiring some ESDs to pay more for their utilities than necessary and diverts critical general fund dollars from program delivery to plant facility costs. The 2002 National Best Practices Manual for Building High Performance Schools (page 174) states that “lighting controls can dramatically affect the energy use of a lighting system.”

Some of Washington’s ESDs have not recently conducted energy audits for their facilities. Energy audits and performance contracts can minimize a facility’s energy use and costs by identifying and addressing system and human inefficiencies. The use of an energy audit will assist the district in assessing how much energy its facilities consume and in evaluating what measures can be taken to increase energy efficiency. Energy audits will review insulation, HVAC, lighting fixtures, electronic climate control systems, other equipment, and maintenance practices.

Energy Star, one of the leading governmental organizations in energy savings, stated on its Web site (www.energystar.gov) in December 2006:

Energy Audits help managers to:

- *Identify actions for improving energy performance;*
- *Prioritize projects; and*
- *Track progress.*

Energy audits can be self-assessments conducted by staff, external audits obtained through an energy service firm, or a combination of both. Energy Star recommends that process engineers, maintenance experts, systems manager, and energy specialists be utilized in conducting the energy audit.

A model that will allow for the minimizing of energy costs without significant investment is the use of an energy performance contract. In such contracts, an energy services company performs an energy audit, identifies inefficiencies, and then implements cost-saving projects for a facility. The organization is then able to utilize actual energy cost savings to reimburse the energy services company and to pay off any loans that financed the energy conservation projects. Once the loans are repaid, the reduced energy cost savings would accrue directly to the organization.

Recommendation 7-5:

Conduct periodic energy audits to identify areas that need retrofitting to reduce energy expenditures.

Implementation of this recommendation would identify methods and equipment changes that would reduce energy costs. The retrofiting of equipment generally would pay for itself in eight to 10 years and would provide a more efficient use of utilities for the district. The retrofit expenses and energy savings would depend on the types of retrofits identified and implemented by the Educational Service District.

Superintendents and boards in ESDs where this has not been done or initiated should direct the appropriate staff to conduct or contract for an energy audit. Recommendations emanating from the audit should be implemented beginning no later than June 2008.

A third party energy audit was completed in 2005 for the Regional Education Service Center XII (RESC 12) in Waco, Texas. The company which audited the 46,040 square foot RESC facility estimated that, with retrofiting of the lighting, HVAC improvements and minimal restroom fixture changes, the regional office would have an annual savings of \$28,375. The primary savings would be in reduction of electricity usage by the RESC through more efficient equipment and lighting. The energy audit revealed an annual baseline utility cost of \$97,035 with a potential annual savings of \$28,375, which equaled a 29 percent reduction in utility costs for the RESC.

Energy-efficient equipment and management systems are becoming a major aspect of many organizations' efforts to control operational expenses. With the ever-increasing cost of utilities, it is very important that all organizations seek ways to save on their usage. The use of low energy use lighting, HVAC units, plumbing fixtures, and actual building construction are important ways to conserve energy. Many organizations have also incorporated automated energy management monitoring and operational equipment to ensure that optimum energy savings is realized. Further, training organizational staff in energy-saving techniques may greatly assist in reducing utility expenditures.

FISCAL IMPACT

This recommendation could be implemented at no cost to the ESD if the energy audit were conducted internally or through an energy performance contract. Energy audits which are conducted without a performance contract usually cost between \$5,000 and \$10,000. ESDs that conduct these audits should show a return on investment, such as was the case with the Texas RESC XII shown above.

Recommendation 7-6:

Install additional energy-saving devices as part of a total energy conservation program.

By initiating an energy conservation program, ESDs will reduce the annual operating costs for utilities. Motion-activated switches will reduce electrical costs. Vending machines with motion-activated switches will use significantly less electricity and function just as well. Additional devices/strategies are available and worthy of exploration for possible use.

The superintendents of each ESD should direct appropriate staff to research available energy-saving devices, and to purchase and install those devices appropriate for the facility in question. The research and implementation of this recommendation should be completed by June 30, 2008.

FISCAL IMPACT

Depending on the devices installed, a return on investment should occur within just a few years.

Recommendation 7-7:

Develop and conduct ongoing staff training related to techniques for saving energy in the work place.

Staff training is a key factor in assisting an organization in saving energy. Training should occur with the entire staff on at least an annual basis. Staff should be encouraged to assist in turning off lights, checking thermostats, and reporting maintenance issues as soon as they discover them to the appropriate district staff member. Training records should be maintained by the personnel office regarding all energy management trainings for staff members.

ESD Superintendents should direct appropriate staff to develop and deliver “energy savings” training to all staff on a regular basis. Such training should be operational by July 1, 2008. The development should include “benchmarking” to other ESAs in the U.S. and exploration of commercial training packages.

FISCAL IMPACT

This recommendation can be implemented at no additional cost and may in the long term provide savings as staff become more familiar with energy conservation practices. Additional savings could be realized if all ESDs worked together to develop standardized training that could be provided via online synchronous and/or asynchronous methods.

FINDING

The ESD “system” does not have an individual who is assigned the responsibility of resource conservation manager. Moreover, there is no aggressive program to affect the energy conservation behavior of staff in the ESDs.

Organizations using a resource conservation manager (RCM) found they were satisfied with the program and that savings equaled or exceeded the costs of the RCM. One small school district reported that after five years, the energy conservation culture in the district had become so ingrained that the maintenance director assumed the responsibilities of training after the RCM resigned his position and left the district.

Recommendation 7-8:

Employ a resource conservation manager to lower utility costs.

Although no one ESD can likely justify a full-time RCM, the ESDs could employ one RCM as a joint venture and share the his or her services. One center would have to be designated as the fiscal agent for the program. This same RCM could also be available to consult with and provide energy audits and training to local school districts.

Through careful monitoring of utility bills, the RCM can provide guidance to each ESD on which utility cost intervention programs would have the best payback. The RCM could also be directly involved in obtaining grants and incentives from utility companies.

Exhibit 7-3 is an example of some utility savings features. A sample job description for an RCM is provided in **Exhibit 7-4**.

**EXHIBIT 7-3
EXAMPLES OF ENERGY-SAVING FEATURES**

- In addition to the insulating value of the wall construction, R-19 insulation is provided at all exterior walls and roof.
- Vestibules are provided at all doors besides the main entry to provide a barrier to outside air infiltration.
- Vestibule area provided at the loading dock coiling door.
- Tinted and etched glass at all exterior fenestration cuts light transfer up to 40%
- Horizontal Louver Blinds at all office windows to cut light and heat transfer.
- All HVAC units are a minimum of 10 S.E.E.R.
- Motorized Dampers provided at all outside air intakes for all HVAC units to prevent the infiltration of unwanted outside air.
- All plumbing fixtures are low flow consumption.
- All heating is gas with no re-heat.
- All workspace lighting has dual level switching for energy conservation.
- All 2' x 4' lighting is electronically ballasted T8 fixtures.
- Building is equipped with an energy management system that schedules HVAC unit runtime based on occupation and provides a night/summer adjustable temperature setback.
- Canopy overhangs to shade entries.
- Light-colored ballasted roof to reflect radiant heat.

Source: RESC 10, Division of Administration, 2004.

EXHIBIT 7-4
SAMPLE JOB DESCRIPTION FOR A RESOURCE CONSERVATION MANAGER

Resource Conservation Manager (RCM)

Performance Responsibilities

1. Monitor and report resource use habits and trends.
 - Establish a resource accounting database using compatible software.
 - Coordinate with the facility operator to identify conservation opportunities.
 - Complete walk-through surveys of each facility during and after normal operating hours using standardized survey forms.
2. Report base year consumption data to management and building staff. Coordinate with the building staff conservation opportunities and review the heating and lighting procedures at the facility. Direct development and implementation of Resource Conservation management plans.
3. Prepare monthly status reports that include an assessment of conservation savings for review by management, building staff and occupants.
4. Coordinate with management to provide resource efficiency information and training for all staff and occupants through such means as newsletters, presentations and workshops.
5. Develop a recognition program that encourages actions toward savings goals and provides financial rewards for each building when goals are met.
6. Coordinate with interested staff to develop conservation teams to assist with implementation of program initiatives in their buildings.
7. Develop a recognition program that encourages monthly monitoring of conservation savings and provides incentives for individual buildings to achieve beyond minimum threshold levels.
8. Establish a bulletin board at each facility that tracks the progress of the organization's conservation savings.
9. Consult with the Business Office regarding the administration of the conservation *share-the-savings* rebates to the organization.
10. Coordinate with interested staff the development and implementation of conservation groups to monitor and reduce energy and natural resource consumption in their buildings. Establish "energy patrols".
11. Encourage the use of the building as a learning laboratory to model energy conservation and environmental stewardship practices that may apply at work and at home.
12. Cooperate with the Curriculum Department to integrate energy and environmental education into the curricula and facilitate teacher workshops.
13. Work closely with representatives of local utilities.

Source: MGT of America, 2006.

FISCAL IMPACT

Both costs and savings would determine the fiscal impact of this program for ESDs. The cost of a resource conservation manager in 2006-07 is estimated to be \$60,180 (\$46,000 plus 33% benefits). Based on utility savings reported by other organizations, the utility savings realized through staff behavioral changes alone is estimated at 5 percent. A formula used in a recent MGT study suggests that savings can be calculated by taking 5 percent of total ESD square footage times \$2.00 per square foot. Depending on the total ESD square footage in the state, this calculation should demonstrate a savings of several thousand dollars beyond the cost of the RCM.

For example, this recommendation recently applied to the Texas RESCs suggested a net savings of at least \$270,000 per year.

FINDING

ESD 112 in Vancouver currently provides construction and facility services for school districts, has a very high level of school district satisfaction and support, and has begun partnerships with numerous other Educational Service Districts.

Document reviews and interviews indicate that the construction management services project is growing and has a very high level of support from school district administrators. The term “value-added” is often used by school district and ESD personnel. The scope of construction assistance is customized to best meet the needs of the various school districts that are served by program. The construction management service provides a partnership with the ESD, architects, and the construction industry.

COMMENDATION

ESD 112’s Construction Services Group is commended for providing school districts with a construction management service that provides a partnership with the construction trades industry and with two other Educational Service Districts.

FINDING

ESDs through the ESD 112 construction management co-op do not maintain construction service data related to specific cost and/or time savings for school district projects.

Information requested from several Construction Service Group school district clients and the Educational Service District 112 staff revealed that data related to cost and/or construction cost-savings are not available. Districts that responded to an email for additional information each indicated that they had a cost and/or time savings, but most could not provide actual dollar amounts or time savings.

Recommendation 7-9:

Establish a database for each ESD Construction Services Group construction project to accurately record cost-savings and time-saving efficiencies.

The use of cost-savings and construction time-savings data is important to ensure that the ESD is providing the best possible value to its school district clients. Such data need to be readily available to ensure that school district clients and prospective clients make the best fiscal choice for their district. Superintendents and school boards need this type of data as they analyze and determine the best approach to renovating or constructing their facilities. Analysis of the data also will assist the ESD Superintendents and boards of directors in ensuring that the Construction Services Group is providing an efficient, cost- and time-saving service for the region's and state's school districts.

FISCAL IMPACT

This recommendation can be implemented through existing staff and data management tools.

FINDING

In general, the audit team found ESD facilities to be clean and well maintained. However, the ESDs do not appear to use cleaning standards that could guide the level of custodial services and overall cleanliness. Because there are multiple types of spaces in some buildings, there is potential for unsuitable and inequitable levels of cleanliness. Because this issue is not uncommon in buildings, the Association of Physical Plant Administrators (APPA) has developed industry standards to guide building administrators. There are three major components of the standards identified by APPA:

1. Appearance Levels must be defined and described in some detail. (See **Exhibit 7-5** below.)
2. Standard Spaces must be identified to ensure that the difference in the types of spaces and the cleaning effort required of those spaces is clearly distinguished. (The APPA handbooks identify 33 different types of spaces.)
3. Cleanable Square Feet (CSF) is an industry standard that is used to measure and compare data.

There are also five levels of cleanliness that have been identified by APPA, as shown in **Exhibit 7-5**. Educational building administrators commonly adopt Level 2 as their target level of cleanliness. This level seems to have the best balance of cleanliness and cost.

**EXHIBIT 7-5
APPA CLEANLINESS SCALE
ASSOCIATION OF PHYSICAL PLANT ADMINISTRATORS (NOW CALLED
THE ASSOCIATION OF HIGHER EDUCATION FACILITIES OFFICERS)**

Level 1:	Ordinary Spotlessness - Only small amounts of litter and ashes in containers. Floor coverings are kept bright and clean at all times. No dust accumulation on vertical surfaces, very little on horizontal surfaces. All glass, light fixtures, mirrors, and washbasins are kept clean. Only small amounts of spots visible.
Level 2:	Ordinary Tidiness - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dusting is maintained at a high level. All glass, light fixtures, mirrors, and washbasins show evidence of spots and dust.
Level 3:	Casual Inattention - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dust accumulation on vents, vertical, and horizontal surfaces. All glass, light fixtures, mirrors, and washbasins show accumulations of dust, spots, and prints.
Level 4:	Moderate dinginess - Waste containers are full and overflowing. Floor coverings are normally dull, marked and spotted with infrequent peaks. Dusting is infrequent and dust balls accumulate. All glass, light fixtures, mirrors, and washbasins are dirty and spotted.
Level 5:	Unkempt Neglect - No trash pickup. Occupants of building are responsible. Regular floor care is eliminated. Dusting is eliminated. All glass, light fixtures, mirrors, and washbasins are very dirty.

Source: APPA: The Association of Higher Education Facilities Officers, 1998.

Recommendation 7-10:

Adopt cleanliness standards for custodial services to guide the custodial staff in their work.

Once adopted, these cleanliness standards will help guide the custodial staff to provide suitable and equitable levels of cleanliness across the different types of spaces in the ESD buildings.

ESD Superintendents should direct the appropriate staff in their ESDs to adopt and adhere to these APPA cleanliness standards. Full implementation should occur on or before July 1, 2007.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter summarizes the management information systems (MIS) review of the Washington Educational Service Districts (ESDs). The review examines the infrastructure, processes, and organization of the technology that supports business operations, teaching, and learning. Within the context of the elements of I-900, this review examines how ESDs plan, organize, staff, lead, direct, coordinate, and control the resources and activities associated with acquiring, deploying, and supporting technology in business operations and the classroom.

CHAPTER SUMMARY

Washington's ESDs are positioned to support strategies noted in the U.S. Department of Education's 2004 National Education Technology Plan. Through state and regional leadership, creative budgeting, professional development, virtual instruction, increased telecommunications capacity, multimedia instructional resources, and integrated data systems, ESDs have opportunities to systemically change technology use in schools.

There are three systems that support educational technology school districts via the ESD regional structure: the Washington School Information Processing Cooperative (WSIPC), the Washington K-20 Education Network, and Educational Technology Support Centers (ETSCs).

WSIPC is a public agency that offers Washington's school districts information management systems for fiscal, human resources, and student data. WSIPC also develops and maintains software as well as provides technical support to help school districts with networking, purchasing, contracting, and other services. Similarly, the Washington K-20 Education Network is a telecommunications network that provides reliable, cost-effective high-speed, high-capacity network telecommunications and support to Washington's school agencies. ETSCs are authorized to support the improvement of technology infrastructure, monitor and report on school district technology development, promote standards for school district technology, promote statewide coordination, and conduct technology planning.

The ESDs, WSIPC, K-20 Education Network, and ETSCs work in concert to narrow the gaps between small and large school districts, reduce the geographical distance between school agencies, offer cost-effective options for technology procurements, and provide a structure for technology planning.

The key recommendations for this area of the review include:

- Develop a centralized system of tracking and support at each ESD for all technology-related equipment and networks. **(Recommendation 8-1)**
- Create a more coordinated and systematic set of mechanisms to elicit feedback and direction from the school districts and the personnel directly affected by the technology services. **(Recommendation 8-2)**

- Develop a technology planning process that is integrated into the agency-wide ESD strategic planning process, and that produces a plan that meets E-rate requirements. **(Recommendation 8-3)**
- Develop, document, and implement a disaster recovery plan based on appropriate industry practices. **(Recommendation 8-4)**
- Consider reorganizing the multiple technology-related departments into a single division under the direction of a single chief information officer. **(Recommendation 8-5)**
- Develop a plan to consolidate the seven data centers into two data centers, strategically located across the state. **(Recommendation 8-6)**
- Develop and implement a strategy for applying for E-rate discounts to achieve 100 percent E-rate participation by the ESDs and the school districts throughout the state. **(Recommendation 8-7)**
- Investigate replacing the existing internal phone systems with more up-to-date systems and apply for E-rate discounts for these services every year. **(Recommendation 8-8)**
- Study standardizing on a single technology platform with a single vendor for the purpose of improving efficiency and minimizing technical support costs. **(Recommendation 8-9)**

8.1 Internal Technical Support

The most effective organizations consolidate all technical support requests into a common system, enabling generation of reports from a single location. Regional Education Service Center I (RESC I) in Edinburg, Texas, is one example. For help desk reporting and tracking, this center uses an application called Track-It! from Numara Software. Track-It! is used by their internal and external customers. Customers either use the client to request assistance or send an e-mail, which in turn generates a "Track-It ticket." As work progresses on the request, RESC I staff update the ticket. When the request has been completed, resolution information is added to the ticket and the ticket is then closed. Closed tickets are saved in a database for historical analysis purposes. Track-It! helps the center keep its end-users happy by getting work orders in and resolving them in a more timely manner. In addition, RESC I can generate reports to demonstrate service provided by all departments at the ESC from one system for each customer/district served.

FINDING

The gathering of feedback on the quality of technology services internal to the ESDs is inconsistent. Many ESDs have no tracking of the types of problems being encountered or the response times to calls. They do not have access to client feedback essential to a comprehensive assessment of services. Detailed information from clients with regard to specific services is very important to the development of consistent analysis of quality of services and relevance to the needs of the clients.

Without feedback regarding the support of networking or technology-related hardware throughout the organization, there are no consistent methodologies for troubleshooting and repair, and there are no records to provide information on the costs to maintain specific equipment. There is no work order or trouble ticket process by which to retain data regarding maintenance and repair on the equipment.

Data on the types of technology problems encountered internally could be used to improve training plans, identify technology fixes or upgrades, and enhance technology planning in general. In addition, the quality of service provided by the ESD technology staff could improve because of the historical data on similar problems. The data also could provide insight into what services may be needed in the future.

ESD 189 uses a Trouble Ticket tracking system. This system tracks technology activities in a number of ways. For example, it tracks problems and other activities such as software upgrades for each machine. It also tracks the activities of each tech support person responding to a call. ESD 189 uses this system to help determine what it costs to purchase and maintain each type of technology-related equipment.

Recommendation 8-1:

Develop a centralized system of tracking and support at each ESD for all technology-related equipment and networks.

Implementation of this system should deliver a systematic approach to logging requests for service, troubleshooting problems, and recording specific information regarding the repairs required. The information should include the personnel time required as well as the type and cost of parts required. The resulting centralized data should provide valuable information regarding the costs to maintain each type of equipment. Such information should prove beneficial in providing valuable information regarding the most efficient equipment to acquire and maintain. Finally, the system would provide a means to gather data regardless of source of the support, provided all departments use the system to record the data.

Beginning in September 2007, a leader from Technology Services should oversee the formation of a working group made up of ESD representatives from departments that support networks and technology-related equipment in the ESDs. The group should work collaboratively to develop troubleshooting specifications with regard to equipment and network support. By January 2008, the group should collaboratively develop a work order or Trouble Ticket system in which all requests for support of networks and equipment will be recorded. The system should at least include the source of the request, the personnel assigned to respond, the time required, and the specifics of the repair, i.e., parts and costs. By March 2008, the group should develop a testing and

phase-in methodology for the new processes, and by April 2008, deliver the new system and specifications to their respective ESDs for approval and implementation.

FISCAL IMPACT

The financial investment for the implementation of this system should be minimal and in the form of staff time. Efficiencies should be realized over time, which would offset the development and implementation investment. The exact costs and resulting savings can only be determined after tracking the development schedule and the implementation of the system over time.

8.2 Client Satisfaction

FINDING

Feedback on the quality of technology services offered to school districts by the ESDs is inconsistent and non-systematic. Detailed information from users in school districts with regard to specific services is important to the development of consistent analysis of quality of services and relevance to the needs of the school districts.

These services are very important to the school districts. The survey of superintendents, conducted as part of this performance audit, verifies a very high level of satisfaction with the technology-related services provided by most ESDs. The services are timely and reduce the personnel requirements among the schools served. However, implementation of consistent feedback mechanisms would ensure better planning and better services both internal and external to the ESDs.

Recommendation 8-2:

Create a more coordinated and systematic set of mechanisms to elicit feedback and direction from the school districts and the personnel directly affected by the technology services.

This recommendation will help all staff who support technology in school districts to better understand which services are working well and which services are not. The mechanisms for feedback need to be systematic. In addition, the mechanisms should help staff understand which areas of technical support are most problematical. Such understanding will help efforts to plan training and future technical support.

The implementation of this recommendation should result in collaboration across the Technology Services Divisions. ESDs may wish to collaborate on developing an instrument to gather input from those individuals in the schools who use the services provided. Furthermore, the implementation of the process should provide detailed information regarding client satisfaction and needs, which will provide the guidance needed by Technology Services to modify its procedures and delivery models. These modifications should result in models that more efficiently and effectively meet the needs of the individual school districts throughout the state.

Beginning in July 2007, the leader of Technology Services should work with the ESD Superintendent to establish placement of the assessment in the overall ESD calendar in

order to minimize overlapping survey projects with the schools. The leader of Technology Services should organize and lead the collaboration among the directors within the Technology Services Division to begin the development of the survey instrument and seek collaboration from counterparts in other ESDs to assist in the development of the survey instrument. The survey should be delivered to the school districts during the 2007-08 school year, reviewed annually by the team for modification as appropriate, and administered on an annual basis.

FISCAL IMPACT

The collaborative nature of the plan should require minimal additional financial investment, mostly in the form of time, effort, and travel. Until the detailed plan for implementation of this recommendation is developed by an ESD, no firm cost can be established. However, the resulting information should lead the ESD to a greater level of efficiency and responsiveness to clients, thereby enhancing the ESD's ability to generate revenue.

8.3 Technology Planning

Technology plans almost always span three to five years. By analyzing current trends in ESD demographics and available technology, planners can predict what the needs of the ESD will be and what technology will be available to fill those needs. Technology is the fastest changing segment of our society, so frequent updates and revisions of any technology plan will be required.

Successful technology planning is the foundation for successful technology implementation and development. ESD technology is not just a stand-alone, long-term, ongoing project; it affects every aspect of ESD operations as well as the regional districts the ESD serves.

Educational service agencies across the nation maintain long-range plans for technology to facilitate the effective use of technology throughout the entire enterprise. In addition to increasing their efficiency with the implementation of technology across the agency, these plans enable educational service agencies to apply for technology grants and discounts.

Integrating technology into the school agencies requires a thoughtful methodology that seamlessly integrates technology in the classroom as well as administrative operations. Public education funding agencies recognize the need to develop technology utilization plans. For example, E-rate and Federal Title II-D require technology plans as a condition for receiving funds. The ESD must ensure that the E-rate technology plan requirements are met.

FINDING

Many ESDs do not have an effective, up-to-date technology plan that meets the requirements for the No Child Left Behind Act of 2001 (NCLB) and the E-rate program. As a result, the ESDs may not be adequately positioned to apply for federal technology grants or E-rate discounts on telecommunications, Internet access, and internal

connections services. Without an effective, up-to-date technology plan correlated to NCLB and the E-rate program, the ESDs cannot appropriately implement, monitor, and modify technology services and support or take advantage of cost savings resulting from federal technology grants and discounts on telecommunications, Internet access, and internal connections services.

A technology plan would assist the ESD in examining the technology needs over time in conjunction with the overall direction of the ESD. Such a plan would assist the ESD in efficient and timely purchases of technology and have those purchases coordinated with training needs. Such a plan also would provide a signal to school districts of the types of technologies that may be employed over the next five years and serve as a model for some of the school districts.

Recommendation 8-3:

Develop a technology planning process that is integrated into the agency-wide ESD strategic planning process, and that produces a plan that meets E-rate requirements.

To ensure all stakeholders are included, each ESD should establish a technology planning committee to create a long-term technology plan that is reviewed and updated on an ongoing basis.

A technology plan should be considered a living document due to the rapid pace of change in technology. Frequent reviews to update and revise these plans are needed to provide specific needs and implementation steps as well as staff responsible for implementation. Each ESD's technology plan should clearly and specifically define goals and objectives for improving education with technology, and include a timeline and an assessment of infrastructure and client needs, a technology budget, and a process for evaluating the technology plan.

A technology planning committee should be established and include:

- Representatives from each school district or a fair representation.
- An ESD support staff representative.
- One or two community members.
- One or two business representatives who are not employed by technology companies.
- Only members who have a good understanding of technology and its uses, at least within their respective areas.
- Only members willing to commit about two hours per month to the activities of the committee via conference call.

This technology planning committee should meet on a quarterly basis and assume responsibilities that include:

- Revising the ESD's Technology Plan, including assigning responsibility for the completion of specific tasks, setting timelines for task completion, allocating resources for task completion, and verifying compatibility with the ESD's strategic plan.
- Submitting the Technology Plan annually to the board for review and approval.
- Determining the status of the implementation of the plan.
- Providing advice on and helping set priorities for technology development and technology spending within the ESD.
- Reviewing and approving proposed new software and hardware implementation, and ensuring they are in accordance with current ESD infrastructure.
- Reviewing the technology-related needs of the districts within the region.
- Monitoring the equitable distribution of technology among the school districts served in the region.
- Recommending revisions in policies and procedures that impact technology use.

Beginning in July 2007, the Technology Planning Advisory Committee should conduct a Technology Needs Assessment to meet the requirements as defined by NCLB and the E-rate program. They should include a meeting with the Technical Committee to collect the list of all of the planned telecommunications, Internet access, and internal connections services for 2008-11. During the fall of 2007, The Technology Planning Advisory Committee should develop a three-year Technology Plan that addresses the needs identified by the Technology Needs Assessment, as well as all regional, state, and federal requirements. The committee should ensure that the plan includes all the required components including needs assessment, goals, objectives, strategies, professional development, budget, and evaluation. The committee should meet at least once a year to review progress and modify the plan as appropriate.

FISCAL IMPACT

The fiscal impact of this recommendation cannot be specified as the amount will vary based upon applications submitted for discounts and grants.

8.4 Disaster Planning

Business continuity planning (BCP) is a procedure to define how essential business processes continue following a disaster. Disaster recovery planning focuses on the recovery of information technology systems. The disaster recovery plan documents procedures for staff to follow when reestablishing business system functionality after a

disruption of service. Each business system must be identified, its recovery needs must be assessed, and a priority for the recovery process must be defined.

FINDING

Most ESDs lack comprehensive and detailed documentation for recovery of systems in the event of a disaster or disruption of service.

Even though a WSIPC reciprocal agreement states that cooperative regional data centers will support other data centers in the event of disaster, this agreement is only one component of a multifaceted business continuity or resumption plan.

The absence of a complete and tested data backup and recovery process and an operational recovery system puts the ESDs' operation and school district data at risk.

Recommendation 8-4:

Develop, document, and implement a disaster recovery plan based on appropriate industry practices.

The disaster recovery plan should include data backup and recovery, secure storage of backup media, availability of backup servers and network equipment, and time required for system restart to meet processing needs. The recovery plan should encompass all data and provide for periodic testing.

The Regional Education Service Centers along the Gulf Coast in Texas (Regions I, II, III, IV, V, and VI) have all reexamined their disaster preparedness and planning in light of Hurricane Rita. Each has taken a slightly different approach that is customized to its own geographic location, technology supported, and personnel.

The disaster recovery plan should focus on the recovery of electronic data systems and document procedures for staff to follow when reestablishing business and instructional systems functionality after an outage. Business and instructional applications must be cataloged, recovery needs assessed and documented, and the relative importance of the applications to the ESD and school district organizations quantified to enable Network Services staff to prioritize the recovery process. Planning for operational recovery is an organization-wide procedure to ensure that essential business processes continue following a disaster. In case of a disaster-caused outage, the disaster recovery plan takes into account the need for alternate facilities (WSIPC, other data centers, school districts, etc.) if any data center, network, or other technology component becomes inaccessible. Another source for disaster planning approaches is from the University of Toronto:

http://www.utoronto.ca/security/documentation/business_continuity/dis_rec_plan.htm

The most efficient and economical way for an ESD to implement a disaster recovery plan is to use another ESD for off-site storage and as a resource in the event of a disaster. Therefore, each ESD would be able to replicate services for the other if necessary. Each ESD should ensure that the selected ESD has a similar infrastructure, including servers, and software to simplify the process. Furthermore, the selected ESD

should be far enough away that, should a storm cause the disruption, it may not be impacted.

Beginning immediately, the technology director should work with the technology staff to develop a Disaster Recovery Plan. An initial point in the development should be to have technology staff research which ESD has the same infrastructure and server requirements and report the findings. The technology director should meet with other members of management and the superintendent to draft a disaster recovery reciprocal agreement with at least one other ESD. Upon approval of the agreement, the superintendent should instruct the technology director to implement the plan. The technology director should direct staff to work with the other ESD and complete initial testing followed by annual testing of data recovery.

FISCAL IMPACT

The financial investment in the development of this plan will be related primarily to staff time. Additionally, there will be costs associated with the required storage and restart services. However, given the costs currently incurred by the ESD in the various departments, the overall costs should not increase significantly after implementation. Business continuity services are costly but can be configured to qualify for E-rate discounts. The costs are determined by the amount of data managed and cannot be determined until the specifications are developed with regard to the data to be managed.

8.5 Organization of Technology Departments

Businesses in this country have experienced similar growth and change in the evolution of technology and have realized the benefits of centralizing all technology-related functions under a chief information officer (CIO) who often reports directly to the CEO. With technology as a core function and asset of most businesses, having a knowledgeable, technology-savvy manager near the top of the organization can help upper management take advantage of new technologies and realize early on how those technologies can affect the business.

Education has struggled with managing disparate technology functions as well. Originally, information systems was an in-house mainframe and print shop operation and educational technology was training using Apple IIs in the classroom. Information systems used to be housed under an operations manager and educational technology under a teaching and learning or curriculum manager. With the growth of networking, video dissemination; the collection, aggregation, and disseminating data; and governmental programs such as the E-rate, the lines between information systems and educational technology have blurred. Staff from information systems and educational technology now assist school district personnel. Often different staff members from the ESD are talking to the same school district personnel about similar topics, which can cause confusion in the school district.

FINDING

Nearly all ESDs have multiple technology-related departments without centralized oversight. Different departments have grown at different times due to various sources of

funds, changes in priority from the state, or a high level of leadership and interest. The lack of common operational oversight by a single director or CIO allows for a lack of standardization of operations as well as a lack of coordination in setting and achieving goals and objectives in the service of the school districts in the ESD service areas.

Recommendation 8-5:

Consider reorganizing the multiple technology-related departments into a single division under the direction of a chief information officer.

The intent of this recommendation is to ensure that there is no conflicting or overlapping information transmitted to school districts and that all planning and purchasing is fully coordinated.

The ESD Superintendent should work with the various directors of technology-related departments to develop a technology division that would maintain the integrity of the current departments and directors, with one of the existing directors taking on the additional task of CIO.

Other approaches may work as well. Regional Education Service Center IV in Houston, Texas, has moved from a CIO model to a dual model. According to a telephone conversation with the Executive Director of Region IV, RESC IV changed from a CIO model to one where all “educational technology,” including classroom software, virtual schools, and all other applications directly affecting students, was under educational services, and all hardware, networking, and related infrastructure was placed under technical support. The reason for the change was that the educational needs of students were being lost in all the discussion and deliberation about the technology. By placing educational technology with curriculum and other student-related services, the focus remained on the students. However, RESC IV is careful to ensure that there is no conflicting advice about technology coming from the two areas. Clear lines of responsibility have been established.

Implementation of the reorganization should accomplish the complete coordination of the planning, goal setting, assessment, and operations of the departments. The assessment of the new organization should include a complete review of staffing, delivery models, acquisition procedures, and general operations. School districts would have one contact for all functions and get one clear set of guidelines and direction for networking and other technology-related functions for the school districts.

In the fall 2007, the ESD Superintendent should coordinate planning sessions with the directors to facilitate open discussions regarding the benefits and barriers to the reorganization. The ESD Superintendent and the directors, noted hereafter as the Study Group, should review organizational charts of the other ESDs to gain insight into the possible variations on such a reorganization. By January 2008, the Study Group should develop preliminary operations guidelines for the new division, including the standardization or merging of as many department processes as possible. Based upon these new guidelines, the Study Group should develop the CIO job description and qualifications and, by the spring, the ESD Superintendent should post the position of CIO of the new division and begin to interview qualified applicants.

FISCAL IMPACT

This recommendation can be implemented with existing staff and resources, up to the point of hiring a new CIO. Costs of a new CIO cannot be estimated at this time, as the hire may be a current staff member or an outside person.

8.6 Data Center Consolidation

Businesses around the world are realizing savings by consolidating their information technology equipment and services. According to Gartner, Inc., "There has been a strong trend toward server consolidation since 1997, led by enterprises in the U.S., Canada, and Western Europe." Between 1998 and 2001, for example, the number of organizations with a server consolidation under way grew from 30 percent to 69 percent, according to a Gartner survey of its clients.

The Washington School Information Processing Cooperative is a cooperative data system used by the majority of the state's school districts for required state reporting. WSIPC is available to all of Washington's school districts with complete information management systems for fiscal, human resources, and student data. WSIPC develops, licenses, and maintains software as well as provides technical support and network management.

All school districts in Washington, both public and private, can use the services of the cooperative. Many districts that do not use WSIPC software services use the purchasing services, custom services, and network services provided by the cooperative. These services are provided on a fee-for-service basis.

Member districts that use WSIPC software services pay an annual per FTE (full-time equivalent) fee for the software licensing, support, and training. Member districts actively participate in the governance of the cooperative through representation on the Executive Committee and the Advisory Committees. The Board of Directors is made up of ESD Superintendents or designees.

The cooperative membership includes 276 school districts and nine Educational Service Districts. Seven regional data centers located in ESDs around the state as well as 11 district data centers located in larger school districts serve approximately 650,000 students in 1,463 schools throughout the state of Washington. Workshops, on-site and at WSIPC's offices, are provided to train Regional Data Center and District Data Center (RDC and DDC) staff members, who then teach school district personnel.

FINDING

The support to school districts for the Washington School Information Processing Cooperative software is duplicated across the state in seven data processing centers located in Educational Service Districts. Consequently, there is duplication of effort as well as ownership and maintenance of equipment. Currently, the seven data processing centers affiliated with ESDs each house mainframe computers, high-capacity printers, and support staff to serve their local school districts. Additionally, there are 11 data centers affiliated with individual school districts across the state.

The Operational Advisory Council (OAC) is made up of directors of data centers from around the state. The OAC receives input from its district members and provides feedback to WSIPC. Recently, the OAC applied for a grant from the K-20 Quest Settlement Residual Funds to study “the technical and financial feasibility of consolidating its member supported data centers within Washington State into one or more data centers while improving service levels.” Quest approved the application, and OAC has contracted with Seitel, Leeds, and Associates to conduct the study. The project began the week of November 13, 2006.

Recommendation 8-6:

Develop a plan to consolidate the seven data centers into two data centers, strategically located across the state.

Networking and high-speed computing available today make distance unimportant as a factor in processing, storing, and retrieving data. Equipment in the current data centers could be repurposed for other uses within the ESD or used as a part of the new aggregated data centers. Two data centers could alleviate significant hardware costs over time as well as diminish or halt the need to upgrade data centers’ square footage, raised flooring, power supplies, etc. for data center purposes. It is important to have two data centers to provide for redundancy and backup in the event of a disaster. The two centers should be located in different geographic sites and have different technological support (e.g., different telephone grids). Other factors concerning location may emerge during the study. Consolidating hardware into two data centers can save costs on hardware throughout the system, alleviate anticipated costs for data center upgrades, eliminate duplication of data processing while still maintaining a high level of training, technical support, and help desk support.

The ESD Superintendents should collaborate to plan the consolidation of the location of equipment at only two sites in the state. Furthermore, consideration should be given to prioritizing the remaining data center functions in terms of their effective service to school districts and the implications of the location of these services.

Implementation of this selective consolidation should provide economy of scale efficiencies with regard to the number and size of computer systems required to serve the school districts across the state. The consolidation should not include services such as technical support and printing that are most effective when in the proximity of the school districts. These services should remain at the ESDs.

The ESD Superintendents should review the results of the Seitel, Leeds, and Associates study as soon as it is completed. Because data centers are defined, administered, and budgeted for differently among the ESDs, the ESD Superintendents should collaborate to review the costs and the effectiveness of the seven data centers affiliated with ESDs across the state. They also should review the services specifically offered by the data centers and prioritize the services as to their effectiveness based upon proximity to schools districts served. If the Seitel, Leeds, and Associates study does not do so, the ESD Superintendents should review models that strategically place two data centers in the state to supply computer equipment, and also place the printing and technical support services in the ESDs.

FISCAL IMPACT

The fiscal impact for the ESDs can only be determined after establishing the number of personnel required to operate the computer equipment in the two remaining locations and the proportional cost for each ESD. Also, there may be cost savings due to the consolidation from the number of computer systems in the seven data centers to the number of computers in the remaining two sites. The exact impact can only be determined after establishing the equipment requirement to support the software across the state from only two sites.

8.7 E-Rate

The Schools and Libraries Program of the Universal Service Fund, commonly known as “E-rate,” is administered by the Universal Service Administrative Company (USAC) under the direction of the Federal Communications Commission (FCC), and provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and internet access. Educational Service Districts are eligible for Schools and Libraries support as determined by state law. See <http://www.universalservice.org/sl/applicants/step01/esa-guidelines/esa-eligibility-table.aspx> for verification of ESD eligibility.

The Schools and Libraries Program supports connectivity – the conduit or pipeline for communications using telecommunications services and/or the Internet. Funding is requested under four categories of service: telecommunications services, Internet access, internal connections, and basic maintenance of internal connections. Discounts for support depend on the level of poverty and the urban/rural status of the population served and range from 20 to 90 percent of the costs of eligible services. Eligible schools, school districts, and libraries may apply individually or as part of a consortium. Educational Service Districts apply as a school district using the level of poverty and urban/rural status of the population served for each eligible campus in their respective districts.

Applicants must provide additional resources including end-user equipment (e.g., computers, telephones), software, professional development, and the other elements that are necessary to use the connectivity funded by the Schools and Libraries Program.

FINDING

In reviewing E-rate data for states, there appears to be a correlation between states that receive more than an average amount of E-rate funding and states that have strong E-rate leaders and support systems. Using data from the USAC Schools and Libraries Division, Web site (<http://www.universalservice.org/sl/tools/search-tools/data-retrieval-tool.aspx>) and data from the Washington October P-223 data (<http://www.k12.wa.us/DataAdmin/>) and the National Center for Education Statistics (http://nces.ed.gov/programs/digest/d05/tables/dt05_033.asp), the following conclusions may be drawn, showing that many states are receiving greater E-rate discounts than Washington does:

- Washington is in the lower 25 percent of all states when comparing E-rate dollars per student. In 2005, at the top of the list for most dollars per student is Alaska with about \$130 per student and Wisconsin with about \$93 per student. The national average was approximately \$30 per student and Washington received less than \$20 per student.
- When comparing states of similar size (51,000-97,000 square miles), Washington is at the bottom of the list for E-rate dollars per student.
- When comparing states of similar student enrollment (700,000 to 1.5 million students), Washington is 13th of 17 states.
- About 24 percent of Washington school districts did not receive E-rate funding commitments in 2005.

Recommendation 8-7:

Develop and implement a strategy for applying for E-rate discounts to achieve 100 percent E-rate participation by the ESDs and the school districts throughout the state.

Key to this effort is to provide more focused and nurturing consulting and support to districts on applying for E-rate funds, and making the E-rate a high priority for the ESDs.

According to an interview with the E-rate coordinator with the Mississippi Department of Education and President of the State E-rate Coordinator Alliance (SECA), ongoing support is the key factor in getting school districts to apply for E-rate. Mississippi has a 100 percent E-rate participation rate among its school districts. He attributes this to systematic outreach to school districts, regular training, and highly knowledgeable people supporting the effort within the state. In addition, Mississippi has a state contracting system in place for virtually all equipment and services eligible for E-rate, which makes application less difficult for school districts. The system includes a state contract with one provider for all wide area networking equipment. The system also has a catalog of multiple providers for all other E-rate eligible products. According to him, the state contract system has two overall advantages for school districts: 1.) It ensures that the contracting process is completely within the rules and laws of the state and the federal government; and 2.) It ensures that all equipment in the contracts is eligible for E-rate. This relieves school districts of two of the largest burdens in applying for E-rate.

Each ESD Superintendent should appoint an E-rate coordinator as soon as possible, but certainly before the end of the school year. The E-rate coordinator should attend all trainings offered by the Schools and Library Division and the state E-rate contact person, and begin to establish a program of outreach to all districts in the region. Each E-rate coordinator should set a minimum goal of one-half of the non-applying school districts applying for the E-rate in 2007, with the remainder applying in 2008.

FISCAL IMPACT

Increasing the state's E-rate reimbursement per student to the national average would represent an approximate \$15 million savings for Washington's schools and ESDs.

8.8 Telephony

Government agencies are moving away from traditional land-line telephone services to technology that routes calls over the Internet. The technology known as Voice over Internet Protocol, or VoIP, is replacing the long-established method of connecting over the telephone because of its power as a technological application and its convenience, as well as a money saver. About a quarter of all federal, state, and local phone calls now are routed through VoIP.

VoIP is not the only alternative approach to saving money for telephony, and saving money is not the only reason to examine acquiring or leasing a different phone system. New telephone systems may have features such as automatic e-mail to voice mail that can save staff time. VoIP can have significant upfront costs for new switching equipment to ensure the quality of the voice signal does not degrade. In addition, costs for different approaches to telephone systems can be affected by the companies serving different geographical areas of the state.

FINDING

Some ESDs have investigated switching to alternative approaches to telephony in the interest of saving money and adding new features and functions that will result in more efficient uses of that equipment. ESD 105 found it could save \$1,016.24 per month with a new system. ESD 113 switched to a different phone system that has the potential to be expanded to a VoIP system in the future if the ESD so chooses. ESD 113 will begin to accrue savings in less than three years.

Recommendation 8-8:

Investigate replacing the existing internal phone systems with more up-to-date systems and apply for E-rate discounts for these services every year.

The phone system is one of the most important communications components for ESDs to connect with the school districts. The technology underlying telephony is changing rapidly, and telephone companies are creating alternative business models frequently. The combination of additional features and functions, savings from the new systems, and E-rate discounts should not only save the ESD money, but also provide better and more efficient services for the school districts.

The Technology Plan Committee should ensure that alternative approaches to telephony are a part of technology planning process. Especially important is inclusion of eligible telephony as a part of the E-rate application. If the ESD finds that there could be advantages to an alternate approach to telephony, it should submit an RFP for a new system.

FISCAL IMPACT

As ESD 105 and ESD 113 have shown, there can be significant savings from moving to an alternative telephony system. The amount of savings can vary due to the build-out time, the features and functions chosen, responses to a bid, the age and capabilities of the current system, and other variables.

8.9 Standardizing on a Single Platform

Best practice from industry and education supports the use of a single platform to maximize support and reduce costs. For example, Southwest Airlines has a single-platform strategy with its Boeing 737 fleet. In Southwest's case, a common fleet significantly simplifies scheduling, operations, and maintenance. Training costs for pilots, ground crew, and mechanics are lower, because there is only a single aircraft to master. Purchasing, provisioning, and other operations are also vastly simplified, thereby lowering costs.

This successful IT consolidation strategy would have similar benefits for ESDs. By standardizing on a single technology platform with a single vendor, support costs would be reduced and support quality would improve. Different ESDs would need to weigh the transition costs, especially training on a new system. Usually, however, the long-term gains far outweigh the short-term transition pain.

FINDING

All ESDs have multiple computer brands in operation, various models and types of desktop and laptop computers, and many different operating systems to support. They may have two or more email systems in use by their agency due to OSPI switching to Microsoft Exchange as a standard. Equipment specifications, acquisition costs, and life cycles are largely driven by budget capacity rather than a centralized plan.

Support delays are inherent because staff members spend much time troubleshooting problems due to incompatible versions, variations, etc. Support staff are unable to effectively train staff to perform basic troubleshooting because of all the "exceptions" needed depending on the machine or version of software they are using. In addition, technology integration between departments or in general terms suffers because it is always limited by the weakest link in the overall desktop chain.

Many ESDs have technology environments with no path to allow for spare components, faster support turn-around, standardized training, and reduced downtime. Without significant changes, they will have no viable way of providing desktop imaging services, disaster recovery, or the ability to reduce support costs and improve support quality to their staff.

Recommendation 8-9:

Study standardizing on one technology platform with a single vendor for the purpose of improving efficiency and minimizing technical support costs.

Implementation of this recommendation should result in the following modifications to the existing system, improving efficiency and reducing technical support costs:

- All computers will be standardized to one platform and operating system.
- Technical support will be standardized.
- Purchasing will be leveraged for better pricing.
- Training will be standardized and downtime reduced.

The technology director should convene a technical committee to determine what platform should be supported and create an RFP to release to potential vendors. This effort should be completed in conjunction with the ESD technology plan (see **Recommendation 8-3**). Once a platform is selected, the technical committee should develop a transition plan that includes appropriate time for training on new software and hardware and redundant systems during the transition.

FISCAL IMPACT

Implementation of the plan should have long-term effects on the costs of acquiring and maintaining equipment as well as training and support. Initial costs of developing the plan will be primarily in the area of staff time. Until the plan is developed and fully implemented, specific cost savings cannot be determined.

APPENDICES

APPENDIX A:

***MGT'S METHODOLOGY, WORK
PLAN, AND BENCHMARKS FOR
CONDUCTING THE ESD
PERFORMANCE AUDIT***

APPENDIX A: MGT'S METHODOLOGY, WORK PLAN, AND BENCHMARKS FOR CONDUCTING THE ESD PERFORMANCE AUDIT

A.1 Strategy and Approach to Performing the Audit

The strategy MGT used to conduct this audit illustrates our understanding of the demands and setting under which the State Auditor's Office (SAO) performs these comprehensive performance audits. Our strategy was based on our extensive and directly relevant experience in conducting similar comprehensive audits/reviews of regional education service centers/districts in Texas, New Mexico, Utah, and other states. Further, MGT has conducted many comprehensive management and performance reviews and performance audits throughout the country involving school districts, vocational/technical centers, community colleges, and universities. Our overall project approach was characterized by the following key attributes. These attributes, coupled with a careful review of the RFP requirements, guided the development of our methodology and detailed project work plan.

A.1.1 We built from the audit objectives noted in the RFP as well as our detailed audit guidelines, already developed and used, to create our model for conducting the ESD performance audits.

MGT's structured guidelines were used effectively in the audit and review of the Texas Regional Education Service Centers as well as education reviews and audits in the states of New York, Utah, Virginia, New Mexico, and Florida. Recognizing the unique operating and demographic environment under which each state and educational service district operates, MGT tailored its guidelines to reflect the environment of Washington with modifications and additions as dictated by the Performance Audit Objective identified in the RFP.

Through the years, MGT has developed a detailed and extensive set of management review and performance audit guidelines for school districts, educational service districts, and state departments of education. While MGT did not use these guidelines verbatim, we did use them as the key starting point for tailoring the guidelines to the needs of the current project and including the elements and activities noted in the RFP. By starting with a proven and project tested set of guidelines, we maximized both time and money and conducted a more targeted and thorough review of the key issues.

A.1.2 MGT's Analysis and Documentation Efforts were Specifically Geared to Improvements in Efficiency and Effectiveness.

Exhibit A-1 provides MGT's key methods in achieving the audit objectives.

**EXHIBIT A-1
PERFORMANCE AUDIT OF
THE NINE EDUCATIONAL SERVICE DISTRICTS (ESDs)
ILLUSTRATIVE METHOD TO ACHIEVE AUDIT OBJECTIVES**

Performance Audit Authority

The purpose of conducting these performance audits is “to ensure accountability and guarantee that tax dollars are spend as cost effectively as possible” Authorized in RCW 43.09.470 – Comprehensive Performance Audits

The performance audit will include nine specific elements, defined in statute, that identify:

- Best Practices;
- Opportunities to improve, reduce or eliminate services;
- Opportunities to transfer programs or services to the private sector or other public sectors;
- Opportunities to achieve cost savings;
- Gaps and overlaps in programs and services with recommendations to correct;
- Feasibility of pooling information technology systems;
- Opportunities for changing or eliminating roles or function of the organization;
- Opportunities for improving performance data, performance measures and self-assessment systems;
- Recommendations for changing statutes, rules and policy directives that impede the delivery of efficient and effective educational or operational services.

Performance Audit Objective

Review the current structure and operation of Washington’s nine Educational Service Districts (ESDs) for cost effectiveness, efficient service and delivery of support services to the school districts in Washington State. The audit will include:

1. Cost of Operation – Determine whether costs are reasonable, prudent and an appropriate expenditure of funds.
2. System of Educational Service Districts – Determine whether the operations of each ESD comply with its statutory authority and whether the services and programs provided meet the original intent established by the Washington State Legislature.
3. Governance Structure, Organization, Management and Business Operations – Determine how the governance system contributes to an effective and efficient organization and ensures delivery of cost-effective services to school districts.
4. Service Delivery – Assess the cost-effectiveness of services and programs, including cooperative programs, provided by the ESDs to the needs of the varying sizes and geographic locations of school districts.
5. School Districts – Assess the cost-effectiveness and quality of services and program provided by their regional ESD.

A.1.3 Work Plan

We placed great importance on our work plan's detail, thoroughness, and appropriateness. As a first step, SAO reviewed our work plan. Based upon that review, we made appropriate revisions and issued a revised written work plan and time schedule.

A.1.4 Flexibility

Our work plan for this comprehensive review was flexible enough to accommodate unforeseen problems and issues, and to probe deeper in certain optional areas. Accordingly, we made appropriate adjustments to our work plan when necessary to produce the most effective audit possible.

A.1.5 Input From ESD Administrators and School District Administrators Through Written Surveys

We included involvement of superintendents, administrators, principals, and ESD administrators in the focus and scope of this comprehensive review. Through the use of anonymous surveys, employees were given the opportunity to express their views about the management, operations, and programs of the ESDs. The surveys were designed similarly in content and format to provide a database for determining the opinions and perceptions of administrators, principals, teachers, and others.

A.1.6 ESD Strengths and Weaknesses

In all of our review processes, we identified and documented both the strengths and weaknesses of ESD programs and operations. Too often, management and performance reviews do a disservice to the subject organization by concentrating on weaknesses and failing to identify strengths and exemplary practices. We concentrated on both.

A.1.7 Emphasis on Detailed Operational Reviews

Our work plan called for detailed operational reviews of the workloads, staffing levels, policies, work processes, levels of automation, and costs in each of the 10 functional areas specified in the RFP, as well as a "Yellow Pages" review. We included this important characteristic in our work plan because we had recently encountered management and performance reviews conducted by other firms that concentrated almost totally on staffing and cost comparisons. While such comparisons are important, they are not sufficient to identify specific operational problems and specific recommendations to resolve those problems. Practical solutions require the detailed level of analysis of ESD specific operations that we included in our review.

A.1.8 Documentation

We documented all of our findings and recommendations. Back-up facts and data were presented to support each recommendation. Costs, cost savings, and cost recovery recommendations included computations. As in our previous work with SAO, we provided sufficient information in our report to enable any reader to clearly follow, and, if he or she so desired, replicate all of our analyses.

A.2 Methodology

To ensure that our comprehensive review of the ESDs contained the above characteristics, we proposed the following methodological steps, which had proven to be effective in our previous work with SAO:

1. Revise the project work plan, benchmarks, time schedule, and methodology presented in this proposal after conducting a diagnostic review. (The term “diagnostic review” was MGT’s equivalent for “Survey Audit,” which was used in the RFP). The diagnostic review consisted of developing a more detailed understanding of the ESD operations, concerns and issues, existing databases, and project objectives to fully accomplish the audit goals.
2. Use the revised work plan, methodology, benchmarks, and time schedules to guide all subsequent activities of the ESD review.
3. Utilize a combination of focus groups and individual interviews to gather detailed information from state and regional officials about support for, opinions of, and ideas about ESD operations and performance.
4. Utilize a combination of on-line superintendent and principal surveys to generate information about ESD operations and concerns.
5. Use MGT’s existing audit guidelines manual as the basis for developing a manual specifically tailored to the ESDs.
6. Use the information from the diagnostic review (Survey Audit) and surveys to provide a diagnostic report on key findings. This report provided sufficient evidence to allow SAO to determine whether to proceed with a full performance audit.
7. Use the information from the public input and written surveys to tailor the guide by focusing heavily (**but not exclusively**) on those ESD operations and issues identified by regional and local administrators, principals, and staff (related to SAO RFP objectives and subject to SAO review and approval).
8. Utilizing the tailored audit guidelines, design additional data collection instruments and interview guides to gather required information about each major operation.
9. Utilizing the tailored audit guidelines, have each center operation reviewed by a team of professionals with experience in the area being analyzed and who have been trained to use the audit guidelines.

10. Prepare a preliminary draft of findings, conclusions, and recommendations. Develop findings that include both exemplary programs and practices and those areas needing improvement.
11. Submit draft findings, conclusions, and recommendations to the State Auditor's Office for review and comment. Develop conclusions that contain referenced cost savings information with computations for the first and subsequent years.
12. Make appropriate changes and prepare the final findings and recommendations for the comprehensive review of ESDs.

Below we summarize some of these key methodological strategies.

A.3 Detailed Work Plan

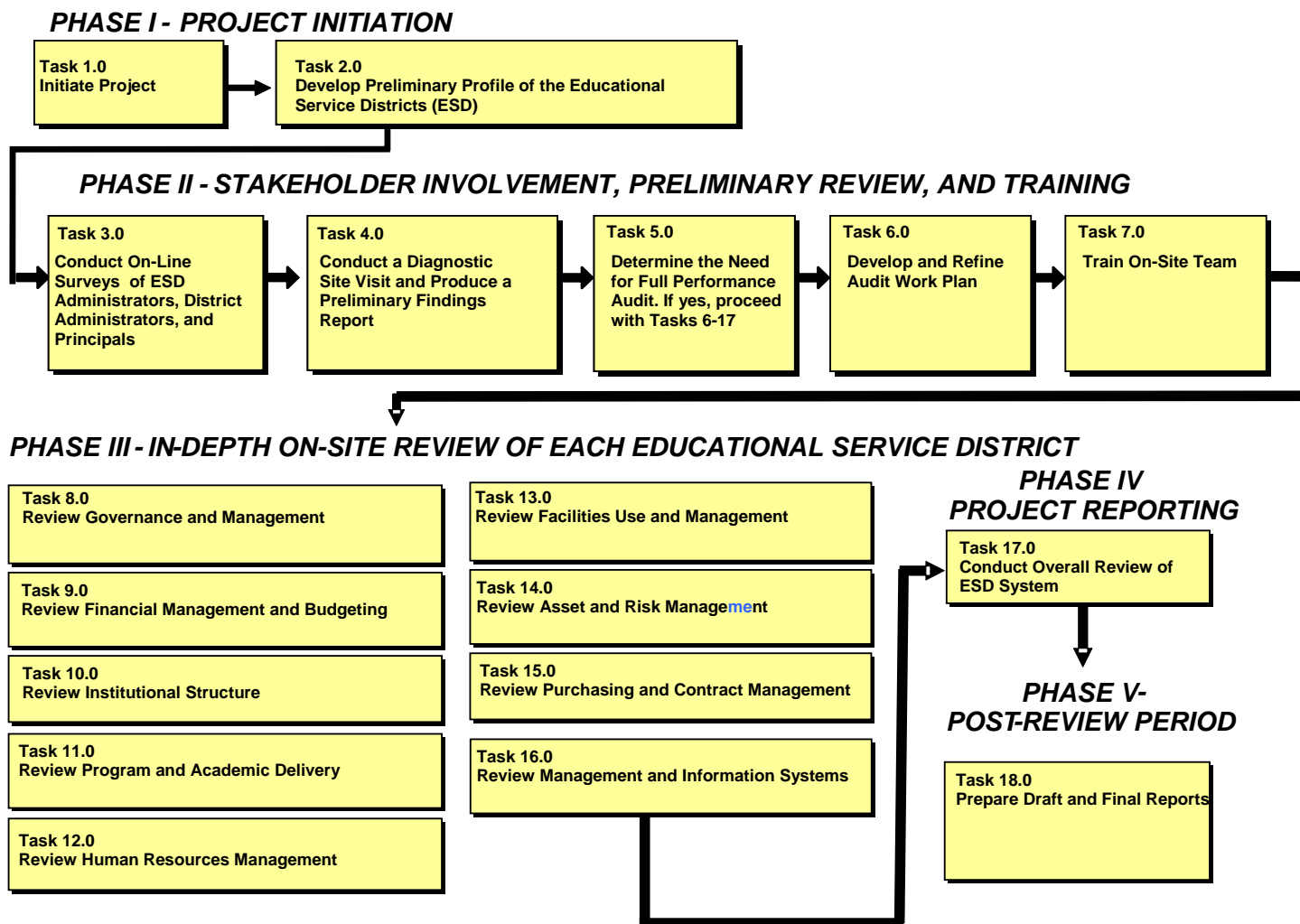
To implement our methodology, we proposed a work plan with a total of 17 tasks. Each task listed objectives, work activities to achieve the objectives, alignment of the key activity with I-900, proposed benchmarks, and deliverables. Benchmarks were provided with key tasks within the work plan, but we also listed additional benchmarks used in previous studies at the end of each task. MGT has a database of best practices and benchmarks compiled over our years of auditing state educational service centers and school districts. Where appropriate, our consultants used comparisons to other states' benchmarks to evaluate the ESDs' efficiency and effectiveness.

The full work plan consisted of five phases and 18 tasks which are detailed below:

- **Phase I Project Initiation (Tasks 1.0 and 2.0)**
- **Phase II Diagnostic Review (Survey Audit) (Tasks 3.0-5.0)**
- **Phase III Refining Work Plan, Team Training, and In-Depth/On-Site Review of Each ESD (Tasks 6.0-16.0)**
- **Phase IV Overall Review of ESD System (Task 17.0)**
- **Phase V Project Reporting (Task 18.0)**

MGT met SAO's timeline for this project as stated on page 9 of the RFP. We began work on October 10, 2006, and concluded in April 2007. **Exhibit A-2** provides a one-page flowchart of MGT's work plan phases and tasks.

**EXHIBIT A-2
OVERVIEW OF MGT'S AUDIT WORK PLAN**



PHASE I PROJECT INITIATION

TASK 1.0: INITIATE PROJECT

Objectives:

- Gain a comprehensive understanding of the project's background and goals.
- Collect and review existing state and district studies, audits, reports, and databases.
- Collect and review available sources of district, state, and national comparative data.
- Assess the impact of the existing two audits (the 1995 Legislative Budget Committee Study and the 1994 Washington State Institute for Public Policy Evaluation) and other appropriate studies, reports, databases.
- Establish a mutually agreed-upon project work plan, timelines, deliverables, and monitoring procedures that will lead to the successful accomplishment of all project objectives.

Work Activities:

- 1.1 Meet with SAO's Project Manager to establish working relationships, determine communication lines, and finalize contractual arrangements.
- 1.2 Meet with senior staff in SAO and other state officials, as appropriate, to revisit the objectives of the review. Identify policy concerns to be addressed while conducting the ESD comprehensive review. Participate in any project "kick-off" meetings or televideo conferences.
- 1.3 Meet on-site with OSPI officials working with ESDs to establish rapport.
- 1.4 Obtain pertinent reports and background materials relevant to the audit from the state and Educational Service Districts. Determine the availability of data.
- 1.5 Determine the availability of data from the OSPI.
- 1.6 Identify and obtain comparative information on enrollments, expenditures, revenues, staffing, student performance, etc. on regions. Agree upon and focus on comparison regions.

- 1.7 Prepare a written summary of data availability issues and restrictions that may affect project analyses and outcomes, along with proposed solutions to overcome restrictions.
- 1.8 Prepare tentative outline of diagnostic report.

Deliverables:

- Revised work plan and timeline
- Tentative outline of the diagnostic report

<p><i>TASK 2.0: DEVELOP PRELIMINARY PROFILE OF THE EDUCATIONAL SERVICE DISTRICTS</i></p>

Objectives:

- Perform preliminary analyses of district management and operational data.
- Perform preliminary analyses of the financial accounting data.
- Develop initial profiles and preliminary benchmark data of each ESD.

Work Activities:

- 2.1 Review state and federal laws and regulations which affect the management and operations of the ESDs.
- 2.2 Analyze reporting requirements of the ESDs mandated by outside agencies, differentiating between reporting requirements of OSPI, other state agencies, and the federal government.
- 2.3 Conduct preliminary analyses of ESD data, including:
 - results of the most recent financial and compliance audits for each ESD;
 - organizational charts;
 - budgets, both operational and capital (administrative costs versus educational costs);
 - education mission statement, goals, and objectives of the region, including student outcomes, and other performance-based outcome measures;
 - operating procedures;
 - staffing levels, staffing allocation plans, and personnel statistics such as turnover, workers' compensation claims, and sick leave utilization;

- standardized testing data from the state for selected schools and districts with the objective of identifying needed ESD service areas, as well as statewide and ESD comparisons;
- the annual performance reports for the ESDs;
- overall demographic characteristics of each district;
- facilities data;
- technology plans; and
- assessment of shared services among school districts in each ESD.

2.4 Develop initial written profile of each ESD.

Deliverable:

- Initial profiles and benchmarks for each ESD

***PHASE II
DIAGNOSTIC REVIEW (SURVEY AUDIT)***

***TASK 3.0: CONDUCT ON-LINE SURVEYS OF ESD ADMINISTRATORS,
DISTRICT ADMINISTRATORS, AND PRINCIPALS***

Objectives:

- Provide administrators the opportunity to express their views about the management and operations of the ESDs.
- Generate statistically valid and reliable information about the perceptions and opinions of administrators about each ESD and collectively as a whole.
- Determine how the opinions and perceptions of regional and local administrators differ or correspond.

Work Activities:

3.1 Conduct **ESD administrator** survey.

- Prepare draft survey instrument to seek opinions on management and operational issues and areas of concern.
- Review draft survey instrument with the SAO's Project Manager and make necessary revisions.
- Conduct on-line survey with ESD administrators.

- Analyze survey data utilizing computerized statistical and cross-tab methods.
- Prepare summary of results of the ESD administrator survey.
- 3.2 Conduct **district administrator** survey.
- 3.3 Conduct **ESD employee** survey.
- 3.4 Analyze the information gathered from administrators to determine those concerns and issues that should be given priority in the ESD review.
- 3.5 Compare the perceptions of different groups of administrators.

Deliverable:

- Summary of opinions and perceptions of ESD administrators, district administrators, and principals

<p><i>TASK 4.0: CONDUCT A DIAGNOSTIC SITE VISIT AND PRELIMINARY FINDINGS REPORT (SURVEY AUDIT)</i></p>

Objectives:

- Conduct a diagnostic review of the operations and management practices of each ESD to identify areas for detailed analyses.
- Identify exemplary structures, programs, and operations which should be maintained and augmented and potential areas where improvements in efficiency or effectiveness in the organization and management of the ESDs can be achieved.

Work Activities:

- 4.1 Interview selected ESD administrators and selected support staff.
- 4.2 Conduct focus group interviews with selected staff.
- 4.3 Conduct more detailed reviews of existing policies, procedures, program staffing levels, organizational structures, programs, budgets, enrollments, workloads.
- 4.4 Prepare a summary of findings from the diagnostic review (Survey Audit).

Deliverables:

- Summary results of interviews with selected administrators and staff
- Summary of findings from existing policies, procedures, structures, and programs

- Preliminary analysis and assessment of work to date
- List of exemplary structures, management practices, and operations
- List of major organizational areas, management practices, and positions requiring a more detailed evaluation
- Detailed written diagnostic report

TASK 5.0: DETERMINE NEED FOR FULL PERFORMANCE AUDIT

Objective:

- Provide detailed diagnostic report (Audit Survey Process) to permit SAO to determine whether to proceed with a full performance audit.

Work Activities:

- 5.1 Meet with SAO and other appropriate officials to discuss the diagnostic report, survey findings to determine the need for a full audit.
- 5.2 Share preliminary findings with SAO officials and determine next steps.
- 5.3 If SAO determines the need for a full audit, discuss revised work plan needs based on the diagnostic findings.
- 5.4 Establish dates, times, protocol for team training, and onsite visits to each ESD.

Deliverables:

- Determination of need for full audit
- Revised focus for work plan for implementing a full audit

TASK 6.0: DEVELOP AND REFINE FULL AUDIT WORK PLAN

Objective:

- Prepare a revised work plan for implementing a full audit

Work Activities:

- 6.1 Using the results of the diagnostic and the debriefing with SAO, prepare a revised audit work plan for Tasks 8.0 through 16.0.
- 6.2 Review revised work plan with SAO and other appropriate officials.
- 6.3 Prepare for team training.

Deliverable:

- Revised work plan

<i>TASK 7.0: TRAIN ON-SITE TEAM</i>
--

Objectives:

- Ensure consistency in process, content, and reporting among teams.
- Develop training materials for ESD review team members.
- Conduct training session.

Work Activities:

- 7.1 Work with ESD to finalize list of team members. It is anticipated that five teams of six members each will conduct the 9 ESD reviews. Each team will have a team leader responsible for organization, management and governance of the ESD and overall team quality control. One experienced director of an education Service Center/District in another state, one certified public accountant, one compliance/program consultant, one technology specialist, and one professional skilled in interviewing school district staff (previous district/state level experience).
- 7.2 Prepare for and conduct project team orientation.
- 7.3 Train team in the use of TeamMate as specified on page 25 of the RFP. Including required SAO training on Ethics and Public Records as requested in the oral interview.

Deliverable

- Consultants Trained in TeamMate and ethics & public records

PHASE III
IN-DEPTH ON-SITE REVIEW OF EACH EDUCATIONAL
SERVICE DISTRICT (ESD)

Tasks 8.0 through 15.0 provide specific tasks required to fulfill the RFP requirements (page 6) to audit the administrative and overhead operations of each ESD including, but not limited to:

- Directors, superintendents and assistants, secretaries, administrators and related support staff (See Task 8.0)
- Fiscal and financial services, including accounting, budgeting, purchasing, and internal audit (See Task 9.0)
- Information technology (See Task 16.0)
- Personnel or human resources (See Task 12.0)
- Office supplies and equipment (See Task 15.0)
- Building rent or lease expense (See Task 13.0)
- Building, ground and facilities maintenance (See Task 13.0)
- Utilities (See Task 13.0)
- Training, including attending and sponsoring conferences (See Task 12.0)
- Records management (See Tasks 8.0-16.0)
- General clerical support (See Task 8.0)
- Legal services (See Task 8.0)
- Mail and printing operations (See Task 15.0)
- Travel (See Task 12.0)
- Employee development (See Task 12.0)

Exhibit A-3 provides an overview of the key duties and core responsibilities of the ESDs and the key areas of I-900 that MGT reviewed to ensure each ESD's compliance with the required core responsibilities.

**EXHIBIT A-3
CORE ESD SERVICES AND
AREAS OF I-900 USED FOR MGT'S EVALUATION**

		Nine Elements of I-900								
		Identification of cost savings	Identification of services that can be reduced or eliminated	Identification of programs or services that can be transferred to the private sector	Analysis of gaps and overlaps in programs or services and recommendations to correct gaps or overlaps	Feasibility of pooling information technology systems within the department	Analysis of the roles and functions of the department and recommendations to change or eliminate departmental roles or functions	Recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	Analysis of departmental performance data, performance measures, and self-assessment systems	Identification of best practices
ESD Responsibilities & Core Services	Compliance with State and OSPI regulations	X	X		X		X	X		
	Depository & Distribution Centers	X				X				X
	Cooperative Service Programs	X	X	X	X	X	X	X	X	X
	Direct Student Service Programs	X	X	X	X	X	X	X	X	X
	Board of Directors	X					X	X		X
	Superintendent's Office	X					X	X		X
	Business Office	X					X	X		X
	Financial Services	X					X	X		X
	Human Resources	X					X	X		X
	Regional Committee	X					X	X		X
	Public Information	X	X	X	X	X	X	X	X	X
	Education Technology Centers	X	X	X	X	X	X	X	X	X
	Early Childhood Education	X	X	X	X		X	X	X	X
	Staff Development	X	X	X	X		X	X	X	X
	Curriculum Support	X	X		X	X	X	X	X	X
	Certification	X	X		X	X	X	X	X	X
	Direct Instruction	X	X		X	X	X	X	X	X
	Pupil Transportation	X	X	X	X	X	X	X	X	X
	Facilities	X	X	X	X	X	X	X	X	X
	Printing	X	X	X	X		X	X	X	X
	Motor Pool	X	X	X	X		X	X	X	X

Additionally, the column to the right of the key tasks provides the reader with the crosswalk of how the task was applicable to the nine Initiative 900 elements using the following key:

1. Best practices
2. Opportunities to improve, reduce, or eliminate services
3. Opportunities to transfer programs or services to the private sector or other public sectors
4. Opportunities to achieve cost savings
5. Gaps and overlaps in programs and services with recommendations to correct
6. Feasibility of pooling information technology systems
7. Opportunities for changing or eliminating roles or functions of the organization
8. Opportunities for improving performance data, performance measures and self-assessment systems
9. Recommendations for changing statutes, rules, and policy directives that impede the delivery of efficient and effective educational or operational services.

Also, through an extensive data request for each of the nine ESDs, MGT gathered the specific data and types of benchmarks with which to evaluate the efficiency and effectiveness of each ESD. (**See Attachment 1 for draft data request list.**)

<i>TASK 8.0: REVIEW GOVERNANCE AND MANAGEMENT</i>
--

Objectives:

- Determine whether each has a clearly stated mission, policies, and objectives for evaluating management and performance, and measuring student outcomes.
- Obtain ESD senior managers' perspective on management and school accountability issues and implementation.
- Identify any structural, management, or fiscal problems that may hinder the implementation and achievement of the regional policies and objectives.
- Review the methods used by the ESD to evaluate its workload, staffing requirements, and productivity.
- Determine how the region may increase the efficiency and effectiveness of its administrative structure through, for example, more effective planning and

management information systems, better use of automation, fewer administrative staff, or a better system of program monitoring.

Work Activities:	<u>I-900 Element</u>
8.1 Schedule on-site review.	Logistics
8.2 Notify the ESD of the types of information needed, the interviews to be conducted, and locations to be visited on a continuous basis throughout the on-site review.	Logistics
8.3 Conduct personal interviews with ESD administrators and staff.	Logistics
8.4 Conduct detailed reviews of the efficiency and effectiveness of ESD management and governance, including:	1-9
<ul style="list-style-type: none"> missions, goals, and objectives (clear delineation of goals, clear understanding of goals, effectiveness, team work, accountability for goal achievement, relationship between career advancement and goal achievement, assessment of input versus outcome measures); 	1-9
<ul style="list-style-type: none"> regional governance structure (roles and responsibilities); 	1-9
<ul style="list-style-type: none"> policies (development, approval, and implementation); 	1-9
<ul style="list-style-type: none"> administrative and decision-making authority and responsibilities (centralized administrative functions versus school-based management); 	1-9
<ul style="list-style-type: none"> board procedures (establishment and content of agendas, distribution of agendas, public input, school input, types of decisions, follow-up actions to Board, implementation of decisions, evaluation of results); 	1-9
<ul style="list-style-type: none"> workload management (staff allocation, staffing ratios, workload analysis, work process analysis, productivity management); 	1-8
<ul style="list-style-type: none"> communication hierarchy (state through center board through administration through staff); and 	1, 5, & 8
<ul style="list-style-type: none"> use of technology as an administrative tool. 	1 & 6
<ul style="list-style-type: none"> an evaluation of board governance, communication, and support; 	1-9

		<u>I-900 Element</u>
	<ul style="list-style-type: none"> ■ an assessment of whether the current governance structure allows for adequate representation of member districts; 	1 & 9
	<ul style="list-style-type: none"> ■ an evaluation of whether the current governance structure provides for adequate oversight of the management and operations of the ESDs; 	2 & 5
	<ul style="list-style-type: none"> ■ a comparison of the current board structure to those used in other large states; 	1, 2 & 9
	<ul style="list-style-type: none"> ■ an evaluation of board meetings, packets, and minutes; 	1 & 2
	<ul style="list-style-type: none"> ■ an evaluation of board policies and administrative procedures; 	1 & 9
	<ul style="list-style-type: none"> ■ an evaluation of board and administrative travel and other reimbursements; 	4
	<ul style="list-style-type: none"> ■ an evaluation of the chain-of-command and organizational structure; 	1-8
	<ul style="list-style-type: none"> ■ an evaluation of the effectiveness, efficiency, and size of management; and 	1-9
	<ul style="list-style-type: none"> ■ a consideration of pending litigation within the ESD and the efficiency and effectiveness of legal services. 	3, 4, 8 & 9
8.5	Develop findings relative to the efficiency and effectiveness of the governance structure, policies, procedures, organizational structure and chain of command, and strategic planning process; administrative structure and decision-making authority and responsibility	1-9
8.6	Prepare draft findings and issues on governance and management.	1-9

Additional Benchmarks:

- Consistency with statutory requirements
- Appropriate alignment of management functions
- Comparative organization charts of peer organizations
- Analysis of primary and secondary services provided to clients

- Analysis and comparison of client survey and peer district survey results
- Communication tools utilized (Web site, etc.)

Deliverable:

- Draft findings on governance and management

TASK 9.0: REVIEW FINANCIAL MANAGEMENT AND BUDGETING
--

Objectives:

- Assess the ESD planning and budgeting process – as it aligns with performance measures and the possibility of reducing operational costs associated with planning, budgeting and other administrative processes
- Analyze the budget and expenditure levels and determine resource usage.
- Analyze the revenue sources and expenditures by object for the ESD, comparing the district's revenue and expenditure pattern to state averages and to comparable regions in Washington.
- Examine the current system of internal allocation of resources with the ESD objectives to identify how resources may be reallocated to enable the ESD to operate more effectively and efficiently.
- Evaluate technology use to support financial functions.

I-900 Element

Work Activities:

- | | | |
|-----|--|-----------------------------------|
| 9.1 | Schedule on-site visit. | <i>Logistics</i> |
| 9.2 | Notify each ESD of the types of information needed and the interviews to be conducted throughout the review. | <i>Logistics</i> |
| 9.3 | Conduct personal interviews with financial management staff and selected program management staff at each ESD. | <i>Logistics</i> |
| 9.4 | Conduct detailed analysis of the planning, budgeting, and financial management functions using the OSPI guidelines. | <i>1-9</i> |
| | <ul style="list-style-type: none"> ■ Review planning and budgeting processes (procedures, use of budgets as expenditure controls, use of budgets as a management tool). | <i>1,2,3,4,7,8 & 9</i> |

I-900 Element

■ Identify top-down versus bottom-up budget development, linkage of goals, objectives, and student outcomes to the budget.	1,2,3,4,7, 8 & 9
■ Assess regional discretion in spending and the budget monitoring and variance reporting method (i.e., Is budget monitoring a centralized, top-down process?).	1,2,3,4,7, 8 & 9
■ Assess if goals and objectives are clear, quantifiable, and achievable, and whether they are based on inputs or critical outcomes.	1,2,3,4,7, 8 & 9
■ Review revenues (state funding formulas, categorical funding, revenues by source, comparisons with other regions, policies governing use of revenues, cost of collection).	1,2,3,4,7, 8 & 9
■ Assess resource utilization (expenditures by major function, expenditures by major object code, expenditures per student, staffing by major function, staffing by position category, students per staff ratios, comparisons with other regions).	1,2,3,4,7, 8 & 9
■ Review financial management system (internal controls [for purposes of verifying that information used in performance audit is reliable when coming from the following areas...], payroll, accounts payable, record-keeping, reports, workload management, work processes, productivity management, staffing, impact of external requirements, audits).	1,2,3,4,7 & 9
■ Assess technology used for financial management (information maintained, evaluation of hardware and software systems, accuracy and timeliness of reports, use of information, process for collecting, staffing, operational processes, staff training and costs).	1, 2, 4, 5, & 6
9.5 Assess the ESD methods of internal controls.	1,2 4, 5 & 9
■ Review annual financial audits and auditor's management letters to identify issues.	1,2 4, 5 & 9
■ Review the functionality and report capability of the accounting system.	1,2 4, 5 & 9
9.6 Obtain an overview of the major state and federal reporting requirements.	1,2 4, 5 & 9

I-900 Element

9.7	Assess the hardware and software environment of the financial management function.	1,2, 4 & 6
	■ Identify connectivity and system interface issues.	1,2,4 & 6
	■ Identify major manual processes.	1,2,4, & 6
	■ Assess the support and training provided to staff.	1,2,4, & 6
9.8	Analyze administrative costs within each ESD and comparable regions.	1, 2 4 5 7 & 9
	■ Analyze administrative costs.	1, 2, 4, 5, 7, & 9
	■ Examine policies, procedures, and instructions to determine how administrative costs are calculated.	1, 2,4, 5 ,7,& 9
	■ Assess opportunities for shared services among regions.	1-5 & 9
	■ Analyze how stakeholders define core services and how this definition contributes or detracts from accountability for the use of those funds.	4, 5 & 7
	■ Analyze audited financial statements for the last five years.	2,3, 4, & 9
	■ Assess the adequacy and appropriateness of the fund balance of each ESD.	4
	■ Evaluate the process used for fund balance recovery.	1, 4
	■ Evaluate grant funds, grant flow-through mechanisms, and accounting methodologies as well as any unexpended grant balances.	4, 5, & 8
	■ Assess the cost of providing core services, including all direct and indirect costs associated with those services, versus the amount of money currently appropriated by the state for this purpose	1,2 4, & 5
	■ Evaluate federal, state, and special program reporting for assessment of performance indicators.	1,2,4 & 5
9.9	Develop findings related (as applicable) to planning and budgeting methods, processes, and use in management; goals and objectives; resource utilization; financial management and internal controls; and technology use in support of this area.	1-9

I-900 Element

- | | | |
|------|---|------------|
| 9.10 | Evaluate whether there are goods or services that can be obtained from the private sector at a lower cost, higher quality, or both. | 1-3 |
| 9.11 | Prepare draft findings and issues areas. | 1-9 |
| 9.12 | Make appropriate revisions and follow up as appropriate. | 1-9 |

Additional Benchmarks:

- Comparisons to peer organizations
- Analysis and comparison of client surveys and peer survey results
- Comparisons to budgeting standards of the Association of School Business Officials
- Comparisons to standards of the Institute of Internal Auditors
- Draft findings of the financial management and planning and budgeting operations

Deliverable:

- Draft findings of the financial management and planning and budgeting operations

TASK 10.0: REVIEW INSTITUTIONAL STRUCTURE ^{1,2}

Objective:

- Examine how the institutional structure supports the purpose and mission of ESDs.

Work Activities:

I-900 Element

- | | | |
|------|---|-------------------------|
| 10.1 | Schedule on-site visit. | <i>Logistics</i> |
| 10.2 | Notify the ESD of the types of information needed and the interviews to be conducted throughout the review. | <i>Logistics</i> |
| 10.3 | Conduct personal interviews with ESD administrators and staff. | <i>Logistics</i> |

¹ Note the number and geographic distribution of ESDs will be addressed in Task 16.

² Many institutional structure areas for analysis are also included in Task 16.

	<u>I-900 Element</u>
10.4 Assess the OSPI role and responsibilities to and interactions with ESDs and identification of functional redundancies among the ESDs and OSPI staff.	2-5
10.5 Assess the role and responsibility of the executive director and his or her cabinet in carrying out the mission and purpose of the ESD...for efficiency / effectiveness / cost savings.	1 & 7
10.6 Evaluate the chain-of-command and organizational structure within each ESD...for efficiency / effectiveness / cost savings.	1 & 7
10.7 Evaluate the effectiveness, efficiency, and size of management staff at each ESD.	4 & 7
10.8 Evaluate salaries, administrative travel, and other reimbursements to administrative staff at each ESD...for efficiency / effectiveness / cost savings.	4
10.9 Assess the current satisfaction level of school districts and other clients with the services provided by the ESD in their region.	1-9
10.10 Assess the value and effectiveness of the annual ESD evaluations, performance standards, improvement plans, and sanctions.	2
10.11 Evaluate the effectiveness of incentive funding intended to encourage efficiency in the provision of services by the ESDs.	2 & 4
10.12 Prepare draft findings and issues areas.	1-9
10.13 Make appropriate revisions and follow up as appropriate.	1-9

Additional Benchmarks:

- Compare with other educational service cooperative
- Client survey results

Deliverable:

- Findings on institutional structure

TASK 11.0: REVIEW PROGRAM DELIVERY

Objectives:

- Evaluate the ESD needs assessment program.
- Evaluate efficiency and effectiveness of the ESD programs.
- Evaluate cost-effectiveness of the ESD educational delivery system and instructional programs.
- Evaluate compliance with regulations regarding use of federal and state dollars for determining where resource allocations may be better prioritized.
- Evaluate use of information technology to support the learning process.

Work Activities:

I-900 Element

- | | | |
|------|--|---------------------|
| 11.1 | Schedule on-site review. | Logistics |
| 11.2 | Conduct personal interviews with ESD administrators and staff. | Logistics |
| 11.3 | Obtain copies of all additional data, information, and documents needed to complete this part of the review. | Logistics |
| 11.4 | Examine the process used to determine what programs or services are offered to member districts and when programs or services should be discontinued. | 1 & 8 |
| 11.5 | Examine each ESD's role and responsibility in remediating low-performing schools and districts, preparing districts and campuses for District Effectiveness and Compliance (DEC) visits, and assisting with implementation of campus and district corrective action plans. | 1-9 |
| 11.6 | Evaluate how each ESD delivers services to determine if the processes are appropriate, efficient, effective, and meet the needs of the intended customers. | 1-9 |
| 11.7 | Examine the staffing, budgets, and funding sources of specific program areas, including, but not limited to, the following: | 1-9 |
| | <ul style="list-style-type: none"> ■ technical and software support, data verification, and training to school districts in compiling and reporting data to the state; | 1, 4 & 6 |
| | <ul style="list-style-type: none"> ■ support, training, and cooperative services assistance to school districts for libraries and technology; | 1-9 |

I-900 Element

■ support, training, and cooperative services assistance to school districts for Special Education;	1-9
■ support, training, and cooperative services assistance to school districts for adult and alternative education;	1-9
■ support, training, and cooperative services assistance to school districts for Gifted and Talented Education;	1-9
■ support, training, and cooperative services assistance to school districts for Limited English Proficient and English as a Second Language programs;	1-9
■ support, training, and cooperative services assistance to school districts for Migrant programs;	1-9
■ support, training, and cooperative services assistance to school districts for Career and Technology Education;	1-9
■ support, training, and cooperative services assistance to school districts for the Safe and Drug Free Schools program;	1-9
■ support, training, and cooperative services assistance to school districts for Head Start and other early childhood education programs;	1-9
■ cooperative arrangements for purchasing, commodity pre-processing, bus driver training, and the like;	1-9
■ performance measurement based on state standards and assessment.	1-9
■ methods for improving student performance in regional school districts;	1-9
■ support, training, and cooperative services assistance to school districts for federal Title I and state compensatory education programs; and	1-9
■ curriculum development and alignment.	1-9
11.8 Prepare findings and key issue areas.	1-9

Additional Benchmarks:

- Compare with other educational service cooperatives
- Client survey results

Deliverable:

- Draft findings on program delivery

TASK 12.0: REVIEW HUMAN RESOURCES MANAGEMENT

Objectives:

- Determine sound personnel assignment, evaluation, and management practices.
- Analyze whether personnel practices are consistent with board-adopted policy.
- Analyze the region's recruiting, employment, and retention practices and determine if they are efficient and effective.
- Determine whether the region has a well-maintained and efficient personnel record keeping system.
- Examine the region's staff development program for professional and support personnel.

Work Activities:

I-900 Element

12.1	Schedule the on-site review.	Logistics
12.2	Conduct personal interviews using the on-site procedures and guidelines.	Logistics
12.3	Obtain all additional data, information, and other documents needed for the human resources management review.	Logistics
12.4	Conduct detailed analyses of the ESD human resources management operations:	1-9
	<ul style="list-style-type: none"> ■ personnel policies and procedures (planning of personnel needs); 	8

I-900 Element

- | | |
|---|-------------------------------|
| <ul style="list-style-type: none"> ■ recruiting, hiring, and assignment of personnel (well-defined procedures, comprehensive job descriptions and qualifications information, consistency of job descriptions with work to be done, currency of job descriptions, employee turnovers); | <p>1 & 9</p> |
| <ul style="list-style-type: none"> ■ salary and staffing structures (compensation rates, linking of administrative salaries to student achievement, salary schedules, job classifications, job descriptions, fringe benefits, compensable/non-compensable extra duty); | <p>1, 4, 7 & 9</p> |
| <ul style="list-style-type: none"> ■ payroll function (automated vs. non-automated record keeping, confidentiality of records); and | <p>1, 4 & 6</p> |
| <ul style="list-style-type: none"> ■ use of information technology to support payroll and personnel functions. | <p>1 & 6</p> |
- 12.5 Develop findings and issue areas relative to personnel policies, procedures, and practices; planning for personnel needs; comprehensives; staff involvement in interview and selection process; evaluation of whether goods or services can be obtained from private sector at a lower cost, higher quality or both; criteria used for performance appraisal and effectiveness of the performance appraisal process; salary increases based on merit and performance; and efficiency of operations.
- 1-9**
- 12.6 Prepare draft findings on human resources management.
- 1-9**

Additional Benchmarks:

- Compare with other educational service cooperatives
- Client survey results

Deliverable:

- Draft findings on human resources management

<p>TASK 13.0: REVIEW FACILITIES USE AND MANAGEMENT</p>

Objective:

- Assess facilities use and maintenance.

Work Activities:	<u>I-900 Element</u>
13.1 Schedule on-site review and conduct interviews with key staff in the region responsible for the facilities management function.	Logistics
13.2 Evaluate preventative maintenance.	1-9
13.3 Evaluate facilities use, capacity, and occupation rates.	1-5
13.4 Evaluate the ESD's property management functions (i.e., how the ESD charges for the use of space).	1-5
13.5 Evaluate energy use and management programs.	1 & 4
13.6 Evaluate custodial and maintenance staffing and management activities.	1-4
13.7 Evaluate whether there are goods or services that can be obtained from the private sector at a lower cost, higher quality, or both.	2 & 3
13.8 Evaluate whether the facility services offered to member schools districts can be better provided by the private sector.	
13.9 Prepare analysis of findings and issue areas.	
13.10 Conduct follow-up analysis as needed and modify findings as appropriate.	1-9

Additional Benchmarks:

- Compare with other educational service cooperatives
- Client survey results

Deliverable:

- Draft findings regarding facilities use and management

TASK 14.0: REVIEW ASSET AND RISK MANAGEMENT

This task was deleted. No services were provided for this task.

TASK 15.0: REVIEW PURCHASING AND CONTRACT MANAGEMENT

Objectives:

- Assess the capability, efficiency, and adequacy of the purchasing and contract management functions.
- Evaluate opportunities for shared purchasing services.
- Evaluate use of technology to support purchasing and contract management.

Work Activities:**I-900 Element**

15.1	Schedule the on-site review and conduct interviews with appropriate purchasing and contract management staff.	Logistics
15.2	Identify the capability of the purchasing system (e.g., determine whether the ESD has a centralized purchasing system and whether that system is manual or automated).	1,2,4, 5,
15.3	Determine to what extent the ESD is involved in cooperative purchases, and identify if additional efficiencies exist through cooperative purchasing.	1-4
15.4	Evaluate the extent to which contracts are performance-based.	1,2,4
15.5	Determine whether efficiencies could be made by enhanced automation of the purchasing function. Assess whether there are large manual functions that could lend themselves to automation.	2,4,6
15.6	Evaluate the paperwork flow through the system to identify areas for increasing efficiency or reducing redundancy.	1,2,4,5
15.7	Review the warehousing operations (security, inventory levels and records, administration, staffing, work processes, productivity management).	1-9
15.8	Prepare a draft findings, observations, commendations, and recommendations which address staffing of purchasing and contract management; contracting processes; extent to which contracts are performance-based; opportunities for privatization and other competitive practices; potential for cooperative arrangements; opportunities for efficiencies through automation; and warehousing (inventory levels and records, administration, staffing, work processes, productivity management).	1-9
15.9	Evaluate whether there are goods or services that can be obtained from the private sector at a lower cost, higher quality, or both.	1,2,3,4

Additional Benchmarks:

- Comparisons with other educational service districts and peer survey results
- Client survey results

Deliverable:

- Draft findings, commendations, and recommendations on purchasing

TASK 16.0: REVIEW MANAGEMENT AND INFORMATION SYSTEMS

Objectives:

- Assess the efficiency and effectiveness of hardware and software supporting the business and network.
- Evaluate the efficiency and effectiveness of hardware and software supporting instructional technology.
- Evaluate relationship between instructional and business computing in the district or efficiency / effectiveness / cost savings / consolidations / better flow of technology...
- Evaluate the current organization and structure for supporting computers and technology for efficiency / effectiveness / cost savings / consolidations / better flow of technology...
- Determine the immediate and future need for technology enhancements for efficiency / effectiveness / cost savings / consolidations / better flow of technology...
- Evaluate the ESD long-range technology plans for efficiency / effectiveness / cost savings / consolidations / better flow of technology...
- Review the in-service requirements to ensure adequate technology proficiency among administrative and instructional staff.

Work Activities:

I-900 Element

- | | |
|--|-------------------------------------|
| 16.1 Review the ESD information technology plan. | 1, 2, 6 & 9 |
| 16.2 Interview key district personnel and identified key users of technology in the region to obtain information on: | Logistics |
| <ul style="list-style-type: none"> ■ the current state of technology, including hardware and software, in business computing; | 1, 2, 3, 4, 5, 6
& 9 |

	<u>I-900 Element</u>
<ul style="list-style-type: none"> ■ the current state of technology, including hardware and software, in instructional computing; 	1, 2, 3, 4, 5, 6 & 9
<ul style="list-style-type: none"> ■ strengths and weaknesses of the technology infrastructure and MIS support of it; 	1, 2, 3, 4, 5, 6 & 9
<ul style="list-style-type: none"> ■ hardware, software, and networking standards; 	1, 2, 3, 4, 5, 6 & 9
<ul style="list-style-type: none"> ■ disaster recovery plans (possibility for consolidating backup efforts or backup storage); 	1 & 5
<ul style="list-style-type: none"> ■ relationship between instructional and business computing in the region; and 	1, 2, 3, 4, 5, 6, 7, 8 & 9
<ul style="list-style-type: none"> ■ current professional development opportunities in computers and technology and the accountability of requirements. 	1 & 5
16.3 Review service and purchase records, reports, and documentation of appropriate technology-related applications, processes, strategies, and plans.	1, 2, 3, 4, 5, 6 & 9
16.4 Compare current state of the ESD information technology with regional goals and with established best practices.	1, 2, 3, 4, 5, 6 & 9
16.5 Using the information concerning the technology functions gathered by other review teams, prepare an analysis of findings and issue areas.	1, 2, 4, 5, 6 & 7
16.6 Evaluate whether there are goods or services that can be obtained from the private sector at a lower cost, higher quality, or both.	1, 2, 3 & 4
16.7 Identify areas in need of improvement and potential barriers to improvement.	1, 2, 4, 5 & 9
16.8 Conduct follow-up analysis as needed and modify findings, as appropriate.	1
16.9 Review the organizational structure and compare with best practices.	1, 4 & 7

Additional Benchmarks:

- Compare with other educational service cooperative
- Client survey results

- Evaluate the process of collecting state required data from the districts and compare with best practices.
- Determine which technology-related services districts are using through the ESD.

Deliverable:

- Draft findings on computers and technology in each ESD

**PHASE IV
OVERALL REVIEW OF ESD SYSTEM**

TASK 17.0: CONDUCT OVERALL REVIEW OF ESD SYSTEM

Objectives:

- Conduct the overall review of ESDs as a collective entity.
- Compare the State of Washington's ESD structure to those in other states.

Work Activities:

- 17.1 Following the individual reviews of the nine ESDs, conduct a systematic analysis of overall ESD structure. (Team #1. the Governance Team, consolidated findings of each of the areas for the nine ESDs under the leadership of Dr. Mary Moak, Team Leader.)
- 17.2 Review governance and management, including:
- a comparison of board structure to those in other states; and
 - a comparison of governance structures by similar education service delivery systems.
- 17.3 Assess financial condition for the system.
- 17.4 Evaluate number and geographic distribution of the ESDs.
- Evaluate the service delivery area for each ESD, including the number and demographics of students and number of school districts served, number of square miles encompassed by the ESD boundaries and the like.
 - Evaluate the impact that the ESDs location has on the delivery of services.
 - Evaluate the impact of technology in mitigating geographic boundary issues.
 - Assess the services provided regionally and statewide to the districts for efficiency / effectiveness / cost savings...
 - Assess the frequency and type of services used by in-region and out-of-region school districts in each region.

- Evaluate the ownership interest in property and other capital assets of the ESDs, and the impact that consolidation or expansion of the number of ESDs or the relocation of ESDs would have on that ownership and corresponding debt obligations.

17.5 Evaluate institutional structure.

- Assess the OSPI's role in ESD planning, evaluation, and operations.
- Assess the effectiveness and completeness of OSPI rules in guiding ESD operations.
- Assess whether ESDs should be subject to the same laws and standards that apply to state agencies and/or to school district operations and the relevance of those laws and standards to ESDs.

17.6 Identify, evaluate, and compare statewide program delivery systems of support for school districts to the systems used in comparable states.

17.7 Assess the information management system used by the ESD system collectively and recommend appropriate changes to improve the efficiency and effectiveness of the system.

Deliverable:

- Report of system-wide review of the nine ESDs for each of the operational areas and areas identified in Initiative 900

PHASE V PROJECT REPORTING

TASK 18.0: PREPARE DRAFT AND FINAL REPORTS

Objectives:

- Utilize findings from Tasks 2.0-17.0 to recommend strategies for improving the efficiency and effectiveness of the ESDs.
- Prepare recommendations, including cost savings information.
- Develop a plan for implementing recommendations.

Work Activities:

- 18.1 From the revised reports of findings of the RFP areas of the audit, combine the findings into one overall global report.
- 18.2 Prepare detailed written outline and submit to SAO.
- 18.3 Develop recommendations to improve the operations and performance results. Develop estimates of costs and savings from the implementation of the recommendations. Develop a suggested implementation plan, including strategies and time lines, for the ESDs to accomplish the recommendations.
- 18.4 Prepare a comprehensive first draft report according to the RFP specifications.
- 18.5 Submit draft of final report to SAO by December 15, 2006.
- 18.6 Attend a one- to two-day meeting to discuss the draft report with SAO.
- 18.7 Based on the comments on the draft report, make appropriate revisions and prepare the final report by February 5, 2007.
- 18.8 Deliver final report in final hard copy form and electronically in the appropriate software format to the SAO.
- 18.9 Submit work papers according to RFP requirements to SAO.

Deliverables:

- Draft report
- Final reports (nine ESD reports and one global report)

- Electronic and hard copy draft and final reports in the required software format
- Work papers
- Final presentations

A.4 Yellow Book Standards

Four general standards should be employed in conducting performance audits according to Yellow Book standards. These standards, which apply to all organizations conducting audits of government entities, activities, and functions, are as follows:

- **Qualifications.** The staff assigned to conduct the audit should collectively possess adequate professional proficiency for the tasks required.
- **Independence.** In all matters relating to the audit work, the audit organization and the individual auditors, whether government or public, should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance.
- **Due Professional Care.** Due professional care should be used in conducting the audit and in preparing related reports.
- **Quality Control.** Each audit organization conducting audits in accordance with these standards should have an appropriate internal quality control system in place and undergo an external quality control review.

The Yellow Book also provides field work standards for performance audits. MGT's methodology in conducting this performance review was based on these field standards.

APPENDIX B:
LIST OF ESD CORE AND
SPECIAL SERVICES

APPENDIX B

LIST OF ESD CORE AND SPECIAL SERVICES

A. Instructional Materials

ESD	Collection	Title of Cooperative	Video Streaming	Databases Provided
101	Online resources only.	Instructional Resource Cooperative.	Unitedstreaming Power Media Plus as optional fee-based resources.	ProQuest, ELibrary, Culture Grams.
105	No circulating collection.	Instructional Improvement.	Unitedstreaming provided member districts.	ProQuest, ELibrary, Curriculum Matrix, K-12 TLC, Culture Grams.
112	Circulates videos, etc. Purchases new videos, etc.	Instructional Materials Cooperative.	Provides AIMS Digital Curriculum; Power Media Plus.	ProQuest, ELibrary, Culture Grams.
113	12,000 titles Circulates DVDs, videos Limited new purchases.	Instructional Materials Cooperative.	Provides AIMS Digital Curriculum; Power Media Plus.	ProQuest, ELibrary, Culture Grams, TLC.
114	11,000 titles; Circulates DVDs, videos, etc.; Purchases new videos, DVDs.	Instructional Materials Cooperative.	Provides AIMS Digital Curriculum; Unitedstreaming.	ProQuest, ELibrary, Culture Grams.
121	No circulating collection.	N/A.	No.	ProQuest, ELibrary, Culture Grams.
123	9,000 titles Circulates DVDs, videos, etc., Limited new purchases	Media Center.	No (and no plans to do so in near future).	
171	9,000 titles Circulates DVDs, videos, etc.	Media Services Cooperative.	Unitedstreaming provided member districts.	ProQuest, ELibrary, Culture Grams.
189	16,000 titles; Circulates DVDs, videos, limited purchases.	Learning Resource Cooperative.	Unitedstreaming provided member districts.	ProQuest, ELibrary, Culture Grams.

B. Special Education

ESD	Cooperative	Technical Assistance	Special Ed. Preschool	Program Instruction	Co-op Ancillary Services	Gifted Ed	ELL	Title 1
101	Direct services, training and technical assistance to member districts.	Provide special education training and district on-site technical assistance for all ESD 101 Region public and private school districts.	Providing guidance, direction and technical.	Training and technical assistance.	Direct student services. Preparation and submission of the annual LEA application.	Technical assistance.	Professional development for ELL staff. Networking meetings.	Networking meetings, technical assistance, annual parent conference.
105	Direct services, training & technical assistance to member districts,	Provide special education training & district on-site technical assistance for all	Providing guidance, direction & technical.	None.	None.	None.	Hosting regional meetings.	Hosting regional meetings.

ESD	Cooperative	Technical Assistance	Special Ed. Preschool	Program Instruction	Co-op Ancillary Services	Gifted Ed	ELL	Title 1
	School psychologist, Deaf/Hard of Hearing, OT, Vision.	ESD 105 public & private school districts.						
112	Special Ed. Co-op, Nurse Corps, Audiology, Network, FRC, CSA, School Ad, Match.	Yes.	Yes.	Yes.	Fee Service.	None.	None.	None.
113	Special Ed Co-op in Lewis County for ESAs & Tech Assist.	General assistance to all schools and monthly networking meetings for special ed. Directors.	General assistance to all schools, monthly meetings of preschool staff, and community support.	Conferences and workshops.	Special Ed Co-op in Lewis County for ESAs.	Highly Capable Co-op for teachers & students, 8 districts.	Services available from ESD 112 MER.O	Monthly networking meetings, Annual Parent Conf.
114	None.	None.	None.	Crisis Prevention Institute Training.	SLP Study/Work Group.	None.	None.	None.
121	None.	General assistance to all schools.	General assistance to all schools.	Conferences and workshops.	None.	Regional meetings, hosting.	Regional meetings, hosting	Regional meetings, hosting.
123	Vision, Motor Therapy, Speech.	General Spec. Ed. Assistance.	No.	No.	Vision, Motor Therapy, Speech.	No.	Technical assistance.	Regional meetings and advisory committee.
171	Collaborative for five districts.	General assistance to all schools.	General assistance to schools.	Conferences and workshops on program instruction.	Assistance, guidance on applications; technical assistance for MDTs.	Technical assistance.	Technical assistance.	Regional meetings and hosting.
189	BD/ED County Co-ops; Adjudicated Youth Co-op; Deaf-Hard of Hearing Co-op; Interpretation Co-op.	Mental Health Day Treatment Program; General assistance to all schools and community agencies.	General assistance to schools and community agencies; ELOA federal grant.	Professional Development; Build special ed and general ed linkages.	Assistance with applications.	Technical assistance.	Technical assistance.	Host regional meetings; Facilitate county meetings.

C. Student Support Services

ESD	Nurse Corps	Dropout Ed	Juvenile Detention	Student Assistance	NCLB Supplemental Services	Other Services
101	Provide direct nursing services in Class II school districts.	Provide high school re-entry services.	Juvenile Detention School – involved youth from nine counties in NE Washington.	Student Assistance Programs with activities in early intervention, screening, referral, and prevention.	State approved supplemental service provider.	School to Work Connections, (WIA Title 1B program), Spokane Service Team (Ameri-Corps), WA Reading Corps (AmeriCorps).
105	Provide direct nursing services: consultation, technical assistance, and professional development for 40 school nurse corp nurses.	Provide technical support for districts with adjudicated youth who reenter their home school. NovaNet credit retrieval.	None.	Prevention / Intervention Coordinator assists with early intervention, prevention, treatment and support groups.	None.	None.
112	16 school nurses in 25 school districts. Basic health consulting services are available.	Provide GED prep courses to out-of-school youth. Middle Alternative Learning Program.	Clark County Truancy Project as intervention service to curb truant behavior.	Youth Workforce Program. Student Assistance Program grades 6-12. 21 st Century grant provides academic assistance in six schools.	State approved supplemental services provider.	Youth Workforce Program in Clark, Cowlitz, Skamania & Wahkiakum Counties. On-site audiometric assessments, otacoustic emissions testing of children, Birth–21.
113	Provide direct nursing services in 20 districts. Consultation, tech. assistance, and prof. development provided to all districts in our region.	Dropout program for re-entry into alternative school and credit recovery. Serving 65 students with funding from the Pacific Mountain Workforce council in the amount of \$50,450 over two years.	None.	Integrated student assistance and treatment service for the prevention, intervention, and treatment of substance abuse. Also provide technical assistance and consultation for school districts.	None.	Youth Workforce Program in Grays Harbor, Lewis, Mason, Pacific & Thurston Counties. Traffic Safety classroom & driving instruction provided to several districts in the region & state.
114	Provide direct nursing services, consultation, technical assistance, and professional	Education training and support to out-of-school secondary students to facilitate high school re-entry with funding through	Juvenile detention school programs provide educational services to court involved youth in Kitsap and Clallam	Services in early intervention, screening, referral, and prevention.	State approved supplemental services provider.	None.

ESD	Nurse Corps	Dropout Ed	Juvenile Detention	Student Assistance	NCLB Supplemental Services	Other Services
	development to Class II SDs in our region.	the Workforce Investment Act.	Counties.			
121	Consultation, technical assistance, & professional development provided to small SDs in our region.	"Pathnet" program will provide dropout prevention and retrieval services.	None.	Student Prevention specialists provide developmental student assistance teams & intervention strategies.	None.	None.
123	Provide nursing services in 15 SDs. School health training, consultation and resources provided to entire region. Additional contract services provided as requested.	NovaNet online classes.	Pathways Back – day reporting classroom. Walla Walla Juvenile Justice Center school program.	Student Prevention specialists provide developmental student assistance teams & intervention strategies in districts throughout the region.	State approved supplemental services provider.	
171	Provide direct nursing services in Class II school districts: consultation, technical assistance, professional development.	No services.	No services.	Student Assistance specialists in districts provide professional development, student assistance teams and intervention strategies.	State approved supplemental services provider.	
189	N/A.	NovaNet online classes; Discovery cooperative.	Island Detention.	Student Assistance Programs with activities in early intervention, screening, referral, and prevention.	Provide supplemental services as needed.	

D. District Support Services

ESD	Pupil Transportation	Safety	School Mapping	Safe Drug Free	Workers' Comp.	Casualty/Fire Insurance	Unemployment Cooperatives
101	Transportation services SDs through the OSPI Regional Transportation Coordinator.	Emergency and crisis management planning, response and recovery.	High schools digitally mapped. Elementary and middle school mapping in progress.	Tobacco prevention and intervention K-12. Bully prevention and intervention programs.	Provides complete risk management and loss control to 58 school districts.	None.	Provides claims management and training services to 50 school districts and ESD.
105	Transportation services SDs through the OSPI Regional Transportation Coordinator.	Technical assistance, loss control services, investigations, training & emergency/ crisis management.	High schools are mapped, middle and elementary schools in progress. Assist districts to arrange Prepared Response training.	Counseling coordinator, Drug/Alcohol testing, Tobacco p/c, bullying, intimidation and harassment training.	Co-op of all 25 districts provides loss control, claims management, technical assistant and training.	None.	Co-op of 20 districts.
112	Regional Transportation Coordinator plus co-op of 22 districts that transports 200 special ed. students with 40 buses.	Assistance with emergency response crisis management services.	Support for the Clark County Safe Schools Task Force.	Bullying, violence, drug/alcohol, tobacco prevention and intervention services and curriculum.	Claims and Loss Control services to 30 districts.	Claims and Loss Control services to 33 districts.	Processes claims on behalf of 30 districts.
113	Regional Transportation Coordinator plus transportation of ECEAP and Head Start students in three counties.	Technical assistance and consultation services for emergency response and crisis mgmt.	Most high schools are mapped, middle and elementary schools in progress.	Leadership, training, and technical assistance in school climate, safety, bullying & harassment.	Provides claims, loss control, and safety services to 44 districts and the ESD.	In 2003 the co-op quit assuming new risks. The ESD now provides claims services to 40 districts for occurrences during the years in which they participated.	Provides claims management, and training services to 34 districts and the ESD.
114	Regional Transportation Coordinator provides support for all districts in the region.	Consultation, technical assistance and training.	Most high schools are mapped, middle and elementary schools in progress.	Consultation, technical assistance and training.	Administered by OESD.	None.	Provides claim management and oversight for self-insured unemployment compensation program.
121	Regional Transportation Coordinator provides support	Training and technical assistance.	Most high schools are mapped, middle and elementary schools	Technical assistance provided.	Process Medical Only and Time Loss claims from 35 member	Provides insurance, risk management, and claims administration for	Provides claim management and oversight for self-insured

ESD	Pupil Transportation	Safety	School Mapping	Safe Drug Free	Workers' Comp.	Casualty/Fire Insurance	Unemployment Cooperatives
	for all districts in the region.		in progress.		districts.	member districts.	unemployment compensation program.
123	Regional Transportation Coordinator plus transportation of 500 ECEAP and Head Start students.	Workplace hazard assessment and testing.	Most high schools are mapped, middle and elementary schools in progress.	Development of Principles of Effectiveness planning, school safety training, site assessments.	Operate a cooperative of 19 districts.	Washington State Risk Management Pool.	Administer a co-op of 6 school districts and the ESD.
171	Regional Transportation Coordinator provides support for all districts in the region.	None.	Most high schools are mapped, middle and elementary schools in progress.	Support services, technical assistance as needed with school crisis plans.	Technical assistance, oversight and training for districts in safety-related issues.	None.	Oversight and technical assistance.
189	Regional Transportation Coordinator provides support for all districts in the region.	Two emergency response crisis management grants. Run the Regional Crisis Response.	Most high schools are mapped, middle and elementary schools in progress.	Prevention Center serves all 35 districts for tobacco, alcohol, & drug abuse prevention, as well as school safety, & violence prevention.	Provide industrial insurance coverage for member districts claims prior to August 31, 1994.	Provides claims management, and training services to 27 districts, the ESD and WSIPC.	Provides unemployment insurance coverage for 29 member districts.

E. Learning Improvement Programs

ESD	Focused Assistance	Laser	Science Kits	Math Helping Corps	School Impr. Plan Facilitation	District Impr. Plan Facilitation	Teacher Train/Coaching	Leadership Coaching	Reading First	Content Specialists
101	School Improve. Facilitators.	10-District Alliance.	FOSS K-6 program.	Two MHC trainers serving two districts.	Services offered upon request.	Services offered upon request.	New Teacher/Mentor Training.	Curriculum & prof. devel. networking program.	One literacy coach.	Literacy Science.
105	Data carousel & analysis.	Inquiry-based Sciences training for 21 districts.	Organization & dissemination of kits.	Granger School District.	Services offered upon request.	Services offered upon request.	IN ACTION TAP NO LIMIT SLP, Math, Reading, Teacher Induction, Art, ERF in Head Starts.	Principal Leadership Harvard Leadership for Administrators.	LETRS/ LINKS training Para Reading LETRS/ LINKS.	Reading Science Math Art.

ESD	Focused Assistance	Laser	Science Kits	Math Helping Corps	School Impr. Plan Facilitation	District Impr. Plan Facilitation	Teacher Train/ Coaching	Leadership Coaching	Reading First	Content Specialists
112	General support and assistance for as requested.	Statewide technical assistance to ESD 101, 105, 113, 114, 171, and 189.	Science materials center co-op for K-8 science.	Support and supervision for regional coordinator and related schools.	Cohort model of school improvement planning.	Cohort model of district improvement planning.	Teacher workshops.	Principal workshops, annual leadership series, and principal cohort.	LETRS/ Links training Paraeduc. Training.	2 - .5 FTE math. .4 FTE reading.
113	SIF at one school in region. Services to other eligible schools.	No.	Foss K-6 Science Kits, 15 Districts.	One MHC coach serving two districts.	Services offered upon request.	Services offered upon request.	Four levels of services offered.	Workshops/ Institutes offered at ESD as well as on-site.	No.	Reading Writing Math Science.
114	Yes.	Yes.	Yes.	No.	Yes.	Yes.	Yes.	Yes.	No.	Math Language Arts Science.
121	General support and assistance to SIFs.	Support regional grant.	No.	Facilitation and support for member schools.	In depth assistance with plan devel.	In depth assistance with plan devel.	In depth training and coaching for teacher mentors.	In depth training and coaching for building leaders.	Support identified schools with coaching.	Reading Writing Math.
123	General support and assistance to SIFs.	SE WA Laser Alliance with 5 districts.	No.	Yes.	Planning facilitation, and school study team support.	Audit team. One DIF. Customized facilitation.	Math NO LIMIT, ESL, Summer School training.	Leadership Academy.	LETRS/ Links training Paraeduc. Training.	Math.
171	Coaching and support for building teams and principals.	Building a Science Alliance. Training/ Support for S.T.A.R. protocol.	Establishing Refurb. Center.	One facilitator serving one district.	Custom designed services provided to districts by request.	Custom designed services provided to districts by request.	Math NO LIMIT. Math/ Science partnership. ESL.	Principal cadre, Teaching American History, Prof. Devel. IN ACTION.	None.	Math Science Social studies Reading Writing.
189	Support to focused assistance schools available upon request. Part of ESD training for focused assistance cohort.	Providing staff dev. in inquiry-based, science.	Science Materials Cooperative.	Yes.	Yes.	Template for District Plans.	T2CI training professional development Assessment Cooperative.	SIPTAP schools have coach;	Assess needs of schools and districts and respond to needs.	

F. Early Learning

ESD	Head Start	ECEAP	Reading First	Child Care	Early Head Start
101	Provide consultation and professional development.	Directly operate and sub-contract: 15 programs within five counties, serving 86 children.	One literacy coach serving multiple districts.	Directly operate three inclusive child care centers.	None.
105	None.	None.	Coordinate and implement all aspects of Early Reading First Grant.	KidScreen Clinics – screens children 0-6 for medical referrals.	None.
112	Subcontract 18 slots in SWCCC child care centers.	Subcontract 78 slots in SWCCC child care centers. Contract 32 slots in Ocean Beach School District.	None.	Operate 25 childcare centers with enrollment of 2000 children.	Subcontract 8 slots at one consortium childcare center.
113	Serve 553 children in 16 centers and 2 subcontracted child care centers.	Serve 148 children, 76 through subcontracts with school districts and child care centers.	None.	72 of the 553 Head Start children are served in childcare centers. Also serve 14 toddlers with state childcare funding.	None.
114	Provide Head Start full-day and part-day to services to 162 children.	Provide ECEAP part-day services to 144 children & families.	None.	Provide Head Start full-day childcare services to 52.	Provide Early Head Start services in full-day and home visitor options to 58 children and families.
121	Serving 1,703 children and families.	Serving 1,711 children and families.	Intensive staff development.	Provide consultation and professional development services.	Provide services to children and families in Pierce County.
123	None.	None.	None.	None.	None.
171	Consultation and professional development.	Consultation and professional development.	None.	None.	Consultation and professional development.
189	Consultation and professional development.	Consultation and professional development.	None.	Mentoring to center and family home providers, STARS training.	None.

G. Administrative and Support Technologies

ESD	No. of FTE's Supporting districts	District Technical Support	K-20 Support	Professional Development Support	Regional Data Center	Other Pertinent Projects and Services
101	16.00 FTE.	Computer and network contract support. Technical and computer analysis and audit support. Web hosting, design and development. Activity tracking and helpdesks. Network design. Phone system technical support.	Network design, analysis, monitoring and configuration. Training and liaison with K-20 staff. Video Conferencing services and training.	Scheduling and tracking of prof. development courses. Online forums and "Moodle".	Student and Fiscal information mgmt. system support. Assistance with state Core Student Records System reporting.	School Warning System with call automated calling of staff, parents, and media. SPAM and anti-virus protection. Technical coursework and classroom related product training.
105	11.25 FTE.	Computer and network contract support. Technical and computer analysis and audit support. Telephone service consulting. Network support consulting. Email and internet consulting.	Network design, analysis, monitoring and configuration. Training and liaison with K-20 staff. Video Conferencing services and training.	General technology support training.	Student and Fiscal information mgmt. system support. Assistance with state Core Student Records System reporting.	Data management. Records retention and archiving.
112	17.70 FTE.	Computer and network contract support. Technical and computer analysis and audit support.	Network design, configuration and monitoring. K-20 related training and liaison with K-20 staff.	Clock hour administration. Scheduling and tracking of professional development courses.	Student and Fiscal information mgmt. system support. Assistance with state Core Student Records System reporting.	Web design and development. Technical coursework and classroom related product training.
113	18.28 FTE.	Contracted network support. Network planning and network security and disaster recovery audits. Web design, development and hosting.	Network design, configuration and monitoring. K-20 related training including interactive video and liaison with K-20 staff.	Numerous workshops and trainings provided.	Student and Fiscal information mgmt. system support. Assistance with state Core Student Records System reporting.	Electronic portfolios, course management services, email hosting, spam, internet content and anti-virus filtering.
114	18.50 FTE.	Computer and network contract support. Technical network and computer analysis. Network analysis and design consulting. Server design, build	Network design, configuration and monitoring. K-20 related training including interactive video and liaison with K-20 staff.	Technology support training. Advanced custom reports training. Regional technology forums.	Student and Fiscal information mgmt. system support. Assistance with state Core Student Records System reporting.	Just 5 Clicks data analytics.

ESD	No. of FTE's Supporting districts	District Technical Support	K-20 Support	Professional Development Support	Regional Data Center	Other Pertinent Projects and Services
		and administration Telephone system support. Email services. Firewall administration.				
121	33.00 FTE.	Consultation and workshops. Tech. planning, web development and hosting. Customized products and applications. Network services. E-rate support.	Network design, configuration and monitoring. K-20 related training including interactive video and liaison with K-20 staff.	Registration management services. Planning and consultation.	No RDC in the ESD. Provide service to districts for support when requested.	Hosting of PSETV cable educational channel.
123	4.00 FTE.	Network analysis, support, and design consultation. Web design, development, hosting and training. E-rate support.	Network design, configuration and monitoring. K-20 related training including interactive video and liaison with K-20 staff.	Clock Hour administration. Scheduling and tracking of professional development courses.	No RDC in the ESD. Provide data mining analysis support. Assistance with state Core Student Records System reporting.	On-line curriculum hosting and support. Technology project management.
171	10.00 FTE.	Computer and network contract support. Technical and computer analysis. New construction support Inventory and audit.	Network design, configuration and monitoring. K-20 related training including interactive video and liaison with K-20 staff.	Clock Hour Administration Scheduling and tracking of professional development courses.	Student and Fiscal information mgmt. system support. Assistance with state Core Student Records System reporting.	Technical training and classroom related product training.
189	34.00 FTE.	Computer & network contract support. Network analysis, design, and configuration. Technology infrastructure, program assessment and recommendation. Web hosting services. Comprehensive technology program review services.	Network design, configuration and monitoring. K-20 related training including interactive video and liaison with K-20 staff.	Clock Hour administration. Scheduling and tracking of professional development courses.	Student and Fiscal information mgmt. system support. Assistance with state Core Student Records System reporting.	Basmati online grades for parent access. Curriculum Based Assessment (CBA) cooperative develops web-based, WASL-like classroom assessments in math and reading. Highly technical coursework for district classified IT staff. WEB applications design and management services.

H. Educational Technology

ESD	Amount of Ed Tech Grant	FTE's Paid by ETSC Grant	Other FTE's	NO LIMIT Bldgs, Tchrs & ESD FTE	Online Curriculum Available	Prof. Devel. Offered	Authorized Training Centers	Other Projects and Services
101	\$159,354.	.875 Director. .35 Secretary. .10 Admin. (Asst. Supt.).	.65 Secretary (NO LIMIT & Instructional Resource Cooperative).	7 Buildings. 26 Teachers. 1.5 Staff FTE.	Element K, TeacherLine, Moodle online courses, CE credits online for teachers. NovaNet for students.	Training on numerous programs, technology literacy, and leadership development. Informational web site for ETSC, IRC and EETT.	iSafe Microsoft Applications, Microsoft Peer Coaching, Marco Polo. TeacherLine, SMART Board.	SLP training. Metiri Tech Solutions that Work database. Technology loan program. Statewide consortium purchase for software and instructional technology.
105	\$ 159,354.	1.0 Director .25 Secretary .10 CIO.	Misc. contracts with local teachers for staff development classes.	9 Districts 40 Teachers 2.0 FTE Equivalent.	NovaNET for students.	Training on numerous programs, technology literacy, and leadership development.	Promethean, SmartBoard iSafe, Microsoft Applications, Microsoft Peer Coaching, Tom Snyder Marco Polo.	Contractual Services STARS (Student Assessment) SHARE (Curriculum sharing).
112	\$ 159,354.	§1 .8 Director §2 .2 Secretary.	§3 .6 Tech & Learning Coord §4 1.0 Tech/Math Specialist §5 .8 Secretary.	§6 6 Buildings §7 25 Teachers §8 1.5 FTE Equivalent.	NovaNET for students. Element K and TeacherLine for teachers.	Training on numerous programs, technology literacy, and leadership development.	Promethean, SmartBoard, iSafe, Microsoft Applications, Microsoft Peer Coaching, Tom Snyder, Marco Polo, TeacherLine.	Sustainable classroom instructional technology bids. Contractual services.
113	\$159,354.	§9 1.0 Director §10 .4 Secretary.	§11 .125 Professional Development Instructors.	§12 9 Buildings §13 7Districts §14 39 Teachers §15 3.095 FTE.	N NovaNET and eROCK for students. Element K, TeacherLine, WebEd, and CE Credits Online for teachers.	Training on numerous programs, technology literacy, and leadership development. Custom PD on site and/or online.	SmartBoard, iSafe, Microsoft Applications, Microsoft Peer Coaching, Tom Snyder, Marco Polo, TeacherLine, Cisco Network Academy, AlphaSmart.	Erate training and support, grant applications, contractual services, technology survey and audit services, purchasing assistance.

ESD	Amount of Ed Tech Grant	FTE's Paid by ETSC Grant	Other FTE's	NO LIMIT Bldgs, Tchrs & ESD FTE	Online Curriculum Available	Prof. Devel. Offered	Authorized Training Centers	Other Projects and Services
114	\$159,354.	.8 Director. .3 Secretary. .1 Network Services. .1 Data & technology.		6 Buildings. 23 Teachers. 1.5 Staff FTE.	NovaNET for students. Element K and TeacherLine for teachers.	Training on numerous programs, technology literacy, and leadership development. Special workshops & events.	Promethean, iSafe, Microsoft Applications, Tom Snyder, Marco Polo, TeacherLine, Microsoft Class Server.	Video conferencing in the classroom Instructional technology bids. Contractual services.
121	\$159,354.	.6 Ex. Director .1 ETSC Dir. .7 Secretary.	.1 Ex Director .9 ETSC Dir 3.0 Tech/Math Specialist. .66 ETSC Consultant. 1.3 Secretary.	12 Buildings. 54 Teachers. 3.4 Staff FTE.	NovaNET for students. Element K and TeacherLine for teachers.	Training on numerous programs, technology literacy, and leadership development.	SmartBoard, iSafe, Microsoft Applications, Microsoft Peer Coaching, Tom Snyder, Marco Polo, TeacherLine.	Technology performance reviews. Software & electronic learning bids. Contractual services.
123	\$159,354.	.8 Director. .2 Secretary.	.6 Tech & Learning Coordinator. 2.0 Tech/Math Specialist. .2 Secretary.	8 Buildings. 42 Teachers. 2 Staff FTE.	NovaNET for students. Element K TeacherLine, and Credit On-line for teachers.	Training on numerous programs, technology literacy, and leadership development.	iSafe, Microsoft Applications, Microsoft Peer Coaching.	Technology planning. Contractual services.
171	\$159,354.	1 Director .5 Prof. Dev. Coordinator.		5 Buildings 25 Teachers 1.75 FTE Equivalent.	NovaNET and Advanced Academics for students. Element K and TeacherLine for teachers.	Training on numerous programs, technology literacy, and leadership development.	iSafe, Tom Snyder, Marco Polo, TeacherLine.	Contractual Services, E-rate assistance, Moodle User Group, Ed. Technology Checkout Co-op.
189	\$159,354.	.8 Director .17 Data Specialist .7 Secretary.	.9 Teacher Leadership Project Staff .3 Workshop Coordinator .8 Secretary.	0 Buildings 0 Teachers 0 FTE Equivalent.	NovaNET for students. Element K, TeacherLine, and Teacher Leadership Project for teachers.	Training on numerous programs, technology literacy, and leadership development.	iSafe, Microsoft Applications, Microsoft Peer Coaching, Tom Snyder, Marco Polo, TeacherLine, Pinnacle Studios, MacroMedia, Partners In Learning, School Leader Development.	Contractual Services.

I. Fiscal Services

ESD	Monitoring & Oversight of District Budgets & Reporting	Business Mgr. Training	Contracted Business Mgr. Services	School District Boundaries	State Reporting Assistance to OSPI and SBE	Other Services
All ESDs	Assist with budget development, review & approval. Monitor fund balance & process budget extensions. Provide accounting expertise & technical assistance with financial statements. Provide levy, bond, & cash flow analysis. Assist with enrollment projections and audit concerns. Provide SD oversight on OSPI binding conditions.	Support SD fiscal staff through limited on site visits, monthly meetings, and telephone support. Assist districts in finding appropriate bulletins, WACs, RCWs, & OSPI publications. Act as liaison between local groups, state committees, and agencies.		Provide support to the Regional Committee for district boundary issues. Maintain district boundary legal descriptions and maps, including director districts. Provide assistance to districts in determining capital fund aid by non-high districts.	Confer, resolve, & input county treasurer activity monthly into OSPI data base. Review levies for rollback provisions. Certify levies for second class districts. Review & transmit to OSPI district: annual budgets & extensions, personnel reports, monthly enrollment reports, annual non-high enrollment reports, year-end financials. Review monthly apportionment for accuracy or problems.	Provide key oversight of Unemployment Trusts.
101		Training provided to new business managers; if intense training is required, fees may be involved.	Contracts with districts to provide qualified on-site business management as requested. Provide contracted financial and operational training to business managers and administrators.			
105			Contract with districts to provide qualified on-site business management as requested.			
112			Contract with districts to provide qualified on-site business management as requested.			Contract with districts around the state to provide construction management related services.

ESD	Monitoring & Oversight of District Budgets & Reporting	Business Mgr. Training	Contracted Business Mgr. Services	School District Boundaries	State Reporting Assistance to OSPI and SBE	Other Services
113		Website provides financial templates and spreadsheets. Fee-based Business Mgr. Academy offered for new business managers.	Contract with districts to provide qualified on-site business management as requested.			Contracts with districts to provide construction management services through an agreement with ESD 112. Offer co-op for asbestos abatement management. Offer legal services co-op.
114		Website provides financial templates and spreadsheets.	Contract with districts to provide qualified on-site business management as requested.			
121						Contracts with districts to provide construction management services through an agreement with ESD 112.
123		Training for new business managers provided free of charge. Prepare and distribute a quarterly newsletter.	Contract with districts to provide qualified on-site business management as requested.			Contracts with districts to provide construction management services through an agreement with ESD 112.
171		Website provides financial templates and spreadsheets. Provide policy review and recommendations to district administrators.	Contract with districts to provide qualified on-site business management as requested. Developing a hybrid model of regionalized fiscal assistance to districts.			
189			Contract with districts to provide qualified on-site business management as requested.			Contracts with districts to provide construction management services through an agreement with ESD 112.

APPENDIX C:

***AESD FORMAL RESPONSE TO
AUDIT REPORT***



Educational Service Districts

ESD 101
Spokane
ESD 105
Yakima
ESD 112
Vancouver
ESD 113
Olympia
ESD 123
Pasco
North Central ESD 171
Wenatchee
Northwest ESD 189
Anacortes
Olympic ESD 114
Bremerton
Puget Sound ESD 121
Renton

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825 5th Street SE
Olympia, WA 98501

May 29, 2007

Lou Adams
State Auditors Office
PO Box 40031
Olympia, WA 98504-0031

Dear Lou:

This letter and attachment represents the formal response from AESD regarding the Performance Audit Report, Volume I – Executive Summary and Global Report, submitted by MGT of America, Inc. on April 30, 2007. It is our understanding this response will either be incorporated or included as an attachment within the State Auditor's final report.

Included in this response is a revised summary of potential annual savings (exhibit 1-14). The exhibit appearing in the audit report indicates that if the performance audit recommendations were accepted and enacted, ESDs would realize \$23,012,939 in cost savings. We feel that the projected cost savings estimate is misleading since it doesn't differentiate the source of those savings.

We have revised the exhibit to provide clarity and to more accurately reflect the actual cost savings at the ESD level. Following are examples of items that are not actual cost savings for ESDs as listed in audit exhibit 1-14.

- Recommendations regarding revenue generation or discounts to school districts through ESDs providing technical assistance on E-rate applications. As an example, the ESD 113 audit report on page 8-8 states, "the fiscal impact of this recommendation will affect school districts and will NOT directly affect ESD 113." (\$10.4m total among the nine ESDs)
- Recommendations regarding the hiring of ESD grant writers to provide additional resources for school districts. (\$5.5m total)
- Recommendations regarding ESD administrative staff reassignments to educational support roles for school districts. As an example, the ESD 171 audit report on page 3-15 states, "the saving potential is for the school districts and not the ESD." (\$5.1m total)

A substantial portion of estimated ESD savings are actually school district savings or potential additional school district generated revenue; but not ESD savings. We would request that the format of the enclosed table be utilized in breaking out any changes to estimated savings which have not yet been finalized in individual ESD reports.

The auditor's representation of the \$23 million as an ESD cost savings is an overstatement that may create a false impression among citizens and policy makers regarding the efficiency of ESD operations. Total ESD cost savings are actually \$1,986,921 over five years rather than the reported \$23 million. Those estimated cost savings for 2007-08 are projected to be 0.15% of our 2005-06 expenditures of \$205m.

ESDs were created by the Washington State Legislature in part to provide cost savings to the state for K-12 education. Missing from the report is any substantive mention of the millions of dollars ESDs have saved Washington taxpayers through the creation of cost-sharing cooperatives, pools, and trusts; or the recognition of the millions of additional dollars ESD's generate through successful grant writing efforts. ESDs generate an additional \$25 to 30 million dollars annually to our state's schools.

Finally, the report does not mention the issue of the state core funding allocation in a truly substantive way. This omission is important, as core funding is perhaps the most fundamental economic issue confronting ESDs in our state. It seems inconsistent, for example, to recommend changes in ESD duties that exceed state core funding, yet not discuss the broader core funding ramifications. Each ESD's ability to serve depends on a wide variety of fund-generating actions, including competitive grant writing, fee-for-service contracting, and the core funding appropriation which amounts to less than 2% of overall annual revenue. While each ESD's fundraising success varies due to the needs and capacity within their region, survey results within this study show solid and consistent satisfaction with the programs offered by each ESD. It is the small amount of state core funding which creates the consistency needed for a statewide system of regional delivery and support. This report is silent on that critical topic.

Thank you for the opportunity to respond to this global audit report.

Sincerely yours,

Bill Keim, President
Washington ESD Superintendent's Association

Enclosure

EXHIBIT 1 – 14

SUMMARY OF ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED FOR THE PERFORMANCE AUDITS OF THE NINE EDUCATIONAL SERVICE DISTRICTS IN THE STATE OF WASHINGTON

TOTAL ALL ESD'S	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$952,694	\$1,044,797	\$1,051,083	\$1,057,632	\$1,064,455	\$5,170,661	(\$30,243)
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$1,896,000	\$2,131,000	\$2,131,000	\$2,131,000	\$2,131,000	\$10,420,000	
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$1,239,698	\$940,460	\$2,180,157	\$645,148	\$499,979	\$5,505,442	
RE-ASSIGNMENT OF ESD STAFF TO PROVIDE SUPPORT TO SCHOOLS	\$822,220	\$822,220	\$822,220	\$822,220	\$822,220	\$4,111,100	
TOTAL POTENTIAL SAVINGS/REVENUES GENERATED						\$25,207,203	
TOTAL INVESTMENT REQUIRED TO ACHIEVE POTENTIAL SAVINGS						(\$30,243)	
TOTAL REVENUE GENERATED / COST SAVINGS INCLUDING ONE-TIME INVESTMENT						\$25,176,960	

EXHIBIT 1 – 14

ESD 101 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 101	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$63,394	\$65,940	\$68,613	\$71,420	\$74,367	\$343,734	(\$22,792)
POTENTIAL COST SAVINGS / ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0		
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$0	\$0	\$0	\$0	\$0		

EXHIBIT 1 – 14

ESD 105 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 105	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$38,798	\$119,311	\$121,864	\$124,546	\$127,362	\$531,881	(\$4,701)
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0		
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$0	\$0	\$0	\$0	\$0		

EXHIBIT 1 – 14

ESD 112 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 112	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$18,603	\$25,891	\$25,891	\$25,891	\$25,891	\$122,167	\$0
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0		
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$0	\$0	\$0	\$0	\$0		

EXHIBIT 1 – 14

ESD 113 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 113	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$0	\$696	\$696	\$696	\$696	\$2,784	(\$2,500)
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$200,000	\$435,000	\$435,000	\$435,000	\$435,000	\$1,940,000	
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$0	\$0	\$0	\$0	\$0		

EXHIBIT 1 – 14

ESD 114 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 114	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$739,939	\$740,339	\$740,739	\$741,139	\$741,539	\$3,703,695	\$0
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$476,000	\$476,000	\$476,000	\$476,000	\$476,000	\$2,380,000	
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$0	\$0	\$0	\$0	\$0		

EXHIBIT 1 – 14

ESD 121 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 121	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$0	\$0	\$0	\$0	\$0	\$0	\$0
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0		
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$0	\$0	\$0	\$0	\$0		

EXHIBIT 1 – 14

ESD 123 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 123	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$81,799	\$81,799	\$81,799	\$81,799	\$81,799	\$408,995	\$0
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0		
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$1,239,698	\$940,460	\$2,180,157	\$645,148	\$499,979	\$5,505,442	

EXHIBIT 1 – 14

ESD 171 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 171	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	(\$1,048)	\$393	\$267	\$927	\$1,587	\$2,126	\$0
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$1,220,000	\$1,220,000	\$1,220,000	\$1,220,000	\$1,220,000	\$6,100,000	
RE-ASSIGNMENT OF ESD STAFF TO PROVIDE SUPPORT TO SCHOOLS	\$822,220	\$822,220	\$822,220	\$822,220	\$822,220	\$4,111,100	

EXHIBIT 1 – 14

ESD 189 SUMMARY

ANNUAL POTENTIAL SAVINGS (COSTS) AND ADDITIONAL REVENUES GENERATED

ESD 189	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL FIVE-YR SAVINGS/REVENUE GENERATED	ONE-TIME SAVINGS (COSTS)
POTENTIAL ESD COST SAVINGS							
TOTAL NET COST SAVINGS IDENTIFIED BY RECOMMENDATIONS IN INDIVIDUAL REPORT	\$11,214	\$11,214	\$11,214	\$11,214	\$11,214	\$56,070	(\$250)
POTENTIAL COST SAVINGS/ADDITIONAL REVENUES FOR SCHOOL DISTRICTS							
E-RATE DISCOUNTS / REVENUES TO SCHOOL DISTRICTS THROUGH ESD'S PROVIDING TECHNICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0		
REVENUES GENERATED BY ESD HIRING A GRANT WRITER, SECURING ADDITIONAL RESOURCES FOR SCHOOL DISTRICTS	\$0	\$0	\$0	\$0	\$0		

APPENDIX D:

***MGT'S RESPONSE TO AESD
FORMAL RESPONSE TO AUDIT
REPORT***



THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM AESD

To provide clarity and perspective, we are commenting on the AESD formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report. Below, we have inserted MGT's response to the issues identified in the AESD formal response letter.



May 29, 2007

Lou Adams
State Auditors Office
PO Box 40031
Olympia, WA 98504-0031

Dear Lou:

This letter and attachment represents the formal response from AESD regarding the Performance Audit Report, Volume I – Executive Summary and Global Report, submitted by MGT of America, Inc. on April 30, 2007. It is our understanding this response will either be incorporated or included as an attachment within the State Auditor's final report.

Included in this response is a revised summary of potential annual savings (exhibit 1-14). The exhibit appearing in the audit report indicates that if the performance audit recommendations were accepted and enacted, ESDs would realize \$23,012,939 in cost savings. We feel that the projected cost savings estimate is misleading since it doesn't differentiate the source of those savings.

We have revised the exhibit to provide clarity and to more accurately reflect the actual cost savings at the ESD level. Following are examples of items that are not actual cost savings for ESDs as listed in audit exhibit 1-14.

- Recommendations regarding revenue generation or discounts to school districts through ESDs providing technical assistance on E-rate applications. As an example, the ESD 113 audit report on page 8-8 states, "the fiscal impact of this recommendation will affect school districts and will NOT directly affect ESD 113." (\$10.4m total among the nine ESDs)

- Recommendations regarding the hiring of ESD grant writers to provide additional resources for school districts. (\$5.5m total)
- Recommendations regarding ESD administrative staff reassignments to educational support roles for school districts. As an example, the ESD 171 audit report on page 3-15 states, "the saving potential is for the school districts and not the ESD." (\$5.1m total)

A substantial portion of estimated ESD savings are actually school district savings or potential additional school district generated revenue; but not ESD savings. We would request that the format of the enclosed table be utilized in breaking out any changes to estimated savings which have not yet been finalized in individual ESD reports.

The auditor's representation of the \$23 million as an ESD cost savings is an overstatement that may create a false impression among citizens and policy makers regarding the efficiency of ESD operations. Total ESD cost savings are actually \$1,986,921 over five years rather than the reported \$23 million. Those estimated cost savings for 2007-08 are projected to be 0.15% of our 2005-06 expenditures of \$205m.

MGT's Response:

We agree that the revenue generation or discounts to school districts that accrue from E-rate applications should be shown separately, and do indeed show this in Exhibit ES-3 and 1-11.

However, the hiring of grant writers would result in additional revenues to the ESDs that employ grant writers; we believe the Exhibits show the additional revenues to the ESDs correctly.

Similarly, administrative staff reductions or reassignments are cost reductions or benefits to the ESDs; in the long run, benefits also will accrue to school districts if the ESDs are able to reduce costs and run more efficiently.

Regarding Cost savings To School Districts and the State:

"ESDs were created by the Washington State Legislature in part to provide cost savings to the state for K-12 education. Missing from the report is any substantive mention of the millions of dollars ESDs have saved Washington taxpayers through the creation of cost-sharing cooperatives, pools, and trusts; or the recognition of the millions of additional dollars ESD's generate through successful grant writing efforts. ESDs generate an additional \$25 to 30 million dollars annually to our state's schools. "

MGT's Response:

Please see Chapter 2, page 2-7 and the accompanying Exhibit 2-5, which lay out examples of the benefits that accrue to the State of Washington and school districts from the ESDs. We believe that this issue is covered as adequately as possible within the document.

The performance audit of the ESDs found approximately \$23 million in funds that could be reallocated, saved, or considered as new revenue to be used by the ESDs and/or the school

districts served by the ESDs. The intent of the audit was to look at the efficiency and economy of operations. Where inefficiencies were noted, recommendations were made to remove them. In cases where the ESDs or even school districts were not taking advantage of revenue sources, recommendations were made to begin taking advantage of those opportunities. To restate, the scope of the project was never to reduce budgets, but rather to improve the efficiency and economy of the ESDs' operations.

Regarding Core Funding Allocation:

“Finally, the report does not mention the issue of the state core funding allocation in a truly substantive way. This omission is important, as core funding is perhaps the most fundamental economic issue confronting ESDs in our state. It seems inconsistent, for example, to recommend changes in ESD duties that exceed state core funding, yet not discuss the broader core funding ramifications. Each ESD's ability to serve depends on a wide variety of fund-generating actions, including competitive grant writing, fee-for-service contracting, and the core funding appropriation which amounts to less than 2% of overall annual revenue. While each ESD's fundraising success varies due to the needs and capacity within their region, survey results within this study show solid and consistent satisfaction with the programs offered by each ESD. It is the small amount of state core funding which creates the consistency needed for a statewide system of regional delivery and support. This report is silent on that critical topic.”

MGT's Response:

Although we would agree that the state core funding allocation is a critical issue, it is an issue that specifically was excluded from the scope of the study.

California

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Sacramento, California 95814
(916) 443-3411

Florida

2123 Centre Pointe Boulevard
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Texas

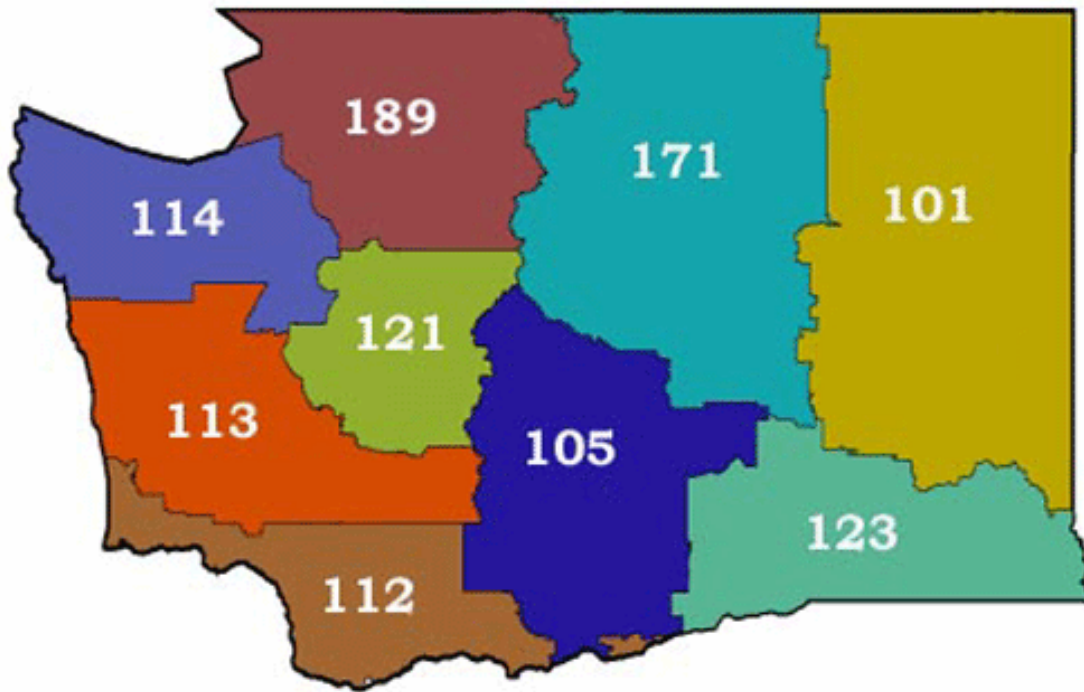
502 E. 11th Street, Suite 300
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Washington

711 Capitol Way, Suite 608
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PERFORMANCE AUDIT OF WASHINGTON STATE EDUCATIONAL SERVICE DISTRICTS

Volume II – Individual ESD Reports



Presented to:



THE WASHINGTON STATE

AUDITOR'S OFFICE

Presented by:



April 30, 2007

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 101

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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1.0 INTRODUCTION

1.0 INTRODUCTION

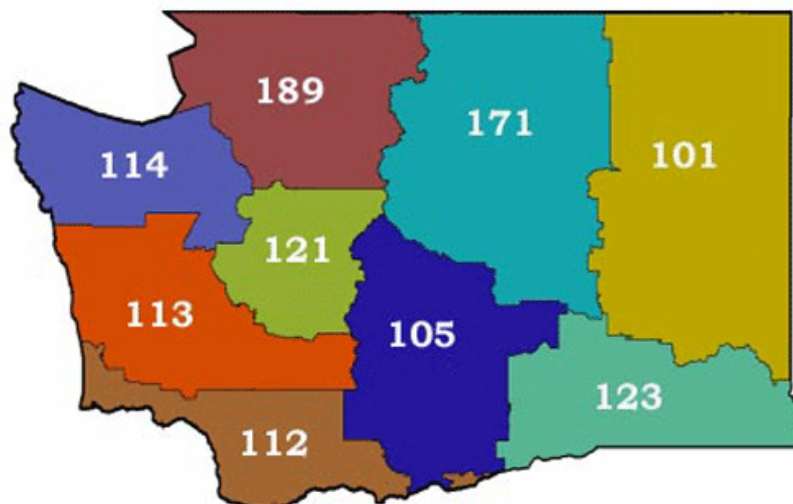
The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. (MGT) to conduct a performance audit of Educational Service District 101 (ESD 101), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of ESD and school district staff. After reviewing the results of the on-site interviews and electronic survey data, and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that reflected issues for all ESDs, the final performance audit report for ESD 101 was provided to SAO, reflecting areas of strength and areas needing improvement.

Educational Service District 101 is located in Spokane, in the northeastern section of Washington State, and is geographically the largest ESD in the state (see **Exhibit 1-1**). ESD 101 also has the largest number of member districts. It provides cooperative services to 59 public school districts and 45 state-approved private schools in seven counties: Adams County, Ferry County, Lincoln County, Pend Oreille County, Spokane County, Stevens County, and Whitman County (see **Exhibit 1-2**).

**EXHIBIT 1-1
MAP OF THE WASHINGTON
EDUCATIONAL SERVICE DISTRICTS**



Source: Office of Superintendent of Public Instruction Web site, 2006.

**EXHIBIT 1-2
MAP OF COUNTIES SERVED BY ESD 101**



Source: ESD 101 Web site: http://www.esd101.net/mission_history/index.aspx.

ESD 101 delivers essential, cooperative educational services to school districts, schools (public and private), and other related agencies or organizations. In addition, ESD 101 provides technical assistance to the State Superintendent of Public Instruction and State Board of Education. Nearly 96,000 students are served in this endeavor. **Exhibit 1-3** details the member districts and schools served by ESD 101.

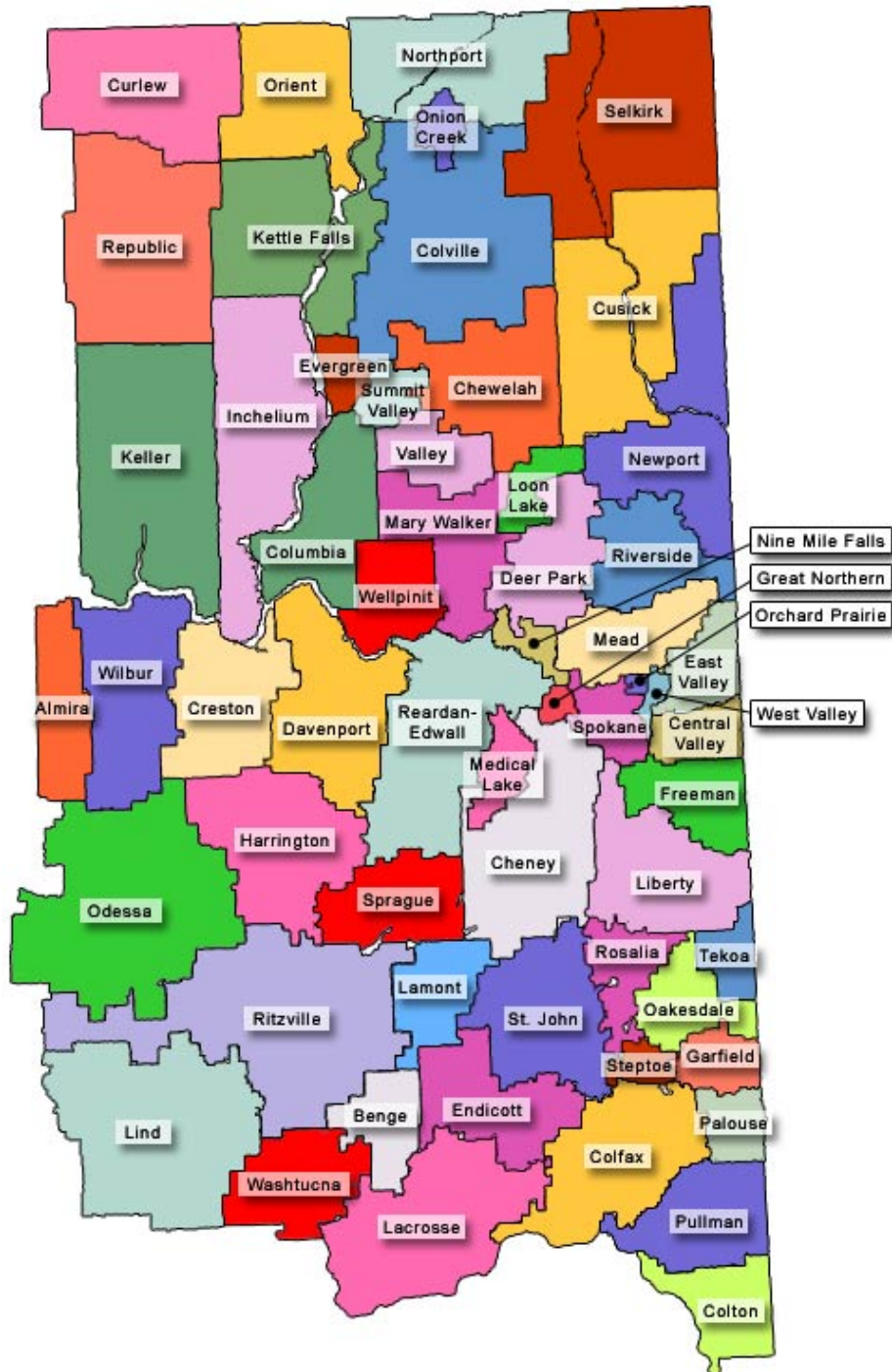
EXHIBIT 1-3
MEMBER SCHOOL DISTRICTS AND SCHOOLS
EDUCATIONAL SERVICE DISTRICT 101

District	City		District	City
Almira SD #17	Almira		Mead SD #354	Mead
Benge SD #122	Benge		Medical Lake SD #326	Medical Lake
Central Valley SD #356	Spokane Valley		Newport SD #56	Newport
Cheney SD #360	Cheney		Nine Mile Falls SD #325	Nine Mile Falls
Chewelah SD #36	Chewelah		Northport SD #211	Northport
Colfax SD #300	Colfax		Oakesdale SD #324	Oakesdale
Colton SD #306	Colton		Odessa SD #105	Odessa
Columbia SD #206	Hunters		Onion Creek SD #30	Colville
Colville SD #115	Colville		Orchard Prairie SD #123	Spokane
Creston SD #73	Creston		Orient SD #65	Orient
Curlew SD #50	Curlew		Palouse SD #301	Palouse
Cusick SD #59	Cusick		Pullman SD #267	Pullman
Davenport SD #207	Davenport		Reardan-Edwall SD #9	Reardan
Deer Park SD #414	Deer Park		Republic SD #309	Republic
East Valley SD #361	Spokane		Ritzville SD #160	Ritzville
Endicott SD #308	Endicott		Riverside SD #416	Chattaroy
Evergreen SD #205	Gifford		Rosalia SD #320	Rosalia
Freeman SD #358	Rockford		Selkirk SD #70	Metalline Falls
Garfield SD #302	Garfield		Spokane Public Schools	Spokane
Great Northern SD #312	Spokane		Sprague SD #8	Sprague
Harrington SD #204	Harrington		St. John SD #322	St. John
Inchelium SD #70	Inchelium		Steptoe SD #304	Steptoe
Keller SD #3	Keller		Summit Valley SD #202	Addy
Kettle Falls SD #212	Kettle Falls		Tekoa SD #265	Tekoa
LaCrosse SD #126	LaCrosse		Valley SD #70	Valley
Lamont SD #264	Lamont		Washtucna SD #109	Washtucna
Liberty SD #362	Spangle		Wellpinit SD #49	Wellpinit
Lind SD #158	Lind		West Valley SD #363	Spokane
Loon Lake SD #183	Loon Lake		Wilbur SD #200	Wilbur
Mary Walker SD #207	Springdale			

Source: ESD 101, 2006.

Exhibit 1-4 presents a regional map of the 59 member school districts of ESD 101.

**EXHIBIT 1-4
MAP OF MEMBER SCHOOL DISTRICTS
EDUCATIONAL SERVICE DISTRICT 101**



Source: ESD 101 Web site: http://www.esd101.net/mission_history/srvarea.aspx.

ESD 101 provides a variety of services. The matrix in **Exhibit 1-5** depicts district participation in some major cooperatives and fee-for-service programs.

EXHIBIT 1-5
MATRIX OF SERVICES PROVIDED BY
EDUCATIONAL SERVICE DISTRICT 101

District	Business manager	Clock hours	Copy/print center	Data processing	Early childhood	Instructional resources	Juvenile detention	Network services	Prevention/Intervention	School nursing	School to Work	Science cooperative	Special education	STEPStar Telecom.	Unemployment comp.	Workers' comp.
Almira		X		X						X					X	X
Banga	X			X				X		X			X			X
Central Valley		X	X	X	X	X	X	X	X		X					X
Cheney		X		X	X	X	X		X		X	X			X	X
Chewelah		X	X	X		X	X	X		X			X		X	X
Colfax	X	X		X	X	X	X	X	X	X					X	X
Colton				X			X		X	X			X		X	X
Columbia		X	X	X		X		X	X	X			X	X	X	X
Colville		X		X	X	X	X								X	X
Creston		X		X		X		X	X	X			X		X	X
Curlew	X	X		X	X	X	X	X	X	X			X			X
Cusick	X	X		X		X	X	X	X	X		X			X	X
Davenport		X	X	X	X	X	X	X	X	X			X	X	X	X
Deer Park		X		X	X	X	X		X	X	X			X	X	X
East Valley		X	X	X	X		X	X		X						X
Endicott		X	X	X	X	X		X	X	X			X		X	X
Evergreen		X		X	X			X		X				X	X	X
Freeman		X	X	X	X	X	X	X		X	X			X	X	X
Garfield		X	X	X	X	X	X		X	X					X	X
Great Northern	X		X	X				X		X			X	X	X	X
Harrington	X	X	X	X		X			X	X			X		X	X
Inchelium		X		X	X	X	X			X			X	X	X	X
Kellar	X	X		X		X	X	X	X	X			X		X	X
Kettle Falls		X		X		X	X		X	X					X	X
LaCrosse		X	X	X	X	X		X	X	X				X	X	X
Lamont		X		X		X		X	X	X			X		X	X
Liberty		X	X	X	X	X	X	X	X	X	X			X	X	X
Lind		X		X	X	X		X		X			X		X	X
Loon Lake		X	X	X	X	X			X	X					X	X
Mary Walker		X	X	X	X		X	X		X					X	X
Mead		X	X	X	X	X	X		X		X				X	X
Medical Lake		X	X	X	X	X	X	X	X		X	X		X	X	X
Newport		X	X	X	X	X	X		X	X					X	X
Nine Mile Falls		X	X	X		X	X	X		X	X				X	X
Northport		X		X	X			X	X	X		X		X	X	X
Oakesdale	X	X		X		X	X	X	X	X			X	X	X	X
Odessa		X	X	X	X			X		X			X		X	X
Onion Creek		X		X		X		X		X			X		X	X
Orchard Prairie		X				X				X						X
Orient	X	X		X	X			X		X			X		X	X
Palouse		X	X	X	X			X	X	X				X	X	X
Pulman		X	X	X	X		X	X	X			X				X
Bearden-Edwall		X	X	X	X	X	X	X		X		X		X	X	X
Republic		X		X	X	X	X	X	X	X			X		X	X
Ritzville		X		X	X	X	X		X	X			X		X	X
Riverside		X	X	X		X	X	X	X	X	X			X	X	X
Rosalie		X	X	X	X			X	X	X		X	X	X	X	X
Selkirk		X	X	X		X	X	X	X	X				X	X	X
Spokane		X	X	X	X	X	X	X			X					X
Sprague		X	X	X	X	X		X	X	X		X		X	X	X
St. John		X	X	X		X	X	X	X	X			X		X	X
Steptoe				X				X	X				X			X
Summit Valley		X		X	X		X	X		X			X		X	X
Tekoa		X		X	X	X	X	X	X	X			X	X	X	X
Valley		X		X		X	X	X	X	X					X	X
Washnucna		X	X	X	X	X	X	X				X			X	X
Wellpinit		X		X		X	X	X		X					X	X
West Valley		X	X	X	X	X	X	X	X	X	X					X
Wilbur		X		X		X	X	X	X	X			X		X	X

Source: ESD 101 Web site: http://www.esd101.net/publications/pdf/ESD101_Brochure.pdf.

More specifically, administrative services provided to member organizations include:

- Administrative consultation.
- Basic education assistance.
- Certification.
- Clock hours.
- E-rate administration.
- Human resources.
- Regional information dissemination.
- School closure/alert notification system.
- School district boundaries/maps.
- Strategic planning.

Operational and technical services provided include:

- Asbestos abatement.
- Business manager services.
- Compensated absences liability cooperative.
- Data processing.
- Indoor air quality.
- Industrial hygiene.
- Information technology/network services.
- Internal accounting and audit services.
- K-20 videoconferencing.
- Pupil transportation.
- Rehab the Lab.
- Rural education center.
- School financial services.
- School safety services.
- State reports.
- Student records.
- Unemployment compensation cooperative.
- Web design and web hosting.
- Workers' compensation cooperative – claims.
- Workers' compensation cooperative – safety.

Curriculum, instruction, and assessment services include:

- Accreditation.
- Bilingual/multicultural education.
- Child abuse prevention.
- Crisis response team.
- Drug/alcohol prevention/intervention.
- Early childhood services/child care.
- Educational technology.
- Family/parental education.
- High school art show.
- Instructional media resources.
- Knowledge Bowl.
- Juvenile detention services.

- Paraprofessional training.
- Professional development.
- School improvement.
- School nursing.
- School-to-work.
- Science cooperative.
- Special education services.

Telecommunications and public relations services include:

- Communications/public information.
- Copy/print center.
- Corrections Learning Network.
- DVD production and duplication.
- Grants management.
- Professional development.
- Publications.
- Special projects/partnerships.
- STEPStar Network.

The following chapters provide survey results and additional information about ESD 101 and its management and operations.

Key commendations for ESD 101 include:

- ESD 101 is to be commended for its very participatory governance structure, and subsequently, for the remarkable “board – agency” relationship that has been developed and nurtured, and which results in comprehensive access by stakeholders to the board.
- ESD 101 has a well respected and valued special education support program.
- ESD 101 uses the capacity of its telecommunications.
- ESD 101 provides a quality juvenile detention school program.
- ESD 101 has a strong commitment to continue to provide school nurse program consultants.
- ESD 101 is commended for providing a *Try It Before You Buy It* program to enable districts to evaluate technology equipment in the classroom, and thereby make better decisions regarding the purchasing of tools to impact student achievement.
- ESD 101 is commended for partnering with the Washington State Internet Crimes Against Children Task Force (ICAC), the United States Attorney’s Office (Spokane branch), Washington State Attorney General McKenna, the Federal Bureau of Investigation, the Department of Homeland Security, and NetSmartz, to bring internet

safety programs and resources to Washington for creating “cyber-savvy” kids, teachers, parents, and law enforcement officers.

Key recommendations for ESD 101 include:

- Remove the regulatory functions of RCW 28A.310.260, in relation to member school district staff code of conduct violations, from the superintendent of ESD 101. **(Recommendation 3-1)**
- Remove the regulatory functions of district boundary change requests/disputes from the responsibilities of the superintendent of ESD 101. **(Recommendation 3-2)**
- Establish the use of a comprehensive and nationally recognized/validated strategic planning model designed to improve the progress of ESD 101 toward its vision/mission/goals. **(Recommendation 3-3)**
- Implement a new accounting and payroll system as soon as possible. **(Recommendation 4-1)**
- Tie budgets to ESD and school/school district performance measures or goals. **(Recommendation 4-2)**
- Determine an appropriate level for unrestricted and undesignated fund balances. **(Recommendation 4-3)**
- Implement a purchase card program. **(Recommendation 4-4)**
- Implement a policy to obtain and document at least three bids for all purchases in excess of \$10,000. **(Recommendation 4-5)**
- Implement a new accounting and purchasing system as soon as possible to eliminate the largely manual purchasing process. **(Recommendation 4-6)**
- Require financial and program continuation plans for all grants. **(Recommendations 5-1)**
- Prepare, plan, train for, and implement an annual evaluation procedure for all employees, and include in that plan training in supervision for all supervisors. **(Recommendation 6-1)**
- Develop a longitudinal salary schedule for all staff. **(Recommendation 6-2)**
- Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion. **(Recommendation 7-1)**

- Install additional energy and utility saving devices throughout the ESD as part of an energy and utility conservation program. **(Recommendation 7-2)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-3)**
- Develop time and task standards for custodial services. **(Recommendation 7-4)**
- Install a second water meter on the irrigation line serving ESD 101. **(Recommendation 7-5)**
- Prepare a written facility improvement plan that includes a physical assessment of all ESD buildings (structural, electrical-mechanical systems, safety issues, and accessibility issues). **(Recommendation 7-6)**
- Use automatic product dispensing devices for each custodial closet to reduce excessive use of custodial products. **(Recommendation 7-7)**
- Develop a simple database program to track work orders and generate simple maintenance reports. **(Recommendation 7-8)**
- Implement a single, center-wide system for recording and tracking technical support by all departments to facilitate more efficient data collection and reporting. **(Recommendation 8-1)**
- Use a central services approach for funding the ESD Webmaster and the personnel responsible for providing internal technical support. **(Recommendation 8-2)**
- Standardize on a single technology platform with a single vendor for the purpose of improving efficiency and reducing technical support costs. **(Recommendation 8-3)**
- Develop and implement a consistent process for measuring customer satisfaction and analyzing school district needs. **(Recommendation 8-4)**

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Exhibit 1-6 shows the total estimated cost savings for the recommendations represented in the report for ESD 101. As shown, the total estimated savings (should MGT's recommendations be implemented) is estimated at a total of \$341,249.

EXHIBIT 1-6 SUMMARY OF ANNUAL SAVINGS (COSTS)

CATEGORY	YEARS					TOTAL FIVE-YEAR SAVINGS (COSTS)
	2007-08	2008-09	2009-10	2010-11	2011-12	
TOTAL SAVINGS	\$67,069	\$69,799	\$72,665	\$75,674	\$78,834	\$364,041
TOTAL (COSTS)	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL NET SAVINGS (COSTS)	\$67,069	\$69,799	\$72,665	\$75,674	\$78,834	\$364,041
TOTAL ONE-TIME SAVINGS (COSTS)						(\$22,792)
TOTAL FIVE-YEAR SAVINGS (COSTS) INCLUDING ONE-TIME SAVINGS (COSTS)						\$341,249

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees of Educational Service District (ESD) 101, school district superintendents within the ESD 101 region, and the nine ESD Superintendents were invited to participate in an online survey. The following sections contain highlights of the survey results for:

- ESD 101 Spokane employees.
- School district superintendents within ESD 101 Spokane.
- ESD Superintendents.

Details for all survey items are found immediately after the highlights.

2.1 ESD 101 Spokane Employee Survey Highlights

At least 50 percent of ESD employees strongly agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (69%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (69%).
- Our ESD is highly efficient and effective (53%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (74%).
- Our ESD is highly responsive to the service needs of member school districts (64%).
- Our ESD provides quality services (77%).
- Our ESD is responsive to complaints (50%).
- Our ESD is responsive to requests for services (54%).
- Our ESD listens and tries to meet the needs of the school districts (62%).
- ESDs should continue to be funded by the state (63%).
- I find my ESD to be an exciting, challenging place to work (56%).
- ESD officials enforce high work standards (56%).

- I feel that I have the authority to adequately perform my job responsibilities (54%).
- I plan to continue my career in my ESD (56%).
- I feel that my work is appreciated by my supervisor(s) (54%).

At least 50 percent of ESD employees *strongly disagree* with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (60%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (60%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (55%).
- All ESDs should be abolished (91%).

2.2 ESD 101 Spokane School District Superintendent Survey Highlights

At least 50 percent of school district superintendents *strongly agree* with the following:

- Our school district frequently utilizes services provided by our ESD (76%).
- The services provided by our ESD are critical to the success of our district's programs and operations (80%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (73%).
- The ESD in our region is highly efficient and effective (63%).
- The ESD in our region is highly responsive to the service needs of our school district (65%).
- The ESD in our region provides quality services (61%).
- There are adequate channels of communication with the ESD in our region (67%).
- The ESD in our region is responsive to complaints (65%).
- The ESD in our region is responsive to requests for services (59%).
- The ESD in our region listens and tries to meet the needs of the school district (65%).

- Each school district board/superintendent should hold each school within the district responsible for student performance within the school (58%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (55%).
- ESDs should continue to be funded by the state (65%).

At least 50 percent of school district superintendents *strongly disagree* with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (80%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (73%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (57%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (59%).
- All ESDs should be abolished (90%).
- OSPI should hold each ESD responsible for student performance in all school districts within its region (52%).

2.3 ESD Superintendent Survey Highlights

At least 50 percent of ESD Superintendents *strongly agree* with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).

- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district board/superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (89%).
- The current number of ESD Board of Director members is appropriate (67%).
- The current number of 9 ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of 9 ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

This chapter presents information relating to the governance and management of Educational Service District (ESD) 101 located in Spokane, Washington.

CHAPTER SUMMARY

The key concepts of governance and management are best represented as effective and efficient “organizational leadership.” Performance indicators of organizational leadership include:

- Developing and communicating commitment to a mission/vision.
- Demonstrating core values that lead to a culture of quality.
- Monitoring a system where people/departments progress toward quality goals through cooperation and information sharing.
- Decision-making based on input from all in an environment that encourages open communication (both vertical and horizontal).
- Monitoring of resources (both fiscal and human) necessary for quality improvement occurs throughout the agency.
- Assessing the leadership effectiveness of those involved in governance and management.

These performance indicators serve as foundational elements in any successful and productive organization. Implementation of the indicators results in organizations that promote a culture of quality and continuous improvement and uses its mission/vision to guide all operations and decisions.

This evidence is especially strong in the interaction among ESD 101 administrative staff and members of the board of directors. They share a clear understanding of the agency's mission, goals, and objectives. Members of the board expressed informed perspectives relating to their overall roles and responsibilities including the development and implementation of policy, board operating procedures, communication hierarchy, oversight of management and operation of the ESD, and of the effectiveness and efficiency of the management team.

As a result of the extensive and intensive review of the governance and management of ESD 101, recommendations developed regarding agency effectiveness and efficiency center around the separation of regulatory functions from functions that support the agency's mission of technical assistance and professional development. An additional recommendation centers on the need for a comprehensive strategic planning process to enhance communication and that includes all staff and board members. While ESD 101 has developed a strategic plan, it lacks comprehensive representation of all staff and board members, a formal needs assessment, and does not evidence an associated communication model.

The following area merits commendation and is discussed later in this chapter:

- ESD 101 is to be commended for its very participatory governance structure, and subsequently, for the remarkable “board – agency” relationship that has been developed and nurtured, and which results in comprehensive access by stakeholders to the board.

Key recommendations in this chapter include:

- Remove the regulatory functions of RCW 28A.310.260, in relation to member school district staff code of conduct violations, from the superintendent of ESD 101. **(Recommendation 3-1)**
- Remove the regulatory functions of district boundary change requests/disputes from the responsibilities of the superintendent of ESD 101. **(Recommendation 3-2)**
- Establish the use of a comprehensive and nationally recognized/validated strategic planning model designed to improve the progress of ESD 101 toward its vision/mission/goals. **(Recommendation 3-3)**

FINDING

The superintendent of ESD 101 is required by the Office of Superintendent of Public Instruction to investigate code of conduct violations for certificated staff and superintendents of member districts according to RCW 28A.310.260. Procedures and standards for such a review are prescribed in RCW 28A.405.210, 28A.405.300 through 28A.405.380, and 28A.645.010.¹ Performing this regulatory responsibility for member school districts negatively impacts the efficiency (time and funds spent on investigation and legal proceedings) and effectiveness (primary mission of ESD 101 is to provide technical assistance and cooperative services) to member school districts of the ESD.

According to the assistant superintendent of ESD 101, at one time, this investigatory function was considered one of the “core funding services” of ESDs. Also according to this superintendent, subsequent and significant decreases in “core funding” provided by the legislature, and an increased number of investigation requests, have combined to create a negative impact on the ESD in terms of budget and in being contrary to the agency’s stated mission of technical support and cooperative services for member districts.

ESD 101 is the state’s largest ESD in the number of districts served, counties served and geographic region served (13,998 square miles). The ESD region is comprised of more than 96,000 K-12 students and 257 individual schools buildings. Code of conduct investigations in such a geographically large area, for the personnel of 59 school districts, appears to be an unreasonable function for a relatively small agency.

¹ <http://apps.leg.wa.gov/RCW/default.aspx?cite=28A.310.260>

Performance of the informal and formal investigations and subsequent rendering of an administrative decision results in an increasing level of human resources and fiscal expenditure for the ESD (See **Exhibit 3-1**). In addition, according to ESD staff, the collaborative and collegial relationship essential between the ESD and member districts is placed in jeopardy each time this regulatory function is performed.

**EXHIBIT 3-1
ESD 101 ESTIMATED COST ANALYSES
COMPLAINTS/INVESTIGATIONS - ANNUAL**

	SUPT.	CABINET	SUPPORT STAFF	LEGAL/AAG COSTS	ESD TOTAL
<u>Level 1*</u>	1 Hr. X \$90 X 20 Complaints = \$1,800	2 Hrs. X \$65 X 20 OPP Complaints = \$2,600	.5 Hr. X \$28 X 20 Complaints = \$280	NA	\$4,680
<u>Level 2**</u>	6 Hrs. X \$90 X 10 OPP Complaints = \$5,400	6 Hrs. X \$65 X 4 OPP Complaints = \$1,560	2 Hrs. X \$28 X 14 OPP Complaints = \$784	2 Hrs. X \$125 X 14 OPP Complaints = \$3,500	\$11,244
<u>Level 3***</u>	35 Hrs. X \$90 X 3 Investigations = \$9,450	35 Hrs. X \$65 X 3 Investigations = \$6,825	12 Hrs. X \$28 X 3 Investigations = \$1,008	12 Hrs. X \$125 X 3 Investigations = \$4,500	\$21,783
TOTAL					\$34,707

Since ESD 101 is not specifically funded for these activities, a formal tracking mechanism is not used. Contents of the table are based on estimations of the following assumptions:

*Level 1 – citizen allegation not followed by formal written complaint as per WAC 181-86-105.

**Level 2 – written and signed complaint requiring further investigation. School district assures ESD it will conduct investigation.

**Level 3 – written and signed complaint requiring ESD investigation.

Recommendation 3-1:

Remove the regulatory functions of RCW 28A.310.260, in relation to member school district staff code of conduct violations, from the superintendent of ESD 101.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

This responsibility could be provided by the local education agency, the state education ombudsman's office, and/or by the Office of Superintendent of Public Instruction.

This recommendation will result in preserving the collaborative and collegial relationship between ESD 101 and its member districts, as well as a significant savings in fiscal resources (legal advisement) and human resources (ESD Superintendent and support staff).

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD Superintendent should collaborate with other ESD Superintendents to designate a statewide panel of stakeholders by the OSPI. | Fall 2007 |
| 2. The ESD Superintendent should develop a collaborative plan to transition this function to a regulatory agency. | Winter 2007–08 |
| 3. The ESD Superintendent should present the plan to OSPI for review and approval. | Fall 2008 |

FISCAL IMPACT

Based on the one year estimations provided by ESD 101 (FY 2006) and summarized in **Exhibit 3-1**, the positive fiscal impact over a five-year period of implementing Recommendation 3-1 is summarized in the following chart:

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Remove Regulatory Functions From the ESD 101 Superintendent Regarding Code of Conduct Investigations.	\$39,592	\$41,572	\$43,651	\$45,833	\$48,125

Total savings over a five-year period in the amount of \$198,466, primarily in personnel costs, could be re-directed for member districts of ESD 101.

FINDING

The superintendent of ESD 101 is required to consider and resolve boundary modifications and/or disputes among member districts at the direction of the Superintendent of Public Instruction. This regulatory responsibility negatively impacts the efficiency (time and funds spent on resolving dispute/request) and effectiveness (primary mission of ESD 101 is to provide technical assistance and cooperative services) to member school districts of the ESD.

According to RCW 28A.310, school district boundary changes impacting an educational service district are to be decided by the Superintendent of Public Instruction. Those duties/responsibilities appear to be closely aligned with the duties currently assigned by Superintendent of Public Instruction to the ESD Superintendent in resolving school district boundary changes/disputes. The division of the two functions (educational service district boundary changes and school district boundary changes) between two entities (ESD and OSPI) creates an unnecessary and negative burden upon the superintendents/staff of ESDs.

Performance of the formal and informal investigation into the requests/disputes, and subsequent rendering of an administrative decision, results in an increasing level of human resources and fiscal expenditure for the ESD. In addition, the collaborative and

collegial relationship essential between the ESD and member districts is placed in jeopardy each time this regulatory function is performed.

ESD 101 has averaged six inquiries per year, one transfer of boundary settled by the district, and one transfer of boundary decision before the Regional Committee.

Exhibit 3-2 summarizes cost estimates for 2005-06.

**EXHIBIT 3-2
ESD 101 COST ESTIMATES
2005-06**

LEVEL	NUMBER OF REQUESTS	COSTS
1 – inquiries that do not lead to transfer requests	6	\$238
2 – transfer requests that are settled by the school districts	1	\$1,380
3 – transfer requests that are settled by Regional Committee	1	\$10,312
Regional Committee elections in even numbered years		\$2,361
TOTAL	8	\$14,291

Recommendation 3-2:

Remove the regulatory functions of district boundary change requests/disputes from the responsibilities of the superintendent of ESD 101.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

This responsibility would best be provided by the Superintendent of Public Instruction with input from the Regional Superintendent Advisory Councils.

Implementation of this recommendation will result in preserving the collaborative and collegial relationship between ESD 101 and its member districts, as well as a significant savings in fiscal resources (legal advisement) and human resources (ESD Superintendent and support staff). The consolidation of the school district boundary change process with the ESD boundary changes process would provide clarity to the roles of both ESDs and OSPI.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD Superintendent should collaborate with other ESD Superintendents to designate a statewide panel of stakeholders by the OSPI. | Fall 2007 |
| 2. The ESD Superintendents should develop a collaborative plan to transition this function to a regulatory agency. | Winter 2007–08 |

3. The ESD Superintendents should present the plan to OSPI for review and approval.

Fall 2008

FISCAL IMPACT

Calculations in the table below are based upon the most recent boundary disputes/changes annual costs completed by ESD 101. In addition to fiscal costs, the primary issues at this time focus on the missions of the two entities (districts and ESDs) and the lack of congruency that this particular duty represents for the ESDs as a system.

It is estimated that ESD 101 could save \$82,908, in personnel costs and costs ancillary to the boundary disputes, over a five-year period by implementing this recommendation. The savings, in terms of personnel time, could be re-directed toward provision of core services for member districts of ESD 101.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Remove Regulatory Functions of School District Boundary Changes from ESD 101	\$15,005	\$15,755	\$16,542	\$17,369	\$18,237

FINDING

ESD 101 does not show evidence of a well-developed strategic plan and/or strategic planning process. Staff interviews and documentation reviewed by the audit team showed a fragmented approach of departmental and board planning that does not appear to be based on a nationally recognized model nor linked to an overall agency strategic plan.

According to the administrative interviews conducted during the on-site visit, the planning process was an intra-agency activity conducted by an ESD 101 staff member and lacked many of the critical elements of comprehensive strategic planning. For example, standardized needs assessment documentation is not present; all staff and board members were not included; an agency-wide communication model was not developed; and on-going progress monitoring appears to occur only randomly.

Interviews conducted by the audit team further indicate opportunities for input regarding agency planning from all staff, regardless of job classification/level, would improve overall job satisfaction, efficiency and effectiveness. Issues that surfaced during staff interviews centered on 1) the absence of comprehensive staff evaluations for certain positions, 2) lack of opportunities for input from all levels of staff in an agency planning model (strategic plan) and 3) staff morale.

The planning documents developed by ESD 101 are not part of a nationally recognized model with a guiding structure, but rather an agency generated activity that stops short of the purposes of strategic planning.

Recommendation 3-3:

Establish the use of a comprehensive and nationally recognized/validated strategic planning model designed to improve the progress of ESD 101 toward its vision/mission/goals.

The purpose of a strategic plan is to support organizations as they move along a continuum that connects the vision they have for services and student learning with the tasks they need to accomplish to achieve that vision. Additionally, adoption of an effective strategic planning would likely address the staff morale issues, lack of comprehensive needs assessment documentation, and provide opportunities for input of all staff members mentioned in the finding.

Exhibit 3-3 provides a summary of the positive impact a validated strategic planning model would likely have on ESD 101 (Based on Baldrige in Education):

**EXHIBIT 3-3
SAMPLE BEST PRACTICE IN STRATEGIC PLANNING**

FOCUS AREAS	IMPACT OF STRATEGIC PLANNING
Absence of an agency-wide policy/process for evaluation of all staff members	Stakeholders (staff) at every level can describe how the agency goals/plans affect their own work and can align their goals to that of the organization. Effective staff evaluations promote a culture of quality and continuous improvement that translates into enhanced performance.
Lack of opportunity for agency-wide staff input in a non-punitive environment	Stakeholders (staff) at every level will access an open communication model and participate in shared decision-making.
Staff morale that is less than optimal	Stakeholders (staff) at every level will benefit from participation in a comprehensive planning process and from leadership models that inspire and provide the driving force behind improvement efforts.

Source: Baldrige in Education Model, 2006.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The ESD's Superintendent along with administrative staff should review available models and processes (Boeing Business Model, Baldrige Criteria for Performance Excellence, The Carver Model, etc.). | Summer 2007 |
| 2. The ESD's Superintendent should recommend the selected model to ESD 101's Board of Directors. | Fall 2007 |
| 3. The ESD's Superintendent should hold an orientation for entire staff and board members for usage of the selected model. | Winter 2007 |

- | | |
|---|-------------|
| 4. The ESD's Superintendent should implement the model and develop a plan for its use. | Spring 2008 |
| 5. The ESD's Superintendent should conduct ongoing training for use and monitoring of the selected model. | Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 101 has a model “board – agency” relationship that has provided access to all board members by their respective constituents. This relationship is remarkable in the commitment of board members to the vision and mission of the agency as demonstrated by their regular attendance at not only ESD 101 Board Meetings, but at the sub-regional meetings and local school board meetings in their areas. This commitment is further defined by the tenure of many of the members (up to 32 years of service).

Board member interviews demonstrated an extremely high level of understanding of the political, fiscal, and programmatic challenges of ESD 101. That high level of understanding combined with the cumulative tenure of the group results in a model of leadership for not only ESD 101, but all Washington ESDs.

Responses provided by the individual members indicate a vision for the ESD and high expectations of the staff of that agency. The board as a whole is uniquely positioned to build the agency's future based on a very impressive history. Meeting the needs of their constituent districts in the most cost-effective manner possible was at the root of each response.

Administration at ESD 101 acknowledges the critical importance of a board that is knowledgeable and committed to the vision of the agency. The superintendent has nurtured that relationship and extracted the unique and individual skills of each member to move ESD 101 forward.

COMMENDATION

ESD 101 is to be commended for a participatory governance structure, and subsequently, for the remarkable “board – agency” relationship that has been developed and nurtured, and that results in comprehensive access by stakeholders to the board.

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents findings and recommendations relating to the financial management, budgeting, purchasing, and contract management processes used by Educational Service District 101 (ESD 101).

CHAPTER SUMMARY

ESD 101 generally has good internal controls over its financial management and budgeting operations. However, it can further improve its efficiency and effectiveness by implementing some new tools and processes, relating its budgets to program goals, and better managing its reserve fund balances. ESD 101 has several opportunities to improve its purchasing functions through implementation of a purchasing card program for smaller purchases, and documentation of at least three bids for all purchases in excess of \$10,000.

Key recommendations in this chapter include:

- Implement a new accounting and payroll system as soon as possible. (**Recommendation 4-1**)
- Tie budgets to ESD and school/school district performance measures or goals. (**Recommendation 4-2**)
- Determine an appropriate level for unrestricted and undesignated fund balances. (**Recommendation 4-3**)
- Implement a purchase card program. (**Recommendation 4-4**)
- Implement a policy to obtain and document at least three bids for all purchases in excess of \$10,000. (**Recommendation 4-5**)
- Implement a new accounting and purchasing system as soon as possible to eliminate the largely manual purchasing process. (**Recommendation 4-6**)

FINDING

The ESD's accounting system does not provide program managers with real-time access to their budget and expenditure information. Rather, program managers receive hardcopy monthly reports, usually within two weeks after the end of the month, including program budget and expenditure information from the prior month. As a result, program managers often duplicate the work of the accounting department by maintaining their own ledger spreadsheets to track their budget and expenditures. Program managers should have access to the budget and expenditure information they need and should not have to create and maintain their own separate ledgers.

In addition, the ESD's payroll system is largely a manual process that involves duplicate efforts by staff and the payroll officer. Specifically, staff track their own hours on timesheets, either an excel spreadsheet or a paper copy, and then submit the timecards to their supervisors for approval. Once approved, the supervisor forwards the timesheet to the payroll staff who has to manually input the time information, for up to 200 employees, into the payroll system.

This duplication of effort is wasteful and increases the chances for error. Online timekeeping systems with password protected supervisory approval and automatic uploading into the payroll system eliminate the double entry of data, can improve payroll accuracy, and improve internal control by reducing the chances for forged timecard approvals. According to the assistant superintendent of Fiscal Services, the ESD plans to implement the new WESPac integrated student and financial management software system in July 2007—in accordance with the implementation and timeline for conversion set by the Washington School Information Processing Cooperative.

Recommendation 4-1:

Implement the new WESPac accounting and payroll system as soon as possible.

Implementation of this recommendation will improve the efficiency of the accounting and payroll processes and allow program managers to receive better, more timely, program financial information. New systems also will eliminate the need for program managers to maintain separate accounting ledgers to manage their programs. Finally, the new system will prevent the need for duplicate payroll data entry, minimize the chances for errors, and improve the controls over payroll. The new system should also incorporate Recommendation 4-6 related to purchasing functions..

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------|
| 1. Fiscal staff should work with the selected system vendor to complete design specifications for the new system and to update internal processes to work with the system. | June 2007 |
| 2. Fiscal staff and the selected vendor should begin rolling out the new technology to fiscal services staff and then to each of the programs. | July 2007 |

FISCAL IMPACT

This finding has no measurable fiscal impact, because the budget already includes expenditures for the purchase of WESPac.

FINDING

The ESD does not relate its budgets to specific goals, objectives, or student outcomes for either the ESD or the districts/schools it serves.

The ESD currently follows the OSPI budgeting guidelines and budgeting template. Although this process helps establish spending limits for each program, it does not

provide indicators of the effectiveness of programs efforts in fulfilling program objectives. Best practices in budgeting suggest that budget-performance integration is essential for sound fiscal management. Until the ESD links its budgets to performance, it will be unable to determine if it is expending its funds in the best or most efficient manner.

Recommendation 4-2:

Tie the ESD budgets to ESD and school/school district performance measures or goals.

Implementing this recommendation will help the ESD to ensure it is only spending program funds for activities that directly and positively affect the goals or outcomes sought by each program.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The superintendent and program managers should develop performance indicators that reflect program goals. | May 2008 |
| 2. The superintendent should present ESD budgets, with clear linkages to each program's goals, to the board for consideration and approval. | June 2008 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 101 has not adopted targets for its unreserved (not earmarked for a specific purpose) fund balance. As a result, it may be carrying reserves in excess of those needed to adequately carry out its mission.

The fund balance is the difference between assets and liabilities as reflected on the balance sheet. Fund balance measures the financial resources available for future use after payment of all obligations, and serves as a key indicator of financial condition.

The Government Finance Officers Association (GFOA) recommends that unreserved fund balance in the general fund be between five and 15 percent of general fund operating revenues or one to two months of general operating expenditures. The recommended balance will vary from government operations to government operations and will depend on the predictability of revenues and volatility of expenditures, the availability of resources in other funds, and liquidity of invested funds

Taking the GFOA's guidelines into consideration, the Texas Education Agency (TEA) has determined that a reasonable level for undesignated fund balance for the General Fund (unreserved and undesignated) for Regional Education Service Centers in Texas, similar to Washington's ESDs, may be up to 20 percent of the prior year expenditures. This is based on the concept that undesignated fund balance should be equal to about 2.5 months of operating expenses. This is a little higher the GFOA recommended

amount because, unlike most other governmental agencies, ESDs have no tax base, and their annual revenues are subject to substantial fluctuations that are beyond their control, such as state and federal legislative funding of programs, government and non-profit grant availability, local school district financial constraints, and other issues not only beyond their control, but somewhat unpredictable.

Other sources with regional service center experience thought that an unreserved fund balance equal to three months of expenditures was more appropriate, due to unpredictable funding from local, state, and federal sources and because certain revenues sources, such as federal grants, are funded on a reimbursement basis. Thus, resources must be spent several months before revenue is received, which may create cash flow difficulties.

As shown in **Exhibit 4-1**, ESD 101 has maintained reserves well in excess of the GFOA upper limits, but has recently spent the reserves down closer to the GFOA recommended ranges. However, because a portion of ESD funding and its expenditures directly impact the amount of funds spent to provide services to school districts, the ESD should maintain the minimum reserve prudently needed to carry out its operations. Even using the higher end of the GFOA recommended targets, the ESD appears to be carrying excess fund balances. An optimal target of three months operating expenditures is \$441,667 less than the reserves for 2005-06.

**EXHIBIT 4-1
SUMMARY OF ESD 101 UNRESERVED FUND BALANCES
AND ESTIMATED EXCESS RESERVES**

	2003-04	2004-05	2005-06*
Unreserved fund balance**	\$2,010,202	\$1,411,049	\$880,738
Total average monthly Governmental Fund expenditures (excluding those for instructional and non instructional support programs, which have separate reserves)	\$248,049	\$227,885	\$146,157
Months fund balance reserve on hand	8.1	6.2	6.0
Optimal fund balance reserve (three months)	\$744,147	\$683,655	\$438,471
Excess fund balance	\$1,266,055	\$727,394	\$441,667

* Estimated

** Includes board designated reserves

Source: ESD 101 audited financial statements and 2005-06 budget (for 2005-06 estimate).

Recommendation 4-3:

Develop a board of directors policy addressing the level of unrestricted and undesignated fund balance to be maintained by ESD 101 and the criteria for determining appropriate fund balances for reserved funds to ensure reserves are adequate to meet financial obligations.

The determination of appropriate fund balance is a critical factor for ESDs' financial and strategic planning and for budgeting purposes. The establishment of a board policy on

the fund balance will provide long-term guidance for financial decisions regarding fund balances and rates charged to school districts. At this time, the fund balance is in excess of three months' expenditures and should be decreased pending the adoption of the board's policy.

Reducing the unreserved fund balance carried by the ESD will allow a one-time availability of funds to support ESD operations or allow the ESD to make a one-time reduction in fees charged to the districts. The ESD should consider this recommendation in conjunction with the recommendation in the Facilities Section to establish a sinking fund for capital assets.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. ESD 101 Fiscal Services Executive Director should prepare a draft of a recommended board policy for fund balance targets to help ensure adequacy of balances to meet current and future obligations considering uncertain funding, while not needlessly tying up funds in unproductive account balances. | June 2007 |
| 2. The board of directors should review the recommended policy and approve or denies the proposal. | September 2007 |

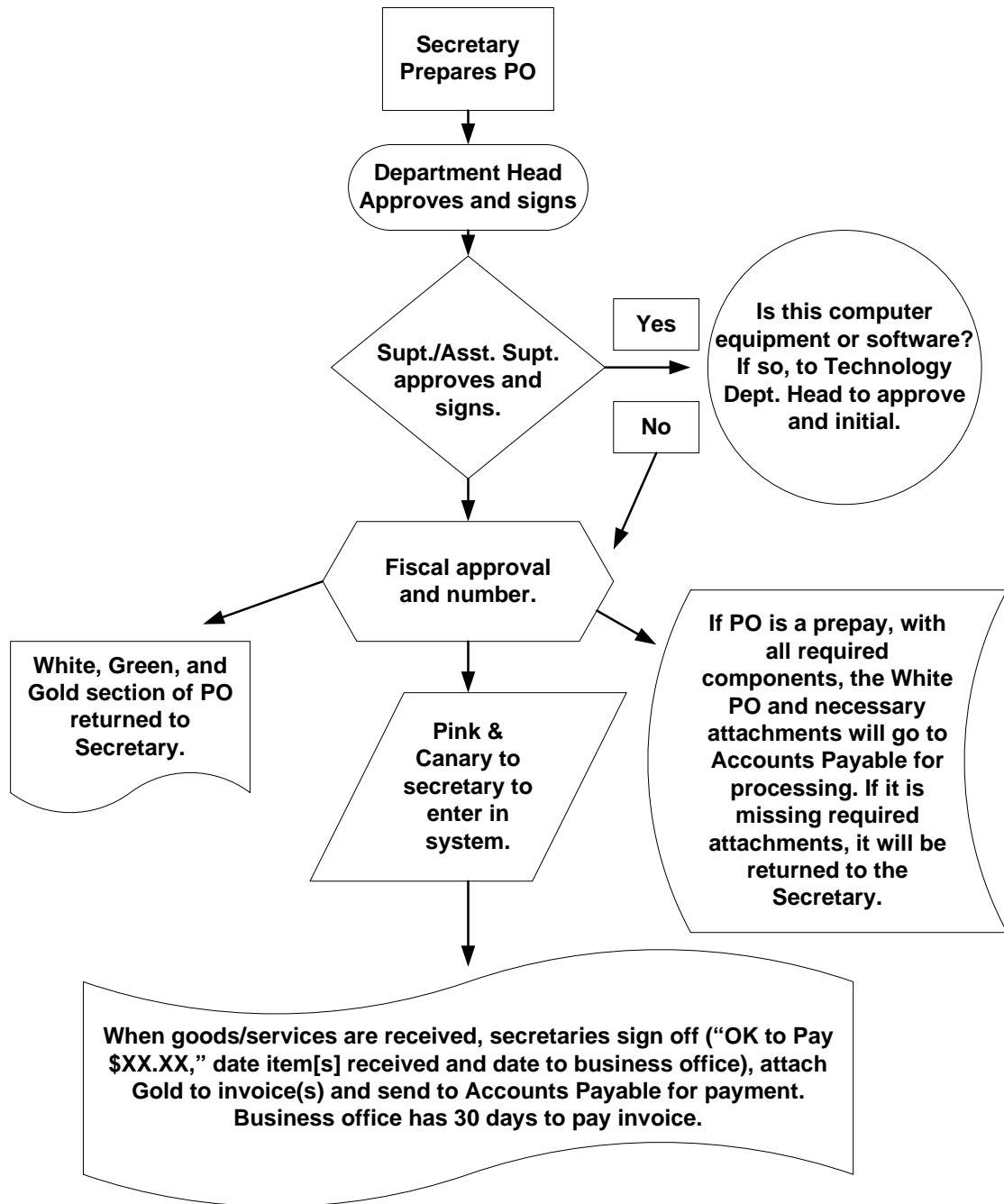
FISCAL IMPACT

If the board adopts the recommended three months reserve, decreasing the unreserved fund balance will permit shifting up to \$441,667 to other activities including consideration of the recommendation in the Facilities Section to establish a sinking fund for capital assets.

FINDING

The ESD uses a manual purchasing system that results in an ineffective and inefficient purchasing process. The ESD uses the same process for most purchases. Specifically, the ESD uses a manual purchase requisition and purchase order form to facilitate most purchases, even those that are of nominal cost. **Exhibit 4-2** displays ESD 101's purchasing process. The level of effort and internal controls the ESD is applying to small purchases is excessive.

**EXHIBIT 4-2
PURCHASING FLOWCHART**



Source: ESD 101, November 2006.

Procurement cards are charge cards that work similarly to credit cards for purchasing goods or services. Entities can tailor the cards with specific controls such as limits for use with certain commodities, suppliers, or spending thresholds. Procurement cards are a well-established technology and are widely used throughout government. Procurement cards, like the purchase order process, create a full and visible audit trail. Additional benefits of procurement cards that the ESD may realize include:

- Simplicity and cost effectiveness for both user and supplier.
- Reduction in invoices, ordering time, and processing time.
- Faster delivery of goods and services.
- Payment tool for online ordering.
- Available staff time for more productive issues.
- Staff empowerment, but with built in and variable control mechanisms.
- Support for e-procurement initiatives.
- Prompt payment to suppliers increasing early settlement discount opportunities.
- Improved accuracy of transactions and easier reconciliation.
- Reductions in disputes with suppliers since consumers deal direct with suppliers.
- Reduction in petty cash transactions.

The ESD was unable to provide a report showing the number of purchase orders processed in fiscal year 2005-06. If the ESD were to use procurement cards just to eliminate all purchase orders for items costing less than \$100, it should be able to reduce the number of purchase orders by about one-third.

Recommendation 4-4:

Implement a procurement card program.

The benefits of a procurement card program are shown above.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|----------|
| 1. The assistant superintendent of Fiscal Services and his staff should conduct a fair market analysis and investigate the pros and cons associated with converting to a procurement card system. | May 2008 |
|---|----------|

- | | |
|---|-----------|
| 2. If the analysis reveals that the ESD can realize cost savings without compromising security, the Executive Director should present his findings to the ESD's Board and seek approval to convert to the new system. | July 2008 |
|---|-----------|

FISCAL IMPACT

The ESD would gain efficiencies from simplifying the purchasing process; however, the audit team could not calculate the dollar amount of these gained efficiencies. The implementation of procurement cards should have no cost to the ESD.

FINDING

The ESD does not have an internal policy that specifies a dollar threshold for obtaining bids on purchases. As a result, it cannot ensure it is always receiving the best value for purchased items.

Although the ESDs are not subject to state bidding laws, the ESD would benefit from a formalized process that required purchasing staff to obtain and document at least three bids on all items costing \$10,000 or more. The ESD was only able to provide a list of competitive purchases it made with federal funds in 2005-06 for which it obtained bids (in accordance with federal guidelines). It could not provide a listing of other items purchased using a bid process. Although the assistant superintendent of Fiscal Services told the audit team that the ESD uses a competitive process for large acquisitions and for construction projects, the ESD does not have a policy that identifies the dollar thresholds for requiring bids. Having a policy that requires staff to obtain bids for large dollar purchases is a cost-effective way to better ensure the ESD is obtaining the best value on its purchases.

Recommendation 4-5:

Implement a policy to obtain and document at least three bids for all purchases in excess of \$10,000.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The superintendent and cabinet should present its bid policy procedures to the board for consideration and approval. | June 2007 |
| 2. The superintendent and cabinet should meet with and inform program managers about the bidding procedures and requirements. | June 2007 |

FISCAL IMPACT

This recommendation can be implemented within existing resources.

FINDING

The ESDs manual purchase order process is inefficient. As shown earlier in Exhibit 4-2, the ESDs purchase order process is largely manual and requires several signature approvals for each paper purchase order form. The process is inefficient and can be slow because it requires the routing of each paper form to different individuals in different locations throughout the ESD building. If one of the individuals is not present, the purchase order can stall. Moreover, there is a duplication of effort in that the Secretary prepares the purchase order form for signatures and then, once approved, the purchase order information must be input into the accounting system.

Recommendation 4-6:

Implement a new purchasing system as soon as possible.

By eliminating the largely manual purchasing process and converting to an electronic purchase order system, the ESD will save money, time, and improve its purchase order tracking ability. Specifically, eliminating the need for the paper copies, the need to route the paper forms from office to office, and the redundant data input will save both time and money. Moreover, remote access to the purchase orders combined with automatic notifications when forms are awaiting approval and the ability to view where the order is in the process should promote faster turnaround times.

The new system should also incorporate Recommendation 4-1 related to the accounting and payroll functions. According to the assistant superintendent of Fiscal Services, the ESD plans to implement the new WESPaC integrated student and financial management software system in July 2007.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|--|--------------|
| 1. Fiscal staff should work with the selected system vendor to complete design specifications for the new system and to update internal processes to work with the system. | July 2007 |
| 2. Fiscal staff and the selected vendor should begin rolling out the new technology to fiscal services staff and then to each of the programs. | October 2007 |

FISCAL IMPACT

See the fiscal impact of Recommendation 4-1.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter presents information relating to the program delivery of Educational Service District 101 (ESD 101) in Spokane, Washington.

CHAPTER SUMMARY

ESD 101 serves a seven-county region of eastern Washington with 59 school districts and 45 private schools. The programs offered and sponsored by the ESD are focused on service to the school districts. No law or rule requires the districts to purchase services from the ESD and if there are more cost-effective options districts are free to make that choice. Services provided by ESD 101 generally fall into four areas: Administrative Services; Curriculum, Instruction, and Assessment; Operations and Technical Services; and Telecommunications/Public Affairs. A large number and wide variety of programs are provided from the three percent of the budget representing core funding, others from grants, and others through cooperatives. Examples of the programs to assist administrative functions include certification, administrative consultation, school district boundaries, and clock hour records. Examples of programs provided to assist school districts with curriculum, instruction and assessment include early childhood programs, paraprofessional training, school improvement, drug and alcohol prevention, assistance with school improvement, special education services, a science cooperative, professional development.

Services and programs to assist districts with operations and technical issues include data processing, accounting and auditing services, financial services, school state reports, information technology and network services, video conferencing, and unemployment cooperative. Telecommunications is a natural for this ESD, which is located in a former television studio. Examples of programs in this arena include DVD production, a corrections learning network, and a copy and print center. The ESD additionally houses two programs that are directly funded by the Office of the Superintendent of Public Instruction (OSPI), the Office of Professional Practice and Child Nutrition Services.

A review of documents and interviews with the staff of the ESD who are the providers of services to the district's teachers, administrators and children, demonstrated a well coordinated and needs-based service plan. The survey of district superintendents conducted by the audit team gives the ESD high marks for the degree of service, its value both in cost and caring. The ESD has established cooperatives in various programs to assist districts, particularly in small, remote districts. Regional meetings are held monthly in each of the four regions and once monthly for all regional superintendents. The superintendent attends each of these meetings to both provide information and to seek direction for the organization.

The organizational structure of ESD 101 includes an Assistant Superintendent for Operations and Technical Services, an Assistant Superintendent for Curriculum, Instruction and Assessment, an Executive Director of Telecommunications and Public Affairs, and the Director of Human Resources.

Based on the RFP requirements, the audit of ESD 101 found little to recommend for improvement, but several programs to commend in the area of program delivery.

Key commendations in this chapter include:

- ESD 101 has a well respected and valued special education support program.
- ESD 101 uses the capacity of its telecommunications.
- ESD 101 provides a quality juvenile detention school program.
- ESD 101 has a strong commitment to continue to provide school nurse program consultants.

Key recommendations in this chapter include:

- Require financial and program continuation plans for all grants **(Recommendations 5-1)**.

5.1 Financial Continuation Plan for All Grants

The state funding for ESD 101 is a small fraction of the budget (3%) with the majority of budget dollars from cooperative associations of school districts (20%), federal funding and grants (50%) and other state funding (17%) as well as fee for service contracts. The cost of operations for a grant includes supervision, financial management, hiring of personnel, report preparation, printing, travel, etc. These are in-direct costs for which the ESD has established a nine percent indirect rate applied to most grants. Grants that build capacity of staff may not need to be sustained after the grant expires, or continued at a much-reduced rate or intensity. Other grant-funded programs may create a burden on a district to be continued after the grant expires. The fiscal impact on a district budget while a grant is in place is usually positive and with solid planning continuation of the gains from the grant may be sustained. This planning for funding mechanisms after a grant expires may lessen the swings in programs that often accompany a successful grant.

FINDING

The ESD does not require a continuation plan from districts participating in grants written by the ESD. The management of a grant from its needs survey, writing, budgeting, and operation, to its close, is a function of the ESD and is supportive of school districts.

When a district is participating in a grant that will require continued funding after it expires a district would benefit from making continuation plans early in the process. With adequate pre-planning at the beginning of a grant cycle, the services provided by the grant may be sustained.

Recommendation 5-1:

Require a financial and program continuation plan from all districts as a condition for participation in grants written by the ESD.

This requirement may result in greater continuity of program service to the districts and their children. The inclusion of such a plan is often a requirement of a grant. The ESD should be a resource to assist districts with these plans both on a financial basis and in program planning.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|-------------|
| 1. At the next superintendents meeting, this proposal should be explained and considered for suggestions. | June 2007 |
| 2. The ESD Superintendent with this input should draft a grant procedure to guide the ESD departments. | July 2007 |
| 3. All grants forward should be accompanied with a continuation plan and these plans kept on file at the ESD. | August 2007 |
| 4. Data should be kept over the next several years to determine if these continuation plans are making the difference desired and programs are sustained to a greater extent. | June 2010 |

FISCAL IMPACT

The fiscal impact of this recommendation can not be determined at this time.

5.2 Special Education Program

FINDING

ESD 101 has an effective fee for service, cooperative delivery model to serve the special education needs of its member districts.

The special education cooperative was originally developed to assist rural and remote school districts in providing special education instruction through direct services delivered by ESD 101 personnel. Services provided include school psychology, speech and language pathology, and motor therapy and vision services to the special education eligible students. Districts purchase the necessary services from the ESD for a daily rate. The Special Education Director secures federal flow-through funds for the member districts, gathering data from each district and consolidating data into a single application. Each district's allotted funds are credited against each district and the districts then "spend" their allocation of funds to purchase needed services for their students with special needs.

Regional meetings assist districts in filing of state and federal paperwork, and the development of policies and procedures in the special education arena. The ESD

provides technical assistance and professional development for each district's teachers.

The ESD special education department also provides services through a state grant with its focus on the improvement of the performance of eligible special education students on the Washington Assessment of Student Learning (WASL) tests, to increase the number of special education students graduating from high school, and to reduce the drop out rate of these students.

The ESD sponsors, and has for several years, the Inter-Disciplinary Educational Alternative Strategies (I.D.E.A.S.) Conference. This conference has received a 3.6 or better rating out a possible four points by its participants for the past four years.

The member district superintendents especially appreciate the support provided by the ESD. Ninety percent of member district superintendents reported on the survey that they were either very satisfied or satisfied. This is the highest mark given any program of service or support provided by the ESD. Comments in the superintendent interviews indicate the value placed on the support provided to be especially important to the smaller and more remote school districts where there would be great difficulty in finding and hiring the specialists needed to provide occupational and physical therapy, vision and hearing therapy, and other services of a similar nature.

COMMENDATION

ESD 101 has a well-respected and valued program to support districts in their efforts to meet the needs of special needs children.

5.3 Utilization of the Telecommunications Facility

FINDING

ESD 101 has a distance learning facility and is a grant participant with the Corrections Learning Network (CLN). This program was established in 1999, administered by ESD 101, and is funded through the U.S. Department of Education, Office of Innovation and Improvement. The CLN provides instructional programming and training for both staff and offenders to the nation's correctional facilities through technology and resource sharing. Distance learning is provided to 770 sites in forty-eight states, to more than 300,000 persons, generally those in prisons across the U.S.

The initial program was funded by a federal grant; as the grant funds expire, sites are required to pay a \$1,000 enrollment fee. Currently, about 350 sites pay the fee. The people and organizations served generally are outside eastern Washington. The mission of ESD 101 states: "ESD 101 promotes educational excellence by delivering essential, cooperative services to schools and *other learning communities*." This population of offenders fits under the mission of "other learning communities;" however, their locations are outside of the geographical service region of ESD 101.

There is an indirect benefit of this program to the ESD. It is a program that is included in the sharing of the costs associated with the physical plant infrastructure. The department is commended for its entrepreneurial efforts to utilize the telecommunications facility.

The educational delivery of instruction to prisons is cost-effective since funding is provided by a Department of Education grant. The ESD does have the capacity to develop media and to deliver media both in DVD format and through satellite instructional technology.

COMMENDATION

ESD 101 is commended for using its capacity to deliver educational programming to correctional institutions across the country.

5.4 Juvenile Detention Program

FINDING

ESD 101, in cooperation with the Spokane Juvenile Detention Center, provides educational services to neglected or delinquent youth. This school serves approximately 50 students in detention at any one time. The total number of unduplicated admissions is over 1,000. The largest number of detainees remains in the facility for 90 to 180 days. This service is provided in two parts in the same facility. Youth that are not in custody in the facility, but are on home monitoring or Structured Alternative to Confinement (SAC) School, attend class in the detention center. There are two teachers and two paraprofessionals delivering this program. The teacher observed by the auditor knew each child by name, had an affinity for these youth, and used lesson plans while instructing in a wide variety of subjects.

The second program is for incarcerated youth who attend classes in four classrooms and a gymnasium within the center. Those youth that are incarcerated are required to attend the detention center school. The youth move from class-to-class while meeting with the four teachers. The rooms were bright, well structured, equipped with technology, and served by teachers with an affinity for these youth in detention. The average length of stay varied and the transition back to either the home school or another school is the focus of the staff. Students are allowed the opportunity to increase their academic skills and to experience success in an educational setting. Class hours earned here can be converted to credits at the home school or if they are no longer enrolled are offered assistance in re-entering a school and/or the GED program. The school's curriculum is aligned with the Washington Student Learning Goals, but these students are not required to take the Washington Assessment of Student Learning (WASL) tests.

COMMENDATION

ESD 101 provides a quality juvenile detention school program.

5.5 School Nurse Consultants

FINDING

Across ESD 101, 28 registered nurses provide services to 48 school districts. Funding for this program comes directly from OSPI through the ESD to districts. The ESD houses the supervisor of nursing; originally, funding was provided for nine nurse supervisors, but

has dropped funding for 4.5 positions. Funding has remained flat for several years resulting in decreases in staffing as nurse wage and benefits increase. The School Nurse Corps (SNC) supervisory team provided phone and on-site services to 26 school districts last year and consultation to all 59 school districts.

The audit team reviewed the phone logs of the supervisory personnel. The activity on the logs supports the importance of this program for the continued health of the students in the school districts.

COMMENDATION

ESD 101 has continued to provide school nurse program consultants despite funding cuts.

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

This chapter presents information relating to the Human Resources (HR) Department of Educational Service District (ESD) 101, located in Spokane, Washington.

CHAPTER SUMMARY

The HR director reports directly to the superintendent, has secretarial support (0.4 FTE), and supervises a certification specialist and the secretary/receptionist at the front desk of the ESD. ESD 101 has an internal personnel office that focuses on employment records and recruitment to maintain ESD's workforce. The ESD 101 Web site, www.esd101.net, is well organized and contains much information related to human resources, job applications, policies, and benefits.

Employee personnel records and files are in locked files and secured in the office safe. All appropriate policies related to leaves, salary schedules, benefits, and evaluation documents are posted online in the policy manual of the ESD, and thus available to all of the employees. New employee packets are well developed and show attention to detail.

There appears to be both a positive and, for some, a distress level of job satisfaction among the employees. Job dissatisfaction was not mentioned during the scheduled interviews with employees but was expressed in several comments in the employee survey data. Most of the certificated staff are represented by, and members of, the Washington Education Association or union.

The board evaluates the superintendent annually. The superintendent, based on jointly set goals, evaluates cabinet members annually. The board sets the salaries of the superintendent and cabinet members, and all others are determined by job placement on a three-step schedule. All certificated staff evaluations are completed and filed annually as required by statute. Classified staff members were evaluated annually for the first three years of employment and as needed thereafter. They are not currently evaluated annually. The superintendent and HR director both indicated that following a multi-year review and revision of personnel policies and practices, annual evaluations are being implemented for all staff.

HR reported neither grievances nor lawsuits currently active. There is no formal affirmative action policy, and based on observation, employees of the ESD are minimally ethnically diverse.

This chapter contains the following key recommendations:

- Prepare, plan, train for, and implement an annual evaluation procedure for all employees, and include in that plan training in supervision for all supervisors. (**Recommendation 6-1**)
- Develop a longitudinal salary schedule for all staff. (**Recommendation 6-2**)

6.1 Annual Evaluations of All Staff

FINDING

ESD 101 has not been conducting annual evaluations of its non-certificated employees. The administrators and supervisors of the ESD are following a current practice (of not annually evaluating all non-certificated staff. The superintendent and HR director both indicated that following a multi-year review and revision of personnel policies and practices, annual evaluations are being implemented for all staff. The lack of regular performance appraisals, where both strengths and areas for improvement are noted, may be contributing to the lack of consistent positive morale across all employees. HR reported that directors and Cabinet members are mostly hired from among persons with supervisory experience. However, there is no specific plan to train all supervisors in the theory and practice of supervision. Along with annual evaluations of all staff, regular training in supervision should be a priority. All forms and processes must be developed to ensure consistency across the ESD, and any new procedures in this area should be reviewed by legal counsel prior to implementation.

Recommendation 6-1:

Prepare, plan, train for, and implement an annual evaluation procedure for all employees, and include in that plan training in supervision for all supervisors.

As this new practice (policy) is developed, the ESD 101 legal advisors should be consulted along the way and all steps and forms submitted for appropriate review.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------------------|
| 1. The HR director should locate, develop, and present an annual evaluation procedure to the cabinet. | June 2007 |
| 2. The HR director should meet with the superintendent and legal advisors to ensure a consistent and legally sound process is developed. | July 2007 |
| 3. The superintendent should evaluate the merits of this proposal, developing arguments for its approval prior to forwarding the concept to the board for approval. | July 2007 |
| 4. Upon board action, training in the procedures and theories of supervision should be scheduled for all managers and supervisors. | August 2007 |
| 5. Annual evaluations of all staff should begin with the new fiscal year, and HR should track their completion. | August 2007 |
| 6. Annually, all supervisory personnel should be trained in the procedures and the best practices for supervision of employees. | September 2007 and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

6.2 Longitudinal Salary Schedule

FINDING

ESD 101 has a three-step compensation schedule for all employees. Initial placement is on step 1. With successful evaluations at the fiscal year, the employee moves to step 2, and with another year of successful evaluations to step 3.

Each year management team members make recommendations to superintendent's cabinet and the ESD Board of Directors for salary increases for various staff based on factors such as competitiveness of the salary, additional responsibilities, and accomplishments. The level of compensation is based on a review of both the private sector and other ESDs and surrounding school districts.

Each year the ESD 101 considers salary upgrades on a case-by-case basis. ESD 101 recently hired Education Management Solutions (EMS) to conduct a comprehensive job study, develop and review all job descriptions, conduct a comparison to the private sector, etc.

Recommendation 6-2:

Prepare, plan, and fund a longitudinal salary schedule with increases in pay after seven, ten, and fifteen years of employment in the same position with the ESD.

The costs of replacing an employee can be a significant hindrance to the institutional memory and the building of a strong organization. There are added costs of advertising openings, interviewing candidates, and training new staff. The loss of job efficiency in support functions often has ripple effects, leading to decreased productivity in surrounding positions. Replacement of professional staff can be more difficult and is problematic due to the higher pay available for similar positions with schools districts (see **Exhibits 6-1 and 6-2**). ESD 114 in Bremerton has a seven-by-seven salary schedule for all non-certificated employees, and all certificated employees working in schools are on the LEAP schedule. The ESD 101 HR Director should consider contacting the HR director (or the superintendent) of ESD 114 as a good source of "best practice" information.

EXHIBIT 6-1 **LEAP SCHEDULE FOR SCHOOL DISTRICTS**

Washington K-12 Salary Allocation Schedule for Certificated Instructional Staff

The following schedules are used to determine state salary allocations for certificated instructional staff (i. e., teachers and educational staff associates) for 262 public school districts in Washington State. The remaining 34 public school districts receive somewhat higher allocations due to a higher base salary.

The state schedule determines ALLOCATIONS of state funds. ACTUAL SALARIES ARE DETERMINED IN LOCAL NEGOTIATIONS. Questions regarding individual employee compensation should be directed to the local school district personnel or payroll office.

2005-06 K-12 Salary Allocation Schedule for Certificated Instructional Staff

Years of Service	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	MA+90 or PhD
0	30,383	31,204	32,054	32,906	35,640	37,401	36,426	39,161	40,924
1	30,792	31,624	32,485	33,375	36,137	37,889	36,831	39,594	41,345
2	31,181	32,022	32,892	33,850	36,605	38,375	37,239	39,994	41,764
3	31,583	32,431	33,311	34,299	37,049	38,861	37,626	40,373	42,187
4	31,977	32,862	33,747	34,770	37,536	39,361	38,031	40,796	42,623
5	32,384	33,273	34,167	35,247	38,002	39,864	38,442	41,199	43,061
6	32,802	33,672	34,596	35,729	38,472	40,344	38,864	41,607	43,478
7	33,536	34,420	35,356	36,551	39,334	41,258	39,655	42,437	44,362
8	34,612	35,543	36,502	37,796	40,616	42,611	40,899	43,720	45,714
9		36,707	37,713	39,054	41,940	44,002	42,156	45,044	47,106
10			38,938	40,376	43,301	45,432	43,479	46,405	48,535
11				41,737	44,726	46,900	44,840	47,830	50,003
12				43,055	46,189	48,428	46,255	49,292	51,532
13					47,688	49,993	47,720	50,791	53,096
14					49,194	51,618	49,227	52,396	54,721
15					50,474	52,961	50,507	53,758	56,144
16 or more					51,483	54,019	51,517	54,833	57,266

2006-07 K-12 Salary Allocation Schedule for Certificated Instructional Staff

Years of Service	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	MA+90 or PhD
0	31,386	32,234	33,112	33,992	36,817	38,636	37,629	40,454	42,275
1	31,808	32,668	33,557	34,476	37,330	39,140	38,047	40,901	42,710
2	32,211	33,079	33,978	34,967	37,813	39,641	38,469	41,314	43,143
3	32,626	33,502	34,410	35,432	38,272	40,144	38,868	41,706	43,579
4	33,033	33,947	34,861	35,918	38,775	40,661	39,286	42,143	44,030
5	33,453	34,372	35,295	36,410	39,257	41,180	39,711	42,559	44,483
6	33,885	34,784	35,738	36,909	39,742	41,676	40,147	42,981	44,913
7	34,644	35,556	36,523	37,758	40,633	42,620	40,964	43,838	45,826
8	35,755	36,717	37,707	39,044	41,957	44,018	42,249	45,163	47,223
9		37,919	38,958	40,343	43,325	45,455	43,547	46,531	48,661
10			40,224	41,709	44,730	46,932	44,915	47,937	50,137
11				43,115	46,202	48,448	46,321	49,409	51,653
12				44,476	47,714	50,026	47,782	50,919	53,233
13					49,262	51,644	49,295	52,468	54,849
14					50,818	53,322	50,852	54,125	56,528
15					52,140	54,709	52,174	55,533	57,998
16 or more					53,183	55,802	53,217	56,643	59,157

Source: State of Washington OSPI Web site; Engrossed Substitute Senate Bill 6386, Sec. 503.

EXHIBIT 6-2 SALARY SCHEDULE FOR ESD 101

EDUCATIONAL SERVICE DISTRICT 101 REPRESENTED CERTIFICATED SALARY SCHEDULE 2006-2007 SCHEDULE REVISED 9/19/2006									
YEARS OF SERVICE	HIGHEST DEGREE AND SUBSEQUENT CREDITS-ANNUAL AMOUNTS								MA + 90 or PHD
	BA	BA+15	BA+30	BA+45	BA+90	BA + 135	MA	MA+45	
0	\$31,347	\$32,194	\$33,071	\$33,951	\$36,771	\$38,588	\$37,583	\$40,404	\$42,223
1	\$31,769	\$32,628	\$33,516	\$34,434	\$37,284	\$39,091	\$38,001	\$40,851	\$42,657
2	\$32,171	\$33,038	\$33,936	\$34,924	\$37,767	\$39,593	\$38,421	\$41,263	\$43,090
3	\$32,586	\$33,461	\$34,368	\$35,388	\$38,225	\$40,095	\$38,820	\$41,655	\$43,526
4	\$32,992	\$33,905	\$34,818	\$35,874	\$38,727	\$40,611	\$39,238	\$42,091	\$43,976
5	\$33,412	\$34,329	\$35,251	\$36,366	\$39,208	\$41,130	\$39,663	\$42,507	\$44,428
6	\$33,843	\$34,741	\$35,694	\$36,864	\$39,693	\$41,625	\$40,098	\$42,928	\$44,858
7	\$34,601	\$35,512	\$36,478	\$37,711	\$40,583	\$42,568	\$40,914	\$43,784	\$45,770
8	\$35,711	\$36,671	\$37,660	\$38,996	\$41,906	\$43,963	\$42,197	\$45,108	\$47,165
9		\$37,872	\$38,910	\$40,293	\$43,271	\$45,399	\$43,494	\$46,473	\$48,601
10			\$40,174	\$41,658	\$44,675	\$46,874	\$44,859	\$47,878	\$50,076
11				\$43,062	\$46,146	\$48,389	\$46,264	\$49,348	\$51,590
12				\$44,422	\$47,655	\$49,965	\$47,723	\$50,857	\$53,167
13					\$49,202	\$51,580	\$49,234	\$52,403	\$54,781
14					\$50,756	\$53,256	\$50,790	\$54,059	\$56,458
15					\$52,076	\$54,642	\$52,110	\$55,464	\$57,926
16					\$53,117	\$55,734	\$53,152	\$56,573	\$59,084

YEARS OF SERVICE	HIGHEST DEGREE AND SUBSEQUENT CREDITS-DAILY RATES @184 DAYS								MA + 90 or PHD
	BA	BA+15	BA+30	BA+45	BA+90	BA + 135	MA	MA+45	
0	\$170.37	\$174.97	\$179.73	\$184.51	\$199.84	\$209.72	\$204.25	\$219.59	\$229.47
1	\$172.66	\$177.32	\$182.15	\$187.14	\$202.63	\$212.45	\$206.52	\$222.02	\$231.83
2	\$174.84	\$179.55	\$184.43	\$189.81	\$205.25	\$215.18	\$208.81	\$224.26	\$234.18
3	\$177.10	\$181.85	\$186.78	\$192.33	\$207.74	\$217.91	\$210.98	\$226.38	\$236.55
4	\$179.30	\$184.27	\$189.23	\$194.97	\$210.47	\$220.71	\$213.25	\$228.76	\$239.00
5	\$181.59	\$186.57	\$191.58	\$197.64	\$213.09	\$223.53	\$215.56	\$231.02	\$241.46
6	\$183.93	\$188.81	\$193.99	\$200.35	\$215.72	\$226.22	\$217.92	\$233.30	\$243.79
7	\$188.05	\$193.00	\$198.25	\$204.95	\$220.56	\$231.35	\$222.36	\$237.96	\$248.75
8	\$194.08	\$199.30	\$204.67	\$211.93	\$227.75	\$238.93	\$229.33	\$245.15	\$256.33
9		\$205.83	\$211.47	\$218.99	\$235.17	\$246.73	\$236.38	\$252.57	\$264.14
10			\$218.34	\$226.40	\$242.80	\$254.75	\$243.80	\$260.21	\$272.15
11				\$234.03	\$250.79	\$262.98	\$251.43	\$268.20	\$280.38
12				\$241.42	\$259.00	\$271.55	\$259.37	\$276.40	\$288.95
13					\$267.40	\$280.33	\$267.58	\$284.80	\$297.73
14					\$275.85	\$289.44	\$276.03	\$293.80	\$306.84
15					\$283.02	\$296.97	\$283.21	\$301.44	\$314.82
16					\$288.68	\$302.90	\$288.87	\$307.46	\$321.11

YEARS OF SERVICE	HIGHEST DEGREE AND SUBSEQUENT CREDITS-HOURLY RATES @1472 HRS								MA + 90 or PHD
	BA	BA+15	BA+30	BA+45	BA+90	BA + 135	MA	MA+45	
0	\$21.2958	\$21.8710	\$22.4669	\$23.0642	\$24.9806	\$26.2149	\$25.5317	\$27.4484	\$28.6840
1	\$21.5824	\$22.1655	\$22.7690	\$23.3926	\$25.3290	\$26.5567	\$25.8156	\$27.7520	\$28.9791
2	\$21.8555	\$22.4443	\$23.0542	\$23.7259	\$25.6568	\$26.8972	\$26.1014	\$28.0321	\$29.2728
3	\$22.1370	\$22.7314	\$23.3481	\$24.0408	\$25.9681	\$27.2384	\$26.3723	\$28.2981	\$29.5692
4	\$22.4130	\$23.0335	\$23.6537	\$24.3707	\$26.3093	\$27.5889	\$26.6562	\$28.5947	\$29.8750
5	\$22.6981	\$23.3217	\$23.9480	\$24.7048	\$26.6361	\$27.9414	\$26.9447	\$28.8769	\$30.1821
6	\$22.9912	\$23.6011	\$24.2487	\$25.0432	\$26.9654	\$28.2776	\$27.2405	\$29.1629	\$30.4743
7	\$23.5061	\$24.1252	\$24.7813	\$25.6191	\$27.5698	\$28.9182	\$27.7946	\$29.7445	\$31.0936
8	\$24.2600	\$24.9127	\$25.5843	\$26.4915	\$28.4684	\$29.8665	\$28.6663	\$30.6438	\$32.0412
9		\$25.7283	\$26.4334	\$27.3732	\$29.3963	\$30.8419	\$29.5473	\$31.5717	\$33.0172
10			\$27.2923	\$28.3002	\$30.3501	\$31.8440	\$30.4751	\$32.5257	\$34.0188
11				\$29.2543	\$31.3489	\$32.8726	\$31.4292	\$33.5245	\$35.0474
12				\$30.1779	\$32.3745	\$33.9436	\$32.4207	\$34.5495	\$36.1192
13					\$33.4250	\$35.0410	\$33.4472	\$35.6000	\$37.2157
14					\$34.4807	\$36.1794	\$34.5039	\$36.7248	\$38.3548
15					\$35.3779	\$37.1207	\$35.4006	\$37.6795	\$39.3521
16					\$36.0851	\$37.8627	\$36.1085	\$38.4330	\$40.1388

Source: HR Director, ESD 101.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------|
| 1. The HR director should prepare a salary schedule for administrative review showing pay raises at seven, ten, and fifteen years for all positions. | June 2007 |
| 2. The HR director should meet with the superintendent and Finance director to establish a budget for review with the added costs offset by the reduced cost of replacing staff. (The actual amount to be determined by the ESD after a review of prior recruitment expenses and an estimate of reduced turnover.) | July 2007 |
| 3. The superintendent should evaluate the schedule and consider the value of increased staff retention prior to forwarding the proposed concept to the board for approval. | July 2007 |
| 4. Upon board action, these positions should be added to the current salary schedule. | July 2007 |

FISCAL IMPACT

The fiscal impact of implementing this recommendation shall be determined by the ESD based on its estimate of a reduction in recruitment costs due to lower turnover of employees to offset the cost.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter presents information regarding the use and management of facilities for Educational Service District (ESD) 101 in Spokane, Washington.

CHAPTER SUMMARY

ESD 101 has five main facilities in Spokane located at three separate sites. There are two facilities at the Regal Center: the main administration building and a conference center (several small storage “kennels” are also at the Regal Center). A third facility is presently for sale at 1025 Indiana Ave. near downtown Spokane which served as the former administrative site for ESD 101. The fourth and fifth facilities are two small adjacent houses on East Riverside Ave. They house the Spokane Service Team, which is affiliated with Americorp and the City of Spokane. This facility is dedicated to the School-to-Work Program.

The main administrative building was a former television station. Because ESD 101 produces several television and video programs, the studios provide suitable space for the production of those programs. The facility is currently near capacity.

Generally, ESD 101 appeared to be effectively managing the use of its buildings. The management team seemed focused on the care and upkeep of the facilities. While a number of recommendations are being made to improve the management of the facilities, the audit team generally found the facilities to be clean and well maintained. The landscaping and parking areas were well-maintained.

The facility manager for this ESD is the maintenance director. He is supervised by the assistant superintendent for Operations and Technical Services. The assistant superintendent is involved in the strategic uses of the facilities as well as the ongoing financial management of the facilities. In addition, there are two other facility personnel: one full time custodian and one combination custodian/maintenance worker. They provide necessary cleaning services and light maintenance. Larger maintenance projects and services are contracted to local firms.

Key recommendations in this chapter include:

- Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion. **(Recommendation 7-1)**
- Install additional energy and utility saving devices throughout the ESD as part of an energy and utility conservation program. **(Recommendation 7-2)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-3)**
- Develop time and task standards for custodial services. **(Recommendation 7-4)**

- Install a second water meter on the irrigation line serving ESD 101. **(Recommendation 7-5)**
- Prepare a written facility improvement plan that includes a physical assessment of all ESD buildings (structural, electrical-mechanical systems, safety issues, and accessibility issues). **(Recommendation 7-6)**
- Use automatic product dispensing devices for each custodial closet to reduce excessive use of custodial products. **(Recommendation 7-7)**
- Develop a simple database program to track work orders and generate simple maintenance reports. **(Recommendation 7-8)**

FINDING

The preventive maintenance program in ESD 101 is not a written, systematic process. It appears that the ESD is conducting many preventive maintenance activities however, the lack of a system to track the activities could result in a “hit-and-miss” schedule and poorly-maintained equipment. To ensure efficiency and minimize costly repairs, a systematic preventive maintenance process will anticipate wear, tear, and change on facilities and equipment, and prompt the maintenance department to take corrective actions before a failure. An effective program involves systematic inspection, adjustment, lubrication, and replacement of components, as well as performance testing and analysis. As a result, the preventive maintenance program extends the life of the facilities and equipment, and minimizes unscheduled downtime. Some preventive maintenance programs are highly computerized and expensive systems. Others are a simple pencil-and-paper schedule. **Exhibit 7-1** is an example of a “pencil-and-paper” schedule showing various monthly tasks categorized under different facility system headings. The ESD can use this chart or can create similar charts on its own through examination and analysis of its different facility systems.

EXHIBIT 7-1 MONTHLY PREVENTIVE MAINTENANCE SCHEDULE

ESD 101

NAME:

DATE:

MAINTENANCE MONTHLY ROUNDS:	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Measure fuel and send Fuel Reports and fax in												
Send in Water Sample and fax in												
Complete Generator Report and fax in												
AIR HANDLING UNITS:												
Inspect and clean air filters or replace												
Check all controls- at proper setting?												
Check fan motor & belt tension should have 1/2 to 1" play												
GENERATORS:												
Test glycol ADD GLYCOL												
Start generator and run with full load for 4 hours or more												
FIRE ALARM SYSTEM:												
Notify Administrator, test Fire Alarm												
Turn over fire extinguishers and shake to loosen powder												
Inspect all fire extinguishers for proper operation												
FURNACE:												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect photo cell-clean as needed												
WATER HEATER: (GUN FIRED)												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect burner assembly-clean as needed												
Inspect photo cell-clean as needed												
Test pressure relief valve												
Drain accumulated rust from bottom of water tank												
BOILERS:												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect burner assembly-clean as needed												
Test boiler relief valve												
Blow down low water cut-off control												

Source: MGT of America, Inc., 2006.

Recommendation 7-1:

Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion.

Once fully implemented, the preventive maintenance program should extend the life of the facilities and equipment, and minimize unscheduled downtime. In addition, to the extent that systems and equipment are monitored through this process, better budgeting for upcoming equipment or systems replacement can be expected.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The assistant superintendent for Operations and Technical Services should direct the Maintenance director to develop a written comprehensive list of preventive maintenance activities and a schedule for their completion. September 2007
2. The Maintenance director should develop the written comprehensive list of preventive maintenance activities and a schedule for review by the assistant superintendent for Operations and Technical Services. September 2007

- | | |
|--|------------------------------|
| 3. Upon approval by the assistant superintendent for Operations and Technical Services, the Maintenance director should fully implement the use of the written schedule. | October 2007 |
| 4. The Maintenance director should update the list periodically and monitor its implementation. | December 2007
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 101 has a number of areas where energy and utility efficiency can be improved. The auditors observed older light fixtures with T-12 lights using magnetic ballasts. Even in areas where there had been lighting upgrades, the auditors observed numerous incandescent lights, especially in ceiling flush-mounted can lighting fixtures. The auditors observed that light switches in buildings did not have occupancy sensors. They also observed that vending machines lacked motion/timer activated electrical switches. The auditors did observe that the ESD had direct digital controls (DDC) for their heating, ventilation, and air conditioning (HVAC) equipment.

The 2002 *National Best Practices Manual for Building High Performance Schools* (page 174) states that "Lighting controls can dramatically affect the energy use of a lighting system." Therefore, ESD 101's lack of energy and utility conservation equipment may be resulting in the ESD paying more for their utilities than necessary and diverting critical general fund dollars from program delivery to plant facility costs.

Recommendation 7-2:

Install additional energy- and utility-saving devices throughout the ESD as part of an energy and utility conservation program.

By initiating an energy- and utility-improvement process, the ESD's annual operating costs for utilities should be reduced. T-8 and T-5 lighting will reduce electrical costs. Motion-activated switches should also reduce electrical costs. The lights will come on when someone enters the room and will stay on when there is activity in the room. When the person leaves the room, the lights will go out and no electricity will be consumed. Vending machines with motion/timer-activated switches will use significantly less electricity and function just as well. The vending machines will keep products cold because of the timer, but will only come on to dispense the product when activated by user motion.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD 101 Superintendent should direct the assistant superintendent for Operations and Technical Services to prepare a plan to improve energy and utility savings. | September 2007 |
|---|----------------|

- | | |
|--|----------------------------|
| 2. The assistant superintendent for Operations and Technical Services, in conjunction with the Maintenance director (and perhaps the local utility company) should prepare a plan to retrofit the ESD buildings with energy and utility savings equipment along with cost estimates. | October 2007 |
| 3. Once the plan is fully developed, the superintendent should present the plan to the board for approval. | January 2008 |
| 4. Once approved by the board, the assistant superintendent for Operations and Technical Services, in conjunction with the Maintenance director, should begin implementing the plan as per the budget. | February 2008
(ongoing) |

FISCAL IMPACT

The annual savings calculation is based on 44,825 square feet of space and an annual electrical cost of \$88,699. The annual cost per square foot for electricity is \$1.98 per square foot. It is assumed, based on input from an independent electrical engineer, that 50 percent of that cost should be attributed to lighting costs. Of that amount the installation of high efficiency T-8 lighting will reduce consumption by 30 percent, and the installation of automatic switches will reduce consumption by 25 percent. Of the total area, 24 percent have not received lighting upgrades and 60 percent have not received switching upgrades. The annual electrical savings from a lighting change is calculated to be \$3,193 (\$88,699 times 50 percent times 30 percent times 24 percent of the area equals \$3,193). The annual electrical savings from a switch change on 60 percent of the building is calculated to be \$6,652 (\$88,699 times 50 percent times 25 percent times 60 percent of the area equals \$6,652).

In addition, the installation of automatic switches and improved lighting devices will reduce maintenance on the lighting system. Based on discussions with the ESD 101 Maintenance director, at least six hours of maintenance time per month will be eliminated. Assuming an annual maintenance salary of \$35,000 plus 29 percent for benefits, the maintenance savings is estimated to be \$1,563 per year (\$35,000 annual salary divided by 2,080 hours equals \$16.83 per hour; \$16.83 per hour time six hours per month times 12 months equals \$1,212 per year; \$1,212 per year times 1.29, for benefits, equals \$1,563 per year). Therefore, the annual gross savings per year will be \$11,408 (\$3,193 for a partial lighting retrofit plus \$6,652 for a partial switch retrofit plus \$1,563 for maintenance).

However, there are also costs for automatic switches and lighting fixtures. Again, based on input from an electrical engineer, the cost of installation of automatic switches and lighting fixtures is estimated at \$1.80 per square foot (\$1.60 for lighting and \$.20 for switches). The total cost of switches and installation is calculated to be a one-time cost of \$5,379 (\$.20 per square foot times 44,825 square feet times 60 percent of the area equals \$5,379). The total cost of lighting fixtures and installation is calculated to be a one-time cost of \$17,213 (\$1.60 per square foot times 44,825 square feet times 24 percent of the area equals \$17,213). When the savings of \$11,408 per year and the one-time cost of \$22,592 (\$5,379 for switches and \$17,213 for lighting) are added together,

this recommendation is estimated to save ESD 101 approximately \$34,448 over the next five years. The payback is calculated at 1.98 years (\$22,592 divided by \$11,408).

Because this facility also includes a television studio and a data center, the ESD's actual savings may vary from the estimates shown above. The audit team calculated its savings estimate through a combination of discussions with the ESD staff, a professional electrical engineering firm, and through review of best practices recommendations and ESD historical expenditures. Therefore, the team believes that the calculated savings represent the best estimate given available information.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Savings From the Installation of Energy and Utility Saving Devices.	\$11,408	\$11,408	\$11,408	\$11,408	\$11,408
Cost of Equipment Upgrades (lighting, switches, etc.).	(\$22,592)	\$0	\$0	\$0	\$0
Net savings Through the Installation of Energy and Utility Saving Devices.	(\$11,184)	\$11,408	\$11,408	\$11,408	\$11,408

FINDING

ESD 101 does not have custodial cleaning standards that guide the level of custodial services. The custodians are assigned different areas of the ESD building but it does not appear that the ESD has defined specific levels of cleanliness. Because there are multiple types of spaces in the building and three different individuals with custodial responsibilities, there is potential for unsuitable and inequitable levels of cleanliness. The Association of Physical Plant Administrators (APPA) has developed industry standards to guide building administrators in assessing cleanliness. There are three major components of the standards identified by APPA.

1. Appearance Levels must be defined and described in some detail.
2. Standard Spaces must be identified to ensure that the difference in the types of spaces and the cleaning effort required of those spaces is clearly distinguished. (The APPA handbooks identify 33 different types of spaces.)
3. CSF (Cleanable Square Feet) is an industry standard that is used to measure and compare data.

Exhibit 7-2 shows a summary of these five levels. Level 1 is the highest level of cleanliness and Level 5 is the lowest. Educational building administrators commonly adopt Level 2 as their target level of cleanliness. This level seems to have the best balance of cleanliness and cost.

**EXHIBIT 7-2
APPA CLEANLINESS SCALE**

Level 1: Ordinary Spotlessness - Only small amounts of litter and ashes in containers. Floor coverings are kept bright and clean at all times. No dust accumulation on vertical surfaces, very little on horizontal surfaces. All glass, light fixtures, mirrors, and washbasins are kept clean. Only small amounts of spots visible.
Level 2: Ordinary Tidiness - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dusting is maintained at a high level. All glass, light fixtures, mirrors, and washbasins show evidence of spots and dust.
Level 3: Casual Inattention - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dust accumulation on vents, vertical, and horizontal surfaces. All glass, light fixtures, mirrors, and washbasins show accumulations of dust, spots, and prints.
Level 4: Moderate dinginess - Waste containers are full and overflowing. Floor coverings are normally dull, marked and spotted with infrequent peaks. Dusting is infrequent and dust balls accumulate. All glass, light fixtures, mirrors, and washbasins are dirty and spotted.
Level 5: Unkempt Neglect - No trash pickup. Occupants of building are responsible. Regular floor care is eliminated. Dusting is eliminated. All glass, light fixtures, mirrors, and washbasins are very dirty.

Source: "Custodial Staffing Guidelines for Educational Facilities": The Association of Higher Education Facilities Officers, page 1, 1998

Recommendation 7-3:

Adopt cleanliness standards for custodial services to guide the custodial staff in their work.

Once adopted, these cleanliness standards will help guide the custodial staff to provide suitable and equitable levels of cleanliness across the different types of spaces in the ESD buildings.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------------------|
| 1. The ESD Superintendent should direct the assistant superintendent for Operations and Technical Services to prepare draft policy regarding the establishment of standards for custodial services. | September 2007 |
| 2. Upon receipt of the draft policy, the superintendent should forward the draft policy of the standards to the board for their review. | December 2007 |
| 3. Upon board approval, the standards should be used to guide cleanliness levels for custodians across the ESD. | February 2008 |
| 4. The superintendent should report back to the board on the effect of cleanliness standards. | March 2008
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The custodial staff does not have time and task information to guide them on the time and procedures needed to ensure an appropriate and consistent service level. ESD 101 will benefit by having time and task standards for custodians in two major ways:

1. The workload for custodians will be more equitably distributed. Areas of the building that may be presently understaffed will receive additional custodian time and will be cleaner.
2. Higher expectations can lead to higher performance. An organization with time and task expectations may benefit from improved performance by raising or establishing expectations of its workers. **Exhibit 7-3** presents an example of a time and task guide that provides guidance on the frequency of tasks and the expected level of quality.

EXHIBIT 7-3 CLEANING GUIDELINES AS PER CLEANING STANDARDS

Custodial Evaluation										
School: _____										
Date: _____										
	Level 1	Level 2	Level 3	Level 4	Level 5	Daily	Weekly	Monthly	Annually	Notes
Classrooms, labs, gyms, offices										
Routine Activities										
1 Vacuum, sweep, dust mop floors										
2 Clean chalkboard or whiteboards and trays										
3 Clean erasers										
4 Empty waste containers										
5 Empty pencil sharpener(s)										
6 Spot-clean walls and doors										
7 Dust flat surfaces										
8 Re-lamp										
Project Activities										
1 Damp-mop floors										
2 Spray buff/burnish floors										
3 Clean trash containers										
4 Dust vents										
5 Interim floor care										
6 Dust blinds										
7 Clean windows - both sides										
8 Strip/refinish floors										
9 Clean light fixtures (project)										
10 Clean furniture and multiple seating (project)										
Hallways, foyers										
Routine Activities										
1 Vacuum, sweep, dust mop floors										
2 Empty waste containers										
3 Spot-clean walls and doors										
4 Dust flat surfaces										
5 Re-lamp										
Project Activities										
1 Damp-mop floors										
2 Spray buff/burnish floors										
3 Clean trash containers										
4 Dust vents										
5 Interim floor care										
6 Dust blinds										
7 Clean windows - both sides										
8 Strip/refinish floors										
9 Clean light fixtures (project)										
10 Clean furniture and multiple seating (project)										
Restrooms, lockers										
Routine Activities										
1 Damp-mop, sanitize floors										
2 Disinfect, sanitize sinks, toilets, and urinals										
3 Clean, sanitize paper dispensers										
4 Clean, sanitize stalls and privacy partitions										
5 Fill paper dispensers										
6 Empty waste containers										
7 Spot-clean walls and doors										
8 Dust flat surfaces										
9 Re-lamp										
Project Activities										
1 Spray buff/burnish floors										
2 Clean trash containers										
3 Dust vents										
4 Clean windows - both sides										
5 Strip/refinish floors										
6 Clean light fixtures (project)										

Source: Created by MGT of America, 2006.

Recommendation 7-4:

Develop time and task standards for custodial services.

Time-and-task standards guide custodians in their daily, weekly, and monthly services. Used in conjunction with the levels of cleanliness (APPA standards), custodians will be

able to monitor and adjust their work to ensure that the appropriate level of cleanliness is obtained within a reasonable time frame.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------------------------|
| 1. The Maintenance director should draft custodial time and task standards and share them with the assistant superintendent for operations and technical services. | September 2007 |
| 2. The assistant superintendent for Operations and Technical Services should approve the time and task standards and share them with the custodial staff. | October 2007 |
| 3. The Maintenance director should implement the use of the time and task standards and monitor their use. | November 2007
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 101 does not have separate water meters on the domestic and irrigation water lines serving the main ESD 101 facility. ESD 101 is presently irrigating approximately two acres of grass on their site. All of the water, both domestic and irrigation, is metered through a domestic water meter. ESD 101 is paying treatment fees on water that is not subjected to treatment because the cost of domestic water also includes fees to pay for the treatment of water once used. By placing a meter on the irrigation line, irrigation water usage can be subtracted from the total water usage and subjected to a lesser fee.

Recommendation 7-5:

Install a second water meter on the irrigation line serving ESD 101.

The installation of a meter on the irrigation line will allow the water used for irrigation to be subjected to a lower fee. This lower fee will free up funds to pay for the meter and ultimately should add funds into the educational operations of the ESD.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------------------|
| 1. The assistant superintendent for Operations and Technical Services should direct the maintenance director to prepare a plan to install a water meter on the irrigation line. | September 2007 |
| 2. The Maintenance director should install the meter. | October 2007 |
| 3. The assistant superintendent for Operations and Technical Services should monitor water savings and provide information to the superintendent and Maintenance director. | November 2007
(ongoing) |

FISCAL IMPACT

Since the water is presently “commingled,” the audit team could not determine what the savings would be. However, the savings over two years are expected to easily offset the cost of the new meter.

FINDING

ESD 101 has not compiled all of the elements necessary to develop a written comprehensive capital improvement plan. Although the major elements of such a capital improvement plan are in place, they have not been assembled into a single document. The lack of all elements of a written comprehensive master plan can result in projects being prioritized through a political process rather than a data-driven process that can result in projects remaining undone that actually have a greater need than others. This can erode trust and confidence and diminishes the effectiveness and efficiency of the custodial and maintenance departments, if not the ESD as a whole. Comprehensive capital plans usually include descriptions of programs, projections, building capacities, utilization analysis, physical building assessments, and functional analysis.

The following nine steps have been identified by the Council of Educational Planners, International, in the facilities master planning process:

1. Establish an organization and specify the roles and responsibilities.
2. Collect data about such factors as occupants, facilities, community expectations and the educational program.
3. Analyze the collected data and identify trends, directions, and goals.
4. Develop alternative ways of achieving the ends identified by analysis of collected data.
5. Assess the feasibility of each identified alternative.
6. Select the preferred or “best” alternative(s).
7. Develop a facilities master plan to achieve the chosen alternative(s).
8. Implement the plan, provide the required facilities, and put the developed facilities into use.
9. Evaluate the completed facilities and initiation update of the facilities master plan.

Recommendation 7-6:

Prepare a written facility improvement plan that includes a physical assessment of all ESD buildings (structural, electrical-mechanical systems, safety issues, and accessibility issues).

Once a comprehensive written facilities improvement plan is in place, ESD 101 will have the necessary elements to budget for facility and facility component improvements during the annual budgeting process. Once the budget is approved, the ESD can begin implementation of facility and facility component improvement projects that are systematic and data-driven.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD 101 Superintendent should direct the assistant superintendent for Operations and Technical Services to launch the development of a written facility master plan. | September 2007 |
| 2. The assistant superintendent for Operations and Technical Services in conjunction with the maintenance director should pull together the existing materials necessary for a facility improvement plan. | September 2007 |
| 3. The facility improvement plan, once compiled, should be reviewed by the superintendent and forwarded to the board for adoption. | November 2007 |
| 4. Upon adoption by the board, the assistant superintendent for Operations and Technical Services and Maintenance director should begin implementing the improvements strategies as the budget allows. | January 2008 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 101 custodians can improve the efficiency of the use of custodial products by more systematically dispensing the volumes of products recommended by the manufacturer. The ESD's custodians use a variety of waxes and cleaning products that range from the "very safe" to those that are hazardous (e.g., organic acids). Industry standards require almost all custodial products to have detailed use instructions and corresponding Materials Safety Data Sheets (MSDS) that provide some product safety information. However, the ESD's custodians are not typically "measuring the exact" amount of products to be used and are instead estimating the amount of product they need to mix or apply by sight. ESD 101 spent \$21,281 in FY 06 on custodial supplies. Industry experts indicate that overuse of custodial supplies can be a major cost factor in facility operations systems. For example, based on the results from some test schools, Atlanta Public Schools in Georgia calculated that its schools could realize a potential savings of 20 to 30 percent by installing dispensing systems to measure the amount of cleaning products used.

Recommendation 7-7:

Use automatic product dispensing devices for each custodial closet to reduce the potential for excessive use of custodial products.

ESD 101 could benefit from the proper use of custodial products. The manufacturer's recommended-use rate is usually significantly less than custodians' "estimated" product requirements.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|---------------------------|
| 1. The Maintenance director should meet with the assistant superintendent for Operations and Technical Services to develop a plan for the implementation of automatic dispensing equipment. | September 2007 |
| 2. The Maintenance director should secure and install dispensing equipment as per the plan. | October 2007 |
| 3. The Maintenance director should provide training for staff on the use of the new dispensing equipment. | November 2007 |
| 4. The Maintenance director should periodically report on the implementation and use of the automatic dispensing equipment. | January 2008
(ongoing) |

FISCAL IMPACT

The fiscal impact for this recommendation over five years is estimated at \$5,120. The number is derived from multiplying the estimated total custodial materials and supplies budget of \$21,281 for FY 06 by five percent (five percent was used as a conservative estimate because the budget for other products was commingled with the cleaners and waxes line item) which equals \$1,064 per year. The cost of the dispensing hardware is estimated at \$200. This number was derived by multiplying two custodial closets times \$100 for each dispensing device. (Many custodial supply companies will provide the dispensing devices at no cost.) The cost of the metering devices was subtracted from the first year savings.

Recommendation	2006-07	2007-08	2008-09	2009-10	2010-11
Savings from Use of Automatic Dispensing Devices	\$1,064	\$1,064	\$1,064	\$1,064	\$1,064
Cost of Dispensing Devices	(\$200)	\$0	\$0	\$0	\$0
Net Savings Through Use of Automatic Dispensing Devices	\$864	\$1,064	\$1,064	\$1,064	\$1,064

FINDING

The Maintenance Department at ESD 101 does not have the ability to track maintenance work orders. The current work order system operates using e-mail requests; when the work order is completed it is placed in an electronic folder. There is no ability to sort on the types of service, the equipment serviced, the length of time between request and completion, and other modest maintenance management information needs. Most facility management departments use facilities management software to help them with the many management responsibilities in facilities maintenance. Facility management software programs exist that can help agencies and that have the following capabilities:

- Equipment Records
- Work Orders
- Preventive Periodic Maintenance

Some of the more sophisticated systems also include modules with these capabilities:

- Purchasing Module
- Time Cards
- Planning and Scheduling
- Warehouse System

Because ESD 101 has few facilities employees and limited buildings, it appears that it could use a rather simple off-the-shelf system to meet their needs.

Recommendation 7-8:

Develop a simple database program to track work orders and generate simple maintenance reports.

The implementation of a simple facilities management database should enable the ESD to better track work orders, track existing equipment inventory, and improve scheduling for periodic maintenance. Even simple job-cost data could be incorporated into the database.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The Maintenance director should meet with the director of Information Technology and assistant superintendent for Operations and Technical Services to develop a plan for the development and implementation of a facilities maintenance database. | September 2007 |
| 2. The director of Information Technology should provide the necessary software development for users of a maintenance database package. | November 2007 |
| 3. The Maintenance director should provide input of the equipment inventory into the maintenance database and field test the work order system. | December 2007 |

4. The Maintenance director and assistant superintendent for Operations and Technical Services should monitor the implementation of the database program to ensure its full and best use.

January 2008
(ongoing)

FISCAL IMPACT

This recommendation can be implemented with existing resources.

8.0 MANAGEMENT INFORMATION SYSTEMS

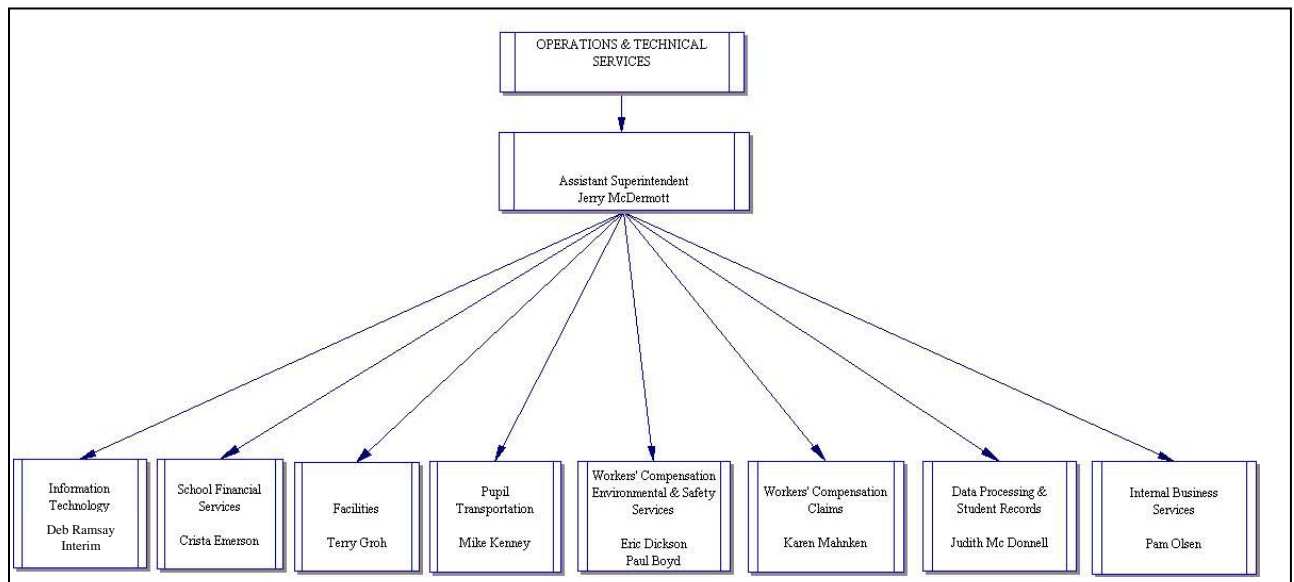
8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter presents information relating to the management and information systems of Educational Service District (ESD) 101.

CHAPTER SUMMARY

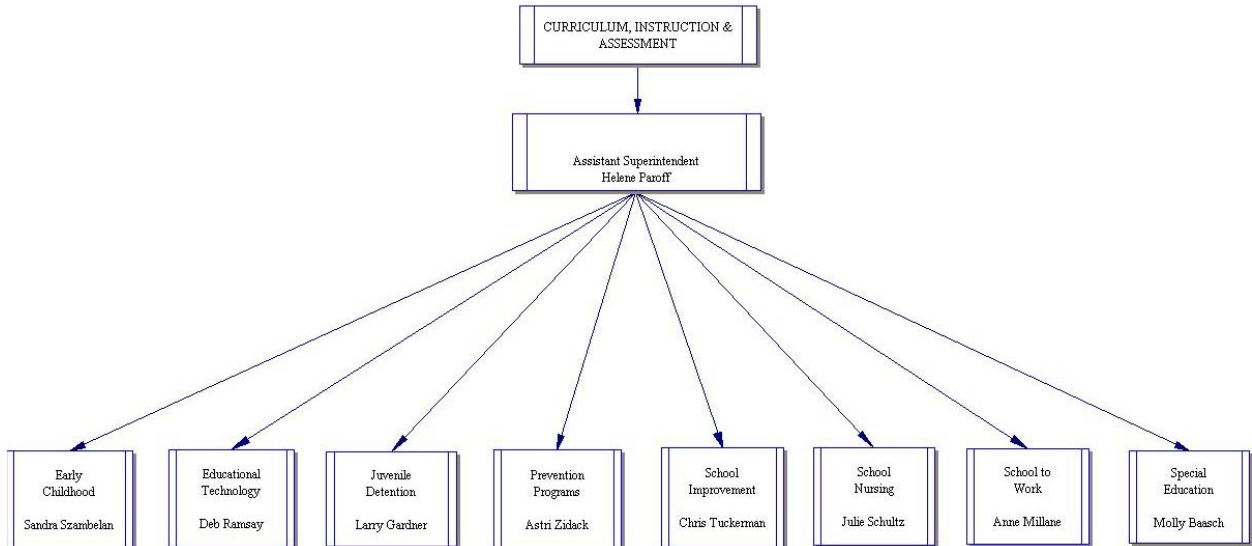
The audit team found that the ESD 101 Management and Information Systems Departments are intensely focused on providing efficient and effective programs and services. Each of those departments has strong leadership and dedicated staff members. The Information Technology, School Financial Services and Data Processing & Student Records Departments are organized under the Operations and Technical Services Division as pictured in the ESD 101 Organization Chart 2006-2007 (**Exhibit 8-1**). Educational Technology is organized under the Curriculum and Instruction Division as pictured in **Exhibit 8-2**.

EXHIBIT 8-1
ESD 101 – OPERATIONS AND TECHNICAL SERVICES DIVISION
ORGANIZATIONAL CHART
2006-07



Source: ESD 101, 2007.

**EXHIBIT 8-2
ESD 101 – CURRICULUM AND INSTRUCTION DIVISION
ORGANIZATIONAL CHART
2006-07**



Source: ESD 101, 2007.

The current state of technology hardware and software in business and instructional computing is sufficient to meet the needs of the division and districts served. Hardware, software and networking standards have been established but are in need of refinement. While the majority of processes in these departments are operating efficiently and effectively, opportunities for improvement were discovered.

Key commendations in this chapter include:

- ESD 101 is commended for providing a *Try It Before You Buy It* program to enable districts to evaluate technology equipment in the classroom, and thereby make better decisions regarding the purchasing of tools to impact student achievement.
- ESD 101 is commended for partnering with the Washington State Internet Crimes Against Children Task Force (ICAC), the United States Attorney's Office (Spokane branch), Washington State Attorney General McKenna, the Federal Bureau of Investigation, the Department of Homeland Security, and NetSmartz, to bring internet safety programs and resources to Washington for creating "cyber-savvy" kids, teachers, parents, and law enforcement officers.

Key recommendations in this chapter include:

- Implement a single, center-wide system for recording and tracking technical support by all departments to facilitate more efficient data collection and reporting. **(Recommendation 8-1)**

- Use a central services approach for funding the ESD Webmaster and the personnel responsible for providing internal technical support. **(Recommendation 8-2)**
- Standardize on a single technology platform with a single vendor for the purpose of improving efficiency and reducing technical support costs. **(Recommendation 8-3)**
- Develop and implement a consistent process for measuring customer satisfaction and analyzing school district needs **(Recommendation 8-4)**

FINDING

ESD 101 does not have a single, center-wide system for recording and tracking technical support. According to ESD 101 staff members, different programs are used by each department, preventing viewing of support records for each school district in a single location.

“Recently, a joint Kelly Services and Purdue University study concluded that 92% of US consumers form an image of a company based on their experiences using its contact/support center. The same report found that 63% of consumers stop using a company’s products or services based on a negative contact/support center experience. Within an organization, the same rule can apply. If an employee is not receiving prompt service from the support or IT department, productivity will be impacted and they will likely pursue other means to resolve their issue, such as asking a peer.

With a web-based service desk, organizations can transform their help desk and/or customer support center into an efficient operation capable of centrally managing customer incident tracking, delivering online self-service, providing knowledge bases for agents and users, delivering comprehensive two-way email management, offering automate reporting, and more.” Source: The Web-based Service Desk – Gaining control of IT Management, a white paper written by Mark Krieger, Vice President of Product Development, Edison, Numara Software.

The Information Technology Department uses a help desk system developed by an ESD 101 programmer for recording and tracking internal technical support. Another database is used for documenting network services support for billing purposes for contracting districts. The Data Processing/Student Records and the School Financial Services Departments both use a commercial help desk product.

As a result of having three stand-alone, help desk systems, data must be pulled from separate locations to compile reports for each district on support provided. Use of a web-based system with automated reporting enables the consolidation of technical support requests into a common system and the generation of reports from a single location. Regional Education Service Center I in Edinburg, Texas, is one example of an ESD using a common system. For help desk reporting and tracking, this center uses an application called Track-It from Numara Software. Track-It is used by their internal and

external customers. Customers either use the client server to request assistance or send an e-mail, which in turn generates a "Track-IT ticket". As work progresses on the request, the RESC I staff updates the ticket. When the request has been completed, resolution information is added to the ticket and the ticket is then closed. Closed tickets are saved in a database for historical-analysis purposes. Track-IT helps the center keep their end-users happy by getting work orders in and resolving them in a more timely manner. In addition, RESC I can generate reports to demonstrate service provided by all departments at the RESC from one system for each customer/district served.

Recommendation 8-1:

Implement a single, center-wide system for recording and tracking technical support by all departments to facilitate more efficient data collection and reporting.

Implementation of this recommendation should result in the following modifications to the technical support procedures resulting in increased efficiency.

- Record technical support requests in a single, online help desk system
- Implement the system and monitor on a weekly basis to document efficiency
- Make modifications to procedures as needed

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|--------------------------|
| 1. The assistant superintendent for Operations and Technical Services should convene a cross-departmental team to begin the process for evaluation and selection of a common help desk system for the ESD containing all the fields needed to track support and accommodate associated billing for each department. | September 2007 |
| 2. All support personnel should be trained in the use of the selected system. | On or before August 2008 |
| 3. The selected system should be implemented by all affected departments. | September 2008 |
| 4. Weekly reports should be created by each department to monitor efficiency of technical support. | Ongoing |

FISCAL IMPACT

There is no direct fiscal impact of this recommendation. This recommendation will increase efficiency and enable collection and reporting of technical support in a single system.

FINDING

ESD 101 does not have an efficient system for generating revenue to fund personnel responsible for maintaining the ESD Web site and providing internal technical support. Currently, each department is charged \$400 per device for technical support. This causes personnel to pay the same amount for equipment that needs little or no support as for equipment that requires greater support. In addition, some support is not covered by the support fees and departments are charged back using a fee-for-service approach.

Support for the basic ESD Web pages is provided through core funding. All other Web site support is charged back to departments based on fee-for-service rate causing the webmaster to have to keep track of minutes spent to support each department. In addition, some Web site work impacts more than one department and decisions must be made about how to bill for that work.

There is a precedent at the ESDs to support those who serve the entire ESD using a central services approach rather than a fee-for-service approach. The Regional Education Service Center XII in Waco, Texas, has experienced great success using an internal service fees approach. At that center, each department is charged a set fee per staff member to support network services (including computer, local area network, and internet), workshop management (including registration system), human resources, data analysis, center communications, meeting rooms and truck delivery. Funds generated by those fees are used to support all or part of the costs for the personnel responsible for delivering those center-wide services. This approach has increased efficiency for the center by eliminating the time and effort involved in the former fee-for-service method.

Recommendation 8-2:

Use a central services approach for funding the ESD Webmaster and the personnel responsible for providing internal technical support.

Implementation of this recommendation should result in the following modifications to the current procedures resulting in increased efficiency and ease of budgeting.

- Determine the costs for personnel needed to maintain the ESD Web site and provide internal technical support.
- Assess a per-person fee to support the costs for personnel needed to maintain the ESD Web site and provide internal technical support.
- Eliminate fee-for-service charges to departments for Web site and/or technical support.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The Information Technology director should determine the costs for personnel needed to maintain the ESD Web site and provide internal technical support. | August 2007 |
| 2. The Business Office should establish a system for assessing a per-person fee to support the costs calculated for personnel needed to maintain the ESD Web site and provide internal technical support. | August 2007 |

3. The Business Office should begin implementation of the internal service fees to support the webmaster and internal technical support personnel.

September 2007

FISCAL IMPACT

The fiscal impact of this recommendation cannot be adequately specified as the amount will vary based upon costs calculated for these services.

FINDING

ESD 101 has not standardized on a single technology platform with a single vendor for the purpose of improving efficiency and maximizing technical support costs.

ESD 101 has multiple computer brands in operation, models and types of desktop and laptop computers with no less than ten different operating systems to support. They have two e-mail systems in use by their agency. OSPI switched to Microsoft Exchange as a standard, and ESD 101 made the move to the Exchange platform to enable compatibility with that standard. Working to achieve an integrated calendar/free-busy scheduling and resource scheduling system, they continue to migrate staff off the legacy e-mail server to the Microsoft Exchange server, and have remained in a state of partial transition due to the limitations and complexities of a mixed desktop environment and the time it takes for a specific department to replace desktop computers due to separate funding sources.

Support delays are inherent because ESD staff spends much time troubleshooting problems due to incompatible versions, variations, etc. The ESD is unable to effectively train staff to perform basic troubleshooting because of all the 'exceptions' needed depending on the machine they are using or the version of the software due to these variations. In addition, technology integration between departments or in general terms suffers because the ESD is always limited to the weakest link in the overall desktop chain.

The current environment has no path to allow for spare components, faster support turn-around, standardized training, and reduced downtime. Without significant changes, the ESD will have no viable way of providing desktop-imaging services, disaster recovery, or the ability to reduce support costs and improve support quality to their staff.

Best practice from industry and education supports the use of a single platform to maximize support and reduce costs. For example, Southwest Airlines has a single-platform strategy with its Boeing 737 fleet.

In Southwest's case, a common fleet significantly simplifies scheduling, operations, and maintenance. Training costs for pilots, ground crew, and mechanics are lower, because there is only a single aircraft to learn. Purchasing, provisioning, and other operations are also vastly simplified, thereby lowering costs.

According to the article from Oracle Magazine in September/October 2004 entitled *Southwest's Strategy for Success: Consolidate!* By Kelli Wiseth, Southwest is planning

on saving by consolidating in another area: the data center. The company began a database consolidation effort in 2003 to create a common platform to support its enterprise applications.

In this same Oracle Magazine article, Kelli Wiseth points out that Southwest is not alone in looking to achieve savings from IT consolidation. In general, according to Gartner, Inc., data, "There has been a strong trend toward server consolidation since 1997, led by enterprises in the U.S., Canada, and Western Europe." Between 1998 and 2001, for example, the number of organizations with a server consolidation under way grew from 30 percent to 69 percent, according to a Gartner survey of its clients.

This successful IT consolidation strategy would have similar benefits at ESD 101. By standardizing on a single technology platform with a single vendor, support costs would be reduced and support quality would improve.

Recommendation 8-3:

Standardize on a single technology platform with a single vendor for the purpose of improving efficiency and maximizing technical support costs.

Implementation of this recommendation should result in the following modifications to the existing system resulting in improved efficiency and reduced technical support costs

- All computers will be standardized to one platform and operating system.
- Technical support will be standardized.
- Purchasing will be leveraged for better pricing.
- Training will be standardized and downtime reduced.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------|
| 1. The Technology Information director should convene a technology committee to determine what platform should be supported and create an RFP to release to potential vendors. | March 2008 |
| 2. The Technology Platform Committee should select a platform solution. | April 2008 |
| 3. The Technology Information director should create a budget using a cost recovery model (see sample model below). | May 2008 |
| 4. The Technology Platform Committee should develop a transition plan. | June 2008 |

5. The Technology Platform Committee should begin implementation of the transition plan. September 2008

FISCAL IMPACT

This recommendation will be implemented based upon a cost recovery model. Costs for leased equipment and technical support should be built into the model similar to the model shown in **Exhibit 8-3** from an Education Service Center in Texas of similar size and structure to ESD 101.

EXHIBIT 8-3
SAMPLE COST RECOVERY MODEL
(Based on Leased Equipment for Staff of 140 employees)

Network Services	Cost
Network Specialist 50%	\$34,500.00
Technician 25%	\$14,953.00
Help Desk Manager 50%	\$22,300.00
Technician 25%	\$10,338.00
IT Director 50%	\$46,100.00
Lead Specialist 50%	\$37,950.00
State-wide Network fees	\$35,000.00
Computer Lease	\$238,815.00
Desktop training/support	\$3,000.00
Fixed Costs	\$18,900.00
Total	\$461,856.00
Price per Laptop/70 laptops	\$3,750.00
Price per Desktop/70 desktops	\$2,775.00

Source: Regional Education Service Center XII, Waco, TX 2006

FINDING

The Educational Service District 101 Technology and Data Processing Departments do not have an effective process in place for measuring customer satisfaction and analyzing school district needs.

Staff members interviewed in those departments reported that measuring customer satisfaction and analyzing needs occurs informally and sporadically. The Information Technology, School Financial Services, Educational Technology, and Data Processing and Student Records departments have used surveys upon occasion but not on a regular basis. Other methods mentioned include feedback given through meetings or training sessions, advisory boards, free-form e-mail, a suggestion box on the Web site, evaluation forms at the end of training sessions, and calls made to the districts. One of the most common methods given for measuring satisfaction is whether or not the districts keep coming back for more services. While all of these methods are good, a more consistent process is needed to assist the ESD in judging satisfaction and analyzing needs for all districts served.

Not only does the ESD lack a consistent method for measuring customer satisfaction and analyzing needs, they also lack an organized method for using data collected to

impact decision-making. According to Dr. Sheila Kessler, author of *Total Quality Service, Measuring and Managing Customer Satisfaction: Going for the Gold* and President of Competitive Edge: customer satisfaction assessment is not an end unto itself. The purpose for measuring customer satisfaction is to see where an organization stands in the eyes of its customers, thereby enabling service and product improvements which will lead to higher satisfaction levels. The research is just one component in the quest to improve customer satisfaction.

Regional Education Service Centers (RESCs) in Texas use a third-party survey of school district superintendents to secure information regarding the satisfaction of services provided by the system of service centers. Currently, the University of Texas – Austin conducts the survey and provides an aggregated document to the RESCs and the Texas Education Agency (TEA). The university also provides to each RESC and the TEA a copy of the survey results for each respective region. This practice has been in place for over ten years and provides useful data to the RESC's board, administration, and staff members. Further, all Texas Education Service Centers also conduct their own needs assessments with superintendents, central office staff, teachers, and other school district and charter school personnel according to the Executive Directors of those centers. The regional data assists in planning and improving programs and services which are provided by the RESC to the region's school districts and charter schools.

Exhibit 8-4 provides an example of an annual regional needs assessment by a Texas Regional Education Service Center.

EXHIBIT 8-4
ANNUAL REGIONAL NEEDS ASSESSMENT SURVEY

Texas Education Service Center Annual Regional Needs Assessment Survey, 2007	
District Name:	_____
Person Interviewed:	_____
Date:	_____
What are the three (or more) critical issues/challenges facing your district? (Prompt superintendents that this can be in the area of student performance, school finance, technology, special programs, etc.)	
1.	
2.	
3.	
How can the ESC help with these issues?	

Source: Texas Regional Education Service Center, 2006

Recommendation 8-4:

Develop and implement a consistent process for measuring customer satisfaction and analyzing school district needs

Implementation of this recommendation should result in the following modifications to the needs assessment process resulting in increased efficiency.

- A third-party client satisfaction survey which includes the technology and data processing departments will be utilized
- The survey will be implemented on an annual basis
- A needs assessment will be conducted by all of the technology departments and used to inform the planning process for programs and services delivered by those departments.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD Superintendent and cabinet should research processes and develop a tool that effectively measures customer satisfaction by the school districts. | September 2007 |
| 2. The ESD Superintendent should administer the tool with the ESD 101 school districts. Data should be returned to the superintendent's office by school district personnel | October 2007 |
| 3. Data should be returned to the ESD Superintendent by the third party vendor. | November 2007 |
| 4. A needs assessment should be conducted by each department that requests that the school districts identify three (or more) critical issues/challenges facing the district and how the ESD can help with those issues. Data should be returned to the department directors. | December 2007 |
| 5. The ESD Superintendent and cabinet should analyze the data collected by the satisfaction survey and needs assessments and identify the key needs statements on which to base programs and services for the following year. | January 2008 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 101 has established a program that enables districts to evaluate equipment before making decisions regarding purchasing. A few new items are purchased each year to add to the collection. This program, called *Try It Before You Buy It*, provides items on a short-term loan to teachers to use right in the classroom. In most cases, there is no charge for their use; however, some items include consumables that need to be refreshed and a small charge may be collected.

Instructional technologies currently available include:

- 3' x 4' SMARTBoard on rolling stand (projector and computer are also needed)
- Document cameras (Avervision 300i and 300p)
- Portable audio system with wireless microphone
- Wireless student response systems (Qwizdom and eInstruction, 12 units each)

- Portable projection screen (8" diagonal)
- Portable keyboard and mouse (30' range)

In addition to the *Try It* program, some items can be checked out for extended class projects. These include:

- Olympus and Nikon digital still cameras (12 available)
- Canon digital video cameras (5 available)
- Vernier science probes and data tools
- eTrek Vista GPS units (14 available)
- Palm m130 handhelds (classroom set of 30 available)

COMMENDATION

ESD 101 is commended for providing a *Try It Before You Buy It* program to enable districts to evaluate technology equipment in the classroom, and thereby make better decisions regarding purchasing of tools to impact student achievement.

FINDING

ESD 101 has connected districts in their region with internet safety programs and resources for creating "cyber-savvy" kids, teachers, parents and law enforcement officers. These resources are especially valuable in a world where predators are becoming more prevalent every day and have easy access to children and adults alike.

As stated on ESD 101's Educational Technology Support Center Web site:

Computers and Internet use are now part of the primary tools used by kids, not only for classroom research and study, but for recreational use as well. In this day and age everyone knows students can explore the marvels of the world and travel to the most intelligent realms of our galaxy on the Internet. But how many realize that if students are not aware of online dangers, they can become entrapped in the darkest most detestable realms of the human imagination by predators lurking online? Educators and parents are now recognizing that awareness and true safety online is not found in software filters that try to protect children only during the school day - it is found in education and community support that helps students develop the necessary safety skills whenever they are online.

Our goal is to help educate teachers and students on how to avoid dangerous, inappropriate, or unlawful online behavior. "There is a very real need to offer teachers, parents and children the tools they need to help keep kids safer on the Internet," said Asst. U.S. Attorney Stephanie Lister. "We must encourage kids to beware of interacting online with people they don't know. We can help prevent kids from becoming victims by teaching them to be cyber-savvy." According to a study of the National Center for Missing and Exploited Children (NCMEC), approximately 1 in 5 children online received a sexual solicitation or approach over the Internet

and 1 in 33 received an aggressive sexual solicitation that included an invitation to meet in person.

ESD 101's Educational Technology Support Center has partnered with the Washington State Internet Crimes Against Children Task Force (ICAC), the United States Attorney's Office (Spokane branch) in conjunction with it's Project Safe Childhood Initiative, the Washington State Attorney General McKenna, the Federal Bureau of Investigation, the Department of Homeland Security and NetSmartz to bring internet safety to Washington using the "Train the Trainer" model. Trainings equip law-enforcement officers and educators with the skills to confidently present and use the NetSmartz resources. At the most recent training, 100 participants were in attendance with seven video conference sites connected.

The Educational Technology Support Center also has an authorized trainer for the i-SAFE America Internet Safety Program whose mission is to educate and empower youth to make their Internet experiences safe and responsible. i-SAFE accomplishes this through a prevention-oriented, Internet safety education program for kids in grades K-12, which includes free professional development for educators, K-12 curriculum, and leadership opportunities for students.

COMMENDATION

ESD 101 is commended for partnering with the Washington State Internet Crimes Against Children Task Force (ICAC), the United States Attorney's Office (Spokane branch), the Washington State Attorney General McKenna, the Federal Bureau of Investigation, the Department of Homeland Security and NetSmartz to bring Internet Safety programs and resources to Washington for creating "cyber-savvy" kids, teachers, parents, and law enforcement officers.

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 101 SPOKANE EMPLOYEES' SURVEY RESULTS (n=131)

EXHIBIT A-1 ESD 101 EMPLOYEE RESPONSES GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	69	28	0	0	1	2
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	69	29	1	1	1	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	2	3	27	60	8
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	2	2	4	25	60	7
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	2	0	5	29	55	9
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	1	0	2	32	45	21
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	74	24	1	0	0	1
8. Our ESD is highly efficient and effective.	53	34	8	1	0	3
9. The ESD role in providing services to school districts should be expanded.	44	39	10	1	1	6
10. Our ESD is highly responsive to the service needs of member school districts.	64	31	2	0	0	2
11. Our ESD provides quality services.	77	18	3	0	1	1
12. There are adequate channels of communication with school districts in our region.	33	47	8	1	1	10
13. Our ESD is responsive to complaints.	50	31	8	0	1	11
14. Our ESD is responsive to requests for services.	54	37	2	0	1	5
15. Our ESD listens and tries to meet the needs of the school districts.	62	33	2	0	1	3

**EXHIBIT A-2
ESD 101 EMPLOYEE RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	2	9	16	37	29	8
2. Each ESD should hold each school district in its region responsible for student performance within the district.	5	27	16	22	16	14
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	24	50	11	3	2	8
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	21	34	21	12	2	8
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	25	46	15	10	0	5
6. Under the current governance structure, the ESDs are accountable primarily to:	24	44	15	4	1	12
■ the school districts within each region						
■ the State Superintendent of Public Instruction	21	45	17	2	1	14
■ both the school districts and the State Superintendent of Public Instruction	27	48	5	5	2	14

**EXHIBIT A-3
ESD 101 EMPLOYEE RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	19	21	15	21	8	15
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	42	36	7	5	1	10
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	2	11	30	21	8	29
4. The ESDs should be totally independent of OSPI.	9	11	20	34	5	22
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	7	27	25	14	6	21
6. The current number of ESD Board of Director members is appropriate.	14	47	14	0	0	26
7. The current number of 9 ESDs should be:	11	10	26	27	10	17
■ expanded	11	10	26	27	10	17
■ left as is	29	33	15	7	3	12
■ reduced	2	2	12	24	48	12
8. All ESDs should be abolished.	1	0	2	3	91	3

**EXHIBIT A-4
ESD 101 EMPLOYEE RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	11	34	11	17	8	19
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	5	15	21	24	15	21
3. School districts understand the governance and oversight structure of our ESD.	2	31	15	16	4	32
4. There are appropriate levels of oversight for our ESD.	20	34	11	4	2	30
5. ESDs should continue to be funded by the state.	63	30	2	0	1	5
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	29	24	11	3	2	31
7. School districts have the funding to purchase the services they need from our ESD.	4	9	10	31	11	35

**EXHIBIT A-5
ESD 101 EMPLOYEE RESPONSES
SPECIFIC SERVICES**

Percentage indicating school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS	16	28	4	1	0	51
1. Reading and Language Arts						
2. Mathematics	15	26	6	1	1	51
3. Social Studies	10	20	9	3	0	58
4. Science	21	20	5	2	0	52
SUPPORT FOR SPECIAL POPULATION PROGRAMS	31	30	4	0	2	34
5. Special Education						
6. At-risk and compensatory education	34	27	3	1	2	34
7. Bilingual Education and ESL	8	14	5	4	2	68
8. Advanced academics (gifted and talented, AP)	8	12	8	2	2	68
ESD TRAINING	14	18	7	1	1	60
9. Training and assistance for campus planning						
10. Training and support for Washington Assessment of Student Learning (WASL)	19	35	5	0	2	40
11. Training and support for aligning the curriculum and instruction with WASL	21	31	5	1	0	42
12. Leadership training and development programs and services	23	34	8	2	1	34
13. Training and assistance to help improve student performance	22	39	5	2	0	33
14. Training and assistance in using new teaching methods and strategies	21	31	9	0	0	39
15. Training and assistance in the use of technology	31	41	5	2	0	21
16. Training and assistance in discipline management and conflict resolution	17	34	11	1	0	38
17. School board training services	9	12	12	0	0	66
18. Teacher certification	32	31	5	0	0	33
19. Professional/Para-Professional certifications	23	34	5	0	0	39
ESD SERVICES	34	37	5	3	1	21
20. Computer network and telecommunication services						
21. Purchasing cooperatives	15	24	5	0	0	56
22. Services and support for Educational Data Systems (EDS)	27	32	5	2	0	34
23. On-line/Distance Learning classes	21	31	8	3	0	37
24. On-site technical assistance	28	34	5	2	1	30
25. Video Conferencing	27	36	6	0	1	30
26. Lending Library	16	23	7	2	2	50
27. Best Practices Information	18	29	2	1	1	50
28. Organizational Links	18	28	3	1	0	51
29. Demonstrations and Equipment	21	28	5	1	0	45

**EXHIBIT A-6
ESD 101 EMPLOYEE RESPONSES
WORK ENVIRONMENT**

Percentage of agreement or disagreement with each statement.

SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree; DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	56	31	9	3	2	0
2. ESD officials enforce high work standards.	56	29	7	7	2	0
3. ESD employees who do not meet expected work standards are disciplined.	18	38	14	15	3	13
4. I feel that I have the authority to adequately perform my job responsibilities.	54	30	8	4	3	1
5. I have an up to date and comprehensive job description.	49	34	8	6	2	1
6. I have adequate facilities in which to conduct my work.	40	37	9	10	4	0
7. I have adequate equipment and computer support to conduct my work.	47	37	9	5	3	0
8. No one knows or cares about the amount or quality of work that I perform.	3	7	5	28	56	0
9. I am very satisfied with my job.	47	36	12	4	1	0
10. I plan to continue my career in my ESD.	56	27	12	2	1	2
11. I am actively looking for a job outside of my ESD.	3	4	12	23	56	2
12. Salary levels at my ESD are competitive.	21	29	15	22	8	5
13. I feel that my work is appreciated by my supervisor(s).	54	30	8	6	2	0
14. I feel that I am an integral part of the ESD team.	47	34	10	6	3	1
15. I feel that there is no future for me at the ESD.	6	5	11	29	46	3
16. My salary level is adequate for my level of work and experience.	21	35	16	17	10	2
17. Most administrative practices in the ESD are highly effective and efficient.	24	40	15	13	5	3
18. Administrative decisions are made promptly and decisively.	20	36	19	14	5	7
19. My ESD administrators are easily accessible and open to input.	36	37	11	11	5	1
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	8	15	16	38	16	8
21. My ESD has too many layers of administrators.	6	10	11	44	24	5
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	24	45	22	5	2	2

GENERAL QUESTIONS

1. How would you rate your ESD facilities?

32%	Exceptional
37%	Above average
22%	Adequate
7%	Needs improvement
2%	Don't Know

**ESD 101 SPOKANE
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=49)**

**EXHIBIT A-7
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR SCHOOL DISTRICT**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Average Daily Attendance (n=47)	37	30309	1392.23
2. Number of Schools (n=49)	1	51	3.69
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=47)	1	2	1.17
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=47)	8	145	54.87
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=29)	10	145	61.34

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	76	22	0	2	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	80	18	2	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	6	14	80	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	2	24	73	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	2	39	57	2
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	2	35	59	4
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	73	24	2	0	0	0
8. The ESD in our region is highly efficient and effective.	63	33	0	2	0	2
9. The ESD role in providing services to school districts should be expanded.	31	24	41	0	0	4
10. The ESD in our region is highly responsive to the service needs of our school district.	65	31	2	2	0	0
11. The ESD in our region provides quality services.	61	39	0	0	0	0
12. There are adequate channels of communication with the ESD in our region.	67	31	0	2	0	0
13. The ESD in our region is responsive to complaints.	65	27	4	0	2	2
14. The ESD in our region is responsive to requests for services.	59	37	4	0	0	0
15. The ESD in our region listens and tries to meet the needs of the school district.	65	33	2	0	0	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents, and the response rate was 50 percent for these two sections.

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	3	13	32	52	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	16	16	29	39	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	58	35	6	0	0	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	39	26	16	13	3	3
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	26	58	10	0	6	0
6. Under the current governance structure, the ESDs are primarily accountable to:	48	32	13	6	0	0
■ the school districts within each region	13	48	10	10	13	6
■ the State Superintendent of Public Instruction	29	39	10	13	6	3

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	24	22	8	18	22	4
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	55	31	4	4	6	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	16	27	33	24	0
4. The ESDs should be totally independent of OSPI.	20	6	29	41	2	2
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	10	29	20	22	18	0
6. The current number of ESD Board of Director members is appropriate.	22	45	14	2	0	16
7. The current number of 9 ESDs should be:						
■ expanded	2	12	29	37	12	8
■ left as is	37	41	12	6	0	4
■ reduced	2	0	22	22	45	8
8. All ESDs should be abolished.	2	0	0	8	90	0

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	10	37	14	24	10	4
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	8	39	10	22	18	2
3. We understand the governance and oversight structure of the ESD in our region.	29	63	4	2	0	2
4. There are appropriate levels of oversight for the ESD in our region.	27	63	6	0	0	4
5. ESDs should continue to be funded by the state.	65	33	0	2	0	0
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	22	57	10	8	0	2
7. Our school district has the funding to purchase the services it needs from an ESD.	12	33	14	29	12	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage of satisfaction with the following services provided by your home Educational Service District.
VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	18	61	12	2	0	6
2. Mathematics	12	51	14	12	0	10
3. Social Studies	8	41	27	4	0	20
4. Science	27	45	10	4	0	14
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	39	51	4	2	0	4
6. At-risk and compensatory education	18	49	16	2	0	14
7. Bilingual Education and ESL	0	20	33	0	0	47
8. Advanced academics (gifted and talented, AP)	2	24	45	4	0	24
ESD TRAINING						
9. Training and assistance for campus planning	12	45	29	0	0	14
10. Training and support for Washington Assessment of Student Learning (WASL)	29	59	8	0	0	4
11. Training and support for aligning the curriculum and instruction with WASL	20	65	12	0	0	2
12. Leadership training and development programs and services	27	51	18	0	0	4
13. Training and assistance to help improve student performance	16	65	12	2	0	4
14. Training and assistance in using new teaching methods and strategies	20	63	12	2	0	2
15. Training and assistance in the use of technology	37	43	12	2	2	4
16. Training and assistance in discipline management and conflict resolution	12	57	24	0	0	6
17. School board training services	12	43	20	2	0	22
18. Teacher Certification	43	49	6	2	0	0
19. Professional/Para-Professional Certifications	33	55	10	0	0	2
ESD SERVICES						
20. Computer network and telecommunication services	35	45	8	0	2	10
21. Purchasing cooperatives	18	49	14	4	0	14
22. Services and support for Educational Data Systems (EDS)	45	37	14	0	0	4
23. On-line/Distance Learning classes	10	33	35	2	0	20
24. On-site technical assistance	39	39	12	2	0	8

EXHIBIT A-12 (Continued)
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES

STATEMENT	VS	S	N	D	VD	NA
ESD SERVICES, CONTINUED						
25. Video Conferencing	16	47	24	8	0	4
26. Lending Library	8	37	33	0	0	22
27. Best Practices Information	22	57	16	2	0	2
28. Organizational Links	29	53	14	0	0	4
29. Demonstrations and Equipment	18	51	24	0	0	6

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

47%	Exceptional
47%	Above average
6%	Adequate
0%	Needs improvement

SURVEY RESULTS FOR ESD SUPERINTENDENTS
(n=9)

EXHIBIT A-13
ESD SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR REGION

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

**EXHIBIT A-14
ESD SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region						
■ the State Superintendent of Public Instruction	0	56	11	33	0	0
■ both the school districts and the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	89	0	11	0	0	0
■ left as is	0	0	11	22	67	0
■ reduced	0	0	11	0	89	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING						
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES						
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***

TO: Lou Adams, CPA
FROM: Dr. Terry A. Munther
DATE: April 24, 2007
SUBJECT: Response to Performance Audit – Final Draft ESD 101

Regarding Chapter 1.0 (Pages 1-4)

Thank you for the change. Exhibit 1-5 is now on page 1-5, not 1-4.

Regarding Chapter 2.0 (Pages 2-1 through 2-4)

As we have previously stated, the bulleted results are factual but misleading due to using only the far ends of the survey spectrum (strongly agree and strongly disagree). Other performance audit reports completed by MGT (e.g., Texas ESCs), combine strongly agree and agree or strongly disagree and disagree. ESD 101's survey results would be more accurately reflected using this same methodology. By using this approach, additional results would need to be presented. ESD 101 submits the following alternate summary:

2.1 ESD 101 Spokane Employees' Survey Results

At least 80 percent of ESD employees **strongly agree or agree** with the following:

General Perceptions

- Most school districts in our region frequently utilize services provided by our ESD (97%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (98%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (98%).
- Our ESD is highly efficient and effective (87%).
- The ESD role in providing services to school districts should be expanded (83%).
- Our ESD is highly responsive to the service needs of member school districts (95%).
- Our ESD provides quality services (95%).
- There are adequate channels of communication with school districts in our region (80%).
- Our ESD is responsive to complaints (81%).
- Our ESD is responsive to requests for services (91%).
- Our ESD listens and tries to meet the needs of the school districts (95%).

Governance & Funding

- ESDs should continue to be funded by the state (93%).

Work Environment

- I find my ESD to be an exciting, challenging place to work (87%).
- ESD officials enforce high work standards (85%).
- I feel that I have the authority to adequately perform my job responsibilities (84%).
- I have an up to date and comprehensive job description (83%).
- I have adequate equipment and computer support to conduct my work (84%).
- I am very satisfied with my job (83%).
- I plan to continue my career in my ESD (83%).
- I feel that my work is appreciated by my supervisor(s) (84%).
- I feel that I am an integral part of the ESD team (81%).

At least 80 percent of ESD employees **strongly disagree or disagree** with the following:

General Perceptions

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (87%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (85%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (84%).

Organizational Structure

- All ESDs should be abolished (94%).

2.2 ESD 101 School District Superintendent Survey Highlights

At least 80 percent of school district superintendents **strongly agree or agree** with the following:

General Perceptions

- Our school district frequently utilizes services provided by our ESD (98%).
- The services provided by our ESD are critical to the success of our district's programs and operations (98%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (97%).
- The ESD in our region is highly efficient and effective (99%).
- The ESD in our region is highly responsive to the service needs of our school district (98%).
- The ESD in our region provides quality services (100%).
- There are adequate channels of communication with the ESD in our region (98%).
- The ESD in our region is responsive to complaints (92%).
- The ESD in our region listens and tries to meet the needs of the school district (98%).

Accountability

- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (93%).
- Each ESD should be held accountable by the school districts for providing needed services but not for student performance (84%).
- Under the current governance structure, the ESDs are primarily accountable to the school districts within each region (80%).

Organizational Structure

- The ESDs should be the regional structure used by OSPI to provide services to school districts (86%).

Governance & Funding

- We understand the governance and oversight structure of the ESD in our region (92%).
- There are appropriate levels of oversight for the ESD in our region (90%).
- ESDs should continue to be funded by the state (98%).

Specific Services

- Support for special population programs (90%).
- Training and support for Washington Assessment of Student Learning (WASL) (88%).
- Training and support for aligning the curriculum and instruction with WASL (85%).
- Training and assistance to help improve student performance (81%).

- Training and assistance in using new teaching models and strategies (83%).
- Teacher certification (92%).
- Professional/Para-Professional Certifications (88%).
- Computer network and telecommunication services (80%).
- Services and support for Educational Data Systems (EDS) (82%).
- Organizational links (82%).

At least 80 percent of school district superintendents **strongly disagree or disagree** with the following:

- OSPI should hold each ESD responsible for student performance in all school districts within its region (84%).
- All ESDs should be abolished (98%).

Regarding Chapter 3.0 (Pages 3-1 through 3-4)

While we agree with this recommendation, it will require statutory amendment beyond the authority of ESD 101.

Following our communication of April 18, 2007, ESD 101 appreciated MGT and SAO agreeing to revise the estimated opportunity cost savings as per the table below. But, again, these estimated opportunity cost savings will only be realized with legislative action.

ESD 101 ESTIMATED COST ANALYSIS – COMPLAINTS AND INVESTIGATIONS (PER YEAR)

	<u>Supt.</u>	<u>Cabinet</u>	<u>Support Staff</u>	<u>Legal/AAG Costs</u>	<u>ESD Total</u>	<u>Other Agency Total</u>
<u>Level 1</u>	1 Hr. X \$90 X 20 Complaints = \$1,800	2 Hrs. X \$65 X 20 OPP Complaints = \$2,600	.5 Hr. X \$28 X 20 Complaints = \$280	NA	\$4,680	
<u>Level 2</u>	6 Hrs. X \$90 X 10 OPP Complaints = \$5,400	6 Hrs. X \$65 X 4 OPP Complaints = \$1,560	2 Hrs. X \$28 X 14 OPP Complaints = \$784	2 Hrs. X \$125 X 14 OPP Complaints = \$3,500	\$7,744	\$3,500
<u>Level 3</u>	35 Hrs. X \$90 X 3 Investigations = \$9,450	35 Hrs. X \$65 X 3 Investigations = \$6,825	12 Hrs. X \$28 X 3 Investigations = \$1,008	12 Hrs. X \$125 X 3 Investigations = \$4,500	\$17,283	\$4,500
<u>TOTALS</u>					\$29,707	\$8,000

Since ESD 101 is not specifically funded for these activities, a formal tracking mechanism is not utilized. This revised estimate is based on additional review and information (4-18-07).

Level 1 – citizen allegation not followed by formal written complaint as per WAC 181-86-105.

Level 2 – written and signed complaint requiring further investigation. School district assures ESD it will conduct investigation.

Level 3 – written and signed complaint requiring ESD investigation.

Numbers of complaints, staff time and costs per year are estimated.

Regarding Chapter 3.0 (Page 3-4, Exhibit 3-1)

The statement under the 5-year summary of Exhibit 3-1 should reflect the audit team's previous response to feedback. Therefore please change,
". . .could then be re-directed to regional core services. . ." instead of current language
". . .re-directed for member districts. . ."

Regarding Chapter 3.0, Recommendation 3-2 (Page 3-5, Exhibit 3-2)

While we agree with this recommendation, it will require statutory amendment beyond the authority of ESD 101. Again, these estimated opportunity cost savings will only be realized with legislative action.

Regarding Chapter 3.0 (Page 3-6, Finding)

In paragraph 3, the MGT audit team states, "Interviews conducted by the audit team further indicate opportunities for input regarding agency planning from all staff, regardless of job classification/level, would improve overall job satisfaction, efficiency and effectiveness. Issues that surfaced during staff interviews centered on 1) the absence of comprehensive staff evaluations for certain positions, 2) lack of opportunities for input from all levels of staff in an agency planning model (strategic plan) and 3) staff morale."

A contradictory statement found in Chapter 6.0, Recommendation 6.1, states "Job dissatisfaction was not mentioned during the scheduled interviews with employees but was expressed in several comments in the employee survey data."

The statements above appear to contradict how the data was obtained to support the audit team's concerns expressed regarding staff morale.

The factual data in percentages expressed in Exhibit A-6 would not support these types of statements. Despite requests, we have yet to see survey comment data substantiating the above statement. Further, the focus on a few negative comments seems exaggerated given the overwhelmingly positive staff responses in Exhibit A-6. For example: almost 90% of staff agreed with the statement, "I find my ESD to be an exciting, challenging place to work." 83% of employees agreed with the statement, "I am very satisfied with my job," and 83% agreed that "I plan to continue my career in my ESD."

Regarding Chapter 3.0 (Page 3-7, Recommendation 3-3)

Paragraph 1 "Additionally, adoption of effective strategic planning would likely address staff morale issues. . ."

Evidence presented thus far does not indicate staff morale issues. Therefore, the third focus area in Exhibit 3-3 is not warranted.

The factual data in percentages expressed in Exhibit A-6 would not support these types of statements. Despite requests, we have yet to see survey comment data substantiating the above statement. Further, the focus on a few negative comments seems exaggerated given the overwhelmingly positive staff responses in Exhibit A-6. For example: almost 90% of staff agreed with the statement, "I find my ESD to be an exciting, challenging place to work." 83% of employees agreed with the statement, "I am very satisfied with my job," and 83% agreed that "I plan to continue my career in my ESD."

Regarding Chapter 3.0 (Page 3-8, Fiscal Impact)

We request, again, deletion of first sentence "This recommendation can be implemented with existing resources." It is inaccurate and inconsistent with the audit team's clarifying comment found in the subsequent sentence under Fiscal Impact.

RECOMMENDATION 4-3**Regarding Chapter 4.0 (Pages 4-4 through 4-5)**

ESD 101 stands by its earlier feedback comments and disagrees that evidence was not presented regarding board designated reserves for capital projects. In fact, ESD 101 presented a spreadsheet that detailed \$770,000 of capital projects that were approved by the board. The listed capital projects in the spreadsheet were: lighting/ballast, security system, conference center roof, Indiana facility and Regal facility equipment replacement. Therefore, we disagree there are excess unreserved fund balances. Additionally, we disagree showing the \$441,667 as total one time savings in Exhibit 1-6 on Page 1-10.

Regarding Chapter 6.0 (Page 6-1, 3rd Paragraph in Chapter Summary)

"There appears to be a positive and, for some, a distress level of job satisfaction among employees. Job dissatisfaction was not mentioned during the scheduled interviews with employees but was expressed in several comments in the employee survey data."

The factual data in percentages expressed in Exhibit A-6 would not support these types of statements. Despite requests, we have yet to see survey comment data substantiating the above statement. Further, the focus on a few negative comments seems exaggerated given the overwhelmingly positive staff responses in Exhibit A-6. For example: almost 90% of staff agreed with the statement, "I find my ESD to be an exciting, challenging place to work." 83% of employees agreed with the statement, "I am very satisfied with my job," and 83% agreed that "I plan to continue my career in my ESD."

Regarding Chapter 6.0 (Finding)

Paragraph 1 ". . . may be contributing to the lack of consistent positive morale across employees."

The factual data in percentages expressed in Exhibit A-6 would not support these types of statements. Despite requests, we have yet to see survey comment data substantiating the above statement. Further, the focus on a few negative comments seems exaggerated given the overwhelmingly positive staff responses in Exhibit A-6. For example: almost 90% of staff agreed with the statement, "I find my ESD to be an exciting, challenging place to work." 83% of employees agreed with the statement, "I am very satisfied with my job," and 83% agreed that "I plan to continue my career in my ESD."

Regarding Chapter 6.0 (Page 6-7, Timeline)

Implementation by May, 2007 is not feasible.

Regarding Chapter 7.0 (Pages 7-4 through 7-6, Fiscal Impact)

As per Recommendation 7-2, ESD 101 has contacted vendors and the local utility company regarding the retrofit of the Regal facility as it pertains to energy costs and savings. Information to date indicates Spokane-specific cost estimates are substantially higher than those presented and the estimated savings are substantially lower.

April 24, 2007

6

MGT has been contacted to resolve this apparent inconsistency. ESD 101 documentation of estimates is available upon request.

APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***



THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 101

To provide clarity and perspective, we are commenting on ESD 101 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Below, we have inserted MGT's response to the issues identified in the ESD 101 formal response letter.



TO: Lou Adams, CPA
FROM: Dr. Terry A. Munther
DATE: April 24, 2007
SUBJECT: Response to Performance Audit – Final Draft ESD 101

Regarding Chapter 1.0 (Pages 1-4)

Thank you for the change. Exhibit 1-5 is now on page 1-5, not 1-4.

Regarding Chapter 2.0 (Pages 2-1 through 2-4)

As we have previously stated, the bulleted results are factual but misleading due to using only the far ends of the survey spectrum (strongly agree and strongly disagree). Other performance audit reports completed by MGT (e.g., Texas ESCs), combine strongly agree and agree or strongly disagree and disagree. ESD 101's survey results would be more accurately reflected using this same methodology. By using this approach, additional results would need to be presented. ESD 101 submits the following alternate summary:

2.1 ESD 101 Spokane Employees' Survey Results

At least 80 percent of ESD employees **strongly agree or agree** with the following:

General Perceptions

- Most school districts in our region frequently utilize services provided by our ESD (97%).

- The services provided by our ESD are critical to the success of our school districts' programs and operations (98%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (98%).
- Our ESD is highly efficient and effective (87%).
- The ESD role in providing services to school districts should be expanded (83%).
- Our ESD is highly responsive to the service needs of member school districts (95%).
- Our ESD provides quality services (95%).
- There are adequate channels of communication with school districts in our region (80%).
- Our ESD is responsive to complaints (81%).
- Our ESD is responsive to requests for services (91%).
- Our ESD listens and tries to meet the needs of the school districts (95%).

Governance & Funding

- ESDs should continue to be funded by the state (93%).

Work Environment

- I find my ESD to be an exciting, challenging place to work (87%).
- ESD officials enforce high work standards (85%).
- I feel that I have the authority to adequately perform my job responsibilities (84%).
- I have an up to date and comprehensive job description (83%).
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- I plan to continue my career in my ESD (83%).
- I feel that my work is appreciated by my supervisor(s) (84%).
- I feel that I am an integral part of the ESD team (81%).

At least 80 percent of ESD employees **strongly disagree or disagree** with the following:

General Perceptions

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (87%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (85%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (84%).

Organizational Structure

- All ESDs should be abolished (94%).

2.2 ESD 101 School District Superintendent Survey Highlights

At least 80 percent of school district superintendents **strongly agree or agree** with the following:

General Perceptions

- Our school district frequently utilizes services provided by our ESD (98%).
- The services provided by our ESD are critical to the success of our district's programs and operations (98%).

- Many of the services offered by ESDs around the state are critical to the success of many school districts (97%).
- The ESD in our region is highly efficient and effective (99%).
- The ESD in our region is highly responsive to the service needs of our school district (98%).
- The ESD in our region provides quality services (100%).
- There are adequate channels of communication with the ESD in our region (98%).
- The ESD in our region is responsive to complaints (92%).
- The ESD in our region listens and tries to meet the needs of the school district (98%).

Accountability

- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (93%).
- Each ESD should be held accountable by the school districts for providing needed services but not for student performance (84%).
- Under the current governance structure, the ESDs are primarily accountable to the school districts within each region (80%)

Organizational Structure

- The ESDs should be the regional structure used by OSPI to provide services to school districts (86%).

Governance & Funding

- We understand the governance and oversight structure of the ESD in our region (92%).
- There are appropriate levels of oversight for the ESD in our region (90%).
- ESDs should continue to be funded by the state (98%).

Specific Services

- Support for special population programs (90%).
- Training and support for Washington Assessment of Student Learning (WASL) (88%).
- Training and support for aligning the curriculum and instruction with WASL (85%).
- Training and assistance to help improve student performance (81%).
- Training and assistance in using new teaching models and strategies (83%).
- Teacher certification (92%).
- Professional/Para-Professional Certifications (88%).
- Computer network and telecommunication services (80%).
- Services and support for Educational Data Systems (EDS) (82%).
- Organizational links (82%).

At least 80 percent of school district superintendents **strongly disagree or disagree** with the following:

- OSPI should hold each ESD responsible for student performance in all school districts within its region (84%).
- All ESDs should be abolished (98%).

MGT's Response:

In the survey chapter, we provide a note to the reader that stated, "For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A". We do not believe our survey summaries are misleading; the reader can view full results in the appendices.

Regarding Chapter 3.0 (Pages 3-1 through 3-4)

While we agree with this recommendation, it will require statutory amendment beyond the authority of ESD 101.

Following our communication of April 18, 2007, ESD 101 appreciated MGT and SAO agreeing to revise the estimated opportunity cost savings as per the table below. But, again, these estimated opportunity cost savings will only be realized with legislative action.

ESD 101 ESTIMATED COST ANALYSIS – COMPLAINTS AND INVESTIGATIONS (PER YEAR)

	<u>Supt.</u>	<u>Cabinet</u>	<u>Support Staff</u>	<u>Legal/AAG Costs</u>	<u>ESD Total</u>	<u>Other Agency Total</u>
<u>Level 1</u>	1 Hr. X \$90 X 20 Complaints = \$1,800	2 Hrs. X \$65 X 20 OPP Complaints = \$2,600	.5 Hr. X \$28 X 20 Complaints = \$280	NA	\$4,680	
<u>Level 2</u>	6 Hrs. X \$90 X 10 OPP Complaints = \$5,400	6 Hrs. X \$65 X 4 OPP Complaints = \$1,560	2 Hrs. X \$28 X 14 OPP Complaints = \$784	2 Hrs. X \$125 X 14 OPP Complaints = \$3,500	\$7,744	\$3,500
<u>Level 3</u>	35 Hrs. X \$90 X 3 Investigations = \$9,450	35 Hrs. X \$65 X 3 Investigations = \$6,825	12 Hrs. X \$28 X 3 Investigations = \$1,008	12 Hrs. X \$125 X 3 Investigations = \$4,500	\$17,283	\$4,500
<u>TOTALS</u>					\$29,707	\$8,000

Since ESD 101 is not specifically funded for these activities, a formal tracking mechanism is not utilized. This revised estimate is based on additional review and information (4-18-07).

Level 1 – citizen allegation not followed by formal written complaint as per WAC 181-86-105.

Level 2 – written and signed complaint requiring further investigation. School district assures ESD it will conduct investigation.

Level 3 – written and signed complaint requiring ESD investigation.

Numbers of complaints, staff time and costs per year are estimated.

MGT's Response:

It is important to note that MGT and SAO agreed to keep the recommendations related to regulatory functions in the ESD individual reports to allow readers to know the issue(s) exist. The same issues and recommendations appear in the global report as well.

Regarding Chapter 3.0 (Page 3-4, Exhibit 3-1)

The statement under the 5-year summary of Exhibit 3-1 should reflect the audit team's previous response to feedback. Therefore please change,

"...could then be re-directed to regional core services. . ." instead of current language
"...re-directed for member districts. . ."

MGT's Response:

Although we might debate the semantics of this section, the audit team believes that the exhibit is fair and reasonable based on the facts presented and we stand behind the exhibit.

Regarding Chapter 3.0, Recommendation 3-2 (Page 3-5, Exhibit 3-2)

While we agree with this recommendation, it will require statutory amendment beyond the authority of ESD 101. Again, these estimated opportunity cost savings will only be realized with legislative action.

MGT's Response:

Again, it is important to note that MGT and SAO agreed to keep the recommendations related to regulatory functions in the ESD individual reports to allow readers to know the issue(s) exist.

Regarding Chapter 3.0 (Page 3-6, Finding)

In paragraph 3, the MGT audit team states, "Interviews conducted by the audit team further indicate opportunities for input regarding agency planning from all staff, regardless of job classification/level, would improve overall job satisfaction, efficiency and effectiveness. Issues that surfaced during staff interviews centered on 1) the absence of comprehensive staff evaluations for certain positions, 2) lack of opportunities for input from all levels of staff in an agency planning model (strategic plan) and 3) staff morale."

A contradictory statement found in Chapter 6.0, Recommendation 6.1, states "Job dissatisfaction was not mentioned during the scheduled interviews with employees but was expressed in several comments in the employee survey data."

The statements above appear to contradict how the data was obtained to support the audit team's concerns expressed regarding staff morale.

The factual data in percentages expressed in Exhibit A-6 would not support these types of statements. Despite requests, we have yet to see survey comment data substantiating the above statement. Further, the focus on a few negative comments seems exaggerated given the overwhelmingly positive staff responses in Exhibit A-6. For example: almost 90% of staff agreed with the statement, "I find my ESD to be an exciting, challenging place to work." 83% of employees agreed with the statement, "I am very satisfied with my job," and 83% agreed that "I plan to continue my career in my ESD."

MGT's Response:

Because several auditors were involved in different aspects of the interview process, it would be predictable that one auditor's description would differ slightly from another auditor's description. MGT believes that these differences are semantic and not substantive. The reader can view full results in the appendices.

Regarding Chapter 3.0 (Page 3-7, Recommendation 3-3)

Paragraph 1 "Additionally, adoption of effective strategic planning would likely address staff morale issues. . ."

Evidence presented thus far does not indicate staff morale issues. Therefore, the third focus area in Exhibit 3-3 is not warranted.

The factual data in percentages expressed in Exhibit A-6 would not support these types of statements. Despite requests, we have yet to see survey comment data substantiating the above statement. Further, the focus on a few negative comments seems exaggerated given the overwhelmingly positive staff responses in Exhibit A-6. For example: almost 90% of staff agreed with the statement, "I find my ESD to be an exciting, challenging place to work." 83% of employees agreed with the statement, "I am very satisfied with my job," and 83% agreed that "I plan to continue my career in my ESD."

MGT's Response:

The survey results include a variety of responses. Although most believed that staff morale was not problematic, MGT also had a responsibility to examine those that were not as positive. MGT stands by this recommendation and believes that its implementation will improve the staff morale of some, no matter how few.

Regarding Chapter 3.0 (Page 3-8, Fiscal Impact)

We request, again, deletion of first sentence "This recommendation can be implemented with existing resources." It is inaccurate and inconsistent with the audit team's clarifying comment found in the subsequent sentence under Fiscal Impact.

MGT's Response:

The only sentence under Fiscal Impact is "This recommendation can be implemented with existing resources." There is not subsequent sentence. MGT believes the fiscal impact statement is fair and reasonable based on the facts presented and we stand behind the fiscal impact statement.

RECOMMENDATION 4-3

Regarding Chapter 4.0 (Pages 4-4 through 4-5)

ESD 101 stands by its earlier feedback comments and disagrees that evidence was not presented regarding board designated reserves for capital projects. In fact, ESD 101 presented a spreadsheet that detailed \$770,000 of capital projects that were approved by the board. The listed capital projects in the spreadsheet were: lighting/ballast, security system, conference center roof, Indiana facility and Regal facility equipment replacement. Therefore, we disagree there are excess unreserved fund balances. Additionally, we disagree showing the \$441,667 as total one time savings in Exhibit 1-6 on Page 1-10.

MGT's Response:

The audit team is unaware of any such spreadsheet and the "capital projects reserve" was not mentioned by ESD staff during several interviews with the facilities staff or the financial auditor. A "capital projects reserve" is considered a board designated reserve. A board-designated reserved fund balance is treated as an unreserved fund balance, because the board may un-reserve or un-designate the fund balance at any time permitted by their policies. This type of reserve is not legally restricted as are the co-op reserves or other governmental fund reserves. The audit team's recommendation remains that the ESD board should set a policy on fund balances that considers the unique circumstances of the ESD. We recommended a fund balance equal to three months of prior year expenditures, but the Board could set the policy at any level it determines is best for the ESD.

If the Board adopted our recommendation, there would be the one-time "savings" – actually funds would be freed of restriction and could be used to provide services to school districts.

Regarding Chapter 6.0 (Page 6-1, 3rd Paragraph in Chapter Summary)

"There appears to be a positive and, for some, a distress level of job satisfaction among employees. Job dissatisfaction was not mentioned during the scheduled interviews with employees but was expressed in several comments in the employee survey data."

The factual data in percentages expressed in Exhibit A-6 would not support these types of statements. Despite requests, we have yet to see survey comment data substantiating the above statement. Further, the focus on a few negative comments seems exaggerated given the overwhelmingly positive staff responses in Exhibit A-6. For example: almost 90% of staff agreed with the statement, "I find my ESD to be an exciting, challenging place to work." 83% of

employees agreed with the statement, "I am very satisfied with my job," and 83% agreed that "I plan to continue my career in my ESD."

MGT's Response:

The survey results include a variety of responses. Although the positive responses were certainly thematic, MGT also had a responsibility to examine those that differed from the norm. MGT believes that ESD 101 can use low incidence feedback to improve their operations. The reader can find the full results with other response items (i.e., agree or disagree) in Appendix A". We believe our comments represent the factual data; the reader can view full results in the appendices.

Regarding Chapter 6.0 (Finding)

Paragraph 1 ". . .may be contributing to the lack of consistent positive morale across employees."

The factual data in percentages expressed in Exhibit A-6 would not support these types of statements. Despite requests, we have yet to see survey comment data substantiating the above statement. Further, the focus on a few negative comments seems exaggerated given the overwhelmingly positive staff responses in Exhibit A-6. For example: almost 90% of staff agreed with the statement, "I find my ESD to be an exciting, challenging place to work." 83% of employees agreed with the statement, "I am very satisfied with my job," and 83% agreed that "I plan to continue my career in my ESD."

MGT's Response:

The survey results include a variety of responses. Although the positive responses were certainly thematic, MGT also had a responsibility to examine those that were not as positive. Although we may discuss at length the term "consistent", MGT believes that ESD 101 can use low incidence feedback to improve their operations. The reader can find the full results with other response items (i.e., agree or disagree) in Appendix A". We do not believe our comments are an exaggeration; the reader can view full results in the appendices.

Regarding Chapter 6.0 (Page 6-7, Timeline)

Implementation by May, 2007 is not feasible.

MGT's Response:

The May 2007 timeline is intended to be the initiation of the step and not full implementation. Additional hiring and implementation opportunities will occur past that date.

Regarding Chapter 7.0 (Pages 7-4 through 7-6, Fiscal Impact)

As per Recommendation 7-2, ESD 101 has contacted vendors and the local utility company regarding the retrofit of the Regal facility as it pertains to energy costs and savings. Information to date indicates Spokane-specific cost estimates are substantially higher than those presented and the estimated savings are substantially lower.

MGT has been contacted to resolve this apparent inconsistency. ESD 101 documentation of estimates is available upon request.

MGT's Response:

The "Spokane-specific cost estimates" were just that – estimates. Those estimates were based on discussions with a local, experienced, electrical engineering firm. Additional estimates may provide lower cost figures. In addition, the timing of obtaining estimates can be a major variable. Typically, in the Spokane market, spring and summer estimates are higher than late fall and winter estimates because of "good weather" work backlogs for contractors and subcontractors. For that reason, MGT's implementation timeline was placed far enough in the future to allow for estimates at opportune times in the subcontractor market.

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 105

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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1.0 INTRODUCTION

1.0 INTRODUCTION

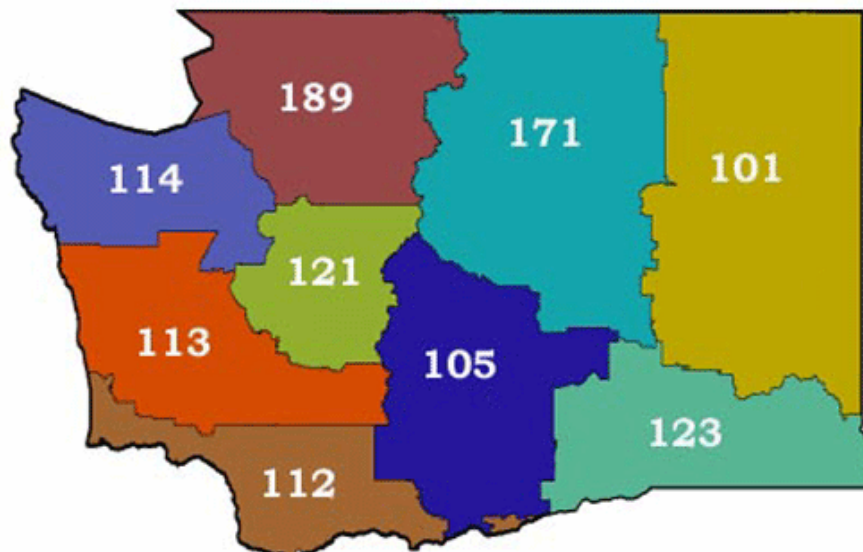
The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. (MGT) to conduct a performance audit of Educational Service District 105 (ESD 105), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of ESD staff and school district staff. After reviewing the results of the on-site interviews and electronic survey data and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that reflected issues for all ESDs, the final performance audit report for ESD 105 was provided to SAO, reflecting areas of strength and areas needing improvement.

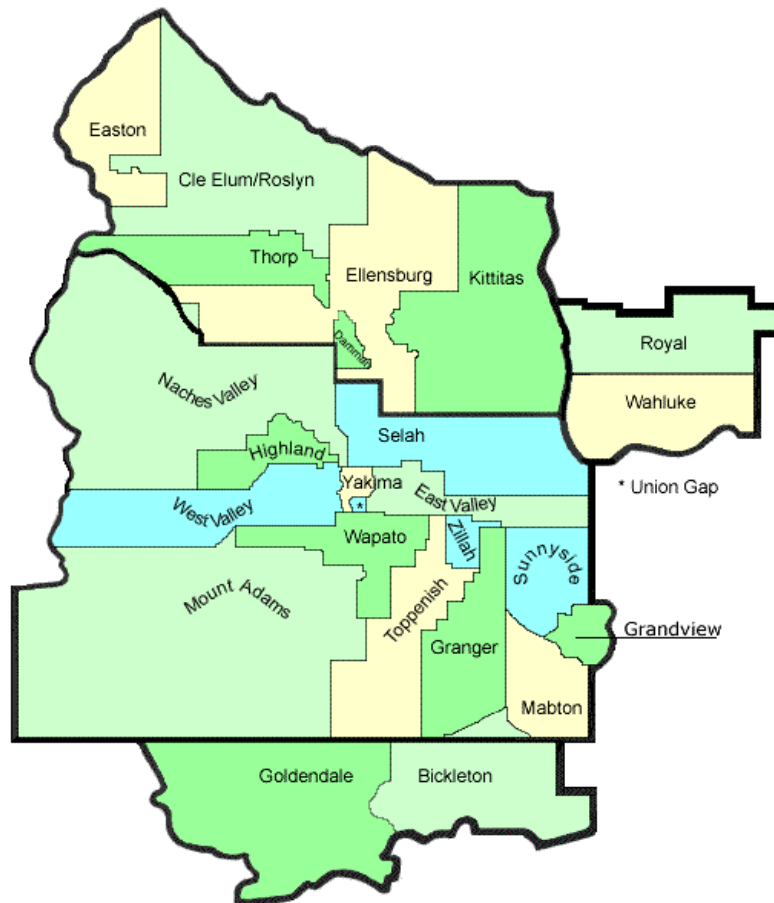
ESD 105 is located in the City of Yakima, in the south central portion of Washington State. Geographically, it is one of the larger ESDs in the state (see **Exhibit 1-1**). ESD 105 provides cooperative services to 25 public school districts and 23 state-approved private and tribal schools in four counties: Grant County, Kittitas County, Klickitat County, and Yakima County (see **Exhibit 1-2**).

**EXHIBIT 1-1
MAP OF THE WASHINGTON
EDUCATIONAL SERVICE DISTRICTS**



Source: Office of Superintendent of Public Instruction Web site, 2006.

**EXHIBIT 1-2
MAP OF MEMBER SCHOOL DISTRICTS
EDUCATIONAL SERVICE DISTRICT 105**



Source: ESD 105 Web site: <http://www.esd105.wednet.edu/AboutESD/districts.htm>.

ESD 105 delivers essential, cooperative educational services to school districts, schools (public and private), and other related agencies or organizations. In addition, the ESD provides technical assistance for the State Superintendent of Public Instruction and State Board of Education. Approximately 58,000 students are served in this endeavor. **Exhibit 1-3** details the member districts and school served by ESD 105.

**EXHIBIT 1-3
MEMBER SCHOOL DISTRICTS AND SCHOOLS
EDUCATIONAL SERVICE DISTRICT 105**

District	City
Bickleton School District	Bickleton
Cle Elum/Roslyn School District	Cle Elum
Damman School District	Ellensburg
East Valley (Yakima) School District	Yakima
Easton School District	Easton
Ellensburg School District	Ellensburg
Goldendale School District	Goldendale
Grandview School District	Grandview
Granger School District	Granger
Highland School District	Cowiche
Kittitas School District	Kittitas
Mabton School District	Mabton
Mt. Adams School District	White Swan
Naches Valley School District	Naches
Royal School District	Royal City
Selah School District	Selah
Sunnyside School District	Sunnyside
Thorp School District	Thorp
Toppenish School District	Toppenish
Union Gap School District	Union Gap
Wahluke School District	Mattawa
Wapato School District	Wapato
West Valley (Yakima) School District	Yakima
Yakima School District	Yakima
Zillah School District	Zillah

Source: ESD 105, 2006.

More specifically, according to the ESD 105 Web site, administrative services provided to member organizations include:

- Teacher certification office providing application and technical assistance to teachers, administrators, and educational staff.
- Providing Washington State clock hours for approved in-service programs and maintains transcript files for individuals and school districts.
- Facilities available for professional development, meetings, and workshops.
- K-20 video conferencing hosting facility.
- Basic Education Assistance with identifying and interpreting WACs and RCWs that govern K-12 in Washington State. Provide administrative and instructional programs. (WAC refers to Washington Administrative Code and RCW refers to Revised Code of Washington)

- Verify and process petitions concerning School District Boundaries and maintain legal descriptions and maps of the region's school districts.
- Board development.
- Through E-rate (Universal Service Fund), provide districts and schools the opportunity to purchase computer hardware and software at cost-effective rates.
- Objective and timely on-site investigations into complaints or grievances against school districts.
- Public information and media/governmental relations.

Learning and teaching services provided include:

- School Improvement Plan development assistance.
- Training on how to assess student learning, collecting data from assessments, and how to use data to design and implement learning improvement programs in districts and schools.
- Programs that keep kids safe and learning in schools such as the Safe Schools/Healthy Students initiative.
- The LASER science program that combines private sector, state, and national resources to bring this innovative hands-on learning curriculum to the region's schools.
- The NO LIMIT! program geared to put technology into the hands of students to assist them in learning math.
- Migrant Education Regional Office.
- Special Education Services and Cooperatives.
- Curriculum Development.
- Professional Development Administrators' Institute.
- Paraeducator Training and Support.
- Educational Technology Support Center.
- Programs that contribute to healthy kids and healthy learning environments just as School Nurse Corps, KidScreen, Migrant Education Health Program, and Tobacco Prevention and Control.
- Teacher Assistance Program.
- Parent Involvement Programs.

Technology services include:

- Building/District Technology Planning.
- Teaching and Technology Coaching Initiative.
- E-rate Support.
- The MarcoPolo In Washington project to align the outstanding, no cost and full K-12 coverage MarcoPolo resources for teachers with the Washington State Essential Academic Learning Requirements.
- SHARE, TLP, TIP, and other major curricular technology integration projects.
- Resource development and support including the “STudent Assessment Result System” (ST.A.R.S.), the Survey Service for schools/district/ESD 105, and the “Prepare to Integrate Learning Opportunities with Technology” (PILOT) staff self-assessment tool.
- In-school, in-lab and online professional development offerings.
- Providing resources at reduced prices for schools including software, online training for students and educators, and multimedia equipment.
- Maintaining a lending library of materials, software, and equipment for preview.
- Providing consultation to districts, schools, and educators on legal, ethical and age-appropriate issues related to technology use in K-12 education.

The following chapters provide survey results and additional information about ESD 105 and its management and operations.

Key commendations for ESD 105 include:

- ESD 105 is to be commended for the development and maintenance of a comprehensive strategic planning process that provides a framework for the staff to accomplish the goals of the agency.
- ESD is commended for developing and maintaining a highly-praised program of inquiry science support for the teachers of the region and the impact it has on the children of the districts.
- ESD 105 is to be commended for providing an effective, research-based peer coaching, “training of trainers” program to help schools implement a professional development model that can enhance standards-based instruction by assisting teachers to offer students engaging, technology-rich, learning activities.

- ESD 105 is to be commended for transforming its traditional media center to an Instructional Improvement Cooperative that provides on-site staff development and online technology resources at a cost savings to school districts to improve student performance.

Key recommendations for ESD 105 include:

- Remove the regulatory functions of RCW 28A.310.260, in relation to member school district staff code of conduct violations, from superintendents of the ESDs. (**Recommendation 3-1**)
- Remove the regulatory functions of district boundary change requests/disputes from the responsibilities of the superintendent of ESD 105. (**Recommendation 3-2**)
- Implement the modification of the staffing patterns of the agency in the following manner: (**Recommendation 3-3**)

3.3.1 Include grant writing responsibilities within the job description of the public relations officer—.50 FTE public relations officer and .50 FTE grant writing.

3.3.2 Reduce the reading project analyst position by .50 FTE.

- Document planning and budgeting procedures and processes, including annual instructions and staffing standards. (**Recommendation 4-1**)
- Tie budgets to ESD grants, cooperatives, and school or school district performance measures or goals. (**Recommendation 4-2**)
- Set a policy on an appropriate level for unrestricted and undesignated fund balances. (**Recommendation 4-3**)
- Conduct an outsourcing analysis to determine the viability of its courier services cooperative. (**Recommendation 4-4**)
- Implement a procurement card program. (**Recommendation 4-5**)
- Implement a policy to obtain and document at least three bids for all purchases in excess of \$10,000. (**Recommendation 4-6**)
- Implement a requirement for a financial and program continuation plan from all districts that are participants in grants written by the ESD. (**Recommendation 5-1**)
- Continue to expand the mathematics in-service network to all districts in the ESD. (**Recommendation 5-2**)
- Prepare a regional consolidated application to the OSPI incorporating the different needs and programs of each district with

appropriate approvable language matched to the State migrant grant and plan. **(Recommendation 5-3)**

- Study, prepare, plan and introduce a longitudinal salary schedule with increases in pay after seven, ten and fifteen years of employment in the same position with the ESD. **(Recommendation 6-1)**
- Investigate the districts desire to have a hiring cooperative model and make it part of the ESD 105 operation. **(Recommendation 6-2)**
- Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion. **(Recommendation 7-1)**
- Install additional energy-saving devices throughout the ESD as part of an energy conservation program. **(Recommendation 7-2)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-3)**
- Develop time and task standards for custodial services. **(Recommendation 7-4)**
- Prepare a written facility improvement plan that includes a physical assessment of both ESD buildings (structural, electrical-mechanical systems, safety issues, and accessibility issues). **(Recommendation 7-5)**
- Use automatic product dispensing devices for each custodial closet to reduce excessive use of custodial products. **(Recommendation 7-6)**
- Develop a new long-range plan for technology correlated to regional, state, and federal requirements. **(Recommendation 8-1)**
- Submit applications for E-rate discounts for telecommunications, Internet Access and internal connections services beginning with the 2008-09 school year. **(Recommendation 8-2)**
- Replace the existing internal analog phone system with a Voice-over-IP phone system. **(Recommendation 8-3)**
- Implement an electronic Help Desk System for internal staff to improve efficiency and documentation of support. **(Recommendation 8-4)**

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Exhibit 1-4 shows the total estimated cost savings for the recommendations represented in the report for ESD 105. As shown, the total estimated savings (should MGT's recommendations be implemented) is estimated at a total of \$527,180.

EXHIBIT 1-4 SUMMARY OF ANNUAL SAVINGS (COSTS)

CATEGORY	YEARS					TOTAL FIVE-YEAR SAVINGS (COSTS)
	2007-08	2008-09	2009-10	2010-11	2011-12	
TOTAL SAVINGS	\$51,635	\$119,311	\$121,864	\$124,546	\$127,362	\$544,718
TOTAL (COSTS)	(\$12,837)	\$0	\$0	\$0	\$0	(\$12,837)
TOTAL NET SAVINGS (COSTS)	\$38,798	\$119,311	\$121,864	\$124,546	\$127,362	\$531,881
TOTAL ONE-TIME SAVINGS (COSTS)						(\$4,701)
TOTAL FIVE-YEAR SAVINGS (COSTS) INCLUDING ONE-TIME SAVINGS (COSTS)						\$527,180

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees in Educational Service District (ESD) 105, school district superintendents within the ESD 105 region, and the nine ESD Superintendents were invited to participate in an online survey. The following sections contain highlights of the survey results for:

- ESD 105 Yakima employees.
- School district superintendents within ESD 105 Yakima.
- ESD Superintendents.

Details on all survey items are found immediately after the highlights.

2.1 ESD 105 Yakima Employee Survey Highlights

At least 50 percent of ESD employees strongly agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (61%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (70%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (59%).
- Our ESD is highly efficient and effective (54%).
- Our ESD is highly responsive to the service needs of member school districts (74%).
- Our ESD provides quality services (74%).
- Our ESD is responsive to requests for services (58%).
- Our ESD listens and tries to meet the needs of the school districts (67%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (53%).
- I find my ESD to be an exciting, challenging place to work (55%).
- ESD officials enforce high work standards (62%).

- I feel that my work is appreciated by my supervisor(s) (50%).

At least 50 percent of ESD employees *strongly disagree* with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (55%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (62%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (57%).
- All ESDs should be abolished (84%).
- I am actively looking for a job outside of my ESD (59%).

2.2 ESD 105 Yakima School District Superintendent Survey Highlights

At least 50 percent of school district superintendents *strongly agree* with the following:

- Our school district frequently utilizes services provided by our ESD (59%).
- The services provided by our ESD are critical to the success of our district's programs and operations (68%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (68%).
- The ESD in our region is highly efficient and effective (50%).
- The ESD in our region is highly responsive to the service needs of our school district (64%).
- The ESD in our region provides quality services (55%).
- There are adequate channels of communication with the ESD in our region (59%).
- The ESD in our region is responsive to complaints (59%).
- The ESD in our region is responsive to requests for services (64%).
- The ESD in our region listens and tries to meet the needs of the school district (68%).
- ESDs should continue to be funded by the state (59%).

- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (58%).

At least 50 percent of school district superintendents *strongly disagree* with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (64%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (68%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (59%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (50%).
- All ESDs should be abolished (73%).

2.3 ESD Superintendent Survey Highlights

At least 50 percent of ESD Superintendents *strongly agree* with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).
- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).
- Our ESD listens and tries to meet the needs of the school districts (100%).

- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (89%).
- The current number of ESD Board of Director members is appropriate (67%).
- The current number of nine ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school districts' services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of nine ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

This chapter presents information relating to the governance and management of Educational Service District (ESD) 105 located in Yakima, Washington. The key concepts of governance and management are best represented as effective and efficient “organizational leadership.” Performance indicators of organizational leadership include:

- Developing and communicating commitment to a mission/vision.
- Demonstrating core values that lead to a culture of quality.
- Monitoring a system where people/departments progress toward quality goals through cooperation and information sharing.
- Decision-making based on input from all in an environment that encourages open communication (both vertical and horizontal).
- Monitoring of resources (both fiscal and human) necessary for quality improvement occurs throughout the agency.
- Assessing the leadership effectiveness of those involved in governance and management.

These performance indicators serve as foundational elements in any successful and productive organization. Implementation of the indicators results in organizations that promote a culture of quality and continuous improvement and utilizes its mission/vision to guide all operations and decisions.

The evaluation of governance and management functions of ESD 105 included in-depth interviews with all board members, all ESD administrators, school district superintendents, and key support staff. In addition, a thorough review of the following items occurred:

- Board meeting minutes (three sets).
- Travel records (full year).
- Personnel policies and procedures/board by-laws.
- Public relations documents.
- Strategic planning documents.
- Superintendent’s contracts (three years).
- Job descriptions.
- Organizational charts (ESD 105, Other states, Other ESDs).
- Other related documents.

Evidence of the use of strategic planning and open communication is present within the organizational leadership of ESD 105. This evidence was observed by the auditor in numerous interactions among ESD administrative staff and members of the board of directors. Additionally, the auditor observed in reading ESD 105 Board meeting minutes, numerous references to the strategic plan and associated goals were made by administrators and board members. Interviewees also were able to articulate an understanding of the agency’s mission, goals, and objectives. Members of the board

expressed informed perspectives relating to their overall roles and responsibilities including the development and implementation of policy, board operating procedures, communication hierarchy, oversight of management and operation of the ESD, and of the effectiveness and efficiency of the management team.

Key commendations in this chapter include:

- ESD 105 is to be commended for the development and maintenance of a comprehensive strategic planning process that provides a framework for the staff to accomplish the goals of the agency.

Key recommendations in this chapter include:

- Remove the regulatory functions of RCW 28A.310.260, in relation to member school district staff code of conduct violations, from superintendents of the ESDs. (**Recommendation 3-1**)
- Remove the regulatory functions of district boundary change requests/disputes from the responsibilities of the superintendent of ESD 105. (**Recommendation 3-2**)
- Implement the modification of the staffing patterns of the agency in the following manner: (**Recommendation 3-3**)

3.3.1 Include grant writing responsibilities within the job description of the public relations officer—.50 FTE public relations officer and .50 FTE grant writing.

3.3.2 Reduce the reading project analyst position by .50 FTE.

FINDING

The superintendent of ESD 105 is required by the Office of Superintendent of Public Instruction (OSPI) to investigate code of conduct violations for certificated staff and superintendents of member districts according to RCW 28A.310.260.

Performing this regulatory responsibility for member school districts negatively impacts the efficiency (time and funds spent on investigation and legal proceedings) and effectiveness (primary mission of ESD 105 is to provide technical assistance and professional development) to member school districts of the ESD.

At one time, this investigatory function was considered one of the “core funding services” of ESDs. Subsequent and significant decreases in “core funding” provided by the legislature, and an increased number of investigation requests have combined to create a negative impact on the ESD in terms of budget and in being contrary to the agency’s stated mission of technical support and professional development for member districts.

Performance of the informal and formal investigations and subsequent rendering of an administrative decision results in an increasing level of human resources and fiscal expenditure for the ESD. In addition, the collaborative and collegial relationship essential

between the ESD and member districts is placed in jeopardy each time this regulatory function is performed. The chart below contains actual expenditures for ESD 105.

**EXHIBIT 3-1
ACTUAL EXPENDITURES ACROSS SEVEN MONTHS BY
ESD 105**

DISTRICT	DATE (7 MONTHS 2/2006 – 8/2006)	SUPERINTENDENT SALARY/BENEFITS (HOURS)	INVESTIGATION AND LEGAL FEES (ACTUALS)
#1	February 2006	6	-0-
#2	March 2006	8	\$500
#3	March 2006		\$623
#4	May 2006	4	-0-
#5	June 2006	10	-0-
#6	August 2006	3	\$250
#7	August 2006	4	\$300
Calculation		35 hours X \$798.71 daily salary/benefit rate = \$3,994 X 1.42 = \$5,671 annually	\$1,673 for 7 months X 1.42 = \$2,376 annually
Estimated Total Annual Costs		\$5,671	\$2,376

Source: ESD 105 Fiscal Officer.

Recommendation 3-1:

Remove the regulatory functions of RCW 28A.310.260, in relation to member school district staff code of conduct violations, from superintendents of the ESDs.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

Code of Conduct investigations could be provided by the local school district, State Board of Education, and/or by the Office of Superintendent of Public Instruction rather than by ESD 105.

This recommendation should result in preserving the collaborative and collegial relationship between ESD 105 and its member districts, as well as a significant savings in fiscal resources (legal advisement) and human resources (ESD Superintendent and support staff.)

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The OSPI should designate a statewide panel of stakeholders. | September 2007 |
| 2. The OSPI should develop a collaborative plan to transition this function to a regulatory agency. | December 2007 |
| 3. The agencies impacted should approve the plan. | May 2008 |
| 4. The agencies impacted should implement the transition plan. | September 2008 |

FISCAL IMPACT

Anticipated five year savings and fiscal impact to ESD 105 of implementing this recommendation is summarized in the following chart:

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Remove Regulatory Functions from ESD 105 Superintendent	\$8,449	\$8,871	\$9,314	\$9,780	\$10,269

Calculations contained in this chart represent estimations of annual costs based on actual expenditures from February, 2006 through August, 2006 – a seven month period.

FINDING

The superintendent of ESD 105 is required to consider and resolve boundary modifications and/or disputes among member districts at the direction of the Superintendent of Public Instruction. This regulatory responsibility negatively impacts the efficiency (time and funds spent on resolving dispute/request) and effectiveness (primary mission of ESDs is to provide technical assistance and professional development) to member school districts of the ESD.

According to RCW28A.310 school district boundary changes impacting an educational service district are to be decided by the Superintendent of Public Instruction. Those duties/responsibilities appear to be closely aligned with the duties currently assigned by the Superintendent of Public Instruction to the ESD Superintendent in resolving school district boundary changes/disputes. The division of the two functions (educational service district boundary changes and school district boundary changes) between two entities (ESD and OSPI) creates an unnecessary and negative burden upon the superintendents of ESDs.

Performance of the formal and informal investigation into the requests/disputes, and subsequent rendering of an administrative decision, results in an increasing level of human resources and fiscal expenditure for the ESD. In addition, the collaborative and collegial relationship essential between the ESD and member districts is placed in jeopardy each time this regulatory function is performed.

Recommendation 3-2:

Remove the regulatory functions of district boundary change requests/disputes from the responsibilities of the superintendent of ESD 105.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

This function could be provided by the Superintendent of Public Instruction with input from the regional Superintendent Advisory Councils.

Implementation of this recommendation should help preserve the collaborative and collegial relationship between ESD 105 and its member districts, as well as provide savings in fiscal (legal advisement) and human resources (ESD Superintendent and support staff). The consolidation of the school district boundary change process with the ESD boundary changes process would provide clarity to the roles of both ESDs and OSPI. Administrative staff members of ESD 105 report that presently the boundary change issue has not been significant for the agency, and they attribute that to relatively little commercial and/or residential development among their member districts. ESDs with significant growth and development within their boundaries are much more impacted by this issue. Staff members indicated there is impending development that will affect member districts of ESD 105.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The OSPI should designate a statewide panel of stakeholders. | September 2007 |
| 2. The OSPI should develop a collaborative plan to transition this function to a regulatory agency. | December 2007 |
| 3. The agencies impacted should approve the plan. | May 2008 |
| 4. The agencies impacted should implement the transition plan. | September 2008 |

FISCAL IMPACT

The superintendent reported during the on-site interview that there have been no requests/disputes during the past year or two. However, the possibility of such a request is always present, and other ESDs within the system have much more frequent requests and have incurred considerable expense in the execution of this task.

FINDING

The Administrative Services Department of ESD 105 is currently staffed by eight positions. Included in those positions are the superintendent, two associate superintendents, one chief information officer, one administrative assistant to the superintendent, one human resource director, one receptionist, and one public relations officer. This administrative structure appears to be very similar to the organization of other educational service districts in the state of Washington and other states.

Grouping of the remaining staff positions within ESD 105 appears to be logical and similar to other educational service agencies in Washington and other states. To accommodate supervision, evaluation and collaborative planning for service delivery, positions are departmentalized as much as is feasible.

Following are observations regarding the staffing patterns of ESD 105:

- An agency the size and scope of ESD 105 may not require the ongoing full-time function of a public relations officer. According to superintendent interviews conducted by the audit team, during the

past year, the public information officer has been able to accomplish a great deal in terms of the development of needed printed materials, media/communication protocols, logo and image development, media contact development, and overall improvement of the public relation initiatives of ESD 105. Additionally, the superintendent reports that all grant writing activities for ESD 105 are completed by or delegated by the superintendent. The writing skills of the public information officer could be directed toward the development of grant opportunities designed to support the educational mission of the agency.

- Within the Educational Services Division there is a full-time position titled “reading project analyst” that is associated with the Reading First project, a federally funded early childhood literacy initiative. In reviewing staff positions with the superintendent, she indicated the agency is considering reducing that position to .50 FTE.

Current salary and benefit information for the positions discussed follows:

**EXHIBIT 3-2
SALARY AND BENEFIT INFORMATION FOR
ESD 105**

Position	Salary/Benefits
Public Relations Officer	\$72,193
Reading Project Analyst	\$76,591

Source: ESD 105 Fiscal Officer.

Recommendation 3-3:

Implement the modification of the staffing patterns of the agency in the following manner:

3.3.1 Include grant writing responsibilities within the job description of the public relations officer—.50 FTE public relations officer and .50 FTE grant writing.

3.3.2 Reduce the reading project analyst position by .50 FTE.

Implementation of Recommendation 3.3.1 will result in increased resources for the grant writing responsibilities of the agency. As the ESDs rely more and more on entrepreneurial activities and grant funding to ensure continued support for the educational initiatives of their regions, ESD 105 would benefit from this re-direction of resources.

As the Reading First project has progressed, the need for full-time project analysis has decreased as sites are better trained to provide their own. The superintendent has determined, and shared with members of the audit team, that based on utilization, .50 FTE would meet the needs of the agency.

The timeframe below would allow the public information officer/grant writer opportunities for on-site professional development working with the superintendent, as well as formal training opportunities and follows the staff contract schedule of ESD 105.

Diverting the savings of Recommendation 3.3.2, reduction of reading project analysis position, to other more needed literacy support focusing on the instructional needs of English Language Learners (ELL), will require planning and service model development that could occur during the spring semester and summer of 2007.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|--|----------------|
| 1. The ESD 105 superintendent should draft modifications to the current job descriptions for public information officer and reading project analyst. | June 2007 |
| 2. Modifications should be presented to board of directors for input/approval. | June 2007 |
| 3. Upon board approval, superintendent should secure appropriate training opportunities and provide on-site mentoring for grant writing activities and implement the position reduction for reading project analyst. | September 2007 |

FISCAL IMPACT

It is estimated that ESD 105 could save \$222,174 over a 5 year period by implementing Recommendation 3.3.2. Savings from this recommendation could be diverted to addressing the literacy instruction of English Language Learners (ELL), a population identified by all interviewed as needing additional resources.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-2012
3.3.2 – Reduce reading project analyst position by .50 FTE salary and benefits – 5% cost of living adjustment included	\$40,209	\$42,219	\$44,329	\$46,545	\$48,872

FINDING

Staff collaboration, inclusion and capacity building are observable in the daily operation of ESD 105. The staff (including superintendent, cabinet, certificated, and support staff members), are able to articulate the vertical alignment of their work with that of the districts and students being served. The inclusion and development of support staff is especially commendable within the delivery of services to children and districts.

The staff effectiveness does not occur randomly and without cause. The foundation appears to be a well-defined model of strategic planning (Boeing Business Model) that

includes all staff, and focuses on aligning job responsibilities with overall ESD 105 mission and goals. Upon that foundation, the administrative staff and program managers have facilitated the development of staff capacity to ensure maximum efficiency and effectiveness within ESD 105. Periodic review and “climate survey” strategies are used to guide progress toward goals.

COMMENDATION

ESD 105 is to be commended for the development and maintenance of a comprehensive strategic planning process that provides a framework for the staff to accomplish the goals of the agency.

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

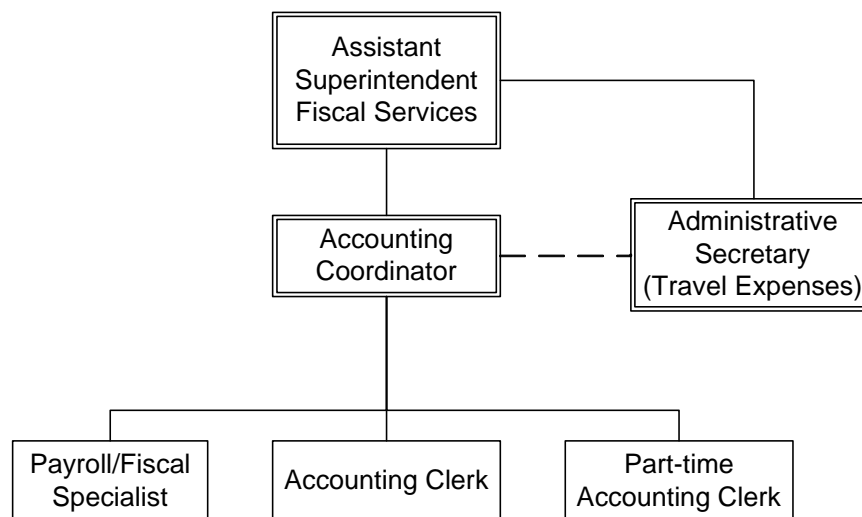
4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents findings and recommendations relating to the financial management, budgeting, purchasing, and contract management processes used by Educational Service District (ESD) 105.

CHAPTER SUMMARY

ESD 105 financial management, purchasing and contract management functions are carried out by a staff of six as shown in **Exhibit 4-1**. Although the four full-time positions appear somewhat excessive compared to the number of ESD staff, the department also manages numerous grants and cooperatives, which greatly increase the department workloads.

EXHIBIT 4-1
FISCAL SERVICES/ACCOUNTING DEPARTMENT ORGANIZATIONAL CHART



Source: ESD 105 Accounting Coordinator.

ESD 105 generally has effective processes and internal controls over its financial management and budgeting operations. Although the ESD has not documented some of its procedures in writing, the ESD generally has well established fiscal practices. The ESD can further improve its efficiency and effectiveness by documenting its budgeting practices, relating its budgets to program goals, and better managing its reserve fund balances. Moreover, ESD 105 generally has at least two opportunities to improve its purchasing functions. Specifically, to improve its purchasing efficiency and reduce costs of purchases, the ESD should implement a purchasing card program for smaller purchases and should obtain and document at least three bids for all purchases in excess of \$10,000.

Key recommendations in this chapter include:

- Document planning and budgeting procedures and processes, including annual instructions and staffing standards. (**Recommendation 4-1**)
- Tie budgets to ESD grants, cooperatives, and school or school district performance measures or goals. (**Recommendation 4-2**)
- Set a policy on an appropriate level for unrestricted and undesignated fund balances. (**Recommendation 4-3**)
- Conduct an outsourcing analysis to determine the viability of its courier services cooperative. (**Recommendation 4-4**)
- Implement a procurement card program. (**Recommendation 4-5**)
- Implement a policy to obtain and document at least three bids for all purchases in excess of \$10,000. (**Recommendation 4-6**)

FINDING

Although ESD 105 appears to follow the budgeting policies prescribed by the Office of the Superintendent of Public Instruction (OSPI), it has not formalized its own budgeting process into a procedure manual and has not provided staff with a manual or staffing standards. As a result, the ESD cannot ensure that staff are following the same standards or protocols when preparing and monitoring budgets. Sound policies are important to ensure consistency across organizational units and to ensure continuity of processes.

Recommendation 4-1:

Document planning and budgeting procedures and processes, including annual instructions and staffing standards.

Implementation of this recommendation will promote consistency and continuity in budgeting throughout the ESD.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The superintendent should present the ESD's new budgeting procedures to the board for consideration and approval. | May 2008 |
| 2. The superintendent should meet with and inform program managers about the new budget procedures and requirements. | June 2008 |

FISCAL IMPACT

This recommendation can be implemented within existing resources.

FINDING

The ESD does not relate its budgets to specific goals, objectives, or student outcomes for either the ESD or the school districts it serves.

The ESD currently follows the OSPI budgeting guidelines and budgeting template. Although this process helps establish spending limits for each program, it does not provide indicators of the effectiveness of program efforts in fulfilling program objectives. Best practices in budgeting suggest that budget-performance integration is essential for sound fiscal management. Until the ESD links its budgets to performance, it will be unable to determine if it is expending its funds in the best or most efficient manner.

Recommendation 4-2:

Tie budgets to ESD grants, cooperatives, and school/school district performance measures or goals.

Implementing this recommendation will help the ESD to ensure it is only spending program funds for activities that directly and positively affect the goals or outcomes sought by each program.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The superintendent should present ESD budgets, with clear linkages to each program's goals, to the board for consideration and approval. May 2008

FISCAL IMPACT

The ESD will gain efficiencies from coordinating its budgets and expenditures to its goals. The implementation and periodic updating of the new procedures along with the extra steps needed to relate the budgets to outcomes should result in a nominal recurring annual cost to the ESD that is more than offset by the savings.

FINDING

ESD 105 has not adopted targets for its unreserved (not earmarked for a specific purpose) fund balance. As a result, it may be carrying reserves in excess of those needed to adequately carry out its mission.

The fund balance is the difference between assets and liabilities as reflected on the balance sheet. It measures the financial resources available for future use after payment of all obligations and serves as a key indicator of financial condition.

The Government Finance Officers Association (GFOA) recommends that unreserved fund balance in the general fund be between five and 15 percent of general fund operating revenues or one to two months of general operating expenditures. The recommended balance will vary from government operations to government operations and will depend on the predictability of revenues and volatility of expenditures, the availability of resources in other funds, and liquidity of invested funds.

Taking the GFOA's guidelines into consideration, the Texas Education Agency (TEA) has determined that a reasonable level for undesignated fund balance for the General Fund (unreserved and undesignated) for Regional Education Service Centers in Texas, similar to Washington's ESDs, may be up to 20 percent of the prior year expenditures. This is based on the concept that undesignated fund balance should be equal to about two and a half months of operating expenses. This is a little higher than the GFOA recommended amount because, unlike most other governmental agencies, ESDs have no tax base, and their annual revenues are subject to substantial fluctuations that are beyond their control, such as state and federal legislative funding of programs, government and non-profit grant availability, local school district financial constraints, and other issues not only beyond their control, but somewhat unpredictable.

Audit team members with regional service center experience from Texas, New Mexico, and Iowa indicated that an unreserved fund balance equal to three months of expenditures was more appropriate, due to unpredictable funding from local, state, and federal sources and because certain revenues sources, such as federal grants, are funded on a reimbursement basis. Thus, resources must be spent several months before revenue is received, which may create cash flow difficulties.

As shown in **Exhibit 4-2**, ESD 105 has, at times, maintained reserves well in excess of the GFOA upper limits, but has recently spent the reserves down closer to the GFOA recommended ranges. However, because a portion of ESD funding and its expenditures directly impact the amount of funds spent on providing services to schools, the ESD should maintain the minimum reserve needed to carry out its operations. Using the three-month target indicates that the ESD may be carrying excess fund balances. Specifically, using an optimal target of three months operating expenditures reveals that the ESD is currently carrying about \$770,000 in excess reserves.

Recommendation 4-3:

Develop a policy on the appropriate level of the unrestricted and undesignated fund balance.

The determination of appropriate fund balance is a critical factor for ESDs' financial and strategic planning and for budgeting purposes. The establishment of a board policy on the fund balance will provide long-term guidance for financial decisions regarding fund balances and rates charged to school districts.

**EXHIBIT 4-2
SUMMARY OF ESD 105 UNRESERVED FUND BALANCES
AND ESTIMATED EXCESS RESERVES**

Recommendation	2001-02	2002-03	2003-04	2004-05	2005-06*
Unreserved Fund Balances – including board designated reserves	\$1,291,577	\$1,274,426	\$1,308,041	\$1,294,420	\$1,272,569
Total Average Monthly Governmental Fund Expenditures (Excluding those for instructional and non instructional support programs which have separate reserves)	\$151,070	\$138,781	\$152,200	\$169,763.	\$167,266
Months Reserve on Hand	8.5	9.2	8.6	7.6	7.6
Optimal reserve (three months)	\$453,210	\$416,343	\$456,600	\$509,289	\$501,798
Excess reserve balance	\$838,367	\$868,083	\$851,441	\$785,131	\$770,771

* Estimated

Source: ESD 105 audited financial statements and 2006-07 budget documents (for 2005-06 estimate).

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The superintendent should determine an appropriate level for unrestricted reserve balances (such as a fixed amount equal to the ESD's maximum monthly historical/average disbursements or a percentage of revenues). March 2008
2. The superintendent should present the proposal to the board for consideration, approval, and inclusion in its 2008-09 budget. May 2008

FISCAL IMPACT

As shown in **Exhibit 4-2**, reducing the unreserved fund balance to the optimal level will allow a one-time availability of funds to support ESD operations or allow the ESD to make a one-time reduction in fees charged to the districts. The ESD should consider this recommendation in conjunction with the recommendation in the Facilities Section to establish a sinking fund for capital assets.

FINDING

ESD 105 has not conducted a comparative analysis of private sector costs to provide courier services to its districts.

ESD 105 and its member school districts began the courier cooperative as a means of delivering video, audio, and other media to member districts. Although the ESD subsequently discontinued the media cooperative, it continues the courier program as a convenience for those districts expressing a desire to continue the service. Currently, the

program provides direct delivery of data processing reports, publication distributions, notices, and other correspondence to member districts twice per week. The courier cooperative has two staff working one-third time, two administrators as needed, and two delivery vans.

Although ESD 105 believes the courier service creates efficiencies for districts by reducing district staff travel and time spent picking up items from the ESD, these efficiencies are questionable—as evidenced by the low participation in the program. Since its inception as a stand alone cooperative in 2004-05, participation in the program has been limited to between 13 or 14 of the ESDs 25 member districts. Moreover, the courier program expenditures exceeded program revenues by an average of nearly \$12,000 per year in 2004-04 and 2005-06. Although the program appears to be losing money, the excess funds needed by the program are covered by the program's fund balance reserves. At this rate of loss, the program reserves will disappear in approximately four years. As a result, the courier cooperative is no longer effective and the service may be more cost-effective if performed by the private sector.

Recommendation 4-4:

Conduct an outsourcing analysis to determine the viability of the courier services cooperative.

Implementing this recommendation could save thousands of dollars for member districts and, if implemented, would result in the return to the school districts of approximately \$51,000 in reserves held by the cooperative.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The accounting department should solicit bids for courier services from private companies and compare the results to the ESD's costs. | March 2008 |
| 2. The superintendent should present the ESD's findings and recommendations to the districts and board for consideration and approval. | May 2008 |

FISCAL IMPACT

The fiscal impact is difficult to quantify without delivery records listing items delivered and logs of staff time spent on the program or the costs of privatizing the functions. However, if the ESD outsourced the program, it would free the administrators to perform other activities and the ESD could sell the delivery vans. Finally, discontinuing the cooperative would result in a return to school districts of approximately \$51,000 held in the cooperative reserve account.

FINDING

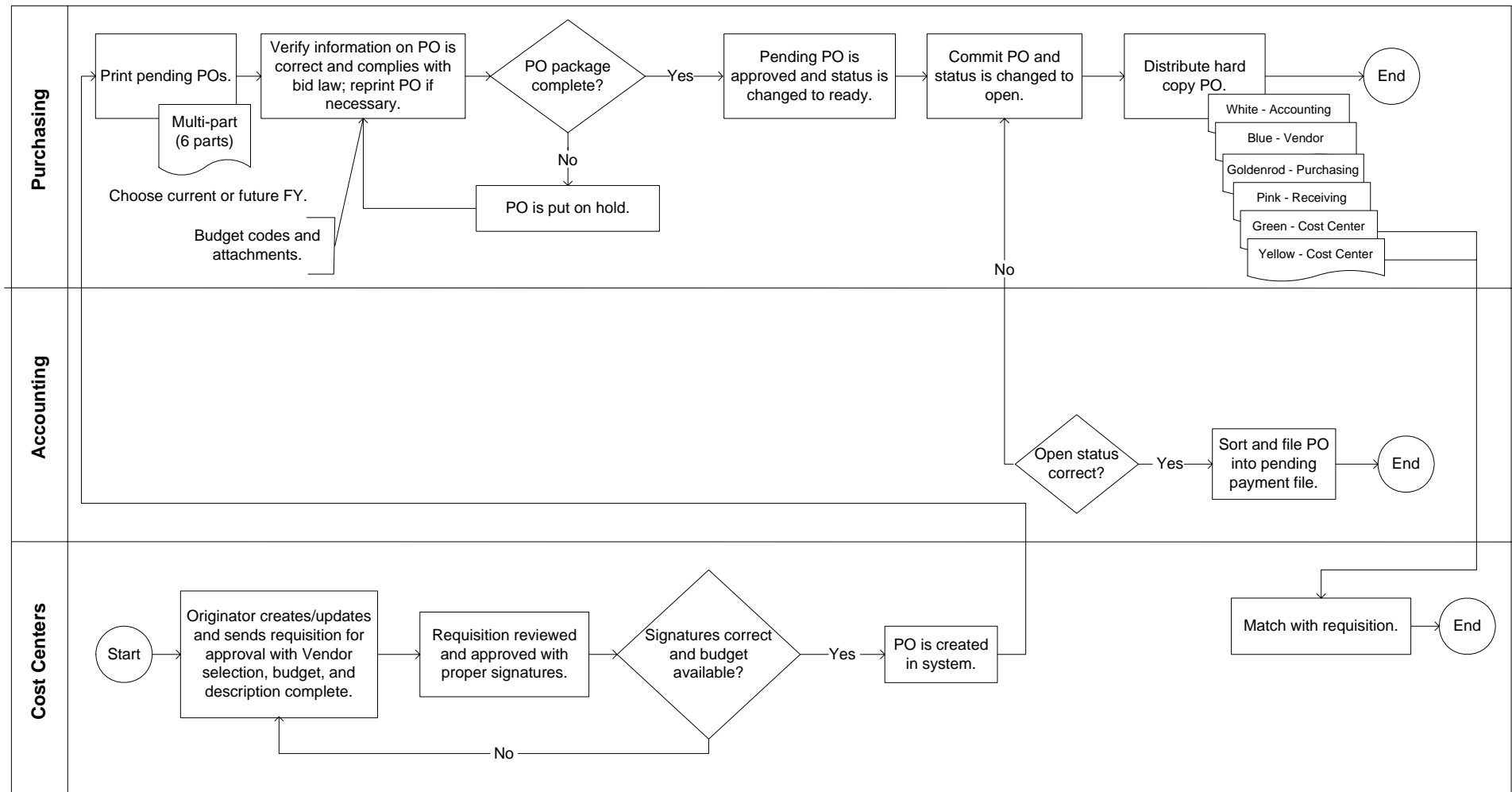
The level of control and time spent making nominal purchases is inefficient.

The ESD uses an electronic purchase requisition and purchase order form to facilitate most purchases—even those that are of nominal cost. **Exhibit 4-3** outlines ESD 105's purchasing process.

Procurement cards are charge cards that work similarly to credit cards for purchasing goods or services. Entities can tailor the cards with specific controls such as limits for use with certain commodities, suppliers, or spending thresholds. Procurement cards are a well-established technology and are widely used throughout government. Procurement cards, like the purchase order process, create a full and visible audit trail. Additional benefits of procurement cards that the ESD may realize include:

- Simplicity and cost-effectiveness for both user and supplier.
- Reduction in invoices, ordering time, and processing time.
- Faster delivery of goods and services.
- Payment tool for online ordering.
- Free up staff time for more productive issues.
- Staff empowerment, but with built in and variable control mechanisms.
- Can be used to support e-procurement initiatives.
- Prompt payment to suppliers increases early settlement discount opportunities.
- Improved accuracy of transactions and easier reconciliation.
- Reductions in disputes with suppliers – consumers deal direct with suppliers.
- Reduction in petty cash transactions.

**EXHIBIT 4-4
PURCHASING FLOWCHART**



Source: ESD 105 Accounting Coordinator, 2006.

The ESD processed 1,624 purchase orders in fiscal year 2005-06. If the ESD were to use procurement cards to eliminate all purchase orders for items costing \$100 or less, it would have reduced the number of purchase orders by 554 (34 percent) in 2005-06.

Recommendation 4-5:

Implement a procurement card program.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The executive director of Fiscal Operations and his staff should conduct a fair market analysis and investigate the pros and cons associated with converting to a procurement card system. | May 2008 |
| 2. If the analysis reveals that the ESD can realize cost savings without compromising security, the executive director should present his findings to the ESD's board and seek approval to convert to the new system. | July 2008 |

FISCAL IMPACT

The ESD would gain efficiencies from simplifying the purchasing process. The implementation of procurement cards should have no cost to the ESD.

FINDING

The ESD does not have an internal policy for obtaining bids on purchases. As a result, it cannot ensure it is always receiving the best value for purchased items.

Although the ESDs are not subject to state bidding laws, the ESD would likely benefit from a formalized process that required purchasing staff to obtain at least three bids on all items costing \$10,000 or more. The audit team found that the ESD made 16 purchases in 2005-06 that exceeded \$10,000; however, it only obtained formal bids for two of these purchases—because the ESD made these purchases using federal grant funds and followed federal purchasing policies that required bids. Introducing competition into the procurement process for large dollar items is a cost-effective way to better ensure the ESD is obtaining the best value on its purchases.

Recommendation 4-6:

Implement a policy to obtain and document at least three competitive bids for all purchases in excess of \$10,000.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|-----------|
| 1. The superintendent and cabinet should present its bid policy procedures to the board for consideration and approval. | June 2007 |
| 2. The superintendent and cabinet should meet with and inform program managers about the bidding procedures and requirements. | June 2007 |

FISCAL IMPACT

This recommendation can be carried out within existing resources.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter presents information relating to the program delivery of the Educational Service District (ESD) 105 located in Yakima.

CHAPTER SUMMARY

ESD 105 serves a four county region of south-central eastern Washington. There are 25 districts and 58,000 students served by the ESD. The programs offered and sponsored by the ESD are focused on service to the school districts. No law or rule requires the districts to purchase services from the ESD and if there are more cost effective options, districts are free to make that choice. The ESD provides services through cooperatives, fee for service, and through grants. Cooperative programs include: data processing for both fiscal and student records, special education, science education, instructional improvement, and unemployment and workers' compensation. Fee for service programs include: in-service classes (literacy and math), ELL (English Language Literacy), teacher assistance programs, Title 1, and Educational Technology Support Center (ETSC) courses and teacher support. Grants operated by the ESD include: art education, early reading, crisis management, migrant education, mathematics, safe schools, special education, Title 1, tobacco and substance abuse. A staff led by the superintendent, two assistant superintendents, and the Chief Information Officer manages the ESD. The ESD houses four programs funded directly from the Office of the Superintendent of Public Instruction (OSPI): Pupil transportation, and the Migrant Educational Regional Office (MERO), Reading First, and Math Helping Corps.

A review of documents and interviews with the staff of the ESD who are the providers of services to the district's teachers, administrators and children shows a well-coordinated and needs-based service plan. The survey of district superintendents gives the ESD high marks for the degree of service and its value both in cost and caring. The ESD administrators conducted on-site visits with each of the districts four years ago and have used those interviews to formulate the focus of service and programs. This process served as a comprehensive strategic planning process. As with all future planning, plans must be revisited and revised as conditions and needs change.

Key commendations in this chapter include:

- ESD 105 is commended for developing and maintaining a highly-praised program of inquiry science support for the teachers of the region and the impact it has on the children of the districts.

Key recommendations in this chapter include:

- Implement a requirement of a financial and program continuation plan from all districts that are participants in grants written by the ESD. **(Recommendation 5-1)**
- Continue to expand the mathematics in-service network to all districts in the ESD. **(Recommendation 5-2)**

- Prepare a regional consolidated application to the OSPI incorporating the different needs and programs of each district with appropriate approvable language matched to the State migrant grant and plan. **(Recommendation 5-3)**

5.1 Financial Continuation Plan for All Grants

FINDING

The ESD 105 manages federal, state and private grants for associations of school districts but does not have a requirement for participants to have a funding plan after the grant expires. The inclusion of a continuation plan is often a requirement of a grant. The proper management of a grant from its need survey, writing, budgeting, and operation, to its close is an important function of the ESD and is applauded by the superintendents in the survey conducted by the audit team. The ESD considers grants to be purposed on building capacity of its member districts. The cost of operation of a grant includes supervision, financial management, hiring of personnel, report preparation, printing, travel, etc. These costs are in-direct and the ESD has established a nine percent in-direct rate applied to each grant. Grants that build capacity of staff may not need to be sustained after the grant expires, or continued at a much-reduced rate or intensity. Other grant-funded programs create a burden on a district attempting to sustain the activities supported by the grant after the grant expires. Required planning for a funding mechanism, after a grant expires, will lessen the ups and downs of programs that often accompany a successful grant.

Recommendation 5-1:

Implement a requirement for a financial and program continuation plan from all districts that are participants in grants written by the ESD.

This requirement should result in greater continuity of program service in school districts and greater continued gains for the children impacted by grants obtained on behalf of participating districts by the ESD. When future grants are prepared the continuation plans on file at the ESD will be a resource for districts as they develop their plans.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. At the next superintendent's meeting this proposal should be explained and considered for suggestions. | June 2007 |
| 2. The superintendent of the ESD with this input should draft a grant procedure to guide the ESD departments. | June 2007 |
| 3. All grants forward should be accompanied with a continuation plan and these plans kept on file at the ESD. | June 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

5.2 Mathematics In-Service Network

FINDING

The ESD is in the development stage of a math initiative as a response to districts having some of the lowest scores in mathematics based on an analysis conducted by the director of Math and Science of Washington Assessment of Student Learning (WASL) scores. Currently, based on a planning grant from the OSPI, the ESD has employed a consultant to assist in planning this math initiative. The in-service model selected for mathematics will involve training classroom teacher leaders in math content and pedagogy to serve as cognitive coaches. This training will be in both the “how” of mathematics teaching and the “what” or content of mathematics. The resulting outcome should be the formation of mathematics learning communities in each school with training by teacher consultants in lesson design, analysis of student data, and the research into best practice.

Recommendation 5-2:

Continue to expand the mathematics in-service network concept to all districts in the ESD.

The in-service network concept is a model employed by the ESD to bring services to member districts at a reduced cost. The ESD is able to offer economies of scale when it is able to employ consultants for 60 to 70 days per year and has a history of hiring consultants for \$700/day. This compares to the \$1,000-\$1,500/day on the open market for consultants as identified by the director of Science and Math. Under this model, districts are able to contract with the ESD for the amount of in-service days needed for their teachers. This concept results in districts able to have the days of in-service needed where logistical factors would make it difficult for an individual district to contract for these in-service days at these same costs per day. With this in-service coop concept, the math in-service needed by teachers in the region will be available to individual districts and may result in savings.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The ESD Director of Math and Science should document the savings to districts with this model and share it with area superintendents. | June 2007 |
| 2. The interested district superintendents should direct their principals of each school to meet with their teachers and guide a positive decision to participate in the mathematics initiative. | June 2007 |
| 3. The interested district superintendents should direct their principals and any district-level curriculum directors to prepare a plan for the number of days needed for training in mathematics. | June 2007 |

- | | |
|---|-----------|
| 4. The interested superintendents of each district should compile the needs of each school and request the number of days of mathematics in-service of the ESD. | June 2007 |
| 5. The ESD should prepare contracts based on the coop model for consultants to provide the necessary days of in-service for all interested districts. | June 2007 |

FISCAL IMPACT

There is no fiscal impact of this recommendation to the ESD, but should result in savings to the member districts.

5.3 Consolidated Migrant Application

FINDING

The Migrant Education Regional Office (MERO) in ESD 105 is not preparing consolidated applications for district migrant services. This office supports the districts through in-service and training in conducting the required parent meetings, and provides assistance in preparation of their individual applications and budgets for migrant program services. The geographical region surrounding Yakima is home to an estimated 60 percent of all migrant students in the state of Washington. Phone interview with the assistant migrant director at OSPI indicated the possibility of regional alliances of multiple districts to submit a consolidated application.

Recommendation 5-3:

Prepare a regional consolidated application to the OSPI incorporating the different needs and programs of each district with appropriate approvable language matched to the State migrant grant and plan.

The advantage of this recommendation for individual districts will be the economy of time in preparation of the individual applications to OSPI with less time needed in revision, and may result in quicker approval of the consolidated application at OSPI. The MERO office is closely aligned with OSPI and could prepare such a consolidated application with greater economy of time and effort. Each district is currently preparing individual applications that require time for preparation, potential revision, and evaluation. A consolidated application from several districts would potentially reduce the time of preparation, revision, and evaluation. The individual districts will lose some of their autonomy in such a consolidated plan, but many of the needed services are the same from district to district (e.g. math, English, credit accrual, older migrant students with few skills, etc.)

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The MERO Director should present a draft of a consolidated plan to the regional migrant directors seeking their commitment and interest. | February 2008 |
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| 2. The MERO Director should convene a meeting (or use other means of electronic communication) of district migrant directors that have indicated an interest in submitting a consolidated plan. | March 2008 |
| 3. The MERO Director should provide the assistance needed in the development of a needs assessment and the writing of the consolidated application. | April 2008 |
| 4. The consolidated plan developed from the regional districts should be submitted to OSPI for approval. | May 2008 |

FISCAL IMPACT

This recommendation should be possible within the current MERO budget, assuming a cost of 20 to 30 hours to prepare a consolidated application. Assume (based on phone interviews with migrant directors in several districts) a time estimate of 10 hours per year multiplied by the 18 districts with migrant programs multiplied by the hourly cost of \$30/hour and the cost of preparation, approximates \$5,400. Directors in districts will continue to be involved in meetings and in data collection, but one may assume working together on a consolidated application will save half of the hours of district preparation time. There will be additional potential district cost savings by not having to revise and resubmit an application.

5.4 Science Program

FINDING

ESD 105 provides, through a cooperative agreement with 20 school districts, a successful inquiry based, hands-on science program for grades kindergarten through sixth grade. The superintendents give this program high praise in the survey conducted by the audit team. Eighty-one of 100 responses (81%) were either very satisfied or satisfied with the support for science. The in-service for teachers using this program is imbedded and conducted by trained teacher leaders. Teachers must have participated in the in-service to have access to the science units. The in-service is in two-parts, familiarity with the unit materials and how they are to be used followed by content in-service of the underlying science conducted by a professional in the field, often a college professor or instructor.

COMMENDATION

ESD 105 is commended for developing and maintaining a highly-praised program of inquiry science support for the teachers of the region and the impact it has on the children of the districts.

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

This chapter presents information relating to the Human Resources (HR) Department of Educational Service District (ESD) 105, located in Yakima, Washington.

CHAPTER SUMMARY

This chapter presents the results of the review of the HR Department of ESD 105. The HR director reports directly to the superintendent and is not supported by secretarial staff except on an occasional basis. This is an internal personnel office that focuses on employment records and recruitment to maintain the ESD's workforce. The ESD 105 Web site www.esd105.net is well organized and contains much information related to human resources, job applications, policies, and benefits.

Employee personnel records and files are secured in locked files in the HR office. All appropriate policies related to leaves, salary schedules, benefits, and evaluation documents are posted online in the policy manual of the ESD, and thus readily available to all employees. New employee packets are well developed and show attention to detail. There appears to be a positive level of job satisfaction among the employees.

In two interviews with employees in the special services department it was mentioned that employees who are trained to work with the deaf, orientation and mobility specialists, and speech and language pathologists (SLP) are hard to find.

Interview notes with the special education director mention that the ESD salary schedule is not competitive with the Legislative Evaluation and Accountability Program (LEAP) after year 12 (see **Exhibit 6-1**). It would be better to be on the LEAP schedule of a school district after a few years with the ESD. The HR director mentioned that across the professional and support staff annually there is a turnover rate (including those hired for new positions) of 10 to 15 percent.

This chapter contains the following recommendations:

- Study, prepare, plan and introduce a longitudinal salary schedule with increases in pay after seven, ten and fifteen years of employment in the same position with the ESD. (**Recommendation 6-1**)
- Investigate the districts desire to have a hiring cooperative model and make it part of the ESD 105 operation. (**Recommendation 6-2**)

6.1 Longitudinal Salary Schedule

FINDING

The current structure of ESD 105's salary schedule does not provide for longitudinal increases. The initial placement is on step A, and with a successful evaluation at the end of six months, the employee moves to step B with an increase in compensation. At the end of 12 months, again with a successful evaluation, the employee makes a final move to step C.

The level of compensation for each position or group of positions is based on a review of both the private sector and other ESDs and surrounding school districts. There are no merit raises in pay, and all increases in pay from step C onward are based on cost-of-living increases passed by the legislature. Employee turnover is 10 to 15 percent annually. Employee survey data show relatively high job satisfaction. Although turnover is moderate, it is still in the best interest of the ESD to ensure that quality employees remain on the job with corresponding increases in efficiency and reductions in training and recruitment costs.

The HR director estimates replacement costs to be slightly over \$1,000 and \$1,800 for support staff and technical/professional staff, respectively. Replacement of an employee can be a significant hindrance to the institutional memory and the building of a strong organization.

Recommendation 6-1:

Study, prepare, plan, and introduce a longitudinal salary schedule with increases in pay after seven, ten, and fifteen years of employment in the same position with the ESD.

Once this recommendation is fully implemented, ESD 105 may realize a reduction in recruitment, training, and replacement costs. Replacement costs include posting advertisements, interviewing candidates, and training new staff. The loss of job efficiency in support functions often has ripple effects, leading to decreased productivity in surrounding positions. Replacement of professional staff can be even more difficult and is problematic due to the higher pay available for similar positions with school districts, particularly for those on the upper portions of the LEAP schedule.

EXHIBIT 6-1 LEAP SCHEDULE FOR SCHOOL DISTRICTS

Washington K-12 Salary Allocation Schedule for Certificated Instructional Staff

The following schedules are used to determine state salary allocations for certificated instructional staff (i. e., teachers and educational staff associates) for 262 public school districts in Washington State. The remaining 34 public school districts receive somewhat higher allocations due to a higher base salary.

The state schedule determines ALLOCATIONS of state funds. ACTUAL SALARIES ARE DETERMINED IN LOCAL NEGOTIATIONS. Questions regarding individual employee compensation should be directed to the local school district personnel or payroll office.

2005-06 K-12 Salary Allocation Schedule for Certificated Instructional Staff

Years of Service	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	MA+90 or PhD
0	30,383	31,204	32,054	32,906	35,640	37,401	36,426	39,161	40,924
1	30,792	31,624	32,485	33,375	36,137	37,889	36,831	39,594	41,345
2	31,181	32,022	32,892	33,850	36,605	38,375	37,239	39,994	41,764
3	31,583	32,431	33,311	34,299	37,049	38,861	37,626	40,373	42,187
4	31,977	32,862	33,747	34,770	37,536	39,361	38,031	40,796	42,623
5	32,384	33,273	34,167	35,247	38,002	39,864	38,442	41,199	43,061
6	32,802	33,672	34,596	35,729	38,472	40,344	38,864	41,607	43,478
7	33,536	34,420	35,356	36,551	39,334	41,258	39,655	42,437	44,362
8	34,612	35,543	36,502	37,796	40,616	42,611	40,899	43,720	45,714
9		36,707	37,713	39,054	41,940	44,002	42,156	45,044	47,106
10			38,938	40,376	43,301	45,432	43,479	46,405	48,535
11				41,737	44,726	46,900	44,840	47,830	50,003
12				43,055	46,189	48,428	46,255	49,292	51,532
13					47,688	49,993	47,720	50,791	53,096
14					49,194	51,618	49,227	52,396	54,721
15					50,474	52,961	50,507	53,758	56,144
16 or more					51,483	54,019	51,517	54,833	57,266

2006-07 K-12 Salary Allocation Schedule for Certificated Instructional Staff

Years of Service	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	MA+90 or PhD
0	31,386	32,234	33,112	33,992	36,817	38,636	37,629	40,454	42,275
1	31,808	32,668	33,557	34,476	37,330	39,140	38,047	40,901	42,710
2	32,211	33,079	33,978	34,967	37,813	39,641	38,469	41,314	43,143
3	32,626	33,502	34,410	35,432	38,272	40,144	38,868	41,706	43,579
4	33,033	33,947	34,861	35,918	38,775	40,661	39,286	42,143	44,030
5	33,453	34,372	35,295	36,410	39,257	41,180	39,711	42,559	44,483
6	33,885	34,784	35,738	36,909	39,742	41,676	40,147	42,981	44,913
7	34,644	35,556	36,523	37,758	40,633	42,620	40,964	43,838	45,826
8	35,755	36,717	37,707	39,044	41,957	44,018	42,249	45,163	47,223
9		37,919	38,958	40,343	43,325	45,455	43,547	46,531	48,661
10			40,224	41,709	44,730	46,932	44,915	47,937	50,137
11				43,115	46,202	48,448	46,321	49,409	51,653
12				44,476	47,714	50,026	47,782	50,919	53,233
13					49,262	51,644	49,295	52,468	54,849
14					50,818	53,322	50,852	54,125	56,528
15					52,140	54,709	52,174	55,533	57,998
16 or more					53,183	55,802	53,217	56,643	59,157

Source: Office of Superintendent of Public Instruction Web site:
<http://www.k12.wa.us/SAFS/PUB/PER/SalAllocSchedule.pdf>.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------|
| 1. The HR director should develop strategies and a timeline for cabinet approval. | March 2008 |
| 2. The HR director should prepare a salary schedule for administrative review showing pay raises at seven, ten, and 15 years for all positions. | March 2008 |
| 3. The HR director should meet with the superintendent and Finance director to establish a budget for review with projected savings in recruitment and training to offset the additional cost. | April 2008 |
| 4. The superintendent should evaluate the schedule and consider the value of increased staff retention prior to forwarding the proposed concept to the board for approval. | May 2008 |
| 5. Upon board action, these positions should be added to the current three-step salary schedule. | July 2008 |

FISCAL IMPACT

The fiscal impact of implementing this recommendation shall be determined by the ESD based on its estimate of a reduction in recruitment costs due to lower turnover of employees to offset the cost.

6.2 Hiring Cooperative Model

FINDING

ESD 105 has the expertise and experience to assist districts in hiring for positions where there are few or very limited applicants. The ESD has hired hard-to-find speech and language pathologists, school psychologists, speech and hearing specialists, specialists for the deaf and blind, physical therapists, and occupational therapists. Districts range in size from very small to the large district of Yakima. The expense and difficulty of advertising openings and screening applicants can be costly for a small district. There are various hiring co-op models; ESD 113 operates one that could be adapted to the region. Best practices in hiring would require training and monitoring. Schools and districts would need password access to the database of applicants, training in the adopted hiring practices, and a sharing of the cost of advertising positions. Prior to implementation, a legal review of the procedures would be good protection against a wrongful hiring claim.

The ESD 113 Web site, www.esd113.k12.wa.us, has a good explanation of the working of their Public Schools Personnel Cooperative.

Recommendation 6-2:

Investigate the districts desire to have a hiring cooperative model and make it part of the ESD 105 operation.

Once this recommendation is fully implemented, smaller districts could benefit from the ESD's large exposure to professional organizations and higher education institutions and its name familiarity among the media and local governmental organizations. These broad contacts would enable advertising coming from the ESD to reach a large audience.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The HR director should contact ESD 113, or another hiring coop identified by the HR director, and arrange a visit to research the structure of a hiring co-op. | June 2007 |
| 2. The plan or proposal should be reviewed by the attorney representing the ESD in personnel matters prior to submitting the proposal to the area superintendents. | August 2007 |
| 3. The HR director should develop strategies and a timeline for cabinet approval and the superintendent and prepare a hiring co-op proposal to share with area superintendents for their input. | August 2007 |
| 4. Upon approval of the board (and interest of district superintendents), the ESD 105 hiring co-op should be operational to assist school districts with hard-to-fill positions. | August 2007 |

FISCAL IMPACT

This recommendation can be implemented by the ESD as a co-op with individual districts. The costs for the hiring coop will be determined by the ESD and apportioned to the participating districts as coop costs and should result in no additional costs to the ESD. The quality and quantity of the persons in the applicant pool resulting from the collective publication and advertisement of positions (rather than having each district do its own advertising) should result in a larger pool of applicants and provide administrators with a greater choice as they select teachers for their schools.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter presents information regarding the use and management of facilities for Educational Services District (ESD) 105 in Yakima, Washington.

CHAPTER SUMMARY

ESD 105 has two main facilities near downtown Yakima. The main administrative building was at one time a train depot. It has been remodeled into an office building and houses most of the administrative offices for ESD 105. The second building is modern and used primarily for classes and conferences. Most of the space in this second building is dedicated to classroom space. However, the offices for the Migrant Education Program also are located in this building.

The administrative building is at, or perhaps over, capacity. Because of its former use, the spaces do not always easily conform to those of an educational service center. Generally, ESD 105 effectively manages the use of its two buildings in Yakima. Although ESD 105 staff is smaller than most ESDs in Washington, the management team seemed focused on the care and upkeep of the facilities. While a number of recommendations are being made to improve the management of the facilities, the audit team generally found the facilities to be clean and well-maintained. The landscaping and parking areas were well-maintained.

The facility manager for this ESD is the assistant superintendent for Fiscal Services. One full-time custodian and two part-time custodians provide necessary cleaning services and provide light maintenance. The ESD plans to explore outsourcing of custodial services upon expansion of their facilities. Other maintenance services are presently contracted to local firms.

Key recommendations in this chapter include:

- Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion. **(Recommendation 7-1)**
- Install additional energy-saving devices throughout the ESD as part of an energy conservation program. **(Recommendation 7-2)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-3)**
- Develop time and task standards for custodial services. **(Recommendation 7-4)**
- Prepare a written facility improvement plan that includes a physical assessment of both ESD buildings (structural, electrical-mechanical systems, safety issues, and accessibility issues). **(Recommendation 7-5)**
- Use automatic product dispensing devices for each custodial closet to reduce excessive use of custodial products. **(Recommendation 7-6)**

FINDING

The preventive maintenance program at ESD 105 is not a written, systematic process. It appears that the ESD is conducting many preventive maintenance activities, however, the lack of a system to track the activities could result in a "hit-and-miss" schedule and under-maintained equipment. A systematic, preventive maintenance process will anticipate wear, tear, and change on facilities and equipment and prompt the maintenance department to take corrective actions before a failure to ensure efficiency and minimize costly repairs. An effective program involves systematic inspection, adjustment, lubrication, and replacement of components, as well as performance testing and analysis. As a result, the preventive maintenance program extends the life of the facilities and equipment, and minimizes unscheduled downtime. Some preventive maintenance programs are highly-computerized and expensive systems. Others are a simple pencil-and-paper schedule. **Exhibit 7-1** is an example of a pencil-and-paper schedule showing various monthly tasks categorized under different facility system headings. The ESD can use this chart or can create similar charts through its own thorough examination and analysis of its different facility systems.

EXHIBIT 7-1 MONTHLY PREVENTIVE MAINTENANCE SCHEDULE

ESD 105	NAME:											DATE:
MAINTENANCE MONTHLY ROUNDS:	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Measure fuel and send Fuel Reports and fax in												
Send in Water Sample and fax in												
Complete Generator Report and fax in												
AIR HANDLING UNITS:												
Inspect and clean air filters or replace												
Check all controls- at proper setting?												
Check fan motor & belt tension should have 1/2 to 1" play												
GENERATORS:												
Test glycol ADD GLYCOL												
Start generator and run with full load for 4 hours or more												
FIRE ALARM SYSTEM:												
Notify Administrator, test Fire Alarm												
Turn over fire extinguishers and shake to loosen powder												
Inspect all fire extinguishers for proper operation												
FURNACE:												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect photo cell-clean as needed												
WATER HEATER: (GUN FIRED)												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect burner assembly-clean as needed												
Inspect photo cell-clean as needed												
Test pressure relief valve												
Drain accumulated rust from bottom of water tank												
BOILERS:												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect burner assembly-clean as needed												
Test boiler relief valve												
Blow down low water cut -off control												

Source: MGT of America, Inc., 2006.

Recommendation 7-1:

Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion.

Once fully implemented, the preventive maintenance program should extend the life of the facilities and equipment, and minimize unscheduled downtime. In addition, to the extent that systems and equipment are monitored through this process, better budgeting for upcoming equipment or systems replacement can be expected.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------------------|
| 1. The assistant superintendent for Fiscal Services should develop a written comprehensive list of preventive maintenance activities and a schedule for their completion. | September 2007 |
| 2. The assistant superintendent for Fiscal Services should submit the comprehensive list and schedule to the ESD Superintendent for review and approval. | September 2007 |
| 3. Upon approval by the superintendent, the assistant superintendent for Fiscal Services should fully implement the use of the written schedule. | October 2007 |
| 4. The assistant superintendent for Fiscal Services should update the list periodically and monitor its implementation. | December 2007
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

In ESD 105, there are some areas where energy efficiency can be improved. The auditors observed that there had been lighting upgrades throughout the ESD. However, the auditor also observed that none of the light switches in the buildings have occupancy sensors and the auditor also observed that all vending machines lacked motion/timer-activated electrical switches.

The 2002 *National Best Practices Manual for Building High Performance Schools* (page 174) states that "Lighting controls can dramatically affect the energy use of a lighting system." Therefore, ESD 105's lack of energy conservation equipment may be resulting in it paying more for their utilities than necessary and diverting critical general-fund dollars from program delivery to plant facility costs.

Recommendation 7-2:

Install additional energy saving devices throughout the ESD as part of an energy conservation program.

By initiating an energy improvement process, the annual operating costs for utilities should be reduced. Motion-activated switches should reduce electrical costs. The lights will come on when someone enters the room and will stay on when there is activity in the room. When the person leaves the room, the lights will go out and no electricity will be consumed. Vending machines with motion/timer-activated switches should use significantly less electricity and function just as well. The vending machines will keep products cold because of the timer, but will only come on to dispense the product when activated by user motion.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------------------|
| 1. The ESD 105 Superintendent should direct the assistant superintendent for Fiscal Services to prepare a plan to improve energy savings. | September 2007 |
| 2. The assistant superintendent for Fiscal Services should prepare a plan to retrofit the ESD buildings with energy savings equipment along with cost estimates. | October 2007 |
| 3. Once the plan is fully developed, the ESD Superintendent should approve the plan. | January 2008 |
| 4. Once approved by the superintendent, the assistant superintendent for Fiscal Services should begin implementing the plan as per the budget. | February 2008
(ongoing) |

FISCAL IMPACT

ESD 105 spent \$34,196 on utilities in Fiscal Year 2006. Of that amount, \$19,898 was for electricity.

The annual savings calculation is based on 22,507 square feet of space and an annual electrical cost of \$19,898. The annual cost per square foot for electricity is \$.88 per square foot. It is assumed, based on input from the team's discussion with a professional electrical engineering firm, that 50 percent of that cost should be attributed to lighting costs. Further, the team's discussion with the electrical engineering firm found that they believe that the ESD could reduce its usage by at least 25 percent by installing automatic switches. Therefore, the team estimates that the ESD's annual savings could be at least \$2,487 (\$19,898 times 50 percent times 25 percent equals \$2,487).

However, there are also costs for automatic switches. The cost of installation of automatic switches is estimated (based on input from the electrical engineering firm) at \$.20 per square foot. The total cost of switches and installation is then calculated to be a one-time cost of \$4,501 (\$.20 per square foot times 22,507 square feet equals \$4,501). When the savings of \$2,487 per year and the one-time cost of \$4,501 are added together, this recommendation is estimated to save ESD 105 approximately \$7,934 over the next five years. The simple payback is calculated at 1.81 years (\$4,501 divided by \$2,487).

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Savings from installation of energy- and utility-saving devices.	\$2,487	\$2,487	\$2,487	\$2,487	\$2,487
Cost of switch equipment upgrades	(\$4,501)	\$0	\$0	\$0	\$0
TOTAL	(\$2,014)	\$2,487	\$2,487	\$2,487	\$2,487

FINDING

ESD 105 does not have custodial cleaning standards that guide the level of custodial services. The custodians are assigned different areas of the ESD building but it does not appear that the ESD has defined specific levels of cleanliness. Because there are multiple types of spaces in the building and three different individuals with custodial responsibilities, there is potential for unsuitable and inequitable levels of cleanliness. The Association of Physical Plant Administrators (APPA) has developed industry standards to guide building administrators in assessing cleanliness. There are three major components of the standards identified by the APPA.

1. Appearance Levels must be defined and described in some detail.
2. Standard Spaces must be identified to ensure that the difference in the types of spaces and the cleaning effort required of those spaces is clearly distinguished. (The APPA handbooks identify 33 different types of spaces.)
3. Cleanable Square Feet (CSF) is an industry standard that is used to measure and compare data.

There are five levels of cleanliness that have been identified by APPA. **Exhibit 7-5** shows a summary of these five levels. Level 1 is the highest level of cleanliness and Level 5 is the lowest. Educational building administrators commonly adopt Level 2 as their target level of cleanliness. This level seems to have the best balance of cleanliness and cost.

**EXHIBIT 7-5
APPA CLEANLINESS SCALE**

Level 1: Ordinary Spotlessness - Only small amounts of litter and ashes in containers. Floor coverings are kept bright and clean at all times. No dust accumulation on vertical surfaces, very little on horizontal surfaces. All glass, light fixtures, mirrors, and washbasins are kept clean. Only small amounts of spots visible.
Level 2: Ordinary Tidiness - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dusting is maintained at a high level. All glass, light fixtures, mirrors, and washbasins show evidence of spots and dust.
Level 3: Casual Inattention - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dust accumulation on vents, vertical, and horizontal surfaces. All glass, light fixtures, mirrors, and washbasins show accumulations of dust, spots, and prints.
Level 4: Moderate dinginess - Waste containers are full and overflowing. Floor coverings are normally dull, marked and spotted with infrequent peaks. Dusting is infrequent and dust balls accumulate. All glass, light fixtures, mirrors, and washbasins are dirty and spotted.
Level 5: Unkempt Neglect - No trash pickup. Occupants of building are responsible. Regular floor care is eliminated. Dusting is eliminated. All glass, light fixtures, mirrors, and washbasins are very dirty.

Source: "Custodial Staffing Guidelines for Educational Facilities; The Association of Higher Education Facilities Officers, page 1, 1998.

Recommendation 7-3:

Adopt cleanliness standards for custodial services to guide the custodial staff in their work.

Once adopted, these cleanliness standards will help guide the custodial staff to provide suitable and equitable levels of cleanliness across the different types of spaces in the ESD buildings.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------------------|
| 1. The ESD Superintendent should direct the assistant superintendent for Fiscal Services to prepare draft policy regarding the establishment of standards for custodial services. | September 2007 |
| 2. Upon receipt of the draft policy, the ESD Superintendent should forward draft policy of the standards to the board for their review. | December 2007 |
| 3. Upon board approval, the standards should be used to guide cleanliness levels for custodians across the ESD. | February 2008 |
| 4. The ESD Superintendent should report back to the board on the effect of cleanliness standards. | March 2008
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The custodial staff does not have time and task information to guide them on the time and procedures needed to ensure an appropriate and consistent service level. ESD 105 will benefit by having time and task standards for custodians in two major ways:

1. The workload for custodians will be more equitably distributed. Areas of the building that may be presently understaffed will receive additional custodian time and will be cleaner.
2. Higher expectations can lead to higher performance. An organization with time and task expectations may benefit from improved performance by raising or establishing expectations of its workers. **Exhibit 7-6** presents an example of a time and task guide that provides guidance on the frequency of tasks and the expected level of quality.

Recommendation 7-4:

Develop time and task standards for custodial services.

Time-and-task standards guide custodians in their daily, weekly, and monthly services. Used in conjunction with the levels of cleanliness (APPA standards), custodians will be able to monitor and adjust their work to ensure that the appropriate level of cleanliness is obtained within a reasonable time frame.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------------------|
| 1. The ESD Superintendent should direct the assistant superintendent for Fiscal Services to draft custodial time and task standards. | September 2007 |
| 2. The assistant superintendent for Fiscal Services should develop the time and task standards and share them with the custodial staff. | October 2007 |
| 3. The assistant superintendent for Fiscal Services should monitor the implementation and use of the time and task standards. | November 2007
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

EXHIBIT 7-6 CLEANING GUIDELINES AS PER CLEANING STANDARDS

Custodial Evaluation										
School: _____										
Date: _____										
	Level 1	Level 2	Level 3	Level 4	Level 5	Daily	Weekly	Monthly	Annually	Notes
Classrooms, labs, gyms, offices										
Routine Activities										
1 Vacuum, sweep, dust mop floors										
2 Clean chalkboard or whiteboards and trays										
3 Clean erasers										
4 Empty waste containers										
5 Empty pencil sharpener(s)										
6 Spot-clean walls and doors										
7 Dust flat surfaces										
8 Re-lamp										
Project Activities										
1 Damp-mop floors										
2 Spray buff/burnish floors										
3 Clean trash containers										
4 Dust vents										
5 Interim floor care										
6 Dust blinds										
7 Clean windows - both sides										
8 Strip/refinish floors										
9 Clean light fixtures (project)										
10 Clean furniture and multiple seating (project)										
Hallways, foyers										
Routine Activities										
1 Vacuum, sweep, dust mop floors										
2 Empty waste containers										
3 Spot-clean walls and doors										
4 Dust flat surfaces										
5 Re-lamp										
Project Activities										
1 Damp-mop floors										
2 Spray buff/burnish floors										
3 Clean trash containers										
4 Dust vents										
5 Interim floor care										
6 Dust blinds										
7 Clean windows - both sides										
8 Strip/refinish floors										
9 Clean light fixtures (project)										
10 Clean furniture and multiple seating (project)										
Restrooms, lockers										
Routine Activities										
1 Damp-mop, sanitize floors										
2 Disinfect, sanitize sinks, toilets, and urinals										
3 Clean, sanitize paper dispensers										
4 Clean, sanitize stalls and privacy partitions										
5 Fill paper dispensers										
6 Empty waste containers										
7 Spot-clean walls and doors										
8 Dust flat surfaces										
9 Re-lamp										
Project Activities										
1 Spray buff/burnish floors										
2 Clean trash containers										
3 Dust vents										
4 Clean windows - both sides										
5 Strip/refinish floors										
6 Clean light fixtures (project)										

Source: Created by MGT of America, 2006.

FINDING

ESD 105 has not compiled all of the elements necessary to develop a written comprehensive capital improvement plan. Although the major elements of such a capital improvement plan are in place, they have not been assembled into a single document. The lack of all elements of a written, comprehensive master plan can result in projects

being prioritized through a political process rather than a data-driven process, which can result in projects remaining undone that actually have a greater need than others. This can erode trust and confidence and diminishes the effectiveness and efficiency of the custodial department, if not the ESD as a whole. Comprehensive capital plans usually include descriptions of programs, projections, building capacities, utilization analysis, physical building assessments, and functional analysis.

The following nine steps have been identified by the Council of Educational Facility Planners, International, in the facilities master-planning process:

1. Establish an organization and specify the roles and responsibilities.
2. Collect data about such factors as occupants, facilities, community expectations and the educational program.
3. Analyze the collected data and identify trends, directions, and goals.
4. Develop alternative ways of achieving the ends identified by analysis of collected data.
5. Assess the feasibility of each identified alternative.
6. Select the preferred or “best” alternative(s).
7. Develop a facilities master plan to achieve the chosen alternative(s).
8. Implement the plan, provide the required facilities, and put the developed facilities into use.
9. Evaluate the completed facilities and initiate update of the facilities master plan.

Recommendation 7-5:

Prepare a written facility improvement plan that includes a physical assessment of both ESD buildings (structural, electrical-mechanical systems, safety issues, and accessibility issues).

Once a comprehensive, written facilities improvement plan is in place, ESD 105 will have the necessary elements to plan and budget for facility and facility component improvements during the annual budgeting process. Once the budget is approved, the ESD can begin implementation of facility and facility component improvement projects that are systematic and data-driven.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD 105 Superintendent should direct the assistant superintendent for Fiscal Services to launch the development of a written facility master plan. | September 2007 |
|---|----------------|

- | | |
|---|----------------|
| 2. The assistant superintendent for Fiscal Services should pull together the existing materials necessary for a written facility improvement plan. | September 2007 |
| 3. The facility improvement plan, once compiled, should be reviewed by the superintendent and forwarded to the board for adoption. | November 2007 |
| 4. Upon adoption by the board, the assistant superintendent for Fiscal Services should begin implementing the improvements strategies as the budget allows. | January 2008 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 105 custodians can improve the efficiency of the use of custodial products by more systematically dispensing the volumes of products recommended by the manufacturer. The ESD's custodians use a variety of waxes and cleaning products that range from the "very safe" to those that are hazardous (e.g., organic acids). Industry standards require almost all custodial products to have detailed use instructions and corresponding *Materials Safety Data Sheets* (MSDS) that provide some product safety information. However, the ESD's custodians are not typically measuring the exact amount of products to be used, and are instead estimating the amount of product they need to mix or apply by sight. ESD 105 spent \$9,798 in FY 06 on custodial supplies. Industry experts indicate that overuse of custodial supplies can be a major cost factor in facility operations systems. For example, based on the results from some test schools, Atlanta Public Schools in Georgia calculated that its schools could realize a potential savings of 20 to 30 percent by installing dispensing systems to measure the amount of cleaning products used.

Recommendation 7-6:

Use automatic product dispensing devices for each custodial closet to reduce the potential for excessive use of custodial products.

ESD 105 could benefit from the proper use of custodial products. The manufacturers recommended use rate is usually less than custodians' "estimated" product requirements.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The assistant superintendent for Fiscal Services should develop a plan for the implementation of automatic dispensing equipment. | September 2007 |
| 2. The maintenance staff should secure and install dispensing equipment as per the plan. | October 2007 |

- | | |
|---|-----------------------------|
| 3. The assistant superintendent for Fiscal Services should provide training for staff on the use of the new dispensing equipment. | November 2007 |
| 4. The assistant superintendent for Fiscal Services should periodically report on the implementation and use of the automatic dispensing equipment. | January 2008
and Ongoing |

FISCAL IMPACT

The fiscal impact for this recommendation over five years is estimated at \$2,250. The number is derived from multiplying the estimated total custodial materials and supplies budget of \$9,798 for FY 06 by five percent (five percent was used as a conservative estimate because the budget for other products was commingled with the cleaners and waxes line item) to equal \$490 per year. The cost of the dispensing hardware is estimated at \$200. This number was derived by multiplying two custodial closets times \$100 for each dispensing device. (Many custodial supply companies will provide the dispensing devices at no cost.) The cost of the metering devices was subtracted from the first year savings.

Recommendation	2006-07	2007-08	2008-09	2009-10	2010-11
Savings From Use of Automatic Dispensing Devices	\$490	\$490	\$490	\$490	\$490
Cost of dispensing devices	(\$200)	\$0	\$0	\$0	\$0
TOTAL	\$290	\$490	\$490	\$490	\$490

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter presents information relating to the management and information systems of Educational Service District (ESD) 105.

CHAPTER SUMMARY

Overall, MGT consultants found that the ESD 105 Technology Information Division is focused on efficient and effective operations. This division has a strong organizational structure with competent technology staff members some of which serve as leaders across the state. The current state of technology hardware and software in business and instructional computing has been recently upgraded and is sufficient to meet the needs of the division and districts served. Hardware, software and networking standards have been established, and an extensive disaster contingency plan is in place. While the majority of processes in this division are operating efficiently and effectively, opportunities for improvement were discovered.

The following areas merit commendations and are discussed in detail later in this chapter:

- ESD 105 is to be commended for providing an effective, research-based peer coaching, “training of trainers” program to help schools implement a professional development model that can enhance standards-based instruction by assisting teachers to offer students engaging, technology-rich, learning activities.
- ESD 105 is to be commended for transforming its traditional media center to an Instructional Improvement Cooperative that provides on-site staff development and online technology resources at a cost savings to school districts to improve student performance.

Key recommendations in this chapter include but are not limited to:

- Develop a new long-range plan for technology correlated to regional, state, and federal requirements. **(Recommendation 8-1)**
- Submit applications for E-rate discounts for telecommunications, Internet Access and internal connections services beginning with the 2008-09 school year. **(Recommendation 8-2)**
- Replace the existing internal analog phone system with a Voice-over-IP phone system. **(Recommendation 8-3)**
- Implement an electronic Help Desk System for internal staff to improve efficiency and documentation of support. **(Recommendation 8-4)**

FINDING

ESD 105 does not have an effective, up-to-date technology plan that meets the requirements for the No Child Left Behind Act of 2001 (NCLB) and the E-rate program. As a result, the ESD is not adequately positioned to apply for federal technology grants or E-rate discounts on telecommunications, internet access, and internal connections services.

Education Service Agencies across the nation maintain a long-range plan for technology to facilitate the effective use of technology for teaching and learning; educator preparation and development; leadership, administration and support; and infrastructure. In addition to increasing their efficiency with the implementation of technology across the agency, these plans enable Education Service Agencies to apply for technology grants and discounts. Grant recipients for technology grants awarded by the U.S. Department of Education are available online at <http://www.ed.gov/about/offices/list/os/technology/edgrants.html>. A listing of discounts awarded to E-rate applicants can be accessed online using the E-Rate NOW Search Tool provided by Funds for Learning at <http://now.fundsforlearning.com/>.

The existing technology plan completed in February of 2001 indicates that a newly-formed technology committee will further develop and maintain the plan through a series of meetings. No committee members were named in the plan, and no meeting minutes have been published. According to the Technology Information Division Chief Information Officer, a technology committee has been formed and meets quarterly at his request. He uses this committee as an “advisory group” and shares the group’s recommendations at the ESD cabinet meetings.

The Technology Learning Goals included in the plan fall short of meeting the goals defined by NCLB, Title II, Part D ‘Enhancing Education Through Technology.’ The federal goals referenced in the plan while commendable preceded NCLB Title II, Part D and are no longer sufficient. **Exhibit 8-1** shows the technology expectations and requirements as defined by NCLB Title II, Part D. **Exhibit 8-2** shows an assessment of the technology plan requirements addressed in the ESD 105 Technology Plan.

The last date listed on the *Timeline for Implementation of Outcomes and Strategies* in the plan is June 2004. Some activities have been planned after this date but have not been incorporated in the technology plan. Those activities are listed in the *Technology and Information Services Work Plan* for 2005-2006. In addition, timelines, resources needed, expected impact and method for monitoring effectiveness are not included for all of the activities.

According to the National Center for Technology Planning in Tupelo, Mississippi, effective technology plans are short-term, not long-term (See http://www.nctp.com/html/john_see.cfm#top) and must be reviewed on a regular basis. While some activities have been included in other ESD 105 planning documents (such as the *Technology Information Services Work Plan for 2005-2006*), the current technology plan for ESD 105 has not been updated in five and one-half years. Some of the outcomes/implementation strategies listed in the plan have been implemented but no new or updated strategies have been added. For example, a region-wide cross-platform Intranet providing access to resources outlined in the plan has been developed and made available to districts through the ESD 105 Web site located at www.esd105.wednet.edu.

Numerous staff development opportunities have been developed and posted on the ESD 105 Web site as well. Technology equipment at the ESD has been upgraded to support the goals for the plan.

The staff development strategy outlined in the technology plan for ESD 105 staff defines a solid plan for providing training to equip staff with the skills necessary to integrate technology into their work areas. It falls short, however, of ensuring that all the skills have been obtained by tracking the acquisition of skills and documenting training received. The plan indicates that a checklist of technology competencies will be developed for teachers and staff and updated yearly. That list of competencies is not included in the plan and according to the Technology Information Division Chief Information Officer no records of competencies mastered have been maintained.

The plan indicates that the department budgets and the core budget contain a variety of funding levels for technology and that a budget for technology spending will be developed in July and updated regularly. While long-term funding sources are included in the plan, no budget is included in the plan itself or the Appendix.

According to the Evaluation section of the plan, the Technology Committee will continue to meet regularly to reassess progress made toward meeting the goals and recommend modifications to the plan. No modifications have been made to the plan since it was completed on February 20, 2001. Evaluation instruments are included for only three goals in the plan to be reviewed by the Technology Committee

According to the Guidebook for Developing an Effective Instructional Technology Plan developed by Mississippi State University, available online at <http://www.nctp.com/downloads/guidebook.pdf>, data collection, analysis and reporting is an important step in the development of an effective instructional technology plan. This step is necessary for many reasons some of which include describing the current status of programs, courses, student achievement, technology, infrastructure, and other existing situations; determining the needs of clientele, identifying standards, and discovering opportunities and problems; and deciding how to fulfill needs, implementing plan steps, and accomplishing specific objectives. A needs assessment describing the current infrastructure is included in Appendix B of the plan. However, a needs assessment for instructional technology is not included in the plan.

ESD 105's technology plan is also not correlated to the requirements for the Universal Service Administrative Company E-rate Program. Those requirements are included in **Exhibit 8-2**. Without an effective, up-to-date technology plan correlated to the NCLB and the E-rate Program, ESD 105 cannot appropriately implement, monitor and modify technology services and support or take advantage of costs savings resulting from federal technology grants and discounts on telecommunications, Internet Access, and internal connections services.

Recommendation 8-1:

Develop a new long-range plan for technology correlated to regional, state, and federal requirements.

Implementation of this recommendation should result in the following modifications to the technology planning process resulting in a more effective implementation of information and instructional technology services and support.

- Convene a Technology Planning Committee under the leadership of the Technology Information Division Chief Information Officer with representatives from each Department at the ESD to re-write the technology plan.
- Conduct a technology needs assessment to analyze the needs in all areas of information and instructional technology as specified by the E-rate technology planning requirements.
- Use the technology needs assessment results, as well as, regional, state, and federal requirements to drive planning.
- Update goals and objectives in the areas of teaching and learning, educator preparation and development, administration and support, and infrastructure for technology. For each objective include strategies, correlations (to requirements), responsibility, timeline, budget, and evidence. In addition, include strategies for investigating financial arrangements for securing the funding to support the goals and objectives in the plan.
- Establish a method for monitoring the development of technology competencies of all staff members in accordance with the technology literacy requirements defined by NCLB.
- Include a budget to document the costs to support the goals and objectives in the plan.
- Include an evaluation that defines the process and methods for evaluating progress on the plan. Identify the persons responsible for maintaining documentation of the implementation of the plan.
- Present the completed plan to the board.
- Convene the Technology Planning Committee a minimum of one time per year to review progress and make modifications to the plan.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--------------------------|
| 1. The Technology Planning Advisory Committee should conduct a technology needs assessment to meet the requirements as defined by NCLB and the E-rate program. Include a meeting with the technical committee to collect the list of all of the planned telecommunications, internet access and internal connections services for 2008-2011. | July 2007 |
| 2. The Technology Planning Advisory Committee should develop a three-year technology plan that addresses the needs identified by the technology needs assessment, as | July –
September 2007 |

well as, all regional, state and federal requirements. Make sure this plan includes all the required components including needs assessment, goals, objectives, strategies, staff development plan, budget and evaluation.

- | | |
|---|-------------------------|
| 3. The Technology Planning Advisory Committee Team Leader should present the completed plan to the ESD 105 Superintendent. | October 2007 |
| 4. The Technology Planning Advisory Committee should implement the technology plan. | October 2007 and beyond |
| 5. The Technology Planning Advisory Committee should convene quarterly to review progress and make modifications to the plan. | March of each year |

FISCAL IMPACT

The fiscal impact of this recommendation cannot be adequately specified as the amount will vary based upon applications submitted for discounts and grants.

**EXHIBIT 8-1
PL 107-110, THE NO CHILD LEFT BEHIND ACT OF 2001
TITLE II, PART D 'ENHANCING EDUCATION THROUGH TECHNOLOGY'
OVERVIEW**

SEC. 2401. SHORT TITLE.

This part may be cited as the 'Enhancing Education Through Technology Act of 2001'.

SEC. 2402. PURPOSES AND GOALS.

(a) PURPOSES- The purposes of this part are the following:

- (1) To provide assistance to States and localities for the implementation and support of a comprehensive system that effectively uses technology in elementary schools and secondary schools to improve student academic achievement.
- (2) To encourage the establishment or expansion of initiatives, including initiatives involving public-private partnerships, designed to increase access to technology, particularly in schools served by high-need local educational agencies.
- (3) To assist States and localities in the acquisition, development, interconnection, implementation, improvement, and maintenance of an effective educational technology infrastructure in a manner that expands access to technology for students (particularly for disadvantaged students) and teachers.
- (4) To promote initiatives that provide school teachers, principals, and administrators with the capacity to integrate technology effectively into curricula and instruction that are aligned with challenging State academic content and student academic achievement standards, through such means as high-quality professional development programs.
- (5) To enhance the ongoing professional development of teachers, principals, and administrators by providing constant access to training and updated research in teaching and learning through electronic means.

EXHIBIT 8-1 (Continued)
PL 107-110, THE NO CHILD LEFT BEHIND ACT OF 2001
TITLE II, PART D 'ENHANCING EDUCATION THROUGH TECHNOLOGY'
OVERVIEW

(6) To support the development and utilization of electronic networks and other innovative methods, such as distance learning, of delivering specialized or rigorous academic courses and curricula for students in areas that would not otherwise have access to such courses and curricula, particularly in geographically isolated regions.

(7) To support the rigorous evaluation of programs funded under this part, particularly regarding the impact of such programs on student academic achievement, and ensure that timely information on the results of such evaluations is widely accessible through electronic means.

(8) To support local efforts using technology to promote parent and family involvement in education and communication among students, parents, teachers, principals, and administrators.

(b) GOALS-

(1) PRIMARY GOAL- The primary goal of this part is to improve student academic achievement through the use of technology in elementary schools and secondary schools.

(2) ADDITIONAL GOALS- The additional goals of this part are the following:

(A) To assist every student in crossing the digital divide by ensuring that every student is technologically literate by the time the student finishes the eighth grade, regardless of the student's race, ethnicity, gender, family income, geographic location, or disability.

(B) To encourage the effective integration of technology resources and systems with teacher training and curriculum development to establish research-based instructional methods that can be widely implemented as best practices by State educational agencies and local educational agencies.

Source: Department of Education, 2001. <http://www.ed.gov/policy/elsec/leg/esea02/pg34.html>.

EXHIBIT 8-2
E-RATE TECHNOLOGY PLANNING REQUIREMENTS

An approved technology plan must meet five criteria that address goals, strategies, needs, resources, and evaluation.

The Federal Communications Commission (FCC) requires applicants to base requests for services to be purchased with Schools and Libraries support discounts on an approved technology plan. The only exception is that applicants who seek discounts for [basic telephone service](#) only do not need a technology plan. Applicants who seek telecommunication services other than basic telephone service, Internet access, internal connections, or basic maintenance of internal connections should review the following information about technology plan requirements and approval. Additional assistance in writing a plan is provided in [Questions to Consider: Technology Planning](#)

The sections below provide guidance on the core elements of approved technology plans including the elements of a technology plan and the technology plan scope.

EXHIBIT 8-2 (Continued)
E-RATE TECHNOLOGY PLANNING REQUIREMENTS

Elements of a Technology Plan

The FCC has stipulated that requests for discounts must be based on an approved technology plan. To ensure that schools and libraries are prepared to effectively use the requested services, applicants must certify that their requests are based on approved technology plans that include provisions for integrating telecommunication services and Internet access into their educational program or library services. Most schools and libraries have already developed such plans and may only need to modify these existing plans slightly to conform to program criteria for technology plans.

To qualify as an approved technology plan for a discount and to meet the requirements of the FCC's Fifth Report and Order (FCC 04-190, released August 13, 2004), the plan must contain the following five elements:

- The plan must establish clear goals and a realistic strategy for using telecommunications and information technology to improve education or library services;
- The plan must have a professional development strategy to ensure that staff know how to use these new technologies to improve education or library services;
- The plan must include an assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education or library services;
- The plan must provide a sufficient budget to acquire and support the non-discounted elements of the plan: the hardware, software, professional development and other services that will be needed to implement the strategy; and
- The plan must include an evaluation process that enables the school or library to monitor progress toward the specified goals and make mid-course corrections in response to new developments and opportunities and they arise.

Note: If the plan was approved prior to the effective date of the Fifth Report and Order (October 13, 2004) and did not contain all of the five required elements, that plan should be updated to include the missing elements. Technology plans must include all five elements.

Technology Plan Scope

Schools and libraries are not required to write or develop a separate Universal Service Fund technology plan. However, the approved plan must include a sufficient level of information to validate the purpose of a Universal Service Fund request. An approved technology plan does not have to include the specific details on required on the *Description of Services Requested and Certification Form* (Form 470), the *Services Ordered and Certification Form* (Form 471), the *Receipt of Service Confirmation Form* (Form 486), and the *Adjustment to Funding Commitment and Modification to Receipt of Service Confirmation Form* (Form 500).

EXHIBIT 8-2 (Continued)
E-RATE TECHNOLOGY PLANNING REQUIREMENTS

The information submitted on those forms should build on the foundation provided by the approved technology plan, by documenting specific implementation details and operational steps being taken under the plan. That information will be considered a refinement of the plan as long as the requested services can be supported by the plan.

All approved technology plans should include provisions for evaluating progress toward the plan's goals, and ideally these assessments should occur on an annual basis. A technology plan should be responsive to new and emerging opportunities, open to review and not a static document. If you find that your technology needs change and you want to order services beyond the scope of your existing plan, you must prepare and submit a new plan for approval.

Source: <http://www.usac.org/sl/applicants/step02/technology-planning/default.aspx>.

FINDING

Although ESD 105 is eligible to apply for E-rate discounts on telecommunications, Internet access and internal connections services, no applications have been filed resulting in a loss of potential revenue for the ESD. See the E-rate NOW Search Tool provided by Funds for Learning at <http://now.fundsforlearning.com/> for a list of E-rate applicants by State. For example, ESD 101 obtained \$42,288.36 in E-rate discounts for applications submitted for the 2005-06 year.

The Schools and Libraries Program of the Universal Service Fund, commonly known as "E-rate," is administered by the Universal Service Administrative Company (USAC) under the direction of the Federal Communications Commission (FCC), and provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and internet access. Educational Service Districts are eligible for schools and libraries support as determined in state law. (See <http://www.universalservice.org/sl/applicants/step01/esa-guidelines/esa-eligibility-table.aspx> for verification of ESD eligibility.)

The Schools and Libraries Program supports connectivity - the conduit or pipeline for communications using telecommunications services and/or the internet. Funding is requested under four categories of service: telecommunications services, internet access, internal connections, and basic maintenance of internal connections. Discounts for support depend on the level of poverty and the urban/rural status of the population served and range from 20 percent to 90 percent of the costs of eligible services. Eligible schools, school districts and libraries may apply individually or as part of a consortium. Educational Service Districts apply as a school district using the level of poverty and urban/rural status of the population served for each eligible campus in their respective districts provided they have an up-to-date technology plan that meets the E-rate requirements specified in **Exhibit 8-2**.

Applicants must provide additional resources including end-user equipment (e.g., computers, telephones, etc.), software, professional development, and the other elements that are necessary to utilize the connectivity funded by the Schools and Libraries Program.

Recommendation 8-2:

Submit applications for E-rate discounts for telecommunications, internet access and internal connections services beginning with the 2008-09 school year.

Implementation of this recommendation should result in the following modifications to the technology planning/budgeting process resulting in significant cost savings.

- Convene a technical committee under the leadership of the Technology Information Division Chief Information Officer to determine which telecommunications, internet access and internal connections services planned for purchase beginning with the 2008-09 year (from July 1, 2008 through June 30, 2009) are eligible for E-rate discounts.
- Ensure that all of the technology-planning requirements are fulfilled for the E-rate process. (**See Exhibit 8-2.**)
- Complete and submit the required forms to apply for E-rate discounts according to process specified on the USAC Web site at <http://www.universalservice.org/sl/about/overview-process.aspx>.
- Ensure that all required documentation for the E-rate process is organized, maintained and easily accessible for audit purposes.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------------------|
| 1. The Technical Committee under the leadership of the Technology Information Division Chief Information Officer should determine which telecommunications, internet access and internal connections services will be purchased in 2008-09 that are eligible for E-rate discounts. | July 2007 |
| 2. The Technology Planning Advisory Committee should complete the ESD 105 Technology Plan including all the planned telecommunications, internet access and internal connections services. | August – October 2007 |
| 3. The Educational Technology Support Center Coordinator should complete E-rate Form 470 online. | November 2007 |
| 4. The Technical Committee should review all of the bids received by vendors for telecommunications, Internet access and internal connections services, select the winning vendors and sign contracts for those services. | December 2007 |
| 5. The Educational Technology Support Center Coordinator should complete E-Rate Form 471 online. | January 2008 |
| 6. The Educational Technology Support Center Coordinator should file E-rate Form 486 once ESD 105 receives notification of approval for E-rate applications. | March – May 2008 |

7. The Educational Technology Support Center Coordinator should file reimbursement requests for eligible services each quarter after execution of contracts.

July 2008 –
June 2009

FISCAL IMPACT

The fiscal impact of this recommendation for telecommunications and internet access is estimated to be an annual cost savings of \$43,257, for a total five-year savings estimated at \$173,028. **Exhibit 8-3** displays the discount rate calculation for ESD 105 based upon the discount calculation rules posted on the USAC website at <http://www.universalservice.org/sl/applicants/step05/> and the potential E-rate savings calculated by applying the discount rate to eligible services.

EXHIBIT 8-3 POTENTIAL E-RATE SAVINGS FOR ESD 105 FOR TELECOMMUNICATIONS AND INTERNET ACCESS SERVICES

Service	Provider	Short Description	Actual Cost 2005-2006	Potential E-rate Savings @ 79.72% discount
Internal Phone	Alliant	Pull wires, repair desk top phones, support internal phone service	\$5,100	\$4,066
K-20/Internet Connections	WA Department of Information Services	State supported K-20 Internet backbone	\$19,800	\$15,785
Desktop Phone Service	Quest	Provides local desktop phone	\$8,950	\$7,135
Cell Phone Service	Cingular	Provides cellular phone service	\$20,411	\$16,272
Total			\$54,261	\$43,257

Source: ESD 105 Chief Financial Officer.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Submit applications for E-rate discounts for telecommunications, internet access and internal connections services beginning with the 2008-2009 school year.	\$0	\$43,257	\$43,257	\$43,257	\$43,257

FINDING

ESD 105 is missing opportunities to gain increased efficiency and to reduce costs by not moving forward with a conversion from an analog phone system to Voice Over IP. Government agencies are moving away from traditional land-line-based telephone services to technology that routes calls over the internet, a panel of experts and a congressional staffer knowledgeable on the issue said at an event hosted by the Information Technology Association of America in March of 2006. (Source: Daily News Service of the Government Executive Magazine <http://www.govexec.com/dailyfed/0306/030106p1.htm>.)

Speaking on behalf of Rep. Bart Gordon, D-Tenn., legislative assistant Dana Lichtenberg said that the technology known as Voice-over-Internet-Protocol, or VoIP, is replacing the long-established method of connecting over the telephone because of its power as a technological application and its convenience.

Panel member Alan Balutis, president of INPUT Government Strategies, a Reston, Va.-based market analysis firm, said that about a quarter of all federal, state and local phone calls now are routed through VoIP.

ESD 105 has investigated a transition from its existing Toshiba analog phone system to a VoIP system which would result in increased efficiency and cost savings over time, but has not yet implemented that transition.

The existing Toshiba phone system has reached the end of its useful life. According to the Chief Information Officer, the Toshiba system is over 15 years old and not only are there few modern features, it is costing them more and more just to maintain it. They can no longer find local technicians for support. The voice mail portion is actually running on a Windows 98 box, and there hasn't been a version upgrade for the voice mail feature in over five years. The system needs to be rebooted about once a week to "clean up" something that isn't working correctly. The cost to the ESD for the current system is approximately \$2,151.57 per month. According to a quote submitted by a communications vendor in June 2006, a VoIP service would cost the ESD approximately \$1,135.33 per month for a cost savings of \$1,016.24 per month, as shown in **Exhibits 8-4 and 8-5**. The initial investment for the VoIP system including hardware, software and five years of support according to the quote in **Exhibit 8-5** is \$99,883.13.

ESD 105 could potentially reduce these estimated costs by publishing an RFP for the VOIP system/service and by applying for discounts on this system/service through the Schools and Libraries Universal Service Fund E-rate Program.

Recommendation 8-3:

Replace the existing internal analog phone system with a Voice-over-IP phone system.

Implementation of this recommendation should result in the following modifications to the current phone service resulting in increased efficiency and cost savings over time.

- Replace the current analog system with a VoIP system.

- Set up and maintain a VoIP service for ESD.
- Apply for E-rate discounts for VoIP services every year.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------------------|
| 1. The ESD 105 Technology Plan Committee should ensure that a VoIP system is included in the updated technology plan. | October 2007 |
| 2. The Technology Information Division Chief Information Officer should submit an RFP for VoIP services through the E-rate Program. | November 2007 |
| 3. The Technology Information Division should select the most cost-effective bid for a VoIP system/service and sign a contract with the vendor for implementation after the 2008-2009 E-rate start-of-service date (July 1, 2008) | December 2007 |
| 4. The Technology Information Division should apply for E-rate discounts for the VoIP system/services. | December 2007 |
| 5. The Technology Information Division should purchase and install the VoIP system/service. | August –
September 2008 |

EXHIBIT 8-4
COST COMPARISON FOR EXISTING TOSHIBA VERSUS VOIP PHONE SYSTEM
 Included in Cost Estimate Provided to ESD 105 by Shoretel

Toshiba Phone System Monthly Costs	Units	Unit Cost	Total
Qwest Analog DID Trunks	8	60.39	483.12
Scan Lines on System-Centrex	11	30.74	338.14
Flat Business Lines	2	26.89	53.78
Federal Access	10	5.85	58.50
DIDs	81	0.15	12.15
Scan POTS Lines w/Fed Access	22	30.74	676.28
Scan Long Distance out of State	359	0.065	23.32
Scan Long Distance in State	8249	0.06	499.51
800 Usage	39.1	0.017	6.77
Plan Fee			
PICC			
Total			\$2,151.57

EXHIBIT 8-4 (Continued)
COST COMPARISON FOR EXISTING TOSHIBA VERSUS VOIP PHONE SYSTEM
 Included in Cost Estimate Provided to ESD 105 by Shoretel

VOIP with Eschelon Monthly Costs	Units	Unit Cost	Total
Fixed Charges			
POTS Lines w Fed Access	4	29.28	117.12
DIDs	100	.15	15.00
Voice Channels	23	15.00	345.00
PRI Data Channel Trunk	1	15.00	15.00
T1 Circuit Charge	1	239.50	239.50
T1 Promotional Discount	1	(70.00)	(70.00)
Federal Access Charge	1	35.00	35.00
PICC Charge	1	15.00	15.00
Long Distance			
Long Distance out of State	359	.049	17.59
Long Distance in State	8249	.049	404.20
800 Usage	39.1	.049	1.92
Total			\$1,135.33

Cost Savings	
Monthly Savings	1,016.24
Annual Savings	12,194.93
One Time Installation Fee	(1,895.00)
Total First Year Savings	10,299.93

Source: Created by MGT of America, Inc., 2006.

EXHIBIT 8-5
Cost Estimate Provided to ESD 105 by ShoreTel

PRODUCTS AND SERVICES



1 **PRODUCTS.**

Description	QTY	SKU #	Unit List	List Price	Net Price
ShoreGear Voice Switches:					
ShoreGear 120/24	2	10134	\$ 4,995.00	\$ 9,990.00	\$ 9,490.50
ShoreGear T1	1	10144	\$ 3,495.00	\$ 3,495.00	\$ 3,320.25
ShorePhone Telephones:					
ShorePhone IP230 - Black (6.1 only)	105	10196	\$ 259.00	\$ 27,195.00	\$ 25,835.25
ShoreWare Application Server:					
ShoreTel 6.1 Software (Controlled Release)	1	29121	\$ -	\$ -	\$ -
Extension & Mailbox License	96	30035	\$ 200.00	\$ 19,200.00	\$ 18,240.00
Extension-only License	9	30039	\$ 140.00	\$ 1,260.00	\$ 1,197.00
Softphone License	2	30006	\$ 150.00	\$ 300.00	\$ 285.00
ShoreWare Client Software:					
Personal Call Manager	96	30001	\$ 125.00	\$ -	\$ -
Operator Call Manager	1	40002	\$ 595.00	\$ 595.00	\$ 565.25
System Subtotal				\$ 62,035.00	\$ 58,933.25
ShoreCare Annual Support Plan					
Reseller Support Program:					
5 Years (HW & SW)	1	91067		\$ 26,364.88	\$ 26,364.88
Total				\$ 88,399.88	\$ 85,298.13
Other Equipment & Labor:					
Server Hardware	1	Alliant	\$ 1,995.00	\$ 1,995.00	\$ 1,995.00
24-Port PowerDsine POE Midspan Devices	5	Alliant	\$ 938.00	\$ 4,690.00	\$ 4,690.00
Labor	1	Alliant	\$ 7,900.00	\$ 7,900.00	\$ 7,900.00
Other Equipment & Labor Total				\$ 14,585.00	\$ 14,585.00
Total Purchase				\$ 102,984.88	\$ 99,883.13

2 **SERVICES.**

2.1 Services shall be performed in accordance with a mutually agreed upon schedule.

2.2 System installation to include:

2.2.1 Installation of Products as described in section 1 of this Exhibit A above.

2.2.1.1 **Personal Call Manager software installation is not included, PCM software to be installed by ESD105's IT staff.**

2.2.2 Program system features per Customer specification.

2.3 Training to include:

2.3.1 End user training

2.3.2 Training materials

E-rate Eligible Costs for Basic Maintenance

E-rate Eligible Costs for Internal Connections

FISCAL IMPACT

The fiscal impact of this recommendation is estimated to return a cost savings after the initial investment is paid off.

Phone System Costs		
Item	Initial Cost	Cost less E-rate Discount of 79.72%
Initial Products and Services E-rate Eligible (Internal Connections)	42,427.75	8,604.35
Basic Maintenance of Internal Connections Multi-Year E-rate Eligible (Price per year for 5 years at \$26,364.88)	5,272.98	1,069.36
Initial Products and Services Non E-rate Eligible (Phones, Call Manager and Switches)	31,090.50	25,835.25
One Time Installation Fee	1,895.00	384.31
Total Initial Products and Services Costs	80,686.23	35,893.26
Phone Service Fees @ \$1135.33/month	13,623.96	2,762.94

	Voice-over-IP System				Existing Phone System
Year	Initial Products & Svcs Cost	Annual Maint. Fees	Monthly Fees	Total Yearly Costs	Total Yearly Costs
Year 1	35,893.26		2,762.94	38,656.20	25,818.84
Year 2		1,069.36	2,762.94	3,832.30	25,818.84
Year 3		1,069.36	2,762.94	3,832.30	25,818.84
Year 4		1,069.36	2,762.94	3,832.30	25,818.84
Year 5		1,069.36	2,762.94	3,832.30	25,818.84

Cost Savings

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Replace existing analog phone system with a VOIP phone system	(12,837)	21,987	21,987	21,987	21,987

* Cost savings rounded to the nearest dollar.

FINDING

ESD 105 has an electronic Help Desk System (Track-IT) for tracking support calls from districts but has not implemented an electronic system for tracking internal support calls.

According to Forrester Research, "Technology has become an integral underpinning of virtually all business interactions. To support business users in the use of technology in the performance of their tasks, a smoothly running help desk should be an imperative of IT management at every organization.

To identify problem areas of the help desk operation and take corrective action, the help desk should be analyzed in the following four key areas: organization, customer satisfaction, technology and reporting/metrics." (Source: <http://www.forrester.com/Research/Document/Excerpt/0,7211,40305,00.html>.)

Staff members interviewed indicated that support requests are submitted via email or by catching someone in the hall. Support provided is not documented. According to help desk users, use of a help desk software to document technical assistance results in tangible improvements in response time, first call resolution, and cost-justification of staff and equipment. For example, Kelly Knights of Western Missouri Mental Health Center states that Track-It helped them to dramatically reduce the confusion they used to experience trying to track who was doing what and the status of problem calls. Liz Osborn of Coldwell Banker shares that it has certainly helped them get much more organized. Now they have records broken out by workstation, and can track histories. This makes it much easier to resolve problems. (Source: <http://www.numarasoftware.com/testimonials.asp>.)

Recommendation 8-4:

Implement an electronic Help Desk System for internal staff to improve efficiency and documentation of support.

Implementation of this recommendation should result in the following modifications to the current technical support system resulting in increased efficiency.

- Establish a procedure for recording and tracking all internal technical support requests in the current Track-IT Help Desk System.
- Implement the procedure and monitor on a weekly basis to document efficiency
- Make modifications to the procedure as needed.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The ESD should create recording and tracking procedure for internal technical support requests in the current electronic Help Desk System. | July 2007 |
| 2. The ESD should train all technical support personnel in use of the new procedure. | August 2007 |

- | | |
|---|-------------|
| 3. The ESD should train all staff in the new procedure. | August 2007 |
| 4. The ESD should implement the new procedure. | August 2007 |
| 5. The ESD should create weekly reports to monitor efficiency of technical support. | Ongoing |

FISCAL IMPACT

There is no direct fiscal impact of this recommendation. This recommendation should increase efficiency and enable improved verification and documentation of internal technical support.

FINDING

The Educational Technology Support Center (ETSC) at ESD 105 has a Peer Coaching Program that has recently been licensed by Microsoft as part of their "Partners In Learning" program, an international effort to support education. ESD 105's ETSC Coordinator and lone trainer authorized to train other facilitators in Washington State, has trained and supported more than 65 peer coaches since 2003 and 39 teachers are currently actively involved in the program. Detailed information about the Peer Coaching program is posted on ESD 105 Web site at <http://www2.esd105.wednet.edu/PeerCoaching/>. This information includes a Peer Coaching Flyer with details on how to participate in the program.

The Peer Coaching Program is designed to help schools implement a professional development model that can enhance standards-based instruction by assisting teachers to offer students engaging, technology-rich, learning activities.

The Peer Coaching Program trains teacher leaders to serve as peer coaches for colleagues. As coaches, these teachers assist their peers in identifying ways that technology can strengthen classroom curriculum and enhance their students' academic achievement. They also help their colleagues to develop the necessary technology skills and instructional strategies needed to integrate technology into teaching and learning.

Benefits from this program are highlighted in testimonials posted on the main international site for the Peer Coaching by Microsoft program located at http://pc.innovativeteachers.com/mpc_web/PeerCoaching/pc_benefits.aspx. One school district administrator noted the power of this model when she observed,

"The Peer Coaching Program embraces and applies the most recent and effective knowledge about adult learning. Daily, I am amazed by the power and the gentle ripple effect of this project - teachers working together, designing lessons together, strategizing how to enhance student learning. It has become self-perpetuating. Veteran staff are re-energized and have made 'subtle shifts' in instructional practice that they have used for 30 years."

**-- Anne Cavanaugh, Executive Director, Student Learning Support,
Longview Public Schools, Longview, Washington.**

Other teachers shared the following benefits:

“Collaborating with my technology coach gave me the courage to try something new (standards-based, interactive web lessons in my science classroom).”

-- Alexa Johnson, Science Teacher, Kamiak High School. Mukilteo Public Schools. Mukilteo, Washington.

“Coaching provides the ‘missing link’ between more traditional means of professional development and the development of exciting, engaging, and purposeful technology integration into the classroom.”

-- Kyle Kinoshita, Principal, Meadowdale Elementary School. Edmonds Public Schools, Lynnwood, Washington.

The comments of the impact of peer coaching made by educators who have been involved in the program are supported by studies conducted by a number of educational researchers. Many of those studies are referenced in the article, *Peer Coaching: Changing Classroom Practice and Enhancing Student Achievement* written by Les Foltos, Puget Sound Center for Teaching, Learning, and Technology available online at http://pc.innovativeteachers.com/mpc_web/attachments/peercoachinglf.pdf.

COMMENDATION

ESD 105 is to be commended for providing an effective, research-based peer coaching, “training of trainers” program to help schools implement a professional development model that can enhance standards-based instruction by assisting teachers to offer students engaging, technology-rich, learning activities.

FINDING

ESD 105 has transformed their old media cooperative into an Instructional Improvement Cooperative that provides professional development and online technology resources to 15 districts and one private school. The primary focus for the cooperative is improving student performance and reducing achievement gaps in the region’s schools. (Source: ESD Web site located at <http://www.esd105.wednet.edu/LearningandTeaching/Instructional/Instructional.htm>.)

Electronic resources provided for staff members and students in Cooperative districts include Unitedstreaming, ProQuest, eLibrary, eLibrary Elementary, CultureGrams and K-12 Teaching and Learning Center. Cooperative members realize savings off the retail price for the resources. Examples of cost savings include Yakima \$72,780, Selah \$20,171 and Easton \$4,077. Mini resource fairs are held on a quarterly basis so curriculum specialists and teachers can view and evaluate potential resources for this Cooperative. (Source: Instructional Improvement Cooperative Newsletter located at <http://www.esd105.wednet.edu/LearningandTeaching/Instructional/PDF/IIC%20Newsletter%20spring.pdf>.)

According to the Cooperative Coordinator, in addition to the online resources provided through the Cooperative, discounted purchasing is negotiated for other resources that

would have a relatively high cost for districts if purchased alone. For example, school districts can buy WOIS Occupations directly from the company at a 25% discount. They can buy the ALEKS online program from ESD 105 for \$27.50/student/year instead of the regular price of \$35/student/year.

Members of the Instructional Improvement Cooperative receive in-depth, on-site training at the district or campus level for not only the online resources provided by the co-op but also for resources/tools provided by OSPI. For example individual help is provided for the implementation of the OSPI Student Learning Plans required by HB2195 for all students not meeting standards on the WASL. (See Instructional Improvement Cooperative PowerPoint accessible online at <http://www.esd105.wednet.edu/LearningandTeaching/Instructional/Instructional.htm>.)

A District Profile Tool is also provided to co-op members. This online curriculum matrix tool enables co-op school districts to search and display the curriculum, assessments, and programs currently used by ESD 105 school districts. This helpful resource guides curriculum decisions and facilitates networking among teachers across school districts. (See <https://ems.wa-k12.net/Login.aspx?ReturnUrl=%2fdefault.aspx>.)

According to the Cooperative Coordinator, one of the greatest benefits of the Instructional Improvement Cooperative is the individualized assistance provided to each member district. The Instructional Improvement Cooperative Coordinator researches and identifies curricula to best fit school district needs. The coordinator asserts that individualized support is then provided for teachers in their classrooms in a mentorship-type model in a relaxed and non-threatening way.

COMMENDATION

ESD 105 is to be commended for transforming its traditional media center to an Instructional Improvement Cooperative that provides on-site staff development and online technology resources at a cost savings to school districts to improve student performance.

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 105 YAKIMA EMPLOYEES' SURVEY RESULTS (n=76)

EXHIBIT A-1 ESD 105 EMPLOYEE RESPONSES GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	61	34	3	0	0	3
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	70	24	3	1	0	3
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	5	9	22	55	8
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	1	3	11	20	62	4
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	1	4	7	25	57	7
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	3	1	8	32	43	13
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	59	30	5	0	0	5
8. Our ESD is highly efficient and effective.	54	37	8	1	0	0
9. The ESD role in providing services to school districts should be expanded.	41	36	17	1	0	5
10. Our ESD is highly responsive to the service needs of member school districts.	74	20	5	1	0	0
11. Our ESD provides quality services.	74	22	4	0	0	0
12. There are adequate channels of communication with school districts in our region.	30	53	9	5	0	3
13. Our ESD is responsive to complaints.	43	38	7	0	1	11
14. Our ESD is responsive to requests for services.	58	32	8	1	0	1
15. Our ESD listens and tries to meet the needs of the school districts.	67	29	3	0	0	1

**EXHIBIT A-2
ESD 105 EMPLOYEE RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	1	8	20	51	18	1
2. Each ESD should hold each school district in its region responsible for student performance within the district.	8	22	30	28	7	5
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	29	50	13	3	3	3
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	16	33	29	16	1	5
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	22	51	13	7	3	4
6. Under the current governance structure, the ESDs are accountable primarily to:	28	45	9	4	3	12
■ the school districts within each region						
■ the State Superintendent of Public Instruction	17	47	14	8	3	11
■ both the school districts and the State Superintendent of Public Instruction	22	45	16	5	1	11

**EXHIBIT A-3
ESD 105 EMPLOYEE RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	34	26	12	14	8	5
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	53	32	8	1	1	5
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	3	14	39	18	8	17
4. The ESDs should be totally independent of OSPI.	3	12	20	43	5	17
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	4	28	28	18	1	21
6. The current number of ESD Board of Director members is appropriate.	11	38	24	5	0	22
7. The current number of 9 ESDs should be:						
■ expanded	5	14	20	34	11	16
■ left as is	29	33	24	9	0	5
■ reduced	1	5	13	30	43	7
8. All ESDs should be abolished.	1	1	3	7	84	4

**EXHIBIT A-4
ESD 105 EMPLOYEE RESPONSES
GOVERNANCE AND FUNDING**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	12	36	14	21	7	11
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	5	13	22	24	17	18
3. School districts understand the governance and oversight structure of our ESD.	3	21	17	20	11	29
4. There are appropriate levels of oversight for our ESD.	7	49	16	1	1	26
5. ESDs should continue to be funded by the state.	49	41	4	1	0	5
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	22	36	13	7	0	22
7. School districts have the funding to purchase the services they need from our ESD.	3	17	14	34	9	22

**EXHIBIT A-5
ESD 105 EMPLOYEE RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	28	32	5	1	0	34
2. Mathematics	24	46	5	1	0	24
3. Social Studies	4	12	13	5	1	64
4. Science	42	32	3	1	0	22
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	34	39	3	0	1	22
6. At-risk and compensatory education	21	26	8	3	0	42
7. Bilingual Education and ESL	24	41	3	3	3	28
8. Advanced academics (gifted and talented, AP)	3	7	17	7	0	67
ESD TRAINING						
9. Training and assistance for campus planning	16	29	11	0	0	45
10. Training and support for Washington Assessment of Student Learning (WASL)	16	34	12	7	0	32
11. Training and support for aligning the curriculum and instruction with WASL	14	37	11	7	0	32
12. Leadership training and development programs and services	24	34	9	3	0	30
13. Training and assistance to help improve student performance	21	37	11	3	0	29
14. Training and assistance in using new teaching methods and strategies	24	46	4	3	0	24
15. Training and assistance in the use of technology	36	42	7	0	0	16
16. Training and assistance in discipline management and conflict resolution	14	30	9	5	0	41
17. School board training services	5	7	22	1	0	64
18. Teacher certification	30	29	3	3	0	36
19. Professional/Para-Professional certifications	34	33	5	1	0	26
ESD SERVICES						
20. Computer network and telecommunication services	37	36	8	1	0	18
21. Purchasing cooperatives	21	24	9	1	0	45
22. Services and support for Educational Data Systems (EDS)	36	30	5	5	0	24
23. On-line/Distance Learning classes	8	18	14	5	1	53
24. On-site technical assistance	24	34	9	1	1	30
25. Video Conferencing	26	41	9	1	0	22
26. Lending Library	7	12	18	3	1	59
27. Best Practices Information	16	34	11	3	0	37
28. Organizational Links	16	22	16	1	0	45
29. Demonstrations and Equipment	21	26	13	1	0	38

**EXHIBIT A-6
ESD 105 EMPLOYEE RESPONSES
WORK ENVIRONMENT**

Percentage of agreement or disagreement with each statement.
SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree;
DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	55	33	11	1	0	0
2. ESD officials enforce high work standards.	62	25	8	4	0	1
3. ESD employees who do not meet expected work standards are disciplined.	5	25	25	5	5	34
4. I feel that I have the authority to adequately perform my job responsibilities.	43	45	8	3	1	0
5. I have an up to date and comprehensive job description.	36	53	5	5	0	1
6. I have adequate facilities in which to conduct my work.	26	43	9	18	3	0
7. I have adequate equipment and computer support to conduct my work.	42	43	4	8	3	0
8. No one knows or cares about the amount or quality of work that I perform.	1	8	9	42	39	0
9. I am very satisfied with my job.	43	39	16	1	0	0
10. I plan to continue my career in my ESD.	47	29	16	3	3	3
11. I am actively looking for a job outside of my ESD.	1	4	16	18	59	1
12. Salary levels at my ESD are competitive.	28	39	12	12	7	3
13. I feel that my work is appreciated by my supervisor(s).	50	34	9	7	0	0
14. I feel that I am an integral part of the ESD team.	45	36	13	7	0	0
15. I feel that there is no future for me at the ESD.	0	7	17	28	49	0
16. My salary level is adequate for my level of work and experience.	26	33	21	14	4	1
17. Most administrative practices in the ESD are highly effective and efficient.	24	42	17	16	0	1
18. Administrative decisions are made promptly and decisively.	16	38	21	20	1	4
19. My ESD administrators are easily accessible and open to input.	33	49	12	7	0	0
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	3	14	22	46	12	3
21. My ESD has too many layers of administrators.	1	13	25	41	18	1
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	34	53	8	5	0	0

GENERAL QUESTION

1. How would you rate your ESD facilities?

16%	Exceptional
25%	Above average
34%	Adequate
24%	Needs improvement
1%	Don't Know

**ESD 105 YAKIMA
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=22)**

**EXHIBIT A-7
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR SCHOOL DISTRICT**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Average Daily Attendance (n=19)	89	12125	2343.47
2. Number of Schools (n=22)	1	23	5.18
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=21)	1	2	1.29
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=22)	1	90	34.45
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=17)	1	110	41.41

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	59	32	9	0	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	68	23	9	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	5	9	23	64	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	9	23	68	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	18	23	59	0
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	5	41	50	5
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	68	32	0	0	0	0
8. The ESD in our region is highly efficient and effective.	50	41	9	0	0	0
9. The ESD role in providing services to school districts should be expanded.	32	36	14	9	0	9
10. The ESD in our region is highly responsive to the service needs of our school district.	64	27	9	0	0	0
11. The ESD in our region provides quality services.	55	41	5	0	0	0
12. There are adequate channels of communication with the ESD in our region.	59	41	0	0	0	0
13. The ESD in our region is responsive to complaints.	59	41	0	0	0	0
14. The ESD in our region is responsive to requests for services.	64	27	9	0	0	0
15. The ESD in our region listens and tries to meet the needs of the school district.	68	32	0	0	0	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents, and the response rate was 50 percent for these two sections.

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	17	42	42	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	17	42	42	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	58	42	0	0	0	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	33	33	8	17	8	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	67	0	0	0	0
6. Under the current governance structure, the ESDs are primarily accountable to:	17	75	0	8	0	0
■ the school districts within each region	0	58	8	8	17	8
■ both the school districts and the State Superintendent of Public Instruction	17	42	17	17	8	0

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	27	18	9	18	27	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	27	50	9	9	5	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	9	9	41	18	23	0
4. The ESDs should be totally independent of OSPI.	14	14	18	50	5	0
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	14	18	41	23	5
6. The current number of ESD Board of Director members is appropriate.	0	45	36	0	5	14
7. The current number of 9 ESDs should be:	0	18	23	41	9	9
■ expanded	32	41	14	5	0	9
■ left as is	0	0	14	41	36	9
■ reduced	5	0	5	18	73	0
8. All ESDs should be abolished.						

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	5	32	18	32	9	5
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	18	23	23	23	9	5
3. We understand the governance and oversight structure of the ESD in our region.	27	55	9	5	0	5
4. There are appropriate levels of oversight for the ESD in our region.	18	41	23	9	0	9
5. ESDs should continue to be funded by the state.	59	36	5	0	0	0
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	18	50	32	0	0	0
7. Our school district has the funding to purchase the services it needs from an ESD.	0	23	9	55	14	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage of satisfaction with the following services provided by your home Educational Service District.
VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	27	64	5	0	0	5
2. Mathematics	36	32	18	9	0	5
3. Social Studies	9	23	55	5	0	9
4. Science	36	45	5	5	0	9
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	32	50	5	9	0	5
6. At-risk and compensatory education	14	36	41	0	0	9
7. Bilingual Education and ESL	18	55	27	0	0	0
8. Advanced academics (gifted and talented, AP)	0	23	55	14	0	9
ESD TRAINING						
9. Training and assistance for campus planning	14	27	32	14	0	14
10. Training and support for Washington Assessment of Student Learning (WASL)	9	59	27	0	0	5
11. Training and support for aligning the curriculum and instruction with WASL	9	64	23	0	0	5
12. Leadership training and development programs and services	36	55	9	0	0	0
13. Training and assistance to help improve student performance	27	73	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	23	55	23	0	0	0
15. Training and assistance in the use of technology	32	59	9	0	0	0
16. Training and assistance in discipline management and conflict resolution	9	32	45	0	5	9
17. School board training services	0	18	50	9	5	18
18. Teacher Certification	32	55	0	9	0	5
19. Professional/Para-Professional Certifications	27	45	18	5	0	5
ESD SERVICES						
20. Computer network and telecommunication services	32	45	14	5	0	5
21. Purchasing cooperatives	32	36	23	5	0	5
22. Services and support for Educational Data Systems (EDS)	27	55	9	5	0	5
23. On-line/Distance Learning classes	0	23	55	14	0	9

**EXHIBIT A-12 (Continued)
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

STATEMENT	VS	S	N	D	VD	NA
ESD SERVICES, CONTINUED						
24. On-site technical assistance	23	23	41	9	0	5
25. Video Conferencing	9	55	27	0	0	9
26. Lending Library	9	23	50	9	0	9
27. Best Practices Information	18	64	14	0	0	5
28. Organizational Links	18	50	23	0	0	9
29. Demonstrations and Equipment	9	36	41	0	0	14

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

27%	Exceptional
55%	Above average
14%	Adequate
5%	Needs improvement

**SURVEY RESULTS FOR ESD SUPERINTENDENTS
(n=9)**

**EXHIBIT A-13
ESD SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR REGION**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

EXHIBIT A-14
ESD SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

Percentage of agreement or disagreement with the following statements.
 SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region	0	56	11	33	0	0
■ both the school districts and the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	89	0	11	0	0	0
■ left as is	0	0	11	22	67	0
■ reduced	0	0	11	0	89	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING						
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES						
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***

Superintendent
Dr. Jane M. Gutting

Board of Directors
J.P. Enderby,
Chair

Denise Andersen
Dr. Patsy Callaghan
Mary Harris
Maggie Perez
Bruce Ricks
Frank Rowley

Associate Counties
Yakima
Kittitas
Grant
Klickitat



April 30, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
P.O. Box 40031
Olympia, WA 98504
Dear Ms. Adams:

Please accept this as the Educational Service District 105 (ESD 105) response to its 2007 Performance Audit. It is our understanding this will be included as an attachment following the ESD 105 report. While the tight timeline provided has not yet permitted review with the ESD 105 Board of Directors, we respectfully submit the following clarifications and comments:

Regarding Chapter 2.0 (pages 21 through 24)

The bulleted highlights are factual, but misleading. While the complete survey data are presented in Appendix A, a summary that presents only the “strongly agree” and “strongly disagree” percentages is misleading. The survey summary is more accurately reflected by:

2.1 ESD 105 Yakima Employee Survey Highlights

At least 80 percent of ESD 105 employees strongly agree or agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (95%).
- The services provided by our ESD are critical to the success of our school districts’ programs and operations (94%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (89%).
- Our ESD provides quality services (96%).
- Our ESD is responsive to requests for services (94%).
- Our ESD listens and tries to meet the needs of the school districts (94%).
- I find my ESD to be an exciting, challenging place to work (88%).
- ESD officials enforce high work standards (87%).
- I feel that I have the authority to adequately perform my job responsibilities (88%).
- I have an up to date and comprehensive job description (89%).
- I have adequate facilities in which to conduct my work (69%).
- I have adequate equipment and computer support to conduct my work (85%).

33 South Second Avenue
Yakima, WA 98902
509.575.2885
Fax 509.575.2918
www.esd105.wednet.edu

*ESD 105 is an Equal
Opportunity Employer*

- I am very satisfied with my job (82%).
- I feel that my work is appreciated by my supervisor(s) (84%).

At least 80 percent of ESD employees strongly disagree or disagree with the following:

- All ESDs should be abolished (91%).
- No one knows or cares about the amount or quality of work that I perform (81%).
- I am actively looking for a job outside of my ESD (77%).

2.2 ESD 105 Yakima School District Superintendent Survey Highlights

At least 80 percent of school district superintendents strongly agree or agree with the following:

- Our school district frequently utilizes services provided by our ESD (91%).
- The services provided by our ESD are critical to the success of our district's programs and operations (91%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (100%).
- The ESD in our region is highly efficient and effective (91%).
- The ESD in our region is highly responsive to the service needs of our school district (91%).
- The ESD in our region provides quality services (96%).
- There are adequate channels of communication with the ESD in our region (92%).
- The ESD in our region is responsive to complaints (100%).
- The ESD in our region is responsive to requests for services (91%).
- The ESD in our region listens and tries to meet the needs of the school district (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (84%).
- ESDs should continue to be funded by the state (95%).

At least 80 percent of school district superintendents strongly disagree or disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (87%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (91%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (82%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (91%).
- All ESDs should be abolished (91%).

2.3 ESD Superintendents Survey Highlights

At least 80 percent of ESD Superintendents strongly agree or agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (100%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (100%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (100%).
- Our ESD is highly efficient and effective (100%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (100%).
- Our ESD provides quality services (100%).
- There are adequate channels of communication with school districts in our region (88%).
- Our ESD is responsive to complaints (100%).
- Our ESD is responsive to requests for services (100%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (89%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (100%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (100%).
- The current number of ESD Board of Director members is appropriate (100%).
- The current number of 9 ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (89%).
- ESDs should continue to be funded by the state (100%).

At least 80 percent of ESD Superintendents strongly disagree or disagree with the following:

- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (100%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (100%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (89%).
- The current number of 9 ESDs should be reduced (89%).
- All ESDs should be abolished (89%).

- The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts (89%).
- All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources (89%).
- School districts have the funding to purchase the services they need from our ESD (88%).

Regarding Chapter 3.0 (pages 3-1 through 3-4)

We agree with the Recommendation 3.1 and 3.2 to eliminate regulatory functions related the Code of Conduct and school district boundaries. However, amendment of the Washington Administrative Code (WAC) and Revised Code of Washington (RCW) is beyond the authority provided ESD 105. As such, this would not be a prudent use of our limited time and energy.

Regarding Chapter 5.0 (pages 5-3)

Recommendations 2, 3, and 4 (pages 5-3). We differ in our opinion as to how it should be implemented and believe that at best, ESD 105 can recommend to district superintendents to take action.

It is important to keep in mind the represents a preliminary response. All of the findings and recommendations contained in the ESD 105 Performance Audit Report and this response will be presented to our constituents at a public hearing upon receipt of the official final report. The ESD 105 Board and its response/priorities will most certainly be influenced through that process.

Sincerely,



Dr. Jane M. Gutting
Superintendent

cc ESd 105 Board of Directors

APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***



THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 105

To provide clarity and perspective, we are commenting on ESD 105 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Below, we have inserted MGT's response to the issues identified in the ESD 105 formal response letter.



April 30, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
P.O. Box 40031
Olympia, WA 98504
Dear Ms. Adams:

Please accept this as the Educational Service District 105 (ESD 105) response to its 2007 Performance Audit. It is our understanding this will be included as an attachment following the ESD 105 report. While the tight timeline provided has not yet permitted review with the ESD 105 Board of Directors, we respectfully submit the following clarifications and comments:

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The bulleted highlights are factual, but misleading. While the complete survey data are presented in Appendix A, a summary that presents only the "strongly agree" and "strongly disagree" percentages is misleading. The survey summary is more accurately reflected by:

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- Our ESD provides quality services (96%).
- Our ESD is responsive to requests for services (94%).
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- I find my ESD to be an exciting, challenging place to work (88%).
- ESD officials enforce high work standards (87%).
- I feel that I have the authority to adequately perform my job responsibilities (88%).
- I have an up to date and comprehensive job description (89%).
- I have adequate facilities in which to conduct my work (69%).
- I have adequate equipment and computer support to conduct my work (85%).
- I am very satisfied with my job (82%).
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- The ESD in our region is highly efficient and effective (91%).
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- The ESD in our region provides quality services (96%).
- There are adequate channels of communication with the ESD in our region (92%).
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- The ESD in our region is responsive to requests for services (91%).
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- ESDs should continue to be funded by the state (95%).

At least 80 percent of school district superintendents strongly disagree or disagree with the following:

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- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (91%).
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- All ESDs should be abolished (91%).

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- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (100%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (100%).
- The current number of ESD Board of Director members is appropriate (100%).
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- The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts (89%).
- All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources (89%).
- School districts have the funding to purchase the services they need from our ESD (88%).

MGT's Response:

In the survey chapter, we provide a note to the reader that stated, "For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A". We do not believe our survey summaries are misleading; the reader can view full results in the appendices.

Regarding Chapter 3.0 (pages 3-1 through 3-4)

We agree with the Recommendation 3.1 and 3.2 to eliminate regulatory functions related the Code of Conduct and school district boundaries. However, amendment of the Washington Administrative Code (WAC) and Revised Code of Washington (RCW) is beyond the authority provided ESD 105. As such, this would not be a prudent use of our limited time and energy.

MGT's Response:

It is important to note that MGT and SAO agreed to keep the recommendations related to regulatory functions in the ESD individual reports to allow readers to know the issue(s) exist. The same issues and recommendations appear in the global report as well.

Regarding Chapter 5.0 (pages 5-3)

Recommendations 2, 3, and 4 (pages 5-3). We differ in our opinion as to how it should be implemented and believe that at best, ESD 105 can recommend to district superintendents to take action.

It is important to keep in mind the represents a preliminary response. All of the findings and recommendations contained in the ESD 105 Performance Audit Report and this response will be presented to our constituents at a public hearing upon receipt of the official final report. The ESD 105 Board and its response/priorities will most certainly be influenced through that process.

Sincerely,



Dr. Jane M. Gutting
Superintendent

cc ESD 105 Board of Directors

MGT's Response:

MGT creates our implementation strategies on our professional experience in conducting audits nationwide as well as providing best practices based on research. We recognize that each ESD is unique and may find an alternate method for implementing our recommendations that is best suited for your unique environment.

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 112

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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- Appendix A: Detailed Survey Results
- Appendix B: ESD Formal Response to Audit Report
- Appendix C: MGT's Response to ESD Formal Response to Audit Report

1.0 INTRODUCTION

1.0 INTRODUCTION

The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. (MGT) to conduct a performance audit of Educational Service District 112 (ESD 112), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

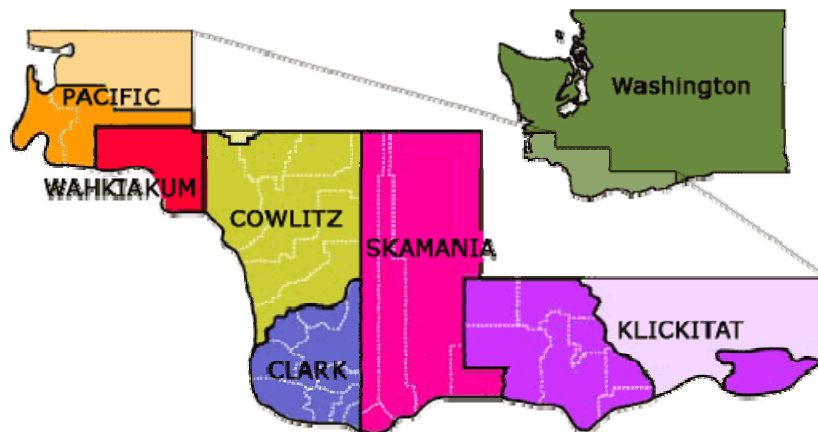
After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of the ESD staff and school district staff. After reviewing the results of the on-site interviews and electronic survey data and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that included issues for all ESDs, the final performance audit report for ESD 112 was provided to SAO, reflecting areas of strength and areas needing improvement.

ESD 112 is located in Vancouver, Washington. ESD 112 provides services to 30 school districts and 23 private schools in the six southwest counties of Clark, Cowlitz, Klickitat, Pacific, Skamania, and Wahkiakum. The main purpose of ESD 112 is to ensure equal opportunities for quality education and lifelong learning for all.

Exhibit 1-1 provides a regional map of the county school districts served.

EXHIBIT 1-1 REGIONAL MAP OF ESD 112 VANCOUVER



Source: ESD 112 Web site - <http://www.esd112.org/schooldistricts/index.html>.

The scope of ESD 112 services include, but are not limited to, curriculum, instructional support and assessment, business operations, transportation, youth employment, printing, public relations, data processing, payroll, fingerprinting, network support, a statewide K-20 computer network, traffic safety education, construction management, preschool programs, homeless transportation, para-educator training, and special education.

Exhibit 1-2 displays the list of services provided by ESD 112 to each district. In 2004-05, ESD 112 spent \$41,489,441 with 23 percent going to special education programs, 16 percent to adult job training, 10 percent for core programs, and nine percent to other non-instructional programs. Eight percent or less went to each of the following programs: data processing, other instructional programs, transportation, employment programs, safe and drug free schools, math and science, early childhood, risk management, staff development, and educational technology.

Below is a list of some of the major accomplishments of ESD 112 in the past 11 years according to the On Target 2006 report.

- ESD 112 has been restructured into two efficient divisions flexible enough to support annually changing programs and services, while providing stability and continuity to ongoing operations. The structure flourishes despite staffing changes and growth or declines in various program revenues.
- ESD 112 is a “team player” in the Washington system of nine ESDs and collaborates to increase capacity of each region’s ESD. ESD 112 was the first to publish annual “system analyses” showing common services among ESDs as well as differences, and it continues to provide annual updates.
- An increased emphasis on quality and consistency is pervasive throughout the organization. ESD 112 is recognized regionally and nationally for “best practices” in numerous areas.
- ESD 112 has completed a system of standardizing its computer platform and centralizing technology purchases for cost savings and efficiencies.
- ESD 112 is the only ESD in the state to run a health benefits cooperative. The Columbia Gorge Schools Health Benefits Cooperative serves 500 employees in 10 Gorge districts, with premiums totaling \$3,990,000. A new contract was negotiated in 2006 with new provider, generating additional cost savings to districts.

- In response to elimination of the state subsidy for traffic safety programs, ESD 112 designed and implemented a successful self-pay program providing 25 sessions annually. The program was operated using a traffic safety curriculum developed at ESD 112 and recognized nationally as one of the best in the country.
- Annual revenues have grown by an average of more than 9.8 percent per year.
- The employee retention average over nine years has been 84 percent.
- A system of policy development adoption with annual reviews is in place and fully used, as is a similar system for administrative guidelines. The ESD 112 model is recognized among service agencies as “best practice.”
- All 30 public school districts and two state school leaders are actively engaged in executive advisement of effective ESD operations. All use ESD programs and services.
- Bi-annually, ESD 112 hosts the boards of the 30 school districts in joint professional development activities.
- ESD 112 operated 300 programs in 2005.
- More than 1,600 teachers receive training each year in almost 200 ESD 112 classes.
- ESD 112 has saved the districts \$208,627 through participation in the ESD 112 Ed Tech Support Center’s instructional bid process.
- ESD 112 has managed the building or remodeling of 5 million square feet of facilities.
- Approximately 180 students completed their GED through ESD 112 in 2005.
- Twenty percent of students in Southwest Washington who are enrolled in districts participating in the Science Materials Education Resource Center Cooperative score higher on the Washington State Assessment of Student Learning (WASL) than those students in districts that do not participate.
- ESD 112 specialized transportation drivers transport 60 homeless students to and from school in 10 school districts.
- ESD 112 provides hearing screenings to approximately 9,120 students through the audio logical services.

Key commendations for ESD 112 include:

- Educational Service District 112 is commended for developing and implementing a comprehensive planning process that is an integral part of the operation and structure of the ESD.
- Educational Service District 112 is commended for developing and operating a comprehensive Public Information Office which provides services for the ESD, the region's public and private schools, and various non-profit agencies.
- ESD 112 is commended for its efficient and effective planning and budgeting organizational structure that allows it to effectively monitor and control its budget activities and expenditures, while still offering a large number of services to its districts.
- ESD 112 is commended for providing cost savings to participating districts in the Special Education Cooperative.
- ESD 112 is commended for seeking funding streams from products as well as programs and services for their districts and districts out of their region.
- ESD 112 is commended for providing a new employee packet and training for all new employees.
- ESD 112 is commended for offering fingerprinting services and a certification tracking system for its member school districts.
- ESD 112 has developed and implemented a conference center and meeting room data system that collects data related to the facility percentage of use.
- ESD 112 has developed a very comprehensive facilities-use document that clearly defines the use of facilities and provides guidelines for outside groups and/or agencies who lease the facility.
- ESD 112 is commended for its well-kept facilities and the cost savings approach of having 2.5 custodians on staff.
- The print center in ESD 112 uses outside vendors, as needed, for cost efficiencies.
- The print center in ESD 112 actively participates in regional school districts' bid process for print-related services and analyzes bid results to determine how they compare with their competitors.
- ESD 112 is commended for implementing a solid purchasing process for products used to integrate technology in the district classrooms.

- ESD 112 has established a commendable and award-winning video production service for the regional school districts and the community.

Key recommendations for ESD 112 include:

- Develop and implement a communication process for the ESD Board of Directors to have increased opportunities to participate in and receive more detailed assessments related to services provided from the ESD to the region's school districts. **(Recommendation 3-1)**
- Add an initial adoption and revision date reference for each board policy along with an index for the entire policy manual. **(Recommendation 3-2)**
- Convert and house the Series 100, 200, 300, 400, and 500 Board Policies on the ESD's Web site with a searchable table of contents. **(Recommendation 3-3)**
- Convert the 2006-07 Administrative and Operational Guidelines Manual to a web-enabled format, including a searchable topic index, and place on ESD 112's Web site. **(Recommendation 3-4)**
- Place the seven leadership (cabinet) team members on different salary schedules which are appropriate for the position title and leadership function. **(Recommendation 3-5)**
- Obtain government rates for lodging, based on the per diem rates used by the State of Washington and consider discontinuing the use of travel agents for booking flights for staff and board members (to the extent that the ESD finds that its costs for staff to book the air fare are less than the \$20 service fee charged by the travel agent). **(Recommendation 4-1)**
- Create a committee of program and administrative staff to establish relevant program measures that are linked to budgets for the ESD departments and program services. Use these measures in making decisions on whether to continue or modify programs and services of the ESD. **(Recommendation 4-2)**
- Increase the response rate for the online customer satisfaction survey used by ESD 112. **(Recommendation 5-1)**
- Disaggregate student performance data to drive decision-making for low performing schools. **(Recommendation 5-2)**

- Expand tracking of student performance in math to validate the program services provided by the Science and Mathematics Education Resource Center. **(Recommendation 5-3)**
- Present the salary schedules for board approval as a separate agenda item from the ESD budget. **(Recommendation 6-1)**
- Use the annual salary survey or cost-of-living assumption as the basis for making changes to the salary schedules presented to the board. **(Recommendation 6-2)**
- Create a template for job applications to be submitted online. **(Recommendation 6-3)**
- Clarify in writing the landlord's and district's responsibilities for preventive and general maintenance of ESD 112's main campus facilities. **(Recommendation 7-1)**
- Develop a detailed and comprehensive five-year facilities plan. **(Recommendation 7-2)**
- Advertise and sublease a portion of the 10,500 square foot warehouse located in the main campus, "2200" building. **(Recommendation 7-3)**
- Conduct an energy audit to identify areas that need retrofitting to reduce energy expenditures. **(Recommendation 7-4)**
- Establish a data-collection process that compares Construction Services Group (CSG) charges to private sector construction service charges. **(Recommendation 7-5)**
- Establish a database for each ESD 112 Construction Services Group construction project that records accurate cost-savings and time-saving efficiencies. **(Recommendation 7-6)**
- Develop a formal disaster recovery plan. **(Recommendation 8-1)**
- Create a comprehensive technology-related procedures manual. **(Recommendation 8-2)**

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Exhibit 1-3 shows the total estimated cost savings for the recommendations represented in the report for ESD 112. As shown, the total estimated savings (should MGT's recommendations be implemented) is estimated at a total of \$122,167.

EXHIBIT 1-3 SUMMARY OF ANNUAL SAVINGS (COSTS)

CATEGORY	YEARS					TOTAL FIVE-YEAR SAVINGS (COSTS)
	2007-08	2008-09	2009-10	2010-11	2011-12	
TOTAL SAVINGS	\$18,603	\$25,891	\$25,891	\$25,891	\$25,891	\$122,167
TOTAL (COSTS)	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL NET SAVINGS (COSTS)	\$18,603	\$25,891	\$25,891	\$25,891	\$25,891	\$122,167
TOTAL ONE-TIME SAVINGS (COSTS)						\$0
TOTAL FIVE-YEAR SAVINGS (COSTS) INCLUDING ONE-TIME SAVINGS (COSTS)						\$122,167

FISCAL IMPACT for Recommendation 7-4

The implementation of this recommendation should be at no cost to ESD 112, if the energy audit is conducted internally or through an energy performance contract. Energy audits that are conducted without a performance contract usually result in a cost range of \$5,000 to \$10,000 (TAC America); however, as described, ESDs that conduct these audits can show a return on investment as illustrated by the example given regarding the RESC 12.

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees in Educational Service District (ESD) 112, school district superintendents within the ESD 112 region, and the nine ESD Superintendents were invited to participate in an on-line survey. The following sections contain highlights of the survey results for:

- ESD 112 Vancouver employees;
- School district superintendents within ESD 112 Vancouver; and
- Nine ESD Superintendents.

Details on all survey items are found immediately after the highlights.

2.1 ESD 112 Vancouver Employee Survey Highlights

At least 50 percent of ESD employees strongly agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (57%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (68%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (54%).
- Our ESD is highly efficient and effective (52%).
- Our ESD is highly responsive to the service needs of member school districts (56%).
- Our ESD provides quality services (66%).
- Our ESD listens and tries to meet the needs of the school districts (56%).

At least 50 percent of ESD employees strongly disagree with the following:

- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (51%).
- All ESDs should be abolished (77%).

- No one knows or cares about the amount or quality of work that I perform (51%).
- I am actively looking for a job outside of my ESD (50%).

2.2 ESD 112 Vancouver School District Superintendent Survey Highlights

At least 50 percent of school district superintendents *strongly agree* with the following:

- Our school district frequently utilizes services provided by our ESD (73%).
- The services provided by our ESD are critical to the success of our district's programs and operations (82%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (73%).
- The ESD in our region is highly efficient and effective (77%).
- The ESD in our region is highly responsive to the service needs of our school district (77%).
- The ESD in our region provides quality services (73%).
- There are adequate channels of communication with the ESD in our region (77%).
- The ESD in our region is responsive to complaints (64%).
- The ESD in our region is responsive to requests for services (73%).
- The ESD in our region listens and tries to meet the needs of the school district (81%).
- ESDs should continue to be funded by the state (86%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (64%).
- Under the current governance structure, the ESDs are primarily accountable to the school districts within each region (57%).

At least 50 percent of school district superintendents are *very satisfied* with the following:

- Support for Science (55%).
- Support for Special Education (55%).
- Training and assistance in the use of technology (55%).
- Purchasing cooperatives (50%).
- Services and support for Educational Data Systems (EDS) (55%).

At least 50 percent of school district superintendents *strongly disagree* with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (73%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (73%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (68%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (59%).
- The current number of 9 ESDs should be reduced (55%).
- All ESDs should be abolished (77%).
- OSPI should hold each ESD responsible for student performance in all school districts within its region (57%).

2.3 ESD Superintendents Survey Highlights

At least 50 percent of ESD Superintendents *strongly agree* with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).
- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).

- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).
- The ESDs should use the regional structure used by OSPI to provide services to school districts (89%).
- The current number of ESD Board of Director members is appropriate (67%).
- The current number of 9 ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of 9 ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

This chapter presents findings and recommendations relating to the overall governance and management of the Educational Service District 112. The major sections of the chapter include:

- 3.1 Mission, Goals, and Objectives
- 3.2 Educational Service District Governance
- 3.3 Policies and Procedures
- 3.4 Organization and Management
- 3.5 Public Information and Communication

METHODOLOGY

The primary methodologies used to review governance and management addressed in this chapter include the following:

- Interviews of the ESD Board members and senior management to inquire about governance structure and leadership approach.
- Review of organizational charts, job classifications, strategic plans, policies and procedures, board minutes, and other relevant documents.
- Review of responses from participants in on-line surveys; and
- Comparison of the ESD practices with best practices of other organizations.

CHAPTER SUMMARY

Overall, the audit team found that the Educational Service District 112 administration and board of directors are providing oversight and leadership for the service district.

The following areas merit commendations and are discussed in detail later in this chapter:

- Educational Service District 112 is commended for developing and implementing a comprehensive planning process that is an integral part of the operation and structure of the ESD.
- Educational Service District 112 is commended for developing and operating a comprehensive Public Information Office which provides services for the ESD, the region's public and private schools, and various non-profit agencies.

The following recommendations are proposed in this chapter:

- Develop and implement a communication process for the ESD Board of Directors to have increased opportunities to participate in and receive more detailed assessments related to services provided from the ESD to the region's school districts. (**Recommendation 3-1**)
- Add an initial adoption date reference for each board policy along with an index for the entire policy manual. (**Recommendation 3-2**)
- Convert and house the Series 100, 200, 300, 400, and 500 Board Policies on the ESD's Web site with a searchable table of contents. (**Recommendation 3-3**)
- Convert the 2006-07 Administrative and Operational Guidelines Manual to a web-enabled format, including a searchable topic index, and place on ESD 112's Web site. (**Recommendation 3-4**)
- Place the seven leadership (cabinet) team members on different salary schedules which are appropriate for the position title and leadership function. (**Recommendation 3-5**)

3.1 Mission, Goals, and Objectives

Effective organizations need to have the ability to determine the correct direction for the organization. How to determine the correct direction is a product of effective planning. Planning is not an accidental process with what are often termed random acts of improvement. In the book *The Basic School: A Community for Learning*, Ernest L. Boyer states that "A school community is, first a purposeful place, with a clear and vital mission." A quality planning process needs to be embedded in the operation of the organization and understood by all the employees.

Strategic planning is a proactive process of envisioning the future and developing the necessary strategic actions to bring the vision to reality. In essence, a good strategic plan serves as a map for an organization's members to guide actions towards meeting organizational goals. In addition, planning moves organizations from reactionary modes to proactive modes by connecting goals, strategies, performance measures, and action plans to an overall resource allocation process. Organizations that link these elements through the planning process are much more likely to achieve identified goals and enhance their overall organizational effectiveness.

FINDING

Educational Service District 112 has fully implemented a comprehensive strategic planning process.

A review of ESD 112 documents and staff interviews indicate that an effective strategic planning process is in place and functioning in the ESD. The ESD has implemented a planning process that is meeting the needs of the staff and the region's districts. A

review of *On Target* documents for 2004, 2005 and 2006 define the strategic plan's goals, strategies, and accomplishments. Interviews of staff confirmed that ESD 112's staff members are involved in the development and implementation of the comprehensive plan. The document is used to communicate with ESD staff, the board of directors, and the region's school superintendents.

School district superintendents evaluate the services offered by the ESD in June of each year. Members of the board of directors are very familiar with the strategic plan and each director discussed the plan during their interviews. The board of directors and administration of ESD 112 participate in an annual Planning and Accountability retreat each October. The purpose of the retreat is to review the comprehensive plan's accomplishments and areas which need to be added, modified, and/or eliminated.

Exhibit 3-1 provides an Executive Summary of ESD 112's Comprehensive Planning Efforts along with a timeline for development and implementation of the plan.

**EXHIBIT 3-1
EXECUTIVE SUMMARY OF ESD 112 AGENCY
COMPREHENSIVE PLANNING EFFORTS**

**EDUCATIONAL SERVICE DISTRICT 112
COMPREHENSIVE PLANNING EFFORTS AND TIMELINES**

I. TIMELINE

On-going, through 12 month, repeats annually.

May	Budget development (major) Division Planning based on known revenues
June	Budget approval Client evaluation of ESD Services Executive/Administrative Evaluations
July	Division planning continues
August	Action plans developed based on revenues
September	Continued development of comprehensive department/program goals, program implementation.
October	Board Planning & Accountability Retreat Department summaries to board; combination of accomplishments and programs aimed at comprehensive goals
December	Periodic goal review
January	Implementation of Action Plans
February	As possible addition of programs directed to implement comprehensive goals.
March	Budget Development (initial)
April	Cabinet reports to board on activities and accomplishments to date

II. MISSION/AGENCY OVERARCHING GOALS:

Guides the entire agency effort, reviewed annually, changed only periodically with board approval. (Specific goals/objectives exist for each funded contract/program – approximately 300 of these each year.)

III. COMPREHENSIVE FOCUS:

Common elements guiding the superintendent and administrators in determining annual division/department goals and objectives: Infrastructure, Performance, Partnership, and Leadership.

IV. ACCOUNTABILITY:

Reporting of agency accomplishments – division and department goals/ objectives – provides foundation for evaluation of all programs / services.

Source: ESD 112 *On Target* Document Section A-6, 2006.

COMMENDATION

Educational Service District 112 is commended for developing and implementing a comprehensive planning process that is an integral part of the operation and structure of the ESD.

3.2 Educational Service District Governance

The board of directors act under authority from the Washington Legislature and serve as the governing body for ESD 112. The board of directors is comprised of seven members, from seven director districts. The term of office for each board member is four years. Candidates for the board of directors file with the Secretary to the State Board of Education. Local district school board members in ESD 112 elect the board members.

The ESD Board of Directors are elected in a similar manner to their counter parts serving on the board of directors in Texas. Boards of directors in Texas serve three-year staggered terms with two to three board members being elected on an annual basis by the Board of Trustees in the respective Regional Education Service Center's (RESC) school districts. Both states have very similar requirements for governance and oversight of service agencies. Neither state provides for any compensation to the board members for serving on a board. Both states do provide for a reimbursement for travel and other related actual expenses to attend board meetings, conventions, and trainings. One variance is that the ESD 112 Board has an elected board member serving as the chair and vice-chair, with the secretary position being held by the district's superintendent. The Texas model has the position of chair, vice-chair, and secretary held by board members voted on by the respective RESC Board. Texas also requires that an ex-officio board member from a regional charter school be appointed annually by the Commissioner of Education.

Exhibit 3-2 displays ESD 112's superintendent survey information regarding the ESD's Board of Directors and governance model. The survey results indicate the ESD's superintendents are in agreement that the number of the ESD Board members is appropriate. The superintendents also indicate that they understand the governance and oversight of the ESD, and that appropriate levels of oversight are in place.

**EXHIBIT 3-2
SURVEY OF WASHINGTON SCHOOL DISTRICT SUPERINTENDENTS
ESD 112 VANCOUVER
PERCENTAGE OF RESPONSES**

STATEMENT	SA	A	N	D	SD	DK
The current number of ESD Board of Director members is appropriate	27	50	9	5	0	9
We understand the governance and oversight structure of the ESD in our region.	23	73	0	0	5	0
There are appropriate levels of oversight for the ESD in our region.	36	59	5	0	0	0

Source: MGT of America Survey Document, 2006.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

Exhibit 3-3 provides information related to each current board member and indicates that:

- three terms will expire in 2007, and four terms will expire in 2009; and
- one member has one year of experience, one has three years, one has four years, and four have a range of eight to eighteen years of experience on the board.

**EXHIBIT 3-3
EDUCATIONAL SERVICE DISTRICT 112
BOARD OF DIRECTORS**

BOARD MEMBER	TITLE	LENGTH OF SERVICE	TERM EXPIRES	OCCUPATION
Ann Campbell	Vice-Chair	11	2007	Grocery Store Co-owner
Bill Baumann	Member	4	2009	Retired Human Resources Director – Sportswear Co.
Ken Botero	Member	1	2009	Retired Maintenance Supervisor – Area Business
Richard Graham	Chair	9	2007	Retired Optometrist
Marilyn Koenninger	Member	18	2007	Children Northwest Board Member
Darlene “De” Stickel	Member	8	2009	Computer Company
Steve Wrightson	Member	3	2009	Fire Chief of a County District

Source: Educational Service District 112 Board Member Document, November 2006.

Regular board of director meetings are held on the Tuesday immediately preceding the last Thursday of each month, unless changed by the board. The time for each meeting is 6:30 p.m. unless the board moves to change the time prior to the next meeting. A majority of the board (four members) constitutes a quorum. A review of board meeting minutes and packets shows that information was readily available for board of directors to discuss, take board action, and provide governance of the district. Interviews and board minutes indicate that the board does provide the required oversight for ESD 112. Interviews with staff and board members did not reveal any instances of board of director micro-management.

FINDING

ESD 112 Board of Directors has an effective survey process in place to assist in assessing the satisfaction level of regional school districts, but does not have an effective process in place to communicate with key staff in the districts.

The board of directors indicated in their interviews that they represent different portions of the service region. Information was shared by several of the ESD Board members that they had very little if any contact with the school district superintendent or other key staff in the districts in their respective director districts. The board needs a communication process in place to assist with the evaluation of the ESD's effectiveness related to services provided to school districts.

Regional Education Service Centers (RESCs) in Texas use a third party survey of school district superintendents to secure information regarding the satisfaction of services provided by the system of service centers. Currently, the University of Texas – Austin conducts the survey and provides an aggregated document to the RESCs and the Texas Education Agency. The university also provides to each RESC and the Texas Education Agency a copy of the survey results for each respective region. This practice has been in place for over 10 years and provides useful data to the RESC's board, administration, and staff members. Furthermore, most Texas RESCs also conduct their own needs assessments with superintendents, central office staff, teachers, and other school district and charter school personnel. The regional data assist in planning programs and services that are provided by the RESC to the region's school districts and charter schools.

Exhibit 3-4 provides an excerpt of some of the questions used in the Texas Regional Education Service Center third party survey document.

**EXHIBIT 3-4
TEXAS EDUCATION SERVICE CENTER
THIRD PARTY SURVEY SAMPLE QUESTIONS**

**EDUCATION SERVICE CENTER
THIRD PARTY SURVEY SAMPLE DATA REPORT AND QUESTIONS**

Region ____ Data Report

How satisfied has your district/charter school been with RESC services to support regular education programs?

How satisfied has your district/charter school been with RESC services to support these programs for special populations?

1. Special Education:
2. At-Risk and Compensatory Education:
3. Bilingual and ESL Education:
4. Advanced Academics Education (GT/AP):
5. Migrant Education:

How satisfied has your district/charter school been with the following RESC Services?

6. Services to help the district/charter school operate more efficiently and economically (shared services, cooperatives, curriculum support, business services, etc.)
7. Services and support for PEIMS:
8. Services to assist the district/charter school in complying with federal and state regulations and guidelines (e.g. NCLB, AYP, PBM, Child Nutrition):
9. Services and assistance to help improve student performance:
10. School board training services:

EXHIBIT 3-4 (Continued)
TEXAS EDUCATION SERVICE CENTER
THIRD PARTY SURVEY SAMPLE QUESTIONS

Additional Information

11. I am a:
12. District or charter school name:
13. Your district/charter school is located in which ESC region?
14. Years as a superintendent in Texas public schools:
15. Years a superintendent in your current ESC region:
16. Years as charter school director in Texas:
17. Years as charter school director in your current ESC region:

Comment

Source: Regional Education Service Center Third Party Survey – University of Texas, 2006.

Recommendation 3-1:

Develop and implement a communication process for the ESD Board of Directors to have increased opportunities to participate in and receive more detailed assessments related to services provided from the ESD to the region's school districts.

The board of directors should request that the administration develop a communication process to assist the board in evaluating the services of the district. One of the most common communication processes used nationally by service agencies is a client satisfaction survey instrument. Satisfaction survey instruments are easily developed and administered. The results collected should assist the district in receiving data as to delivery of services and additional needs of the various school districts in the region. The results of satisfaction survey data, along with an administrative analysis, should be provided to the board of directors for their review and discussion before the board sets ESD 112's annual goals.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The ESD Board of Directors should request that the superintendent develop and use a communication process to receive school district feedback. June 2007
2. The ESD Superintendent and cabinet should research processes and develop a tool that effectively provides information from the school districts to the board of directors and Administration. June – July 2007
3. The ESD Superintendent should administer the communication tool to the ESD 112 school districts. Data should be returned to the superintendent's office by the appropriate school district personnel. August 2007

- | | |
|--|-----------------------------|
| 4. The ESD Superintendent should collect data from the region's school districts. The data should be analyzed by ESD staff and presented to the board of directors for their review and consideration. The data received should be used with the board of director's annual goal setting for the district. | October 2007 |
| 5. The process and quality of the data should be reviewed by the ESD Board of Directors. The final communication process should be approved by the board and should be used on at least an annual basis. | October 2007
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources. ESD 112 could also collaborate with a university to assist in implementing this recommendation.

3.3 Policies and Procedures

The development and adoption of Educational Service District policies and procedures are important functions of the board of directors. An educational service district's board policies provide a legal framework, often based on state and federal law that guides the operation and decision-making processes of the district. Board policies provide a means by which an educational service district can communicate its expectations to its various constituencies.

Well-designed policies and procedures provide the basis for:

- establishing the board of directors expectations for the organization;
- keeping the board of directors and administration within legal guidelines;
- establishing an essential balance and division between policy-making and administrative roles that provides for a system of checks and balances for the organization;
- creating policies and guidelines to assist staff and clients;
- providing reasonable assurances of consistency and continuity in decisions; and
- providing a legal basis for the allocation of fiscal, personal, and facility resources.

The Educational Service District 112 Policy Manual is updated regularly and the entire document is reviewed by the ESD Board of Directors and Superintendent on an annual basis. Policies and procedures establish the philosophy and position of the board of directors and need to be stated in sufficient detail to provide adequate direction for the

district's employees. Board policies also provide a communication vehicle to the region's school districts as to how the ESD is managed and operates.

Board policies are adopted as a general rule after two readings by the board of directors at separate meetings of the board. Copies of the policy manual are maintained in the ESD Superintendent's office and with each member of the ESD Board of Directors. One of the superintendent's executive assistants has the responsibility for keeping the official ESD 112 Board Policy Manual current and up-to-date.

Exhibit 3-5 outlines ESD 112 Board policies, organized by section number, title, and policy code.

**EXHIBIT 3-5
ORGANIZATION OF ESD 112 POLICY AND REGULATIONS MANUAL**

SECTION	SECTION TITLES	POLICY CODES
Series 100	Board of Directors	101 – 103
Series 200	Superintendent / Administration	201
Series 300	Personnel	300 – 334
Series 400	Business	400 - 408
Series 500	Instructional	500 – 504

Source: Educational Service District 112 Board Policy Manual, November 2006.

FINDING

ESD 112 has a policy manual in place that is missing some adoption dates, as well as an index for the entire document.

The board Policy Manual consists of policies that provide information and procedures to the staff of ESD 112. However, the board policies do not have an adoption date for each policy or an index for the entire manual. The members of the board of directors are familiar with board policy and the process used to review the proposed policies through final adoption. The board also conducts an annual review of all board policies.

A review of ESD 112 board policies revealed one weakness. Most policy manuals use a policy coding system and a system to identify the most current revision of the policy. This identification system usually is in the form of an initial adoption date or revision date reference on each policy. The Texas Association of School Boards (TASB) Policy Service which serves the twenty Regional Education Service Centers and one thousand school districts uses a date reference system for their policies. TASB policies include a reference system which is listed as the "Date Issued".

Exhibit 3-6 lists a sample TASB Regional Education Service Center Policy with the "Date Issued" displayed on the policy.

**EXHIBIT 3-6
SAMPLE TEXAS ASSOCIATION OF SCHOOL BOARDS
EDUCATION SERVICE CENTER BOARD POLICY WITH DATE ISSUED REFERENCE**

BOARD POLICIES	Within the context of current law, the ESC shall be guided by board-adopted written policies that are given appropriate distribution and are accessible to staff members and community residents.
	Legally referenced policies contain provisions from federal and state statutes and regulations, case law, and other legal authority that together form the framework for local decision making and implementation. These policies are binding on the ESC until the cited provisions are repealed, revised, or superseded by legislative, regulatory, or judicial action.
HARMONY WITH LAW	No policy or regulation, or any portion thereof, shall be operative if it is found to be in conflict with applicable law.
SEVERABILITY	If any portion of a policy or its application to any person or circumstance is found to be invalid, that invalidity shall not affect other provisions or applications of policy that can be given effect without the invalid provision or application; and to this end the provisions of this policy manual are declared to be severable.
POLICY DEVELOPMENT	Policies and policy amendments may be initiated by the Executive Director, members of the board, advisory committees, local school district officials, or the Commissioner, but shall be recommended for the board's consideration by the Executive Director.
ANNUAL REVIEW	The Executive Director shall establish a schedule and procedure for annual review of policies.
OFFICE POLICY MANUAL	The board designates the online policy manual as the official policy manual of the ESC. The Executive Director shall ensure that any adopted policies are delivered to be placed online as expeditiously as possible. Individual policies adopted by the board, but not immediately placed online, shall constitute the official policy for the ESC as of the date of adoption, or at a future date designated by the board.
TASB LOCALIZED UPDATES	After board review of legally referenced policies and adoption of local policies, the new material shall be incorporated into the official policy manual online and into any hardcopy manuals maintained by the ESC. If discrepancies occur between the official online copy of the manual and other copies maintained by the ESC, the version contained in the official online policy manual shall be regarded as authoritative.

Source: Texas Association of School Board Policy Service, Regional Education Service Center Region XII Board Policy BF(Local), Date Issued 7/5/2006.

Recommendation 3-2:

Add an initial adoption date reference for each board policy along with an index for the entire policy manual.

The implementation of this recommendation should provide clearer communication to the board of directors, administration, staff, and the region's school districts as to when policies were adopted and that the policy being reviewed is the latest version. Adding an

index for the entire manual should assist in the ease of locating specific policies which are located in each series.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------|
| 1. The ESD Superintendent should instruct the administrative assistant to the superintendent and board of directors to update all board policies with the initial adoption date and (if applicable) the date that the policy was revised. Adoption dates should be current on all policies and should become part of the policy adoption/revision process. | September 2007 |
| 2. The ESD Superintendent should instruct the administrative assistant to the superintendent and board of directors to develop and add an index for the entire board Policy Manual. The index should be updated as board policies are adopted, deleted, and/or modified. | October 2007 |
| 3. The ESD Board of Directors should review and adopt these modified policies and format once the recommendation is completed by staff. | October 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Board policies are kept in hard copy and on CD, but have not been converted to an electronic web-based format.

The use of hard copy policy manuals and/or CD may limit the access of important information for ESD 112's Board of Directors, administration, staff members, school district personnel, and the general public. Maintaining multiple hard copies and/or CDs requires a constant review of each manual by staff to ensure that the policies are current. Districts often find that they experience numerous complaints due to someone on staff quoting or copying an out-of-date policy from their version of the policy manual. Web-based policy manuals provide a greater level of access and assist in ensuring that the latest policy version is posted and available for review. The ease of updating board policies is enhanced by the fact that the person responsible for board policies only has to make the updates once and then post them on the web.

The ESD 112 Employee Survey conducted in 2006 by MGT found staff references to the need for board policies to be placed online. An example of a policy online process may be found for Texas Regional Education Service Center XX at <http://portal.esc20.net>. (Click the *About Us* tab on the Home Page and then *ESC 20 Policies* tab.)

Recommendation 3-3:

Convert and house the Series 100, 200, 300, 400, and 500 Board Policies on the district's Web site with a searchable table of contents.

The implementation of this recommendation should result in increased access to board policies by the board of directors, administration, staff, school districts, and general public. Electronic versions of the policy manual can be housed on ESD 112's Web site and readily searched via the internet. Web enabled versions often have features that allow for an overall table of contents listing all policy and regulation numbers and titles along with the date of adoption or revision. Some Web enabled policies also allow for an individual to search policies by topic or by specific words.

Many service agencies have found that the maintenance of hard copy manuals require personnel time related to having to update all manuals maintained by the agency. Additional expense is required to duplicate copies of new and revised policies. Three Texas Education Service Centers indicate that they each save approximately \$2,000 per year by having ESC board policies online.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|------------------------------|
| 1. The ESD Superintendent should instruct the deputy director of web communications and the superintendent and board of director's executive assistant to convert ESD 112's Board Policies to a web-enabled format. The policies should be placed on the ESD's Web site and have a searchable policy index. | October 2007 |
| 2. The ESD Superintendent should instruct the deputy director of web communications to provide training on the use of the Web-based policy manual for the board of directors and the district's staff members. | November 2007 |
| 3. The ESD Deputy Director of web communications and the superintendent and board of director's executive assistant should continue being responsible for the maintenance of the board Policy Manual. | November 2007
and Ongoing |

Staff currently employed at ESD 112 should be able to convert the policies to an electronic format and house them on the district's home page. ESD 112 should place the entire policy manual including Series 100, 200, 300, 400, and 500 on its Web site.

FISCAL IMPACT

This recommendation could be implemented at no additional cost by using existing ESD staff. A potential cost savings is conservatively estimated at \$2,000 per year and a five-year savings of \$10,000.

Exhibit 3-7 lists the potential savings to ESD 112 by placing the ESD's policies on the web.

**EXHIBIT 3-7
POLICY ON-LINE SAVINGS**

SAVINGS TYPE	ANNUAL SAVINGS
Personnel Time	\$1,500
Printing Cost	\$ 500
Annual Savings	\$ 2,000

Source: Created by MGT of America – Information from Texas RESC 2, 5, and 12.

The summary of savings for each year during the period of 2007–12 is shown below. This recommendation could be implemented at an annual savings of \$2,000 resulting in a five-year savings of \$10,000.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Convert and House the Board Policies on the District's Web Site.	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000

FINDING

While the 2006-07 Administrative and Operational Guidelines Manual for ESD 112 are comprehensive and well developed, the document is not available on the web site.

The manual has 18 sections with clearly defined procedures and expectations for the staff. The district's operational processes are detailed in the manual. The Administrative and Operational Guidelines Manual provides a communication tool from the administration to all district employees as to the ESD procedures and practices. Currently, around 20 copies of the manual are maintained for staff use. ESD 112 does not maintain the manual on the ESD's Web Site which can result in difficulties for employees to access the procedures and practices.

Exhibit 3-8 lists the sections included in the Administrative and Operational Guidelines manual.

**EXHIBIT 3-8
EDUCATIONAL SERVICE DISTRICT 112
ADMINISTRATIVE AND OPERATIONAL GUIDELINES
SECTION INDEX**

SECTION LETTER	SECTION TOPIC
A	General Procedures
B	Facilities
C	Hiring
D	General Accounting
E	Account Codes
F	Invoice Vouchers
G	Purchase Orders
H	Contract Writing & Processing
I	Accounts Receivable
J	Journal Vouchers
K	Leased Auto Operation
L	Travel
M	Inventory Procedures
N	Records Retention
O	Agency Committees
P	Safety
Q	Electronic Communications
R	Grant Writing

Source: Educational Service District 112 Administrative and Operational Guidelines, 2006-07.

A review of the manual's contents indicates that the document is a valuable communication tool for the Educational Service District. The manual is over two hundred pages in length with a tabbed format in place for reference assistance.

Many service agencies have created web-enabled documents for their web sites. This practice allows for a searchable index and greater ease for the administration and staff to quickly reference information within the manual. Education Service Centers in Texas have placed their handbooks on their web sites in employee web networks to provide easy access to the documents for their staff members.

Recommendation 3-4:

Convert the 2006-07 Administrative and Operational Guidelines Manual to a web-enabled format, including a searchable topic index, and place on ESD 112's Web site.

Implementation of this recommendation should result in increased staff efficiency in searching and accessing information contained within the Administrative and Operational Guidelines Manual. The conversion to a web-based document should ensure that the document is current and that out-dated information is not being used by the administration and/or staff.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|---------------------------------------|
| <p>1. The ESD Superintendent should instruct the associate superintendent of Instructional Services and Technology and the superintendent to convert ESD 112's Administrative and Operational Guidelines Manual to a web-enabled format. The manual should be placed on the ESD's Web site and have a searchable policy index.</p> | <p>June –
August 2007</p> |
| <p>2. The ESD Superintendent should instruct the associate superintendent of Instructional Services and Technology to provide training on the use of the web-based manual to all staff members.</p> | <p>September 2007</p> |
| <p>3. The ESD Superintendent and cabinet should ensure that the manual's contents are updated on at least an annual basis. The associate superintendent of Instructional Services and Technology should continue being responsible for the maintenance of the manual's placement on the web and should ensure that the posted document is the most current version.</p> | <p>September 2007
and Ongoing</p> |

FISCAL IMPACT

This recommendation could be implemented at no additional cost by using existing staff. ESD 112 may save approximately \$360.00 per year by implementing this recommendation for a five-year savings of \$1,800.00.

Exhibit 3-9 lists the potential savings to the Educational Service District by placing the ESD's Employee Guidelines on the web.

EXHIBIT 3-9 GUIDELINE ON-LINE SAVINGS

SAVINGS TYPE	ANNUAL SAVINGS
Personnel Time	\$ 0
Printing Cost	\$ 360.00
Annual Savings	\$ 360.00

Source: Created by MGT of America, 2006.

The summary of savings for each year during the period of 2007–12 is shown below. This recommendation could be implemented at an annual savings of \$360.00 resulting in a five-year savings of \$1,800.00.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Convert and House the Administrative and Operational Guidelines Manual on the ESD's Web Site.	\$360.00	\$360.00	\$360.00	\$360.00	\$360.00

3.4 Organization and Management

Service agency organizational structures and management systems provide key elements in determining the agency's ability to meet its goals and to operate in an effective and efficient manner. An effective organizational structure systematically arranges the functional areas of the system in a manner that supports the district's mission and related goals. A successful organization has the capacity to alter its structure to meet the changing needs of its customers. Organizations that are resistant to this structure are often less likely to meet client requirements/needs and, as a result, tend to experience fewer successes.

Robert J. Marzano in his book *What Works In Schools: Translating Research into Action* states "leadership could be considered the single most important aspect of effective school reform." Marzano has identified the following as the three principles of leadership for change:

- is most effective when carried out by a small group of educators with the principal (key administrator) functioning as a strong cohesive force;
- operates (the leadership team) in such a way to provide strong guidance while demonstrating respect for those not on the team; and
- is characterized by specific behaviors that enhance interpersonal relationships.

The management system of an educational service district organization needs to include the ability to make informed decisions, communicate effectively, and provide appropriate planning and accountability functions. Ultimately these factors determine the extent to which the organization can successfully carry out its mission and accomplish its goals.

This section reviews Educational Service District 112 organization: chain of command, workload/organizational structure, decision-making processes, management, planning and accountability, and public information. Developing and implementing an effective service agency organizational structure are primary responsibilities for the superintendent and superintendent's cabinet members. An organizational structure is a support system designed to facilitate the mission of the district and sustain its efforts to accomplish its goals. To the extent that the mission of the district does not drive its organizational structure, the support system is weakened and consequently the organization's ability to accomplish its mission is compromised.

Organizations are often bureaucratic and subject to the inertia created by tradition and size. Often the organizational structure has evolved based upon tradition and special interests. Too often it is found that organizations tend to represent its predecessors. In fact, organizations should be developed systematically with focused energies on the needs of the organizations clients and staff members.

FINDING

ESD 112 has seven key leadership (cabinet) positions reporting to the superintendent. The district uses the same pay-grade level for all seven administrative positions. Position title variance is based on years of experience that is directly correlated to compensation placement on the same pay-grade level. Three administrators have the same title, with the remaining four having different titles.

Exhibit 3-10 lists the seven leadership areas/departments and employee titles:

EXHIBIT 3-10 EDUCATIONAL SERVICE DISTRICT 112 LEADERSHIP AREA AND EMPLOYEE TITLE (CABINET MEMBERS)

LEADERSHIP AREA /DEPARTMENT	EMPLOYEE TITLE
Department of Children, Youth, and Family Services	Associate Superintendent
Department of Specialized Student Services	Associate Superintendent
Department of Instructional Services and Technology	Associate Superintendent
Department of Business and Financial Services	Chief Financial Officer
Department of School and Agency Operations	Executive Director
Department of Human Resources	Director
Web Communications, Print Services, and Conference & Institute Center	Deputy Director

Source: Educational Service District 112 *On Target* Document, 2006; Educational Service District 112 Administrative and Operational Guidelines Manual, 2006-07.

Analysis of the nine ESDs found that each ESD operates with a different organizational chart. ESD 112's organizational structure is appropriate for the number of programs and staff associated with the ESD.

Exhibit 3-11 lists information regarding the size of the ESD 112 workforce.

EXHIBIT 3-11 ESD 112 STAFFING INFORMATION

EMPLOYEE TYPE	NUMBER OF EMPLOYEES
ESD Employee	500
Children Northwest (Childcare)	200
AmeriCorps	440
Temporary Workers	200
Total	1180

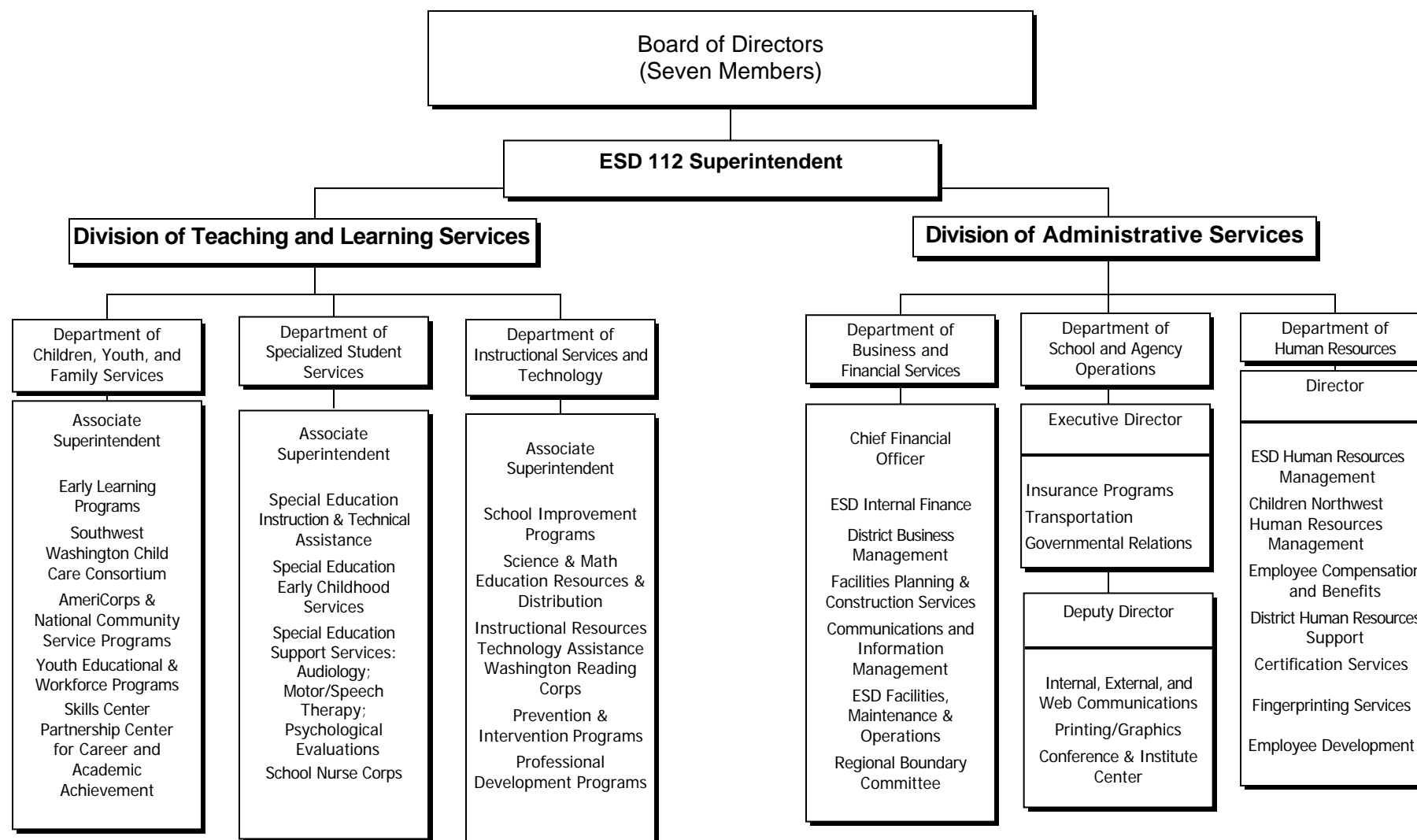
Source: ESD 112 *On Target* Document - 2006 data.

ESD 112 has the largest workforce of any of the ESDs in Washington State.

As shown in **Exhibit 3-12**, the district's Current Organizational Chart shows the executive leadership positions of the district during the November 2006 on-site visit.

In any organization the alignment of essential functions within the executive leadership ranks is particularly important. Proper alignment contributes substantially to ensuring effective support to all elements of the organization in a coordinated manner with the least bureaucratic organizational pattern.

**EXHIBIT 3-12
EDUCATIONAL SERVICE DISTRICT 112
CURRENT ORGANIZATION CHART**



Source: ESD 112 Office of the Superintendent, 2006.

Recommendation 3-5:

Place the seven leadership (cabinet) team members on different salary schedules that are appropriate for the position title and leadership function.

The current leadership (cabinet) team salary pay grade schedule is not a best practice for salary and position administration. It is appropriate for ESD 112 to have cabinet members with different administrative titles. However, the best practice, used by most organizations, is to have the various administrative titles directly correspond to an appropriate pay grade schedule. The current practice is confusing to staff members as to how a title is awarded and why variance exists among the cabinet members. The title structure should be linked to clearly defined job descriptions and pay-grade schedules.

Exhibit 3-13 provides a proposed two option title and pay grade schedule for the ESD 112 Cabinet.

**EXHIBIT 3-13
PROPOSED ESD 112 CABINET TITLE AND
PAY GRADE SCHEDULE**

PROPOSED TITLE Option 1	PROPOSED TITLE Option 2	CURRENT TITLE	PROPOSED PAY GRADE	CURRENT PAY GRADE	PROPOSED SALARY RANGE & PROPOSED SALARY*	2006-07 SALARY RANGE & ACTUAL SALARY**
Associate Supt. (3 FTE's)	Associate Supt. (3 FTE's)	Associate Superintendent (3 FTE's)	PG 2	Administrator Cabinet	\$110,000 – \$125,000 \$122,158*	\$ 96,543 – \$122,158 \$122,158**
Chief Financial Officer	Chief Financial Officer (CFO)	Chief Financial Officer	PG 2	Administrator Cabinet	\$110,000- \$125,000 \$122,158*	\$ 96,543– \$122,158 \$122,158**
Executive Director	Chief Operations Officer (COO)	Executive Director	PG 3 Option 1 PG 2 Option 2	Administrator Cabinet	\$100,000 – \$115,000 \$115,000* Option 1 \$110,000- \$125,000 \$122,158* Option 2	\$ 96,543 – \$122,158 \$122,158**
Deputy Director for HR	Deputy Director for HR	Director HR	PG 4	Administrator Cabinet	\$ 90,000 – \$105,000 \$104,421*	\$ 96,543 – \$122,158 \$104,421**
Deputy Director for School & Agency Operations	Deputy Director for School & Agency Operations	Deputy Director for School & Agency Operations	PG 4	Administrator Cabinet	\$ 90,000 – \$105,000 \$104,421*	\$ 96,543 – \$122,158 \$104,421**

Source: Created by MGT of America, 2006, and ESD 112 Salary Survey 2005-06.

Option 1: The ESD Superintendent should be placed in pay grade 1, the three associate superintendents and chief financial officer in pay grade 2, the current executive director in pay grade 3, the proposed title change to deputy director for Human Resources, and the deputy director for School and Agency Operations in pay grade 4.

Option 2: The ESD Superintendent should be placed in pay grade 1, the three associate superintendents, chief financial officer and proposed title change chief operations officer in pay grade 2, the proposed title change to deputy director for Human Resources, and the deputy director for School and Agency Operations in pay grade 4.

Either Option 1 or Option 2 will provide better clarity for staff related to key administrative positions and the appropriate compensation for each position.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The ESD Superintendent and Human Resources director should review the proposed Option 1 and 2 title and pay grade schedule for the seven-member ESD Cabinet and should implement one of the options. | June 2007 |
| 2. The ESD Superintendent should present the new title and pay grade schedule to the board of directors for their review and approval. | July 2007 |
| 3. The ESD Superintendent should instruct the Human Resources director to place the ESD Cabinet on the newly approved title and pay-grade schedule. | August 2007 |

FISCAL IMPACT

Option 1 can be implemented with a total annual savings of \$ 9,376 and a five-year savings of \$46,880. **Exhibit 3-14** lists the potential Option 1 salary savings of \$7,158 by implementing the proposed cabinet title and pay grade schedule. Salary savings do not include fringe benefits that are included in total annual savings.

EXHIBIT 3-14
SUMMARY OF RECOMMENDED
POSITION ASSIGNMENTS/CLASSIFICATIONS
SAVINGS AND (COSTS) OPTION 1

CURRENT POSITION	ACTION	SAVINGS / (COST)*		
		CURRENT SALARY	PROPOSED SALARY*	SAVINGS /(COST)*
Executive Director of School & Agency Operations	Change from Pay Grade 2 to Pay Grade 3	\$122,158	\$115,000	\$ 7,158
Director of Human Resources	Reclassify to Deputy Director HR & Change from Pay Grade 6 to Pay Grade 4	\$104,421	\$ 104,421	\$ 0
Deputy Director of School & Agency Operations	Change from Pay Grade 2 to Pay Grade 4	\$104,421	\$104,421	\$ 0
TOTAL COST SAVINGS OPTION 1:				\$ 7,158

Source: Created by MGT of America, November 2006.

Exhibit 3-15 lists how the total Option 1 salary savings \$9,376 was calculated.

EXHIBIT 3-15
COMPUTATION OF TOTAL SALARY SAVINGS OPTION 1

POSITION	SALARY SAVINGS	FRINGE BENEFITS SAVINGS	TOTAL SAVINGS
Executive Director of School & Agency Operations	\$ 7,158	\$ 2,218	\$9,376

Source: Created by MGT of America, November 2006.

*Fringe Benefits Rate equals .31 percent and All Salary and Fringe Dollar Amounts are Whole Numbers Without the Rounding

The summary of Option 1 savings and costs for each year for 2007–12 is shown below. This recommendation could be implemented at an annual savings of \$9,376 resulting in a five-year savings of \$ 46,880.

Recommendation Option 1	2007-08	2008-09	2009-10	2010-11	2011-12
Change Pay Grade - Executive Director of School & Agency Operations	\$9,376	\$9,376	\$9,376	\$9,376	\$9,376

Option 2 can be implemented with existing salaries with no additional expense to the ESD.

3.5 Public Information and Communication

Effective communication is a key aspect of developing and maintaining organizations that facilitate the realization of essential goals and objectives. Philip Schlechty in his book, *Working on the Work (WOW) – An Action Plan for Teachers, Principals, and Directors*, stresses that an underlying piece of his 12 standards for the WOW school is having fundamentally sound communications in place. Organizations in the twenty-first century must have effective communication systems in place to effectively assist all stakeholders who are either employees or clients.

FINDING

ESD 112 is providing public information services for the ESD and many of the region's school districts.

ESD 112 has continually provided public information and communication services for more than 25 years. The department serves public, private, and state schools as well as nonprofit community agencies.

Services from the Public Information Services Department include:

- assisting with school district bond and levy campaigns;
- providing communication trainings;
- providing crisis communication support for school districts;
- assisting with the Flashnews Network, a web-based school closure and media release program;
- developing and assisting with school district newsletters;
- providing and staffing a Public Information Cooperative;
- conducting and providing strategic planning assistance;
- providing communication audits;
- assisting and providing graphic design assistance to school districts;
- providing web design;
- conducting surveys by using an eListen online survey system; and
- providing print services.

ESD 112's Public Information Group provides the following services: the Public Information Cooperative serves school districts on yearly contracts, General Public Information Services provides the ESD regional and internal communication support services, Fee for Service provides marketing and public relations project services for

districts not served as Public Relations Co-op members, Grant-funded projects from local, state, and national competitively-obtained grants, and the Print Center which provides full-service graphics and printing services.

Public Information and the Print Center have separate cost centers. Any revenue that exceeds expenses in each department is returned to the ESD general fund to support the Print Center and Communication services and equipment purchases. The Print Center operation does not subsidize the Public Information Department.

The Public Information Services Department is staffed with four public information coordinators, a graphics director, and a secretary. Three of these positions are partial FTE's assigned to the department. The Print Center has five employees with one of these employees being a partial FTE. The supervisor for the Print Center also provides services to the Public Information Service Department. This employee is funded 33 percent from the Print Center and the remaining 67 percent from Public Information.

Exhibit 3-16 lists the Public Information Services Department staff, the method of funding, and the percent hired to work in the department.

EXHIBIT 3-16
PUBLIC INFORMATION STAFF - EDUCATIONAL SERVICE DISTRICT 112

EMPLOYEE	FTE	DISTRICT/PROGRAM	% OF TIME
Graphics Director	1.000		
Fee for Service		Districts' Web Site Development and Design	25
Public Info Services		ESD Regional Communication	75
Coordinator	0.333		
PR Cooperative		Ridgefield	100
Coordinator	0.600		
Grant-funded		Tobacco Grant publications	70
Grant-funded		History Grant publications	30
Admin. Assistant	0.333		
		General Department Support (secretarial)	75
		Contract Billing	25
Lead Coordinator	1.000		
PR Cooperative		Stevenson	30
PR Cooperative		Woodland	20
Fee for Service		Workforce Development	17
Print Center		Print Center Supervision	33
Coordinator	1.000		
PR Cooperative		Washougal	40
Grant-funded		Service-Learning	20
Fee for Service		Ocean Beach - Fee for Service	5
Fee for Service		eListen Surveys	10
Public Infor Services		ESD Internal	15
Fee for Service		District Projects	10
Deputy Director	1.000		
PR Cooperative		Camas	20
Fee For Service		Districts' Pre-Bond Planning	10
Core funded		Cabinet Responsibilities	50
Program funded		Traffic Safety	20

Source: ESD 112 Public Information Services Follow-up Document, 2007.

Exhibit 3-17 lists the Print Center staff, the method of funding, and the percent they work in the department.

**EXHIBIT 3-17
PRINT CENTER STAFF — EDUCATIONAL SERVICE DISTRICT 112**

EMPLOYEE	FTE	DISTRICT/PROGRAM	% OF TIME
Press Operator	1.000	Print Center	100
Print Center			
Press Operator	1.000	Print Center	100
Print Center			
Print Assistant	1.000	Print Center	100
Print Center			
Print Handler	0.500	Print Center	100
Print Center			
Graphic Technician	1.000	Print Center	100
Print Center			
Secretary	1.000	Print Center	100
Print Center			

Source: ESD 112 Public Information Services Follow-up Document, 2007.

The Public Information Office Department's growth of services over the past several years is a response to requests from the ESD's school districts and non-profit agencies. Currently, fifteen out of a total of thirty school districts are using one or more of the services provided by the department. Also, ESD 112 is receiving technical assistance from the department as to how to start and operate a similar service in its region.

COMMENDATION:

Educational Service District 112 is commended for developing and operating a comprehensive Public Information Office that provides services for the ESD, the region's public and private schools, and various non-profit agencies.

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents findings and recommendations relating to the financial management and budgeting processes and the purchasing and contract management processes used by Educational Service District 112 (ESD 112).

CHAPTER SUMMARY

The primary methodologies used to review ESD 112's financial management, budgeting, and purchasing and contract management processes addressed in this chapter include:

- Interviews of key ESD financial and budgeting staff, including the ESD Superintendent, the chief financial officer, and accounting administrative staff;
- Review of the ESD's board policies regarding financial management and budgeting;
- Review of the ESD's budgets for the prior three fiscal years, including presentations made to the board;
- Review of the ESD's audited financial statements for the past five years, and further evaluation of selected object codes or unusual dollar transactions;
- Review of the ESD's purchase and contract management system, including actual processes used by ESD staff and board issued policies or directives;
- Review of contracts and cooperative agreements maintained by or participated in by the ESD; and
- Review of other reports and documents as needed.

The audit team found that ESD 112 uses an effective means of creating and monitoring programmatic revenues and expenditures. The ESD's processes allow it to efficiently monitor expenditures, both in a bottom-up as well as a top-down fashion. The ESD's effectiveness in planning and budgeting also is reflected in the fact that the ESD has continued to grow its revenues and bring in new programs in recent years, during which other ESDs saw decreased revenues and program cuts.

The audit team found some limited opportunities for savings in the ESD's travel practices. Specifically, the ESD could achieve some small savings by having staff purchase airfare online rather than incurring travel agent costs. Further, the ESD has stated that it intends to link performance outcomes to its budgets, but has not yet completed this task. Until it does so, it will not be able to demonstrate that staff are operating as effectively as possible.

Key commendations in this chapter include:

- The ESD is commended for its efficient and effective planning and budgeting organizational structure that allows it to effectively monitor and control its budget activities and expenditures, while still offering a large number of services to its districts.

Key recommendations in this chapter include:

- Obtain government rates for lodging, based on the per diem rates used by the State of Washington and consider discontinuing the use of travel agents for booking flights for staff and board members (to the extent that the ESD finds that its costs for staff to book the air fare are less than the \$20 service fee charged by the travel agent). **(Recommendation 4-1)**
- Create a committee of program and administrative staff to establish relevant program measures that are linked to budgets for the ESD departments and program services. Use these measures in making decisions on whether to continue or modify programs and services of the ESD. **(Recommendation 4-2)**

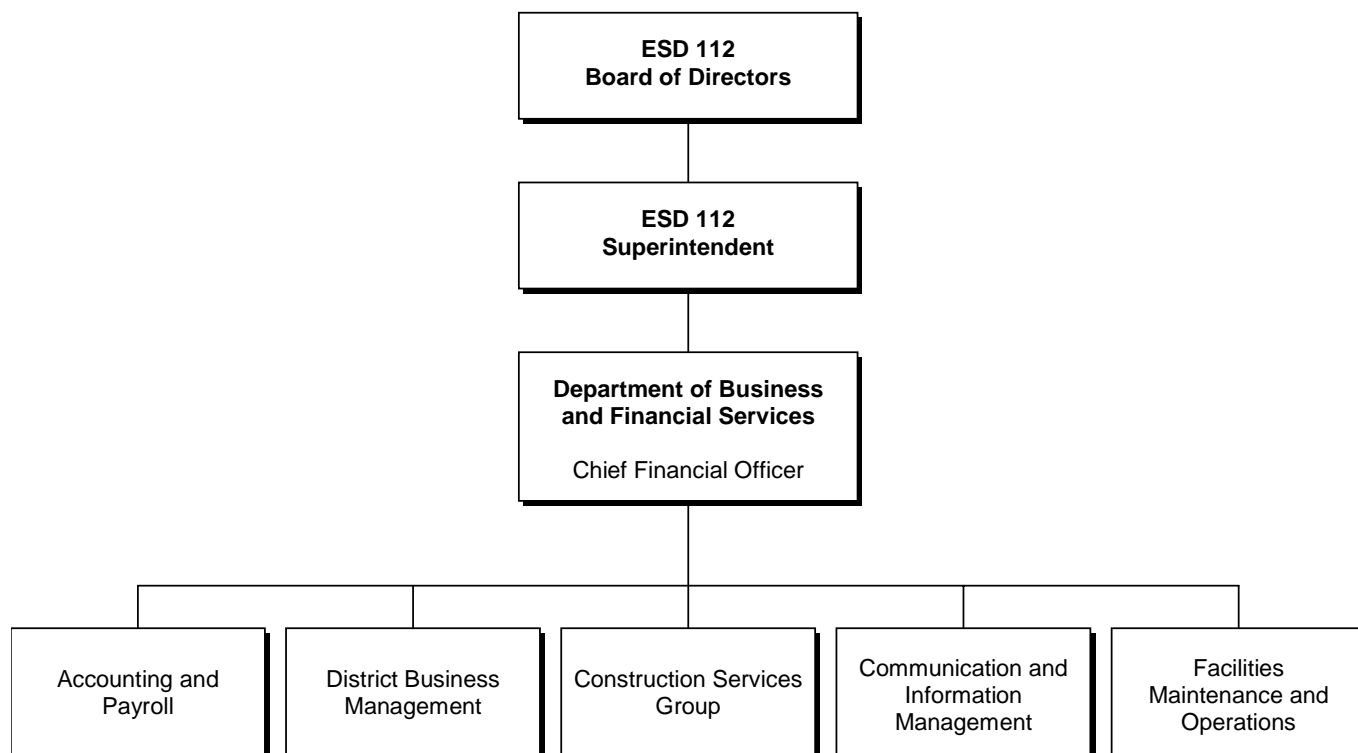
BACKGROUND

In fiscal year 2005-06, ESD 112 had 732 full time equivalent (FTE) classified and certificated staff administering \$46.7 million in programs. ESD 112 issued purchase orders totaling \$15.9 million in 2004-05 and \$14.9 million in purchase orders in fiscal year 2005-06. These expenditures represent 38.4 percent and 36.2 percent of all expenditures in these years, respectively. The majority of these expenditures were for contractual services. A review of comparison districts for fiscal year 2004-05 using OSPI data also found that ESD 112 spends 61.3 percent of its total expenditures on staff costs related to the programs and core services provided by the ESD. This is higher than the average (53.1%) for all ESDs.

ESD 112 contracts with several private companies and organizations. Services procured through contracts include facilities maintenance, web page development, supplies through Corporate Express, and architect and engineering services for its construction management group. The ESD maintains a large warehouse near its headquarters, which it uses to store and create science and math kits for distribution to school districts, as well as to store archived records.

ESD 112's financial management, purchasing and contract management, and budgeting are performed through a partnership between the fiscal department and the individual program divisions within the ESD. The ESD's fiscal department consists of the chief financial officer, who reports directly to the ESD Superintendent, and his staff, who are shown in **Exhibit 4-1** below.

**EXHIBIT 4-1
ESD 112
REPORTING STRUCTURE FOR THE BUSINESS AND FINANCIAL SERVICES UNITS**



Source: ESD 112 Administration Organizational Chart, 2006-07.

The ESD budget analysts report both to fiscal management as well as to department heads, and work with program staff on a daily basis. In their work with program staff, budget analysts provide periodic and ad hoc reports, created using the WESPac system, to alert the program and fiscal managers of changes to revenue or expenditure assumptions. Budget analysts also review and approve purchases initiated by staff or management in their area of responsibility, working directly with the program director, analyzing budget documents, expenditures, revenues, and purchase orders. The ESD also monitors expenditures and revenues by having fiscal staff (using information received from budget analysts and program managers) present monthly updates to the ESD Board. Finally, cabinet members meet at least monthly to examine trends in revenues and expenditures and to determine ways to focus resources and to address issues as they arise.

ESD 112 recently converted to the Washington State Information Processing Cooperative (WSIPC) Enhanced Skyward Point and Click (WESPac) system to process all accounting and administrative transactions. The ESD also has plans to assist school districts in its region in converting to this system within the next few fiscal years (2006-07 to 2007-08).

The ESD's budget process typically occurs between March and June of each year. The chief financial officer works with program administrators to develop the budget, which the ESD Board and school district superintendents review and approve. The OSPI has final review and approval of the budget.

The Washington State Auditor's Office reviews the ESD's internal controls as part of its annual financial and compliance audits. The audit team noted that ESD 112 had no findings over the past five years and that the SAO had in fact commended the ESD for its sound fiscal practices.

In Washington State, the OSPI and state laws and regulations require that ESDs compile financial and budgetary information and submit it to the OSPI for review and approval on a set schedule each year. These documents include the F-206, which is a report of the ESD's current year revenues and expenditures, as well as its approved budget for the upcoming fiscal year. The Washington State Auditor's Office uses this report as its basis for conducting the financial and compliance audit of the ESD each year. The ESD also is required to submit reports based on the grant programs it participates in at a local, state, and federal level. In its review of ESD 112, the audit team did not note any items that would require a recommendation or commendation related to reporting requirements.

ESD 112 staff follows contract criteria established in state law, as well as board policy. Specifically, when making large dollar purchases, ESD's policy is as shown in **Exhibit 4-2**.

EXHIBIT 4-2
ESD 112 CONTRACT THRESHOLDS AND REQUIREMENTS

THRESHOLD (CONTRACT AMOUNT)	FORMAL PUBLIC BID	NOTES
More than \$75,000	Yes	Complete plans and specifications are required and notice by publication in at least one newspaper within the district, once a week for two weeks. Bids are to be in writing and opened and read in public.
Greater than \$40,000 and less than \$75,000	No	Competitive basis bidding, using telephone and/or written quotations (procedures established by the board). Requires quotes from at least three different sources.
Less than \$40,000	No	Bids obtained by the shop or repair department putting out the contract.

Source: ESD 112 Board policy.

FINDING

ESD 112's means of creating and monitoring programmatic revenues and expenditures allows it to efficiently monitor expenditures both in a bottom-up as well as top-down fashion. The ESD's planning and budgeting process is also designed in a way to allow the ESD to ensure it meets mandated budget deadlines, while allowing it to keep the board members informed of major budget assumptions, or changes from prior years.

ESD 112 budget analysts report both to fiscal management as well as to department heads, and work with program staff on a daily basis. In their work with fiscal staff, budget analysts provide periodic and ad-hoc reports to fiscal staff to alert them of any changes to revenue or expenditure assumptions. Budget analysts also review and approve purchases initiated by staff or management in their area of responsibility, working directly with the program director, analyzing budget documents, expenditures, revenues, and purchase orders. Having knowledgeable budget staff with day-to-day working relationships with program managers and staff, as well as the fiscal department, allows the ESD to maintain a very focused view and monitor and receive feedback on a “bottom-up” fashion, with information being sent by budget analysts and program directors to executive managers and the board.

Moreover, the ESD also monitors expenditures and revenues using a “top-down” approach. Fiscal staff, using information received from budget analysts and program managers, present monthly updates to the ESD Board. These presentations deal with information that could impact the final revenues or expenditures for the ESD, or unusual events that have occurred. Cabinet members also meet at least monthly to examine trends in revenues and expenditures and to determine ways to focus resources to address issues as they arise.

Further, to assist program managers in controlling their costs, the ESD provides program managers and budget analysts with periodic updates in the form of reports and update meetings. Budget analysts can also create ad-hoc reports from the WESPac system. The ESD is committed to remaining focused on its costs and revenues—for example, in its 2006 accountability report, the ESD listed as one of its strategic goals its intent to continually look for opportunities for cost savings, both organizationally, as well as within individual units. One recent success of this operating philosophy was the ESD’s conversion to a new health care plan system that allowed it to save thousands of dollars both for itself as an organization, as well as for the staff participating in the plan.

The ESD does not focus solely on expenditures, however. Many of the ESD resources are focused on maintaining or growing revenues. The ESD has dedicated staff assigned to looking for and applying for grants, as well as staff who are responsible for creating and managing cooperative agreements with other ESDs or school districts. The ESD closely monitors these programs, creating a cost-benefit analysis to examine the numbers of students (or school districts) impacted by the services, as well as the value of the services to the region it serves. The result of its revenue-seeking activities is evidenced in ESD 112’s report that it had, in recent years, brought in \$8.7 million in additional funding into the region’s schools due to grant writing efforts, generating \$97 more per student for each district. The ESD also reported that it had been successful in increasing its federal funding between 1994 and 2004 by 145 percent.

The audit team’s review of documents provided by the ESD and the OSPI found that as a result of the ESD’s intense focus, it has managed to grow its revenues over the past three years by \$4.2 million—more than any other ESD in the state. Further, ESD 112 dedicates a large percentage of its revenues to program activities, rather than core administrative activities. In fiscal year 2004-05, it had the second lowest percentage for core administrative expenditures in the ESDs. Simultaneously, it has not cut services, and has actually offered many services not available from other regions. These services include, for example, the Construction Management Group project, which assists school districts in school facilities planning and construction management services; the special

education cooperative, managed by the ESD on behalf of school districts; and the truancy project, operated jointly with Clark County, Washington, to help return truant students to school. Altogether, ESD 112 operates more than 300 programs for school districts. Each core dollar appropriated to ESD 112 generates \$101 worth of programs for school districts.

COMMENDATION

ESD 112 is commended for its efficient and effective planning and budgeting organizational structure that allows it to monitor and control its budget activities and expenditures, while still offering a large number of services to its districts.

FINDING

ESD 112 staff members use travel agents to book travel costs and do not always take advantage of government rates when those rates are available. As a result, ESD 112 is spending more than it needs for some travel related costs.

ESD 112's travel costs do not represent a large portion of their budget. Nevertheless, the audit team's review of support documents for selected transactions found that the ESD could implement some improvements to its travel transactions to provide some savings to the ESD.

In fiscal year 2004-05, ESD 112 spent \$819,000 on travel, and in fiscal year 2005-06, it spent almost \$886,000. These expenditures represented 1.9 percent and 2.1 percent respectively of the total ESD expenditures in these years. Many of the costs included in these totals were for lodging and airfare for ESD staff, management, and board members. In 2004-05, for example, meals and lodging costs totaled almost \$250,000, and airfare totaled \$76,000.

Reviewing the ESD's credit card charges, the audit team found that the ESD could realize some cost savings by ensuring that it attempts to obtain government rates at hotels when cabinet or board members are traveling. The audit team's review of expenditures or reimbursements made for selected staff found that most had received the government per diem rates at the hotels at which they stayed, or had documented and received approval for the exceptions.

Credit card charges for cabinet or board members, on the other hand, often reflected rates much higher than the allowable per diem lodging rate. For example, out of 18 transactions for lodging for cabinet or board members that occurred between September 2005 and August 2006, the audit team only found one instance where the board or cabinet member received a rate equal to or lower than the maximum per diem rate. Total amounts charged for these transactions that exceeded the per diem rate were \$1,752. If the ESD could ensure that its board and cabinet members seek the government rate for their lodging, when such rates are available, and if these transactions are indicative of the future, the ESD could save \$8,764 over five years (\$1,752 * 5 years). To the extent that these rates are not available, the ESD Board and cabinet members should use similar documentation to that used by ESD employees, to show that they had at least attempted to obtain the lower rates.

The audit team also reviewed credit card statements that related to airfare for selected board members and staff. Based on these and a record of the purchase orders made during fiscal year 2005-06, the audit team found that the ESD paid \$400 in agency fees for booking airfare during the year. Having staff book the travel, rather than using a travel agent, could result in a minimal savings to the ESD—approximately \$2,000 over the next five years. Given the small nature of this savings, however, it would be up to the ESD to determine whether the time required for its staff to book the travel or look for the lowest rates is less than the \$20 service fee charged by the agency.

Recommendation 4-1:

Obtain government rates for lodging, based on the per diem rates used by the State of Washington and consider discontinuing the use of travel agents for booking flights for staff and board members (to the extent that the ESD finds that its costs for staff to book the air fare are less than the \$20 service fee charged by the travel agent).

If the lower rates are not available, ESD staff, cabinet and board members should document, using standard ESD exception forms, their attempts to obtain the lowest rate to show that they were following best practices related to travel and lodging costs.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The superintendent and cabinet should propose to the board that it adheres to the same policies that ESD staff follow when paying for lodging on ESD-related travel. | June 2007 |
| 2. The chief financial officer and his staff should require program managers and staff to book all travel online and not through a travel agent. | June 2007 |

FISCAL IMPACT

The cost savings for this recommendation are based on the amount by which lodging costs for ESD staff and board members exceeded allowable per diem amounts for a one year period. Specifically, the audit team reviewed transactions between September 2005 to August 2006 to look for lodging costs over the allowable maximums.

The audit team also calculated savings related to travel agents by reviewing two years' worth of payments for airfare. The amounts shown in the table below represent the average of the travel agent costs identified for the two years reviewed.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Obtain Government Rates For All Lodging When Traveling On ESD Business.	\$1,752	\$1,752	\$1,752	\$1,752	\$1,752
Discontinue Use Of Travel Agents.	\$400	\$400	\$400	\$400	\$400
Total	\$2,152	\$2,152	\$2,152	\$2,152	\$2,152

FINDING

ESD 112 does not link performance measures to its budgeting and fiscal oversight practices.

ESD 112 issues yearly goals for all its program and administrative functions. For several years, the ESD has listed as a goal its intention to link student outcomes or program measures to its budget and fiscal oversight processes. However, the ESD has yet to begin this process and in fact listed this as a goal for the current fiscal year (2006-07) again. Without a link between the budget and program measures or student outcomes, the ESD cannot demonstrate that it is providing services as effectively or efficiently as possible.

Recommendation 4-2:

Create a committee of program and administrative staff to establish relevant program measures that are linked to budgets for the ESD departments and program services. Use these measures in making decisions on whether to continue or modify programs and services of the ESD.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------------------|
| 1. The superintendent should request that program managers or their delegates meet on a performance measurement committee to identify key measures related to the core services and programs the ESD provides. | June 2007 |
| 2. The superintendent and cabinet should review and submit to the board for approval the proposed outcome measures. | July 2007 |
| 3. Once the outcome measures are in place, fiscal and budget analysts should create and monitor these outcomes in relation to expenditures periodically, but no less than monthly and make adjustments to program and core services as needed. | August 2007
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources. However, as the ESD creates and modifies services based on the feedback it receives from the measures of its provision of services, it will be able to become more efficient and targeted in its service delivery, which should ultimately reduce costs associated with these services.

FINDING

ESD 123 created the Southeast Washington Workers' Compensation Trust to provide industrial injury accident insurance coverage for its members. In 2005-06, the trust had 30 member school districts who contributed \$3.5 million to fund the program. As a self-insurer, the trust is fully funded by its member school districts and ESD participants.

ESD 123 has contracted with ESD 112 for workers' compensation claims management services and the ESDs jointly operate this program.

The trust has reduced costs significantly for its members. As shown in **Exhibit 4-3** below, trust members saved almost 15 percent over comparable rates offered by the state's workers' compensation insurance program.

**EXHIBIT 4-3
WORKERS'S COMPENSATION RATES COMPARISON**

	Fiscal Year 2004-05	Fiscal Year 2005-06	Total
Southeast Washington Workers' Compensation Trust Rates*	\$3,295,835	\$3,584,516	\$6,880,351
Washington Department of Labor and Industries workers' compensation insurance rates*	\$4,139,063	\$3,939,840	\$8,078,903
Difference (\$)	(\$843,228)	(\$355,324)	(\$1,198,552)
Difference (%)	(20.4%)	(9.0%)	(14.8%)

Source: ESD 112 Risk Management Services Unit and Washington Department of Labor and Industries. Hourly Rates by Business Type and Risk Classification Codes

* = This is calculated based on the total hours by risk classification code and the hourly rates for each fiscal year

Moreover, in addition to the savings shown above, the trust has refunded excess participation contributions to its member districts each year between fiscal year 1999-2000 and 2005-06. In fiscal year 2004-05, member districts received refunds totaling \$1.5 million, while in fiscal year 2005-06, member districts received refunds totaling \$1 million. In addition to claims coverage, ESD 112 and 123's cooperative also provides safety services to school districts so that they can better manage and prevent claims.

COMMENDATION

ESDs 112 and 123 are commended for providing cost effective workers' compensation insurance services to its member districts.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter evaluates the Program Delivery functions of ESD 112. The educational service district provides numerous programs and services to the regional school districts. Programs and services offered to participating districts are instructional as well as operational.

The auditor examined the processes used to determine programs and services offered to member districts and when programs or services should be discontinued; examined the ESD's role and responsibility in remediating low-performing schools and districts; and evaluated the delivery system to determine process appropriateness, efficiency and effectiveness, and meeting the needs of the intended customers. The auditor also examined data related to the program areas offered by the ESD, reviewed the processes used to determine the efficacy of obtaining private sector services, and inquired into impediments to delivery efficiency and effectiveness.

CHAPTER SUMMARY

ESD 112 has the largest physical presence of any ESD through its Northwest Service Academy AmeriCorps residential facility in Trout Lake, an educational facility in Longview, and numerous childcare centers.

All 30 public school districts use ESD 112 programs and services. The programs offered by ESD 112 are as follows:

- Core
- Special Education
- Staff Development
- Educational Technology
- Safe and Drug Free Schools
- Math & Science
- Early Childhood
- Other Instructional Programs
- Adult Job Training
- Data Processing
- Risk Management
- Transportation
- Employment Programs
- Other Non-instructional Programs

Key commendations in this chapter include:

- ESD 112 is commended for providing cost savings to participating districts in the Special Education Cooperative.
- ESD 112 is commended for seeking funding streams from products as well as programs and services for their districts and districts out of their region.

Key recommendations in this chapter include:

- Increase the response rate for the online customer satisfaction survey used by ESD 112. **(Recommendation 5-1)**
- Disaggregate student performance data to drive decision-making for low performing schools. **(Recommendation 5-2)**
- Expand tracking of student performance in math to validate the program services provided by the Science and Mathematics Education Resource Center. **(Recommendation 5-3)**

5.1 Program and Services Evaluation

Traditional program evaluation is a way to determine whether a program is meeting its goals and objectives. Evaluation data are useful in finding out what works and what does not work and may be a critical factor in decisions to modify or expand a program.

When planning and designing a program evaluation, it is important to understand what components of the program are essential to comply with federal statutes and initiatives and/or organizational mission and goals. To the extent that a program maintains compliance with federal requirements and organizational goals, it fulfills a necessary and useful function for the organization. A good design will build upon an existing program structure and will establish an evaluation methodology for each program “core” area, core areas being defined by statute, customer needs, or initiatives. Overall program effectiveness can then be determined by combining data from all function areas, with consideration being given to intangible benefits and customer satisfaction.

Evaluation is an art as well as a science, even, perhaps a state of mind. It is almost never a linear process. Decisions made early in the evolution planning and design process will almost certainly need to be reconsidered and modified as the program grows and develops. In addition, traditional cost/benefit analysis does not capture many of the benefits derived from service programs because these benefits are often intangible and not easily quantifiable. In saying this, evaluators need to strive for a workable balance between the need for defensible results and practical limitations.

FINDING

ESD 112 uses various methods to evaluate programs and services including an annual customer satisfaction survey. The survey response rate has been historically low for ESD 112. Another significant method that is used is an evaluation tool tied to their strategic plan “On Target, 2006.”

Program goals, tied to the agency strategic goals, are established annually along with anticipated outcomes. In September of each year, each program reviews its progress towards goals against anticipated outcomes. The board meets in the fall to review outcomes of the previous year's goals and to review proposed program goals for the following year.

ESD 112 has an internal evaluation process that transcends all divisions and programs. Most programs go through multiple annual evaluations. For example, the Tobacco Prevention Program is funded by a state grant from the Washington State Health Department. The program goes through a fiscal evaluation as a part of the ESD annual audit. The Health Department has a comprehensive program evaluation system that requires that every month the program document all activities and demonstrate how the activities tie to the tobacco prevention program goals. There is an annual comprehensive program evaluation as well. Federally funded programs must complete the program evaluation process specified by the grant. Each cooperative has a governing board made up of participating school districts that completes an annual program evaluation.

In addition to the program evaluations tied to the strategic plan, a customer satisfaction survey was administered in 2006. **Exhibit 5-1** indicates the satisfaction level of the superintendents and other administrators who responded to the audit team survey. As shown, 96 of the 101 survey participants responded favorably when asked if the services provided by ESD 112 are critical to the success of their district's programs and operations.

**EXHIBIT 5-1
EDUCATIONAL SERVICE DISTRICT 112
SCHOOL DISTRICT SUPERINTENDENT/ADMINISTRATOR SURVEY RESPONSES**

STATEMENT	SA	A	N	D	SD	DK
Our school district frequently uses services provided by our ESD.	73	27	0	0	0	0
The services provided by our ESD are critical to the success of our district's programs and operations.	82	14	5	0	0	0
Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	5	5	18	73	0
Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	5	14	9	73	0
Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	5	5	9	68	14
Many of the current ESD services to school districts duplicate services provided by OSPI.	0	5	5	32	59	0
Many of the services offered by ESDs around the state are critical to the success of many school districts.	73	27	0	0	0	0
The ESD in our region is highly efficient and effective.	77	18	5	0	0	0
The ESD role in providing services to school districts should be expanded.	9	50	23	18	0	0
The ESD in our region is highly responsive to the service needs of our school district.	77	14	5	5	0	0
The ESD in our region provides quality services.	73	23	5	0	0	0
There are adequate channels of communication with the ESD in our region.	77	18	0	5	0	0
The ESD in our region is responsive to complaints.	64	27	5	0	0	5
The ESD in our region is responsive to requests for services.	73	27	0	0	0	0
The ESD in our region listens and tries to meet the needs of the school district.	81	19	0	0	0	0

Source: MGT of America survey results of ESD 112, 2006.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

As shown in **Exhibit 5-2**, school district superintendents responded to the specific programs offered by ESD 112. Services provided by ESD 112 in the areas of math and science indicated strong satisfaction by the superintendents.

**EXHIBIT 5-2
EDUCATIONAL SERVICE DISTRICT 112
SCHOOL DISTRICT SUPERINTENDENT/ADMINISTRATOR RESPONSES TO
OFFERED PROGRAMS**

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS	36	45	9	0	0	9
Reading and Language Arts						
Mathematics	27	32	14	14	0	14
Social Studies	18	41	23	5	0	14
Science	55	36	5	0	0	5
SUPPORT FOR SPECIAL POPULATION PROGRAMS	55	32	5	9	0	0
Special Education						
At-risk and compensatory education	27	32	18	5	0	18
Bilingual Education and ESL	18	14	32	5	0	32
Advanced academics (gifted and talented, AP)	5	23	32	14	5	23
ESD TRAINING	32	23	23	5	0	18
Training and assistance for campus planning						
Training and support for Washington Assessment of Student Learning (WASL)	41	41	9	5	5	0
Training and support for aligning the curriculum and instruction with WASL	36	50	5	5	5	0
Leadership training and development programs and services	32	45	14	0	0	9
Training and assistance to help improve student performance	32	55	5	9	0	0
Training and assistance in using new teaching methods and strategies	36	50	5	9	0	0
Training and assistance in discipline management and conflict resolution	23	36	18	5	0	18
Teacher Certification	32	50	9	9	0	0
Professional/Para-Professional Certifications	45	45	5	5	0	0
Lending Library	36	41	18	0	0	5
Best Practices Information	36	59	5	0	0	0

Source: MGT of America survey results of ESD 112, 2006.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

ESD 112 conducts a major client satisfaction survey. It was last conducted in 2005-06, and had a 50 percent response rate. **Exhibit 5-3** presents key findings of the survey.

EXHIBIT 5-3
EDUCATIONAL SERVICE DISTRICT 112
SUMMARY OF SCHOOL DISTRICTS SURVEY FOR CLIENT SATISFACTION

- Outstanding positive remarks with note to the 96 percent overall satisfaction with ESD 112 courtesy to customers.
- 89 percent agree that ESD 112 employees manage their projects/services effectively.
- 89 percent are satisfied with the reliability, responsiveness, and flexibility of ESD 112 employees.
- 89 percent are satisfied with the knowledge and skills of the ESD 112 employees.
- The quality of the ESD 112 staff, programs, and services most heavily influence our client's decision to use ESD 112 services.

Source: ESD 112 Superintendent Goals, 2006-07.

The ESD 112 survey was sent to key stakeholders and there were 121 survey respondents. The response rate was extremely low for a region with many school leaders, teachers, and administrators. Only 17 teachers responded to the survey. The highest respondent rate is from the superintendents, with 19.83 percent. **Exhibit 5-4** shows the breakdown of respondents by job position.

EXHIBIT 5-4
EDUCATIONAL SERVICE DISTRICT 112
SCHOOL DISTRICT SURVEY
CUSTOMERS, COUNTS, AND PERCENTAGES OF RESPONDENTS

RESPONDENTS BY JOB TITLE	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENTS BY JOB
Not Answered	1	0.83%
Superintendent	24	19.83%
District/Central Office Administrator	23	19.01%
School Administrator	13	10.74%
Professional Support Staff	9	7.44%
Teacher	17	14.05%
Paraprofessional	1	0.83%
Secretarial/Clerk	7	5.79%
Business/Community Partner	10	8.26%
State Agency Official	4	3.31%
Other	12	9.92%
Total	121	100%

Source: ESD 112 Client Satisfaction Survey, "On Target," 2006-07.

Recommendation 5-1:

Increase the response rate for the online customer satisfaction survey used by ESD 112.

By implementing this recommendation, ESD 112 will have valuable information to make relevant decisions for their clients served within their district. A greater response rate will provide better insight into the overall satisfaction with the services offered by ESD 112.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|--|
| 1. The superintendent and the leadership team should work with their clients to encourage responses. | June 2007 |
| 2. The superintendent and leadership team should work with ESD staff to encourage and notify all advisory groups. | June 2007 |
| 3. The superintendent should send out a letter to superintendents to encourage them to complete the survey and remind them the responses will help the organization improve services. | One week prior to the survey going out |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

5.2 Assisting Low Performing Schools and Districts

Schools in America are faced with challenging accountability requirements. On January 8, 2002, President Bush signed the *No Child Left Behind Act (NCLB)* to ensure that all children have a fair, equal and significant opportunity to obtain a high-quality education. Under the new law, all students will be expected to achieve proficiency in reading and mathematics within 12 years. The new law also calls for high-quality teacher and paraprofessional preparation and training.

In addition, the State Board of Education of Washington, in March, 2002, adopted revised rules for accreditation of schools. Starting with school year 2003-04, school districts were required to assure that each school in their district has school improvement plans and processes in place.

FINDING

An interview with a key staff member and a review of ESD 112 documents shows that data dis-aggregation is not effectively conducted and is not part of the needs assessment process in determining services to be offered in the region. While data does not drive the service offerings, the ESD 112 School Improvement Team does provide school district staff assistance in meeting school improvement requirements. The team consists of representatives from these ESD/Special Program Improvements programs:

- School Improvement Services
- Special Education
- Science & Math Education Resource Center
- Educational Technology Support Center
- Assessment
- Early Childhood
- Safe and Drug Free Schools
- Student Teacher and Para-Educator
- Title I Assistance

ESD 112 has identified eight stages in planning for school improvement. The eight stages are shown in **Exhibit 5-5**.

EXHIBIT 5-5
EDUCATIONAL SERVICE DISTRICT 112
STAGES IN SCHOOL IMPROVEMENT PLANNING

Stage 1	Assess Readiness to Benefit
Stage 2	Collect, Sort, and Select Data
Stage 3	Build and Analyze Portfolio
Stage 4	Set and Prioritize Goals
Stage 5	Study and Select Best Practices
Stage 6	Craft Action Plans
Stage 7	Monitor Implementation of the Plan
Stage 8	Evaluate Plan's Impact on Student Achievement

Source: ESD 112 School Improvement Planning Brochure, 2006-07.

While the stages presented in **Exhibit 5-5** are part of the planning process for low performing schools, stage two and stage eight could not be validated through data collection or staff interviews.

The services that ESD 112 offers to districts are, however, aligned to research-driven characteristics of highly effective schools as well as being linked to the stages of the school improvement process. ESD 112, in the *School Improvement Planning Process Guide, 2003*, states, "Research has shown that there is no silver bullet; no single thing that schools can do to ensure high student performance. Rather, high performing schools tend to show evidence of nine characteristics." The nine characteristics are identified as:

- Clear and Shared Focus
- High Standards and Expectations
- Effective School Leadership
- High Levels of Collaboration and Communication
- Curriculum, Instruction and Assessment Aligned with Standards
- Frequent Monitoring of Teaching and Learning
- Focused Professional Development
- Supportive Learning Environment
- High Level of Community and Parent Involvement

While the research-driven characteristics are used, ESD 112 should consistently and methodically compile comprehensive student assessment data to assist schools in

achieving the requirements set forth by the Washington accountability system as well as the requirements for the No Child Left Behind Act.

Recommendation 5-2:

Disaggregate student performance data to drive decision-making for low performing schools.

By implementing this recommendation, ESD 112 should be able to strengthen the services they are currently offering to low performing schools. Understanding and using student performance data are fundamental to improving schools and improving organizations that assist schools. Data are the fuel to reform and can help identify appropriate interventions to solve problems. Simply said, using data separates good organizations from mediocre organizations. Organizations that assist schools in increasing student achievement, staff productivity and collegiality, and customer satisfaction use data to inform and guide their decisions and actions. Data use essentially sets a course of action and keeps a staff on that course to organizational improvement and ultimate student success.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|--------------------|
| 1. The supervisors of each department should decide which data are necessary for review based on questions that were identified by the leadership team. | June 2007 |
| 2. The leadership team should create timelines for data to be analyzed. | June 2007 |
| 3. The supervisors should approve the recommended data type to be collected to answer the questions from the leadership team. | June 2007 |
| 4. The leadership team should identify a team of core professionals to disaggregate data. | May 2007 |
| 5. Each component should complete action plans using the analyzed data to plan for the year. | June – August 2007 |
| 6. The immediate supervisors of each department should approve all action plans and then present to the leadership team for final approval. | September 2007 |

FISCAL IMPACT

This recommendation should be implemented with existing staff time.

5.3 Delivery of Services

FINDING

The scope of services provided by ESD 112 is wide and varied. Services include, but are not limited to: curriculum; instructional support and assessment; business operations; transportation; youth employment; printing; public relations; data processing; payroll; fingerprinting; network support; a statewide K-20 computer network; traffic safety education; construction management; preschool programs; homeless transportation; para-educator training; and special education.

ESD 112 currently works with 28 school districts within the Southwest Washington Region, as shown in **Exhibit 5-6**, by providing students with meaningful, stimulating and interesting hands-on science and math programs. The Science Materials Center programs offer K-8 science teachers proven science kits and resources to efficiently and effectively create a lifelong interest in science and math. Information on student performance in science and the direct tie to the Science Materials Center was provided. Information, however, for math and the direct tie to the center was not provided. While the center is impressive and serves a large percentage of students, measurable outcomes could not be tied directly to student improvement in the area of math.

Within the 28 school districts, 1,470 teachers and 45,000 students use these programs. The ESD provided 1,500 science kits worth over \$900,000, as well as science and math education literature valued over \$60,000 to participating schools each year.

EXHIBIT 5-6 EDUCATIONAL SERVICE DISTRICT 112 CURRENT DISTRICT PARTICIPANTS IN THE SCIENCE MATERIALS CENTER

Battle Ground	Klickitat	Ridgefield
Cama	La Center	Roosevelt
Castle Rock	Longview	Skamania
Centerville	Lyle	Toutle Lake
Evergreen	Mill A.	Trout Lake
Glenwood	Mount Pleasant	Wahkiakum
Hockinson	Naselle-Grays River	Washougal
Kalama	Ocean Beach	White Salmon
Kelso	Portland Christian	Woodland

Source: ESD 112 Science Materials Center Participation Form, 2006.

The Science Center was designed and developed by ESD 112 and is the largest regional hands-on science materials and teacher development cooperative in the country. Securing assorted grants and fees amounting to \$7,000,000, the program continues to grow each year, training over 2,800 teachers. These efforts reach elementary, middle, and high school levels.

Key features of the Science Materials Cooperative include distribution and sharing of high quality instructional materials (science kits); teacher workshops and courses on how to teach science and environmental outreach centers; program and classroom assessments materials; and coordinated alignment with state science and math standards and assessments.

Key partners with ESD 112 for this initiative have included Washington State University Vancouver, Hewlett Packard Vancouver Division, the National Science Foundation, the Office of the Superintendent of Public Instruction, Battelle and Pacific Northwest National Laboratories, the Pacific Science Center, Washington Mutual, and Intel. Most noteworthy, the Science Materials Cooperative through the Science and Mathematics Education Resource Center (SMERC) has provided the leadership and expertise to establish eight similar sites across Washington State.

Recommendation 5-3:

Expand tracking of student performance in math to validate the program services provided by the Science and Mathematics Education Resource Center.

While ESD 112 provides over 50,000 students with a stimulating and meaningful hands-on science program, it would be beneficial to districts and to the ESD to track student performance from the students that are exposed to the instructional materials provided by this cooperative in both the science and math areas. The ultimate goal of the cooperative is to impact student achievement in math and science. Data dis-aggregation is the ultimate method to validate the benefits of the SMERC cooperative.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The supervisor and staff for the SMERC should conduct annual data gathering for participants in the Science Cooperative. | June 2007 |
| 2. The summarized data report should be presented to the ESD 112 Leadership team. | June 2007 |
| 3. Action plans should be created annually for changes that need to be made for the SMERC. | June 2007 |
| 4. The supervisor should implement changes to cooperative based on data disaggregation. | September 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 112 is the only ESD to develop and operate a direct special education cooperative. This cooperative operates the entire program for the participating school district, including hiring all staff and taking total responsibility for program operations for 1,409 students in 2005-06.

Records indicate that ESD 112 provides cost savings to districts that participate in the Special Education Services Cooperative. ESD 112 Special Education Cooperative is unique in Washington State. This cooperative provides valuable information and highly competent professionals to serve member districts, their students with disabilities, and

their families. The cooperative strives to ensure appropriate special education for all children with disabilities in all member districts. A continuum of services gives parents in the rural schools a full range of options from home services to out-of-district placements, if and when needed.

In addition, the Special Education Cooperative is managed for the districts by ESD 112. Services include recruiting/hiring and supervising qualified special education teachers, specialists, and para-educators. The cooperative provides fiscal management, ensures regulatory compliance, and supplies legal and technical expertise. The cooperative has grown from 16 to over 21 school districts in the last nine years, including districts outside of the region. Revenues exceed \$9.2 million annually. Within this period, ESD 112 helped rewrite statutory language authorizing cooperatives, thus ensuring more flexible, effective, and efficient use of staff and fiscal resources for school districts while providing mandated services to children with disabilities.

The cooperative is governed by an elected chair and representative five-member executive advisory committee comprised of participating district's superintendents. All members receive services based on needs, not a prorated portion of their contributions.

Exhibit 5-7 presents the mission, program advantages and fiscal advantages for participating districts.

**EXHIBIT 5-7
EDUCATIONAL SERVICE DISTRICT 112
SPECIAL EDUCATION COOPERATIVE**

Mission:
The Special Education Cooperative is committed to working collaboratively with families, schools and communities to provide meaningful and measurable educational benefit for their children.
Program Advantages:
<ul style="list-style-type: none">■ Effective, flexible, and efficient use of staff and other resources■ Equal Access to all services■ Guaranteed services for children with disabilities■ Full administrative special education services■ Legal and technical expertise available at any time■ Programs aligned with building and/or district goals and culture■ Staff development opportunities for continuous improvement for all staff■ Continuation of existing effective programs
Fiscal Advantages:
<ul style="list-style-type: none">■ Shared costs■ Fully managed fiscal activities relating to special education■ Budget planning by experienced fiscal staff to maximize efficiencies■ Skilled preparation and application for safety net and other sources■ Completion of all state and federal special education reports

Source: ESD 112 Special Services Department, 2006.

Exhibit 5-8 shows cost savings to the districts that participate in the Special Education Cooperative. Using data from the OSPI website for 2004-05 and the ESD 112's cooperative's expenditure per pupil for excess cost (program account code 21) consultants found that ESD 112's average was \$4,002 compared to the state wide average of \$4,735 per student. This provided an average "savings" of \$733 per student for a total cost savings to the school districts of \$1,042,231.

**EXHIBIT 5-8
COST COMPARISON FOR STATE VS. ESD 112's COOPERATIVE
SPECIAL EDUCATION COOPERATIVE**

DISTRICT	SPECIAL ED. STUDENT FTE	PROGRAM 21 EXPENDITURES	\$/PER FTE
State Avg.	126,113.58	597,187,338	4,735
S. Kitsap	1,517.01	5,388,380	3,552
Auburn	1,402.64	5,168,683	3,685
Marysville	1,629.39	6,330,149	3,885
Battle Ground	1,400.38	5,475,251	3,910
ESD 112 Cooperative	1,421.87	5,689,885	4,002
Richland	1,284.50	5,447,356	4,241
Central Valley	1,471.51	6,877,637	4,674
Bellingham	1,279.38	6,071,314	4,746
Clover Park	1,614.88	7,697,734	4,767
Kennewick	1,636.88	7,987,228	4,880
Issaquah	1,679.76	8,594,782	5,117
Shoreline	1,308.77	6,821,590	5,212
Renton	1,658.00	10,239,895	6,176

Source: ESD 112 staff interviews, OSPI Web site, 2006.

COMMENDATION

ESD 112 is commended for providing cost savings to participating districts in the Special Education Cooperative. This cooperative should be used as a model for all ESDs in the State of Washington.

5.4 Staffing, Budgets, and Funding Sources

ESD 112 has increased its workforce from 534 employees in 1994 to supporting approximately 1,180 employees in 2006. This figure includes 500 ESD employees, 200 Children Northwest, 440 AmeriCorps, and 200 temporary employees. ESD 112 has the largest workforce of the Washington ESDs. The total number of FTE employees in the nine ESDs is 1,696 and 49 percent of the total is in ESD 112.

ESD 112 obtains funds through state, federal, local (fee for service), and grant sources. Successful procurement of federal grants has grown from \$4.8 million in 1994 to nearly \$12 million in 2006, a growth of 150 percent. During this time, ESD 112 has continued to meet their established goal for their fund balance. The ESD's unreserved fund balance has grown over an 11 year period starting in 1994-95 through 2005-06 from \$582,123 to \$1,150,000.

ESD 112 receives state funds through the Coordinated Services Agreement (CSA) for Governance of Statewide Technical Assistance. The goals of the CSA are as follows:

- Establish, support, and enhance on-going communication and collaboration between and among the staff of OSPI, the ESDs, school districts, institutions of higher education, education associations, communities, and other educational entities.
- Develop and provide research-based tools and services to school and school district personnel that will assist them in their efforts to

provide all students an opportunity to achieve the Essential Academic Learning Requirements.

- Align, to the maximum extent possible, the programs and activities funded by state and federally funded categorical programs with the principles of this agreement.

FINDING

ESD 112 offers various programs and services to the regional districts. A total of \$41,489,441 is identified as expenditures for program/service delivery. A breakdown by program and percentage of expenditure is shown in **Exhibit 5-9**.

EXHIBIT 5-9
EDUCATIONAL SERVICE DISTRICT 112
EXPENDITURES BY PROGRAM/TOTAL EXPENDITURES \$41,489,441

PROGRAM	PERCENTAGE OF EXPENDITURE
Core	10%
Special Education	23%
Staff Development	2%
Educational Technology	2%
Safe and Drug Free Schools	4%
Math and Science	3%
Early Childhood	3%
Other Instructional Programs	8%
Adult Job Training	16%
Data Processing	9%
Risk Management	3%
Transportation	5%
Employment Programs	4%
Other Non-instructional Programs	9%

Source: ESD 112 "On Target," Expenditure Breakdown, pg. A-24, and Staff Interviews, 2006.

ESD 112's 2005-06 revenue sources totaled \$41,569,404. The percentages and sources are listed below:

- Local Source 8 percent
- State Source 11 percent
- Federal Source 28 percent
- Payments from Districts 53 percent

COMMENDATION

ESD 112 is commended for seeking funding streams from products as well as programs and services for their districts and districts out of their region.

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

This chapter evaluates the Human Resources Management of ESD 112. The Educational Service Districts provide various functions related to personnel, including personnel policies, professional development, employee appraisal and recruitment, and employment of personnel.

The human resources (HR) department of an organization is responsible for planning, implementing, and maintaining a sound system of personnel services and human resource management that complies with local, state, and federal guidelines. It also must act consistently with the mission and policies of the organization.

The primary methodologies used to review ESD 112's human resources management operations in this chapter include interviews with key HR staff and analyses of:

- personnel policies and procedures;
- recruiting, hiring, and assignment of personnel practices;
- job descriptions and qualifications information;
- use of information technology to support payroll and personnel functions;
- salary and staffing structures (salary schedules);
- documents that describe the automated and non-automated record keeping procedures;
- policy and practices governing confidentiality of records;
- fringe benefits;
- compensation rates and job classification;
- consistency of job descriptions with work to be done;
- policy and procedure governing compensable/non-compensable extra duty;
- employee turnover; and
- currency of job descriptions.

CHAPTER SUMMARY

Issues related to personnel policies, professional development, employee appraisal, job descriptions, and recruitment and employment are addressed.

The following are key commendations presented in this chapter:

- ESD 112 is commended for providing a new employee packet and training for all new employees.
- ESD 112 is commended for offering fingerprinting services and a certification tracking system for its member school districts.

The following are key recommendations presented in this chapter:

- Present the salary schedules for board approval as a separate agenda item from the ESD budget. **(Recommendation 6-1)**
- Use the annual salary survey or cost-of-living assumption as the basis for making changes to the salary schedules presented to the board. **(Recommendation 6-2)**
- Create a template for job applications to be submitted online. **(Recommendation 6-3)**

6.1 Overview of ESD Human Resources Management Operations

The ESD 112 team is comprised of more than 600 professionals with a wide range of background and experience. Staff members provide a wealth of experience in instruction, school construction, advanced training for teachers and other staff, business and finance management, technology, and administrative support services.

The ESD 112 Superintendent's Cabinet consists of seven key personnel:

- Executive Director of School and Agency Operations
- Deputy Director of School and Agency Operations
- Associate Superintendent of Specialized Student Services
- Chief Financial Officer
- Associate Superintendent of Instructional Service and Technology
- Associate Superintendent of Children, Youth and Family Services
- Director of Human Services

The ESD 112 Human Resources and Administrative Support Department provides the following services:

- Personnel management
- Recruitment and retention
- Employee relations
- Employee development
- Benefits administration and compensation

Local school districts can choose from a variety of services, including:

- Superintendent searches.

- Interpretation of Revised Code of Washington and Washington Administrative Code.
- Guidance on personnel issues.
- Fingerprinting of employees.
- Drug and alcohol testing for commercial drivers' licenses.

The department is headed by the director of Human Resources and Administrative Support. It has seven major components:

- Employment management
- Recruitment
- Compensation and benefits
- Human resource instructional support
- Compliance and reporting
- Employee development
- Agency support.

The duties of the director of Human Resources and Administrative Support are shown in **Exhibit 6-1**.

**EXHIBIT 6-1
EDUCATIONAL SERVICE DISTRICT 112
DIRECTOR OF HUMAN RESOURCES AND
ADMINISTRATIVE SUPPORT JOB RESPONSIBILITIES**

General Responsibilities:

Maintain and process ESD payroll, assist in maintaining the general ledger, maintain employee contracts and salary information, provide information and research on personnel and payroll issues as needed, maintain the grants management system, provide information and research on grant issues as needed.

Essential Functions:

1. Maintain and process ESD payroll. Prepare and submit associated reports.
2. Maintain ESD 112 personnel files and perform personnel functions as required.
3. Answer questions related to grants, personnel, payroll, and employee benefits. Provide new employee orientation and maintain employee orientation package.
4. Responsible for hiring process – placing newspaper ads, scheduling interviews, screening and processing applications.
5. Maintain personnel agenda for Board presentation along with backup documentation.
6. Maintain grant spreadsheets and grant files accurately and in a timely manner. Provide monthly grant status reports to administrators.
7. Cost new grant applications and review for accuracy and completeness.
8. Track grant applications and ensure notice of deadlines is communicated in a timely manner.
9. Assist in account analysis as needed.
10. Assist in the preparation of the ESD budget and annual report as requested.
11. Assist in answering questions relating to accounting records and entries.
12. Compile state and federal financial reports and payroll tax reports as required.
13. Prepare employee contracts as needed.
14. Reconcile accounting records and grant records as required.
15. Perform other duties as assigned.

Source: ESD 112 Human Resources Department, 2006.

6.2 Salary and Staffing Structures

In addition to the director of Human Resources and Administrative Support, seven support staff positions are assigned to the HR Department, as shown in **Exhibit 6-2** below.

**EXHIBIT 6-2
EDUCATIONAL SERVICE DISTRICT 112
LIST OF HUMAN RESOURCES POSITIONS**

JOB TITLE	CLASSIFICATION	ANNUAL SALARY
ADMINISTRATIVE POSITIONS		
Director, Human Resources & Admin Support	Admin-S3	\$ 104,421.00
CLASSIFIED SUPPORT POSITIONS		
Human Resource Specialist - Certification	F-S2	\$ 31,520.55
Office Assistant/FP Tech .500FTE	B-S3	\$ 12,675.90
Human Resources Coordinator - HRIS	I-S3	\$ 44,212.57
Human Resources Coordinator - Compensation	I-S6	\$ 50,262.71
Office Assistant/FP Tech	B-S5	\$ 27,753.55
Human Resources Assistant	J-S6	\$ 55,275.05
Human Resources Coordinator - Children NW	H-S3	\$ 40,170.97
Total		\$ 261,871.30

Source: ESD 112 Human Resources Department, 2006.

FINDING

ESD 112 does not consistently provide a separate agenda item for approval of employee salaries during the June board meeting addressing budget approval.

In past years, ESD 112 posted the proposed salary budget and the overall organizational budget as two separate agenda items. This provided organizational transparency for all stakeholders. In 2006, however, ESD 112 combined the proposed salary budget and the organizational budget into one agenda item. ESD 112 does provide the board with proposed salary information during Phase II of the budget process.

In reviewing the staffing positions, it was determined that all staff assigned to the HR Department are placed on the appropriate salary schedule as defined by ESD 112 salary schedules.

ESD 112 does not publish salary information in its job descriptions; however, it does maintain salary schedules detailing salary amounts. The ESD conducts annual salary surveys through the Washington Association of School Administrators. The survey includes salaries and benefits for school superintendents, building principals, and central office administrators in Washington State.

ESD 112 uses the following three salary schedules:

- Administrator schedule
- Certificated schedule
- Classified schedule

The salary schedules are approved annually in accordance with ESD 112 Policy 306, Compensation and Related Benefits, which states:

The Board of Directors shall annually establish salaries for all employees. Related benefits will be made available as provided by law and/or Board policy. RCW 28A.310.230

According to interviews with the HR director, the ESD 112 employee compensation package includes salary, insurance benefits, and work year that are approved as a part of the annual budget.

The budget adoption process is as follows:

- Phase I budget presentation to board. Phase I includes estimated revenues, current year program budgets, and potential new program budgets and occurs every April.
- Phase II budget presentation to board. Phase II includes proposed employee compensation packages, reserves, and total budget and occurs every May.
- The board votes on the adoption of the budget every June.

The board minutes and board packets reflect the above. The June board minutes will show the adoption of the budget.

**EXHIBIT 6-3
EDUCATIONAL SERVICE DISTRICT 112
BOARD BRIEFS EXCERPT**

JUNE 27, 2006 – ESD 112 – COLUMBIA ROOM

PROPOSALS FOR ACTION

- **Motion passed** to approve Consent Agenda items including Minutes of May 23, 2006, meeting; Personnel Activity; and Expense reports.
- **Motion passed** to approve ESD 112 Board Calendar 2006-07.
- **Motion passed** to approve Resolution R.06.3 – Collaboration with Clark County and Other Stakeholders to Plan for Necessary K-12 Education Facilities
- **Motion passed** to approve Resolution R.06.4 – 2006-07 Budget and Compensation Package
- **Motion passed** to rehire the Superintendent for an additional three years (2008-09).

FUTURE MEETINGS

Source: ESD 112 Human Resources Department, 2006.

Recommendation 6-1:

Present the salary schedules for board approval as a separate agenda item from the ESD 112 budget to provide an historical record for the organization.

Presenting detailed salary information to the board separately for board approval will assist the ESD with transparency to the state agency as well as to the school districts within the region.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--------------------------|
| 1. The superintendent should present to the cabinet the proposed salary schedule for review and comparison to ESD 112 salaries. | June 2007 |
| 2. The superintendent should discuss the salary studies with staff and the board during the budget planning process | June 2007 |
| 3. The cabinet recommendations should be presented to Human Resources for review and revision of salary schedules if applicable. | June 2007 |
| 4. The HR department should present the revised salary schedules to the superintendent for review and administrative approval. | June 2007 |
| 5. The superintendent should seek board approval for the salary schedules as a separate agenda item from the annual budget. | July 2007
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Data furnished by ESD 112 state that the ESDs in Washington conduct an annual salary survey, however; it could not be determined how ESD 112 used the survey results in setting salaries. Section Six of the Superintendent's Goals for 2006 included budget assumptions whereby a cost-of-living adjustment of 3.3 percent would be applied to the 2006-07 salary schedules; however, for 2006-07, the salary schedules were adjusted at a rate of between 3.29 percent for certificated and classified employees, and 8.91 percent for administrators. The administrator salary schedule also added Step 7 for the 2006-07 fiscal year.

A comparison sample of the three salary schedules for fiscal years 2005-06 and 2006-07 are presented in **Exhibits 6-4, 6-5, and 6-6**. As shown in **Exhibit 6-4**, the administrator salary schedule reflects an 8.91 percent increase in Step 1 instead of the 3.3 percent or 5.61 percent over the cost-of-living adjustment reflected in the Superintendent's Goals for 2006.

**EXHIBIT 6-4
EDUCATIONAL SERVICE DISTRICT 112
ADMINISTRATOR SALARY SCHEDULE COMPARISON**

	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7
06-07	96,543.00	100,405.00	104,421.00	108,598.00	112,942.00	117,460.00	122,158.00
05-06	88,647.98	92,198.18	95,887.83	99,726.55	103,712.23	109,318.36	0.00
Adjusted Increase	8.91%	8.90%	8.90%	8.90%	8.90%	7.45%	

Source: ESD 112 Human Resources Department, 2006.

As shown in **Exhibit 6-5**, the adjusted increase for the certificated salary schedule is within the cost-of-living range presented in the Superintendent's Goals for 2006.

**EXHIBIT 6-5
EDUCATIONAL SERVICE DISTRICT 112
CERTIFICATED EMPLOYEE SALARY SCHEDULE COMPARISON**

	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90
	01	02	03	04	05	06	07	08	09
06-07	31386	32234	33112	33992	36817	38636	37629	40454	42275
05-06	30383	31204	32054	32906	35640	37401	36426	39161	40927
Adjusted Increase	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.29%

Source: ESD 112 Human Resources Department, 2006.

BA = Bachelor of Arts, BA + 15 = Bachelor of Arts plus 15 additional college hours, MA = Master of Arts, MA+ 45= Master of Arts plus 45 additional college hours, etc.

Exhibit 6-6 reflects the adjusted increase across all levels for the classified employee salary schedule, which is within the cost-of-living range that was presented in the Superintendent's Goals for 2006.

**EXHIBIT 6-6
EDUCATIONAL SERVICE DISTRICT 112
CLASSIFIED EMPLOYEE SALARY SCHEDULE COMPARISON**

Level/Job Title		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Level A	06-07	21,185.59	22,431.80	23,678.01	24,924.22	25,921.19	26,918.16	27,915.13	28,912.10
	05-06	20,504.42	21,710.56	22,916.70	24,122.84	25,087.76	26,052.67	27,017.58	27,982.50
Adj Increase		3.32%	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%
Level B	06-07	22,683.19	24,017.50	25,351.80	26,686.11	27,753.55	28,821.00	29,888.44	30,955.89
	05-06	21,953.68	23,246.07	24,536.47	25,827.86	26,860.97	27,894.09	28,927.20	29,960.32
Adj Increase		3.32%	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%
Level H	06-07	35,942.45	38,056.71	40,170.97	42,285.24	43,976.64	45,668.05	47,359.46	49,050.87
	05-06	34,800.25	36,847.32	38,894.40	40,941.47	42,579.13	44,216.79	45,854.45	47,492.11
Adj Increase		3.28%	3.28%	3.28%	3.28%	3.28%	3.28%	3.28%	3.28%
Level K	06-07	48,781.65	51,651.16	54,520.67	57,390.17	59,685.78	61,981.39	64,277.00	66,572.60
	05-06	47,217.41	49,994.90	52,772.40	55,549.89	57,771.89	59,993.89	62,215.88	64,437.88
Adj Increase		3.31%	3.31%	3.31%	3.31%	3.31%	3.31%	3.31%	3.31%
Level N	06-07	70,551.67	74,701.77	78,851.87	83,001.96	86,322.04	89,642.12	92,962.20	96,282.28
	05-06	68,294.37	72,311.69	76,329.01	80,346.32	83,560.18	86,774.03	89,987.88	93,201.73
Adj Increase		3.31%	3.31%	3.31%	3.31%	3.31%	3.31%	3.31%	3.31%

Source: ESD 112 Human Resources Department, 2006.

Recommendation 6-2:

Use the annual survey or cost-of-living assumption as the basis for making changes to the salary schedules presented to the board.

The use of the annual survey or cost-of-living assumption by the superintendent will allow the ESD to justify to the board and the community all staff increases. In addition to keeping the board and the community informed, it will also control annual salary adjustments from being inflated at the local level as they are presented in **Exhibit 6-4** above.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------|
| 1. The superintendent should present to the cabinet the annual salary studies or cost-of-living adjustment for review and recommendation to Human Resources. | June 2007 |
| 2. The cabinet recommendation should be presented to Human Resources for review and revision of the salary schedules as applicable. | June 2007 |
| 3. The superintendent should include the salary schedules and salary studies in the budget planning process. | June 2007 |

4. The HR director should present the revised salary schedules to the superintendent for review and administrative approval. June 2007
5. The superintendent should seek board approval. June 2007

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 112 does not present job applications and other related forms on its Web site in a format that permits electronic completion and submission.

The ESD 112 Web site does contain job vacancy listings, sample forms, procedures, and other very useful and important HR related information. These forms can be downloaded manually. The site does not, however, provide the opportunity for the applicant to apply online. The creation of a template should ensure that consistent information is available and could reduce time spent addressing routine questions concerning the application process. This should allow staff members to focus on other job responsibilities.

The ESD 112 HR department link on the ESD 112 Web site contains information for employees on benefits and also allows prospective applicants to download applications.

The ESD 112 HR Web site presents the following overview of the department:

Human Resources and Administrative Support services meet the needs of all personnel management, including recruitment and retention, employee relations, employee development, benefits administration and compensation. Local school districts can choose from a variety of services including superintendent searches, interpretation of RCWs and WAC's, guidance on personnel issues, fingerprinting of employees, and drug and alcohol testing of commercial drivers license employees."

ESD 112 provides employees a secure "login" to obtain relevant information concerning the organizational benefits offered to each employee. A site is provided for the public that provides additional value for ESD 112 employees and client school districts and schools. Areas listed on the HR Web site include:

- Recruitment and selection of employees.
- Employee orientation, relations, and wellness.
- Employee compensation/benefits.
- Personnel policy development and implementation.
- Safety.

In addition, the following services post detailed information for clients on the HR Web site:

- Administrative support services
- Certification (teacher, administrator, and ESA)
- Educator preparation programs
- Testing information (basic skills and endorsement testing)
- No Child Left Behind and Highly Qualified Teacher information
- Clock hour transcript system
- Credit counting and experience
- Fingerprinting services
- Fingerprinting fees
- Superintendent searches

Recommendation 6-3:

Create a template for job applications to be submitted online.

Implementation of this recommendation should increase the efficiency of staff assigned to HR-related tasks. Creating a template could ensure that consistent information is available and should reduce time spent addressing routine questions concerning the application process.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--------------------------|
| 1. The superintendent should present to the leadership team the benefits of creating the capability for online application submission. | June 2007 |
| 2. The superintendent should direct the appropriate assistant superintendent to begin the process for online application submission with the HR Department and technology staff. | June 2007 |
| 3. The final process should be presented to the leadership team for final approval prior to implementing application submission. | June 2007 |
| 4. The superintendent should send an e-mail notice to staff and clients with instructions on how to obtain information and complete applications on-line. | June 2007 |
| 5. The capability for online application submission should be kept current and active for applicants. | July 2007
and Ongoing |

FISCAL IMPACT

There will be a nominal fiscal impact for this recommendation. The ESD currently has online login security protocols and standard forms in use.

6.3 Personnel Policies, Procedures, and Practices

ESD 112 has personnel policies and procedures documented in Section 300 of its policy manual. The introduction to the personnel policies states:

Except as expressly reserved in these policies and regulations, the Board of Directors hereby delegates to the Superintendent the responsibility for the selection, election, employment, separation, retirement and/or dismissal of employees, including matters relating to working conditions; provided that the Board of Directors shall retain the authority to give final approval to all written contracts, including supplemental contracts, with employees of the ESD. The Superintendent shall prepare a written set of rules and regulations which shall apply to all personnel and present them to the Board of Directors for periodic review and approval. RCW 28A.310.220

The various policies address:

- Employment procedures.
- Employment continuation.
- Separation.
- Holidays.
- Vacation.
- Sick leave.
- Personnel evaluation.
- Employee grievances.

FINDING

ESD 112 has policies covering personnel issues that allow personnel to understand what is expected of them as employees of ESD 112.

The ESD 112 policy and procedure manual confirms the philosophy and position of the board and is presented in detail to provide clear direction for employees. The policy book meets the following criteria:

- Establishes board expectations and what can be expected from the board.
- Establishes guidelines to keep the board operating within the intent of the law.
- Establishes an essential division between policy making and administrative roles.
- Establishes guidelines within which personnel are to operate.
- Establishes reasonable assurances of consistency and continuity in decisions.
- Establishes the legal basis for the allocation of resources.

ESD 112's policies and procedures in the area of human resources include, but are not limited to:

- Provisions for positive programs of staff training and professional development.
- Staff involvement in planning, decision making, and evaluation.
- Recruitment, screening, and selection of the most qualified and best candidate.
- Assignment of personnel to appropriate areas of performance.
- Guidelines for compensation and benefits programs for staff welfare.
- Development of a climate for optimum employee performance, morale, and satisfaction.

COMMENDATION

ESD 112 is commended for the attention to detail that has been incorporated in the development of its personnel policies.

FINDING

ESD 112 provides a packet of information for new employees. This packet provides the new employee with a complete understanding of the organization as well as the total employee benefit package. Along with receiving the new employee packet, each new member of ESD 112 goes through a new employee orientation.

In addition to the packet for new employees, the HR Department provides an employee handbook for all personnel that could be used as a model for all ESDs.

The handbook includes detailed information on the following general areas:

- Agency overview.
- General information.
- Employment.
- Compensation.
- Employee benefits.
- Holidays/leaves.
- Additional board policies.
- Organizational chart.

An employee can quickly find organizational information in the employee handbook.

COMMENDATION

ESD 112 provides a new employee packet and training for all new hires. This packet and training could be used by other ESDs as a model for creating this service for their district.

FINDING

ESD 112 provides fingerprinting and certification tracking services to its member school districts.

The ESD 112 HR Department responded to school district requests by implementing a fingerprinting service and a certification tracking system, with over 2,200 fingerprint impressions and 1,319 certifications completed, and 4,285 clock hour transcripts sent out. A new “live scan” digital fingerprinting system was acquired in August 2006, allowing computer-generated fingerprints to be transmitted instantly for processing. This allows school districts to receive the needed and required information for hiring purposes in a timely and accurate manner.

Individuals who need this service can receive it at a nominal cost at ESD 112, as shown in **Exhibit 6-7**. Districts use this service when hiring staff. Classified personnel, teachers, substitute teachers, and temporary employees can have the state-required fingerprinting information sent to their districts from the ESD.

The fees established by ESD 112 for district employment as well as for certification applicants are shown below.

**EXHIBIT 6-7
EDUCATIONAL SERVICE DISTRICT 112
FINGERPRINTING FEES**

FOR DISTRICT EMPLOYMENT*	
Washington State Patrol Processing Fee	\$55
ESD 112 Fingerprint Fee	\$25
Total Fee	\$80
FOR CERTIFICATION APPLICANTS	
Washington State Patrol Processing Fee	\$65
ESD 112 Fingerprint Fee	\$25
Total Fee	\$90

Source: ESD 112 Human Resources Department, 2006.

COMMENDATION

ESD 112 responded to district needs by providing fingerprinting services and a certification tracking system.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter presents findings and recommendations relating to the overall use and management of the ESD 112 facilities. The major sections of the chapter include:

- 7.1 Preventive Maintenance
- 7.2 Facility Use, Capacity, and Occupation Rates
- 7.3 Property Management Functions
- 7.4 Energy Use and Management
- 7.5 Custodial and Maintenance Staffing
- 7.6 Facility Services to School Districts and the Private Sector

METHODOLOGY

The primary methodologies used to review facilities use and management and related practices addressed in this chapter include the following:

- Interviews of key ESD and board personnel using pre-developed questions designed for the specific areas of review.
- Identifying and corroborating issues by reviewing documents, conducting observations of facilities, and interviewing management, staff, and stakeholders.
- Analysis of documents including cost data, peer comparison data, and other related data.
- Review of responses from participants of on-line surveys.
- Comparison of ESD practices with best practices of other organizations.

CHAPTER SUMMARY

The audit team found that ESD 112 facilities have been recently renovated and are generally well cared for by ESD staff. However, the ESD needs to develop and implement certain plans, procedures, and practices that will enhance the operation of the facility and the service district.

The following areas merit commendations and are discussed in detail later in this chapter:

- ESD 112 has developed and implemented a conference center and meeting room data system that collects data related to the facility percentage of use.
- ESD 112 has developed a very comprehensive facilities-use document that clearly defines the use of facilities and provides guidelines for outside groups and/or agencies who lease the facility.

- ESD 112 is commended for its well-kept facilities and the cost savings approach of having 2.5 custodians on staff.

The following recommendations are included in this chapter:

- Clarify in writing the landlord's and district's responsibilities for preventive and general maintenance of ESD 112's main campus facilities. **(Recommendation 7-1)**
- Develop a detailed and comprehensive five-year facilities plan. **(Recommendation 7-2)**
- Advertise and sublease a portion of the 10,500 square foot warehouse located in the main campus, "2200" building. **(Recommendation 7-3)**
- Conduct an energy audit to identify areas that need retrofitting to reduce energy expenditures. **(Recommendation 7-4)**
- Establish a data-collection process that compares Construction Services Group (CSG) charges to private sector construction service charges. **(Recommendation 7-5)**
- Establish a database for each ESD 112 Construction Services Group construction project that records accurate cost-savings and time-saving efficiencies. **(Recommendation 7-6)**

7.1 Preventive Maintenance

Preventive maintenance is an important aspect of any organization's owned or leased facility. It is particularly important that preventive and general maintenance are conducted when an organization leases facilities. The lease must include specific information regarding what expenses the landlord covers and those covered by the organization. Items that are covered by the organization need to be included in the organization's annual budget. Further, the organization needs to work with the landlord to ensure that facility items needing preventive and/or general maintenance are serviced and/or repaired.

Often organizations defer or do not consider preventive maintenance items when budgets are lean or the facility is relatively new. The proper planning and use of preventive maintenance services may add years of life to the facility and often yields a fiscal savings for an organization. Budgeting for preventive and general maintenance items is as important as staffing and other operational items that are considered by the organization during their budgeting process.

FINDING

There is no clearly-defined agreement with the landlord and the ESD regarding preventive and long-term general maintenance for the leased facilities.

ESD 112 main campus consists of three leased buildings located in close proximity in Vancouver, Washington. Staff noted that ESD 112 is the only ESD that leases rather than owns their facilities. Budget information indicates that four dollars per square foot are budgeted annually for the ESD's main campus facility maintenance. ESD 112 has a detailed 2006-07 budget of proposed expenditures for preventive and general maintenance. Expenditures appear to be appropriate for the square footage and type of facility that ESD 112 occupies.

Exhibit 7-1 lists related information regarding each facility.

EXHIBIT 7-1 ESD 112 MAIN CAMPUS FACILITY INFORMATION

FACILITY	CONSTRUCTION DATE	REMODELED DATE	LEASE INFORMATION	SQUARE FOOTAGE
Main Office 2500 NW 65 th Ave.	1979	2004	Original July 1992, Renewed for 15 yrs, June 2004	<u>55,956 total</u> Office and Meeting Room Space
Science Materials Center 2300 NW 65 th Ave.	1979	1999	Original 1999, Renewed 2005	<u>10,500 total</u> 3,000 Office Space 7,500 Warehouse
Youth Programs Building/ Warehouse 2200 NW 65 th Ave.	1979	2003	Original 2003, Renewed 2006	<u>17,325 total</u> 7,325 Office and Classroom Space 10,000 Warehouse

Source: ESD 112 Facilities Management Document, November 2006.

Interviews and document reviews indicate that the facilities currently do not require a great deal of maintenance because of the recent renovation. The two most pressing issues appear to be the repair of the parking lot and the ultimate replacement of the main HVAC units that are over 20 years old. A tour of ESD 112's parking lots reveal that the lots are beginning to experience deterioration and are in need of immediate repair and seal coating. It is very possible that further delay of parking lot repairs may result in base failure in some areas.

The three main HVAC units are no longer manufactured and will at some point require replacement along with structural work to accommodate the replacement units. It is estimated by the ESD staff that the units will cost approximately \$100,000 each to replace. Currently, a unit is not operational and it is being used for parts to keep the other units operating. Interviews indicated that this is working for now, but is not a long-term solution for the facility. It appears that both of these issues may be under the landlord's items for repair and replacement.

ESD 112 outsources general maintenance and preventive maintenance work for the HVAC units. The contract is for one year and ends on August 31, 2007. This model allows for the containment of costs and provides for routine servicing of the HVAC equipment.

Recommendation 7-1

Clarify in writing the landlord's and district's responsibilities for preventive and general maintenance of the ESD 112 main campus facilities.

ESD 112 should clarify in writing the responsibilities of the landlord and those of ESD 112 regarding repair and maintenance of the leased facilities. Once the ESD has determined whether it is the landlord's or the ESD's responsibility, they should implement a preventative and general maintenance program for the HVAC units and the parking lot.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|-----------------------------|
| 1. The ESD Superintendent and chief financial officer should review the lease contracts for the main campus facilities to determine what language needs to be clarified regarding the landlord's and ESD's responsibilities for maintenance of the facilities. | June 2007 |
| 2. The ESD Superintendent and chief financial officer should meet with the landlord and begin clarifying the landlord's and ESD's responsibilities for maintenance of the facilities. | June – July 2007 |
| 3. Agreed-upon maintenance discussions need to be committed to writing and included as an addendum to the facility leases. Methods of recourse for ESD 112 and/or landlord need to be included to cover an instance where either party does not fulfill the maintenance requirements listed in the addendum. The addendum should be signed by the landlord and then approved by ESD 112 Board of Directors. | August 2007 |
| 4. The information in the addendum should be reviewed and incorporated into future leases before being executed by the ESD Board of Directors. | September 2007
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing ESD 112 resources.

FINDING

The Facilities Planning Study document is out of date and in need of revision.

ESD 112 has a Facilities Planning Study document in place that was prepared in 1999. The Facilities Plan includes projected facility-expansion needs for one to three years and for five to ten years. The document is very comprehensive and detailed in outlining the current space and needs of ESD 112.

The document was used as a guideline to identify ESD 112's facility space needs and how to remodel existing leased space. Much of this remodeling was completed during 2004. The plan is currently seven years old and has not been updated since its development in 1999. Future facility needs and/or renovations, post 2004's remodel, are not listed in the existing 1999 plan.

Recommendation 7-2:

Develop a detailed and comprehensive five-year facilities plan.

ESD 112 should develop a comprehensive five-year facilities plan that updates the 1999 Facilities Planning Study. The current plan is very well designed and should provide a resource for the development of the new facilities plan. The current plan is now seven years old and does not include information regarding the renovations that have taken place since 1999. Each fiscal year, the five year plan should be used as a guideline to assist the board of directors in understanding specifics about ESD 112's facility space and maintenance needs. The superintendent and board of directors should review the plan annually and consider the plan during the budget process.

IMPLEMENTATION STRATEGIES

- | | |
|--|---------------------------|
| 1. The ESD Superintendent should instruct the chief financial officer to develop a detailed five-year facility plan. | September 2007 |
| 2. The ESD Superintendent should review the facility plan with the ESD Board of Directors and request their approval of the new five-year facility plan. | October 2007
(ongoing) |
| 3. The ESD Board of Directors should consider the needs listed in the five-year facility plan as a part of the annual spring budget process. | March 2008
(ongoing) |

FISCAL IMPACT

This recommendation could be implemented with existing resources.

7.2 Facilities Use, Capacity, and Occupation Rates

Public institutions, including service agencies, need to ensure that resources are used efficiently. One such efficiency that organizations should continually review is their use of facilities. Efficient service agencies strive to have minimal or no wasted space and maximize all opportunities to use meeting room space.

The ESD 112 Main Office Building has 55,956 square footage and an occupancy capacity with 183 staff members housed in the facility. The Science Materials Building has a total of 10,500 square feet of space with 3,000 square feet of office space and a 7,500 square feet warehouse. The building has 7 staff members housed in the space. The third facility has 17,325 square feet and has 7,350 square feet dedicated to student classroom space. The remaining 10,000 square feet is used for record and general storage for ESD 112. The third building houses 25 staff members in the facility.

Exhibit 7-2 lists the Conference Center and meeting rooms as having the following capacity and occupancy rates:

**EXHIBIT 7-2
ESD 112
CONFERENCE CENTER AND MEETING ROOM
CAPACITY AND OCCUPANCY RATE PERCENTAGE**

ROOM NAME	ROOM CAPACITY	OCCUPANCY PERCENTAGE
Columbia (Board Room)	16-20	30.84%
Clark	45-50	69.76%
Klickitat	35-40	53.62%
Pacific	45-50	69.01%
Skamania	35-40	56.86%
Video Conference	15-20	47.43%
Cowlitz Computer Lab/Classroom	25-30	42.50%
Wahkiakum Technology Lab	16	21.45%

Source: ESD 112 Verification E-mail – Chief Financial Officer, December 2006, and ESD 112 Room Use Reports, March 2007.

ESD 112 indicates that it does maintain data as to the exact percent of usage of the conference center and meeting rooms.

FINDING

Room use data are collected related to space usage for all of ESD 112's main campus conference center and meeting rooms.

Document reviews indicate that the staff has data collected as to the usage of the meeting and training rooms in the conference center. A data system is employed to provide information to the ESD Superintendent and the administrative staff as to the usage of the facility for some of the conference and meeting rooms.

The use of data is important for the ESD staff to determine how frequently rooms are used, number of clients served, frequency of rooms being canceled, and if the ESD has sufficient meeting and training space to meet the needs of their clients and staff.

COMMENDATION

ESD 112 has developed and implemented a conference center and meeting room data system that collects data related to the facility percentage of use.

7.3 Property Management Functions

The maximum use of facilities is important to ensure that the service agency is being efficient with its resources. Storage space is an important resource that sometimes is overlooked by an organization. Efficient organizations have scheduled times throughout the year that staff are instructed to review the stored contents and dispose of any items that no longer have value to the organization.

Further, many organizations use electronic storage systems to reduce the physical space need to store records. Electronic data storage and retrieval systems can be cost-effective systems that may enhance an organization's records storage and provide greater ease of retrieval of those records.

FINDING

The main campus "2200" building warehouse can be used more efficiently for storage, resulting in reduced rental costs to the ESD. The ESD 112 main campus "2200" building includes a classroom area and a 10,500 square foot warehouse. This warehouse could be better organized and has a variety of items stored in the facility that are no longer of service for ESD 112. In addition, business office records from the six years are stored in the facility. Interviews indicated that it is the desire of the staff to have these records stored in an electronic format. ESD 112 has access to a Laserfiche-type of application that allows for scanning, and the electronic storage of records. The 2006-07 lease for the warehouse space is \$0.3572381 per square foot. ESD 112 is currently leasing the warehouse space for an amount of \$45,012.00 per year.

Recommendation 7-3:

Advertise and sublease a portion of the 10,500 square foot warehouse located in the main campus "2200" building.

ESD 112 should dispose of surplus items in the warehouse that are no longer needed for district operations. These items should be sold or provided to regional school districts for their use in accordance with RCW28A.335.180.

Permanent records should be scanned and stored into an electronic application that is already owned by ESD 112. Once secured with the proper back-up, the paper or hard-copy records should be destroyed according to the State of Washington record disposal process.

Eliminating surplus items and scanning permanent records will make 2,800 square feet available for sublease.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|--------------------------|
| 1. The ESD Superintendent needs to instruct the cabinet to determine which items in the warehouse still serve a district purpose and dispose of the remaining items. | June – July 2007 |
| 2. The ESD Superintendent should instruct the chief financial officer to have the stored business records converted to an electronic software application with an electronic back-up copy of each record created. Once completed the paper records should be destroyed according to the approved State of Washington record-disposal process. | July 2007 –
July 2008 |
| 3. The ESD Superintendent should instruct the chief financial officer to secure a sub-leaser for the “2200” building warehouse facility 1,100 square feet that will become available after removal of surplus equipment.. Once this is accomplished the ESD Superintendent should seek ESD Board of Directors approval of the sublease. | September 2007 |
| 4. The ESD Superintendent should instruct the chief financial officer to secure a sub-lessee for the 1,700 square feet that will become available after the scanning of the permanent records. Once this accomplished the ESD Superintendent should seek the ESD Board of Directors approval of the sublease. | August 2008 |

FISCAL IMPACT

The recommendation should be implemented with a conservative estimated first year savings to ESD 112 of \$4,715. In the four years following, the ESD will begin leasing the additional paper storage space for a five year savings of \$52,727.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Sublease a Portion of the “2200” Building Warehouse.	\$4,715	\$12,003	\$12,003	\$12,003	\$12,003

An important aspect of any facility is the methodology employed to adequately fund the property note or lease, utilities, technology infrastructure, custodial services, and maintenance. Service agencies often have to use a variety of funding sources, across departmental budgets, to fund the facility and its related expenses.

FINDING

ESD 112 has developed an effective facility-use procedure, as defined in the *Administrative and Operational Guidelines* document. A review of the ESD document reveals specific facility-use procedures for ESD staff and non-ESD related organizations, A complete breakdown of charges for non-related use of the facility is listed in the

document's facilities section. It is also noted that a charge is assessed to an ESD 112 department or organization that does not cancel the use of a room within forty-eight hours of the event.

COMMENDATION

ESD 112 has developed a comprehensive facilities-use document that clearly defines the use of facilities and provides guidelines for how outside groups and/or agencies may lease the facility.

7.4 Energy Use and Management

Energy-efficient equipment and management systems are becoming a major aspect of many organizations' efforts to control operational expenses. With the ever-increasing cost of utilities, it is very important that all organizations seek ways to save on their usage. The deployment of low-energy-use lighting, HVAC units, plumbing fixtures, and actual building construction are important ways to conserve resources. Many organizations have also incorporated automated energy management monitoring and operational equipment to ensure that optimum energy savings is realized. Further, energy savings techniques and training of organizational staff may greatly assist in savings on utility expenditures.

FINDING

ESD 112 has not had an energy audit conducted for its main campus facilities in the past five years.

Energy audits and performance contracts can minimize a facility's energy use and costs by identifying and addressing system and human inefficiencies. An energy audit will assist ESD 112 in assessing how much energy the facilities consume and to evaluate what measures can be taken to increase energy efficiency. Energy audits will review insulation, HVAC, lighting fixtures, electronic climate control systems, other equipment, and maintenance practices.

Energy Star, one of the leading governmental organizations in energy savings, states:

Energy Audits help managers to:

- Identify actions for improving energy performance
- Prioritize projects
- Track progress

Source: Energy Star Web Site, *Plant Energy Auditing*, www.energystar.gov, December, 2006.

Energy audits can be self-assessments conducted by staff, external audits obtained through an energy service firm, or a combination of both. Energy Star recommends that process engineers, maintenance experts, systems manager, and energy specialists are used in conducting the energy audit.

A model that allows for the minimizing of energy costs without significant investment is the use of an energy performance contract. In such contracts, an energy services company performs an energy audit, identifies, and then implements cost-saving projects for a facility. The organization is then able to use actual energy cost savings to reimburse the energy services company and to pay off any loans that financed the energy conservation projects. Once the loans are repaid, the reduced energy cost savings would accrue directly to the ESD.

Recommendation 7-4:

Conduct an energy audit to identify areas that need retrofitting to reduce energy expenditures.

ESD 112 should conduct an energy audit to identify methods and equipment changes that will reduce energy costs. TAC America reports that the retrofitting of equipment generally will pay for itself in eight to ten years and will provide a more efficient use of utilities for ESD 112. The retrofit expenses and energy savings will depend on the types retrofits identified and implemented by the ESD.

A third-party energy audit was completed in 2005 at Regional Education Service Center 12 (RESC 12) in Waco, Texas. The company that audited the 46,040 square foot RESC 12 facility estimated that, with retrofitting of the lighting, HVAC improvements and minimal restroom fixture changes, the regional office would have an annual savings of \$28,375. The primary savings would be in reduction of electricity usage by the RESC through more efficient equipment and lighting. The energy audit revealed an annual baseline utility cost of \$97,035 with a potential annual savings of \$28,375, that equaled a 29 percent reduction in utility costs for the RESC.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|--|-------------------------|
| 1. The ESD Superintendent should instruct the chief financial officer to determine if staff in the ESD Construction Service Group has the expertise to conduct the audit or develop a request for proposal, advertise the request for proposal and secure proposals from energy audit companies. | June – June 2007 |
| 2. If a proposal process is needed, the ESD Superintendent and board of directors should review all proposals and authorize a contract with an energy audit firm that offers the best price, timeline, and service. | July 2007 |
| 3. The ESD Chief Financial Officer should oversee the energy audit that will be conducted. | August – September 2007 |
| 4. Recommendations from the audit should be reviewed by the ESD Board of Directors and Superintendent. The ESD Board of Directors should approve audit recommendations that will provide energy savings for the Educational Service District. | October 2007 |

5. Recommendations approved by the ESD Board of Directors should be implemented by ESD 112.

October 2007
(ongoing)

FISCAL IMPACT

The implementation of this recommendation should be at no cost to ESD 112, if the energy audit is conducted internally or through an energy performance contract. Energy audits that are conducted without a performance contract usually result in a cost range of \$5,000 to \$10,000 (TAC America); however, as described above, ESDs that conduct these audits can show a return on investment as illustrated by the example given regarding the RESC 12.

7.5 Custodial and Maintenance Staffing

One of the factors that is important to staff and clients is the cleanliness of an organization's facilities. Custodial and maintenance staff provides the primary conduits for ensuring an inviting space to work and to attend meetings.

FINDING

The ESD 112 main campus facilities appear to be very clean—the ESD has two full-time and one part-time custodians, who clean a larger square footage space per person than the Association of Physical Plant Administrators (APPA)-recommended standards. Each custodian currently works from a specific duty schedule that is well defined by ESD 112. Each custodian is responsible for 26,400 square feet of facility space and together they clean a total of 66,000 square feet.

One full-time custodian serves 26,400 square feet of facility. This, by far, exceeds APPA standards of one custodian to approximately 18,000 to 20,000 square feet in an eight-hour period while meeting the industry standard of Level 2, *Ordinary Tidiness*. If it were to use the APPA ratio, the ESD would need to have 3.3 to 3.6 custodians on staff. APPA standards would require an addition of one full-time custodian with an estimated additional personnel expense of \$34,999 per year.

Exhibit 7-2 lists the custodial cost savings that ESD 112 has in place when compared to AAPA-recommended custodial-per-square-footage ratio.

EXHIBIT 7-2 ESD 112 CUSTODIAN COST SAVINGS WHEN COMPARED TO THE APPA RATIO

NUMBER OF CUSTODIANS SAVED WHEN COMPARED TO APPA RATIO	SALARY	FRINGE BENEFITS	TOTAL SAVINGS
One (1) Custodian	\$26,717	\$8,282	\$34,999

Source: ESD 112 Salary document, ESD 112 Custodial per Square Footage Cleaned document, and APPA Custodial to Square Footage Industry Standard Level 2 document.

A walk-through review of ESD 112's main campus facilities revealed that each building is well kept and very clean. The custodian to square footage ratio the ESD is using is very effective both in cleanliness and savings in personnel costs.

Most of the general maintenance work for the main campus is provided by the custodial staff. Observations of work areas and other spaces revealed that the custodial staff provided excellent general maintenance of the facilities. A preventive maintenance contract is in use for the HVAC system. Other specialized maintenance services, such as plumbing, and electrical, are secured through local contractors.

COMMENDATION

ESD 112 is commended for its well-kept facilities and the cost savings approach of having 2.5 custodians on staff.

7.6 Facility Services to School Districts and the Private Sector

Several service agencies are offering facility services for their member school districts. Services vary from agency to agency, but often offer assistance to districts in passing bond elections, selection of architects, construction management, contractor selection, and other related services.

FINDING

ESD 112 does not collect data that compare Construction Services Group (CSG) charges to private sector construction service charges.

Information provided by CSG indicated that exact comparisons of their services with the private sector were not collected and available. Comparison data are needed to assist the ESD Superintendent and board of directors to ensure that the services being provided by CSG are competitive. School district superintendents and school boards also need this information to ensure that their school district is receiving the best value for their school district.

Survey data from regional school district superintendents indicate a high level of satisfaction for services provided by ESD 112 as shown in **Exhibit 7-3**. One superintendent listed the following comments with his survey response: "ESD 112 is a highly-effective organization. The services they provide for our district are invaluable. We have had several major school bond and construction projects under the ESD's leadership and all were highly successful."

Exhibit 7-3 provides information regarding to the overall school superintendent satisfaction level of services provided to school districts by the ESD 112.

**EXHIBIT 7-3
ESD 112
SUPERINTENDENT SURVEY RESPONSES**

**PART B: GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL
SERVICE DISTRICTS (ESDs).**

Please indicate with an "X" your level of agreement or disagreement with the following statements. SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently uses services provided by our ESD.	73	27	0	0	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	82	14	5	0	0	0

Source: MGT of America Survey of Superintendents, 2006.

Exhibit 7-4 lists the school campuses that have received construction services from the ESD 112 Construction Services Group, as shown in services provided to high schools, elementary and middle schools, and other facilities.

**EXHIBIT 7-4
ESD 112
CONSTRUCTION SERVICES CAMPUSES
AND OTHER FACILITIES**

HIGH SCHOOLS	PROJECT MANAGEMENT	CONSTRUCTIONABILITY REVIEW	BUILDING COMMISSIONING
Camas High School	X	X	X
Hockinson High School	X	X	X
Kelso High School	X		
Lyle High/Middle School	X		
Washougal High School	X	X	X
Winlock High/Middle School	X	X	X
HIGH SCHOOLS	PROJECT MANAGEMENT	CONSTRUCTIONABILITY REVIEW	BUILDING COMMISSIONING
Woodland High/Middle School	X		
Lake Stevens Mid/High School	X	X	
ELEMENTARY & MIDDLE SCHOOLS	PROJECT MANAGEMENT	CONSTRUCTIONABILITY REVIEW	BUILDING COMMISSIONING
Barnes Elementary School	X		
Cape Horn-Skye Elem./Canyon Creek Middle	X	X	X
Dallesport Elementary School	X		
Gause Elementary School	X	X	X
Hathaway Elementary School	X	X	X
Hilltop Middle School	X	X	X
Hockinson Heights Primary School	X	X	X
Hockinson Middle School	X		
Julius A. Wendt Elementary School	X		
La Center Middle / Elementary School	X		
Lincoln Middle School	X	X	
Long Beach Elementary School	X	X	X
Ocean Park Elementary School	X	X	X
Prune Hill Elementary School	X	X	X
Skyridge Middle School	X		
Stevenson Elementary School	X		
Winlock Elementary School	X	X	
Woodland Intermediate School	X	X	
ESD 123 Professional Development Center	X		
District Transportation Facilities	X		
District Technology Projects	X		
Jack, Will and Rob Youth Center	X	X	

Source: ESD 112, Construction Services Group Document, December 2006, Educational Service District 112 Web Site, and MGT of America Interview Documents, November 2006.

Recommendation 7-5:

Establish a data collection process that compares Construction Services Group (CSG) charges to private sector construction service charges.

The establishment of a cost comparison process for CSG is needed to ensure that costs are competitive when compared to the private sector. ESD 112 Board of Directors and Superintendent should require that these data be provided on a quarterly basis. Comparison data are needed to assist with the on-going evaluation of services being provided by the CSG. School district superintendents and school boards should be provided access to the comparison data collected for their review and analysis when considering CSG as a service provider.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------------------------|
| 1. The ESD Superintendent should instruct the Construction Service Group director and chief financial officer to begin collecting data that compares CSG costs with the private sector. Cost comparison data should be collected and stored in a database for each CSG project/contract. | June 2007
(ongoing) |
| 2. The ESD Superintendent should provide the cost comparison data to the board of directors on a quarterly basis. The board of directors and superintendent should review and analyze these data to ensure that school districts are continually receiving cost-effective services from the Construction Services Group. | September 2007
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing ESD 112 resources.

FINDING

ESD 112 does not maintain construction service data related to specific cost and/or time savings for school district projects.

Information requested from several CSG school district clients and ESD 112 staff revealed that data related to cost and/or construction cost savings are not available. Districts that responded to an e-mail for additional information indicated that they had a cost and/or time savings, but most could not provide actual dollar amounts or time savings. The Yelm Community School Superintendent did indicate that they had used the Construction Services Group to provide renovations and additions to the Yelm High School, 153,000 square feet and Ridgeline Middle School, 85,000 square feet. The estimated cost for services provided was \$200,000 and the superintendent indicated and estimated savings of 15 to 20 percent. His estimate would equate to a savings of \$30,000 to \$40,000 for the work.

Recommendation 7-6:

Establish a database for each ESD 112 Construction Services Group construction project that records accurate cost-savings and time-saving efficiencies.

The use of cost-savings and construction time-savings data is important to ensure that the ESD is providing the best possible value to their school district clients. Such data needs to be readily available to ensure that school district clients and prospective clients make the best fiscal choice for their district. Superintendents and school boards need this type of data as they analyze and determine the best approach to renovating or constructing their facilities. Analysis of the data also will assist the ESD Superintendent and board of directors in ensuring that the CSG is providing an efficient, cost- and time-saving service for the region's and state's school districts.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------------------|
| 1. The ESD Superintendent should instruct the chief financial officer and Construction Services Group staff to develop an accurate method to account for school district construction service cost and time related savings. The savings should be recorded in a data-base that is readily accessible to the ESD key staff and school district personnel. | June 2007
and Ongoing |
| 2. The ESD Superintendent and the board of directors should review the data to ensure that the ESD's construction services are providing an efficient, cost and time savings for school districts. The review and analysis of these data should be a quarterly agenda item for ESD 112 Board of Directors meetings. | August 2007
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing ESD 112 resources.

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter provides the findings regarding management information systems (MIS) for Educational Service District 112 in Vancouver, Washington (ESD 112) for the following sections:

- 8.1 Technology Planning
- 8.2 Purchasing and Outsourcing
- 8.3 Operational Procedures
- 8.4 Telecommunications

When reviewing the technology resources of an educational school district, the audit team examines the host computer system that supports applications, the applications themselves and the degree to which they satisfy user needs, the manner in which the infrastructure supports the overall operations of the educational service district, and the organizational structure within which the administrative and instructional technology support personnel operate.

METHODOLOGY

The audit team addressed the following issues for information management in ESD 112 as part of this performance audit:

- Reviewed the information technology plan.
- Interviewed key district personnel and identified key users of technology in the region to obtain information on:
 - The current state of technology, including hardware and software, in business computing.
 - The current state of technology, including hardware and software in instructional computing.
 - Strengths and weaknesses of the technology infrastructure and MIS support of it.
 - Hardware, software, and networking standards.
 - Disaster recovery plans (possibility for consolidating backup efforts for backup storage).
 - Relationship between instructional and business computing in the region.
 - Current professional development in computers and technology and the accountability of requirements.

- Reviewed service and purchase records, reports, and documentation of appropriate technology-related applications, processes, strategies, and plans.
- Compared current state of the ESD information technology with regional goals and with established best practices.
- Using the information concerning the technology functions gathered by other audit teams, prepared an analysis of findings and issue areas.
- Evaluated whether there are goods or services that can be obtained from the private sector at a lower cost, higher quality, or both.
- Identified areas in need of improvement and potential barriers to improvement
- Conducted follow-up analysis as needed and modify findings, as appropriate.
- Reviewed the organizational structure and compare with best practices
- Reviewed for changing statutes, rules, and policy directives that impede the delivery of efficient and effective educational or operational services.

Additionally, the audit team developed findings, commendations and/or recommendations, implementation strategies and timelines, and five-year fiscal impacts related (as applicable) in support of information management as appropriate.

CHAPTER SUMMARY

The audit team found that ESD 112 has commendable practices yet can be more effective in providing technology to school districts. This chapter provides findings, commendations, and recommendations for the ESD.

This chapter includes the following commendations:

- The print center in ESD 112 uses outside vendors, as needed, for cost efficiencies.
- The print center in ESD 112 actively participates in regional school districts' bid process for print-related services and analyzes bid results to determine how they compare with their competitors.
- ESD 112 is commended for implementing a solid purchasing process for products used to integrate technology in the district classrooms.

- ESD 112 has established a commendable and award-winning video production service for the regional school districts and the community.

This chapter includes the following recommendations:

- Develop a formal disaster recovery plan. (**Recommendation 8-1**)
- Create a comprehensive technology-related procedures manual. (**Recommendation 8-2**)

8.1 Technology Planning

Ten years ago, technology was seen as an add-on in school systems and educational service districts, indeed in many organizations, including private businesses. Now, technology is a foundational aspect of almost every organization.

Technology plans almost always span between three and five years. By analyzing current trends in educational service district demographics and available technology, planners can predict what the needs of the ESD will be and what technology will be available to fill those needs. Technology is the fastest changing segment of our society, so frequent updates and revisions of any technology plan will be required.

FINDING

ESD 112 has created basic procedures for restoring data, yet a formal disaster recovery plan has not been completed.

According to information provided from the data-request list, a true disaster recovery plan has not been created. However, the ESD does have a modified backup and recovery system in place.

Exhibit 8-1 shows the modified data services disaster recovery plan used by the ESD.

**EXHIBIT 8-1
EDUCATIONAL SERVICE DISTRICT 112
MODIFIED DATA SERVICES RECOVERY PLAN**

I. Back Up Servers	
	<ul style="list-style-type: none"> i. If necessary, contact [Iron Mountain] for offsite tapes. ii. Call Dell for emergency hardware support or replacement. iii. Call [tape drive vendor] for a replacement drive.
If other services are waiting upon backup services for recovery:	<ul style="list-style-type: none"> i. If necessary, contact Iron Mountain for offsite Tapes. ii. Get long term replacement process started: <ul style="list-style-type: none"> 1. Call [tape drive vendor] for a replacement drive. 2. Call Dell for hardware support or replacement. iii. Get short term replacement process started: <ul style="list-style-type: none"> 1. Call [reciprocal partner] to borrow an L TO III drive temporarily. 2. Repurpose another high end computer [possibly from reciprocal partner] to host the backup drives. 3. Download replacement copy of the backup software. [from this URL] for installation.
II. Server Hardware Installation	
a. If iComp server hardware is intact:	<ul style="list-style-type: none"> i. Contact [iComp Vendor (Barkley)] for emergency restore services. ii. Locate the most recent tape backup (onsite or offsite – See backup section for details) iii. Depending on the severity of the situation, work with [iComp vendor] over the phone, or have them come onsite to do the work.
b. If iComp server hardware is not available:	<ul style="list-style-type: none"> i. Contact [iComp Vendor (Barkley)] for emergency restore services. ii. Contact Dell for emergency support or replacement. iii. Locate the most recent tape backup (onsite or offsite – See backup section for details) iv. Depending on the severity of the situation, work with [iComp vendor] over the phone, or have them come onsite to do the work. v. If Dell cannot provide hardware within [the required timeline] implement short term solution: <ul style="list-style-type: none"> 1. Repurpose another high end computer [possibly from reciprocal partner] to host iComp. 2. Install Windows Server and then follow the direction of the iComp vendor to complete the restoration.
III. Fileserver	
a. Scenario I: Hardware is intact, but data is corrupt.	<ul style="list-style-type: none"> i. Run Scan Disk or other disk utilities recommended by vender ii. Locate latest copy of backup and prepare to restore if necessary iii. Restore Data from tape
b. Scenario II: Hardware Failure	<ul style="list-style-type: none"> i. One of the Two servers within the Cluster Fails <ul style="list-style-type: none"> 1. Remove the server from the cluster 2. Perform necessary hardware and software repairs 3. Re-enter server into the cluster ii. Storage Array fails <ul style="list-style-type: none"> 1. Contact Vender to have hardware repaired
c. Scenario III: No Access to the building.	<ul style="list-style-type: none"> i. Acquire backup tapes from [Iron Mountain] <ul style="list-style-type: none"> 1. Restore backup tapes to repurposed high end desktop computer(s) ii. Re-map clients to new file server

EXHIBIT 8-1 (Continued)
EDUCATIONAL SERVICE DISTRICT 112
MODIFIED DATA SERVICES RECOVERY PLAN

IV. Active Directory	
a. Scenario I: If the ESD 112 Active Directory server at anyone location fails:	<p>i. If the network services (LAN/W AN) are still functional:</p> <ol style="list-style-type: none"> 1. Authentication should automatically be handled by the offsite Domain Controllers for the short term. If the outage is prolonged, consider moving an offsite Domain Controller to the affected site until a replacement Domain Controller is available. <p>ii. Contact Dell for hardware support or replacement.</p> <p>iii. If Dell cannot provide replacement hardware within [the acceptable outage time frame], repurpose a high end computer to act as a temporary replacement until the permanent replacement is available.</p>
b. Scenario II: If the Active Directory becomes corrupted (i.e. no physical disaster has occurred)	<p>i. Contact [Authorized Microsoft Disaster Recovery Partner] to assist recovery of the Active Directory database.</p> <p>ii. Contact Dell for hardware support if necessary.</p> <p>iii. Locate best copy of tape backup of the Domain Controller in case it is needed by the [contractor].</p>
V. Exchange E-Mail	
a. Scenario I: If hardware is intact:	<p>i. Locate most recent Exchange backup tapes.</p> <p>ii. Call [Microsoft Authorized Partner for Exchange Disaster Recovery Services] for Exchange recovery services. (Note: Add all existing phone numbers to the appendix)</p> <p>iii. Determine whether Active Directory is available for Exchange recovery, if not, implement Active Directory recovery plan.</p>
b. Scenario II: If hardware fails:	<p>i. Call Dell for emergency hardware support or replacement support.</p> <p>ii. Locate most recent Exchange backup tapes.</p> <p>iii. Call [Microsoft Authorized Partner for Exchange Disaster Recovery Services] for Exchange recovery services. (Note: Add all existing phone numbers to the appendix)</p> <p>iv. Determine whether Active Directory is available for Exchange recovery, if not, implement Active Directory recovery plan.</p> <p>v. If Dell cannot provide hardware within [the required timeline] implement short term solution:</p> <ol style="list-style-type: none"> 1. Repurpose another high end computer [possibly from reciprocal partner] to host Exchange until permanent hardware is available. 2. Install fresh copy of Windows Server. 3. Connect to Active Directory. 4. Hand over to [Microsoft Authorized Partner for Exchange Disaster Recovery Services Contractor] for Exchange restore.
c. Scenario III: If there is no access to the building:	i. After access to Active Directory has been reestablished, follow Scenario II.
VI. Web Site	
a. Scenario I: Hardware is intact, but data is corrupt.	<p>i. Primary Web Server will be pulled offline for recovery and maintenance.</p> <p>ii. Development Server will be re-imaged with the current public website and moved to the public area of the network. Access to this replacement server should be monitored closely until a cause can be determined.</p> <p>iii. The public web server hardware can be redeployed as the development server after the cause of failure is determined and addressed.</p>
b. Scenario II: Hardware Failure.	i. Contact [Dell] for hardware maintenance. If the estimated maintenance window is longer than the acceptable downtime, invoke Scenario I.
c. Scenario III: No Access to the building.	<p>i. Deploy backup image of the website onto a third party web host.</p> <p>ii. Redirect DNS entries to the third party web host.</p>
VII. Telephone (Land Lines)	
a. If access to the building is not hindered (i.e. wiring is still in	<p>i. Use cell phones where possible .</p> <ol style="list-style-type: none"> 1. Depending on the severity, we may contact Cingular to get an emergency inventory of additional cell phones. <p>ii. Contact Verizon for phone switch support</p> <p>iii. If necessary contact Dial Pro (voice mail provider) for voice mail support.</p>

**EXHIBIT 8-1 (Continued)
EDUCATIONAL SERVICE DISTRICT 112
MODIFIED DATA SERVICES RECOVERY PLAN**

b. No access to building	<ul style="list-style-type: none"> i. Get cell phones ii. Use emergency phone list to contact employees iii. Contact Verizon about transferring our direct dial numbers to a temporary switch or providing a recorded message.
VIII. iMail Server (Email Services for outside customers)	
a. Scenario I: Hardware is intact, but data is corrupt.	<ul style="list-style-type: none"> i. Restore Imail Directory back to original hardware ii. Restart services
b. Scenario II: Hardware Failure	<ul style="list-style-type: none"> i. Contact Hardware vender for hardware support. <ul style="list-style-type: none"> 1. if hardware repair does not meet timeline repurpose high end desktop computer ii. Restore HKEY_LOCAL_MACHINE\SOFTWARE\lpswitch using the Registry Editor (regedit.exe). Also restore: HKEY_LOCAL_MACHINE\SYSTEM\CurrentControlSet\ Services\ SMTPD32 iii. Restore the Imail Directory iv. Update the software to the same version of IMail which was running on the old computer (this includes any HotFixes). v. Run regedit.exe on the new server. Delete the 'IMail' key under HKEY_LOCAL_MACHINE\SOFTWARE\lpswitch. vi. Import the registry files vii. Start the I Mail services on the new computer.
c. Scenario III: No Access to the building.	<ul style="list-style-type: none"> i. Acquire backup tapes from I-on Mountain <ul style="list-style-type: none"> 1. Restore backup tapes to repurposed high end desktop computer ii. Perform steps in Scenario 2 (Hardware failure)
IX. WESPaC	
a. Contact Vender (Wsipc)	<ul style="list-style-type: none"> i. Acquire backup tapes from Iron Mountain
X. K-20 Network Access	
a. Notify Data RITU	<ul style="list-style-type: none"> i. If not available Contact Coco Noc
XI. Microsoft SQL	
a. Scenario I: Hardware is intact, but data is corrupt	<ul style="list-style-type: none"> i. Restore Database with latest copy
b. Scenario II: Hardware Failure	<ul style="list-style-type: none"> i. Contact Hardware Vender to arrange for parts replacement
c. Scenario III: No Access to the building.	<ul style="list-style-type: none"> i. Acquire backup tapes from Iron Mountain <ul style="list-style-type: none"> 1. Restore backup tapes to repurposed high end desktop computer
XII. Filemaker Server	
a. Scenario I: Hardware is intact, but data is corrupt	<ul style="list-style-type: none"> i. Restore Database with latest copy
b. Scenario II: Hardware Failure.	<ul style="list-style-type: none"> i. Contact hardware vender for support <ul style="list-style-type: none"> 1. if hardware vender can not make necessary timeline repurpose high end desktop
c. Scenario III: No Access to the building.	<ul style="list-style-type: none"> i. Acquire backup tapes from Iron Mountain <ul style="list-style-type: none"> 1. Restore backup tapes to repurposed high end desktop computer
XIII. Air conditioner failure	
a. The normal temperature for Data Center is 68 and 76 degrees	<ul style="list-style-type: none"> i. If temperature does not fall between this range contact maintenance personal for repairs
XIV. Flood and Water Damage	
a. Power equipment	
b. Push the emergency power off switch	
c. Contact Director of CIM	

Source: ESD 112 Technology Department, 2006.

While ESD 112 is using a progressive and modified data services recovery plan, a more formal, true disaster recovery plan is essential.

Disaster recovery plans are a necessity in educational service districts to collect and retain data on day-to-day operations. It is also a way for the ESD and the supported regional school districts to avoid requesting the recreation of data in the event of a problem or disaster.

Recommendation 8-1:

Develop a formal disaster recovery plan.

Disaster recovery plans provide reassurance that if data are lost or destroyed due to a natural or manmade disaster, data can be recovered quickly and a lapse in operations can be minimized. The recovery plan should encompass all data and provide for periodic testing.

One potentially efficient and economical way for the ESD to implement a disaster recovery plan is to incorporate the use of another ESD for off-site storage. Vancouver ESD could also serve as the off-site storage center for the ESD selected. This practice would allow ESDs to have both proper backup and data recovery should an event happen. ESD 112 should ensure that the selected ESD has a similar infrastructure, including servers and software to simplify the process.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|--------------------------------|
| 1. The Communications and Information Management director should work with the technology staff to develop a disaster recovery plan. | June 2007 |
| 2. The Communications and Information Management director should have technology staff research which ESD has the same infrastructure and server requirements and report the findings. | June – July 2007 |
| 3. The Communications and Information Management director should meet with the ESD Superintendent to draft a disaster recovery reciprocal agreement. | August 2007 |
| 4. The ESD Superintendent should contact the other ESD Superintendents and offer the reciprocal agreement. | September 2007 |
| 5. Upon approval of the agreement, the ESD Superintendent should instruct the communications and information management director to implement the plan. | October – December 2007 |
| 6. The Communications and Information Management director should direct staff to work with the other ESD and complete initial testing followed by annual testing of the recovery of data. | June – August 2008 and Ongoing |

FISCAL IMPACT

This recommendation can be accomplished with existing staff and establishes a relationship with another Washington ESD. Testing can be done remotely by requesting reports that should correlate to reports currently run on a routine basis by the ESDs.

8.2 Purchasing and Outsourcing

Purchasing technology hardware, software, and services in a cost-effective manner is essential to the financial well being of any entity, especially an educational service district. Financial staff need to carefully research and evaluate the best opportunities to purchase technology-related goods and services to ensure receiving the best possible price.

FINDING

The print center for ESD 112 uses outside vendors for some print jobs that require a high volume, requested specifications, or binding options that the center is not readily able to handle internally.

According to staff interviews and documentation provided by the ESD, print services outsourced included ESD presentation folders, certain four-color, two-sided school menus, and yearbooks.

Outsourcing certain print jobs that would cost the educational service district more money to provide internally is a cost-effective way of managing the print center for ESD 112.

COMMENDATION

The print center in ESD 112 uses outside vendors, as needed, for cost efficiencies.

FINDING

The print center for ESD 112 actively participates in regional school districts' bid process for print services. The educational service district will submit a full proposal to school districts that have chosen to competitively bid their requests.

Documentation provided shows that the print center is competitive on certain types of services such as award information, letterhead, and clasp envelopes labeled in several languages at a lower price than local and national copying companies also submitting bids.

Furthermore, management analyzes the costs of each bid to show how they compared with their competitors.

COMMENDATION

The print center in ESD 112 actively participates in regional school districts' bid process for print-related services and analyzes bid results to determine how they compare with their competitors.

FINDING

The Washington Educational Technology Support Centers sponsor a bid for classroom technology products that involve instructional staff. Products may include projectors, document cameras, interactive whiteboards, and other items that teaching staff use in the classroom.

The products requested to be reviewed go through a comparison and evaluation process, and are selected as a "best value for the dollar" (based on features, durability, warranty, expandability, past performance, etc.). Members of the evaluation selection committees have included district technology directors and trainers from all over the state of Washington, ensuring that the needs of the districts and other educational organizations remain at the heart of this bid process.

The following provides a sample of some of the products that the ESD has arranged for the evaluation process:

- LCD projectors (including projectors, lamps, accessories, wireless units, ceiling-mounted installations)
- Document cameras
- Projector/document camera bundles
- Interactive whiteboards
- Multimedia carts
- TV's and DVD/VCR combinations
- Classroom audio systems
- Polycom videoconference equipment (including equipment, bundles, peripherals, and maintenance agreements).

The audit team was able to observe the process while on-site and found that the ESD provides a thorough process for instructional committees to learn about products and participate in hands-on demonstrations. Furthermore, the ESD had spreadsheets for staff to comment on during the demonstrations. These spreadsheets contained the following information by product for the committee:

- Make
- Model

- Bidder
- Size or dimension
- Quantity or tier information
- Specific product specifications on bid
- Warranty information
- Price with shipping and handling
- Valued-added options with or without discounts or costs.

The information gathered during this process is shared with all instructional staff participating in the regional school districts in order to have a solid consensus on the best product for technology integration in the classroom.

Survey results from the district superintendents support this best practice for purchasing products to integrate technology. In fact, 86 percent of superintendents responded that they were satisfied or very satisfied with the training and assistance in the use of technology.

COMMENDATION

ESD 112 is commended for implementing a solid purchasing process for products used to integrate technology in the district classrooms.

8.3 Operational Procedures

Educational service districts need technology-related procedures in place to ensure ongoing practices in the event of emergencies, staffing changes, or extended absences. Written procedures are vital to any organization since they provide the information for all staff to assist with operations.

FINDING

ESD 112 has created an extensive list of training manuals, yet operational and procedural manuals have not been written.

According to documentation provided by ESD 112, there are several technology training manuals staff use for in-service purposes. Technology training manuals include the following:

**EXHIBIT 8-2
T-10 TECHNOLOGY**

Description

- WESPaC Fiscal Training Materials (accounting, payroll, HR).
- WESPaC Student Information Training Materials.
- ESD 112 Conference and Institute Center A/V Training.
- ESD 112 Special Education Cooperative IEP On-line Procedures.
- ESD 112 Videoconferencing Procedures.
- KORRS Video Conference Scheduling Tutorial
- K-20 On-Line Resource Reservation System.
- Zydacron Training Materials.
- Zydacron Troubleshooting Training.
- TELDEC Millennium Videoconference Training.

Source: ESD 112. Technology Department, 2006.

While ESD 112 can be praised for their extensive training manuals for professional development, internal operational manuals have not been created.

In the absence of a procedures manual, technology employees cannot function outside of their area of responsibility. The lack of a procedures manual is a hindrance during times of prolonged illness or employee turnover. In the absence of formal documented procedures, administrators are often left without knowledge of how to perform certain tasks and by what deadline the task must be accomplished.

The practice of documenting policies and procedures can help ensure a business as usual approach during times of staff absences or vacancies.

COMMENDATION

ESD 112 is commended for creating extensive training manuals related to technology.

Recommendation 8-2:

Create a comprehensive technology-related procedures manual.

Written procedures are created to assist technology personnel in following a process from beginning to end should they need to perform that function suddenly. ESD 112 should also incorporate a schedule to annually review the manual to ensure that all processes are current. The implementation of this recommendation should assist the ESD to continue operating without any disruption of service whenever staff changes occur.

The audit team's suggested topics for the manual include:

■ **Technology**

- Guidelines for Purchase
- Guidelines for Donations
- Maintenance
- Inventory
- Disposal
- Backups, Cleanups
- Disaster Recovery
- Year-End Procedures
- Peripherals

■ **Hardware and Software**

- Selection
- Standardization

■ **Telecommunications**

- ESD Network
- Internet Use

■ **Web Pages**

- Goals/General Statement
- Web Publishing Procedures
- Webmaster Role/Duties

■ **Technology Forms**

- Software Approval Form
- Charitable Contribution Form
- Request for Network Access Account
- Employee Internet Access Form
- Technology Maintenance Request
- Proposed Web Page Application

■ **Policies and Procedures**

- All ESD policies and procedures

The general guidelines section of the manual should contain the following essential information for technology staff:

- Materials to be carried by computer and network technicians.
- Work-order procedures.
- Parts-ordering procedures.
- Maintenance to be performed on computers.

This particular section should include steps on building a server from scratch, backup procedures, using different keyboards and printers, and purchasing standards.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|--------------------------|
| 1. The Communications and Information Management director should instruct technology staff to develop operational procedures related to technology. | Summer 2007 |
| 2. The Communications and Information Management director should review and edit the procedures with other departmental staff to accommodate the current and future needs of ESD 112. These procedures should be maintained in the central administration office and be posted on the network with all non-technology department staff having read-only access. | Summer –
Fall 2007 |
| 3. The Communications and Information Management director should notify all ESD staff of the new procedures and require the adherence to these procedures. | Fall 2007 |
| 4. The Communications and Information Management director should require the review of all procedures by department staff on an annual basis with each staff held responsible for a set of procedures. | Summer 2008
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources within ESD 112.

8.4 Telecommunications

Telecommunications can be defined as the transmission between or among users without a change in the content from sender to receiver. Within educational service districts, telecommunications is a powerful tool that enables the ESD to communicate with regional school districts and also allows for the communication among the school districts. This tool allows for teleconferencing sessions without the expense of travel to a conference center.

FINDING

ESD 112 has been serving the educational and general community in Clark County (WA) using cable television since 1979 through The Vancouver Educational Television Consortium (TV ETC). Their role includes being the fiscal agent for the consortium. The educational community includes K-12 through universities and programs are available for the local community through Comcast Cable.

TV ETC members have been producing nearly 500 hours of original, locally produced video programming since 2005. Equipment was purchased with PEG Support Grant funding.

There are two channels featuring locally produced programming throughout the educational community and another channel provides classroom and college course programming to schools with licensing agreements with the video distributors.

National awards received for video productions through ESD 112 include those shown in **Exhibit 8-3**.

**EXHIBIT 8-3
EDUCATIONAL SERVICE DISTRICT 112
NATIONAL VIDEO PRODUCTION AWARDS**

Aurora Gold Award – “Spudder Pride” for Community Relations, 2006.
Crystal Award of Excellence – “American Schools in the 21 st Century, 2005.
Telly Award – “Take the Tour”, Washington School of the Deaf, 2004.
The Communicator Awards - Washington School of the Deaf, 2004.
Telly Award – “No Child Left Behind: A Regional Approach,” 2003.
Gold Medallion Award (National School Public Relations Association) – “No Child Left Behind: A Regional Approach,” 2003.
Overall Excellence in Educational Assess – Alliance for Community Media, 2003.
Telly Award – “Education Matters,” 2002.
Telly Award – “SW Washington Child Care Consortium,” 2002.
Overall Excellence in Educational Access – Alliance for Community Media, 2001
Telly Award – “Education Matters,” 2001.

Source: ESD 112 Instructional Technology Department, 2006.

COMMENDATION

ESD 112 has established a commendable and award-winning video production service for the regional school districts and the community.

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 112 VANCOUVER EMPLOYEES' SURVEY RESULTS (n=257)

EXHIBIT A-1 ESD 112 EMPLOYEE RESPONSES GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	57	35	2	0	0	6
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	68	28	1	0	0	3
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	1	3	7	25	44	21
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	1	7	25	51	16
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	2	7	24	48	19
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	3	27	39	31
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	54	39	2	1	0	5
8. Our ESD is highly efficient and effective.	52	39	5	3	0	1
9. The ESD role in providing services to school districts should be expanded.	30	31	26	4	0	10
10. Our ESD is highly responsive to the service needs of member school districts.	56	35	4	3	0	2
11. Our ESD provides quality services.	66	29	3	1	0	0
12. There are adequate channels of communication with school districts in our region.	26	49	10	3	1	11
13. Our ESD is responsive to complaints.	44	37	5	2	0	12
14. Our ESD is responsive to requests for services.	49	37	5	2	0	7
15. Our ESD listens and tries to meet the needs of the school districts.	56	33	4	2	0	4

**EXHIBIT A-2
ESD 112 EMPLOYEE RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	1	5	16	35	25	17
2. Each ESD should hold each school district in its region responsible for student performance within the district.	4	25	20	20	15	16
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	18	51	13	5	3	11
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	16	33	14	16	2	19
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	16	46	12	11	4	13
6. Under the current governance structure, the ESDs are accountable primarily to:	28	30	9	6	0	28
■ the school districts within each region	15	35	11	9	1	29
■ the State Superintendent of Public Instruction	19	38	10	4	1	29

**EXHIBIT A-3
ESD 112 EMPLOYEE RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	10	17	17	12	10	34
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	22	31	14	5	2	26
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	1	9	26	21	10	33
4. The ESDs should be totally independent of OSPI.	5	12	21	24	5	32
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	4	15	25	16	6	34
6. The current number of ESD Board of Director members is appropriate.	7	35	19	1	0	37
7. The current number of 9 ESDs should be:						
■ expanded	4	8	29	23	7	29
■ left as is	16	29	28	3	1	24
■ reduced	1	3	19	25	28	25
8. All ESDs should be abolished.	2	0	2	9	77	9

**EXHIBIT A-4
ESD 112 EMPLOYEE RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	13	37	10	9	2	29
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	4	23	17	18	8	30
3. School districts understand the governance and oversight structure of our ESD.	7	29	14	9	1	40
4. There are appropriate levels of oversight for our ESD.	16	32	9	2	1	41
5. ESDs should continue to be funded by the state.	40	42	5	0	0	14
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	19	21	12	4	2	43
7. School districts have the funding to purchase the services they need from our ESD.	4	14	11	16	6	48

**EXHIBIT A-5
ESD 112 EMPLOYEE RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS	13	23	8	0	0	55
1. Reading and Language Arts						
2. Mathematics	14	22	8	2	0	54
3. Social Studies	9	20	9	2	0	60
4. Science	26	21	6	1	0	45
SUPPORT FOR SPECIAL POPULATION PROGRAMS	30	32	4	4	1	30
5. Special Education						
6. At-risk and compensatory education	20	24	10	4	1	41
7. Bilingual Education and ESL	5	13	14	9	1	58
8. Advanced academics (gifted and talented, AP)	5	12	12	4	2	65
ESD TRAINING	11	20	9	2	1	58
9. Training and assistance for campus planning						
10. Training and support for Washington Assessment of Student Learning (WASL)	11	28	11	3	0	47
11. Training and support for aligning the curriculum and instruction with WASL	12	25	11	4	0	48
12. Leadership training and development programs and services	13	26	11	2	1	47
13. Training and assistance to help improve student performance	13	28	8	4	0	47
14. Training and assistance in using new teaching methods and strategies	11	32	8	4	1	43
15. Training and assistance in the use of technology	19	30	10	4	0	37
16. Training and assistance in discipline management and conflict resolution	12	24	12	3	1	48
17. School board training services	5	10	12	0	0	73
18. Teacher certification	18	23	8	0	0	51
19. Professional/Para-Professional certifications	19	27	7	2	1	44
ESD SERVICES	20	33	7	4	0	36
20. Computer network and telecommunication services						
21. Purchasing cooperatives	11	18	11	2	0	58
22. Services and support for Educational Data Systems (EDS)	14	21	7	2	0	56
23. On-line/Distance Learning classes	7	14	11	3	0	65
24. On-site technical assistance	15	26	10	4	0	44
25. Video Conferencing	20	26	10	1	0	43
26. Lending Library	14	30	8	1	0	46
27. Best Practices Information	13	23	11	1	0	51
28. Organizational Links	12	21	9	2	0	56
29. Demonstrations and Equipment	12	19	11	2	1	55

**EXHIBIT A-6
ESD 112 EMPLOYEE RESPONSES
WORK ENVIRONMENT**

Percentage of agreement or disagreement with each statement.

SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree; DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	43	43	11	2	0	2
2. ESD officials enforce high work standards.	47	41	8	2	0	2
3. ESD employees who do not meet expected work standards are disciplined.	11	33	21	6	4	25
4. I feel that I have the authority to adequately perform my job responsibilities.	40	49	5	4	2	1
5. I have an up to date and comprehensive job description.	32	44	10	9	2	2
6. I have adequate facilities in which to conduct my work.	37	46	9	7	1	1
7. I have adequate equipment and computer support to conduct my work.	36	47	8	7	2	0
8. No one knows or cares about the amount or quality of work that I perform.	1	3	8	36	51	1
9. I am very satisfied with my job.	38	45	10	7	1	0
10. I plan to continue my career in my ESD.	42	43	12	2	0	0
11. I am actively looking for a job outside of my ESD.	2	4	10	33	50	1
12. Salary levels at my ESD are competitive.	9	34	18	19	9	10
13. I feel that my work is appreciated by my supervisor(s).	42	44	6	5	2	1
14. I feel that I am an integral part of the ESD team.	40	39	14	2	3	1
15. I feel that there is no future for me at the ESD.	2	3	13	40	40	1
16. My salary level is adequate for my level of work and experience.	12	32	18	23	13	2
17. Most administrative practices in the ESD are highly effective and efficient.	21	41	18	6	2	12
18. Administrative decisions are made promptly and decisively.	17	35	24	11	2	11
19. My ESD administrators are easily accessible and open to input.	29	49	12	5	2	2
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	3	12	21	33	19	11
21. My ESD has too many layers of administrators.	4	6	25	33	17	16
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	18	50	19	7	1	5

GENERAL QUESTION

1. How would you rate your ESD facilities?

35%	Exceptional
49%	Above average
12%	Adequate
3%	Needs improvement
1%	Don't Know

**ESD 112 VANCOUVER
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=22)**

**EXHIBIT A-7
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR SCHOOL DISTRICT**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Average Daily Attendance (n=20)	54	570606	32619.40
2. Number of Schools (n=22)	1	34	5.77
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=22)	1	9	1.50
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=21)	1	120	51.19
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=11)	1	100	52.36

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	73	27	0	0	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	82	14	5	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	5	5	18	73	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	5	14	9	73	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	5	5	9	68	14
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	5	5	32	59	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	73	27	0	0	0	0
8. The ESD in our region is highly efficient and effective.	77	18	5	0	0	0
9. The ESD role in providing services to school districts should be expanded.	9	50	23	18	0	0
10. The ESD in our region is highly responsive to the service needs of our school district.	77	14	5	5	0	0
11. The ESD in our region provides quality services.	73	23	5	0	0	0
12. There are adequate channels of communication with the ESD in our region.	77	18	0	5	0	0
13. The ESD in our region is responsive to complaints.	64	27	5	0	0	5
14. The ESD in our region is responsive to requests for services.	73	27	0	0	0	0
15. The ESD in our region listens and tries to meet the needs of the school district.	81	19	0	0	0	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents, and the response rate for these two sections was 50 percent.

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	21	21	57	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	7	29	21	43	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	64	36	0	0	0	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	21	64	0	7	7	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	14	50	29	7	0	0
6. Under the current governance structure, the ESDs are primarily accountable to:	57	36	7	0	0	0
■ the school districts within each region	21	50	14	7	0	7
■ the State Superintendent of Public Instruction	21	57	14	0	0	7

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	9	27	23	18	18	5
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	27	41	18	5	0	9
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	5	9	32	32	23	0
4. The ESDs should be totally independent of OSPI.	9	23	14	41	9	5
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	23	14	36	23	5
6. The current number of ESD Board of Director members is appropriate.	27	50	9	5	0	9
7. The current number of 9 ESDs should be:						
■ expanded	5	9	36	23	9	18
■ left as is	41	36	14	5	5	0
■ reduced	0	5	14	23	55	5
8. All ESDs should be abolished.	0	0	0	18	77	5

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	23	45	9	14	5	5
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	14	36	18	23	9	0
3. We understand the governance and oversight structure of the ESD in our region.	23	73	0	0	5	0
4. There are appropriate levels of oversight for the ESD in our region.	36	59	5	0	0	0
5. ESDs should continue to be funded by the state.	86	14	0	0	0	0
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	41	36	9	14	0	0
7. Our school district has the funding to purchase the services it needs from an ESD.	27	41	5	23	5	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage of satisfaction with the following services provided by your home Educational Service District.
VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	36	45	9	0	0	9
2. Mathematics	27	32	14	14	0	14
3. Social Studies	18	41	23	5	0	14
4. Science	55	36	5	0	0	5
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	55	32	5	9	0	0
6. At-risk and compensatory education	27	32	18	5	0	18
7. Bilingual Education and ESL	18	14	32	5	0	32
8. Advanced academics (gifted and talented, AP)	5	23	32	14	5	23
ESD TRAINING						
9. Training and assistance for campus planning	32	23	23	5	0	18
10. Training and support for Washington Assessment of Student Learning (WASL)	41	41	9	5	5	0
11. Training and support for aligning the curriculum and instruction with WASL	36	50	5	5	5	0
12. Leadership training and development programs and services	32	45	14	0	0	9
13. Training and assistance to help improve student performance	32	55	5	9	0	0
14. Training and assistance in using new teaching methods and strategies	36	50	5	9	0	0
15. Training and assistance in the use of technology	55	36	0	0	5	5
16. Training and assistance in discipline management and conflict resolution	23	36	18	5	0	18
17. School board training services	9	36	32	9	0	14
18. Teacher Certification	32	50	9	9	0	0
19. Professional/Para-Professional Certifications	45	45	5	5	0	0
ESD SERVICES						
20. Computer network and telecommunication services	32	32	18	0	9	9
21. Purchasing cooperatives	50	45	5	0	0	0
22. Services and support for Educational Data Systems (EDS)	55	23	14	0	0	9
23. On-line/Distance Learning classes	23	14	32	5	0	27
24. On-site technical assistance	23	45	18	5	5	5

STATEMENT	VS	S	N	D	VD	NA
25. Video Conferencing	27	32	23	9	0	9
ESD SERVICES, CONTINUED						
26. Lending Library	36	41	18	0	0	5
27. Best Practices Information	36	59	5	0	0	0
28. Organizational Links	45	36	18	0	0	0
29. Demonstrations and Equipment	27	36	23	0	0	14

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

73%	Exceptional
27%	Above average
0%	Adequate
0%	Needs improvement

***SURVEY RESULTS FOR ESD SUPERINTENDENTS
(n=9)***

**EXHIBIT A-13
ESD SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR REGION**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

**EXHIBIT A-14
ESD SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region	0	56	11	33	0	0
■ the State Superintendent of Public Instruction	0	67	0	33	0	0
■ both the school districts and the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	89	0	11	0	0	0
■ left as is	0	0	11	22	67	0
■ reduced	0	0	11	0	89	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING						
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES						
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***



2500 NE 65 Avenue, Vancouver, WA 98661 | T 360 750 7500 F 360 750 9706 TDD 360 750 7510

Counties

Clark
Cowlitz
Klickitat
Pacific
Skamania
Wahkiakum

Board of Directors

Bill Baumann
Kenneth Botero
Ann Campbell
Richard Graham
Marilyn Koenninger
Darlene Stickel
Steven Wrightson

Superintendent

Dr. Twyla G. Barnes

April 24, 2007

Lou Adams
State Auditors Office
PO Box 40031
Olympia, WA 98504-0031

Dear Ms. Adams

Attached you will find a formal response from Educational Service District 112 regarding the Performance Audit report, submitted by MGT of America, Inc. on April 18, 2007. It is our understanding this response will be included as an attachment in the State Auditor's Office final report.

First, I want to express our appreciation for the guidance, support and direction we received from you and the team at the State Auditor's Office. Your timely response to our questions and concerns were helpful throughout the process. Overall, we were pleased with the audit and found it to be productive and insightful. It reminded us that comprehensive evaluation is critical to continued success. The report also validated the outstanding, cost-efficient and valuable programs and services provided by ESD 112.

Although the process was time-consuming and costly for the ESD, we know that many of the suggested recommendations will help us manage our operation even more efficiently. We were pleased that the potential \$18,603 first year cost savings identified in the audit was just .0004 of our \$41.7 million budget. ESD 112 is proud to be part of a system of ESDs that generates \$25-30 million in additional funds for schools.

As we near the final phase of the performance audit, I wanted to let you know that we have estimated more than 2,912 hours in staff time was devoted to the audit process. I believe we did our best to accommodate the auditor's requests and I want to publicly commend the ESD 112 staff and Board.

The MGT of America auditors assigned to ESD 112 were both professional and thorough in their work. We would like to thank the audit team of Kathy Brooks, MGT Partner and Team Leader; Reggie Smith, MGT Partner; and MGT consultants: Celina Knippling, Certified Public Accountant; Tom Norris, Executive Director, ESC Region 12, Waco, Texas; and Linda Villarreal, Executive Director, ESC 2, Corpus Christi, Texas. We appreciated their willingness to learn about ESD 112 and explore the many complex services that make this organization essential to our districts.

The audit findings, commendations and recommendations will be presented to our Board of Directors at its April 24 meeting. Upon receipt of the final report, we will schedule a public hearing to present the information to our constituents.

Respectfully,

Twyla G. Barnes, Ed.D.
Superintendent

Enclosure
psb

Recommendation 3-1:

Develop and implement a communication process for the ESD Board of Directors to have increased opportunities to participate and receive more detailed assessments related to services provided from the ESD to the region's school districts.

ESD 112 Response

ESD 112 agrees that Board involvement in the communication process is important. We will take steps to assure the work in this area continues.

It should be noted that ESD 112 has a documented history of surveying school districts about the quality of service they receive and presenting the feedback to both Board and staff. We included the results of the latest client satisfaction survey in the audit data files. We report results from this survey to the Board of Directors both in regular session and in greater depth at the Board's annual planning retreat in the fall. ESD 112 uses online surveying software as the primary survey tool to gain written feedback, but also engages in a variety of face-to-face meetings and interviews with superintendents and district staff.

Another process used by the Board to determine satisfaction levels among our school districts occurs at the annual planning retreat. The Board invites superintendents to be part of a panel to discuss ESD services and comment on their level of satisfaction with those services. Board members ask questions and encourage dialogue with superintendents about the quality of ESD services and staff.

Initial Action Steps

1. Formalize the communications process already in place for the Board to receive feedback from school districts regarding their satisfaction with services.
2. Create a Board communication plan that identifies multiple strategies for client feedback.

Timeframe

Communication plan will be developed and shared with the Board by August 2007 for implementation in 07-08.

Recommendation 3-2:

Add an initial adoption and revision date reference for each board policy along with an index for the entire policy manual.

ESD112 Response

ESD112 agrees that all Board policies should include adoption and revision dates. ESD112 board policies currently do include revision dates. Efforts are already underway to include all adoption dates. When the Board Policy Manual is converted to a web-based document, it will include topic and word search capacity.

Initial Action Steps

1. Review board policies for missing adoption dates (complete).
2. Add adoption dates to all board policies.
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4. Include board policies with search capacity on the ESD website.

Timeframe

Work is underway. Adoption dates will be added by June 30, 2007. Conversion to the web will be based on technology staff workload and priorities; therefore, the anticipated completion date is June 2008.

Recommendation 3-3:

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Recommendation 3-4:

Convert the 2006-2007 Administrative and Operational Guidelines Manual to a Web-enabled format, including a searchable topic index, and place on ESD112's Website.

ESD112 Response

ESD112 agrees that the Administrative and Operational Guidelines Manual should be placed on ESD112's Web-site. This process is underway as part of the development of a comprehensive ESD112 intranet.

Initial Action Steps

1. Complete comprehensive review of guidelines (already underway).
2. Convert guidelines to web-based document.
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Timeframe

Work is underway. A comprehensive review and necessary revisions will be complete by August 2007. Conversion to the web will be based on technology staff workload and priorities; therefore, the anticipated completion date is June 2008.

Recommendation 3-5:

Place seven leadership (Cabinet) team members on different salary schedules which are appropriate for the position title and leadership function.

ESD112 Response

ESD112 partially agrees with the recommendation. We have already identified the need for a comprehensive review of Cabinet responsibilities and revision of job descriptions and job titles as appropriate. We also are exploring various compensation models that may better support the needs of ESD 112 including recruitment, development, and retention.

We disagree, however, with the specific compensation model provided in the recommendation and any cost savings attributed to the model. The job titles and compensation analysis proposed in the audit are not consistent with the organizational structure and responsibilities of ESD 112 senior staff. Compensation best practice research supports that compensation structures should reflect the needs of the organization including recruitment and retention needs. The audit data does not reflect ESD 112's market. The audit model reflects a traditional public sector compensation structure that relies on stable government funding. The model does not provide for the type(s) of incentives and outcomes that support the entrepreneurial funding model of ESD 112.

Initial Action Steps

1. Review job responsibilities of all positions.
2. Revise job descriptions and job titles as appropriate.
3. Identify goals for compensation structure.
4. Review compensation models.
5. Select compensation model.
6. Determine steps necessary to implement the model.

Time Frame

Work is underway. We anticipate completing steps 1-5 by April 2008. Implementation of a new compensation model will be driven by organizational priorities.

Recommendation 4-1:

Educational Service District 112 (ESD 112) will obtain government rates for lodging when available based on per diem rates as established by the State of Washington and discontinue use of travel agents for booking commercial flights for ESD 112 employees and board members.

ESD 112 Response

ESD 112 agrees that government rates should be obtained. In fact, by current procedures, staff requests government rates and they are applied whenever they are available. Government rates are often not available as they are limited by the vendor and ESDs are not considered eligible in many circumstances. (i.e., as are military.)

ESD's are often excluded from utilizing the Washington State government rate in out-of-state travel circumstances due to the fact that an ESD is viewed as a school district. In addition, ESD 112 has a unique situation in its location in Southwest Washington. For state meetings, ESD 112 must utilize the Portland, Oregon International airport (PDX) which does not extend airline discounts originating out of PDX to the State of Washington.

The Washington State Auditor's Office could assist ESD 112 in travel cost reduction in two ways. First, by providing documentation to ESDs as to their eligibility to obtain the State of Washington government rate for lodging, air travel and car rentals and; second, by negotiating with airlines to extend access to ESD's for eligibility to receive Washington State government discounts when flying out of PDX.

We disagree that the use of travel agents should be eliminated and that there are cost savings associated with this recommendation. In many instances we have found that the use of travel agents results in a cost savings, especially when coordinating the flights and lodging accommodations of several conference attendees at one time.

Initial Action Steps

1. All staff will be reminded of the exception procedures if a government rate cannot be obtained.
2. The Accounting Department will diligently review documents for compliance.

Timeframe

Action steps will be completed by September, 2007.

Recommendation 4-2:

Create a committee of program and administrative staff to work together to establish relevant program measures that are linked to budgets for the ESD departments and program services. Use these measures in making decision on whether to continue or modify programs and services of the ESD.

ESD 112 Response

The ESD agrees with this recommendation and will work to further establish measures that tie those measures to the budget.

Initial Action Steps

1. Establish committee to identify outcome measures.
2. Department and Cabinet review.
3. Proposal to Board of Directors during regular budget adoption cycle.

Timeframe

ESD 112 has already concluded the budget planning for 07-08. This recommendation would be addressed during department program planning for the 08-09 fiscal year.

Recommendation 5-1:

Increase response rate for the online customer satisfaction survey.

ESD 112 Response

The ESD agrees with this recommendation and we are already taking steps to enhance the email database of district clients. Additionally, we will prepare a plan to more effectively market the survey opportunity during the regular client satisfaction survey cycle.

Initial Action Steps

1. Enhance email database.
2. Develop survey notification plan.

Timeframe

In keeping with the surveying cycle, the next customer satisfaction survey will be administered in April of 2008 for assessment by the Board at the 2008 goal setting retreat. All activities related to survey notification will occur at least one week prior to survey distribution.

Recommendation 5-2:

Disaggregate student performance data to drive decision making for low performing schools.

ESD 112 Response

ESD 112 is taking steps to ensure that disaggregated student performance data is used to drive decision making when planning programs and service delivery for low performing schools.

Initial Action steps

1. We will continue to work with the Superintendent of Public Instruction to ensure that all student performance data on ESD 112 schools is available to ESD staff for program planning and service delivery.
2. ESD associate superintendents and program managers will meet in September following the release of state student achievement scores to disaggregate, review, and analyze data.
3. Staff will review existing programs to align with data findings.
4. We will utilize the data to complete action plans for delivery of new or revised services as appropriate.
5. Staff will periodically monitor and adjust program delivery as new student performance data is received.

Timeframe

Work on all these action steps is underway. Steps 2-5 will occur each year including 2007.

Recommendation 5-3:

Expand tracking of student performance in math to validate the program services for the Science and Mathematics Education Resource Center (SMERC).

ESD 112 Response

ESD 112 agrees with this recommendation. SMERC will continue to collect, review and use student performance data and other types of data in science for all districts in the Science Materials Cooperative. This data is already used on an annual basis to develop program goals and activities. SMERC will also collect and review mathematics data, and/or work with school teams to analyze data in districts involved in SMERC grants or projects.

Initial Action Steps

1. Work with ESD staff to disaggregate, review and analyze data for all schools and districts in the cooperative.
2. Share findings with SMERC and ESD staff and/or school employees where appropriate.
3. Use findings in developing new programs or modifying existing activities.
4. Use findings to target low performing schools in grant and project development.

Timeframe

Meet with managers in September 2007 following the release of state science achievement scores.

Recommendation 6-1:

Present the salary schedules for Board approval as a separate agenda item from the ESD budget.

ESD112 Response

ESD112 agrees with this recommendation. Traditionally, the Board has adopted the salary schedules as an item separate from the overall budget. For 2006-2007 the Board had extensive conversations about employee compensation but chose to adopt the schedules as a part of the total budget adoption.

Initial Action Steps

1. Prepare compensation information for the Board.
2. Present compensation proposals to the Board at its May meeting.
3. Board adopts compensation proposals at its June meeting.

Timeframe

Action steps will be taken as a part of the 2007-2008 budget adoption, completed in June 2007.

Recommendation 6-2:

Use the annual salary survey or cost-of-living assumption as the basis for making changes to the salary schedules presented to the Board.

ESD112 Response

This recommendation would suggest that ESD 112 does not use salary surveys and cost-of-living assumptions as the basis for compensation changes, when in fact, we do. ESD112 adopts the Washington legislature cost-of-living funding formula (for last year it was 3.3%). Any other changes to compensation are based on market salary surveys.

Initial Action Steps

No new actions needed. ESD112 already meets the requirements of this recommendation and will continue with its current practices.

Timeframe

No new actions needed. ESD112 will continue with its current practices.

Recommendation 6-3:

Create a template for job applications to be submitted on-line.

ESD112 Response

ESD112 agrees with this recommendation. We are exploring options for a web-based application system that would interface with our new HRMS system. However, we disagree that the fiscal impact of this recommendation would be "nominal". Costs may include purchasing the software and an additional server as well as costs associated with deploying, training staff, and maintaining the system. A conservative estimate is over \$50,000.

Initial Action Steps

1. Review options for on-line application systems (completed).
2. Discuss deployment feasibility with ESD112 technology staff and WSPIC.
3. Select preferred system.
4. Develop deployment plan.

Timeframe

Steps 1-3 will be completed by March 2008. Further action will be determined based on funding availability and organizational priorities.

Recommendation 7-1:

Clarify in writing the landlord's and district's responsibilities for preventive and general maintenance of the ESD 112 main campus facilities.

ESD 112 Response

ESD 112 agrees with this recommendation. We are currently reviewing the lease contracts and will work with the landlord to seek clarifying language related to preventive maintenance of our facilities.

Initial Action Steps

1. Review of lease contracts.
2. Meeting with landlord.

Timeframe

Initial steps will be completed by September 2007.

Recommendation 7-2:

Develop a detailed and comprehensive five-year facilities plan.

ESD 112 Response

ESD 112 agrees with the recommendation. A comprehensive facilities review was completed in 1999 and we agree that this plan should be updated to reflect facilities planning for the next five years. It should be noted the ESD is currently in its 5th year of a 15-year lease.

Initial Action Steps

1. Review of previous plan.
2. Make revisions as appropriate.

Timeframe

Depending on staff availability and priorities, the five-year facilities plan could be updated by August of 2008.

Recommendation 7-3:

Advertise and sublease a portion of the 10,500 square foot warehouse located in the main 2200 building.

ESD 112 Response

ESD 112 will make every effort to implement this recommendation. However, it should be noted that 2200 building warehouse is the only storage that the ESD maintains for all of its programs, supplies and materials. It contains ESD 112 district records (3,648 sq. ft. on 12 ft. racks in over 1,600 boxes), custodial/maintenance supplies (862 sq. ft.), ESD motor pool tire storage (306 sq. ft.), special education motor team equipment (234 sq. ft.), youth workforce supplies and equipment (970 sq. ft.), and furniture (851 sq. ft.).

The remaining 3,629 sq. ft. is used for a variety of functions such as:

- Staging and storage area for 28 child care / preschool programs serving over 2,050 kids.
- Storing office equipment and furniture that is rotated between programs housed outside the ESD. If the warehouse was not available these programs would have to find and pay for storage offsite.
- Secure area for fully equipped mobile technology instruction lab valued at over \$200,000.
- Clearinghouse for donated supplies and equipment for local businesses. This space affords the ESD the ability to distribute these donated supplies to local school districts.

In order to make warehouse space available for leasing, we would need to scan paper documents to electronic images. This process is staff intensive and costly. The ESD does not have staff available for this task and will have to hire temporary staff and most likely permanent staff to facilitate this effort.

Initial Action Steps

1. Disposal of surplus items.
2. Hire staff to scan permanent records.
3. Notification of warehouse space to local districts.

Timeframe

Depending on the availability of current staff, and given the amount of work that needs to occur to prepare the warehouse for leasing, we anticipate it would be available to lease by October 2008.

Recommendation 7-4:

Conduct an energy audit to identify areas that need retrofitting to reduce energy expenditures.

ESD 112 Response:

ESD 112 agrees with this recommendation and is in the process of hiring an Energy Conservation Specialist who will work in the Construction Service Group. Part of the job responsibilities would include conducting energy audits for school districts as part of CSG's menu of services. We will also continue to work with our local utility company on energy-saving measures.

Initial Action Steps:

1. Hire staff to conduct energy audit.
2. Report audit to board.
3. Implement identified energy saving measures.

Timeframe

An energy audit can be completed by August of 2008.

Recommendation 7-5:

Establish a data collection process that compares Construction Services Group (CSG) charges to private sector construction service charges.

ESD 112 Response

ESD 112 agrees with this recommendation and the CSG staff has begun building a system to collect data and compare charges. For example, CSG has secured the CMAA (Construction Manage Association of America) salary survey for 2006/07 and compared it to current CSG salaries. We will also use this system to collect data regarding other construction charges.

Initial Action Steps

1. Complete system development.
2. Use system to compare charges.

Timeframe

Ongoing.

Recommendation 7-6:

Establish a database for each ESD 112 Construction Service Group construction project that records accurate cost-savings and time-savings efficiencies.

ESD 112 Response

ESD 112 agrees with this recommendation and has already established a data collection system. The CSG project managers are reporting such savings on a monthly basis starting in March 2007.

Initial Action Steps

A data collection system has already been established.

Timeframe

Completed.

Recommendation 8-1:

Develop a formal disaster recovery plan.*

(*It should be noted that this recommendation is only for data recovery. The recommendation's wording may infer a different meaning.)

ESD 112 Response

ESD 112 agrees that planning proactively for service interruptions is essential. ESD currently has a plan in place for recovery from loss of essential data. However, we agree this plan can be enhanced. We also agree that a reciprocal agreement between 112 and at least one other ESD would be beneficial. However, no other ESD in the state currently has sufficient capacity to support the operation of another ESD without committing to substantial system upgrades and reconfiguration. Therefore, we believe the continued use of Iron Mountain data storage as a data backup site for data remains the best option for ESD 112.

Initial Action Steps

1. Review current plan.
2. Identify revisions and enhancements.
3. Conduct periodic tests of the new system.

Timeframe

This is an ongoing project. Completion will be dependent upon available funding and technology priorities. We anticipate completing steps one and two completed by September of 2008.

Recommendation 8-2:

Create a comprehensive, technology-related procedures manual.

ESD 112 Response

Many of the suggested topics in the recommendation already exist in a variety of forms and locations within the ESD. ESD 112 agrees that these – and additional related procedures – should be combined into a comprehensive manual. The Communications and Information Management Director will lead the technology staff in the creation and implementation of an operational procedures manual covering technology. The new manual will include, at a minimum, the recommended topics outlined in the recommendation.

Initial Action Steps

1. Review of current documents related to technology procedures.
2. Combining current resources into one procedural document.
3. Staff notification.

Timeframe

Completion is anticipated for May of 2008 if additional resources can be acquired and dedicated to this task.

APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***



THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 112

To provide clarity and perspective, we are commenting on ESD 112 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Below, we have inserted MGT's response to the issues identified in the ESD 112 formal response letter.



April 24, 2007

Lou Adams
State Auditors Office
PO Box 40031 Olympia, WA 98504-0031

Dear Ms. Adams

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Enclosure
psb

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members ask questions and encourage dialogue with superintendents about the quality of ESD services and staff.

Initial Action Steps

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2. Create a Board communication plan that identifies multiple strategies for client feedback.

Timeframe

Communication plan will be developed and shared with the Board by August 2007 for implementation in 07-08.

MGT's Response:

MGT recognizes the many accomplishments made by ESD 112 in ensuring enhanced Board involvement in the communication process and commend you and staff for taking the additional steps to assure the work in this area continues.

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Add an initial adoption and revision date reference for each board policy along with an index for the entire policy manual.

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Timeframe

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MGT's Response:

It is commendable that this work is underway and that staff have an anticipated completion date of June 2008 for the implementation of this recommendation.

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3. Include administrative guidelines with search capacity to ESD website.

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Initial Action Steps

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2. Revise job descriptions and job titles as appropriate.
3. Identify goals for compensation structure.
4. Review compensation models.
5. Select compensation model.
6. Determine steps necessary to implement the model.

Time Frame

Work is underway. We anticipate completing steps 1-5 by April 2008. Implementation of a new compensation model will be driven by organizational priorities.

MGT's Response:

The audit team believes that the compensation model provided is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Recommendation 4-1:

Educational Service District 112 (ESD 112) will obtain government rates for lodging when available based on per diem rates as established by the State of Washington and discontinue use of travel agents for booking commercial flights for ESD 112 employees and board members.

ESD 112 Response

ESD 112 agrees that government rates should be obtained. In fact, by current procedures, staff requests government rates and they are applied whenever they are available. Government rates are often not available as they are limited by the vendor and ESDs are not considered eligible in many circumstances. (i.e., as are military.)

ESD's are often excluded from utilizing the Washington State government rate in out-of-state travel circumstances due to the fact that an ESD is viewed as a school district. In addition, ESD 112 has a unique situation in its location in Southwest Washington. For state meetings, ESD 112 must utilize the Portland, Oregon International airport (PDX) which does not extend airline discounts originating out of PDX to the State of Washington.

The Washington State Auditor's Office could assist ESD 112 in travel cost reduction in two ways. First, by providing documentation to ESDs as to their eligibility to obtain the State of Washington government rate for lodging, air travel and car rentals and; second, by negotiating with airlines to extend access to ESD's for eligibility to receive Washington State government discounts when flying out of PDX.

We disagree that the use of travel agents should be eliminated and that there are cost savings associated with this recommendation. In many instances we have found that the use of travel agents results in a cost savings, especially when coordinating the flights and lodging accommodations of several conference attendees at one time.

Initial Action Steps

1. All staff will be reminded of the exception procedures if a government rate cannot be obtained.
2. The Accounting Department will diligently review documents for compliance.

Timeframe

Action steps will be completed by September, 2007.

MGT's Response:

The audit team believes that Recommendation 4-1 is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Recommendation 4-2:

Create a committee of program and administrative staff to work together to establish relevant program measures that are linked to budgets for the ESD departments and program services. Use these measures in making decision on whether to continue or modify programs and services of the ESD.

ESD 112 Response

The ESD agrees with this recommendation and will work to further establish measures that tie those measures to the budget.

Initial Action Steps

1. Establish committee to identify outcome measures.
2. Department and Cabinet review.
3. Proposal to Board of Directors during regular budget adoption cycle.

Timeframe

ESD 112 has already concluded the budget planning for 07-08. This recommendation would be addressed during department program planning for the 08-09 fiscal year.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation in a timely manner.

Recommendation 5-1:

Increase response rate for the online customer satisfaction survey.

ESD 112 Response

The ESD agrees with this recommendation and we are already taking steps to enhance the email database of district clients. Additionally, we will prepare a plan to more effectively market the survey opportunity during the regular client satisfaction survey cycle.

Initial Action Steps

1. Enhance email database.
2. Develop survey notification plan.

Timeframe

In keeping with the surveying cycle, the next customer satisfaction survey will be administered in April of 2008 for assessment by the Board at the 2008 goal setting retreat. All activities related to survey notification will occur at least one week prior to survey distribution.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 5-2:

Disaggregate student performance data to drive decision making for low performing schools.

ESD 112 Response

ESD 112 is taking steps to ensure that disaggregated student performance data is used to drive decision making when planning programs and service delivery for low performing schools.

Initial Action steps

1. We will continue to work with the Superintendent of Public Instruction to ensure that all student performance data on ESD 112 schools is available to ESD staff for program planning and service delivery.
2. ESD associate superintendents and program managers will meet in September following the release of state student achievement scores to disaggregate, review, and analyze data.
3. Staff will review existing programs to align with data findings.
4. We will utilize the data to complete action plans for delivery of new or revised services as appropriate.
5. Staff will periodically monitor and adjust program delivery as new student performance data is received.

Timeframe

Work on all these action steps is underway. Steps 2-5 will occur each year including 2007.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 5-3:

Expand tracking of student performance in math to validate the program services for the Science and Mathematics Education Resource Center (SMERC).

ESD 112 Response

ESD 112 agrees with this recommendation. SMERC will continue to collect, review and use student performance data and other types of data in science for all districts in the Science Materials Cooperative. This data is already used on an annual basis to develop program goals and activities. SMERC will also collect and review mathematics data, and/or work with school teams to analyze data in districts involved in SMERC grants or projects.

Initial Action Steps

1. Work with ESD staff to disaggregate, review and analyze data for all schools and districts in the cooperative.
2. Share findings with SMERC and ESD staff and/or school employees where appropriate.
3. Use findings in developing new programs or modifying existing activities.

4. Use findings to target low performing schools in grant and project development.

Timeframe

Meet with managers in September 2007 following the release of state science achievement scores.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 6-1:

Present the salary schedules for Board approval as a separate agenda item from the ESD budget.

ESD112 Response

ESD112 agrees with this recommendation. Traditionally, the Board has adopted the salary schedules as an item separate from the overall budget. For 2006-2007 the Board had extensive conversations about employee compensation but chose to adopt the schedules as a part of the total budget adoption.

Initial Action Steps

1. Prepare compensation information for the Board.
2. Present compensation proposals to the Board at its May meeting.
3. Board adopts compensation proposals at its June meeting.

Timeframe

Action steps will be taken as a part of the 2007-2008 budget adoption, completed in June 2007.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 6-2:

Use the annual salary survey or cost-of-living assumption as the basis for making changes to the salary schedules presented to the Board.

ESD112 Response

This recommendation would suggest that ESD 112 does not use salary surveys and cost-of-living assumptions as the basis for compensation changes, when in fact, we **do**. ESD112 adopts the Washington legislature cost-of-living funding formula (for last year it was 3.3%). Any other changes to compensation are based on market salary surveys.

Initial Action Steps

No new actions needed. ESD112 already meets the requirements of this recommendation and will continue with its current practices.

Timeframe

No new actions needed. ESD112 will continue with its current practices.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 6-3:

Create a template for job applications to be submitted on-line.

ESD112 Response

ESD112 agrees with this recommendation. We are exploring options for a web-based application system that would interface with our new HRMS system. However, we disagree that the fiscal impact of this recommendation would be "nominal". Costs may include purchasing the software and an additional server as well as costs associated with deploying, training staff, and maintaining the system. A conservative estimate is over \$50,000.

Initial Action Steps

1. Review options for on-line application systems (completed).
2. Discuss deployment feasibility with ESD112 technology staff and WSPIC.
3. Select preferred system.
4. Develop deployment plan.

Timeframe

Steps 1-3 will be completed by March 2008. Further action will be determined based on funding availability and organizational priorities.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 7-1:

Clarify in writing the landlord's and district's responsibilities for preventive and general maintenance of the ESD 112 main campus facilities.

ESD 112 Response

ESD 112 agrees with this recommendation. We are currently reviewing the lease contracts and will work with the landlord to seek clarifying language related to preventive maintenance of our facilities.

Initial Action Steps

1. Review of lease contracts.
2. Meeting with landlord.

Timeframe

Initial steps will be completed by September 2007.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 7-2:

Develop a detailed and comprehensive five-year facilities plan.

ESD 112 Response

ESD 112 agrees with the recommendation. A comprehensive facilities review was completed in 1999 and we agree that this plan should be updated to reflect facilities planning for the next five years. It should be noted the ESD is currently in its 5th year of a 15-year lease.

Initial Action Steps

1. Review of previous plan.
2. Make revisions as appropriate.

Timeframe

Depending on staff availability and priorities, the five-year facilities plan could be updated by August of 2008.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 7-3:

Advertise and sublease a portion of the 10,500 square foot warehouse located in the main 2200 building.

ESD 112 Response

ESD 112 will make every effort to implement this recommendation. However, it should be noted that 2200 building warehouse is the only storage that the ESD maintains for all of its programs, supplies and materials. It contains ESD 112 district records (3,648 sq. ft. on 12 ft. racks in over 1,600 boxes), custodial/maintenance supplies (862 sq. ft.), ESD motor pool tire storage (306 sq. ft.), special education motor team equipment (234 sq. ft.), youth workforce supplies and equipment (970 sq. ft.), and furniture (851 sq. ft.).

The remaining 3,629 sq. ft. is used for a variety of functions such as:

- Staging and storage area for 28 child care / preschool programs serving over 2,050 kids.
- Storing office equipment and furniture that is rotated between programs housed outside the ESD. If the warehouse was not available these programs would have to find and pay for storage offsite.
- Secure area for fully equipped mobile technology instruction lab valued at over \$200,000.
- Clearinghouse for donated supplies and equipment for local businesses. This space affords the ESD the ability to distribute these donated supplies to local school districts.

In order to make warehouse space available for leasing, we would need to scan paper documents to electronic images. This process is staff intensive and costly. The ESD does not have staff available for this task and will have to hire temporary staff and most likely permanent staff to facilitate this effort.

Initial Action Steps

1. Disposal of surplus items.
2. Hire staff to scan permanent records.
3. Notification of warehouse space to local districts.

Timeframe

Depending on the availability of current staff, and given the amount of work that needs to occur to prepare the warehouse for leasing, we anticipate it would be available to lease by October 2008.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation and recognizes the constraints in immediately implementing this recommendation.

Recommendation 7-4:

Conduct an energy audit to identify areas that need retrofitting to reduce energy expenditures.

ESD 112 Response:

ESD 112 agrees with this recommendation and is in the process of hiring an Energy Conservation Specialist who will work in the Construction Service Group. Part of the job responsibilities would include conducting energy audits for school districts as part of CSG's menu of services. We will also continue to work with our local utility company on energy-saving measures.

Initial Action Steps:

1. Hire staff to conduct energy audit.
2. Report audit to board.
3. Implement identified energy saving measures.

Timeframe

An energy audit can be completed by August of 2008.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 7-5:

Establish a data collection process that compares Construction Services Group (CSG) charges to private sector construction service charges.

ESD 112 Response

ESD 112 agrees with this recommendation and the CSG staff has begun building a system to collect data and compare charges. For example, CSG has secured the CMAA (Construction Manage Association of America) salary survey for 2006/07 and compared it to current CSG salaries. We will also use this system to collect data regarding other construction charges.

Initial Action Steps

1. Complete system development.
2. Use system to compare charges.

Timeframe

Ongoing.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 7-6:

Establish a database for each ESD 112 Construction Service Group construction project that records accurate cost-savings and time-savings efficiencies.

ESD 112 Response

ESD 112 agrees with this recommendation and has already established a data collection system. The CSG project managers are reporting such savings on a monthly basis starting in March 2007.

Initial Action Steps

A data collection system has already been established.

Timeframe

Completed.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 8-1:

Develop a formal disaster recovery plan.*

(*It should be noted that this recommendation is only for data recovery. The recommendation's wording may infer a different meaning.)

ESD 112 Response

ESD 112 agrees that planning proactively for service interruptions is essential. ESD currently has a plan in place for recovery from loss of essential data. However, we agree this plan can be enhanced. We also agree that a reciprocal agreement between 112 and at least one other ESD would be beneficial. However, no other ESD in the state currently has sufficient capacity to support the operation of another ESD without committing to substantial system upgrades and reconfiguration. Therefore, we believe the continued use of Iron Mountain data storage as a data backup site for data remains the best option for ESD 112.

Initial Action Steps

1. Review current plan.
2. Identify revisions and enhancements.
3. Conduct periodic tests of the new system.

Timeframe

This is an ongoing project. Completion will be dependent upon available funding and technology priorities. We anticipate completing steps one and two completed by September of 2008.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

Recommendation 8-2:

Create a comprehensive, technology-related procedures manual.

ESD 112 Response

Many of the suggested topics in the recommendation already exist in a variety of forms and locations within the ESD. ESD 112 agrees that these – and additional related procedures – should be combined into a comprehensive manual. The Communications and Information Management Director will lead the technology staff in the creation and implementation of an operational procedures manual covering technology. The new manual will include, at a minimum, the recommended topics outlined in the recommendation.

Initial Action Steps

1. Review of current documents related to technology procedures.
2. Combining current resources into one procedural document.
3. Staff notification.

Timeframe

Completion is anticipated for May of 2008 if additional resources can be acquired and dedicated to this task.

MGT's Response:

The audit team acknowledges the ESDs efforts to implement this recommendation.

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 113

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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1.0 INTRODUCTION

1.0 INTRODUCTION

The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. to conduct a performance audit of Educational Service District 113 (ESD 113), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of ESD staff and school district staff. After reviewing the results of the on-site interviews and electronic survey data and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that reflected issues for all ESDs, the final performance audit report for ESD 113 was provided to SAO, reflecting areas of strength and areas needing improvement.

This chapter presents background information on Educational Service District 113. ESD 113 is one of nine regional service agencies in Washington, and was established in 1969 by act of the State Legislature. Located in Olympia, the ESD operates from a 31,104 square foot building on 5.7 acres on McPhee Road SW.

ESD 113 serves 45 school districts with 172 schools enrolling over 70,000 students, and 36 private schools in western Washington. Most of the districts are small, and only one, North Thurston, serves over 10,000 students. The region stretches from the Pacific Ocean to east of I-5; serves Grays Harbor, Lewis, Mason, Pacific, and Thurston counties; and covers 7,000 square miles.

ESD 113 is governed by a seven-person board of directors that represents each of the districts in the region. **Exhibit 1-1** displays the school districts represented by each director.

EXHIBIT 1-1
SCHOOL DISTRICTS SERVED BY THE BOARD OF DIRECTORS

DIRECTOR	SCHOOL DISTRICTS REPRESENTED
1	Chehalis, Morton, Mossyrock, Onalaska, Tenino, Toledo, White Pass, Yelm
2	Adna, Bostfort, Centralia, Evaline, Napavine, Pe Ell, Raymond, Rochester, South Bend, Vader, Willapa Valley, Winlock
3	Grapeview, Griffin, Hood Canal, Mary M. Knight, North Thurston, Pioneer, Shelton, Southside
4	McCleary, Olympia
5	North Thurston School District
6	Aberdeen, Cosmopolis, Hoquiam, North Beach, Ocosta, Quinault, Taholah, Wishkah Valley
7	Elma, Montesano, North River, Oakville, Rainier, Satsop, Tumwater

Source: ESD 113 2005-06 Directory.

ESDs have statutorily mandated responsibilities that include:

- Assisting public and private schools in providing quality and cost-effective services.
- Assisting public and private schools in providing equal educational opportunities to all children.
- Providing cooperative and information services to public and private schools.
- Providing liaison services between local public and private schools and the Office of the Superintendent of Public Instruction (OSPI).
- Providing local programs as required by the state.

ESD 113's primary goal is to serve the students in the region by developing and delivering instructional and administrative support; business, financial, and information services; program and staff development; and research and evaluation support. In addition, ESD 113 serves as the contracting agent for Head Start programs in the region.

Programs are funded primarily through state and federal grant programs and cooperative service agreements with the local school districts and private schools. In 2004-05, ESD 113 received a "core allocation" from the state of \$475,818 to provide \$1,928,575 in core services mandated by or authorized by statute, including clock hour management, school financial services, curriculum and instruction support, certification, state reporting advice, a professional lending library, WAC in-service grants, and nursing consultation and training. These services are provided to every district in the region through state-mandated core funding and OSPI-coordinated service agreements.

In 2004-05, federal programs (primarily Head Start) provided 48 percent of total ESD revenues; cooperative programs, 18 percent; fees for service, 13 percent; state programs, 14 percent; and core state funding, 2 percent. **Exhibit 1-2** displays the programs offered by ESD 113, the expenditures for those programs in 2004-05, and the number of districts participating in each program.

**EXHIBIT 1-2
PROGRAMS PROVIDED BY ESD 113**

PROGRAM NAME	2004-05 EXPENDITURES	NUMBER OF PARTICIPATING DISTRICTS
Cooperatives:		
Media Center	\$268,574	40
Lewis Co. Special Education Cooperative	\$1,888,845	12
Lewis Co. Vocational Education Cooperative	\$24,032	8
Capital Regional Data Center - Fiscal	\$2,195,852	45
Capital Regional Data Center - Student Records	\$209,428	25
Unemployment Compensation Insurance Cooperative	\$984,998	34
Workers' Compensation Insurance Cooperative	\$3,977,192	44
Asbestos Abatement Services	\$6,900	8
Personnel Cooperative/Substitute Calling Service	\$216,975	13
Legal Services	\$43,435	15
Fee for Service:		
Workshops, inservice, training, classes	\$290,947	45
Network services	\$336,120	22
NovaNet	\$179,350	17
Web-based products	\$397,891	10
Drug and alcohol testing service	\$44,093	37
Traffic Safety Education	\$382,718	20
Teaching and Learning	\$327,259	45
Art Show	\$1,812	14
Support for Highly Capable Programs	\$6,656	15
Knowledge Bowl	\$11,352	27
Grant Funded Services:		
Technology Grant - NO LIMIT	\$314,779	8
Student Assistance Program	\$1,641,281	41
Math Helping Corps	\$84,820	3
Washington Reading Corps	\$4,383	10
Chehalis Basin Watershed Education	\$318,522	14
Head Start/ECEAP Program	\$6,417,380	16
Readiness to Learn	\$65,062	11
21st Century Learning Centers	\$1,174,720	17
Nursing Services (additional)	\$6,198	20
Youth Work Experience	\$984,427	27

Source: ESD 113 Accountability Report, 2004-05.

Key commendations for ESD 113 include:

- ESD 113 is commended for entry into the “online” learning/training arena. It is currently using online training modules for some in-house training and has plans to expand to such offerings for client schools.
- The “student assistance center” activities should be considered a “center of excellence.” This unique program combines funds from several grant sources to provide assistance to students in the tobacco, alcohol, drugs, and mental health arenas.
- ESD 113 is commended for increasing its efforts to collaborate with other ESDs, e.g., on construction management with 112, on grant procurement with 101. A prime example of such collaboration across the system is the impending deployment of the Washington Learning Source, a “shared storefront” or “solutions center” portal for the ESD system.
- ESD 113 is commended for hosting/operating a number of highly regarded cooperatives such as the data center, special education, and sub finder system.
- ESD 113 is commended for its budget preparation process.
- ESD 113 has reduced its paper flow and increased controls over purchasing by implementing a procurement card program.
- ESD 113 provides efficient and effective fiscal support services to its member school districts.
- ESD 113 is commended for contributing to the development and dissemination of the School Improvement Planning Process Guide. The guide is exemplary and provides a variety of process, graphic tools, and resources, as well as specific linkages to the OSPI Web-based School Improvement Planning Tool.
- ESD 113 is commended for the creation and development of the True North Student Assistance Program. The program demonstrates a fully integrated continuum of prevention, intervention, and treatment of chemical dependency and fiscal efficiency through cost-sharing services among county, state, and federal funding sources.
- ESD 113 is commended for conducting an annual employee job classification review and market analysis.
- Through the Public Schools Personnel Cooperative, ESD 113 has a program that operates efficiently and effectively, both for school districts and for job applicants and for substitutes, in the recruitment of staff, and in the provision of substitutes.

- ESD is commended for maintaining high standards for facilities management.
- ESD 113 is commended for utilizing technology to deliver and augment communication and training.
- ESD 113 is commended for installing a phone system with additional functionality that also is saving the ESD money.

Key recommendations for ESD 113 include:

- Align the agency's strategic plan with its budget. **(Recommendation 3-1)**
- Pursue the potential of a new cooperative in the area of public/community relations. **(Recommendation 3-2)**
- Establish a well-defined internal and external leadership development program. **(Recommendation 3-3)**
- Implement a zero-based budgeting process to better link the service district's strategic plan to its budget. **(Recommendation 4-1)**
- Improve internal controls by further separating duties in the accounts payable and purchasing functions. **(Recommendation 4-2)**
- Document fiscal procedures in written procedures manuals. **(Recommendation 4-3)**
- Establish a data-driven, curriculum design framework at the school level. **(Recommendation 5-1)**
- Examine effective instructional models and programs that can be collected and disseminated to all school administrators and teachers. **(Recommendation 5-2)**
- Establish an agency-wide needs assessment process consistent with the ESD 113 strategic plan. **(Recommendation 5-3)**
- Develop an agency-wide professional development plan consistent with an ESD needs assessment. **(Recommendation 5-4)**
- Establish a systemic, agency-wide process for implementing new models and programs and discontinuing models and programs that are proven to be ineffective in improving student achievement. **(Recommendation 5-5)**
- Establish a process for collaborative planning and delivery of school improvement and professional developmental between ESD 113 and the Office of the Superintendent of Public Instruction. **(Recommendation 5-6)**

- Explore the opportunity and potential cost savings to establish a Medicaid Reimbursement Cooperative at ESD 113. **(Recommendation 5-7)**
- Explore and “pilot” the practice of home officing for itinerant/consultant employees. **(Recommendation 7-1)**
- Minimize the use of small individual refrigerators in the office facility. **(Recommendation 7-2)**
- Explore the use of existing regional and state purchasing cooperatives to purchase supplies and equipment related to facility management/maintenance. **(Recommendation 7-3)**
- Consolidate and reorganize external technology network support functions. **(Recommendation 8-1)**
- Create a comprehensive technology plan tied to the overall ESD plan that addresses both internal and school district needs over the next five years. The plan should be updated at least annually. **(Recommendation 8-2)**
- Create a more coordinated and systematic set of mechanisms to elicit feedback and direction from the school districts and the personnel directly affected by the technology services. **(Recommendation 8-3)**
- Provide more focused and nurturing consulting and support to districts on applying for E-rate funds, and make this a high priority for the ESD. **(Recommendation 8-4)**
- Secure and improve access to ESD 113’s internal data and technology systems for authorized personnel. **(Recommendation 8-5)**

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Exhibit 1-3 shows that an estimated total of \$284 can be saved by ESD 113 over a five-year period should they implement all of the recommendations, and that ESD 113 member school districts should save an estimated \$1,940,000 by implementing the recommendations. The grand total savings for ESD 113 and its member districts is estimated at \$1,940,284.

EXHIBIT 1-3 SUMMARY OF ANNUAL SAVINGS (COSTS)

CATEGORY	YEARS					TOTAL FIVE-YEAR ESD SAVINGS (COSTS)	TOTAL FIVE-YEAR SCHOOL DISTRICT SAVINGS (COSTS)
	2007-08	2008-09	2009-10	2010-11	2011-12		
TOTAL SAVINGS	\$0	\$696	\$696	\$696	\$696	\$2,784	\$1,940,000
TOTAL (COSTS)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL NET SAVINGS (COSTS)	\$0	\$696	\$696	\$696	\$696	\$2,784	\$1,940,000
TOTAL ONE-TIME SAVINGS (COSTS)						(\$2,500)	\$0
TOTAL FIVE-YEAR SAVINGS (COSTS) INCLUDING ONE-TIME SAVINGS (COSTS)						\$284	\$1,940,000
GRAND TOTAL SAVINGS (COSTS)					\$1,940,284		

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees in Educational Service District (ESD) 113, school district superintendents within the ESD 113 region, and the nine ESD Superintendents were invited to participate in an on-line survey. The following sections contain highlights of the survey results for:

- ESD 113 Olympia employees.
- School district superintendents within ESD 113 Olympia.
- ESD Superintendents.

Details on all survey items are found immediately after the highlights.

2.1 ESD 113 Olympia Employee Survey Highlights

At least 50 percent of ESD employees strongly agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (50%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (60%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (51%).
- Our ESD provides quality services (56%).

At least 50 percent of ESD employees strongly disagree with the following:

- All ESDs should be abolished (71%).

2.2 ESD 113 Olympia School District Superintendent Survey Highlights

At least 50 percent of school district superintendents strongly agree with the following:

- Our school district frequently utilizes services provided by our ESD (68%).
- The services provided by our ESD are critical to the success of our district's programs and operations (78%).

- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- The ESD in our region is highly efficient and effective (61%).
- The ESD in our region is highly responsive to the service needs of our school district (73%).
- The ESD in our region provides quality services (73%).
- There are adequate channels of communication with the ESD in our region (73%).
- The ESD in our region is responsive to complaints (63%).
- The ESD in our region is responsive to requests for services (68%).
- The ESD in our region listens and tries to meet the needs of the school district (73%).
- ESDs should continue to be funded by the state (76%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (63%).
- Under the current governance structure, the ESDs are primarily accountable to the school districts within each region (53%).

At least 50 percent of school district superintendents *strongly disagree* with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (66%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (61%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (51%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (54%).
- The current number of nine ESDs should be reduced (54%).
- All ESDs should be abolished (95%).

2.3 ESD Superintendent Survey Highlights

At least 50 percent of ESD Superintendents strongly agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).
- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (89%).
- The current number of ESD Board of Director members is appropriate (67%).
- The current number of 9 ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of nine ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

This chapter presents information about the governance and management functions of Educational Service District ESD 113 in Olympia, Washington.

CHAPTER SUMMARY

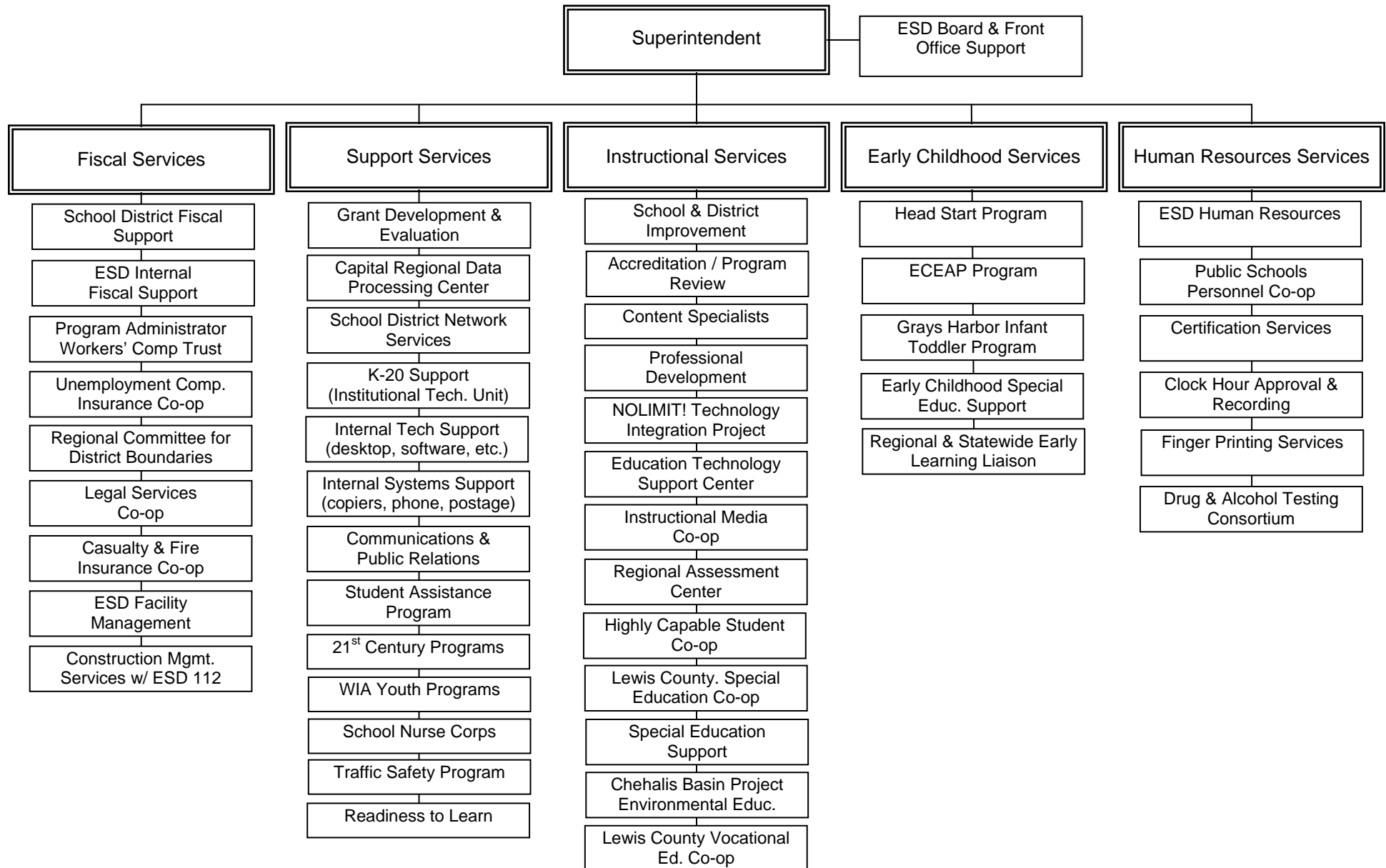
Education service agencies (ESAs) in the United States constitute the foremost support service infrastructure for schools in nearly 44 states. Their overall focus is in three areas: efficiency, equity, and excellence. They are an efficient solution to schools based on “economy of scale” and do their best to provide equitable services to all students, parents, teachers, administrators, and schools. Most recently, ESAs have been called on to help schools provide the highest quality education for all children.

Such a challenge cannot be met by ESAs without significant organizational effectiveness practices. The schools they serve deserve and expect the utmost efficiency and effectiveness. Demonstration of this level of effectiveness begins at the top, in both management and governance functions.

Overall, ESD 113 appears to be an efficient and effective organization that is highly valued by its peers, its member school districts, and its own staff. The highly regarded current superintendent and executive team of three assistant superintendents and two executive directors oversee an organization that is fully engaged in various contemporary “continuous improvement” practices. For example, the strategic planning process is inclusive and fully “alive” in the organization. The ESD’s mission, goals, and objectives are clearly defined, and all staff work cooperatively to make progress toward the goals of the strategic plan. In addition, new measurement software is being installed to ensure cost-effective delivery of services. There are approximately 100 other ESD staff in Olympia in addition to 200 Head Start and Early Childhood Education and Assistance Program (ECEAP) staff located throughout the region. The organizational chart for the ESD is shown as **Exhibit 3-1**. All staff are on a salary schedule that is updated annually.

In an effort to evaluate workload, staffing requirements, and productivity, a thorough review of current and past organizational charts was conducted, interviews with all senior staff and board members were conducted, and all pertinent documents were reviewed. It is apparent that ESD 113 attends to its staffing and workload obligations. The organization is in the first year of a recent reorganization (**Exhibit 3-1**) that resulted in the elimination of one senior level administrator position. In addition, the organization has adopted a practice of specific review of all vacant positions to assure that the positions continue to be necessary. In a continuing effort to demonstrate efficiency and accountability, the organization has adopted a new software program called escWorks that will document the daily work of agency employees. Management to staff ratios appear within normal limits, with at least one senior manager having a very high supervisory case load. Because of this organizational review no additional findings are noted beyond those found in this chapter.

**EXHIBIT 3-1
ESD 113 (OLYMPIA) ORGANIZATIONAL CHART**



Source: ESD 113 Superintendent's Office, 2006

The ESD 113 Board of Directors acts under authority from the Washington State Legislature and serves as the governing body for the ESD. It is comprised of seven members from seven director districts which comprise all 45 school districts in the ESD region. The term of office for each board member is four years or until a successor is duly elected and qualified. Candidates for the board of directors file with the Superintendent of Public Instruction between September 1 and September 16 on odd-numbered years. Local district board members in ESD 113 elect the Educational Service District Board members. The table shown in **Exhibit 3-2** demonstrates that superintendents in ESD 113 are generally satisfied with the oversight and governance structure of the ESD.

**EXHIBIT 3-2
ESD 113 OLYMPIA SCHOOL DISTRICT SUPERINTENDENT'S
SURVEY RESULTS
EXCERPTS ON GOVERNANCE**

STATEMENT	SA	A	N	D	SD	DK*
The current number of ESD Board of Director members is appropriate.	22	51	12	2	0	12
We understand the governance and oversight structure of the ESD in our region.	34	54	5	2	0	5
There are appropriate levels of oversight for the ESD in our region.	24	54	15	0	0	7

* SA: Strongly Agree; A: Agree; N: Neutral; D: Disagree; SD: Strongly Disagree; DK: Don't Know.

Source: MGT survey, Fall 2006.

Members of the ESD 113 Board of Directors are elected in a similar manner to their counterparts in other states. In Texas, for example, members of boards of directors serve three-year staggered terms with two to three board members being elected on an annual basis by the board of trustees in the respective Education Service Center Region's school districts. Both states have very similar requirements for governance and oversight of service agencies. Neither state provides any compensation to board members for serving. Both states do provide for a reimbursement for travel and other related actual expenses to attend board meetings, conventions, and trainings.

The seven-member board of directors of ESD 113 is a mix of education and business leaders. **Exhibit 3-3** provides an overview of board member experience and background information. Many of the current members have had stellar careers in Washington as school superintendents or education association executives. Board members report that they make every effort possible to connect with the members of the school boards that elected them. They do so by 1) periodically attending local school district board meetings in their director districts, alone or with the superintendent, and 2) occasionally attending the ESD 113 superintendent meetings. They are actively engaged in the work of the ESD, and demonstrate an ongoing commitment to their own learning as board members. The ESD 113 senior management and board appear to form an effective collaborative team who understand their roles and responsibilities.

**EXHIBIT 3-3
ESD 113 BOARD MEMBERS**

NAME	YEAR ELECTED	BACKGROUND
Rick Anthony	2006	Teacher, principal, superintendent, adjunct professor
Bill Brumsickle	2003	Teacher, principal, asst. superintendent, four-term State Representative
Howard Coble	1999	Teacher, principal, superintendent, consultant, Executive Dir. Washington Assn. of School Admin.
Rex Comstock	1996	Retail grocery manager, school board member
John Gott	2000	Teacher, principal, superintendent, business manager, consultant
Marv Lam	1997	Teacher, principal, superintendent
Dean Winner	2003	School board member, corporate pilot

Source: ESD 113, 2006.

Regular ESD Board meetings are held on the second Wednesday of each month, unless rescheduled by the board. Each meeting starts at noon unless the board moves to change the time prior to the next meeting. A majority of the board (four members) constitutes a quorum.

A review of board meeting minutes and packets revealed that information was readily available for board of directors to discuss issues, take action, and provide appropriate governance and oversight for the ESD. Interviews with staff, and board members did not review any instances of board of Director micro-management.

The following are among the key commendations presented in this chapter:

- ESD 113 is commended for entry into the “on-line” learning/training arena. It is currently using on-line training modules for some in-house training and has plans to expand to such offerings for client schools.
- The “student assistance center” activities should be considered a “center of excellence.” This unique program combines funds from several grant sources to provide assistance to students in the tobacco, alcohol, drugs, and mental health arenas.
- ESD 113 is commended for increasing its efforts to collaborate with other ESDs, e.g., on construction management with 112, on grant procurement with 101. A prime example of such collaboration across

the system is the impending deployment of the Washington Learning Source, a “shared storefront” or “solutions center” portal for the ESD system.

- ESD 113 is commended for hosting/operating a number of highly regarded cooperatives such as the data center, special education, and sub finder system.

The following are key recommendations presented in this chapter:

- Align the agency’s strategic plan with its budget. **(Recommendation 3-1)**
- Pursue the potential of a new cooperative in the area of public/community relations. **(Recommendation 3-2)**
- Establish a well-defined internal and external leadership development program. **(Recommendation 3-3)**

Service agency organizational structures and management systems are key factors in determining an agency’s ability to meet its goals and to operate in an effective and efficient manner. An effective organizational structure systematically arranges functional areas in a manner that supports the agency’s mission and related goals. A successful organization has the capacity to alter its structure to meet the changing needs of its customers. Organizations that are resistant to this structure are often less likely to meet client requirements/needs and, as a result, tend to experience fewer successes.

In his book *What Works in Schools: Translating Research into Action*, Robert J. Marzano states, “leadership could be considered the single most important aspect of effective school reform.” Marzano has identified the following as the three principles of leadership for change:

- Is most effective when carried out by a small group of educators with the principal (key administrator) functioning as a strong cohesive force.
- Operates (the leadership team) in such a way to provide strong guidance while demonstrating respect for those not on the team.
- Is characterized by specific behaviors that enhance interpersonal relationships.

The management system of an ESD needs to include the ability to make informed decisions, communicate effectively, and provide appropriate planning and accountability functions. Ultimately, these factors determine the extent to which the organization can successfully carry out its mission and accomplish its goals.

The development and maintenance of an effective organizational structure is an important task for the superintendent and the members of his or her cabinet. Primarily, an organizational structure is a support system designed to facilitate the mission of the district and sustain its efforts to accomplish its goals. If the district’s mission does not

drive its organizational structure, the support system is weakened and the district's ability to accomplish its mission is compromised.

Organizations often are bureaucratic and subject to inertia created by tradition and size. Often, the organizational structure has evolved based upon tradition and special interests. Too often, organizations tend to represent their predecessors. In fact, organizations should be developed systematically, with energies focused on the needs of the organization's clients and staff members.

A clearly focused governance system is required by Washington statute RCW28A.310.200. This act lists the powers and duties of every ESD Board, and states that every ESD Board shall:

- Approve the budgets of the ESD.
- Meet regularly according to the schedule adopted at the organizational meeting.
- Approve the selection of ESD personnel.
- Fix the amount of and approve the bonds of designated ESD employees.
- Keep in the ESD a full and correct transcript of the boundaries of each district within the ESD.
- Acquire by borrowing funds or by purchase, lease, devise, bequest, and gift and otherwise contract for real and personal property for the ESD.
- Provide cooperatives at the written request of a school district or districts.
- Adopt bylaws and rules for the ESD's operations.
- Enter into contracts.

The development and adoption of ESD policies and procedures are important functions of the board of directors. Board policies provide a means by which an ESD can communicate its expectations to its various constituencies. An ESD's board policies provide a legal framework, often based on state and federal law, that guides the operation and decision-making processes of the district.

Well-designed policies and procedures provide the basis for:

- Establishing the board's expectations for the organization.
- Keeping the board of directors and administration within legal guidelines.

- Establishing an essential balance and division between policy-making and administrative roles, providing for a system of checks and balances for the organization.
- Creating policies and guidelines to assist staff and clients.
- Providing reasonable assurances of consistency and continuity in decisions.
- Providing a legal basis for the allocation of fiscal, personal, and facility resources.

ESD 113 has well-developed policies that appear to follow a consistent development, approval, and implementation process through the board of directors. Administrative and decision-making authority is clearly delegated and follows the Washington statutes §28A.310.270, 280, 290, and 300. Board procedures and agendas are well established and provide adequate opportunity for public input.

FINDING

The cost of training school administrators, teachers, and other school employees is significant, but the effort is essential to the success of the education system. Increasing travel expenses and concerns about being away from the teaching site are factors that challenge the ability of an ESA to provide quality training and support to education professionals in the region. Such challenges and the availability of new technology are prompting many ESAs in the U.S. to search for alternative ways to provide or support training/professional development efforts. Such alternatives include 1-way/2-way fiber or copper interactive audio/video classrooms, desktop/classroom “on-line” learning, DVD, streaming, digital video download, pod-casting, etc. These alternatives are being pursued as both primary and supplementary methods for providing professional development. Pursuit of such alternatives is highly desirable in the workplace of today because of the presence of four generations of employees. These generations (“silent,” “boomers,” “X’ers,” and “millenials”) vary in what they expect from their workplace as well as the methods by which they learn.

ESD 113 is in the formative stages of meeting the need to differentiate its methods of delivering professional development and support to its client school districts. It is currently using “on-line” modules for some in-house training, and has plans to expand such offerings to schools in its region.

COMMENDATION

ESD 113 is commended for exploring and implementing alternative, technologically relevant methods for delivering professional development/training for its staff and for the education professionals in its region’s schools.

FINDING

The ability to collaborate with stakeholders and partners is quickly becoming a standard for effective and efficient operation of public sector organizations. The lack of resources and talent, coupled with the expectation to eliminate redundancy, is driving the movement toward collaboration. The need to provide equitable services to all students and education professionals in a given state is prompting increased discussion among the nation's ESAs on how they can function better as a "system" of ESAs within a state. Washington is one of the states immersed in such discussions. Those discussions are giving way to action. ESD 113 is engaged with other ESDs in the areas of grant procurement (101) and construction management (112). In addition, ESD 113 has co-developed the new Washington Learning Source, a "shared storefront" or "solutions center" portal for the ESD system. Such efforts demonstrate the "value add" from leadership through collaboration.

COMMENDATION

ESD 113 is commended for its leadership and participation with fellow ESDs in efforts to deliver high-quality services through collaboration.

FINDING

One of the fastest growing challenges facing America's schools and ESDs is student behavior and mental health issues. The incidence of such issues appears to be increasing rapidly. Teachers are challenged to maintain focus on quality instruction in the face of disruptive students. Such students themselves are challenged to fulfill expectations for their own achievement. In addition, mental health services for children appear fragmented and short of adequate resources. This situation leaves schools searching extensively for alternatives. States and ESAs are at varying stages of gearing up to meet these challenges. ESD 113 appears to be ahead of the game. Through its student assistance center activities, grant funds are secured and combined to provide students with tobacco, alcohol, and drug counseling as well as mental health assistance. Several students are receiving services on site or in the community as a result of ESD 113's coordination and leadership. These services are being delivered and coordinated through collaboration with other community providers.

COMMENDATION

ESD 113 is commended for its efforts and leadership to facilitate funding and provide services to students affected by addictions, behavioral disabilities, and/or mental health issues.

FINDING

School districts are faced with increasing complexity and declining public resources. Some districts are simply too small to employ staff to carry out certain functions. They find themselves without certain services, while larger districts are able to staff functions that offer students and the community a wider array of services and learning

opportunities. ESDs in Washington are helping districts meet the demand for such services through the creation and hosting of “cooperatives” formed around various functions. ESD 113 appears to be a leader in Washington in the development of such cooperatives. ESD currently hosts the following cooperatives per the 2005-06 School Year Accountability Report:

- Asbestos Abatement Services
- Capital Regional Data Center - Fiscal
- Capital Regional Data Center - Student
- Instructional Resources (Media Center)
- Legal Services
- Lewis County Special Education Co-op
- Lewis County Vocational Co-op
- Personnel Co-op/Substitute Calling Service
- Unemployment Compensation Insurance Co-op
- Workers' Compensation Insurance Co-op

Such cooperatives allow districts to staff needed functions through collaboration with others, thereby hoping to maximize efficiency.

COMMENDATION

ESD 113 is commended for the development and management of various cooperatives that provide efficient, cost-effective services for client districts who choose to participate.

FINDING

ESD 113 has a strategic planning and budgeting process. However, because the strategic planning process is relatively new, there appears to be an unclear link between the planning process and the budgeting process. The strategic plan itself implies a fairly rigorous examination of programs and services in light of expressed customer needs. Goal 4—Program Development calls for the following strategies: C) “Develop a rubric for determining appropriate ESD response to customer need.....and, D) Develop a rubric for determining whether or not to continue existing cooperatives in light of the data collected....” Beyond these efforts, the auditor saw little reference to the strategic plan in the budget preparation procedures and budget development policies.

Among the characteristics that define effective organizations is the ability to determine the correct direction for the organization. Selection of the correct direction is a product of effective planning. Planning is not a sometimes process; a planning process needs to be embedded in the operation of the organization and understood by all employees.

Strategic planning is a proactive process of envisioning the future and developing the necessary strategic actions to bring the vision to fruition. In essence, a strategic plan serves as a map for an organization’s members to guide actions towards meeting organizational goals. In addition, planning moves organizations from reactionary modes to proactive modes by connecting goals, strategies, performance measures, and action plans to an overall resource allocation process. Organizations that link these elements

through the planning process are much more likely to achieve identified goals and enhance their overall organizational effectiveness.

Strategic planning should provide a road map for the ESD by accomplishing the following:

- Providing for a common planning design and language for the ESD.
- Establishing a written plan which should include action steps, accountability and evaluations measures for the ESD.
- Empowering the ESD's staff to serve on teams, which should assist the ESD in accomplishing the strategic plan's goals.
- Improving school districts' access to ESD services by clearly defining goals, needs, and priorities.
- Providing for increased communication between the staff members and school districts.
- Providing for resource allocation in a systematic manner that should correlate directly to the strategic plan's goals and priorities.

The strategic priorities of an organization, if indeed they are priorities, should have budgetary implications. The budget should reflect their status as priorities by allocating dollars for their implementation.

Recommendation 3-1:

Align the agency's strategic plan with its budget.

By implementing this recommendation, ESD 113 should be able to focus its resources, demonstrate its strategic intent, and further implement the priorities in the plan.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--|
| 1. The ESD Superintendent should instruct the agency chief financial officer to work with other executive team members to assure that the budgeting process and adoption decisions give full consideration to the organization's strategic priorities. Budget policies, procedures, and communications regarding budget preparation should symbolically reflect the importance of aligning the strategic plan to the budget. | As soon as possible |
| 2. The ESD chief financial officer should include projections based on the strategic plan in the upcoming year's draft budget document and submit the document to the superintendent for his review and endorsement. | As soon as possible
within budget
planning cycle |

- | | |
|--|---------------------|
| 3. If accepted, the budget should be approved according to the regular budget development cycle for the agency. | As soon as possible |
| 4. During the upcoming budget year, the strategic plan should be implemented within the established budget parameters. | As soon as possible |

FISCAL IMPACT

Implementation of the above strategies will require the commitment of time by executive and business office staff in the short term but will permit the ESD to focus its efforts and funds on its highest priorities, thus increasing its effectiveness. Implementation of these strategies will not result in cost savings unless programs/services are eliminated pursuant to the strategic plan.

FINDING

ESD 113 is operating a variety of successful cooperatives at the request of its member districts. It does provide public/community relations services for a fee to member districts, but does not have a public/community relations cooperative. Some member districts and, perhaps districts outside the region, may be spending more than necessary to staff important public and communications efforts. In addition, some districts may not be able to afford the provision of these services independently.

Effective communication is a key aspect of developing and maintaining organizations that facilitate the realization of essential goals and objectives. In his book *Working on the Work – An Action Plan for Teachers, Principals, and Directors*, Philip Schlechty stresses that an underlying piece of his 12 standards for the WOW school is having in place fundamentally sound communications. Organizations in the 21st century must have effective communication systems in place in order to effectively assist all stakeholders who are either employees or clients.

The concept of districts cooperating in the provision of public/community relations services is being explored and tried in ESAs elsewhere. Considering the interest some districts in ESD 113 have expressed in this service, pursuing such an initiative would seem to be an “efficiency” oriented effort.

Recommendation 3-2:

Pursue the potential of a new cooperative in the area of public/community relations.

By implementing this recommendation, ESD 113 would fill expressed needs of some of its customer districts as well as provide for its own needs in a more economical fashion.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The ESD Superintendent should direct staff to gauge and document the degree of interest by local district superintendents in a public/community relations cooperative. | Summer 2007 |
|---|-------------|

- | | |
|--|-------------|
| 2. The superintendent and staff should assess the district interest against the agency's new program and service "rubric" to determine if such a cooperative appears viable and efficient. | Fall 2007 |
| 3. If viability is supported, then the superintendent of ESD 113 should direct his staff, in concert with district input, to develop specifications and details for such a service. | Winter 2008 |
| 4. The board should consider and approve proposal and the superintendent should direct that the program be staffed and implemented. | Summer 2008 |

FISCAL IMPACT

This recommendation is targeted primarily at increasing local district efficiency. Those districts that have such a service might be able to reduce their related costs. As a result of this new program, other districts might be able to afford the new service. In addition, ESD 113 could access the service for its own public/community relations needs. Until the overall concept is developed, a specific cost analysis cannot be completed, but dollar savings to districts and the ESD could be projected to be in the thousands.

FINDING

Public and private organizations today are faced with an impending talent shortage. Such a shortage of available personnel will have an adverse affect on organizational leadership positions. Although ESD 113 has been able to fill vacant positions, it is projected that shortages will occur soon, making it more expensive to recruit and retain outstanding staff.

Many educational organizations can document that the available talent pool is limited by both quantity and quality. Thus, more and more organizations are turning to "grow your own" strategies. More and more ESAs in the nation are expanding their efforts to systematically increase the talent pool for their anticipated vacancies as well as those likely to be experienced by their member districts. These efforts are not only based on organizational need, but are also strongly supported by recent research pointing to the significant importance of effective "building" and "district" leadership to student achievement (McCrel 2004-2006). While ESD 113 administrators reported some efforts in this arena, it appears that from conversation with the audit team that they realize the importance of expanding such efforts.

Recommendation 3-3:

Establish a well-defined internal and external leadership development program.

By implementing this recommendation, ESD 113 can add value to its own and its districts' succession planning efforts by "growing its own" prospective leaders.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|--|--|
| 1. The ESD Superintendent should direct members of his executive team to begin the following, in an effort to develop the leadership development program: | During FY
2007-08 |
| <ul style="list-style-type: none">■ Conduct literature review of promising leadership development practices in both private and public sector organizations.■ Initiate and complete a “benchmarking” activity to learn more about how organizations are implementing leadership development activities. This can be accomplished through on-site visits, phone calls, Web site reviews, conference presentations, etc.■ Seek staff and customer input on the specifications for such programs. | |
| 2. The ESD Superintendent should develop alternative proposals for consideration and select the alternative best suited for implementation in ESD 113. | During FY
2007-08 |
| 3. The ESD Superintendent should explore funding and program partners for supporting the leadership development programs (other ESDs, state associations, national associations, legislature, Gates Foundation, Wallace Foundation, etc.). | During FY
2007-08 |
| 4. The ESD should implement the programs. | Beginning of FY
2008-09 and
Thereafter |

FISCAL IMPACT

Until this overall plan is developed, a specific cost analysis cannot be completed. Implementing this recommendation would likely require a significant investment of time and dollars. That is why the pursuit of partners is desirable. The benefits of such programs should be significant, but the intangible return on investment may never be quantifiable. Regardless, the fundamental question is whether ESDs and other educational organizations can afford not to pursue such strategies, given the projected “workforce crisis.” Some believe that effective government depends on effective leadership.

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents information relating to the financial management, purchasing and contract management functions of Educational Service District (ESD) 113 in Olympia.

CHAPTER SUMMARY

Our review of the Fiscal Services department of ESD 113 showed that in general the department runs efficiently and effectively. The department handles a large volume of work with a small number of staff members. The department provides a high level of service both to its internal customers and its member school districts.

Key commendations in this chapter include:

- ESD 113 is commended for its budget preparation process.
- ESD 113 has reduced its paper flow and increased controls over purchasing by implementing a procurement card program.
- ESD 113 provides efficient and effective fiscal support services to its member school districts.

Key recommendations in this chapter include:

- Implement a zero-based budgeting process to better link the service district's strategic plan to its budget. **(Recommendation 4-1)**
- Improve internal controls by further separating duties in the accounts payable and purchasing functions. **(Recommendation 4-2)**
- Document fiscal procedures in written procedures manuals. **(Recommendation 4-3)**

4.1 Background Information

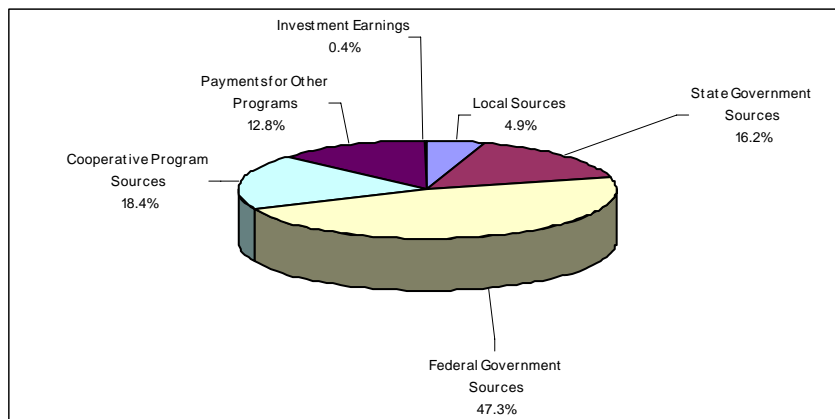
The legislature created ESD 113 to provide support services to 45 school districts located in four counties in the state of Washington. The Revised Code of Washington (RCW) Section 28A.310.300 requires that ESDs, among other things, act as liaison between local school districts and the Office of Superintendent of Public Instruction (OSPI), and provide fiscal assistance to school districts. ESD 113, therefore, provides a wide variety of fiscal support services to school districts including accounting, budgeting, and payroll services. In addition, ESD 113 operates insurance cooperatives through which member school districts can obtain coverage for workers' compensation and unemployment insurance.

The fiscal management function of ESD 113 provides the direct services listed above to its member districts, in addition to providing internal services to other ESD 113 departments.

ESD 113 receives two percent of its revenue from an allocation provided by the state. Programs offered to member school districts are primarily funded through entrepreneurial efforts, including competitive state, federal and private grants and cooperative service agreements through which member school districts pool their resources in exchange for the services provided. Other services provided to school districts are on a pay-for-service basis. In 2004-05, ESD 113 subsidized the costs of required core services by 75 percent.

Exhibit 4-1 displays the various sources of funding received by ESD 113. Of the total \$22.2 million in revenue for 2004-05, funds through federal grants accounted for 48 percent of the service district's funding, while total state sources amounted to 16 percent of total revenues. Cooperative programs and pay-for-service programs accounted for 18 and 13 percent of revenues, respectively.

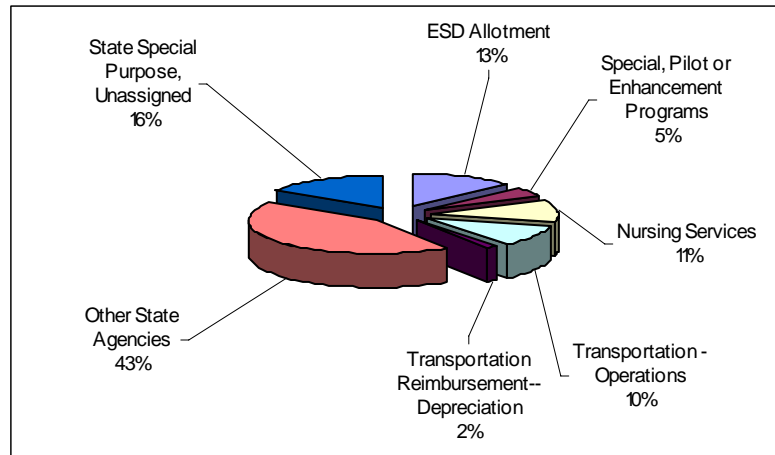
**EXHIBIT 4-1
EDUCATIONAL SERVICE DISTRICT 113
SOURCES OF REVENUES FOR FISCAL YEAR 2004-05**



Source: ESD 113 F185 report for the fiscal year ending August 31, 2005.

Exhibit 4-2 displays state funding sources for ESD 113. As this graph shows, of the \$3.6 million in state funds received in fiscal year 2004-05, 13 percent was through the ESD allotment. The total allotment for ESD 113 for fiscal year 2004-05 amounted to \$475,818, just over two percent of total revenues received.

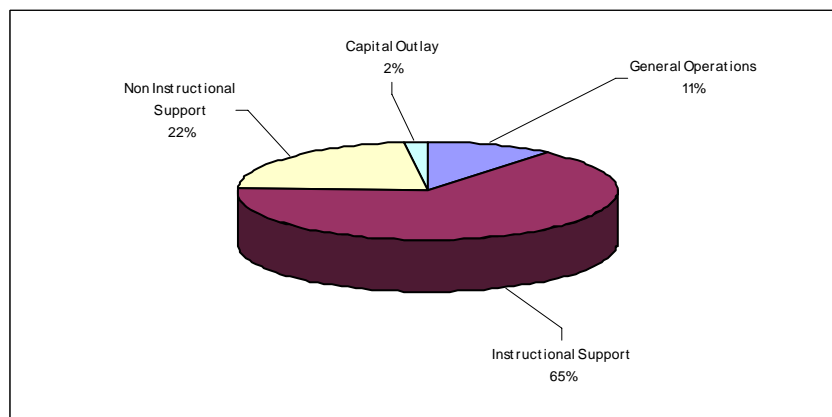
**EXHIBIT 4-2
EDUCATIONAL SERVICE DISTRICT 113
SOURCES OF STATE REVENUES FOR FISCAL YEAR 2004-05**



Source: ESD 113 F185 report for the fiscal year ending August 31, 2005.

Exhibit 4-3 shows how the ESD's \$22.4 million of expenditures were used. The majority of funds were used for instructional support (65 percent of total expenditures), while 22 percent of funds expended went toward non-instructional support. General operations expenditures accounted for 11 percent of total expenditures, while capital expenditures amounted to two percent.

**EXHIBIT 4-3
EDUCATIONAL SERVICE DISTRICT 113
EXPENDITURE CATEGORIES FOR FISCAL YEAR 2004-05**



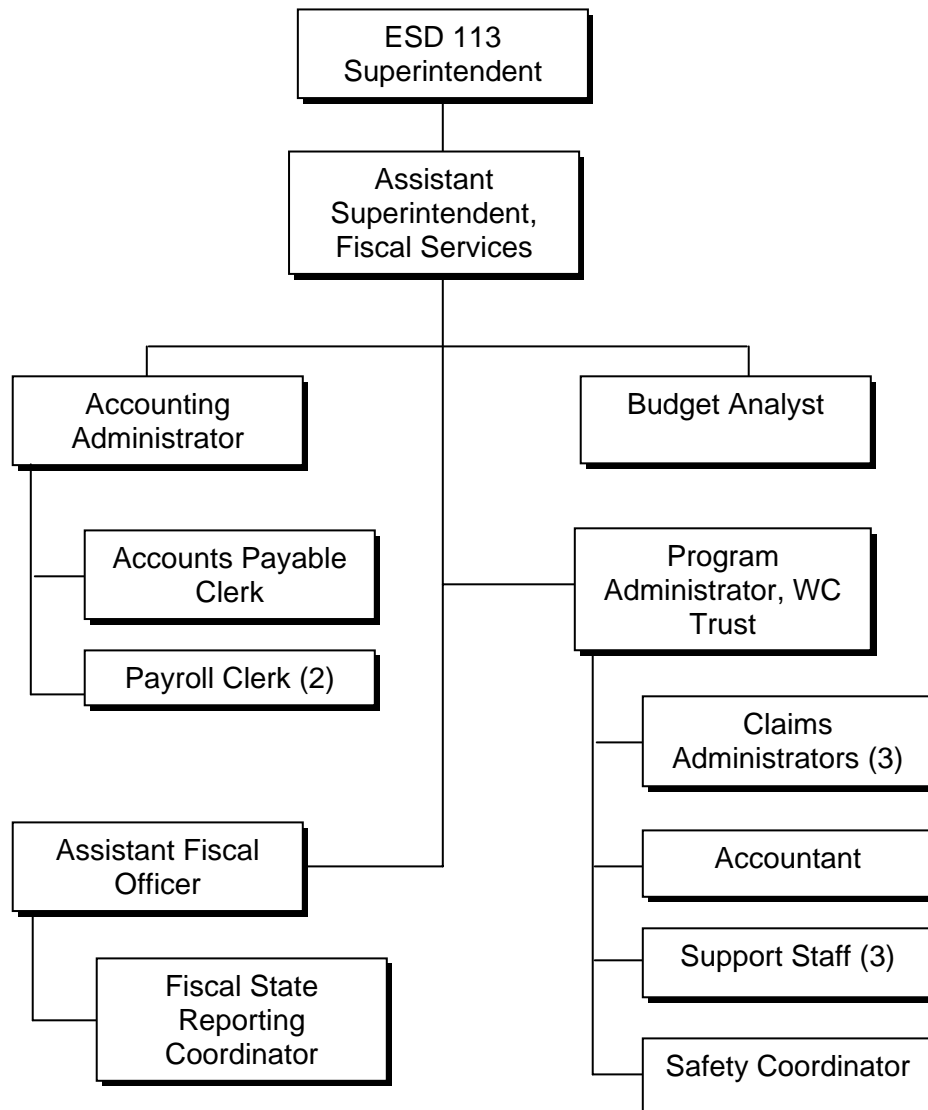
Source: ESD 113 F185 report for the fiscal year ending August 31, 2005.

Washington's ESDs are allowed to charge indirect cost rates to all federal and state grants to recover a portion of the administrative efforts necessary to administer these grant funds. The Office of Superintendent of Public Instruction approves all indirect rates for all ESDs. For the 2006-07 fiscal year, OPSI set the maximum rate at nine percent. All ESDs are required to submit a Certification of Indirect Costs annually which is used to determine annual indirect cost rates.

In addition to the indirect rate charged to federal and state grants, ESD 113 calculates direct charges for office space, utilities, telephones and computers and charges these amounts to all programs and departments. For the 2006-07 budget year, ESD 113 has estimated that it will charge a total of \$611,000 in direct fees to its departments and programs.

The fiscal management operations for ESD 113 are carried out by a staff of 17. The assistant superintendent of Fiscal Services oversees all financial functions, including accounts payable, payroll, general ledger accounting, investments and cash accounting, budgeting, purchasing, and grants accounting. **Exhibit 4-4** shows the organizational structure of ESD 113's Fiscal Services department.

**EXHIBIT 4-4
ORGANIZATION OF ESD 113 FINANCIAL OPERATIONS**



Source: ESD 113, November 2006.

As **Exhibit 4-4** shows, the accounting administrator oversees accounts payable and payroll personnel. In addition, the administrator is responsible for all general ledger accounting, cash management, and purchasing oversight. The budget analyst is responsible for assisting the assistant superintendent of Fiscal Services with the preparation and monitoring of the service district's budget.

The assistant fiscal officer, with support from the fiscal state reporting coordinator, is charged with providing direct accounting and budgeting assistance to school districts as required in RCW 28A.310.300. These responsibilities include assisting school districts with developing and preparing their budgets, preparing debt service requirements, filing school district reports with the state including budget, enrollment and staff information, preparing and filing annual financial statements, and assisting districts in the use of accounting applications and technology.

The assistant superintendent for Fiscal Services is also responsible for overseeing the operations of the ESD's workers' compensation cooperative. The day-to-day management of the cooperative is the responsibility of the Workers' Compensation Trust program administrator.

Although there is no segregated purchasing department in ESD 113, the assistant superintendent for Fiscal Services, the accounting administrator, and the accounts payable clerk each have responsibilities in providing oversight for the decentralized procurement function. Under this decentralized process, authorized program managers are responsible for complying with ESD purchasing policy and entering purchase requisitions directly into the automated purchasing system. Fiscal Services staff then monitors purchasing transactions to ensure proper authorization and account coding, and to ensure that adequate funds are available for planned purchases.

4.2 Planning and Budgeting Process

According to Washington Administrative Code (WAC) Section 392.125.030, all Educational Service Districts are to prepare an annual budget that is presented in a public hearing no later than August 1st of each year. Following budget adoption, an ESD must file its budget with the OSPI no later than August 3rd (WAC Section 392.125.020). ESD 113 approved its 2006-07 budget at a public hearing held on July 12, 2006.

RCW 28A.310.360 requires ESDs to identify core services for budgeting purposes and to use a formula for its biennial budget request. The formula contains the following factors:

- Core service cost that shall receive primary weighting for formula purposes;
- A weighting factor based on geographical location and that will serve to weight the larger ESDs; and
- A weighting factor that shall be based on the number and size of local school districts within each ESD.

ESD 113 has budgeted \$30 million in expenses for fiscal year 2006-07, which represents no change from its 2005-06 budgeted expenditures. In addition, the ESD budgeted for a total staff of 310.7 full-time equivalent (FTE) employees, 16.8 of which are certificated and 293.9 of which are classified. This staffing estimate for 2006-07 is a decrease from 2005-06 which was budgeted at a total of 319.3 FTEs, a decrease of 8.6 FTEs.

ESD 113's budgeting process typically begins in the spring for the following fiscal year. The superintendent and the assistant superintendent of Fiscal Services establish budget timelines and issue a budget memo to all program and department budget managers. A series of preliminary budgets are established and presented to the board. Once the individual program and departmental budgets are finalized, they are reviewed and approved by the board at a public hearing. **Exhibit 4-5** below shows the budget calendar used by the ESD for the preparation of the 2006-07 budget.

**EXHIBIT 4-5
EDUCATIONAL SERVICE DISTRICT 113
2006-07 BUDGET PREPARATION CALENDAR**

Month	Process to Complete
March 2006	<ul style="list-style-type: none">■ Establish proposed data rates for data processing, unemployment, workers' compensation■ Determine salaries■ Establish direct cost center budgets for facilities and network support■ Obtain legislated rates for salaries, cost of living adjustments, and benefits■ Obtain OSPI calculation of indirect rates■ Meet with Administrative Team
April 2006	<ul style="list-style-type: none">■ Develop individual program budgets■ Develop department budgets■ Meet with Cooperative Advisory Board to adopt rates and fees■ Meet with Administrative Team
May 2006	<ul style="list-style-type: none">■ Present budget analysis to ESD Board■ Finalize individual program and departmental budgets■ Meet with Administrative Team
June 2006	<ul style="list-style-type: none">■ Present preliminary budgets to ESD Board■ Present proposed salary schedules to ESD Board
July 2006	<ul style="list-style-type: none">■ Adopt budget by ESD Board

Source: ESD 113 Administrative Team Memo, March 10, 2006.

FINDING

ESD 113 has established a budget development process that serves to inform and educate budget managers as well as ESD Board members, and provides for a smooth budgeting process that is consistent with internal policies and legislative requirements.

Interviews with ESD 113 budget managers indicated a high level of understanding and involvement in the budget process. Managers are provided timely information needed to develop and monitor their budgets. When questions or concerns arise in the budgeting process, managers are provided individual assistance.

The National Advisory Council on State and Local Budgeting (NACSLB) is an organization that was created to provide tools for governments to improve their budgeting processes and to promote their use. NACSLB has developed a framework to provide guidance to government officials in the development of their budgets.

NACSLB's framework for budgeting practices includes 12 elements to assist budget managers to achieve improvement in the budgeting practice. Element 8, *Develop a Process for Preparing and Adopting a Budget*, states that government entities should establish an administrative structure that facilitates the preparation and approval of a budget in a timely manner. Element 8 further states that in order for a budget to be adopted in a timely manner, processes should be developed to assist stakeholders in understanding tradeoffs and to help decision makers make choices among available options. Processes should include reporting to, communicating with, involving, and obtaining the support of stakeholders.

Some of the specific practices recommended by NACSLB include:

- Developing a budget calendar
- Developing budget guidelines and instructions
- Developing mechanisms for coordinating budget preparation and review
- Developing procedures to facilitate budget review, discussion, modification, and adoption
- Identifying opportunities for stakeholder input

By following many of the processes recommended by NACSLB's Element 8, ESD 113 is able to maintain an efficient and effective budgeting process.

COMMENDATION

ESD 113 is commended for establishing a budget development process that allows all program and department budget managers to understand the budgeting process and compile meaningful budget estimates.

FINDING

ESD 113's budget is not fully linked to its strategic plan, focusing instead on what resources are available and then fitting services into what those resources allow. This phenomenon is not uncommon to entities facing strict funding constraints.

ESD 113 first prepared its current strategic plan in 2005. **Exhibit 4-6** shows an overview of the goals developed through this plan.

EXHIBIT 4-6 EDUCATIONAL SERVICE DISTRICT 113 STRATEGIC PLAN GOALS FOR 2005 – 2008

Goal 1	Client Satisfaction: Achieve a 90% client satisfaction rate in all program areas by June 2008.
Goal 2	Student Achievement: Improve academic and nonacademic student achievement outcomes as measured by individual ESD programs.
Goal 3	Staff Satisfaction: Achieve a 90% staff satisfaction rate in all program areas by June 2008.
Goal 4	Program Development: Expand services in a strategic and data-driven manner which anticipates and is responsive to the district needs and results in a minimum of one new program by 2008.

Source: ESD 113 Strategic Plan, 2005.

Strategic thinking regarding the ESD's budget may be occurring at the upper levels of management, but in practice, the budgeting process at the program or departmental manager level is a rote exercise. Interviews with program and department managers showed that staff members continue to focus primarily on the bottom line. In fact, no one in these interviews mentioned beginning the budgeting process by considering what the service district's goals and objectives were. Budget managers told the audit team that the budget process begins by taking the prior year's budget and adjusting it for any known changes such as salaries, benefits, or indirect rates. This approach indicates that the ESD is merely continuing its efforts or services from the prior year rather than taking a fresh consideration of needs that should be included in the budget. One budget manager told the audit team that "member fees drive the budget."

A common theme that the audit team heard while visiting with school superintendents is that, while ESD 113 does a good job in the services they provide, many smaller or economically disadvantaged districts cannot afford to participate in needed programs.

Recommendation 4-1:

Develop a budget process that includes careful consideration of the ESD's strategic goals by beginning with a zero-based budget.

While ESD 113 has done a good job of preparing its strategic plan, it needs to go a step further by ensuring the plan's success by linking budget priorities to it. By starting with a zero budget each year, budget managers will be allowed to focus on ways of providing services in a manner that meets the needs of more of its member districts.

Zero-based budgeting provides a mechanism for organizations to assess their needs for each new period rather than merely focusing on amounts requested in excess of previous periods. While zero-based budgeting may not allow ESD 113 to fulfill all its member districts' needs, it will provide a foundation and focus on setting priorities and then obtaining necessary funding for those priorities.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The superintendent should hold a budget kick-off meeting for all program and department budget managers where strategic goals and objectives are reviewed. | June 2007 |
| 2. The assistant superintendent for Fiscal Services should develop procedures for a zero-based budget. | June 2007 |
| 3. The assistant superintendent for Fiscal Services should train all budget managers in the use of zero-based budgeting. | June 2007 |
| 4. Budget managers should prepare their budgets using the processes developed by the assistant superintendent for Fiscal Services. | June 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

4.3 Internal Controls, including Internal Audit

Internal controls are the measures taken by an organization for the purpose of protecting resources against waste, fraud, and inefficiency; ensuring accuracy and reliability in accounting and operating data; securing compliance with policies, rules, regulations, and laws; and evaluating the level of performance.

One of the basic principles of internal controls includes the separation of duties. The principle of separation of duties reduces the likelihood of errors and irregularities and requires that a single individual is not to have responsibility for more than one of three transaction components: authorization, custody, and recordkeeping. When the work of one employee is checked by another, and when the responsibility for custody of assets is separate from the responsibility for maintaining the records relating to those assets, an appropriate separation of duties has been obtained. Establishing adequate separation of duties helps an organization detect errors in a timely manner and deter improper activities.

Internal auditing is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes the organization with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost. Occasionally an entity may contract with an external auditor or firm to conduct its internal audit function.

ESD 113 does not have a formal internal auditing function. It does, however, provide basic review of financial activities and transactions to try to prevent or detect errors or irregularities. The accounting administrator is primarily the individual responsible for such reviews.

FINDING

ESD 113's separation of duties in the Fiscal Services area could be improved. Review of the practices and processes used in the Fiscal Services department show that, for the most part, ESD 113 has adequate controls in place. However, because of a relatively small number of staff members, and in part because there is no separate purchasing function, the accounts payable clerk and the accounting administrator have been assigned duties that should be separated.

Internal controls could be improved by separating some of the responsibilities of the accounting administrator and the accounts payable clerk. Specifically, the accounts payable clerk is responsible for vendor file maintenance, data entry of invoices, and issuance and distribution of accounts payable checks. The accounting administrator also has the ability to issue checks, access the vendor files in the automated accounting system, and has access to the ESD's bank accounts. Because these individuals have the ability to establish vendors in the accounting system, in addition to having the ability to input and pay invoices and issue checks, the potential for setting up a fictitious vendor and for making payments to that vendor exist.

Any discussion of internal controls and separation of duties warrants mention of the fact that the potential for employee wrongdoing is theoretical in nature. Establishing sound controls does not imply that employees are untrustworthy or have the potential for wrongdoing. Undeniably, the audit team found the employees in the Fiscal Services department of ESD 113 to be dedicated, capable, and competent individuals. However, the assignment of duties should not be based on the character of the employee holding the position but rather on the basis of who does what with regard to optimal internal control.

Recommendation 4-2:

Re-assign some of the job duties of the accounting administrator and the accounts payable clerk to improve the level of internal controls in the Fiscal Services department.

The ability to establish vendors in the automated accounting system should lie solely with the accounting administrator. In addition, to further strengthen internal controls, the

accounting administrator should not be given access to functions that issue and distribute accounts payable checks.

By limiting the access to electronic vendor files and restricting the authority to issue checks, the Fiscal Services department can improve its internal controls.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------|
| 1. The assistant superintendent for Fiscal Services should request that the automated accounting system be limited to allow only the accounting administrator the ability to access vendor files in the automated accounting system. | June 2007 |
| 2. The assistant superintendent for Fiscal Services should request that the automated accounting system be limited to allow only the accounting clerk to issue payment checks. | June 2007 |
| 3. The accounts payable clerk and the accounting administrator should comply with the new procedures. | June 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The Fiscal Services department does not have updated, documented procedures for its accounting and purchasing processes. The ESD migrated to a new automated accounting system in May 2006, and has not yet updated its procedures for the new system.

The consulting team reviewed lists of tasks performed by each Fiscal Services employee, but these task lists do not constitute adequately documented procedures. In addition, the department uses the *Accounting Manual for Educational Service Districts in the State of Washington*, a document prepared by the Office of Superintendent of Public Instruction and distributed in September 2006. However, this manual serves as a resource for ESDs to ensure legal compliance in accounting for ESD accounts, conformity to account coding structures, and budgetary control. While this is an important document, it does not provide the necessary detail specific to ESD 113's accounting and budgeting processes.

Documented procedures are critical to any organization, but especially for those that, like ESD 113, have small accounting staffs. If an employee became unable to work for an extended period of time, the organization could be at risk of being unable to conduct key processes or functions. In addition, having well documented procedures that spell out what each employee should and should not do plays a key role in the process of good internal controls.

The Government Finance Officers' Association (GFOA) is a professional organization that supports state and local finance officers in the United States and Canada. The

GFOA provides a wide array of services including providing recommended best practices. In its Documentation of Accounting Policies and Procedures statement issued in 2002, the GFOA states the following:

Communication is an essential component of a comprehensive framework of internal controls. One method of communication that is particularly effective for controls over accounting and financial reporting is the formal documentation of accounting policies and procedures. A well-designed and properly maintained system of documenting accounting policies and procedures enhances both accountability and consistency. The resulting documentation also can serve as a useful training tool for staff.

In this statement, the GFOA further states that accounting manuals need to include the policies and procedures for accounting and other finance-related functions, such as accounts payable, payroll, budgeting, investments, cash receipts, and financial reporting. By carefully documenting business processes, current and future employees can fully understand what is expected and required to accomplish their duties.

Recommendation 4-3:

Improve internal controls by documenting fiscal procedures in written procedures manuals.

The Fiscal Services department should document its accounting policies and procedures in a written procedures manual. Each employee's job duties should be documented and procedures distributed to all pertinent staff. Further, the manual, once complete, could be maintained on the ESD's Web site so that all employees have access to the most current version of the document.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The assistant superintendent should direct all Fiscal Services employees to prepare written documentation for the procedures they perform. | June 2007 |
| 2. The accounting administrator should review all procedures to ensure accuracy and proper separation of duties. | July 2007 |
| 3. The assistant superintendent for Fiscal Services should review and approve all procedures. | August 2007 |
| 4. The assistant superintendent for Fiscal Services should request that procedures be posted on the service district's Web site. | August 2007 |
| 5. The accounting administrator should review and update all procedures on a regular basis. | Annually |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

4.4 Technology Use and Adequacy

The Washington School Information Processing Cooperative (WSIPC) is a collaborative effort to provide business software solutions to Washington's school districts and ESDs. The cooperative is managed by a board of directors and an executive committee. In addition, advisory committees are used to advise the board and executive committee on strategic needs of WSIPC users. Board of director members of WSIPC include all nine ESD Superintendents in addition to an ex-officio, non-voting member from OSPI, while the executive committee is made up of school superintendents representing the nine service districts within the state as well as an ex-officio, non-voting representative from OSPI. The cooperative's five advisory committees include the fiscal, human resources, operations, special education, and student committees.

In 2001, the cooperative started a partnership with Skyward, a Wisconsin-based firm specializing in K-12 software solutions. The customized product that resulted from this partnership is WESPaC, which stands for WSIPC Enhanced Skyward PaC. WESPaC is a business software system that has been customized to support K-12 reporting within the context of Washington's education regulations. The state is in the process of converting to this new product, and ESD 113, along with selected school districts, is piloting the new system.

ESD 113 converted to the new WESPaC system in May 2006. The financial system components used by the service district include general ledger accounting, budgeting, accounts payable, purchasing, payroll, and accounts receivable.

In addition to the WESPaC system, the Fiscal Services department also makes extensive use of spreadsheet software to develop its budget before it is loaded into the main budgeting system.

FINDING

The Fiscal Services department does not use mandatory automated direct deposit to pay employees. ESD payroll staff estimate that 65 percent of ESD employees are enrolled in direct deposit. In addition, ESD 113 processes the payroll checks for its 45 school districts, which equated to 39,592 paychecks and 109,584 direct deposit transactions for 2006.

Studies have shown that organizations that use direct deposit effect not only cost savings from the elimination of check stock and reduced processing fees, but efficiency savings as well. For instance, the National Automated Clearinghouse Association (NACHA) - The Electronic Payments Association, states the benefits of direct deposit as:

- there are fewer checks to print and store;
- facsimile signature security isn't necessary with direct deposit since no signatures are required;
- lost and stolen checks are eliminated;

- financial institution service charges are reduced; typically, it costs more to process a paper check through an entity's bank account than a direct deposit transaction;
- the potential for errors is reduced because direct deposit requires less manual handling than a check;
- account reconciliation is simplified;
- fraud is reduced because there is less potential for counterfeit checks, stolen checks or signature plates, altered amounts, and forged signatures;
- problems with direct deposit are very rare; the chance of having a problem with a check is 20 times greater than with direct deposit;
- administration costs can be lowered due to the elimination of manual check preparation;
- organizations report savings of more than 40 cents in processing costs for each paper check converted to direct deposit;
- direct deposit adds one more incentive to competitively attract employees; and
- productivity can be increased due to employees spending less time away from work to cash or deposit a payroll check.

Recommendation 4-4:

Reduce payroll processing costs by implementing a mandatory direct deposit policy.

Not only could ESD 113 save money by implementing a mandatory direct deposit policy, but doing so would also serve to improve the internal controls over payroll. In addition, the same benefits could be passed on to its member school districts by requiring that all districts also implement a mandatory policy.

For those individuals who do not maintain an account with a bank, ESD 113 can establish a program with a participating bank that allows these individuals to access their funds through a debit card. To promote the use of direct deposit, many banks offer such programs at no cost.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------|
| 1. The accounting administrator should develop a mandatory direct deposit policy. | June 2007 |
| 2. The assistant superintendent for Fiscal Services and the superintendent should review and approve the policy. | June 2007 |

3. The superintendent should present the new policy to the ESD Board for review and approval. July 2007
4. The accounting administrator should develop procedures for the implementation of the direct deposit policy. August 2007
5. The assistant superintendent for Fiscal Services should notify all employees of the new policy. September 2007
6. ESD 113 should implement the mandatory direct deposit policy. January 1, 2008

FISCAL IMPACT

In addition to efficiency savings, ESD 113 could save approximately \$696 annually in check processing costs using the NACHA benefits assumptions (1,740 paychecks X \$0.40 per paycheck). In addition, the savings that could be passed on to its school districts equate to approximately \$15,837 annually (39,592 paychecks issued in 2006 X \$0.40).

Recommendation	2006-07	2007-08	2008-09	2009-10	2010-2011
Implement a Mandatory Direct Deposit Policy	\$0	\$696	\$696	\$696	\$696

4.5 Purchasing and Contract Management

RCW 28A.335.190 contains the specifications of the competitive bid law for school districts. This law, however, is not applicable to ESDs unless the ESD is providing purchasing services to school districts; then they must follow the school district statutes.

ESD 113 policy 6210 places the responsibility for making expenditures and purchases with the superintendent. Specifically, Policy 6210 states that "The Superintendent is authorized to direct expenditures and purchases within the limits of the annual budget for the year (see Policy 6000). The Superintendent shall establish requisition and purchase order procedures as a means of monitoring expenditures. Staff who obligate ESD 113 without proper prior authorization may be held personally responsible for payment of such obligations."

In addition, ESD policy 6220 states that "The ESD 113 Board establishes this policy for purchases of furniture, equipment, supplies, contracts, personal property, software, and services. For the purposes of this policy, all dollar limits shall be instituted on the basis of the entire cost of the project or acquisition.

1. The superintendent, or his/her designee, is to employ the most cost-effective method for acquiring supplies, materials, and services.
2. When purchasing is being done on behalf of member districts, the applicable statutes and regulations shall be followed."

ESD 113 uses a decentralized purchasing process for procuring the goods and services necessary to operate its programs. For fiscal year 2005-06, ESD 113 issued a total of 2,069 purchase orders totaling \$5.2 million. In addition, the ESD uses a procurement card system for many of its smaller purchases and for payment for employee and board member travel.

Other than purchasing paper products in bulk, ESD 113 purchases all other items on an as-needed basis and does not maintain a supply warehouse.

The ESD maintains a contracting process that is similar to that of the purchasing process. All proposed contracts are reviewed in the Fiscal Services department prior to being finalized, and all contracts are entered into the automated purchasing system to allow users to review contract and payment terms.

FINDING

ESD 113 has used procurement cards since 2003 as a means of procuring small items in a more efficient and effective manner. The ESD has issued 66 cards to department personnel as a way of reducing or eliminating paperwork associated with requisitions, purchase orders, and invoices for small-dollar acquisition transactions. In addition, the issuing bank provides a rebate on purchases made with the cards.

The use of the procurement cards also provides increased controls for the ESD because they are managed through a tightly controlled process where statements are reviewed on a regular basis and procurement card users are required to submit invoices for all purchases made. Procurement card use policy may require employees to be personally responsible for any purchases made with the cards for which no receipts are submitted.

COMMENDATION

ESD 113 is commended for streamlining its purchasing process and increasing controls over the procurement of goods and payment of travel through use of its procurement cards.

4.6 Fiscal Services Provided to School Districts

Among the many programs and cooperatives offered to its member school districts, ESD 113 provides several fiscal services to districts. These include unemployment and workers' compensation cooperatives; fee for service Business Manager Academies and business management and support services; and no-cost school fiscal support services.

ESD 113 has operated the workers' compensation cooperative since 1983. The service district self-administers claims with a staff of nine as shown in **Exhibit 4-4**. The cooperative purchases both per-occurrence and aggregate stop-loss reinsurance as protection against catastrophic claims. For the 2005-06 fiscal year, the cooperative carried \$300,000 of coverage for per-occurrence self-insurance and about \$4.5 million in aggregate stop-loss coverage.

ESD 113 also manages an unemployment cooperative for member districts that includes investment of fund assets and payment of school district unemployment claims.

Fiscal assistance provided by ESD 113 includes scheduled site visits to school districts once per month at no charge to the district. For additional site visits, the service district charges \$60 per hour for their assistance. The service center assists its districts with research and interpretation of regulations, preparation of fiscal data, school financial reporting to the state, and resolving school accounting questions. The ESD also acts as liaison between its member districts and OSPI.

In addition to the fiscal services mentioned above, the ESD also conducts a 31-week Business Manager Academy to provide training for school district business staff.

School fiscal services are provided primarily by two ESD 113 staff members—the assistant fiscal officer and the fiscal state reporting coordinator as shown in **Exhibit 4-4**. However, the assistant superintendent for Fiscal Services also spends time helping school districts with their budgets, addressing school business administrators and board members about fiscal issues, and serving as liaison between the districts and OSPI.

FINDING

The workers' compensation and unemployment cooperatives offer school districts cost-effective options for insurance coverage. For instance, rates for unemployment insurance services provided through the state-run pool were \$0.0116 for fiscal year 2005-06. ESD 113 provided this coverage to its member districts at a rate of \$0.0027 for the same period, a difference of \$0.0089. The total estimated savings to districts for 2005-06 was \$1,374,556, based on the ESDs calculations.

The workers' compensation cooperative provides coverage at approximately 15 percent less than the state run pool operated by the Department of Labor and Industries (L&I). For the 2005-06 fiscal year, ESD 113 reported that it provided workers' compensation coverage at a total cost of \$4,869,572, while the estimate for L&I coverage for this same period was \$5,736,356, resulting in an estimated savings of \$866,784. In addition to claims coverage, ESD 113's cooperative also provides safety services to school district so that they can better manage and prevent claims.

COMMENDATION

ESD 113 is commended for providing cost-effective unemployment and workers' compensation insurance services to its member districts.

FINDING

ESD 113 provides support to school district business managers that results in improving school district fiscal management through its Business Manager Academy, business management and support services and school fiscal support services. Its Business Manager Academy provides 180 to 360 hours of in-depth training for new or aspiring school district business managers at a cost of \$9,000 per student. In addition, school districts receive free assistance one day per month. If additional assistance is needed,

school districts can purchase it for \$60 per hour. The fiscal assistance provided by ESD 113 has helped some small school districts avoid the cost of hiring full-time business managers.

In an analysis that compared the cost of its services to other providers, ESD 113 found that in the area of fiscal services, few, if any, organizations provide the type of services needed for school district fiscal management. However, the Washington Association of School Business Officials (WASBO) offers some training for business managers. A cost comparison for these services showed that ESD 113's Business Manager Academy is highly cost-effective and efficient. **Exhibit 4-7** below shows the comparison of these two options.

**EXHIBIT 4-7
EDUCATIONAL SERVICE DISTRICT 113
BUSINESS MANAGER ACADEMY COMPARED TO WASBO TRAINING
2005-06 PROGRAM COST-BENEFIT ANALYSIS**

	Hours of Training Provided	Cost of Training Provided
WASBO	28	\$100,045
ESD 113	180 to 360	\$33,750
Annual Savings for School Districts		\$66,295

Source: ESD 113 2005-06 Program Cost-Benefit Analysis Report.

COMMENDATION

ESD 113 is commended for the cost-effective and efficient fiscal support provided to its member districts.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter presents information relating to the program delivery of the ESD 113 in Olympia, Washington.

CHAPTER SUMMARY

ESD 113 offers a wide array of services to local school districts. Among the services provided are all of the core services currently required by law: fiscal, grants management, special education, transportation, personnel, learning resources, curriculum, in-service training, workshops, assessment and special needs of local agencies. The need for these services varies among the school districts.

There is a set of services that are not statutorily defined as core services, but are available in ESD 113 to meet school district needs. These services include:

- student assistance;
- pupil transportation;
- school mapping;
- safe and drug-free schools;
- focused assistance;
- school improvement plans;
- district improvement plans;
- state reporting assistance;
- teacher training and coaching;
- leadership coaching;
- technology – district technical support;
- K-20 support;
- professional development support;
- educational technology centers;
- regional committees;
- workforce investment act youth programs;
- 21st Century Schools and Communities Programs;
- nursing services and school nurse corps;
- readiness to learn programs; and
- traffic safety and education programs.

Commendations regarding program delivery include:

- ESD 113 is commended for contributing to the development and dissemination of the School Improvement Planning Process Guide. The guide is exemplary and provides a variety of process, graphic tools, and resources, as well as specific linkages to the OSPI Web-based School Improvement Planning Tool.
- ESD 113 is commended for the creation and development of the True North Student Assistance Program. The program demonstrates a fully integrated continuum of prevention, intervention, and treatment of chemical dependency and fiscal efficiency through cost-sharing services among county, state, and federal funding sources.

Recommendations regarding program delivery include:

- Establish a data-driven, curriculum design framework at the school level. **(Recommendation 5-1)**
- Examine effective instructional models and programs that can be collected and disseminated to all school administrators and teachers. **(Recommendation 5-2)**
- Establish an agency-wide needs assessment process consistent with the ESD 113 strategic plan. **(Recommendation 5-3)**
- Develop an agency-wide professional development plan consistent with an ESD needs assessment. **(Recommendation 5-4)**
- Establish a systemic, agency-wide process for implementing new models and programs and discontinuing models and programs that are proven to be ineffective in improving student achievement. **(Recommendation 5-5)**
- Establish a process for collaborative planning and delivery of school improvement and professional development between ESD 113 and the Office of the Superintendent of Public Instruction. **(Recommendation 5-6)**
- Explore the opportunity and potential cost savings to establish a Medicaid Reimbursement Cooperative at ESD 113. **(Recommendation 5-7)**

FINDING

ESD 113 has contributed to and provided leadership for the development of a school improvement planning guide that is used by the majority of school districts throughout Washington. ESD program delivery staff members have facilitated over 125 school improvement plans in the past five years. ESD 113 staff contributed to the document along with other personnel from the other eight ESDs and the Office of Superintendent of Public Instruction (OSPI).

According to the *School Improvement Planning Process Guide*, 2003:

school improvement is a continuous process schools use to ensure that all students are achieving at high levels. All schools can in some way create better environments so that more students are successful. Continuous improvement of public schools is essential to providing increased student performance and quality results. Innovative, exemplary, and researched-based programs, coupled with staff development, focused and aligned resources, and public participation in planning, are critical factors in improving schools.

The Washington State Board of Education, WAC180-16-220, requires that any school district receiving basic education funds must develop a school improvement plan or process based upon the school's self-review of programs by building staff, students,

parents, and community members. The process provided within the guide is generic and provides a framework that can be adapted to Title I Schoolwide Planning, District School Improvement Planning, Technology plans, Reading Excellence Grants, Comprehensive School Reform, and other school improvement planning in which the school might be involved.

The *School Improvement Planning Process Guide* is based upon research-based characteristics of effective schools. These nine characteristics are highly correlated to high performing schools. As school teams work through the process of school improvement planning, they look for the evidence of these characteristics.

A wide array of processes, graphic tools, and resources are provided in the guide. Specific linkages to the Office of the Superintendent of Public Instruction (OSPI) web-based School Improvement Planning Tool (SIPT) are also available to school-based planning teams. The guide provides an explanation of the eight stages of school improvement planning and recommends activities within each stage.

The *School Improvement Planning Process Guide* is based upon key principles shown in **Exhibit 5-1**.

EXHIBIT 5-1
OSPI SCHOOL IMPROVEMENT PLANNING PROCESS GUIDE
KEY PRINCIPLES
2003-04 SCHOOL YEAR

The principal must be at the helm of this process – without support and leadership of the principal the planning process lacks the leverage that is needed for change to occur in a school environment.

All members of school staff, and representatives of as many other stakeholder groups as possible, should participate and/or be aware of the planning process. The more of the full faculty is “in the loop,” the better the chances the school will achieve 100 percent buy-in by staff for change efforts.

A representative group of stakeholders can do the bulk of the work if results and updates are reported back on a regular basis to the full faculty and other stakeholders.

Decisions about school improvement goals and solutions must be based on careful consideration of multiple sources of data and research.

School improvement planning is a journey of continuous improvement that demands ongoing monitoring and adjustment of programs and processes at the school.

Improvements in student outcomes are directly related to what happens in the classroom. Teachers must be willing to be reflective about their practice and relentless in attempts to meet the needs of every student.

The written plan document is only as good as the quality of thought, effort, and degree of “buy-in” by staff.

Source: ESD 113, *OSPI School Improvement Planning Process Guide*, 2003.

The guide is written for principals and their leadership of school-based improvement teams. This exemplary guide and an example of a statewide collaborative effort among the ESDs and the OSPI that assists school improvement teams in implementing the school improvement cycle, and gives resources and suggestions for planning a school improvement process that aims toward higher student achievement, as well as more conducive learning environments.

COMMENDATION

ESD 113 is commended for contributing to and providing leadership for the development and dissemination of the OSPI School Improvement Planning Process Guide; the guide is exemplary and provides a variety of process, graphic tools, and resources, as well as specific linkages to the OSPI Web-based School Improvement Planning Tool. The guide also provides an excellent example of statewide collaboration among the ESDs and the OSPI.

FINDING

ESD 113 is one of only two education agencies in the state of Washington that provides a comprehensive continuum of care and has taken the necessary steps to become a certified, licensed chemical dependency treatment agency. ESD 113 was approved as a chemical dependency treatment provider in 1999 and completed its formal site certification in 2000.

True North Student Assistance Program Model is an integrated student assistance program that addresses the risk factors that exist within the school and local community. The central theme is to provide complete integration of the program elements (prevention, intervention, treatment, and continuing care efforts) in the least restrictive level of care that will enhance student completion and success in school. The model aims to motivate students to make the link between risky behavior and negative consequences that can permanently affect their lives. The challenge for implementation of the model was to develop a system that *allows students to access multiple levels of service with little or no disruption to the educational process and that addresses key issues related to substance abuse.*

The underlying goal for the model is to:

create a climate that allows students to DISCOVER what behaviors they are engaged in that might be harmful, EXPLORE a variety of scenarios and options available to them, and ultimately experience SUCCESS in their life's decisions.

Positive outcomes have been shown among the participating students in 38 school districts. The design has been implemented over the past four years throughout the ESD 113 service area. The data suggest this approach is successful in influencing the lives of students who are at risk for or are using alcohol, tobacco, or other substances. An independent evaluation of the ESD 113 Student Assistance Program shows significant reductions in substance use by students after participating in the program during the 2000-01 school year.

During 2000-01, the counseling staff of ESD 113's True North Student Assistance Program worked with 1,744 students through one or more of the program services. Of these students, 18 percent required additional services or more intensive care by the program counseling staff. In addition, 68 percent, or 1,185 students participated in screening to determine if services were warranted or participated in a formal intervention to address issues of substance abuse. Family contact increased from 73 percent in 1998-99 to 78 percent in 2000-01. Seventy-nine (79) percent of the students serviced by the program attended a group offered by the program. Groups include education, pre-treatment, treatment, and smoking cessation.

In 1998, the United States Department of Education, in collaboration with the Center for Substance Abuse Prevention and Treatment (CSAPT) provided guidelines, *Principles of Effectiveness*, to improve program implementation and outcomes for all federally funded projects. The Principles of Effectiveness governing grant recipients' use of funds include:

- Conduct needs assessments;
- Set measurable goals and objectives;
- Use effective research-based programs, and
- Programs evaluation.

These principles have been fully implemented into the ESD 113 True North Student Assistance Program. Through combined funding from county, state, and federal sources, the program is able to increase service accessibility and provide those services more efficiently. These resources provide continuity of services to youth in need of prevention, intervention, and treatment in an effort to create safe, civil, and healthy environments for teaching and learning. Each participating district has committed to address school environmental issues related to substance abuse or violence.

COMMENDATION

ESD 113 is commended for the creation and development of the True North Student Assistance Program. The program demonstrates a fully integrated continuum of prevention, intervention, and treatment of chemical dependency. The program also demonstrates fiscal efficiency through cost-sharing services among county, state, and federal funding sources.

FINDING

ESD 113 works very closely with schools in collecting, sorting, analyzing and responding to student data. Greater emphasis, however, must be placed on accessing and interpreting student data for instructional planning at the school level.

ESD 113 has provided:

- Presentations, including:
 - a building focus meeting;
 - training to OSPI school improvement facilitators; and
 - a building's data.

- Spreadsheets, including:
 - a sample of a spreadsheet used to create data packets for all 183 buildings in ESD 113; and
 - a comparison of one school to similar schools
- Documents, including:
 - sample improvement plan;
 - plan evaluations; and
 - plan templates.

To improve student achievement in the classroom and on state assessment tests, schools must be actively engaged in data collection and analysis. To increase student achievement, school administrators and teachers need current and accurate data on an on-going basis. ESD 113 has the capability of providing these data to school districts.

Schools, however, must build an educational framework that has resulted in academic growth for students and helped make data-driven instruction a reality. By using this framework, schools can develop a way to secure the data needed to make better instructional decisions and improve student achievement on a continuing basis throughout the year.

A school-based data-driven framework has four major components, including:

- Curriculum alignment: What should be taught?
- Curriculum mapping: When will the content be taught?
- Curriculum benchmarking: Did students learn the content?
- Differentiation: What teaching methods would be best for each student?

Establishing a curriculum design framework at the school level can document student expectations for each grade level. Administrators and teachers can track student progress, identify needs, and provide focused instruction and interventions. Student achievement can be improved throughout the school year.

ESD 113 does provide student disaggregated data to school districts; however greater emphasis must be placed on establishing a data-driven, curriculum design framework at the school level.

Recommendation 5-1:

Establish a data-driven, curriculum design framework at the school level.

ESD 113 should provide technical assistance to school-based teams in establishing a data-driven, curriculum design framework. The framework should document student

expectations at each grade level. Administrators and teachers should use current data to track student progress, identify needs, and provide focused instruction and interventions.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--------------------------|
| 1. The superintendent should direct the assistant superintendent of Instructional Services to provide technical assistance and staff development to school districts for establishing a data-driven curriculum design framework. | July 2007 |
| 2. The assistant superintendent of Instructional Services and designated staff should provide technical assistance and staff development to school districts for establishing a data-driven curriculum design framework. | September 2007 |
| 3. School administrators and teachers should be given the option to implement the data-driven curriculum design framework in district schools | September 2007 |
| 4. The assistant superintendent of Instructional Services and school-based teams should track the student progress, identify student needs, and provide focused instruction and interventions | June 2008
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing staff and resources of ESD 113 and participating school districts.

FINDING

ESD 113 does not have a method for collecting and disseminating research-based, proven-effective instructional programs and models. During onsite interviews, it was reported that ESD 113 does not have a method for sharing best practices among schools in the service region. While many school districts are implementing research-based practices, there is no coordinated approach for documenting and disseminating these best practices.

ESDs have the statutorily required responsibilities to:

- assist public and private schools in providing quality and cost-effective services;
- assist public and private schools in providing equal educational opportunities for all children;
- provide cooperative and information services to public and private schools; and

- provide liaison services between the local public and private schools and the Office of the Superintendent of Public Instruction (OSPI).

ESDs provide a vital link between local public and private schools and various state and federal agencies. These regional agencies provide a central focal point for the delivery of services and information of value and benefit to participating school districts. The result of a centralized approach is to provide a highly efficient and cost-effective service delivery system to the participating districts.

The various programs administered by ESD 113 are funded by many different sources, including federal and state grants, state allocations, fees for services charged to local school districts and other agencies, and facility rentals and other miscellaneous revenue sources. **Exhibit 5-2** shows the programs and services provided by ESD 113:

**EXHIBIT 5-2
ESD 113 PROGRAMS AND SERVICES PROVIDED THROUGH NON-CORE FUNDS
2004-05 SCHOOL YEAR**

PROGRAM NAME	2004-05 SELECTED EXPENDITURES	SCHOOL DISTRICT PARTICIPATION COUNT
COOPERATIVES		
Instructional Resources	\$268,574	40
Lewis County Special Education Cooperative	\$1,888,845	11
Lewis County Vocational Cooperative	\$24,032	8
Capital Regional Data Center – Fiscal	\$2,195,852	45
Capital Regional Data Center – Student Records	\$209,428	25
Unemployment Compensation Insurance Cooperative	\$984,998	34
Workers' Compensation Insurance Cooperative	\$3,977,192	44
Asbestos Abatement Services	\$6,900	8
Personnel Cooperative/Substitute Calling Services	\$216,975	13
Legal Services	\$43,435	15
FEE FOR SERVICE		
Workshops, Inservice, Trainings, Classes	\$290,947	45
Network Services	\$336,120	22
Novanet	\$179,350	17
Web-based Products	\$397,891	10
Drug and Alcohol Testing Service	\$44,093	37
Traffic Safety Education	\$382,718	20
Teaching and Learning	\$327,259	45
Art Show	\$1,812	14
Support for Highly Capable Programs	\$11,352	15
Knowledge Bowl		27
GRANT FUNDED SERVICES		
Technology Grant – NO LIMIT	\$314,779	8
Student Assistance Program	\$1,641,281	41
Math Helping Corps	\$84,820	3
Washing Reading Corps	\$4,383	10
Chehalis Basin/Watershed Education	\$318,522	14
Head Start Program	\$6,417,380	16
Readiness to Learn	\$65,062	11
21 st Century Learning Centers	\$1,174,720	17
Nursing Services (additional)	\$6,198	20
Youth Work Experience (YWE)	\$984,424	27

Source: ESD 113, Accountability Report, 2005.

No Child Left Behind (NCLB) requires that school districts adopt and implement instructional methods that have a proven track record of success in improving student achievement. The ESD could be instrumental in providing a list of recommended instructional models and programs that incorporates instructional methods that have proven to be successful in working with low achieving students.

The Virginia Department of Education, 2004, established criteria for recommended models and programs. These criteria include:

- **Scientifically-based evidence of effectiveness:** The effectiveness of the models and programs are justified based on scientific research that involves the application of rigorous, systematic, and objective procedures to obtain reliable and valid knowledge on the model programs. The major components of the model or program include instructional methods and practices that have been verified through scientifically-based research. The research that documents improvement in student achievement has presented convincing evidence that the observed results were based on the model or program intervention. The model's effectiveness in improving student achievement has been demonstrated in the school district and is based on effective research-based strategies. Gains in student achievement on state standards have been sustained over time.
- **Implementation and capacity for technical assistance:** The model or program has explained the essential components necessary to make the program fully operational, including estimates of costs, with respect to time and money, and the requirements for implementation. The program managers have described in detail their capacity, in terms of technical assistance, to provide the staff development, consultation, and support necessary for successful implementation in a number of schools.
- **Replicability:** the model or program effectiveness has been demonstrated through multiple implementations in a number of locations with low-achieving students.
- **Correlation with or adaptability to the state standards in core academic areas:** the content of the model or program correlates with the state standards or the model or program can be adapted to the state standards.

School districts in the ESD 113 region could benefit from the collection and dissemination of research-based, proven-effective instructional models and programs.

Recommendation 5-2:

Examine effective instructional models and programs that can be collected and disseminated to all school administrators and teachers.

The models, programs, and use of data in various schools and districts, should be systematically examined and disseminated to all school administrators and teachers throughout the ESD 113 region. The dissemination of successful models and programs ensures that the best practices of individual schools and departments contribute to the improvement of all schools in the region.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|--|--------------------------|
| 1. The superintendent should direct the administrators of Instructional Services, Support Services, and Early Childhood Services to collect and disseminate effective instructional models and programs to school administrators and teachers. | July 2007 |
| 2. The administrators of Instructional Services, Support Services, and Early Childhood Services should collect effective instructional models and programs. | July 2007 |
| 3. The administrators of Instructional Services, Support Services, and Early Childhood Services should disseminate effective instructional models and programs. | September 2007 |
| 4. The superintendent should direct the administrators of Instructional Services, Support Services, and Early Childhood Services to provide technical assistance and staff development related to effective instructional models and programs. | September 2007 |
| 5. The administrators of Instructional Services, Support Services, and Early Childhood Services should evaluate the program effectiveness with direct correlation to student achievement. | May 2008 |
| 6. The administrators of Instructional Services, Support Services, and Early Childhood Services should expand programs and models based on evaluation results, as appropriate. | June 2008
and ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing staff and resources of ESD 113.

FINDING

ESD 113 lacks a systemic needs assessment and program evaluation process that links existing services, new services, staff development, and client satisfaction.

The program evaluation model used by ESD 113 is currently being revised as part of the current strategic plan. In the past, there has not been a consistent ESD process used for program evaluation. Several programs have developed their own evaluation, and some

have implemented evaluations based on requirements of their funding source. Related work that is under way or completed as part of the current ESD 113 strategic plan includes:

- **Goal 1: Client Satisfaction – Achieve 90 percent client satisfaction rate in all program areas by June 2008.** Because so many of the ESD programs are market-driven, such client satisfaction data is a primary means of evaluating effectiveness. The first strategy within Goal 1 is to develop a system for ongoing measurement of client satisfaction. The purpose to creating this strategy was the recognition that ESD 113 does not have a routine, agency-wide method of gathering this data.
- **Goal 2: Create, deliver, and refine a systematic continuum of services and resources that increases district capacity to prepare all students for lifelong success.** The first strategy for Goal 2 relates to program evaluation: develop a system to evaluate the impact of ESD activities that build system capacity for student achievement and ESD direct services to students. To assess the work of the ESD instructional staff, the work of Thomas Guskey will guide the evaluation of staff development. The staff of ESD 113 believe that the depth of evaluation must correspond to the intensity and duration of the professional development activities. Changed professional practice and student achievement would be appropriate measures of the content coaches' work.
- **Goal 3: Staff Satisfaction – Achieve 90 percent staff satisfaction rate in all program areas by June 2008.** Internal support is a major component of some ESD programs such as the Human Resources and Fiscal Departments. Evaluating staff satisfaction with those services is an element of the first strategy to develop a system of ongoing measurement of staff satisfaction.
- **Goal 4: Program Development – Develop a data collection system for on-going measurement of services provided to internal and external customers and partners.** The program development goal included strategies related to both adding new programs and discontinuing or modifying existing programs. These additions or discontinuations are to be based on program evaluation.

Without the accountability of systemic program evaluation, the ESD is missing the opportunity to routinely evaluate programs and practices related to the student achievement. When program evaluation is an integral part of ESD practice and adoption of new programs, regular checkpoints offer information that can be used to inform the ESD and participating school districts of the need to add a new program, adjust an existing one, or to eliminate programs and practices that are not providing the benefits for which they were adopted.

Each department within ESD 113 develops and disseminates a professional development calendar to school districts. There is not a comprehensive listing or calendar of professional development available on the ESD's Web site or provided to

participating school districts. In addition, the staff development opportunities are splintered and focus on specific initiatives within each department. For example,

- content area coaches provide embedded staff development to teachers at selected schools in reading and math;
- special education staff development focuses on improved performance of students with disabilities, high school graduation, and Response to Intervention; and
- math and science training opportunities are provided by the Instructional Media Center staff.

The *ESD 113 Strategic Planning Action Plan Summary* identifies staff development as a major activity:

document current professional development provided to staff that is targeted assistance, focused, sustained or job embedded (more than single events and involves staff at building level).

The Virginia Department of Education has developed criteria for high quality professional development. High quality professional development should:

- improve and increase teachers' knowledge of the academic subjects they teach, and enable teachers to become highly qualified if they are teaching in a federal core content area;
- be sustained, intensive, and classroom-focused in order to have a positive and lasting impact on classroom instruction and teachers' performance in the classroom;
- be based on, aligned with, and directly related to state standards of learning;
- be structured on scientifically-based research demonstrated to improve student academic achievement or substantially increase the knowledge and teaching skills of teachers;
- be sponsored by school divisions, colleges, universities, organizations, associations, or other entities experienced in providing professional development activities to teachers and instructors;
- be delivered by individuals who have demonstrated qualifications and credentials in the focus area of the professional development;
- support the success of all learners including children with special needs and limited English proficiency;
- provide training for teachers in the use of technology so technology and technology applications are effectively used in the classroom to

improve teaching and learning in the curricula and federal core academic subjects in which the teachers teach;

- promote the use of data and assessments to improve instruction; and
- be reviewed for high quality and evaluated after completion to determine if the intended results were achieved.

A systemic, agency-wide needs assessment, staff development and program evaluation can aide ESD 113 in quantitatively and qualitatively measuring the effectiveness of services and technical assistance provided to school districts. A systemic program evaluation can also provide valuable data on which to implement new programs or discontinue programs that are not proven effective.

Recommendation 5-3:

Establish an agency-wide needs assessment process consistent with the ESD 113 strategic plan.

ESD 113 should continue efforts to establish an agency-wide program evaluation. The ESD should create a set of guidelines and expectations for all evaluations, including templates for evaluation plans and results to facilitate use of the information that the evaluations provide.

Recommendation 5-4:

Develop an agency-wide professional development plan consistent with an ESD needs assessment.

ESD 113 should develop a agency-wide professional development plan consistent with the ESD needs assessment. The professional development plan should adhere to criteria for high-quality staff development, provide targeted assistance, be focused, sustained, or job embedded. Professional development should focus on improved competencies of teachers and administrators directly related to improved student performance.

Recommendation 5-5:

Establish a systemic, agency-wide process for implementing new models and programs and discontinuing models and programs that are proven to be ineffective in improving student achievement.

The ESD should ensure ample internal program evaluation to justify the continuation or elimination of instructional programs. Establishing a process to inform staff on a specific timetable of effectiveness and efficiency of programs should ensure that it is truly meeting the division's goals, and also provide information regarding program strengths.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|--|--------------------------|
| 1. The superintendent should direct the administrators of Instructional Services, Support Services, and Early Childhood Services to establish a systemic, agency-wide process for needs assessment, professional development, and program evaluations. | July 2007 |
| 2. The administrators of Instructional Services, Support Services, and Early Childhood Services should establish a systemic, agency-wide process for program evaluation and program implementation or elimination. | July 2007 |
| 3. The administrators of Instructional Services, Support Services, and Early Childhood Services should develop an agency-wide needs assessment. | September 2007 |
| 3. The administrators of Instructional Services, Support Services, and Early Childhood Services should create templates for evaluation plans and results to facilitate the use of evaluation data. | September 2007 |
| 4. The superintendent should direct the administrators of Instructional Services, Support Services, and Early Childhood Services to provide technical assistance and staff development related to program evaluation, evaluation templates, and data collection consistent with student performance. | September 2007 |
| 5. The administrators should develop and implement an agency-wide professional development plan. | December 2007 |
| 6. The administrators of Instructional Services, Support Services, and Early Childhood Services should determine the effectiveness of instructional models and programs based on evaluation data. | May 2008 |
| 7. The administrators of Instructional Services, Support Services, and Early Childhood Services should expand or eliminate instructional programs, as appropriate. | June 2008
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing staff and resources of ESD 113.

FINDING

Collaborative planning and delivery of school improvement and professional development initiatives is not consistent between ESD 113 and the Office Superintendent of Public Instruction (OSPI).

During onsite interviews, it was reported that the state was gearing up to provide students with summer learning opportunities in the area of math, and that OSPI developed a series of curriculum modules that could be used in local school districts. ESDs were not included in the initial curriculum development activities and attended the trainings along with local district staff. This placed the ESD at a disadvantage as the ESD staff was not prepared to respond to district questions and needs, proactively.

While ESD 113 has been instrumental in the development of the School Improvement Planning Guide, ESDs are not efficiently involved in the school improvement process at the local level. Lead responsibility in regional school improvement and improved student performance can be a vital role for ESD 113. OSPI could also realize cost savings by working more collaboratively with the ESDs and avoid duplication of services to school districts.

Recommendation 5-6:

Establish a process for collaborative planning and delivery of school improvement and professional development between ESD 113 and the Office of the Superintendent of Public Instruction.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

ESD 113 should establish a collaborative process for planning and delivery of school improvement and professional development with the Office of the Superintendent of Public Instruction and other ESDs throughout Washington. Such a collaborative process should lead to ESDs of Excellence or decentralized technical assistance and professional development to local school districts. Such a collaborative model should realize a cost savings to the OSPI and ESDs, respectively.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------|
| 1. The superintendent should work with the OSPI and other ESDs to establish a process for collaboratively planning and implementation of services to school districts. | July 2007 |
| 2. The OSPI should establish areas of priority for collaborative planning and delivery of technical assistance to school districts. | July 2007 |
| 3. The superintendent and designated staff from OSPI should develop a plan for collaboratively planning and implementation of services to school districts. | September 2007 |
| 3. The superintendent and designated staff from OSPI should implement the plan. | September 2007 |
| 4. The superintendent and designated staff from OSPI should evaluate the effectiveness of the plan. | September 2007 |

5. Collaborative efforts should be expanded, based upon the results of the evaluation, as appropriate.

Ongoing

FISCAL IMPACT

Establishing a process for collaborative planning can be implemented with existing resources.

FINDING

ESD 113 receives Medicaid funds for chemical dependency treatment as part of the True North Program Model. The ESD does not utilize Medicaid funds for special education or have a Medicaid cooperative.

The 1994 Legislature directed the Office of the Superintendent of Public Instruction (OSPI) to provide a report indicating the preliminary district participation and Medicaid payment receipts during the 2004-05 fiscal year. The report also indicates for each district the total number of special education students and the number of students eligible for Medicaid, as determined by the Department of Social and Health Services, Medical Assistance Administration (DSHS/MAA). These data for school districts in the ESD 113 region are shown in **Exhibit 5-3**.

These data show that the majority of school districts in the ESD 113 region access Medicaid funds. For the most part, the school districts are independent in their billing processes and data collection for Medicaid reimbursement. A cost savings could be realized if the school districts were interested in establishing a Medicaid Reimbursement Cooperative in conjunction with ESD 113. ESD 113 currently bills Medicaid for substance treatment in the True North Program. ESD 113 could consider expanding this function to include reimbursement services and data collection for special education services or mental health services for participating districts.

Recommendation 5-7:

Explore the opportunity and potential cost savings to establish a Medicaid Reimbursement Cooperative at ESD 113.

ESD 113 in cooperation with participating school districts should explore the opportunity and potential costs savings to school districts to establish a Medicaid Reimbursement Cooperative. Currently, the majority of school districts are seeking Medicaid reimbursement independent from one another. Establishing a cooperative should realize a cost savings to school districts by centralizing the Medicaid reimbursement process.

EXHIBIT 5-3
OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION
MEDICAID REIMBURSEMENT REPORT
SCHOOL YEAR DISTRICT COMPLIANCE DATA
ESD 113 REGION, 2004-05 SCHOOL YEAR

DISTRICT	SPECIAL EDUCATION STUDENTS	MEDICAID ELIGIBLE SPECIAL EDUCATION STUDENTS	MEDICAID ELIGIBLE SPECIAL EDUCATION STUDENTS BILLED	PERCENT MEDICAID ELIGIBLE BILLED	APPROXIMATE MEDICAID REIMBURSEMENT DISTRICT	AVERAGE MEDICAID REIMBURSEMENT PER STUDENT
Aberdeen	548	175	175	100	\$27,130	\$173
Adna	61	13	13	100	\$2,074	\$160
Boistfort	15	5	5	100	\$2,300	\$460
Centralia	429	119	119	100	\$29,965	\$244
Chehalis	324	57	57	100	\$13,450	\$236
Cosmopolis	21	5	5	100	\$1,050	\$210
Elma	291	80	80	100	\$26,581	\$331
Evaline	7	5	5	100	\$3,688	\$738
Grapevine	25	5	5	100	\$680	\$136
Griffin	51	12	7	58	\$1,208	\$173
Hood Canal	61	28	28	100	\$2,400	\$86
Hoquiam	257	103	103	100	\$25,300	\$246
Mary M. Knight	18	4	4	100	\$511	\$128
Montesano	155	38	38	100	\$9,917	\$261
Morton	61	29	29	100	\$9,166	\$316
Mossyrock	77	25	25	100	\$812	\$340
Napavine	89	26	26	100	\$7,039	\$271
North Beach	81	8	6	75	\$574.26	\$96
North Thurston	1,649	88	78	89	\$19,788	\$254
Ocosta	89	27	27	100	\$5,410	\$200
Olympia	1,119	190	190	100	\$42,392	\$223
Onalaska	132	63	63	100	\$14,167	\$225
Pe Ell	33	15	15	100	\$4,782	\$319
Pioneer	112	14	14	100	\$962	\$69
Rainier	120	14	9	64	\$1,724	\$192
Raymond	93	38	38	100	\$4,484	\$118
Rochester	378	66	66	100	\$10,274	\$156
Satsop	10	3	3	100	\$235	\$78
Shelton	585	136	136	100	\$21,516	\$158
South Bend	74	9	9	100	\$2,119	\$235
Southside	25	4	4	100	\$730	\$182
Tenino	201	26	26	100	\$4,105	\$158
Toledo	144	60	60	100	\$13,923	\$232
Tumwater	771	102	99	97	\$10,755	\$109
Vader	11	7	7	100	\$2,015	\$288
White Pass	100	27	27	100	\$16,209	\$600
Willapa Valley	52	10	10	100	\$1,426	\$143
Winlock	85	20	20	100	\$6853	\$343

Source: OSPI, Medicaid Reimbursement Report, 2006.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------|
| 1. The superintendent should direct the administrators of Support Services and Fiscal Services to explore establishing a Medicaid Reimbursement Cooperative. | July 2007 |
| 2. The administrators of Support Services and Fiscal Services should explore establishing a Medicaid Reimbursement Cooperative. | July 2007 |
| 3. The administrators of Support Services and Fiscal Services should provide a report of findings and make recommendations to the superintendent. | September 2007 |
| 3. The superintendent should approve the report, findings, and recommendations. | December 2007 |
| 4. The superintendent should implement the recommendations. | January 2008 |

FISCAL IMPACT

This recommendation can be implemented with existing staff and resources of ESD 113 and ultimately provide an opportunity for additional fiscal resources for ESD 113.

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

This chapter presents information relating to the human resources (HR) management functions of Educational Service District (ESD) 113. Covered in this chapter are the following topics: personnel policies and procedures, employee appraisal and job descriptions, recruitment and employment, and professional and staff development.

CHAPTER SUMMARY

HR departments typically are responsible for planning, implementing, and maintaining a sound system of personnel services and HR management that complies with local, state, and federal regulations. They also must act consistently with the mission and policies of the organization. The major functions of an HR department typically include:

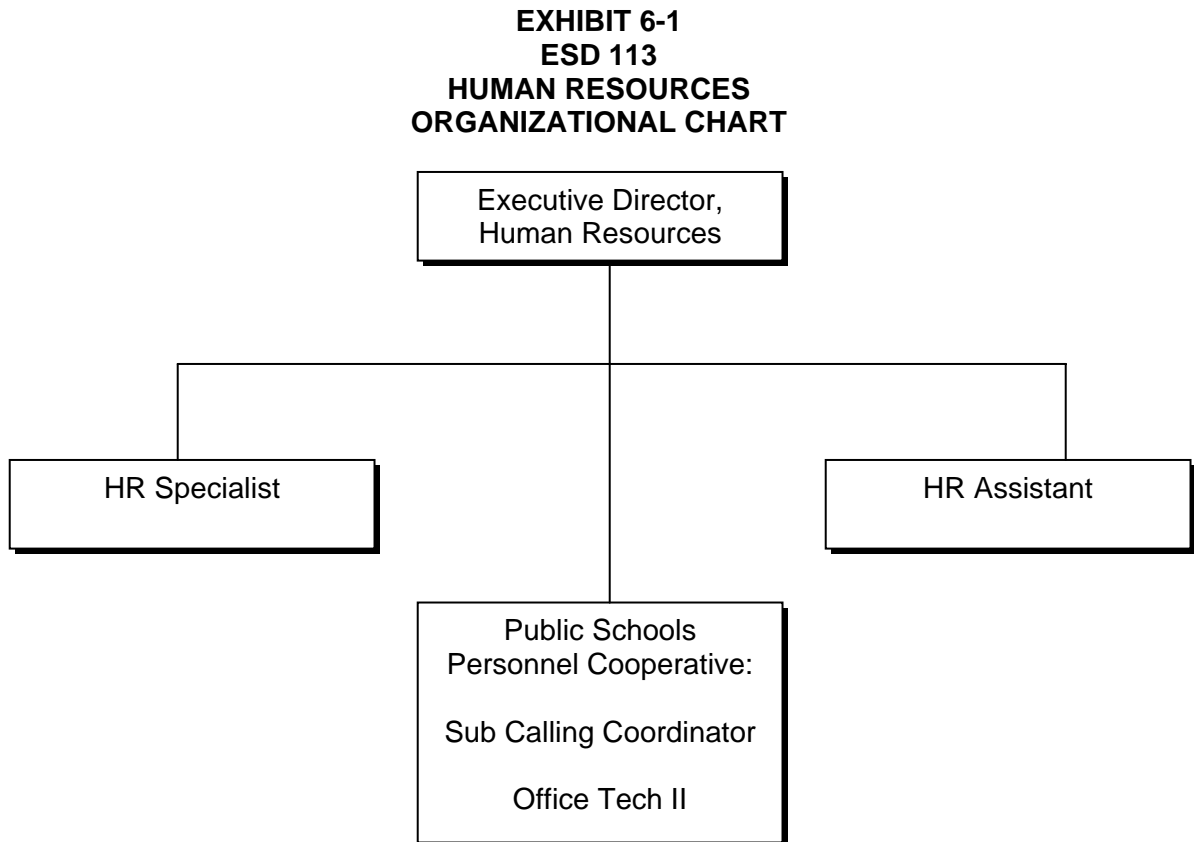
- Interpreting and recommending personnel policy and procedures.
- Conducting recruitment activities.
- Handling all applications for employment.
- Processing new hires for employment.
- Tracking employee qualifications, certifications, assignments, promotions, transfers, resignations, and retirements.
- Implementing competitive salary schedules.
- Conducting employee training.
- Handling employee complaints and grievances.
- Monitoring employee appraisals.
- Maintaining personnel records.
- Administering employee assistance programs.

The HR functions of ESD 113 also include certification, fingerprinting, drug/alcohol testing, and the Public Schools Personnel Cooperative (PSPC). "Certification" provides certification information to individuals seeking certification in Washington State as teachers, administrators, or educational staff associates (ESA). ESD staff members provide up-to-date information to currently or formerly certificated individuals on the requirements for maintaining or obtaining a current certificate or obtaining the next level of certification.

PSPC serves as a centralized, one-application processing center for employment opportunities, full-time as well as substitute, in the ESD and in 14 school districts. PSPC maintains all records for applicants seeking employment as a teacher or other staff member through the Personnel Cooperative. As well, PSPC staff members advise applicants about both job opportunities and their application status. For the member

districts of the cooperative, PSPC advertises current openings and dispatches certificated and classified substitutes for member districts participating in the service.

The organizational structure of ESD 113's HR management is shown in **Exhibit 6-1**. Including the executive director, a total of five staff members provide all human resources services, including staffing the PSPC.



Source: ESD 113, November 2006

Key commendations in this chapter include the following:

- ESD 113 is commended for conducting an annual employee job classification review and market analysis.
- Through the Public Schools Personnel Cooperative, ESD 113 has a program that operates efficiently and effectively, both for school districts and for job applicants and for substitutes, in the recruitment of staff, and in the provision of substitutes.

6.1 Personnel Policies and Procedures

Policies and procedures within an organization are integral to its effective and efficient operation. The development of policies and procedures constitutes the means by which organizations can communicate expectations to their constituents. Policy development authorities agree that well-crafted policies and procedures should meet certain criteria, including:

- Establishing the board's expectations and what may be expected from the board.
- Keeping the board, administration, and other employees out of trouble.
- Establishing an essential division between policy making and administrative roles.
- Creating guidelines within which employees operate.
- Providing reasonable assurances of consistency and continuity in decisions.
- Providing the legal basis for the allocation of resources.

Policies and procedures, therefore, reveal the philosophy and position of the board and should be stated in sufficient detail to provide for direction for agency employees. ESD 113 has up-to-date personnel policies and employee procedural documents and handbooks. The manuals examined contained complete information on:

- Hiring and employment procedures.
- Employee compensation and benefits.
- Job requirements.
- Conclusion of employment.

6.2 Employee Appraisal and Job Descriptions

Providing a fair, equitable, and accountable appraisal system to improve employees' performance, providing direction for employees' professional growth, and making administrative decisions regarding employee retention are of major importance to an organization. ESD 113 has employee job descriptions for employees that are updated at least once every two years as part of a periodic salary study.

6.3 Recruitment and Employment

As larger and larger numbers of the working population either enter or contemplate retirement, and Washington's student population continues to grow, the recruitment and employment functions have become more important. Other high growth states such as Texas, Florida, and Nevada are also recognizing the importance of recruitment and

employment functions. In addition, factors affecting the retention of employees play an important role in maintaining a skilled and experienced workforce.

6.4 Professional and Staff Development

A well-qualified workforce is necessary to meet the needs of a rapidly changing work environment. Instant communications resulting from technological advancements, increased demands brought about by an aging employee population, and demands created by political forces drive educational improvement initiatives. Each of these factors contributes to a need for organized, coordinated, and effective staff development programs based on documented needs. ESD 113 provides staff and school district employees with access to staff development through numerous training opportunities.

FINDING

The HR department conducts an annual employee job classification review and market analysis. This spring review updates job classifications for all those positions for which there have been significant changes in job responsibilities and/or changes in the knowledge, skills, and abilities required to perform the duties of the job. In addition, all positions are reviewed in a four-year cycle to determine if salaries are in alignment within the agency and within the geographic region. By conducting this market analysis, ESD 113 keeps its salary ranges competitive and is thus able to recruit and retain quality staff members.

Every spring, all employees are asked to review their current job description for any update, which are then reviewed by their supervisors. HR departments in a number of school districts, government agencies, or cities are surveyed to determine the average salaries for similar positions. Each of the surveyed agencies is given a complete position description for each of the positions. The description includes the specific duties and responsibilities of the position, purpose of the position, and minimum qualifications. The description also asks for minimum and maximum salary levels, as well as information on fringe benefits.

Following the completion of the survey, HR staff, with the assistance of a committee made up of ESD 113 administrators and support staff, make recommendations to the board for any changes in salary ranges or any reclassifications.

COMMENDATION

ESD 113 is commended for conducting an annual employee job classification review and market analysis.

FINDING

The Public Schools Personnel Cooperative serves as an efficient, centralized, one-application processing center for employment opportunities in the ESD and in 14 school districts. PSPC maintains all records for applicants seeking employment as a full-time teacher, substitute teacher, or other staff member through the Personnel Cooperative.

As well, PSPC staff members advise applicants about both job opportunities and their application status. For the member districts, PSPC advertises current employment openings and when substitutes or temporary employees are needed, contacts and dispatches certificated and classified personnel.

PSPC member districts and ESD 113 advertise and recruit for all certificated and other positions through the PSPC. PSPC staff members advertise current district openings with colleges, universities, newspapers statewide, organizations, agencies, and institutes of color and other agencies working with professionals in the educational arena. PSPC staff screen applicants and ensure that all application files are complete. School districts then review the application and select candidates to interview. PSPC staff make interview arrangements with the applicants for positions in the ESD. This cooperative provides a service at a cost of approximately \$7.50 per FTE. PSPC staff members also attend job fairs to advertise the opportunities in their member school districts and attract potential applicants.

In addition, PSPC uses the SUBFINDER system to locate and dispatch certificated and classified substitutes for any vacancies in the member districts and at ESD 113. When a teacher or other staff person is going to be absent for whatever reason, the staff member (para-educator, secretary, etc.) or teacher calls into the SUBFINDER system indicating what type of substitute is needed, when, and where. SUBFINDER seeks out appropriate substitutes who are in the system and keeps contacting substitutes in the system until a substitute matching the criteria is found.

PSPC staff members maintain all personnel records for substitutes, and recruit subs in the same manner that employees are recruited. An individual substitute is called only once for a particular day by SUBFINDER rather than multiple times by individual school districts, as occurs when substitutes are individually registered at multiple school districts. Likewise, the school districts do not have to maintain a staff or a system to find substitutes for any school district position. If each district were to have one half-time person assigned this responsibility, at an average salary of \$36,000 for a full-time position, the 14 districts would have to spend an estimated \$252,000 more per year for this function alone.

COMMENDATION

Through the Public Schools Personnel Cooperative, ESD 113 has a program that operates efficiently and effectively, both for school districts and for job applicants and for substitutes, in the recruitment of staff, and in the provision of substitutes.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter represents information relating to facilities use and management function of Educational Service District 113 (ESD 113) located in Olympia, Washington.

CHAPTER SUMMARY

An effective and efficient organization clearly understands the need to provide a workplace conducive to the productivity of its employees while at the same time minimizing the operational costs of such facilities. Attention to construction design, energy conservation, qualified staffing, planning, preventive maintenance, and training can aid the efficient operation of such facilities.

ESD 113 directly owns and operates one primary facility for most of its functions, which is located at 601 McPhee Rd. SW, in Olympia. This facility occupies 31,104 square feet on 5.7 acres. The current facility was originally constructed in 1979. Additions were built in 1989 (10,000 sq. ft) and 1999 (5,100 sq. ft.). The facility is used primarily for staff offices, technology equipment operation, media center, and classes/seminars. The ESD recently purchased an additional four acres for potential facility and parking expansion. The current facility is debt-free and the recent land purchase was made with a fund reserve.

There are 2.0 FTE assigned to facility management, maintenance, custodial care, and grounds. A full-time facilities manager provides overall direction and planning, while sharing in maintenance, custodial, and security responsibilities. Two part-time custodial staff comprise the other FTE. The facilities manager is included as a member of the ESD 113 administrative team that meets monthly.

ESD 113 is maximizing the use of its current facility. The facility is generally open and available from 6 a.m. through the evening, depending on need. The growth of agency programs is stressing the ability to house emerging functions, thus the recent acquisition of adjoining land. The facilities are modern, clean, energy efficient, and obviously well managed. Considering the range of custodial responsibilities held by the two individuals who work in facilities, the FTE per sq. ft. is well within industry standards.

The facilities department at ESD 113 employs energy audits, outsources some of its work, maintains a long-term facility plan, and maintains a preventive maintenance schedule. The ESD enjoys the benefit of a highly competent facilities manager who relies on a variety of contemporary practices to assure the efficient and effective operation of the facility.

ESD 113 is the anchor agency for the area's Head Start programs. Head Start leases or utilizes several facilities in the region for its programs and services, employs one overall facilities manager for the region, and outsources various onsite custodial/maintenance duties.

A random onsite inspection of sample facilities showed consistent attention to safety, cleanliness, health, and functional issues. The facilities manager, while relatively new, is

competent and takes great pride in the provision of facilities that meet the rigid requirements of the Headstart program.

The following area merits commendation and is discussed later in this chapter:

- ESD is commended for maintaining high standards for facilities management.

Key recommendations of this chapter include:

- Explore and “pilot” the practice of home officing for itinerant/consultant employees. **(Recommendation 7-1)**
- Minimize the use of small individual refrigerators in the office facility. **(Recommendation 7-2)**
- Explore the use of existing regional and state purchasing cooperatives to purchase supplies and equipment related to facility management/maintenance. **(Recommendation 7-3)**

FINDING

All ESD 113 staff (except Head Start personnel) are assigned office space at the Olympia facility, however, there is limited additional space available to house new functions. Expansion in ESD 113 programs and services are putting a strain on the existing facility. In response, the organization recently purchased the additional four acres for potential expansion.

ESDs that are experiencing growth in programs and services should look seriously at the practice of working from home before acquiring or building additional space. Some ESD employees, who are primarily field-based, (e.g. consultant staff) are rarely at the ESD but still have an assigned office. Thus the option of allowing those employees to work at home deserves serious consideration.

Many agencies and private consulting firms with staff that travel permit their staff to work from home (telework) to reduce facilities costs, retain employees, provide balance for their employees’ home and work life, and increase worker productivity and job satisfaction.

Recommendation 7-1:

Explore and “pilot” the practice of home-officing for itinerant/consultant employees.

By implementing this recommendation, the ESD should be able to free space in the existing facility to accommodate growth, and could delay the decision and expenditures for new facility construction.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|--|------------------------|
| 1. The ESD 113 Superintendent should direct staff to undertake a study of "home-office" practices in use by ESAs and/or public/private sector organizations. | Summer 2007 |
| 2. After seeking input from staff and customer districts, ESD 113 should submit a one-year "pilot" proposal to the board for adoption. | Summer 2007 |
| 3. The ESD should conduct a one-year pilot project and assess results against pre-established criteria for "success." | 2007-08
School Year |
| 4. Should the results of the pilot project be considered successful, the ESD should fully implement the practice for selected staff. | 2008
(ongoing) |

FISCAL IMPACT

Until the overall plan is developed a specific cost analysis cannot be completed. This recommendation is not as much about saving current dollars as it is in moderating the costs of growth and expansion. Minimizing those costs could allow greater investment in programs and services for client districts in the near term. Because such a strategy could free up current facility space as well as delay the need for construction, it is anticipated that implementation of this strategy could be translated into several thousand dollars for the reallocation to new programs or expansion of existing programs.

FINDING

During an onsite tour by the auditor, some staff members at the ESD 113 facility were observed to have small refrigerators near their work areas, which were used to store lunches, drinks, and snacks. In some cases, the operation of the refrigerators necessitated additional electrical outlets.

While most workplaces need refrigerated storage space for food and beverages, the practice of allowing employees to install small personal refrigerators in various places throughout the building should be reconsidered. There is an additional cost to having so many refrigerators, both in terms of utilities costs and space/facilities costs.

Recommendation 7-2:

Minimize the use of small individual refrigerators in the office facility.

By implementing this recommendation, the ESD should be able to conserve energy, thus lowering costs for electricity.

IMPLEMENTATION STRATEGIES & TIMELINES

- | | |
|--|-------------|
| 1. The ESD Superintendent should develop and enforce standards for use of small personal refrigerators and other appliances in ESD 113 facilities. | Immediately |
|--|-------------|

FISCAL IMPACT

While the impact should be minimal, implementation of this recommendation could result in reduced utility costs as well as increased availability of space. Utility costs should be noted before and after implementation to document savings.

FINDING

ESD 113 is not accessing regional or state purchasing cooperatives for purchase of facility-related supplies and equipment. Purchases of supplies and equipment are made through local vendors, instead of using state purchasing cooperatives. If local vendors can match or beat cooperative prices, then the use of cooperatives would not be efficient. However, ESD 113 staff members have not investigated where prices might be lower. All options should be explored to assure the best price for supplies and equipment.

Recommendation 7-3:

Explore the use of existing regional and state purchasing cooperatives to purchase supplies and equipment related to facility management/maintenance.

By implementing this recommendation, the ESD should be able to assure its stakeholders that it is getting the best price for supplies and equipment, thus lowering the overhead costs for facility management.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The ESD Superintendent should direct the chief financial officer to identify all purchasing cooperatives that would allow participation by ESD 113. | June 2007 |
| 2. ESD 113 should submit their potential purchases to appropriate cooperatives for a price comparison to current preferred vendors. After consideration of tangible and intangible criteria, efficient purchase decisions should proceed accordingly, with cost savings to be documented. | June 2007 |

FISCAL IMPACT

Until these strategies are implemented, an accurate cost savings projection cannot be offered. Based on extensive experience in Iowa and knowledge of other states, the auditor suggests that successful participation in well-managed purchasing cooperatives can often save entities from 10 to 40 percent over previous purchasing costs.

FINDING

ESD 113 is maximizing the use of its current facility and is open from 6 a.m. through evening hours. The facilities are modern, clean, energy efficient, and obviously well managed. Considering the range of responsibilities held by the two individuals who work in facilities, the FTE per square feet is well within industry standards.

The Association of Physical Plant Administrators (APPA) has developed industry standards to guide building administrators. These standards call for one custodian to 18-20,000 square feet in an eight hour period to meet Level II. Level II is the second highest of a five level cleanliness scale identified by APPA. Level II, "ordinary tidiness" is the level typically adopted by educational building administrators as their target level of cleanliness. APPA is associated with the Association of Higher Education Facilities Officers.

ESD 113 facilities department employs energy audits, out-sources some of its work, maintains a long term facility plan, and utilizes a preventive maintenance schedule. The ESD enjoys the benefit of a highly competent facilities manager who relies on a variety of contemporary practices to assure the efficient and effective operation of the facility.

COMMENDATION

ESD 113 is commended for maintaining high standards for facilities management.

The ESD is commended for conducting an energy audit and implementing recommendations such as: installing T-8 lighting and occupancy sensors; using water conservation measures; maintaining a long range facility plan and a preventive maintenance schedule; outsourcing work in the following areas: pumps, glazing, electrical, plumbing, and HVAC; periodically soliciting secondary estimates to assure appropriate market prices for goods and services; and employing an effective work-order request system for staff.

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter presents information relating to the Management Information Systems (MIS) functions of Educational Service District 113 (ESD 113). MIS is defined as all the technology support within the ESD and provided by the ESD to the school districts.

Internal technology support includes:

- K-20* video/data support
- Maintaining the ESD Web page, Macintosh and PC computer support, LAN/WAN data network support, imaging support (printers, copiers and fax), training, and voice network.

Internal technology support is critically important for the effective and efficient operation of the technology center as well as the center's communication with school districts and the public.

External technology support includes:

- The Capital Region Data Center (CRDC)
- Network support to school districts
- Software support for the external users of ESD Web-based systems such as Service Tracker and the ESD Web site content management system
- K-20 Network support to school districts, Office of Superintendent of Public Instruction, State Library, and Timberland Regional Library
- The Educational Technology Support Center

External technology support is important to school districts to ensure they can use the ESD's large printing operations as well as key management software supported by the CRDC. Districts also use local and wide area networks to communicate and disseminate data throughout the district, to the state, and to the public. Keeping those networks functioning is important for the proper operation of schools. There is a large push to use technology throughout teaching and learning and, as the No Child Left Behind Act (NCLB) requires, to "integrate technology throughout all curriculum and instruction by December 31, 2006." Finally, educational entities can receive discounts for telecommunications through the federal E-rate program. Since the program began in 1996, educational entities in the state of Washington have received over \$171 million in discounts. Support for districts through the arduous application process can save districts a significant amount of money.

* Washington's K-20 network is a high-speed, high-capacity network that links K-12 school districts, libraries, colleges, and universities across 476 locations in Washington. This powerful network connects educators, students and communities with innovative, affordable programs and services that promote 21st century market skills and life-long learning.

The staff supporting technology within ESD 113 and supporting technology usage in the school districts is spread among five units: the Educational Technology Support Center, Data Center Technology Support, Networking Support to School Districts, Internal Technology Support, and K-20 Network Video and Data Support. The Data Center and Network Services are located under the Support Services Division.

The Educational Technology Support Center is located under Instructional Services. Its mission is to “optimize student learning by providing statewide leadership, models, professional development, technical assistance, and ongoing support for the effective, appropriate, and visionary use of technology,” and its overall goal is to “increase school and student success through the effective use of technology.” The emphasis of the two full-time and two part-time staff in this unit is on helping school district personnel use technology in teaching and learning. This unit also provides Media Services to ESD staff and to school districts, including distributing electronic content, CDs and video tapes, and science kits. Depending on the circumstances, these materials are distributed electronically, by U.S. Mail, and by ESD vans. Finally, personnel in this unit assist with scheduling and setting up computers for internal ESD training sessions.

The Data Center provides computer operations and printing to the ESD and to school districts. Their support is provided through basic computer operations and printing, and is facilitated by a computer operations technician and a computer operations assistant. An application support coordinator works directly with school districts regarding their implementation of Washington School Information Processing Cooperative (WSIPC) products, and specifically with the districts’ technological capabilities and networks necessary to implement WSIPC products. Five fiscal analysts and four student coordinators work directly with school district personnel in implementing the various modules of WESTPaC software utilized under WSIPC.

Network Services employs two people who provide network planning and support for 11 school districts each (one person is shown on the organization chart as part-time in this role, but in reality, he is full-time). Districts can choose from among three plans, all of which include scheduled onsite support, network and remote support, and phone support. The variable among the plans is the number of days, with four days a month costing \$27,000 annually, two days a month \$13,500 annually, and one day a month \$6,750 annually. Extended services cost \$100 per hour or \$700 per day, including travel.

Network Services has three full-time FTEs and three partial FTEs that manage Internal Technology Support for the 93 PCs, 38 Macintoshes, 27 PC servers, and four Macintosh servers, as well as the standard software for the ESD. This includes responding to break/fix situations as well as doing some just-in-time training. This staff also provides data backup to the PCs and Macintoshes in the building.

There are two part-time FTEs in Network Services who support the growing K-20 video conferencing usage within ESD 113 and in the school districts in the ESD’s service area. This support includes scheduling, set-up of equipment, recording, and distribution of events.

Support for the voice network (phone), printing, copying, and faxing is shared among the application support coordinator from the Data Center, the reception/software helpdesk person, and a senior network analyst under Internal Technology Support.

The following areas merit commendation and are discussed later in this chapter:

- ESD 113 is commended for utilizing technology to deliver and augment communication and training.
- ESD 113 is commended for installing a phone system with additional functionality that also is saving the ESD money.

Key recommendations of this chapter include:

- Consolidate and reorganize external technology network support functions. **(Recommendation 8-1)**
- Create a comprehensive technology plan tied to the overall ESD plan that addresses both internal and school district needs over the next five years. The plan should be updated at least annually. **(Recommendation 8-2)**
- Create a more coordinated and systematic set of mechanisms to elicit feedback and direction from the school districts and the personnel directly affected by the technology services. **(Recommendation 8-3)**
- Provide more focused and nurturing consulting and support to districts on applying for E-rate funds, and make this a high priority for the ESD. **(Recommendation 8-4)**
- Secure and improve access to ESD 113's internal data and technology systems for authorized personnel. **(Recommendation 8-5)**

FINDING

Technology support for networks in school districts is split among three departments in the ESD: Network Services, Data Center and Application Support, and Educational Technology Support Center. The support staff from Network Services serves 22 school districts for network support, including network planning. The Data Center serves all 45 school districts in ESD 113's service area for the WESTPaC fiscal module and 26 districts for various sub-modules within the Student Information System (SIS) module. The application support coordinator from the Data Center helps school districts understand what technology is needed to use WISPC products, including network configurations. The Educational Technology Support Center provides some support to school districts regarding E-rate, and works with school districts on their technology plans.

Of the 22 school districts Network Services supports, all are also supported by the application support coordinator for fiscal software while 11 school districts are supported for SIS software. The Educational Technology Support Center works with school districts to develop and maintain technology plans for E-rate and Title II D of the No Child Left Behind Act. Some of this planning is related to networking. Often these staff members from different departments are talking to the same people in the school district about

similar topics. The network support staff do not talk about or touch anything having to do with WISPC, but there is some redundancy of effort with respect to network planning.

Planning-to-purchase is a component of the consultation from all three divisions. This can result in duplication of effort by both the ESD and school district staff as well as provide the potential for confusion at the school district level if the advice from different ESD staff conflict. Conflicting advice is very possible due to the different functions each ESD staff member represents.

Recommendation 8-1:

Consolidate and reorganize external technology network support functions.

The ESD would benefit from having technical support related to networking, E-rate, and the WSIPC network better coordinated. School districts would have one contact for all functions and get one clear set of guidelines and direction for networking for the school districts. In addition, the networking contact could cross-market other related services to the school district.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. Staff from all three departments supporting networking in the schools should meet to outline in detail the school district staff they serve and the specific areas of support they provide. | June 2007 |
| 2. ESD staff should survey and interview district personnel that they serve regarding type and quality of services they receive about networks and how they would like to receive those services. | July 2007 |
| 3. ESD staff should coordinate functions, redistribute functions, or reorganize the divisions to accommodate the school districts' needs. | August 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 113's internal planning for technology use is intermittent and often idiosyncratic to one division or completed by one or two divisions. Following are some of the plans or portions of plans that were discovered during the audit:

- The Technology Tactical Plan, a subset of the ESD 113 2003-08 strategic plan. This provides a "Strategic Direction: Improve communication, monitoring, and record keeping systems through technology," benchmarks, responsibilities, timelines, and cost.

- Proposed Technology Standards for the Period January 1, 2004 through September 30, 2004
- Specific Elements of Strategic Planning Related to Information Technology
- The Educational Technology Support Center has a Vision, Mission, Goals, and Activities for 2005-06 based upon the Interlocal Agreement with OSPI.

The ESD does not have a comprehensive technology plan for its internal needs. Plans for upgrading or adding services seem to be based on perceived need by staff supporting technology, rather than a systemic approach tied to the ESD's strategic direction.

Recommendation 8-2:

Create a comprehensive technology plan tied to the overall ESD plan that addresses both internal and school district needs over the next five years. The plan should be updated at least annually.

A technology plan would assist the ESD in examining the technology needs over time in conjunction with the overall direction of the ESD. Such a plan would assist the ESD in efficient and timely purchases of technology and have those purchases coordinated with training needs. Such a plan also would provide a signal to school districts of the types of technologies that may be employed over the next five years and serve as a model for some of the school districts. The plan should be updated at least annually.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD Superintendent should create a technology planning committee that is reflective of the entire ESD. The committee may be a subcommittee of the overall ESD planning effort. | June 2007 |
| 2. The technology committee should survey and interview both ESD staff and school district staff regarding current and future possible uses to technology for efficiency and effectiveness. | September 2007 |
| 3. The ESD Superintendent should ensure the resultant plan meshes with the overall ESD plan, is consistent with the needs of both ESD and school staff, and has a process to update and upgrade the plan at least annually. | December 2007 |

FISCAL IMPACT

The fiscal impact of this recommendation cannot be determined, but it should be able to be accomplished using current staff. However, the implementation of the recommendation should result in more balanced expenditures for both hardware and software as a cycle for replacing hardware is put into place and upgrades to software are applied to minimize training and support efforts.

FINDING

The gathering of feedback on the quality of technology services, both internal to the ESD and from school districts, is inconsistent. There is no internal or external tracking of the types of problems being encountered or the response times to calls. The same is true regarding network support for school districts. The feeling is that ESD staff talk with school districts all the time and school district personnel are not afraid to tell them if there is a problem. Ultimately school districts could terminate their agreements if they are not happy with the support received. In general, ESD staff could not document the highest type of need for technology support either internally or externally, nor what areas or staff generated the most requests for technical support. One exception to this is in the Data Center, where all calls from school districts are documented by the fiscal analysts and student coordinators.

Data on the types of technology problems encountered both internally and externally could be used to improve training plans, identify technology fixes or upgrades, and enhance technology planning in general. In addition, the quality of service provided by the ESD technology staff could improve because of the historical data on similar problems. The data also could provide insight into what services may be needed in the future.

Recommendation 8-3:

Create a more coordinated and systematic set of mechanisms to elicit feedback and direction from the school districts and the personnel directly affected by the technology services.

This recommendation will help both internal technology support and the network services staff interacting with school districts to better understand what services are working well and which services are not. The mechanisms, especially for internal support, can be informal but still need to be systematic. In addition, the mechanisms should help staff understand what areas of technical support are most problematic. Such understanding will help efforts to plan training and future technical support.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|---------------|
| 1. Divisions supporting technology should investigate and adopt a tracking system appropriate for each of the functions of technology services the ESD supports. | June 2007 |
| 2. Divisions supporting technology should reassess the costs and benefits of tracking their efforts by reviewing the data and surveying customers after 6 months. | December 2007 |

FISCAL IMPACT

The fiscal impact of this recommendation cannot be determined until the staff determine the tool(s) they will use to create the tracking system.

FINDING

Data from the Schools and Library Division, the federal entity that administers the E-rate, shows that only 30 of the 45 school districts in ESD 113's service area received any funds from the E-rate program. ESD 113 received \$17,825 in 2005. The total money received through E-rate last year among the school districts in ESD 113 was nearly \$870,000. While the typical amount received by a school district varied depending upon the equipment needed, the student population, and the number of students in the Free and Reduced Lunch Program, the simple average per district was nearly \$29,000. If the other third of the districts in ESD 113 that had not utilized E-rate were to receive the average amount of \$29,000, the result would be approximately \$435,000 savings for school districts in ESD 113.

Recommendation 8-4:

Provide more focused and nurturing consulting and support to districts on applying for E-rate funds, and make this a high priority for the ESD.

According to an interview with the E-rate coordinator with the Mississippi Department of Education, who also serves as the President of the State E-rate Coordinator Alliance (SECA), on-going support is the key factor in getting school districts to apply for E-rate. Mississippi has 100% participation rate in the E-rate among its school districts. The coordinator attributes this to systematic outreach to school districts, regular training, and highly knowledgeable people supporting the effort within the state. In addition, Mississippi has a state contracting system in place for virtually all equipment and services eligible for E-rate, which makes application less difficult for school districts. The system includes a state contract with one provider for all wide area networking equipment. It also has a catalog of multiple providers for all other E-rate eligible products. According to the coordinator, the state contract system has two overall advantages for school districts: 1) it ensures that the contracting process is completely within the rules and laws of the state and the federal government; and 2) it ensures that all equipment in the contracts is eligible for E-rate.

This relieves school districts of two of the largest burdens in applying for E-rate.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------|
| 1. The ESD Superintendent should appoint an E-rate coordinator for ESD 113. | June 2007 |
| 2. The E-rate coordinator should attend all trainings offered by the Schools and Library Division and the state E-rate contact person. | Ongoing |
| 3. The E-rate coordinator should establish a program of outreach to all ESD 113 districts. | June 2007 |

4. At least one half of the non-applying school districts should apply for the E-rate in 2007 with the remainder applying in 2008.

December 2007

FISCAL IMPACT

The fiscal impact of this recommendation will affect school districts and will NOT directly affect ESD 113. With that said, the estimated annual dollar savings for school districts within ESD 113's service area is \$435,000.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Provide More Focused Consulting and Support to Districts on Applying for E-rate.	\$200,000	\$435,000	\$435,000	\$435,000	\$435,000

FINDING

Access to internal ESD 113 data sources are on un-secured networks and are inconsistent throughout the ESD 113 building. Staff may have a meeting in one part of the building and use their computers connected to a wireless network, and return to their workspaces and have to reconnect to the network. This is because different parts of the building are on six or seven different wireless networks. The networks are un-secure. According to technology staff, anyone walking into the building with a device with wireless capability could connect to the network and gain access to ESD 113's data.

Staff from ESD 113 who are doing work or training in the school districts cannot access ESD 113's internal data. This presents a problem for staff who need these data to do their own work from off site or who could use those data to inform or otherwise help school district personnel.

Recommendation 8-5:

Secure and improve access to ESD 113's internal data and technology systems and allow access to the system for authorized personnel only.

By implementing this recommendation, the ESD first, and most importantly, will ensure that they will protect all ESD data. Hundreds of cases of identity theft and hacking into systems, including educational systems, are reported every year. Exposing the ESD's data to an un-secured network environment opens to loss of data and lawsuits, not to mention loss of confidence by the public and the school districts. Having one secure network system will also increase efficiency among staff, if only by not having to log into a different network every time they move from one part of the building to another. Having access to the network and data from outside the building will increase efficiency among staff working in the field and provide better service to the school districts.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------|
| 1. Network support staff should investigate hardware and software for a secure wireless network within the ESD building. | June 2007 |
| 2. Network support staff should install the secure wireless network within the ESD building. | June 2007 |
| 3. Network support staff should evaluate secure alternatives such as VPN, for accessing the ESD's data remotely. | July 2007 |
| 4. Network support staff should provide secure, remote access to ESD 113 data for appropriate staff. | September 2007 |

FISCAL IMPACT

Depending upon the final solution selected by the staff, the fiscal impact of this recommendation will cost ESD 113 some money in the short run. It is estimated that the routers to create the network would cost less than \$2,500.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Secure and Improve Access to ESD 113's Internal Data and Technology Systems and Allow Access to the System for Only Authorized Personnel.	(\$2,500)	\$0	\$0	\$0	\$0

FINDING

One of the major missions of ESD 113 is to provide training and technical support to school district personnel in the region. In the past, much of this training and support has been provided onsite at the ESD, requiring school district personnel to travel to the ESD, incurring travel costs and a significant expenditure of time. Over the past year, ESD 113 has made a concerted effort to use technology to deliver and augment communication and training. This saves school district personnel time and money and allows them access to the training after the fact through video tape.

This effort is being pioneered by staff from the Data Center and Human Resources. The Data Center holds monthly forums with school district personnel using WESPaC software. These forums are broadcast live via the K-20 network and videotaped. The videotapes are archived and available for training or refresher courses later, or for personnel who could not attend the live event. This effort can save school districts significant time and travel dollars if they choose to take advantage of it. In addition, it captures the expertise and interactions of the forums and extends the "shelf-life" of the knowledge and experience conveyed. These efforts and others have increased the usage of video conferencing throughout the ESD and the school districts it serves.

According to the video conferencing support person, between September 1, 2005 and August 31, 2006, ESD 113 had 375 video conferences scheduled through ESD 113. From September 1, 2006 through November 7, 2006, ESD 113 had already scheduled 200 conferences for the year. In addition, ESD 113 staff are working to find less expensive video conferencing equipment for school districts with a limited budget.

The Human Resources department is putting their staff orientation online so they will not be doing that twice a month. They also are putting sexual harassment and other similar training online. This will help school districts save money on travel.

COMMENDATION

ESD 113 is commended for utilizing technology to deliver and augment communication and training.

FINDING

The telephone is a primary source of communication between EDS 113 and school districts. Like other technologies, telephony has developed alternative forms of delivery and options for carriers. Staff from ESD 113 investigated different carriers of telephony and found significant savings in addition to powerful upgrades in service options throughout the ESD 113 building. The system cost approximately \$108,000 to install, but the monthly bills are \$3,466 per month less than the old system's bills. The time for return on investment was projected by the vendor to be 31 months.

COMMENDATION

ESD 113 is commended for installing a phone system with additional functionality that also is saving the ESD money.

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 113 OLYMPIA EMPLOYEES' SURVEY RESULTS (n=144)

EXHIBIT A-1 ESD 113 EMPLOYEE RESULTS GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	50	37	1	1	0	10
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	60	29	5	1	0	6
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	3	4	8	25	40	21
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	1	2	8	29	41	19
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	1	3	10	33	34	19
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	1	3	8	23	37	28
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	51	34	5	1	0	10
8. Our ESD is highly efficient and effective.	45	38	10	2	0	5
9. The ESD role in providing services to school districts should be expanded.	33	31	19	1	1	16
10. Our ESD is highly responsive to the service needs of member school districts.	45	36	6	1	0	13
11. Our ESD provides quality services.	56	36	4	1	0	3
12. There are adequate channels of communication with school districts in our region.	26	43	12	1	1	17
13. Our ESD is responsive to complaints.	38	42	8	1	0	11
14. Our ESD is responsive to requests for services.	39	42	7	1	0	10
15. Our ESD listens and tries to meet the needs of the school districts.	47	39	3	1	0	10

**EXHIBIT A-2
ESD 113 EMPLOYEE RESULTS
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	2	10	20	31	24	13
2. Each ESD should hold each school district in its region responsible for student performance within the district.	6	26	24	21	10	14
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	21	53	13	3	1	10
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	14	44	19	13	1	9
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	19	53	11	6	2	8
6. Under the current governance structure, the ESDs are accountable primarily to:	17	39	6	6	1	30
■ the school districts within each region	7	38	12	8	5	31
■ the State Superintendent of Public Instruction	10	44	8	6	2	31

**EXHIBIT A-3
ESD 113 EMPLOYEE RESULTS
STATEWIDE ORGANIZATIONAL STRUCTURE**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	10	21	15	17	8	28
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	29	33	14	3	3	19
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	6	13	31	16	11	24
4. The ESDs should be totally independent of OSPI.	6	21	24	19	6	24
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	2	20	22	13	12	31
6. The current number of ESD Board of Director members is appropriate.	14	36	12	1	1	37
7. The current number of 9 ESDs should be:						
■ expanded	4	13	31	23	8	20
■ left as is	23	25	24	6	2	19
■ reduced	1	2	20	22	36	19
8. All ESDs should be abolished.	3	0	4	15	71	8

**EXHIBIT A-4
ESD 113 EMPLOYEE RESULTS
GOVERNANCE AND FUNDING**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	10	28	11	15	6	29
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	3	26	17	19	9	26
3. School districts understand the governance and oversight structure of our ESD.	4	28	19	13	3	34
4. There are appropriate levels of oversight for our ESD.	10	37	12	2	1	39
5. ESDs should continue to be funded by the state.	38	43	8	0	0	10
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	17	17	17	4	1	44
7. School districts have the funding to purchase the services they need from our ESD.	2	11	17	15	13	41

**EXHIBIT A-5
ESD 113 EMPLOYEE RESULTS
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	15	25	6	0	0	54
2. Mathematics	13	24	8	3	1	52
3. Social Studies	8	20	13	1	0	57
4. Science	8	26	8	3	1	53
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	8	29	8	4	1	49
6. At-risk and compensatory education	9	21	7	5	1	57
7. Bilingual Education and ESL	3	12	14	9	1	62
8. Advanced academics (gifted and talented, AP)	4	17	12	3	2	62
ESD TRAINING						
9. Training and assistance for campus planning	6	20	11	2	0	61
10. Training and support for Washington Assessment of Student Learning (WASL)	14	21	8	1	0	56
11. Training and support for aligning the curriculum and instruction with WASL	13	22	8	3	0	54
12. Leadership training and development programs and services	11	31	7	2	1	49
13. Training and assistance to help improve student performance	13	26	10	3	0	49
14. Training and assistance in using new teaching methods and strategies	14	28	6	1	1	50
15. Training and assistance in the use of technology	19	33	7	3	0	38
16. Training and assistance in discipline management and conflict resolution	9	22	9	2	1	57
17. School board training services	3	10	12	1	0	73
18. Teacher certification	22	22	7	0	0	49
19. Professional/Para-Professional certifications	12	22	10	1	0	54
ESD SERVICES						
20. Computer network and telecommunication services	21	36	9	3	0	31
21. Purchasing cooperatives	13	18	13	0	0	56
22. Services and support for Educational Data Systems (EDS)	15	25	9	1	0	49
23. On-line/Distance Learning classes	6	18	15	1	1	59
24. On-site technical assistance	15	35	6	3	0	41
25. Video Conferencing	18	35	8	0	0	39
26. Lending Library	19	31	6	2	0	42
27. Best Practices Information	10	26	11	1	0	53
28. Organizational Links	10	20	10	1	0	58
29. Demonstrations and Equipment	10	31	8	1	0	50

**EXHIBIT A-6
ESD 113 EMPLOYEE RESULTS
WORK ENVIRONMENT**

**Percentage of agreement or disagreement with each statement.
SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree; DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	42	41	11	1	1	3
2. ESD officials enforce high work standards.	40	41	11	3	1	3
3. ESD employees who do not meet expected work standards are disciplined.	10	28	20	15	2	24
4. I feel that I have the authority to adequately perform my job responsibilities.	40	47	6	3	3	1
5. I have an up to date and comprehensive job description.	33	47	9	6	2	2
6. I have adequate facilities in which to conduct my work.	41	40	7	8	3	1
7. I have adequate equipment and computer support to conduct my work.	47	45	4	3	0	1
8. No one knows or cares about the amount or quality of work that I perform.	3	3	6	41	46	1
9. I am very satisfied with my job.	35	44	13	6	1	1
10. I plan to continue my career in my ESD.	35	42	16	3	1	3
11. I am actively looking for a job outside of my ESD.	3	6	13	33	42	2
12. Salary levels at my ESD are competitive.	14	35	15	18	10	9
13. I feel that my work is appreciated by my supervisor(s).	38	41	12	6	1	1
14. I feel that I am an integral part of the ESD team.	28	50	13	6	2	1
15. I feel that there is no future for me at the ESD.	2	7	17	34	37	3
16. My salary level is adequate for my level of work and experience.	15	32	17	24	10	3
17. Most administrative practices in the ESD are highly effective and efficient.	18	50	18	7	1	6
18. Administrative decisions are made promptly and decisively.	17	39	19	13	2	10
19. My ESD administrators are easily accessible and open to input.	27	44	15	5	3	6
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	1	15	18	40	16	10
21. My ESD has too many layers of administrators.	2	11	22	36	16	13
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	20	56	14	5	1	4

GENERAL QUESTION

1. How would you rate your ESD facilities?

22%	Exceptional
53%	Above average
21%	Adequate
2%	Needs improvement
2%	Don't Know

**ESD 113 OLYMPIA
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=41)**

**EXHIBIT A-7
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR SCHOOL DISTRICT**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Average Daily Attendance (n=36)	50	75031	3684.67
2. Number of Schools (n=41)	1	19	3.83
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=41)	1	7	1.78
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=41)	5	90	41.34
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=18)	8	90	46.22

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	68	32	0	0	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	78	20	2	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	7	27	66	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	2	12	22	61	2
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	17	29	51	2
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	5	5	37	54	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. The ESD in our region is highly efficient and effective.	61	32	5	0	0	2
9. The ESD role in providing services to school districts should be expanded.	44	22	22	7	2	2
10. The ESD in our region is highly responsive to the service needs of our school district.	73	22	2	0	2	0
11. The ESD in our region provides quality services.	73	27	0	0	0	0
12. There are adequate channels of communication with the ESD in our region.	73	27	0	0	0	0
13. The ESD in our region is responsive to complaints.	63	29	5	0	0	2
14. The ESD in our region is responsive to requests for services.	68	32	0	0	0	0
15. The ESD in our region listens and tries to meet the needs of the school district.	73	24	2	0	0	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents, and response rate was 50 percent for these two sections.

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	5	0	16	42	37	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	5	11	37	47	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	63	21	5	0	11	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	26	42	11	16	5	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	47	47	5	0	0	0
6. Under the current governance structure, the ESDs are primarily accountable to:	53	37	5	0	5	0
■ the school districts within each region						
■ the State Superintendent of Public Instruction	5	37	5	21	21	11
■ both the school districts and the State Superintendent of Public Instruction	5	37	11	16	21	11

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	22	20	15	17	27	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	41	37	5	10	7	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	5	17	29	29	17	2
4. The ESDs should be totally independent of OSPI.	12	12	20	49	2	5
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	2	17	22	24	32	2
6. The current number of ESD Board of Director members is appropriate.	22	51	12	2	0	12
7. The current number of 9 ESDs should be:						
■ expanded	7	5	32	46	5	5
■ left as is	22	54	12	2	7	2
■ reduced	5	0	12	29	54	0
8. All ESDs should be abolished.	0	0	0	5	95	0

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	5	41	7	24	15	7
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	7	29	22	20	20	2
3. We understand the governance and oversight structure of the ESD in our region.	34	54	5	2	0	5
4. There are appropriate levels of oversight for the ESD in our region.	24	54	15	0	0	7
5. ESDs should continue to be funded by the state.	76	24	0	0	0	0
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	20	56	7	17	0	0
7. Our school district has the funding to purchase the services it needs from an ESD.	0	27	2	49	22	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage of satisfaction with the following services provided by your home Educational Service District.
VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	44	37	10	2	0	7
2. Mathematics	27	41	17	5	0	10
3. Social Studies	12	22	37	5	0	24
4. Science	17	34	27	2	0	20
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	15	51	12	15	0	7
6. At-risk and compensatory education	10	37	32	10	0	12
7. Bilingual Education and ESL	2	22	41	7	0	27
8. Advanced academics (gifted and talented, AP)	12	34	27	12	0	15
ESD TRAINING						
9. Training and assistance for campus planning	10	41	24	0	0	24
10. Training and support for Washington Assessment of Student Learning (WASL)	44	44	7	2	0	2
11. Training and support for aligning the curriculum and instruction with WASL	41	44	10	2	0	2
12. Leadership training and development programs and services	32	44	17	2	0	5
13. Training and assistance to help improve student performance	37	51	5	2	0	5
14. Training and assistance in using new teaching methods and strategies	34	44	10	5	0	7
15. Training and assistance in the use of technology	32	49	12	2	2	2
16. Training and assistance in discipline management and conflict resolution	7	32	34	10	0	17
17. School board training services	5	20	34	12	0	29
18. Teacher Certification	39	44	7	2	0	7
19. Professional/Para-Professional Certifications	34	49	10	2	0	5
ESD SERVICES						
20. Computer network and telecommunication services	27	49	15	2	5	2
21. Purchasing cooperatives	22	59	7	2	2	7
22. Services and support for Educational Data Systems (EDS)	27	63	5	5	0	0
23. On-line/Distance Learning classes	12	27	37	2	0	22
24. On-site technical assistance	29	37	24	5	0	5
25. Video Conferencing	15	39	34	5	0	7
26. Lending Library	39	34	20	0	0	7
27. Best Practices Information	37	37	17	2	0	7
28. Organizational Links	32	27	34	0	0	7
29. Demonstrations and Equipment	32	20	37	2	0	10

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

29%	Exceptional
51%	Above average
15%	Adequate
5%	Needs improvement

**SURVEY RESULTS FOR ESD SUPERINTENDENTS
(n=9)**

**EXHIBIT A-13
ESD SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR REGION**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

EXHIBIT A-14
ESD SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region	0	56	11	33	0	0
■ the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	89	0	11	0	0	0
■ left as is	0	0	11	22	67	0
■ reduced	0	0	11	0	89	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING						
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES						
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***



Educational Service District 113

Providing Quality Service for Children

April 30, 2007

Lou Adams, CPA
Performance Audit Manager, School Programs
State Auditor's Office
Post Office Box 40031
Olympia, WA 98504

Dear Ms. Adams,

Please accept this letter as our formal response to the ESD 113 Performance Audit Final Draft Report. We appreciate the consideration that was given to our feedback on the previous draft. Most of those recommendations were incorporated into the report so this response will be fairly brief. I would like to comment on one of the previously submitted items.

The item previously submitted relates to the summary of survey results found in Section 2 of the report. We continue to feel that it would present a more accurate summary of those survey results to combine agree/strongly agree and disagree/strongly disagree responses. That also seems more consistent with how such five point likert scales are generally presented in other survey summaries.

I would like to thank you and the MGT team for the thoughtful and thorough manner in which you have engaged in this review, and we look forward to moving from the study phase to the implementation phase during the next few weeks.

Sincerely,

Dr. Bill Keim, Superintendent

c: ESD 113 Board of Directors

APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***



THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 113

To provide clarity and perspective, we are commenting on ESD 113 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Below, we have inserted MGT's response to the issues identified in the ESD 113 formal response letter.



April 30, 2007

Lou Adams, CPA
Performance Audit Manager, School Programs
State Auditor's Office
Post Office Box 4003 1
Olympia, WA 98504

Dear Ms. Adams,

Please accept this letter as our formal response to the ESD 113 Performance Audit Final Draft Report. We appreciate the consideration that was given to our feedback on the previous draft. Most of those recommendations were incorporated into the report so this response will be fairly brief. I would like to comment on one of the previously submitted items.

The item previously submitted relates to the summary of survey results found in Section 2 of the report. We continue to feel that it would present a more accurate summary of those survey results to combine agree/strongly agree and disagree/strongly disagree responses. That also seems more consistent with how such five point likert scales are generally presented in other survey summaries.

MGT's Response:

In the survey chapter, we provide a note to the reader that stated, "For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A".

I would like to thank you and the MGT team for the thoughtful and thorough manner in which you have engaged in this review, and we look forward to moving from the study phase to the implementation phase during the next few weeks.

Sincerely,

Dr. Bill Keim, Superintendent
c: ESD 113 Board of Directors

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 114

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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1.0 INTRODUCTION

1.0 INTRODUCTION

The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. (MGT) to conduct a performance audit of Educational Service District 114 (ESD 114), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of ESD staff and school district staff. After reviewing the results of the on-site interviews and electronic survey data and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that reflected issues for all ESDs, the final performance audit report for ESD 114 was provided to SAO, reflecting areas of strength and areas needing improvement.

This chapter presents an introduction to the Olympic Educational Service District (OESD or ESD) 114 at Bremerton.

ESD 114 is one of nine such organizations in the state of Washington and serves 15 school districts enrolling approximately 52,000 students. **Exhibit 1-1** presents ESD comparison data. The exhibit shows that ESD 114:

- With 52,055 students, has the second smallest enrollment within its member school districts among all ESDs in Washington State.
- Serves the least number of school districts (15) among all ESDs in Washington State.
- With 175 staff, has the third largest employee population among the ESDs. Only ESDs 112 and 121 have larger staffs.

This report will provide the data regarding the reasons for these statistics (programs offered and distances involved) and also recommend changes.

**EXHIBIT 1-1
COMPARISON OF ESDs:
NUMBER OF DISTRICTS AND STUDENTS SERVED
AND NUMBER OF STAFF**

ESD	DISTRICT OFFICE	SCHOOL DISTRICTS SERVED	STUDENTS SERVED (2004-05)	NUMBER OF STAFF
101	Spokane	59	89,340	169
105	Yakima	25	58,090	80
112	Vancouver	30	96,515	300
113	Olympia	45	71,381	110
114	Bremerton	15	52,055	175
121	Renton	35	389,335	345
123	Pasco	23	59,576	75
171	Wenatchee	29	40,687	75
189	Anacortes	35	164,523	78
Total		296	1,021,502	1,407

Source: Prepared by SAO auditors from MGT of America preliminary data for SAO Audit, October 2006.

Washington's regional Educational Service Districts have evolved over the past 26 years from 39 regulatory, county superintendent offices to the current nine regional, service-based agencies.

Beginning in 1854, Washington's counties were responsible for meeting the needs of local school districts. In 1960, the State Legislature recommended the establishment of 39 regional service areas to replace the county offices. A few years later, in 1969, the Legislature required the State Board of Education to create a statewide system of 14 intermediate school districts (ISDs) to replace the 39 county offices. In 1972, the number of regional offices was reduced to 12 by the State Board, and in 1975 their names were changed to Educational Service Districts. In 1977, the number of ESDs was further reduced to the present nine.

Currently, ESD 114 is housed primarily in its offices in Bremerton. It also has a satellite office in Port Angeles. The office in Bremerton was significantly expanded during the 2005-06 year. ESD 114 is governed by a seven-member board, elected by local school directors. Each board member represents school districts within the ESD region. Agency operations are overseen by the superintendent.

Current core services provided to client school districts are:

- Oversight of school district budgets and financial information.
- Data collection and reporting of school district enrollment, personnel, and fiscal data.
- Personnel services including certification.
- School boundary reviews.

- Bond and levy certification.
- Code of conduct complaints and investigations.
- Provision of cooperative and informational services to local school districts.
- Curriculum adoption and support.
- Staff development.

ESD 114 services are delivered through:

- The Western Regional Data Center.
- Workforce training (youth services).
- High-risk youth programs (institutional education).
- Head Start/ECEAP (Early Childhood Education Assistance Program).
- The substance abuse prevention and treatment center.
- Science and math education.
- The school Nurse Corps.
- Professional development for teachers and paraeducators.
- The Instructional Materials Cooperative.
- Claims and fund management services.
- Special education.

Current (2006-07) adopted goals for ESD 114 are as follows:

- Maintain ongoing communication responsive to the needs of local school districts.
- Assist local school districts in the administration of policies, rules, and regulations, and perform other functions required by the Office of Superintendent of Public Instruction (OSPI) and the State Board of Education.
- Promote, organize, implement, and manage cooperative programs and special projects among local school districts.
- Provide continuous, sustained Preschool–16 support for equity, excellence, and educational reform through technical assistance, collaboration, cooperation, and professional development.
- Actively represent individual district and regional needs at the state level.
- Maintain teamwork, cooperation, and communication within the agency.
- Stay informed on current issues and trends in education and other appropriate social services.

Key commendations for ESD 114 include:

- The ESD 114 Superintendent is commended for his integrity and knowledge of public policy and education issues and his responsiveness to the service needs of the school districts in the region.
- The ESD 114 Governance team, that includes the superintendent and the board of directors, has an open communication and high-trust relationship which facilitates decision-making and service delivery.
- ESD 114 is commended for receiving excellent results on its most recent actuarial review of the Workers' Compensation Fund.
- ESD 114 is commended for achieving a high level of satisfaction from participation members of the Workers' Compensation cooperative.
- ESD 114 is commended for an innovative program in the Workers' Compensation pool to encourage injured employees to return to work sooner.
- ESD 114 is commended for charging consultants for the space used to provide their services, helping to ensure the consultant is an independent contractor.
- ESD 114 is commended for using the state credit card program to save processing costs and earn rebates.
- The ESD is commended for having well-structured policies and procedures for the HR department.
- The ESD is commended for including staff members in the interview and staff selection process.
- ESD 114 should be commended for its statewide leadership demonstrated by entering into an exclusive statewide agreement for *Just 5 Clicks* data analysis software that supports data-driven decisions in Washington schools.

Key recommendations for ESD 114 include:

- Implement and institutionalize a comprehensive process for long range strategic planning, engaging all stakeholder groups to define the ESD's goals and objectives and to delineate the initiatives, strategies, activities, and parameters for accountability of desired outcomes. **(Recommendation 3-1)**
- Establish a new organizational structure that aligns job functions, titles, and salaries to a fair and objective workload distribution plan in

order to achieve an administrator to staff ratio of 1:6.
(Recommendation 3-2)

- Develop, disseminate, and follow a clearly defined communication and coordination plan to influence the development and initiation of new support services for school districts. **(Recommendation 3-3)**
- Act intentionally to create an organizational environment that is open, caring, and respectful of others' ideas. Create organizational processes that reward staff for knowledge, expertise, and contributions to organizational effectiveness. **(Recommendation 3-4)**
- Consider placing all financial activities under one of the assistant superintendents. **(Recommendation 4-1)**
- Link the budgeting process to the ESD 114 strategic plan. **(Recommendation 4-2)**
- Develop performance measures to help ensure funds are being spent effectively and efficiently to support schools in their effort to deliver high quality education. **(Recommendation 4-3)**
- Amend or repeal the 1986 board resolution to give the authority to the superintendent alone to issue warrants prior to board approval. **(Recommendation 4-4)**
- Adopt simple and practical steps for the evaluation of spreadsheet controls. **(Recommendation 4-5)**
- Review assessment rates, establish fund balance (pool reserve) guidelines and have an actuary review the unemployment compensation cooperative program periodically. **(Recommendation 4-6)**
- Increase funding to the Workers' Compensation Pool or dedicate funds from the existing fund balance to provide a funding source to further encourage and develop the light-duty return to work program. **(Recommendation 4-7)**
- Develop a board of directors policy addressing the level of unrestricted and undesignated fund balance to be maintained by ESD 114, and criteria for determining appropriate fund balances for reserved funds. **(Recommendation 4-8)**
- Seek free and reduced meal payments for all eligible children in the KATS program. **(Recommendation 4-9)**
- Review and revise purchasing policy that requires purchase orders for virtually all purchases. **(Recommendation 4-10)**

- Study cell phone usage and determine if there is a cell phone service provider than can meet the needs of ESD 114, and compare the expected costs to what is being paid under the current reimbursement program. **(Recommendation 4-11)**
- Reorganize all instructional program delivery components under one assistant superintendent. **(Recommendation 5-1)**
- Develop a model program/project evaluation design that is based on established and proven techniques. **(Recommendation 5-2)**
- Partner with OSPI and other ESDs to develop a statewide proactive campus level training model for state reform to be delivered by ESDs and replicated at the building campus level by building administrators. **(Recommendation 5-3)**
- Implement a plan for increased online/distance learning opportunities for both meetings and trainings. **(Recommendation 5-4)**
- Conduct a formal special education needs assessment to identify and implement a comprehensive set of special services to clients. **(Recommendation 5-5)**
- Revise and update the job descriptions so that they include physical demands and/or requirements of the position **(Recommendation 6-1)**
- Conduct a study to determine the feasibility of converting the HR functions from a paper-pencil system to a paperless digitized system. **(Recommendation 6-2)**
- Restructure the OESD's performance evaluation system so that it becomes a system of components linked in such a way as to provide for the appraisal of employee performance, merit compensation, growth and development of the individual, and growth of the organization. **(Recommendation 6-3)**
- Restructure the salaries of the assistant superintendents so that they are comparable to other peer assistant superintendents. **(Recommendation 6-4)**
- Develop and implement a formalized procedure for conducting an ESD-wide needs assessment for internal and external staff development offerings. **(Recommendation 6-5)**
- Consider elimination of the Certification Specialist position (not the services) and forming a cooperative with other ESDs to provide certification services. **(Recommendation 6-6)**

- Develop a facilities master plan to address the immediate space needs, future space needs, facilities use, capacities, building conditions, and projections. **(Recommendation 7-1)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-2)**
- Develop standards and costs for use of training space at the ESD. **(Recommendation 7-3)**
- Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion. **(Recommendation 7-4)**
- Develop a technology planning process that is integrated into the agency-wide ESD 114 strategic planning process and produces a plan that addresses technology support of agency business and instructional goals. **(Recommendation 8-1)**
- Implement web publishing software that distributes web maintenance workload to ESD 114 education technology and program staff. **(Recommendation 8-2)**
- Increase the amount of E-Rate funding school districts in the region receive. **(Recommendation 8-3)**

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Exhibit 1-2 shows than an estimated total of \$3,703,695 can be saved by ESD 114 over a five-year period should they implement all of the recommendations, and that ESD 114 member school districts should save an estimated \$2,488,000 by implementing the recommendations. The grand total savings for ESD 114 and its member districts is estimated at \$6,191,695.

EXHIBIT 1-2 SUMMARY OF ANNUAL SAVINGS (COSTS)

CATEGORY	YEARS					TOTAL FIVE-YEAR ESD SAVINGS (COSTS)	TOTAL FIVE-YEAR SCHOOL DISTRICT SAVINGS (COSTS)
	2007-08	2008-09	2009-10	2010-11	2011-12		
TOTAL SAVINGS	\$741,033	\$741,033	\$741,033	\$741,139	\$741,539	\$3,705,777	\$2,500,000
TOTAL (COSTS)	(\$1,094)	(\$694)	(\$294)	\$0	\$0	(\$2,082)	(\$12,000)
TOTAL NET SAVINGS (COSTS)	\$739,939	\$740,339	\$740,739	\$741,139	\$741,539	\$3,703,695	\$2,488,000
TOTAL ONE-TIME SAVINGS (COSTS)						\$0	\$0
TOTAL FIVE-YEAR SAVINGS (COSTS) INCLUDING ONE-TIME SAVINGS (COSTS)						\$3,703,695	\$2,488,000
GRAND TOTAL (COSTS)					\$6,191,695		

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees in Educational Service District (ESD) 114, school district superintendents within the ESD 114 region, and the nine ESD Superintendents were invited to participate in an on-line survey. The following sections contain highlights of the survey results for:

- ESD 114 Bremerton employees.
- School district superintendents within ESD 114 Bremerton.
- ESD Superintendents.

Details on all survey items are found immediately after the highlights.

2.1 ESD 114 Bremerton Employee Survey Highlights

At least 50 percent of ESD employees strongly agree with the following:

- Our ESD provides quality services (62%).

At least 50 percent of ESD employees strongly disagree with the following:

- All ESDs should be abolished (76%).
- No one knows or cares about the amount or quality of work that I perform (51%).

2.2 ESD 114 Bremerton School District Superintendent Survey Highlights

At least 50 percent of school district superintendents strongly agree with the following:

- Our school district frequently utilizes services provided by our ESD (62%).
- The services provided by our ESD are critical to the success of our district's programs and operations (69%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (69%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (60%).

At least 50 percent of school district superintendents *strongly disagree* with the following:

- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (54%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (54%).
- All ESDs should be abolished (62%).

2.3 ESD Superintendents Survey Highlights

At least 50 percent of ESD Superintendents *strongly agree* with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).
- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (89%).

- The current number of ESD Board of Director members is appropriate (67%).
- The current number of nine ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of nine ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

This chapter presents findings and recommendations relating to the governance and management of the Olympic Educational Service District 114. This ESD is located in Bremerton, Washington. The major sections of this chapter include:

- 3.1 Mission, Goals, and Objectives
- 3.2 Regional Governance Structure
- 3.3 Workload Management
- 3.4 Communication and Coordination
- 3.5 Chain of Command

CHAPTER SUMMARY

Overall, the audit team found that the Olympic Educational Service District 114 (ESD 114) administration and board of directors are committed to the efficient and effective operation and management of the district. There are opportunities for improving the performance and management of the Educational Service District through the redesign and refinement of internal organizational structures and through a thoughtful process of planning for service implementation.

The following areas merit commendation and are discussed later in this report:

- The ESD 114 Superintendent is commended for his integrity and knowledge of public policy and education issues and his responsiveness to the service needs of the school districts.
- The ESD 114 Governance team, that includes the superintendent and the board of directors, has an open communication and high-trust relationship that facilitates decision-making and service delivery.

The following recommendations are included in this chapter:

- Implement and institutionalize a comprehensive process for long range strategic planning, engaging all stakeholder groups to define the ESD's goals and objectives and to delineate the initiatives, strategies, activities, and parameters for accountability of desired outcomes. **(Recommendation 3-1)**
- Establish a new organizational structure that aligns job functions, titles, and salaries to a fair and objective workload distribution plan to achieve an administrator to staff ratio of 1:6. **(Recommendation 3-2)**
- Develop, disseminate, and follow a clearly defined communication and coordination plan to influence the development and initiation of new support services for school districts. **(Recommendation 3-3)**

- Act intentionally to create an organizational environment that is open, caring, and respectful of others' ideas. Create organizational processes that reward staff for knowledge, expertise, and contributions to organizational effectiveness. **(Recommendation 3-4)**

In the book, *American Education's Invisible Partner*, the authors explain that a dominant expectation is held by all states in creating a network of service agencies. That is the belief that this service structure will contribute to solving the pervasive and continuous challenges of issues such as equity, efficiency and quality in the K-12 system of public education. In most states, funding is limited, so service agencies must be innovative and entrepreneurial to survive. Because school district participation is optional and procurement of services from multiple centers not uncommon, the challenges of an ESD's survival are driven by its creativity and responsiveness to its clients needs. Flexibility, coupled with other issues like proximity, specialized services, and knowledge of and expertise in local issues, make ESDs attractive educational support entities for school districts.

However, education services agencies must constantly work to keep their services relevant, accessible, and cost efficient or face loss of client participation. To preserve a strong client base with high levels of service participation, an ESD must distinguish itself by its commitment to high-quality service at a competitive price. This is influenced largely by the relationship of the leadership at the ESD and the value of its services to school districts.

As Tom Peters explains in this book, *Leadership Essentials*, leaders must push their organizations to move up, up, up the Value-Added ladder, and this applies to Educational Service Agencies (ESAs). The leaders of ESAs must be relationship mavens, able to connect in real and meaningful ways to all sectors within the organization and with its clients to survive and thrive in a challenging environment of diminishing resources and increased accountability. The ESA's leadership and management team must be creative and innovative thinkers capable of developing talent to be responsive to an ever – changing public school environment.

3.1 Mission, Goals, and Objectives

The professional literature emphasizes that in today's environment of fast paced changes, competition for clients, and emphasis on quality and value, the successful organization is the one that relies on strategic planning. The emerging entrepreneurial nature of regional districts forces them to compete in an open market; thus, they must conduct themselves in a similar manner.

A strong process of strategic planning is highly interactive and participatory, gathering input from all stakeholders. The process facilitates the building of consensus and ownership of an agency's mission, purpose and goals. Organizations that use these planning processes are more likely to achieve their desired, identified goals and to enhance their organizational effectiveness.

FINDING

The Educational Service District 114 lacks a fully developed strategic implementation plan to drive the organization's services.

Review of the ESD 114 Work Action Plans for 2004-05 and 2005-06, interviews with the ESD Superintendent and staff, and school district surveys and interviews reflect little attention to strategic planning and a lack of clarity regarding the ESD's overall purpose, mission, and goals among all stakeholder groups. Policy reviews, interviews with the superintendent and staff, and school district surveys and interviews consistently reflected a lack of comprehensive, proactive, long range, strategic thinking and planning by ESD 114.

Review of board policies in Section 1000 reveal that the most recent board policy revisions regarding the ESD's statement of philosophy, organizational purpose, mission, and methods of operation occurred in October of 1996. Only two of the current seven board members were on the board at that time, and only one current board member was there in 1988 when the last major review of policies related to this area was approved. The current superintendent was not yet employed in his current position. The superintendent was hired for this position in July, 2000.

The State of Washington does not require comprehensive strategic planning in either statute or administrative rule. Even though this is not a mandate, it is nonetheless, good professional practice. There are states such as Texas that require this level of planning. A common statewide system for planning by ESDs can facilitate statewide improvement planning and a results-based system of accountability.

It also is imperative in today's entrepreneurial environment for ESDs to be dynamic and proactive service agencies engaged in continuous comprehensive strategic thinking and planning for survival. All of the stakeholder groups within the ESD and from its client school districts can be engaged in creating an improvement framework for the future. To posture itself as a regional education leader, an ESD should offer cutting edge, cost-efficient, and innovative solutions to constantly evolving challenges confronted by its client school districts. As a knowledge-driven, accountability based organization with a strong strategic plan, there will be more opportunities to successfully pursue competitive funding from federal, state and foundation grants.

ESD 114, with only 15 school districts, must identify strategies to procure funding from sources other than its member districts. The development and marketing of a well-developed strategic plan is the first step toward the attainment of new funds. This is the future of this ESD, and there are clear avenues to pursue as evidenced by the current grant-funded projects. The success in securing grants from the Gates Foundation, the National Science Foundation, and other public entities is an excellent way to earn the respect of other external funding entities.

Recommendation 3-1:

Implement and institutionalize a comprehensive process for long range strategic planning, engaging all stakeholder groups to define the ESD's goals and objectives and to delineate the initiatives, strategies, activities, and parameters for accountability of desired outcomes.

Dynamic, successful organizations thrive on change. Strategic planning is the method used by public and private systems to position their organizations to take advantage of their future. A well-developed strategic plan provides a comprehensive action framework or road map for the district to follow towards improvement in service delivery.

Strategic planning:

- Empowers an organization to capitalize its opportunities;
- Addresses emerging challenges; and,
- Provides the kind of leadership that masters change.

Done correctly, the strategic planning process incorporates in-depth planning models that take place over time with stakeholder community involvement. An excellent resource that ESD 114 can use to facilitate achievement of this recommendation is the National School Board Association.

Through the NSBA website, <http://www.nsba.org/sbot/toolkit/spt.html>, the Educational Service District can access many of the tools needed, including:

- A preliminary readiness assessment,
- A process for creating its vision and setting goals and objectives, action steps and resource allocation, and evaluation criteria, as well as,
- A communication plan for stakeholder input and buy-in.

Other resources are available nationally, regionally and locally to assist organizations in strategic planning. Two additional resources include Harvard University and a private firm, Vantage Associates. Web-based materials can be located at: http://www.harvard.edu/b01/en/common/item_detail.html and <http://www.vantageassociates.com/value.asp>.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|-----------|
| 1. The superintendent and his executive leadership team should begin researching strategic planning and select the model to be used by ESD 114 to formalize their mission and goal setting process and long range improvement plan (three to five years). | June 2007 |
| 2. Organize staff meetings to involve all members in development of the organization's mission, vision, goals, objectives and action plan for long range improvement. | June 2007 |
| 3. At Superintendents' Advisory Council meeting, get school district input and approval of the ESD Strategic Plan. | June 2007 |
| 4. The superintendent should present the Strategic Plan to board of directors for approval. | July 2007 |

5. Establish schedule for periodic review and amendments of the ESD Strategic Plan.

Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources. By using the National School Board Association materials and toolkits and by relying on strategic planning resources on university websites, ESD 114 can accomplish this objective with no consultant fees. Professional services, however, can be procured for a fee from different consulting groups.

If the ESD chooses to contract with an outside facilitator, it is recommended that the ESD prepare a request for proposals. This will ensure that the process is open to all interested and qualified groups and that the ESD receives the service at the most competitive price.

3.2 Regional Governance Structure

For Washington's Educational Service Districts, the governance structure is defined in RCW 28A.310.030 through 210. The chapter sections address board membership, terms, restriction on other services, elections, qualifications, reimbursements for expenses, compliance responsibilities, and powers and duties. A review of the *Self-Study of Washington Educational Service Districts* prepared by Marcia Fromhold of MFL Solutions in October, 2006, shows that seven of Washington's ESDs have seven-member boards and two have nine-member boards. Olympic ESD 114 has a seven-member board.

The Association of Education Service Agencies is the professional association for ESDs in all states. Their web site (<http://www.aesa.us>) offers many research resources that delineate information regarding the governance structures of ESAs across the country. Most states have established educational service agencies. The Web site includes links to the many states that have established educational service agencies. There are, however, many models of structures, governance, functions/roles, and funding for ESAs. The governance structures in some states like Connecticut Regional Educational Service Agencies and Colorado Boards of Cooperative Educational Services are composed of representatives of constituent school committees rather than independently elected governing boards.

Washington, like Texas Regional Education Service Centers, employs governing models that have board candidates elected by the total school board members of the school districts located within the regional boundaries of the ESD.

FINDING

The Educational Service District 114 has a very experienced board of directors consisting of four women and three men. The board members come from diverse personal backgrounds, and interviews with individual members reflect that the board and

the superintendent have an open and high trust relationship that facilitates system oversight.

Exhibit 3-1 lists the seven current members of the Educational Service District 114 Board of Directors and summarizes their backgrounds and terms of service to the district.

**EXHIBIT 3-1
EDUCATIONAL SERVICE DISTRICT 114
BOARD OF DIRECTORS**

BOARD MEMBER	TITLE	LENGTH OF SERVICE	TERM EXPIRES	OCCUPATION
Ray Ondracek	Vice Chair	3 years 2003	2010	Retired Educator
Katie Proteau		20 years 1986	2008	Retired Educator
Dean Kiess		7 years 1999	2010	Retired US Navy/ General Contractor
Jean Wasson	Chairperson & Legislative Representative	5 years 2001	2007	Retired Small Business Owner
Donn Ring		34 years 1972	2010	Retired ESD Supt
Karen Sorger		2 years 2004	2008	Director of Marketing/Retirement Apartments
Genelle Doyle		1 year 2005	2007	Former Day Care Owner/Operator

Source: Educational Service District 114 Board Member Document, November, 2006

The board meeting held during the team's onsite review was attended by the audit team leader. His observations support his interviews with the seven members of the board of directors conducted prior to the onsite visit that an excellent relationship exists among the board members and between the board and the superintendent. The meeting was cordial and professional with all recommendations made by the superintendent unanimously approved by the members present. This level of support is evident when reviewing minutes of previous meetings for the past year. Monthly board meetings are held, with the exception of December and July because of holidays and summer vacation schedules.

Another key stakeholder group in the governance and management structure of the ESD is the Superintendents' Advisory Council. Interviews with superintendents support that they have good access to the superintendent via meetings and telephone. Monthly meetings are held, and legislative updates and program reports are provided. Three district superintendents interviewed during the onsite visit stated that the monthly meetings are well attended, and one described the meeting as a "5 Star" service because of the relevance and timeliness of the information presented. The superintendents see the superintendent of ESD 114 as a strong advocate on their behalf before public policy authorities.

The school district superintendents described the superintendent of ESD 114 as knowledgeable about the challenges facing the school districts and as generally willing to provide them information requested, though spread too thin. They describe him as accessible and approachable, inspiring confidence that their issues are being heard, and a valuable resource because of his knowledge of public policy and his experience as a school district superintendent.

COMMENDATIONS

The ESD 114 Superintendent is commended for his integrity and knowledge of public policy and education issues and his responsiveness to the service needs of the school districts.

The ESD 114 Governance team, that includes the superintendent and the board of directors, has an open communication and high-trust relationship that facilitates decision-making and service delivery.

3.3 Workload Management

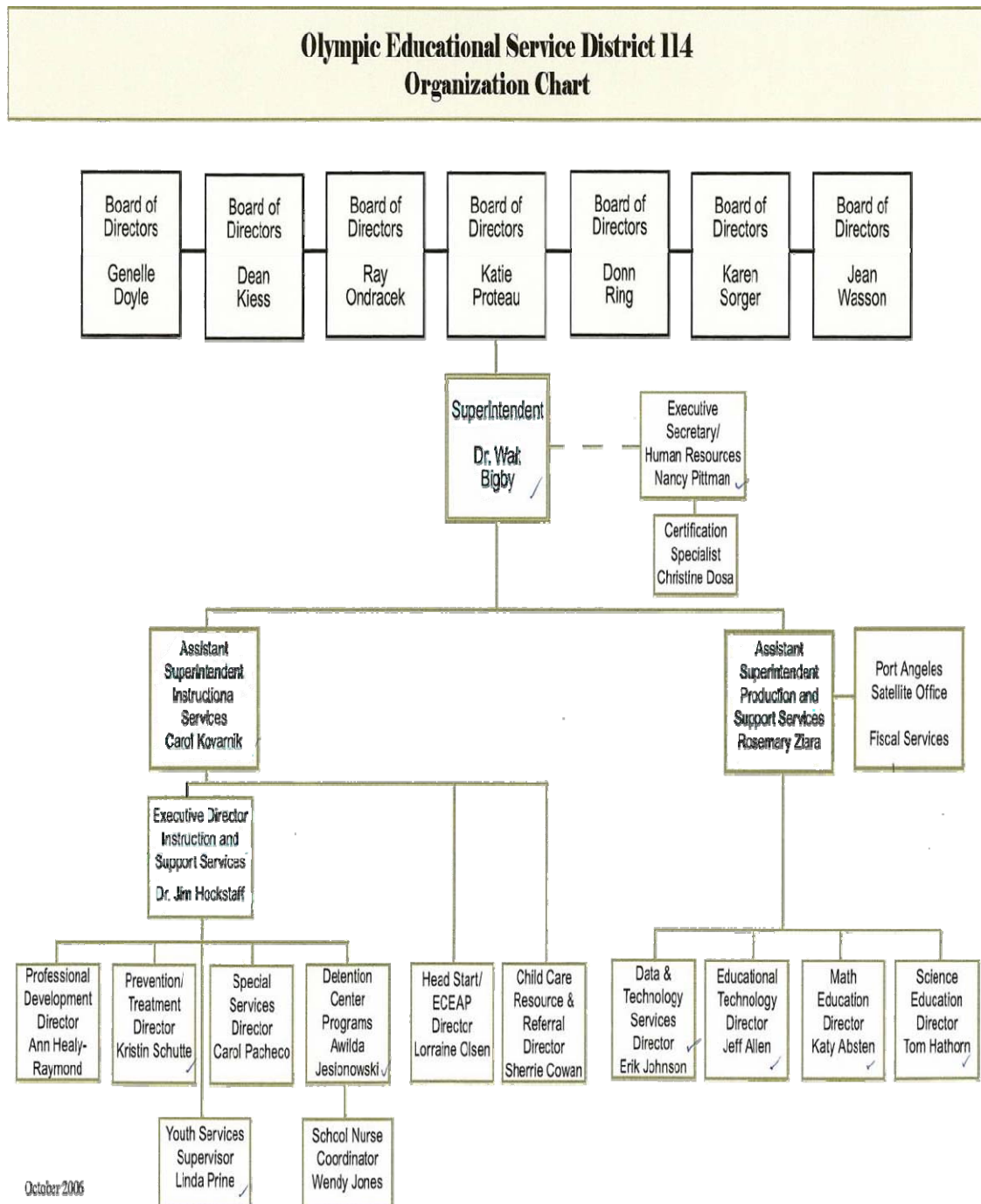
Workload management refers to staff allocations, staffing ratios, workload distribution, work process analysis, and internal productivity management. Workload management tracks the individual and collective contributions of an organization's members so as to determine efficiency and effectiveness. The input of the members has a direct relationship to the outcomes achieved by an organization.

FINDING

The current ESD 114 organizational structure is confusing, redundant and interferes with productivity management, evaluation and reporting and is neither efficient nor effective.

The administrator to staff ratio, excluding the direct student services components of Head Start and High Risk Youth Services, is less than 1:3. This clearly demonstrates that ESD 114 has too many administrators in relation to the number of professional personnel available to support school districts. **Exhibit 3-2** displays the 2006-07 Organizational Chart for Educational Service District 114.

**EXHIBIT 3-2
EDUCATIONAL SERVICE DISTRICT 114
ORGANIZATIONAL CHART**



Source: ESD 114 Superintendent's Office, 2006.

Staff and school district superintendent interviews indicated a concern with the current organizational structure. Concerns were expressed regarding the high number of administrators in relation to certificated, professional, and support staff. The current organization chart for ESD 114 includes one superintendent, two assistant superintendents, one executive director, 12 directors and 20 coordinators to supervise a staff of 130 (total staff of 167, with 37 administrators). The 130 total includes 68 staff and one director employed to provide direct service to children in the Head Start program; and 12 staff with one director and two coordinators in the High Risk program housed in area detention centers. This means that a total remaining professional staff of 50 certificated and support employees are supervised by 22 administrators (excluding the superintendent). The administrator to staff ratio is less than 1:3.

An added concern is that there were no substantive explanations for how administrative job titles are determined or assigned. Consequently, one director may supervise two support personnel while another one may supervise 68 professional and support staff. This is difficult to explain or defend to superintendents, who in their interviews, expressed concern regarding the rapid escalation of costs for ESD 114 cooperative services.

The salaries of the top administrators, including the assistant superintendents and executive director, are also considerably higher than comparable positions at other ESDs in Washington. For example, for 2006-07, the assistant superintendents' salaries at ESD 114 are \$117,651 while for the same positions at another ESD (with an administrator to staff ratio of 1:10) the salary for the two assistant superintendents is \$105,366, and the executive director salary comparison is \$105,509 to \$96,429.

Another concern/shortcoming of the current organizational structure is that the two major divisions include common or similar functions. The two divisions reflect that both assistant superintendents have responsibility for business operations, instructional initiatives, and professional development. Both divisions have instructional and finance operation services responsibilities. The two assistant superintendents have similar education backgrounds and work experiences. Additionally, it appears that the executive director position in one division duplicates the work responsibilities of the supervising assistant superintendent. This redundancy is inefficient and costly to member school districts.

According to staff interviews, the current structure appears to inhibit cross-division collaboration and planning, fosters competition, contributes to low staff morale, and likely influences the high turnover of staff. Some ESD 114 administrator comments are paraphrased below, including:

- *I feel like a consultant here (no feeling of family)... There is not a level of collaboration organizationally,... leadership meetings are just reporting out.*
- *Getting together is a challenge,... need more collaboration, trying to bring the organization together.*
- *We found ourselves competing,...not productive... uncomfortable... still have some issues.*

- *No team building activities, no system of communication, people recognize the need, but no time,... programs are programs and stand alone.*

By their nature, ESAs exist to provide technical assistance, professional development and support to member school districts. As such, the majority of ESD 114 services are externally based. Management and oversight of the ESD 114 budget can be provided by the same office that provides leadership to business managers in the field. This appears to be the predominant model in ESAs across the state and country and affords a more efficient alignment of workload management and productivity.

Recommendation 3-2:

Establish a new organizational structure that aligns job functions, titles, and salaries to a fair and objective workload distribution plan in order to achieve an administrator to staff ratio of 1:6.

In *American Education's Invisible Partner* (pages 92-94), the authors argue that ESAs should organize staffing around functions similar to school districts. Their rationale is that the prevailing norms in staffing ESAs and state central education agencies are those generally found in K-12 systems. Therefore, it is recommended that any new organizational structures or revisions to current structures at ESDs should consider alignment of components by functions, such as instructional support, business operations, and management. According to the authors, this organizational system facilitates professional development, planning and delivery, access to technical assistance and support for client school districts, and accountability monitoring. It also supports the beliefs and mission of the organization and its service priorities that should all revolve around improving student achievement and building school success.

The recommended ratio of one administrator to six staff should be considered only a benchmark for a beginning point for the ESD to consider. The chapter on Human Resources delineates strategies from the educational literature to assist in defining the parameters for effective organizational structures. Administrative positions, salaries, and span of control at the ESD should ideally align with those of the school districts in their region and across ESDs of comparable size.

This ESD serves the fewest number of school districts of the nine ESDs statewide (15), has the second fewest number of students with 48,817.5, and the smallest ESD square miles (4,094.94) as indicated on pages 29 and 30 of the *Washington Self-Study of Educational Service Districts*. It is unlikely that any school district in this ESD has two directors earning over \$66,000 annually supervising one coordinator and two secretaries.

Significant differences are evident in the span of responsibility for the 34 administrators; comparability to like certificated and salaried positions at the school district level are factors used to support the recommendation of, at a minimum, increasing the administrator to staff ratio from less than 1:3 to 1:6. While it may be too challenging to achieve this administrator to staff ratio in one year, some reduction in the number of administrators and administrative salaries are realistic targets.

Furthermore, it also is critical that, in whatever organizational structure results, each component is led by administrators with appropriate credentials, training, experience, and expertise in the program areas they supervise. Development of any new organizational structure should engage staff and the superintendents in the initial brainstorming. The organizational structure should facilitate systemic, comprehensive planning and consolidate the archiving and reporting of relevant outcomes.

The superintendents interviewed concurred with the best practice organizational structures recommended in the professional literature. Comments gathered during onsite and telephone interviews with the school superintendents regarding the organizational structure of ESD 114 are paraphrased below:

- *Need a situation that is collaborative and easy for school districts to understand.*
- *I think that a structure more like school districts would make it easier to know what services are available and to access staff beyond the superintendent. Make clear distinctions between the divisions like, one for instructional support to include curriculum, assessment and program support; and, one side with finance and operations, including technology, transportation, certification, fiscal support and purchasing.*
- *Probably, it would be beneficial if the ESD offered more online support services. Not sure how it should/would work but there is potential in this type of support.*
- *I would like to see more valuable service from the staff. Show the districts how the ESD is adding value to the districts.*
- *The major issue for the ESD is defining the essence of the support structure they need to assist school districts to deal with multiple challenges confronting us, such as new instructional and fiscal accountability. Accountability for school districts is rapidly increasing and changing and we have fewer resources at our disposal to prepare for these mandates. The ESD must organize and position itself to mentor, guide, and support the school districts.*
- *The ESD needs to acknowledge that it too has a role in curriculum alignment and instructional support. These are critical need areas for the school districts and yet they are not strengths of our ESD.*
- *The current structure reflects an efficiency model that may have been successful 20 to 60 years ago but not today. The structure is more cumbersome than necessary. ... The biggest obstacles are the relevancy of the services they offer and the cost for those services. I'm not sure that the services they offer are the best available. I would like to see more attention to planning and building a rationale for what services are being offered and how the fees/costs were determined.*

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|----------------|
| 1. Review best practice recommendations and secure copies of ESD organizational charts from other ESDs of comparable size and service area. | July 2007 |
| 2. Review the recommendations presented in the Human Resources chapter. | September 2007 |
| 3. Solicit input from a committee of school district superintendents on parameters for a new organizational structure for ESD 114. | October 2007 |
| 4. Present proposed organizational chart to board of directors for review and approval. | November 2007 |
| 5. Present new ESD 114 Organizational Chart to administrators. Develop transition plan with timelines for implementation. | November 2007 |
| 6. Present new ESD 114 Organizational Chart to staff and initiate transition plan, including office assignments, timelines, etc. | December 2007 |

FISCAL IMPACT

Implementation of this recommendation will likely take time due to the need for staff attrition, transfers, and new hires. Any cost savings will be recognized only as these actions are implemented. Consequently, it is unrealistic to project a firm cost savings at this time. The ESD will need to conduct an analysis, such as the development of a job classification matrix, to be in a position to identify actual cost savings. Therefore, the audit team can only estimate potential savings based on existing information.

Using 2006-07 salary data, the average annual salary costs per administrative level are listed below:

- Assistant Superintendent – \$117,651
- Executive Director – \$105,509
- Director – \$ 71,288
- Coordinator – \$ 45,482

If the ESD reduces the number of administrators from 37 to 23, it will increase its administrator to staff ratio to 1:6. However, the ESD will need to analyze its job classifications and responsibilities to identify the specific positions that can be eliminated. To provide a general perspective of potential savings, the audit team multiplied the total number of administrator positions to be reduced (14) by the average annual salary of the Coordinator position (\$45,482), the lowest-cost administrative level. As seen in the summary below, the resulting amount of \$636,748 represents prospective annual savings.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Establish a new organizational structure to achieve an administrator to staff ratio of 1:6	\$636,748	\$636,748	\$636,748	\$636,748	\$636,748
TOTAL	\$636,748	\$636,748	\$636,748	\$636,748	\$636,748

Using the parameters described above, total projected administrative cost savings for the period from 2007-08 to 2011-12 would be **\$3,183,740**.

It is important to note that it will take time for the recommendation to be implemented and will likely take effect over multiple years. The identification of fiscal impact is simply intended to illustrate the propensity of cost savings if and when the recommendation is implemented. As indicated in the implementation strategies and timeline above, the ESD Superintendent should begin implementing the recommendation for the 2007-08 work year. However, staff attrition, transfers, and new hires will need to occur over time for these cost savings to be fully realized.

It is recommended that the guidelines delineated in the Human Resources chapter of this report be used to drive the reorganization process.

Cost-Savings Implications:

As referenced above, it is not possible to project a firm cost-savings amount until a formal analysis of job classifications and responsibilities is completed. Nevertheless, the ESD should be able to redirect any recognized savings internally to employ education, business and operations, and technology specialists to provide the onsite lateral support at the district/school site level. Implementation of this recommendation should accelerate accomplishment of the student success goals they have collaboratively defined for their region. This school- based professional development, technical assistance, coaching and mentoring could be offered without the need for more locally funded cooperatives; thus, the savings potential is for the school districts and not the Educational Service District.

This cost-efficient and more effective service model approach also may have the potential for saving limited state resources to be used in different methods. This innovative service model for Educational Service Districts has the potential of revolutionizing the service approach traditionally used by Educational Service Agencies. Further, it could increase the role of Educational Service District in improving student achievement.

3.4 Communication and Coordination

In the book, *Restructuring for Caring and Effective Education*, the authors explain that the responsibilities of school leaders are varied and complex. Administrators must be instructional leaders, morale builders, keepers of the contract, liaisons with state and other district staff, and public relations coordinators. They must engage their organizations in a process of continuous improvement and create opportunities for the

organization's members to participate in building the capacity of the organization to be responsive to the emerging needs of its clients. Coordination, communication, and planning are the hallmarks of successful organizations.

FINDING

No clearly defined system exists to communicate information or to coordinate school improvement efforts between the Office of State Public Instruction (OSPI), ESD 114, and its member school districts.

One superintendent phrased it well when he stated during the onsite interview that "school districts need clarity in this state and clear points of control defined for each level of public education. What is the Office of Superintendent of Public Instruction's role and what is the ESDs' role in supporting school districts to attain mandated and expected standards?" Other superintendents concurred that school districts need published expectations and public accountability standards for all agencies. They feel that this will clarify what each agency will be expected to contribute toward building quality schools for all children in this state.

Interviews with ESD and school district staff members reveal that there is minimal to no coordination of services or communication between OSPI and ESD 114 and its member school districts. Currently, it appears that no clearly defined or articulated plan exists to communicate information from the central education agency to the ESD and on to the school districts. Superintendents reported that it is not uncommon for a new state initiative to be announced without first reviewing what already exists at the local and regional level and without connection to priority mandated district initiatives.

They question the decision making processes being employed to select new initiatives and to determine why these state projects have become funding and action priorities before completing other critical initiatives mandated earlier. A state developed and shared long range plan for district and student improvement should set the direction and drive the allocation of resources, the implementation timeline, and the role of each organizational public education structure should be clearly defined and delineated in relation to the State's long range improvement plan.

The school district superintendents interviewed had several comments relating to the relationship between the OSPI and the ESDs. Comments paraphrased below included:

- *We need to look for more OSPI services that can be moved to the ESDs and from the school districts to the ESDs, like teacher and administrator certification and re-certification, student data mining and reporting on state assessments, curriculum development, data processing and technology, etc.*
- *We need to figure out some way to avoid duplication at the OSPI, the ESDs, and the school districts. The technology exists to connect OSPI, the ESDs, and the school districts. We are so behind in this state. We are not capitalizing on E-rate.*

- *OSPI did not set up the ESD system with incentives to make them perform well.*
- *I'm assuming that OSPI and ESDs may duplicate services and want more efficiency.*
- *...both OSPI and the ESDs seem to offer similar services, such as conferences. Professional development academies for teachers seem to be parallel to each other. Duplication seems costly.*
- *The practice at the state level is to keep cutting funding for ESDs. They really need more core funding to serve the districts rather than being majority entrepreneurial. There is a need for more balance.*

Recommendation 3-3:

Develop, disseminate, and follow a clearly defined communication and coordination plan to influence the development and initiation of new support services for school districts.

The school district superintendents interviewed had several ideas for new initiatives, projects, and services they would like to get from their ESD, with possible funding and direction from OSPI. They believe that efficiency and effectiveness can best be accomplished with a comprehensive system of planning, communication and coordination to drive all public education decisions and actions.

School districts are confronted with many challenges including:

- Continuously increasing mandates for improved student achievement and teacher quality.
- Rigorous, complex, and public accountability standards and requirements.
- Mandated professional development for teachers, administrators, and all levels of auxiliary personnel.
- Greater access and utilization of technology.
- Diminishing fiscal resources.

From the superintendents' perspective, an integrated planning and communication process, institutionalized statewide and relying on input from the school district leadership teams, would greatly enhance the effectiveness and efficiencies of the low wealth, rurally isolated school districts in Washington. A structured process for accomplishing this end would add value to the services available to students, school staffs and communities and would use limited fiscal resources more efficiently and effectively.

Some examples of school district needs that could benefit from coordinated planning by OSPI and ESD that relate specifically to school district operations are:

- Assistance with curriculum development aligned with state standards and state assessments;
- Support with student achievement data analysis and reporting;
- Leadership in textbook selection and acquisition;
- Assistance with district staff certification and re-certification requirements;
- Expanded purchasing cooperatives for food services, transportation, and technology, including E-rate; and
- Shared service arrangement or cooperatives for business office management and operations and fiscal analysis and reporting.

A formal process for communication, data gathering and planning likely would result in the decentralization of state funds to ESDs for development and support of these initiatives and/or new regional service cooperatives that would assist districts in operating more efficiently and cost-effectively.

Improving student achievement and maximizing the limited fiscal resources available prompt school district leaders to consider new ways of doing business. A structured statewide service delivery and communication plan could maximize state resources and give all stakeholders the opportunity to shape their future. In this scenario the school districts would see OSPI and the ESD as their partners in fostering school excellence with high levels of student achievement and high standards of fiscal integrity.

IMPLEMENTATION STRATEGIES AND TIMELINE

The implementation strategies and timeline for this recommendation are found in the Organizational Structure chapter of the global report. Before ESD 114 can develop its internal coordination and communication plan aligned with the state plan, OSPI must develop its own plan, with clearly articulated parameters that the State's system of ESDs must adopt.

FISCAL IMPACT

No fiscal impact can be determined at this point. Development costs for a statewide coordination and communication plan could be incurred by OSPI or be prorated among the system of ESDs. Internal resources currently existing at the OSPI and/or the ESDs could be made available without costs for the plan development beyond staff time and travel costs.

Having a coordinated OSPI, ESD, and school districts' plan for guiding state and federal resource expenditures and reporting could enhance accountability. This coordinated plan could be used to share statewide information with interested parties and the general public.

3.5 Chain of Command

In the book, *Essential Series on Leadership*, Tom Peters states that effective leaders do not “order” or “mandate” change within their organizations. Rather, effective leaders build a bold agenda of change for their organization and seek talent from all levels within the organization, invite staff to share their most audacious ideas for change and seek their assistance in implementation of a mutually agreed upon action plan. He refers to these internal contributors or supporters as “heroes.”

Tom Peters and other experts on leadership agree that excellence exists at all levels of an organization. It is the leader’s job to:

- Chat up people throughout an organization who welcome change.
- Develop a list of potential contributors or heroes.
- Hang out with heroes in the making.
- Encourage heroes to “go for it.”
- Protect heroes when their immediate supervisors seek revenge.
- Turn the “demos” of the heroes’ best efforts to success stories and share with the total staff.
- Showcase their success stories. Incorporate the success stories into speeches, newsletters, and weekly emails. Add your public stamp of approval.
- Promote one or two of the most illustrious heroes by moving them up more than one level.
- Treat the promotion of heroes as a big story.
- Keep the cycle going ... more heroes ... more success stories.

FINDING

The organizational structure and the chain of command procedures employed by ESD 114 appear to inhibit cross-division planning and may be a contributing factor to low staff morale and high staff turnover rates.

During onsite interviews with program staff it became apparent that there are some concerns regarding the quality and type of communication strategies employed by ESD 114 leadership.

Program Quality Interview Surveys completed with ESD 114 staff reflected that some components of the organization prefer to work in isolation and that low morale exists in the organization. Staff interviews indicated that there are few opportunities when staff input is solicited and the emergence of new ideas, strategies, and initiatives appear to be

hampered by this lack of openness and interaction. Several administrators responded that administrator meetings with the superintendent are rare and are basically reporting sessions. Concerns centered on issues like the amount of time available for planning, the quality of organizational planning, and opportunities available for collaboration among staff, including administrators.

One such issue is how administrator titles are assigned and how salary decisions are made. There are significant differences among administrator responsibilities and salaries. Director salaries range from \$50,689 to \$84,987 and coordinator salaries range from \$39,802 to \$62,515. The span of control varies dramatically among administrators at the same classification and similar salaries. For example, one director with a salary of \$75,744 supervises 68 FTEs, while another director with a salary of \$78,405 has no staff reporting to her. Because the chain of command has not established a process for addressing these concerns, and because of the evident disconnect in every operational aspect between the two major divisions of ESD, the staff members are frustrated and sometimes angry at the leadership. The high turnover of personnel that has persisted over the past three years may be indicative of dissatisfaction with the organizational structure and the current chain of command.

Review of board agendas conducted during the onsite review reflects staff resignations in most board meetings held over the past three years. (See the Human Resources chapter for specific data regarding the number and types of positions impacted by resignations.)

Recommendation 3-4:

Act intentionally to create an organizational environment that is open, caring, and respectful of others' ideas. Create organizational processes that reward staff for knowledge, expertise, and contributions to organizational effectiveness.

To facilitate recruitment and improve retention at the ESD, the leadership team could engage in building an organizational culture that is respectful of its members' ideas and contributions and celebrates successes. Building trust, organizational commitment, and pride occur more easily when an organization's leader acts intentionally to engage its members in discussions about critical issues.

This type of organizational culture can be carefully cultivated but requires an investment of time and energy. Without it, however, organizations can suffer from continuous turnover, burnout, and lack of commitment to the organization's purpose and mission.

Organizational leaders have many resources available in the professional literature to facilitate the building of caring, responsive and nurturing work environments. Phillip C. Schlechty, in *Schools for the 21st Century*, stipulates that leadership cannot be separated from followership. The professional literature is clear that the persons who occupy positions of authority determine, in the long run, the real prospects of organizational reform. Leaders make this determination, according to Schlechty, not so much because they are leaders, but because they are in position to determine within limits, who among the subordinates will be empowered to lead. The more powerful the leader, the more likely it is that subordinates, regardless of their position title, will be empowered to lead.

The ever-changing demands and escalating expectations of public education require that ESD leaders be visionary, creative, and passionate. They need a clear understanding of their organization's purpose, a realistic understanding of their organization's capacity to achieve this purpose, and a compelling vision of how their organization can be made to pursue this purpose effectively.

The authors of *Restructuring for Caring and Effective Education* provide an excellent guide for education leaders. It is clear that building strong, new partnerships is difficult work. There are conflicts to be resolved and compromises to be made. Differences can be negotiated, but it takes time and trust. Time is needed to talk, to establish good communication patterns where each person speaks his or her personal truths, confident they will be heard. Time is needed to plan. Making decisions with input from different levels of an organization takes more time and may feel like an uncomfortable or unfamiliar constraint on independence and authority. Time is needed to build a shared history and to establish new benchmarks for organizational behavior and to finally build a culture of trust.

When this level of organizational behavior exists, people know each other well, and find themselves working together closely, being honest with one another and committed to each other and the organization's success. Engaging in the building of this type of organization yields the dividend of commitment. When organization members are committed to the institution, turnover is eliminated, the culture of the organization is enhanced, and its desired outcomes become easier to achieve.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The superintendent and his executive leadership team (may include board officers, and a committee of district superintendents) should begin researching organizational restructuring models and select the model(s) to be used to build a more caring and nurturing organizational culture at ESD 114. | June 2007 |
| 2. Organize and establish a schedule of staff meetings to engage all members in defining the organizations' purpose and rules of engagement and communication. | June 2007 |
| 3. At Superintendents' Advisory Council meeting, share the planning processes and seek input. | June 2007 |
| 4. Present recommended action plan and processes to board of directors. | July 2007 |
| 5. Initiate implementation of the organizational culture restructuring plan and provide periodic updates to the entire ESD staff, board of directors, and school district superintendents. Create opportunities for staff to discuss and debate actions, impact, and level of success. Act intentionally to build ownership of the organization's purpose and strategic plan. | Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents findings, recommendations and commendations relating to the financial management, purchasing, and contract management functions performed by staff at Olympic Educational Service District (OESD or ESD 114). The chapter is divided into two sections. The first section covers financial management and budgeting activities, and the second section covers purchasing and contract management activities.

The primary methodologies used to review ESD 114's financial management, budgeting, and purchasing and contract management processes addressed in this chapter include:

- Interviews of key ESD financial and budgeting staff;
- Review of the ESD's Board policies regarding financial management and budgeting;
- Review of the ESD's budgets;
- Review of the ESD's financial statements;
- Review of the ESD's purchase and contract management system;
- Review of contracts and cooperative agreements maintained by or participated in by the ESD; and
- Review of other reports and documents as needed.

CHAPTER SUMMARY

ESDs serve many purposes in the way they serve the school districts in their region. Also, the purposes vary from region to region depending on needs and skills of staff in the ESD. The ESDs provide numerous service offerings including the following:

- Assist school districts in providing cost-effective, quality-education programs and facilities.
- Provide information and consultation services to local school districts.
- Assist in providing equal educational opportunities for all students throughout the state.
- Act as liaison between local school districts and the Office of Superintendent of Public Instruction (OSPI).
- Deliver programs mandated by the Legislature, assuring an environment for excellence in education.

Financial and budgeting related functions are provided for internal purposes for the ESD and as service offerings to schools districts within the region served by ESD 114. In some cases these service offerings are provided to districts outside its regional service boundary.

Financial operations in the ESD include collections, disbursements, accounting, grant accounting, accounts receivable, accounts payable, payroll, budgeting, managing pooled resources, and financial reporting. Fiscal Service offerings to school districts within the region include assisting with the preparation of required state reports and budgets, mid-year budget review, business management functions and other financial related services on an as-needed basis. The assistance provided to small districts in the ESD 114 service area is very important because some districts are so small that they may not be able to afford to have any business office staff.

Financial management functions fall under both of the ESD's assistant superintendents. Most internal financial operations are under the assistant superintendent for Business and Instructional Services located in the ESD's main office in Bremerton, known as the business office. Other financial related activities are organized under the assistant superintendent for Production and Support located in the Port Angeles satellite location.

To distinguish between the financial functions related to the ESD's financial operations and those provided as service offerings to school districts, the ESD refers to the internal financial related functions as business operations and the service offerings as fiscal services. The ESD also operates two cooperative pools, the unemployment compensation pool and the workers' compensation pool. One pool is organizationally under the assistant superintendent of Business while the other is under the assistant superintendent for Production and Support.

Financial (fiscal) and budget related activities conducted by the ESD are important to the entire operation of the organization. Effective fiscal operations establish detailed policies and procedures for processing and monitoring daily business transactions efficiently while providing accurate, complete, and timely information to the superintendent, ESD Board members, school districts, regulatory and other agencies including the federal government, and the public.

An ESD operates much like a small business by providing services to school districts in its region. ESD 114 has about 140 employees and generates approximately \$15 million to \$20 million per year in revenues from various sources. ESD 114 exhibits an entrepreneurial environment by seeking to provide services that school districts can use to help them become more effective and/or efficient. It has little competition, although schools can obtain services from other ESDs, the private sector or other school districts. The ESD must be customer service oriented because school districts participate voluntarily, and may have choices.

The financial management functions are generally handled very well by the business and satellite office staff. The results of recent audits by the State Auditor and by the MGT audit team indicate very few reporting, budgeting, or internal control problems. Nevertheless, the organizational structure and the fact that financial-related activities are conducted within both main organizational areas is peculiar at best, and not very effective or efficient at worst.

Purchasing and Contract Management functions are critical to ensuring goods and services are acquired to support the operations of ESD 114. The purchasing function requires careful adherence to federal and state laws, regulations, principles and methods of sound management. Good purchasing and contract management policies and procedures should help foster public trust and confidence that taxpayer funds are being spent efficiently and that quality goods and services are being acquired in an effective manner.

Centralized purchasing and contract management related functions are provided for the OESD by the service district's business office under the direction of the assistant superintendent for Business and Instructional Services. The staff assigned specific roles in this area are supervised by an accountant who reports directly to the assistant superintendent.

Purchasing and contract management policies are established by board policy, and procedures are documented in the District's Administrative Procedures. The OESD uses a credit card program for some purchasing activities and for travel purposes. The OESD and the 15 school districts on the Olympic Peninsula participate in, and make purchases using, established purchasing cooperatives such as King County District Association (KCDA) and the State of Washington's "convenience contracts." The purchasing cooperatives and convenience contracts offer a wide range of commodities, services, food products, office supplies, furniture, vehicles, technology, etc. for school districts and ESDs. ESD 114 has not formed a purchasing cooperative for its region because of these two programs and other statewide purchasing programs.

Key commendations in this chapter include:

- ESD 114 is commended for receiving excellent results on its most recent actuarial review of the Workers' Compensation Fund.
- ESD 114 is commended for achieving a high level of satisfaction from participation members of the Workers' Compensation cooperative.
- ESD 114 is commended for an innovative program in the Workers' Compensation pool to encourage injured employees to return to work sooner.
- ESD 114 is commended for charging consultants for the space used to provide their services, helping to ensure the consultant is an independent contractor.
- ESD 114 is commended for using the state credit card program to save processing costs and earn rebates.

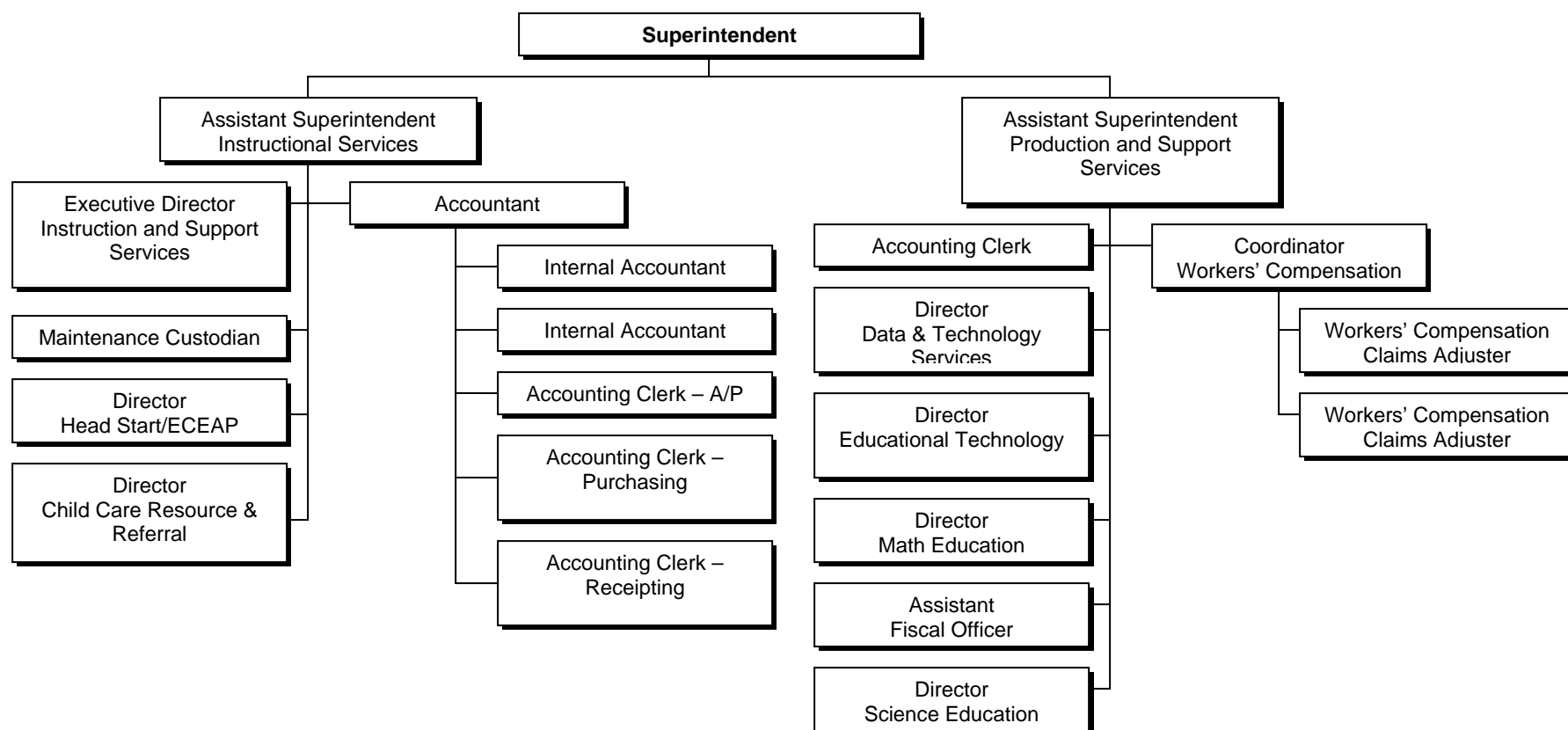
Key recommendations in this chapter include:

- Consider placing all financial activities under one of the assistant superintendents. **(Recommendation 4-1)**

- Link the budgeting process to the ESD 114 strategic plan. **(Recommendation 4-2)**
- Develop performance measures to help ensure funds are being spent effectively and efficiently to support schools in their effort to deliver high quality education. **(Recommendation 4-3)**
- Amend or repeal the 1986 board resolution to give the authority to the superintendent alone to issue warrants prior to board approval. **(Recommendation 4-4)**
- Adopt simple and practical steps for the evaluation of spreadsheet controls. **(Recommendation 4-5)**
- Review assessment rates, establish fund balance (pool reserve) guidelines and have an actuary review the unemployment compensation cooperative program periodically. **(Recommendation 4-6)**
- Increase funding to the Workers' Compensation Pool or dedicate funds from the existing fund balance to provide a funding source to further encourage and develop the light-duty return to work program. **(Recommendation 4-7)**
- Develop a board of directors policy addressing the level of unrestricted and undesignated fund balance to be maintained by ESD 114, and criteria for determining appropriate fund balances for reserved funds. **(Recommendation 4-8)**
- Seek free and reduced meal payments for all eligible children in the KATS program. **(Recommendation 4-9)**
- Review and revise purchasing policy that requires purchase orders for virtually all purchases. **(Recommendation 4-10)**
- Study cell phone usage and determine if there is a cell phone service provider than can meet the needs of ESD 114, and compare the expected costs to what is being paid under the current reimbursement program. **(Recommendation 4-11)**

Exhibit 4-1 displays the current organizational structure for ESD 114.

**EXHIBIT 4-1
CURRENT ORGANIZATIONAL STRUCTURE FOR ESD 114**



Source: Information provided by ESD 114, 2006.

4.1 Organizational Structure

FINDING

As indicated in the organizational chart (**Exhibit 4-1**), the financial management related functions for ESD 114 are under both assistant superintendents. Finance-related functions are located on both sides of the organizational division. This topic is covered in more detail in Chapter 3.0 (Governance and Management), but this review of the financial management functions found this to be somewhat confusing, and perhaps not very efficient. An organization of this size would often have one financial/accounting professional with all finance-related activities housed under her or his supervision. In the private sector, organizations of the size of ESD 114 and larger often have a chief financial officer (CFO) to manage these activities.

Recommendation 4-1:

Consider placing all financial activities under one of the assistant superintendents.

The organizational structure is covered in more detail in Chapter 3.0, Governance and Management, Recommendation 3-2. The assistant superintendent of Instructional Services and Business Operations has most of the finance-related functions in the business office under her area of responsibility. She has a business educational background and extensive experience in the areas of accounting, payroll, accounts receivable and payable, and the handling all business related functions of an organization like an ESD. A common practice among other ESDs is that all business related functions are organized within the same division.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. ESD 114 Superintendent initiates revision to organizational structure by developing a draft organizational chart and sharing with the superintendent's Advisory Council for input and comment. | July 2007 |
| 2. ESD 114 Superintendent with assistance from Human Resources changes organization chart and revises job descriptions as necessary. | August 2007 |
| 3. ESD 114 Superintendent in conjunction with Human Resources interviews and assigns personnel based on new organizational structure. | September 2007 |

FISCAL IMPACT

The implementation of this recommendation can be achieved within existing ESD resources.

4.2 Planning and Budgeting Process

An ESD's annual budget is one of the most critical documents the organization prepares. The budget identifies the sources and amount of funding the ESD will have available for the programs and services it intends to provide to its "customers," and to cover administrative costs. Effective budgeting is normally based on a strategic or other plan that provides an organization with a foundation upon which to base its funding needs. The budget helps ensure services are provided and funding is received and spent appropriately. The budget helps ensure the ESD can pay its bills and continues to employ its staff, and that it remains a solvent, on-going concern. The budget also helps to match expenditures with revenues and ensure there are adequate funds remaining in a reserve or a fund balance to provide working capital for growth, funds to replace vehicles, computers and other equipment, and to provide a short-term financial cushion when expenditures exceed revenues.

The budget process is coordinated by the business office; however, each department estimates its funding and spending for the year, and provides this detail to the business office. The business office then prepares the budget document, and reviews the funding estimates and spending plan to ensure the ESD will have ample funding to support all the programs and services it has committed to provide. Thoughtful planning and budgeting processes are essential to small organizations like the ESD because small miscalculations can result in rather large imbalances between the funds spent to provide a service and the funds received.

The business office provides a well documented and complete memorandum and a workshop explaining the budget process and data entry requirements each year. For the fiscal year ending August 31, 2007, the budget process began in March 2006. All departmental budgets were due to be submitted to the business office by April 27, 2006. The budget was provided to the board on May 18 for review and presented June 15, 2006 for adoption.

The budget is created to provide some flexibility to avoid having to seek board approval for small budgeting adjustments. Each department is responsible for monitoring its own budget. The business manager conducts a mid-year review to help ensure funding and spending remain in line with the annual budget. If adjustments to revenues and/or expenses are necessary, departments are held responsible for making the necessary changes. If the budget needs to be amended, a budget extension is prepared. Budget extension requests are prepared and submitted to the superintendent and board for approval.

FINDING

The budget process, although a bottom-up approach, is not based on any ESD-wide strategic or other plan. It is simply based on an estimate of revenues that are anticipated to be received by department or program, and the amount of money that should or could be spent based on the anticipated revenues, taking into account needed reserves. The budget is based on financial constraints and forecasts and not on any strategic plan, goals, direction, outcomes or performance objectives. (The lack of a strategic plan for this ESD is covered elsewhere in this report.) Although ensuring spending will be within

anticipated resources, this process falls short of helping the ESD assist schools in improving student performance or achieving other educational goals.

Recommendation 4-2:

Link the budgeting process to the ESD 114 Strategic Plan.

Ever since the mid-1990s, when the federal government refocused government decision-making and accountability on the results of the activities, it has become more and more important to ensure budgets (at all levels of government) are linked to planning. The budget is the document that should show the resources that will be required to achieve the goals established in the plan, not just show how much money needs to be spent based on how much is expected.

The National Advisory Council on State and Local Budgeting was established in 1995 by eight associations of state and local government, including the Government Finance Officers Association (GFOA), to develop and recommend practices in the area of state and local budgeting. According to the National Advisory Council of State and Local Budgeting Practice, a good budget process should:¹

- Incorporate a long-term perspective;
- Establish linkages to broad organizational goals;
- Focus budget decisions on results and outcomes;
- Involve and promote effective communication with stakeholders; and
- Provide incentives to management and employees.

Budgeting processes that include steps such as these will allow the ESD Superintendent and department heads to measure the success of individual programs and help them in their decision-making about whether to continue or discontinue ineffective or inefficient programs, thus allowing them to better direct scarce resources towards more efficient or effective programs.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. ESD 114 Superintendent initiates revision to budget guidelines to include annual performance commitments toward achieving goals and objectives as presented in the Strategic Plan. | June 2007 |
| 2. ESD 114 assistant superintendents and department heads develop the performance commitments toward achieving the goals and objectives established in the Strategic Planning document. | August 2007 |

FISCAL IMPACT

This recommendation can be implemented within existing ESD resources.

¹ National Advisory Council on State and Local Budgeting Practice, found on Internet January 5, 2007 at http://www.co.larimer.co.us/budget/budget_practices.pdf

FINDING

The ESD's formal budgets lack performance measures for financial performance and a written commitment to achieve the goals and objectives established in the ESD's strategic plan.

Recommendation 4-3:

Develop performance measures to help ensure funds are being spent effectively and efficiently to support schools in their effort to deliver high quality education.

Once performance commitments are established in budgets, department heads and the assistant superintendents need to develop measures to track progress toward achieving them. The measures should indicate how funds spent are or are not helping to achieve the goals and objectives established in the strategic plan.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. ESD 114 assistant superintendents and department heads develop the performance measures to track how well departments are achieving the goals and objectives established in the Strategic Planning document. | August 2007 |
| 2. ESD 114 assistant superintendents prepare annual performance reports to indicate the results of the efforts of their departments toward their performance commitments. | June 2008 |

FISCAL IMPACT

This recommendation can be implemented within existing ESD resources.

4.3 Internal Controls, Including Internal Audit

ESD Management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.² More than 40 percent of ESD revenue is derived from federal sources, which makes accountability and control important issues for the ESD. The OESD's internal controls over reporting, and those related to compliance, are noted in annual Financial Statements prepared by ESD 114, the Federal Single Audit Report prepared by the State Auditor (SAO), and in each SAO annual accountability report. The audit team analyzed documents for the most recent five-year period, and noted no matters involving internal control over financial reporting or operations that the SAO considered to be a material weakness, other than in fiscal year ending August 31, 2002. Although these annual audits provide no opinion on the internal controls, they are generally good indicators of the adequacy of internal controls in an organization being audited.

² Washington State Auditor's Office Financial Statements and Federal Single Audit Report, Olympic Educations Service District, No. 114, Kitsap County, WA, Audit Period September 1, 2004 through August 31, 2005, Issued May 12, 2006, p.4.

ESD 114 has no internal auditor or internal audit function. The business office provides guidance to departments related to their systems of internal controls.

FINDING

According to ESD 114 policy, its board of directors must approve payments made by the ESD for all goods and services received, including payroll. To continue normal business operations (and not delay payroll and other payments), the ESD issues warrants for payments of claims and payroll prior to approval by the board because the board does not meet in July or December. According to a 1986 board of directors resolution, RCW 28A.21.095, the board may delegate to the superintendent any of the powers and duties vested in the board. In 1986, the board adopted a resolution (no. 82) to permit the issuance of warrants prior to board approval. The resolution delegated to the superintendent, and any one board member, the authority to issue warrants before the board has acted to approve them, provided the board approves the warrants at its next regularly scheduled public meeting.

To deal with prompt payment laws that require the payment of interest after 30 days of receipts of goods or services, it is necessary to issue warrants more than once per month. In 1994, the board issued another similar resolution (no. 154) delegating the authority to issue warrants prior to board approval to the superintendent. This resolution did not mention “any one board member” needing to approve.

The second resolution cites a re-codified RCW 28A.310.220, that permits the board of directors to delegate to the superintendent any of the powers and duties vested in the board. Additionally, and more importantly, the second resolution gave the authority to only the superintendent, as compared to the 1986 resolution that gave authority to the superintendent and any one board member. It is not apparent that the 1986 resolution has been superseded by the 1994 resolution, which leads to some confusion in the duties of the superintendent and “any one board member.”

Recommendation 4-4:

Amend or repeal the 1986 board resolution to give the authority to the superintendent alone to issue warrants prior to board approval.

Amending or repealing the 1986 resolution would clarify the payment approval process.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|-----------|
| 1. ESD 114 Superintendent drafts language to amend or repeal the 1986 resolution and presents it to the board for approval. | June 2007 |
| 2. The board of directors approves the amendment to or repeal of the 1986 resolution or creates other policy as it deems appropriate. | July 2007 |

FISCAL IMPACT

Implementation of this recommendation will have no fiscal impact, but will make current practice consistent with board policy, as well as, make policies consistent with one another.

FINDING

Spreadsheets are ubiquitous and in most organizations are unsecured, undocumented, and contain errors in data and/or formulas due to the ease of use and flexibility. However, most organizations rely on spreadsheets as an important tool in their financial reporting, tracking, monitoring, analysis, and operational processes. ESD 114 is no exception. It has data, analysis, and reports of all kinds maintained by the business office and by fiscal services staff members. Every business office and fiscal services staff interviewed used spreadsheets extensively. This included payroll for grant time and effort accounting, and numerous other tracking and analysis purposes. As a result, spreadsheets are an integral and essential part of the information framework for the ESD.

ESD 114 does a good job when it comes to security and backing up the data. Most spreadsheets observed in the business office were stored only on the network, which is backed-up nightly with data stored off site. However, the audit team did note some spreadsheets that were stored on individual hard drives with little or no secured back up of data.

The audit team only noted the usage of spreadsheets. The review team did not conduct any accuracy tests, request documentation, or review security procedures. This finding is meant only as a general observation. According to a recent study by PricewaterhouseCoopers, the use of spreadsheets and more importantly, the lack of controls over spreadsheets, has been a contributing factor to financial reporting errors at a number of companies. Recent federal legislation, the Sarbanes-Oxley Act of 2002, although not targeted at government organizations, increased the focus on an organization's internal controls. Section 404 of that legislation discusses controls related to the development and maintenance of spreadsheets.

Recommendation 4-5:

Adopt simple and practical steps for the evaluation of spreadsheet controls.

Ensure all spreadsheets are maintained on a secure network, that backups are routinely conducted, and that there is an off-site storage program. Consideration should also be given to addressing the need to password protect sensitive files to enhance security of this information from unauthorized disclosure. Sensitive information would include Social Security numbers, address and phone numbers of staff and students (if collected), and any medical/injury related information.

PricewaterhouseCoopers recommends five high-level steps for spreadsheets:³

1. Inventory spreadsheets.
2. Evaluate the use and complexity of spreadsheets.
3. Determine the necessary level of controls for key spreadsheets.
4. Evaluate existing (as is) controls for each spreadsheet.
5. Develop action plans for remediation of control deficiencies.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|--|-----------|
| 1. ESD 114 assistant superintendents and the Technology department head should review internal controls over data maintained in ESD computers and servers. | June 2007 |
| 2. Technology department head and business manager should, at a minimum, consider PricewaterhouseCoopers steps for controls over spreadsheet usage and ensure all spreadsheets are maintained on servers and not on individual computer hard drives. | June 2007 |

FISCAL IMPACT

These steps could be performed by existing Fiscal Services and Information Technology staff, and would require no additional financial resources.

4.4 Cooperative Services

ESD 114 offers two cooperative pools for participation among its school districts, unemployment, and workers' compensation. The funds in these pools are proprietary, and are held in trust for participating members.

4.4.1 Unemployment Compensation Pool

The Unemployment Compensation Insurance Pool cooperative was established in 1981 to self-insure for unemployment compensation claims of employees in the ESD and the participating school districts. To provide for group insurance and claims control, the cooperative was formed as a separate legal entity in accordance with Chapter 39.34.030 RCW. The cooperative contracts with a third party administrator (TPA), Employer's Unity Inc., to provide claims management services.

All but one school district in the service region plus the Bainbridge Island School District (Puget Sound ESD) participate in the programs. The one school district in the service area that is not participating, South Kitsap School District, is self-insured. Organizationally, the unemployment pool is managed by the assistant superintendent for Business and Instruction. Earnings from the pool's investments are returned to the school districts as reduced costs.

³ PricewaterhouseCoopers, "The Use of Spreadsheets: Considerations for Section 404 of the Sarbanes-Oxley Act, July 2004.

The Unemployment Compensation Pool cooperative initially established the assessment rate at one percent of gross pay of each individual in the school district on the first \$8,400 earned plus other assessments based on costs incurred by the school district. A pool reserve ratio was set at three percent of the taxable wages of member districts and is to be reviewed annually by the Executive Advisory Committee, and may be revised by the Cooperative Advisory Board.

The pool reserve ratio was reduced to two percent in November 2004 due to a reduction in claims and a sound fund balance. The assessment rate for calendar year 2005 was based on the prior years actual cost, by district, expressed as a percentage of taxable wages. The 2005 taxable wage base was \$30,500. A management fee is charged to each school district and the ESD itself for participating in the pool. The fee has been set at 0.15 percent of the net ending balance of each school district for each respective calendar quarter, or a minimum of \$25.00 per quarter. This rate was changed in November 2004 to be \$25,882 for FY 05 and at \$26,338 for FY 06 prorated for each respective district. This change was to level the fluctuation in each year's contribution by not tying it to a percentage, but rather to the average amount of prior year assessments based on the old rate.

FINDING

The ESD has no fund reserve guidelines for the Unemployment Compensation Fund. As indicated in **Exhibit 4-2** the Unemployment Compensation fund equity was almost \$4.5 million as of August 31, 2006. This amount is an increase over the prior year of about \$156,000, despite the reduction in the rate assessment. The increase of \$156,000 over the prior year balance was less than the \$419,000 gain to the fund the prior year. The fund balance is high compared to recent claim history (\$196,569 in FY 05) and member annual contributions (\$545,858 in FY 05). The fund balances were 18 times the fiscal year 2004 expenses, and 17.5 times the FY 05 expenses. Of course there are numerous variables such as each school district's experience that must be considered when determining the adequacy of the fund reserves, and this performance audit is by no means meant to be an actuarial study, nor is the audit team composed of actuaries.

EXHIBIT 4-2 ESD 114 UNEMPLOYMENT COMPENSATION FUND BALANCES, NET INCOME AND EXPENSES YEARS ENDED AUGUST 31, 2004, 2005, 2006

	YEAR ENDED AUGUST 31, 2004	YEAR ENDED AUGUST 31, 2005	YEAR ENDED AUGUST 31, 2006
Fund Equity	\$3,883,919	\$4,303,015	\$4,458,759
Net income (Revenue less expenses plus investment earnings)		\$419,096	\$155,744
Operating Expenses		\$239,111	\$255,494

Source: ESD 114, *Annual Financial Report, Unemployment Compensation Insurance Pool Cooperative*, September 1, 2004 thru August 31, 2005.

Recommendation 4-6:

Review assessment rates, establish fund balance (pool reserve) guidelines and have an actuary review the unemployment compensation cooperative program periodically.

School districts should not be forced to redirect funds that could be used for instructional purposes, just to sit unused and perhaps unneeded in a fund. The ESD contracts with an actuary to annually review its Workers' Compensation Pool cooperative. An actuary should be hired to review the Unemployment Compensation Pool on an occasional basis to help ensure rates are appropriate, claims are reasonable, and that the fund balance is appropriate.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. ESD 114 Assistant Superintendent over the Unemployment Compensation Cooperative should recommend to the Cooperative Advisory Board that an actuary be hired to help develop fund policies and guidelines and to help determine reserve rates, appropriate pool reserve ratios, fund balance target and assessment rates. | June 2007 |
| 2. Budget, hire and pay actuary as an operating expenditure of the fund. | July 2007 |

FISCAL IMPACT

The fiscal impact of hiring an actuary can not be estimated at this time, as the cost is dependent on the scope of work.

4.4.2 ESD 114 Region Workers' Compensation Trust

The purpose of this trust is to self-insure for industrial insurance claims of employees in the member school districts and ESD 114. The Workers' Compensation Trust was formed in 1984 to provide group insurance and claim control for its member districts. The OESD processes claims and actively manages all aspects of this cooperative program. The trust's funds are maintained in a proprietary fund separate from the general funds of the ESD.

The Workers' Compensation cooperative receives an annual review by an actuary to ensure adequate reserves, to review claims and to help establish the rates. The actuary conducts a detailed analysis of claims and ensures rates and fund balances are adequate. The most recent actuarial review of the Workers' Compensation Trust indicate favorable results regarding higher investment returns (due to higher interest rates earned on fund balances) and lower losses.

COMMENDATION

ESD 114 is commended for receiving excellent results on its most recent actuarial review of the Workers' Compensation Fund.

FINDING

The Workers' Compensation Cooperative received good marks from the cooperative members in a recent survey. In addition to managing the cooperative, the ESD also processes all claims. Claims processing is conducted by two full-time staff housed in ESD 114's Port Angeles office. ESD 114 has actively solicited opinions from member school districts concerning the effectiveness and efficiency of its workers' compensation cooperative. In an August 2006 survey of the cooperative program, ESD 114 received responses from nine of the 15 participants as shown in **Exhibit 4-3**. The results indicate a high level of customer satisfaction. Even if one assumes that one of the respondents was the OESD itself, the results are still quite good.

To help reduce claims to the fund and to encourage injured employees to return to work, the OESD is developing a light duty program. By offering employees an opportunity to work reduced schedules or work in less strenuous areas, claims to the fund have the opportunity to be reduced.

EXHIBIT 4-3 ESD 114 WORKERS' COMPENSATION COOPERATIVE SURVEY OF MEMBERSHIP AUGUST 2006

	PERCENT RESPONDING		
	VERY SATISFIED OR SATISFIED /AGREE OR STRONGLY AGREE	NEUTRAL	DISSATISFIED OR DISAGREE
Are you satisfied with the handling of your District's Workers' Compensation claims?	89%	11%	0
My questions are answered in a timely manner.	100%		0
Are district employees' questions answered in a timely manner?	22%	56%	22%
Am I adequately informed regarding my District's claim activity?	67%	33%	0

Source: OESD Workers' Compensation Cooperative via SurveyMonkey.com, 2006.

In addition to pooling funds in the cooperative, the Workers' Compensation cooperative provides safety and other educational programs for school district staff in an effort to promote employee awareness of safety issues, and how to reduce claims costs and other losses caused by loss of work time.

COMMENDATION

ESD 114 is commended for achieving a high level of satisfaction from participating members of the Workers' Compensation cooperative.

FINDING

The Workers' Compensation cooperative has begun a light-duty program to encourage injured employees to return to work. This program can reduce claims and costs to the

program by encouraging employees to return to the workplace earlier than they might otherwise, while still being consonant of their recovery needs.

COMMENDATION

ESD 114 is commended for initiating an innovative program in the Workers' Compensation pool to encourage injured employees to return to work and return to work sooner.

Recommendation 4-7:

Increase funding to the Workers' Compensation pool or dedicate funds from the existing fund balance to provide a funding source to further encourage and develop the light-duty return to work program.

Implementing this recommendation would help provide salary money even if injured employees are not doing what their positions require, and replacements/substitutes must still be employed and paid to provide the actual work needed.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. ESD 114 Assistant Superintendent over the Workers' Compensation Pool prepares a draft of the recommended program changes and estimated fiscal impact and provides the draft to the Executive Advisory Committee. | June 2007 |
| 2. The Executive Advisory Committee reviews the recommended program changes and approves or denies the proposal. If approved, the assessment rate may have to be adjusted based on the fiscal impact estimate prepared by the assistant superintendent. | August 2007 |

FISCAL IMPACT

Funding for programs like this could come from increasing assessment fees or from spending from the fund balance, which increased by almost \$800,000 from \$777,600 in August 2005 to an estimated \$1,589,000 in August 2006.

4.5 The General Fund

Revenues, expenditures, and General Fund balances over the most recent four-year period are provided in **Exhibit 4-4** (the budgeted amount for the next fiscal year (2006) is included as well). General fund balances include reserved and unreserved balances. As shown in **Exhibit 4-5**, the unreserved fund balance as a percent of total expenditures, revenues and prior year spending have been less than between four and a half and seven percent over the most recent four-year period.

**EXHIBIT 4-4
ESD 114 FUND BALANCE REVENUES AND EXPENDITURES
FISCAL YEARS 2003 THROUGH 2007**

Fund Balances	ACTUAL 2002-2003	ACTUAL 2003-2004	ACTUAL 2004-2005	ACTUAL (unaudited) 2005-2006	BUDGET 2006-2007	
Reserve for Instruction al Support Programs	\$1,256,390	\$1,351,448	\$1,439,427	\$1,753,263	\$1,045,734	
Reserve for Noninstructional Support Programs	\$1,592,260	\$1,630,868	\$1,341,851	\$1,458,157	\$1,123,324	
Unreserved Fund Balance	\$972,384	\$586,447	\$663,521	\$741,033	\$637,839	
as a percent of total expenditures	7.08%	4.37%	4.74%	4.42%	4.58%	
as percent of prior year						
Other Reserves	\$1,081,729	\$1,084,180	\$860,302	\$669,871	\$323,537	
Total Ending Fund Balance	\$4,902,763	\$4,652,943	\$4,305,101	\$4,622,325	\$3,130,434	
as percent of total expenditures	35.72%	34.64%	30.77%	27.57%	22.47%	
Expenditures		33.9%	32.1%	33.0%	18.7%	
Instructional Support	\$8,982,566	\$8,467,474	\$8,651,183	\$7,708,636	\$8,361,392	-1.78%
Noninstructional Support	\$3,235,752	\$3,119,339	\$3,662,021	\$3,563,472	\$4,140,850	6.36%
ESD Services	\$1,508,522	\$1,844,018	\$1,676,912	\$5,492,342	\$1,427,798	-1.37%
Total Expenditures	\$13,726,839	\$13,430,831	\$13,990,116	\$16,764,451	\$13,930,040	0.37%
Revenues						
Local Sources	\$949,102	\$1,088,926	\$1,180,318	\$973,593	\$931,275	-0.47%
State Government	\$2,634,243	\$2,722,386	\$2,662,921	\$2,592,867	\$3,044,510	3.68%
Federal Government	\$6,551,316	\$5,344,980	\$5,346,651	\$4,905,878	\$4,627,861	-8.32%
Payment for Cooperative Programs	\$2,694,697	\$2,737,910	\$2,945,090	\$3,188,632	\$3,396,978	5.96%
Payments for Other Programs	\$1,198,570	\$1,286,810	\$1,507,294	\$1,523,391	\$1,550,934	6.66%
Other Financial Sources	\$1,675			\$184,075		
Total Revunues	\$14,029,602	\$13,181,013	\$13,642,274	\$13,368,436	\$13,551,558	-0.86%
Long Term Financing				\$3,713,239		
Available Funds (Revenue + LT Financing)				\$17,081,675		

Fund Balances as Percent of Expenditures

Source: ESD 114, Budget, Fiscal Years 2004-2005, 2005-2006, and 2006-2007.

**EXHIBIT 4-5
GENERAL FUND BALANCE ANALYSIS
FISCAL 2003 THROUGH 2007**

	ACTUAL 2002-2003	ACTUAL 2003-2004	ACTUAL 2004-2005	ACTUAL 2005-2006 (UNAUDITED)	BUDGET 2006-2007
General Fund Ending Balance	\$4,902,763	\$4,652,943	\$4,305,101	\$4,622,325	\$3,130,434
Unreserved Fund Portion of General fund Ending Balance	\$972,384	\$586,447	\$663,521	\$741,033	\$637,839
Unreserved Fund Balance as Percent of General Fund Operating Revenues. (GFOA 1)	6.93%	4.45%	4.86%	5.54%	4.71%
Unreserved Fund Balance Expressed as Number of Months of General Operating Expenditures (GFOA 2)	0.85 months	0.52 months	0.57 months	0.53 months	0.55 months
Unreserved Balance as a Percent of Prior Year Expenditures		4.27%	4.94%	5.30%	3.56%

Source: OESD Annual Budgets, FY 2003-2007, 2006.

As noted in **Exhibit 4-4**, the General Fund ending balance is trending downward over the past four years, and the unreserved portion of the General Fund balance in August 2006 is only 76 percent of what it was in August 2003. To fulfill its mission especially in times of uncertain funding for education, and to provide working capital for programs that are funded on a reimbursement basis, prudent financial management dictates the ESD must maintain an adequate fund balance in its general fund. However, the level of the fund balance is always the question.

The Government Finance Officers Association (GFOA) recommends that unreserved fund balance in the general fund be between five and 15 percent of general fund operating revenues, or one to two months of general operating expenditures. The recommended balance will vary between government operations, and will depend on the predictability of revenues and volatility of expenditures, the availability of resources in other funds, and liquidity of invested funds.

Taking the GFOA's guidelines into consideration, the Texas Education Agency (TEA) has determined that a reasonable level for undesignated fund balance for the General Fund (unreserved and undesignated) for Regional Education Service Centers in Texas, similar to Washington's ESDs, may be up to 20 percent of the prior year expenditures. This is based on the concept that undesignated fund balance should be equal to about two and a half months of operating expenses. This is a little higher than the GFOA recommended amount because, unlike most other governmental agencies, ESDs have no tax base, and their annual revenues are subject to substantial fluctuations that are beyond their control, such as state and federal legislative funding of programs, government and non-profit grant availability, local school district financial constraints, and other unpredictable issues.

FINDING

As shown in **Exhibit 4-5**, the unreserved fund balance over the most recent four-year period ranges from about four and a half percent to about seven percent (less than one month of operating revenues), which is generally at the lower end of the GFOA's recommendation of between five and 15 percent. Rather than having an unreserved balance of one to two months of expenditures, the unreserved balance has been about one-half a month's expenditure since 2004. Compared to the Texas criteria of an unreserved fund balance of up to 20 percent of prior year expenditures, ESD 114 has had an unreserved fund balance of about five percent of the prior year expenditures. By any benchmark, ESD 114's unreserved fund balance is low and outside of any recommended range. Based on discussions with the ESD leadership, the OESD has no formal policy on the management or target of the general fund balance. This includes both unreserved funds and reserved funds.

Recommendation 4-8:

Develop a board of directors policy addressing the level of unrestricted and undesignated fund balance to be maintained by ESD 114, and criteria for determining appropriate fund balances for reserved funds.

The determination of appropriate fund balance is a critical factor for ESDs' financial and strategic planning and for budgeting purposes. The establishment of a board policy on the fund balance will provide long-term guidance for financial decisions regarding fund balances and rates charged to school districts. Obviously, to increase a fund's balance, revenues or other sources of finance will have to exceed expenditures for a period of time. The increase in the unreserved fund balance should be implemented gradually, over a five or more year period to reduce the impact on costs that are charged school districts for services.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------|
| 1. ESD 114 Superintendent with assistance of assistant superintendents prepares a draft of a recommended board policy for fund balance targets to help ensure adequacy of balances to meet future needs considering uncertain funding, while not needlessly tying up funds in unproductive account balances. | June 2007 |
| 2. The board of directors reviews the recommended policy and approves or denies the proposal. | September 2007 |

FISCAL IMPACT

Any change or imposition of a policy for reserved and unreserved fund balances may impact the amount of resources available for services. Some programs may have additional resources, while others may have less, depending on the current fund balance in relation to the adopted policy and the estimated program spending needs. The impact cannot be estimated.

FINDING

The OESD is not obtaining all additional free and reduced meal program dollars for which it is eligible from the federal government.

The OESD has developed an outstanding program to provide educational opportunities in a classroom setting to students that are temporarily not allowed to attend school. The Kitsap Alternative Transition School (KATS) program was established to provide an environment where learning could continue for the students of the region's four largest school districts and Bainbridge Island who are not allowed to attend school for a temporary period. By linking excess capacity in the Kitsap County juvenile detention facility, where juveniles locked up in the detention center were already receiving classroom instruction, with the need to keep Kitsap County students who are temporarily not allowed to attend their regular school, the ESD is continuing the education of 20 to 25 students daily who otherwise would be sitting at home for a week or two.

The federal government's Child Nutrition Act of 1966, as amended by Public Law 108-265 in 2004, constitutes the federal free and reduced lunch program which provides funds and commodities for schools for the provision of meals (lunch and breakfast) for eligible children enrolled and attending a school. Children confined in the Kitsap County Juvenile Detention Center are automatically eligible to participate and are participating in the free and reduced lunch program. The children in the KATS program are not participating. Although KATS program children are not automatically eligible (since they are not confined), many if not most are eligible based on their family income levels. According to OSPI, if the children come from a school district and are already participating in the program at their regular school, the regular school (which cannot collect any money while a student is not attending school) can transfer the eligibility to the KATS program while the student is attending that alternative program. According to OSPI, schools may accomplish this transfer of eligibility by faxing a copy of the original program application to KATS.

Alternatively or in addition, KATS program staff could have children's parents complete the eligibility application for the federal program. This would require staff time and parents to come in to fill out the application and may or may not be cost effective.

Recommendation 4-9:

Seek free and reduced meal payments for all eligible children in the KATS program.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. KATS staff, upon arrival of a new student (and for all current students) contacts the student's home school to see if there is a free and reduced program application existing for that child. If the child is participating in the program, have a copy of application faxed to KATS. | June 2007 |
|---|-----------|

2. KATS and Kitsap County Juvenile Detention staff provides meals according to the Child Nutrition Act, and include these children with Detention Center children being fed for the count of eligible participants as required by the USDA.

July 2007

FISCAL IMPACT

ESD staff interviewed indicated that approximately 75 percent of KATS students may be eligible for the free and reduced meal program. Assuming this percentage is accurate, and that federal USDA would provide about \$3.50 per day in payments and commodities per eligible student participating in the program, an estimated \$12,000 to \$15,000 per year could be used to provide meals for the KATS students.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Obtain Federal Free and Reduced Meal Program Funding	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000

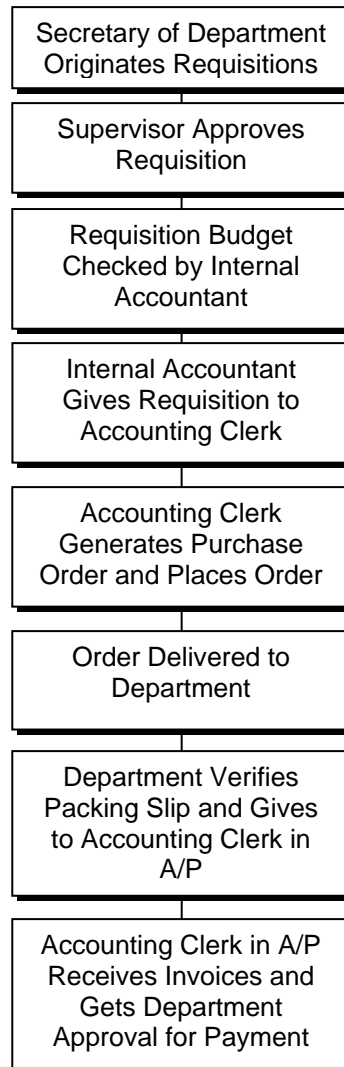
4.6 Purchasing and Contract Management

4.6.1 Capability of the Purchasing System

Goods and services acquired by ESD 114 to support its operations are subject to a rigorous centralized process to help ensure resources are managed properly. **Exhibit 4-6** shows the ESD's purchasing flow chart. The flow chart indicates the steps that purchases must go through to help ensure an efficient and effective process with several internal controls throughout the process. Purchase orders are used in almost all cases. The exception is purchases by credit cards, although in many cases purchase orders are generated for purchases made by credit cards.

The audit included a survey of staff to help determine the level of satisfaction with many aspects of the ESD. Among the areas surveyed was general work environment. The survey revealed no major concerns for administrative procedures causing bottle necks. Additionally, 75 percent of survey respondents agreed or strongly agreed that the ESD's administrative processes (e.g. purchasing, travel requests, leave applications, personnel) are highly efficient and responsive.

**EXHIBIT 4-6
PURCHASING FLOW CHART**



Source: Information provided by ESD 114, Business Office, October, 2006.

As shown in **Exhibit 4-6**, the ESD's purchasing process provides numerous controls (checks and balances) to ensure funds that are derived from local, state and federal taxpayer funds, are spent in accordance with the board approved budget and policies, and that opportunities for abuse, waste and malfeasance are minimized.

The ESD uses many professional services contracts to initiate services provided by educational professionals, consultants, consulting firms, and other professionals for the provision of training sessions, workshops, and other ESD sponsored events on an ongoing basis. The standard contract used by the ESD requires signatures not only of the contractor and the ESD Superintendent, but also approval by the department and division head requesting the services.

FINDING

To help ensure consultants and others being contracted with are indeed independent contractors and not employees, according to IRS definition, the contract discloses that the superintendent does “not control or supervise” the manner in which the agreement is performed, nor withhold or pay any taxes on behalf of the consultant or consultants’ employees. The contract goes even further by requiring the contractor to pay ESD 114 for the costs of the space where the session is to be conducted if the space is provided by ESD 114.

COMMENDATION

Charging consultants for the space used to provide their services helps ensure the consultant is indeed an independent contractor.

This stipulation is very important because many of the consultants are used repeatedly and frequently for workshops and other training sessions. All steps need to be taken to help ensure the IRS or state employment agency does not classify the consultant as an employee. These activities are crucial to avoiding unplanned tax consequences for the ESD and the consultant.

4.6.2 Purchasing Cooperative

ESD 114 provides no cooperative purchasing programs for the school districts within its region because ESD 114 and the school districts within the service area are eligible to participate in the King County Directors Association (KCDA) and the State of Washington’s purchasing program.

The KCDA purchasing program was founded in 1938 to create volume purchasing, fulfill bid law requirements, manage centralized receiving and distribution and offer single-source purchasing for school supplies, furniture, equipment and services requested by its members. KCDA’s sole purpose is to serve its members by providing services and products at competitive prices while fulfilling all bid law requirements. School districts throughout the state, as well as school districts in other states, may be members.

Providing additional purchasing cooperatives through ESD 114 would be redundant because the KCDA serves all schools in Washington.

4.6.3 Purchasing Process and Purchasing Paper Flow

4.6.3.1 Purchase Orders

The District’s Administrative Procedure on Purchasing requires purchases of goods and services to be made following the issuance of a Purchase Order (PO). **Exhibit 4-7** shows the number of POs prepared in Fiscal Years 2004 and 2005. It also shows the percentage of POs that were for purchased services, which is the largest non-payroll expenditure category of the ESD.

**EXHIBIT 4-7
OESD PURCHASE ORDERS
FISCAL YEARS 2004 AND 2005**

	FISCAL YEAR 2004	FISCAL YEAR 2005
Number of Purchase Orders	2,074	1,920
Average Dollar Amount of Purchase Order,	\$2,537	\$2,462
Dollar Amount of Purchase Orders	\$5,261,186	\$4,727,467
Dollar Amount of Purchased Services	\$3,740,212	\$3,165,186
Dollar Amount of Purchased Services as a Percent of Dollar Amount of Purchase Orders	71%	67%

Source: Information provided by ESD 114, 2006.

All goods and services purchased by the ESD, with the exception of purchases made on ESD issued credit cards, require a PO. The audit team noted that even most credit card purchases had POs attached to indicate supervisory approval. This policy is especially useful because of the large number of professional service contracts needed to provide services for school districts. The use of POs helps ensure services requested are properly authorized and budgeted for, and all invoices to be paid are based on services actually performed. It also provides a means to help ensure services received are paid for, even though the contractor may have failed to invoice for the services provided.

FINDING

Although the use of requisitions and purchase orders for purchases provides an excellent internal control, the use, and perhaps the overuse, comes at a cost. In a 2005 federal government study, the estimated cost to process a PO was about \$155.00 for the federal agencies participating in the survey. The average value of each OESD issued PO is about \$2,500, a rather low figure especially when one considers that about 70 percent of the POs are for purchased services rather than supplies and other goods. The audit team has not attempted to study the cost of processing POs at the OESD, and do not believe they are anywhere near the federal government's \$155, but there is still a cost. Using the \$155 figure would imply that six to eight staff members were involved in the process on a full time basis. If one assumed the processing time was that of one full time staff member, the processing cost per PO would be closer to \$22.00 (based on the federal government study).

Recommendation 4-10:

Review and revise purchasing policy that requires POs for virtually all purchases.

Determine if there are ways to maintain strong internal controls over the purchasing process, while reducing the number of PO encumbrances. To ensure purchases are properly authorized perhaps only the requisition, or some other form, could be used and not the PO, especially for credit card purchases. This could reduce some paperwork and data entry, yet still provide a desirable level of control over the process.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. Assistant superintendent over the business office initiates a review of the purchase order policy to determine if the cost benefit of using POs for all purchases. | June 2007 |
| 2. Based on study results, which should include a review of best practices in other ESDs, assistant superintendent develops PO purchasing policies. | July 2007 |
| 3. Board approves new policies. | September 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing district resources and may result in productivity savings.

4.6.4 Credit Cards

FINDING

To avoid the issuance of numerous small-amount checks for minor purchases and for travel, many organizations have established programs that use credit, travel, or purchasing cards. J.P. MorganChase currently has a contract with the state of Washington for such a card program. As a member of the State Cooperative Purchasing Agreement, ESD 114 is able to use that contract to participate in Chase's credit card program. This program is designed to make travel and purchasing easier for staff and save time and money by reducing the number of checks (warrants) issued. Cards improve efficiency, flexibility and convenience. Moreover, some vendors will not accept purchase orders for purchases of goods or services.

The JP MorganChase program offers a rebate program based on the average annual net spending per card, and on how fast bills are paid. The use of credit cards was authorized by the board of directors for ESD 114. The board authorization specifies how many cards may be acquired by the ESD and to whom the cards are to be issued. There are currently eight cards issued to the ESD, some to individuals and others to departments.

The business office has developed detailed policies and procedures for credit card usage and provides training to cardholders. It reviews all purchases and requires the user to submit receipts. Moreover, all monthly bills are reviewed and all receipts, purchase orders, or other authorizations are attached to the credit card bill. If an employee can not provide a receipt, they must reimburse the ESD for the amount of the purchase. Cards may not be used for employee meals. All meals are reimbursed on a per diem basis.

The business office recently used a credit card (with superintendent and board approval) to make some large purchases for furnishings in the District's new facility currently under construction. By doing so, the District expects to receive a credit card rebate of approximately \$1,500.

A recently completed research study conducted by the Association of Government Accountants (AGA) of the federal government's purchase and travel card programs cited numerous advantages for the programs. The report stated several fiscal benefits including:

- Savings from enhanced efficiencies in processing procurement transactions and finance-related procedures including billing, payment and audit activities;
- Earnings resulting from rebate programs; and
- Fiscal benefits from improved cash management practices such as petty cash requirements and float opportunities.

The study reported an average savings per credit card transaction of between \$60 and \$166 for the agencies responding to the survey.

COMMENDATION

ESD 114 is commended for using the credit card program to save processing costs, and earn rebates. In addition ESD 114 has established policies and procedures including monitoring, approving, requiring receipts and other controls that help ensure taxpayer funds are not being wasted or misused.

4.7 Private Sector Services

FINDING

Cell phones are used by staff throughout the ESD. According to staff interviewed, the ESD no longer participates in Washington State's cell phone contract because of limited functionality by the state's service provider in many remote areas of the ESD's service region. Some services work better than others in parts of the Olympic Peninsula.

Rather, the ESD allows each staff authorized to use a cell phone to request reimbursement for official business cell phone usage; for staff that travel, a cell phone is considered essential. At the time of this review there were 41 staff members who used cell phones and were being reimbursed. In addition, there were four unassigned phones owned by the ESD, and used as needed by advocates and teachers. Department directors decide who needs a phone for job related communications. Thirty-one users were with Verizon Wireless and 10 with Cingular Wireless. The reimbursement rate differs for users and is based on the actual cost when under state contract. This reimbursement rate can be changed with a proven change in usage.

This system of reimbursement may or may not be cost-effective, but there is little documentation to support the ESD's contention that it is more efficient and effective than using a state contract.

Recommendation 4-11:

Study cell phone usage and determine if there is a cell phone service provider that can meet the needs of ESD 114, and compare the expected costs to what is being paid under the current reimbursement system.

Without a proper study, it is not known whether the reimbursement program is more efficient and effective or whether it is wasting taxpayer funds.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The assistant superintendent over the business office should initiate a study of cell phone usage and reimbursement program. | July 2007 |
| 2. Based on study results, which should include a review of best practices in other ESDs, the assistant superintendent should develop new cell phone program or reimbursement policies. | August 2007 |
| 3. The board should approve new cell phone program or reimbursement policies. | September 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing district resources, but may result in savings of ESD funds. Savings can not be estimated at this time.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

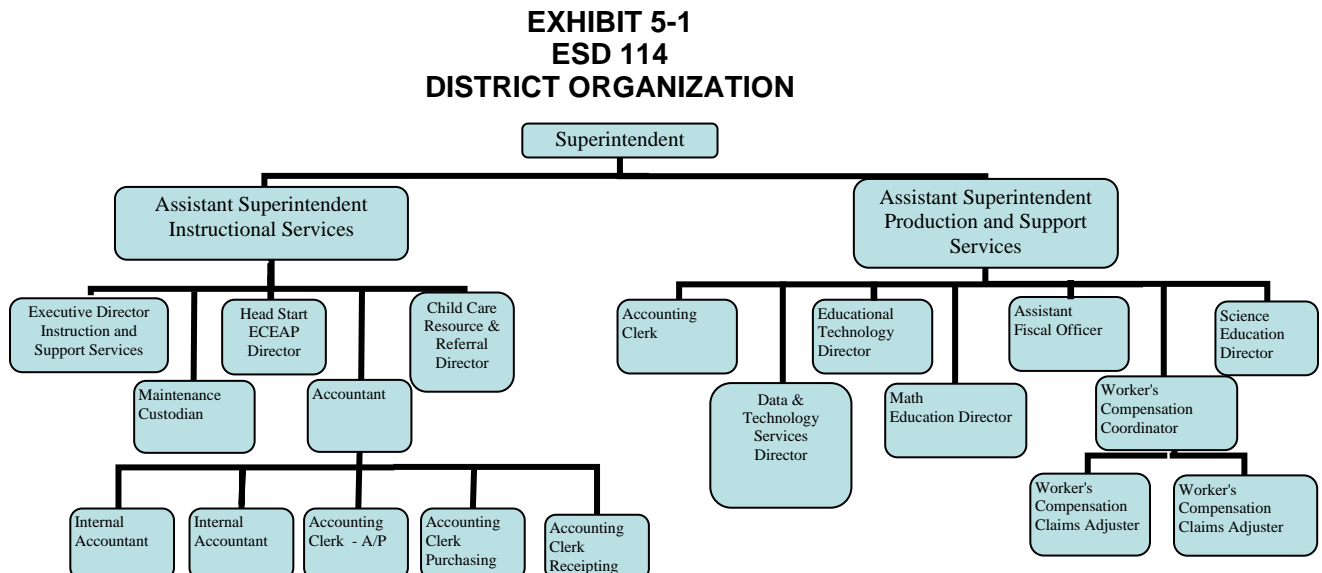
This chapter presents findings and recommendations relating to the program delivery functions performed by staff at Olympic Educational Service District (OESD or ESD 114).

CHAPTER SUMMARY

ESD 114's program delivery service includes 14 major types of projects or services provided to the 15 school districts in its service area. These products are divided into the following two categories.

- Instruction and Support Services
 - Professional Development
 - Prevention/Treatment
 - Special Services
 - Detention Center Programs
 - Youth Services
 - School Services
 - School Nurses
 - Head Start/ECEAP
 - Child Care Resource and Referral
- Production and Support Services
 - Fiscal and Support Services
 - Data and Technology Services
 - Educational Technology
 - Math Education
 - Science Education

The ESD's organization is shown in **Exhibit 5-1**. The assistant superintendent for Instructional Services has five direct reports.



Source: ESD 114 Superintendent's Office, 2006.

The chief purposes of these projects or services are to increase student success and school district efficiency. The projects are offered to 15 school districts with varying degrees of participation. Projects are managed by two assistant superintendents with no clear philosophy behind these two positions.

Key recommendations in this chapter include:

- Reorganize all instructional program delivery components under one assistant superintendent. **(Recommendation 5-1)**
- Develop a model program/project evaluation design that is based on established and proven techniques. **(Recommendation 5-2)**
- Partner with OSPI and other ESDs to develop a statewide proactive campus level training model for state reform to be delivered by ESDs and replicated at the building campus level by building administrators. **(Recommendation 5-3)**
- Implement a plan for increased online/distance learning opportunities for both meetings and trainings. **(Recommendation 5-4)**
- Conduct a formal special education needs assessment to identify and implement a comprehensive set of special services to clients. **(Recommendation 5-5)**

FINDING

The organizational division between two assistant superintendents creates competition and poor morale among curriculum program staff that in turn impacts the efficiency and effectiveness of the ESD.

The diagnostic review and interviews with ESD program delivery staff members evidenced a lack of coordinated program effort and teamwork between curriculum projects and project staff resulting from the organizational division between two assistant superintendents. The managers perceive that the division between program delivery staff interferes with communication and collaboration, which ultimately impacts the level of service to clients. Program decisions at ESD 114 can have a positive or negative impact on the success of thousands of students in the state of Washington.

Interviews were conducted with twelve of the management staff located in the Bremerton Office. Nine of the managers interviewed commented on the tension and lack of efficiency created by the current organization of program delivery. Statements included:

- *"We're trying to get rid of territorialism . . .we've made some progress . . . we found ourselves competing. . .not productive. . uncomfortable. . .we still have other issues"*
- *"We're trying to bridge divisions . . .erase separation"*
- *"We're making attempts to come together."*

- “....there is an unhealthy separation between divisions”
- “I feel like a consultant. . .there is no feeling of family”

Recommendation 5-1:

Reorganize all instructional program delivery components under one assistant superintendent.

Based upon the reallocation of duties, the superintendent should evaluate the responsibilities of the assistant superintendent of Production and Support Services to determine the management level of the position.

Once the reorganization is complete, the superintendent should institutionalize a team building process to ensure communication and collaboration among all program delivery staff members. A representative steering committee should be identified to develop and implement a comprehensive and on-going team building plan that includes all professional project staff members in both divisions.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The superintendent should place all instructional program delivery components under one assistant superintendent and evaluate the management level of the remaining assistant superintendent position. | Immediately |
| 2. The superintendent should choose a Steering Committee to identify the steps of a team building model. | Summer 2007 |
| 3. The superintendent should conduct a team assessment using a normed assessment instrument. | Summer 2007 |
| 4. The superintendent should conduct a planning session involving representative stakeholders and determine the need for an external facilitator. | Fall 2007 |
| 5. The superintendent should plan a strategy that spans at least one year. | F/S 2007 |
| 6. The superintendent should produce a formative and summative assessment. | Ongoing |

FISCAL IMPACT

If the team building effort is led internally, this recommendation can be implemented with existing resources. If an external facilitator is deemed necessary to introduce the team building effort, the cost is estimated to be \$1,500, based on \$500 per day for three days. In addition, if the evaluation of the assistant superintendent of Production and Support identifies fewer duties and responsibilities, the compensation for that position could be reduced accordingly.

FINDING

The ESD does not have a formal systemic planning process for program delivery that includes an annual formal needs assessment and evaluation of the program, and its individual projects to ensure school district client needs are being met.

Requests for documentation and interviews with ESD 114 staff, including the superintendent and assistant superintendents, indicate that there is no consistent process for determining need/success for the overall delivery program or for the majority of the separate projects (other than those required for special funding purposes). When asked to describe the program delivery/planning process, specifically for need and success, the majority of staff interviewed, including the superintendent and assistant superintendent, indicated no formal process exists. A common response to planning questions was “If you are asking if we get together as a group and talk about overall program needs and success, the answer is no.”

Based on interviews, there was a general feeling among staff that program/project need and success is determined informally through close association and discussion with clients, individually and through steering committees, as well as perceived continuation of participation. Frequent responses were:

- *“They wouldn’t pay for it if they didn’t need it . . .”*
- *“We are a small ESD and know our clients well.”*
- *“We have tried surveys but they just don’t work.”*

The absence of a consistent, formal planning evaluation system deprives the organization of client information for initiating, improving or discontinuing individual projects, thus streamlining the entire program. The National Science Foundation in its handbook, *The 2002 User-Friendly Handbook for Project Evaluation*, states that “First and foremost, evaluation provides information to help improve the project.” It further indicates that information on “whether goals are being met and on how different aspects of a project are working are essential to a continuous improvement process.”

Recommendation 5-2:

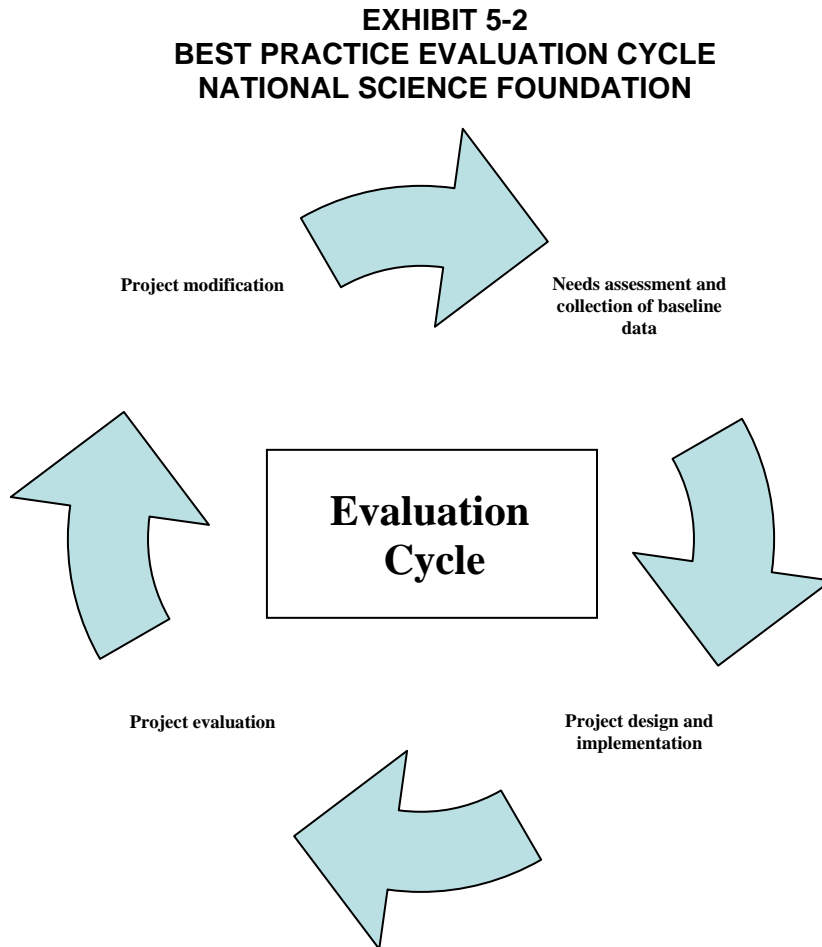
Develop a model program/project evaluation design that is based on established and proven techniques.

The model evaluation design should be based upon techniques that include:

- Needs assessment and collection of baseline data
 - Needs assessment should include identification and analysis of the following: campus and district Washington Assessment of Student Learning (WASL) results, campus report cards, annual program evaluations, workshop evaluations, campus plans, on-site visits, advisory group input, teacher performance and practices and other pertinent data at the program delivery level.
- Project design and implementation

- Project evaluation
- Project planning modification

A best practice evaluation cycle is presented in **Exhibit 5-2**.



Source: National Science Foundation: User Friendly Handbook, 2002.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The ESD Superintendent should conduct a needs assessment based on the design elements noted in above. | Early 2007 |
| 2. The ESD Superintendent should develop measurable goals/objectives based on needs. | Early 2007 |
| 3. The ESD Superintendent should use goals and outcomes to design ESD program offerings for 2007-08 and advertise offerings. | August 2007 |
| 4. The ESD Superintendent should implement offerings. | August 2007 |

- | | |
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| 5. The ESD Superintendent should evaluate as required in the evaluation component of plan. | June 2008 |
| 6. The ESD Superintendent should include findings in the 2008-09 planning Design. | July 2008 |

FISCAL IMPACT

Implementing this recommendation to design an evaluation plan will have no fiscal impact. The evaluation plan can be designed and implemented with current ESD staff. However, once the plan is implemented, the ESD should anticipate increased revenue due to improved program offerings.

FINDING

The ESD does not have a proactive, systemic program plan in place to address the state reform movement (WASL) requirements, nor is there a partnership with OSPI and other ESDs toward this end.

RCW 28A.310.010 states that a mission of the Educational Service Districts is to “Assist the Superintendent of Public Instruction and the State Board of Education in the performance of their respective statutory or constitutional duties.”

Requests for documentation and interviews with staff indicate that while there are a variety of training activities offered by ESD 114 to support the state reform movement, there is neither a proactive systemic program plan in place to address the needs across testing/curriculum areas or across grade levels to ensure success with the reform. While OSPI has taken the primary responsibility for school improvement for those school districts not making Adequate Yearly Progress (AYP), it is a model built around remediation of school districts needing improvement. While ESD 114 does not currently have a school district in “needing improvement” status, it should develop a proactive model to ensure continued success as well as growth in student performance. The model could be a planned, systemic leadership academy focusing on the school reform movement and be combined with the current focus on coaching and the development of professional learning communities. This could support the ESD’s movement away from reliance on an expert model of professional development and provide a blended model of a combination of information provided through a leadership academy and reinforced through coaching and professional learning communities.

The leadership academy concept was used during the initial state reform movement in Texas. Education Service Center Region 20 addressed priority needs for Texas district principals, assistant principals and central office staff by developing a training academy for its school administrators titled *Navigating the Course of Change*. The effort evolved into a collaboration with the Texas Education Agency (TEA) and the other 19 education regions in Texas. As a part of the statewide initiative, each region received a complete set of training materials (CD-based materials, Web-based resources, and relevant supplemental materials) to be used with the districts with their regions. One unique component of the program was the reliance upon school district and campus leadership to ensure success of reform and the preparation of all materials needed by the

administrators to replicate the training at the campus/district level. The leadership academies and materials were largely funded the Texas Education Agency and the materials were prepared by Region 20 staff.

Recommendation 5-3:

Partner with OSPI and other ESDs to develop a statewide proactive campus level training model for state reform to be delivered by ESDs and replicated at the building campus level by building administrators.

The model developed as the result of this recommendation may include:

- Campus (school building) level disaggregated testing data focusing on areas of improvement.
- Answers to the following campus (school building) questions:
 - Where are our weaknesses and are we addressing them?
 - What do we need to know to be successful?
 - Specifically what is changing due to reform?
 - What do we need to do to assist our students in preparation?
 - What resources are currently available (especially what resources OSPI has available)?
 - What resources are we missing?
 - How will we know that we are moving in the right direction?
- The following delivery methodology:
 - ESDs provide training of trainers to administrators and teacher leaders.
 - Provide administrators/teacher leaders a presentation format (CD and Web-based PowerPoint presentations, videos, etc) for administrators to use with campus staff.
 - Provide administrators/teachers face-to-face training at ESDs and/or other convenient locations including distance learning opportunities.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The ESD 114 Superintendent should initiate a meeting with the State Superintendent of Public Instruction to agree upon a collaborative effort and identify a task force of appropriate OSPI and ESD staff to plan a training model and timeline using criteria outlined above. June 2007

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| 2. The task force should design a series of modules (using criteria outlined above) the first of which should be ready for implementation in summer. | July 2007 |
| 3. ESD 114 and OSPI should invite appropriate representatives from each ESD for a training of trainers. During this session the complete design should be presented and a training of trainers for the first module should occur in late summer. | July 2007 |
| 4. Each ESD should replicate the session with its principals and provide materials for the replication of the session by the principal at each campus. | August 2007 |
| 5. This design should be used annually to ensure school district educators are aware of all state reform efforts. | Ongoing |

FISCAL IMPACT

No fiscal impact is associated with this recommendation. The recommendation can be addressed by the ESDs collectively, in response to the need for a training model for state reform. The effectiveness of such a program is improved if OSPI is involved because of reduced duplicative efforts. With the reduction in duplication would come additional efficiencies and associated cost savings. If the ESDs, or even a single ESD, and OSPI do not develop the model, the ESDs can still implement the recommendation, resulting in a more effective program, but overall, not a lot of cost savings other than economies of scale due to the potential continued duplicative efforts of both the OSPI and the ESDs.

FINDING

ESD 114 does not provide comprehensive online/distance learning options for meetings and delivery of training to ensure cost-efficiency to clients.

Requests for documentation, interviews with school district superintendents and responses/comments on the Survey of Washington School District Superintendents indicated that ESD 114 should explore options and opportunities for online/distance learning/video conferencing training for meeting and training obligations. Cost in time and dollars, as well as unnecessary teacher time away from students, exists as a result of the maximum distance from school districts to the ESD of 145 miles and the mean distance of 65 miles, and the travel required to reach the ESD.

ESD staff indicate that while the opportunity to use distance learning/video conferencing equipment for training and meetings exists at the ESD and school districts, the medium is rarely used. School district staff evidence interest in the medium both in interviews and surveys. Comments from superintendent interviews include:

- “. . .do more outreach rather than expecting us to travel to central ESD site”
- “... offer more online services”

- *“...increased use of ... such as K-20 network and video conferencing can help close the physical distance gap”*
- *“Using video conferencing or ... would be better”*
- *“Travel is expensive so the closer to the school districts that the training is available the better.”*

Because there is increasing demand for both synchronous and asynchronous learning opportunities, online learning and video conferencing are becoming popular delivery methods with the Regional Education Service Centers (ESCs) in Texas. Centers are offering certain trainings for teachers, teaching interns and administrators using both media. As access to high speed Internet becomes more universal, many ESCs are investigating delivering content via streaming video.

Recommendation 5-4:

Implement a plan for increased online/distance learning opportunities for both meetings and ESD trainings.

The plan for increasing the use of online and distance learning opportunities should be based upon a needs assessment developed with input from school district staff. This assessment should be conducted online to ensure cost efficiency, and as an indicator of the commitment to use the distance learning system. A representative steering committee of school district and ESD staff should be created to study options and make recommendations for offerings.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The ESD Superintendent should meet with client district superintendents to identify which training topics and meetings should be developed into video conferencing/K-20 network meetings/sessions. An understanding should be reached that client district superintendents will support the effort with district staff. | June 2007 |
| 2. The ESD Superintendent should ensure use of and pricing of electronic delivery is included in ESD planning process discussed earlier in this chapter. | June 2007 |
| 3. The ESD staff should identify topics for electronic delivery. | July 2007 |
| 4. The ESD staff should develop sessions and research appropriate techniques for electronic delivery of training. A review of literature on evaluating success of Distance Education is available at www.usdla.org | July 2007 |
| 5. The ESD should develop a logo and positive language to use as a part of introducing the emphasis on electronic delivery. | July 2007 |

6. Sessions should be advertised on ESD Web site, in Outlook, and through use of current list serves.

August 2007

FISCAL IMPACT

No fiscal impact is associated with this recommendation. The technologic capacity currently exists in the system. However, once implemented, the school districts in the service region should experience cost savings in travel and staff time away from the school building.

FINDING

The special education department does not offer direct services to districts other than technical assistance to special education directors/staff.

RCWA.310.010 requires ESDs to “provide services to schools . . . to assure equal educational opportunities.” Interviews with ESD staff, school district superintendents and responses on surveys indicate that ESD 114 does not provide direct services to school districts other than technical assistance to special education directors/staff and some group professional development activities. The special programs director stated that there is “. . . no overall [programmatic] planning. We talked about staffing a cooperative for related services but (school) districts weren’t interested at this time.”

However, interviews with school district superintendents indicated an interest in direct services to students with low incidence handicapping conditions. Comments included interest in:

- *Assistance with “direct help with kids who have needs . . . very expensive to individual districts.”*
- *“. . . more help with direct services for special needs students like occupational and physical therapy, services for children with emotional problems, or other low incidence conditions.”*

Recommendation 5-5:

Conduct a formal needs assessment that includes both special education directors and superintendents, either for the department or as a part of an organizational needs assessment, to determine needs and interests related to direct services.

The cooperative process utilized by ESD 112 should be considered as a model for this special education issue

This process would include face-to-face meetings with the ESD Superintendent and client superintendents as well as focus groups and surveys with special education staff to identify what direct services to students would be a cost savings to client districts. These services could include shared staffing for hearing impaired, school psychologist and speech therapist.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The ESD 114 Assistant Superintendent and Special Education Director should survey all ESDs to determine current services and prepare a list of options (review options provided by ESD 112). | June 2007 |
| 2. The ESD 114 Superintendent, appropriate assistant superintendent and Special Education Director should meet with client school district superintendents to determine perception of need and interest in list of options. | July 2007 |
| 3. The ESD 114 should create cooperatives or collaborative hiring services for school districts as identified. | August 2007 |

FISCAL IMPACT

There should be no cost to implement this recommendation. However, there is a potential increase in revenues for the ESD resulting from establishing two to three new cooperatives to support this activity.

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

This chapter presents findings and recommendations relating to the personnel and human resources management functions of the Olympic Educational Service District (OESD or ESD 114).

The major sections of this chapter include:

- 6.1 Policies, Procedures, and Practices
- 6.2 Staff Involvement in the Interview Process
- 6.3 Performance Appraisal and Effectiveness of the Process
- 6.4 Compensation
- 6.5 Staff Development Program for Professional and Support Personnel
- 6.6 Efficiency of Operations

CHAPTER SUMMARY

The Olympic Educational Service District has a team of administrators and staff members who are committed to maintaining and improving the efficiency of operations within the Human Resources (HR) department. The department uses practices that reflect either industry standards or accepted best practices. These practices include:

- maintaining comprehensive human resources policies and procedures;
- a well organized and effectively managed department; and
- a selection process that includes input from multiple staff members.

The director of Human Resources coordinates the human resources functions of the ESD. The director is knowledgeable of the personnel policies and procedures of the ESD. The position is assisted by a human resources assistant, receptionist, and certification specialist. The receptionist position serves as the 'greeter' for the entire office and not solely for the human resources department. All human resources functions (with exception of staff development which is a function of instructional services) emanate from the office of the director. HR interfaces with the finance department to ensure that salaries, benefits, payroll and other services provided to employees are handled according to board policy, procedures, and accepted best practices in the industry.

Key commendations in this chapter include:

- The OESD is commended for having well-structured policies and procedures for the HR department.
- The ESD is commended for including staff members in the interview and staff selection process.

Key recommendations in this chapter include:

- Revise and update the job descriptions so that they include physical demands and/or requirements of the position. **(Recommendation 6-1)**
- Conduct a study to determine the feasibility of converting the HR functions from a paper-pencil system to a paperless digitized system. **(Recommendation 6-2)**
- Restructure the OESD's performance evaluation system so that it becomes a system of components linked in such a way as to provide for the appraisal of employee performance, merit compensation, growth and development of the individual, and growth of the organization. **(Recommendation 6-3)**
- Restructure the salaries of the assistant superintendents so that they are comparable to other peer assistant superintendents. **(Recommendation 6-4)**
- Develop and implement a formalized procedure for conducting an ESD-wide needs assessment for internal and external staff development offerings. **(Recommendation 6-5)**
- Consider elimination of the Certification Specialist position (not the services) and forming a cooperative with other ESDs to provide certification services. **(Recommendation 6-6)**

6.1 Policies, Procedures, and Practices

The adoption and maintenance of policies, procedures and practices of a human resources department are important to any public organization for it to remain in a legally defensible position at all times when recruiting, hiring, disciplining, rewarding, and/or terminating employees. An effectively managed HR department will have a system in place to ensure adequate collection of the data needed to make all employment decisions.

FINDING

Position descriptions are in place for all jobs; however, they would be more comprehensive with the addition of salary information to those that have not been recently updated.

The principal components of the position descriptions are job title, subordinates, contracted terms, position location, and title of immediate and next supervisors, job summary, essential job functions, other job functions, and qualifications. The descriptions do not provide information that identifies the physical requirements for positions. The Americans With Disabilities Act (ADA) does not require employers to use a specific type of job description, announcement or application form; however, the

descriptions would be more informative as some individuals with disabilities may be discouraged from applying if they do not know the physical requirements for the job. They also do not clearly address the performance evaluation process.

The OESD has policies and procedures in place that govern the maintenance of personnel records. Some portions of the human resources functions are automated using the WISE information system. In the very near future the ESD plans to convert to the SKYWARD information system for processing HR functions.

Recommendation 6-1:

Revise and update job descriptions so that they include physical demands and/or requirements of the position.

The requirements of a position should be described in terms of light, medium, or heavy work including the amount of exertion in pounds of force needed occasionally, the amount of exertion in pounds of force needed frequently, and the amount of force needed to move objects. The job descriptions also should identify the salary range for the position in terms of minimum and maximum, and/or hourly rate of pay.

Implementation of this recommendation will provide information to the prospective employee that will allow him or her to know and understand the physical requirements of the job. Having this information is critical to the physically challenged who may wish to apply for a position. They will have the opportunity to know in advance whether or not they meet the physical requirements of the job.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|----------------|
| 1. The Human Resources Director should review all job descriptions and determine those that are not ADA friendly. | June 2007 |
| 2. The Human Resources Director should determine the physical requirements for each position. | July 2007 |
| 3. The Human Resources Director should determine the salary range and/or hourly rate of pay. | August 2007 |
| 4. The Human Resources Director should revise each job description accordingly. | August 2007 |
| 5. The superintendent should submit the descriptions to the board for approval. | August 2007 |
| 6. The Human Resources Director should update all appropriate documents and Web site with revised job descriptions. | September 2007 |

FISCAL IMPACT

This recommendation can be implemented with current staff and with no significant fiscal impact.

FINDING

The OESD has a process in place for the selection of personnel. The process begins with the determination that a job need exists. The step includes a site survey that considers such factors as returning staff, projected population growth, and district needs. If the position is a newly created one, the description is clearly defined in terms of qualifications, roles and responsibilities, and the supervisor of that position. Selected staff members are provided an opportunity for input into the development of the position description. The position is then advertised to the appropriate targeted audience for a minimum of one week.

The selection process includes the collection of written information on candidates, including but not limited to an official application, reference checks, and documentation of educational attainment, work experience, and security clearance, if required. Once the application process closes and all necessary written documentation have been compiled, the applications are screened for completion and forwarded to a panel of initial screeners and interviewers. This phase objectively screens the paper-qualified applicants down to a smaller pool to be recommended for further review and initial interview. The initial interview is used to determine the degree to which the candidate demonstrates skill in such areas as flexibility, commitment and accomplishment, enthusiasm, clarity of expression, scholarship and conceptual skills, the ability to relate with students (if applicable), professional orientation, and modeling appropriate behavior. The final review is performed by the superintendent and a recommendation for appointment is then submitted to the board for approval.

The induction process includes formal notification of hiring, paperwork completion, orientation and introduction to the agency. New employee workshops also are held when needed. Also defined during the induction phase is the supervisor's plan for supervision of the new employee. This plan addresses frequent questions and answers covering information that employees need to assist them during their first 90 days on the job. The supervisor also outlines the system by which the employees will be evaluated.

Finally, the selection process has an evaluation component called follow-up. This phase is designed to assist the ESD in determining the effectiveness of the selection process. Information gained through follow-up is used to improve the system so it can better achieve its goals and objectives in an effective and efficient manner.

A review of the ESD's personnel recordkeeping system finds a paper system for maintaining records. There is no electronic storage and retrieval system in use for archiving personnel records.

COMMENDATION

The OESD is commended for having well-structured policies, procedures, and practices in the HR department.

Recommendation 6-2:

Conduct a study to determine the feasibility of converting the HR functions from a paper-pencil system to a paperless digitized system.

The implementation of this recommendation would provide the information needed to determine the financial impact of converting to a paperless HR department as well as the ability for such a system to be successful for the ESD. The efficacy of the conversion will bring about greater efficiency in records processing, storage and retrieval of documents, and in the use of physical space.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------|
| 1. The superintendent should determine whether the ESD would prefer to digitize all HR paper historical records or develop a phased-in approach where it would begin with 2008 fiscal year and digitize records from that point forward. Records prior to the 2008 year would continue to be paper until such time the ESD decides to digitize those records. The IT department should have major involvement in this process. | June 2007 |
| 2. The superintendent should develop a Request for Proposals (RFP) that contains all specification needed to make the conversion including hardware, software, licensing and maintenance cost. Specify in the RFP that the ESD wants proposals for total conversion or phased-in approach as described above. The ESD may wish to add approaches to implementation other than full or phased-in. | June 2007 |
| 3. The superintendent should advertise the RFP. | July 2007 |
| 4. The superintendent should review the proposals to determine the feasibility of converting to digitized. | July 2007 |

FISCAL IMPACT

Determining the feasibility of implementing this recommendation can be done within existing resources. Costs to implement this recommendation would be identified as a result of the feasibility study.

6.2 Staff Involvement in the Interview Process

The inclusion of staff members in the interview process is an effective way to bring objectivity and integrity to the division's hiring process. It allows the organization to involve direct reports, superiors, and colleagues in a team effort to select the best and most qualified persons for positions.

FINDING

Staff members are involved in the employee interview and selection process. The OESD has a well defined process for staff selection that begins with the determination of need by the respective department. Initial screening of the applicants and preliminary interviews are conducted by staff. The list is then narrowed to a specified number and

forwarded to the respective department persons for additional interviews and further screening. When a finalist has been selected he/she is again interviewed, this time by the superintendent. The final selection is then made.

COMMENDATION

The ESD is commended for including staff members in the interview and staff selection process.

6.3 Performance Appraisal and Effectiveness of the Process

The purposes of a performance evaluation system are to promote continuous improvement, increase productivity, and accomplish both in an effective and efficient manner. A quality performance evaluation system has two major dimensions; the first spans the employees' entire career and is designed to provide growth and development and support for increased performance, the second provides a systems approach to continual organizational growth and development.

FINDING

The performance evaluation system appears to be missing an important dimension: there was no evidence that suggests the appraisal system provides for continual organizational growth.

Policies and procedures of the OESD require an annual performance evaluation of each ESD employee. The general objectives of the evaluation are to provide a systematic method of fostering continued growth and development of each employee; to provide an orderly and documented basis for salary advancement and promotion; to provide information that will assist in making employment decisions (assignments, non-renewal, or dismissal); to provide employees with a written record of performance and progress; and to meet all of the objectives without regard to race, color, religion, gender, age, national origin, marital status, or physical impairment.

The various forms used for evaluations have areas for employee identification information, evaluator name, rating scales and criteria, and sign-off information. Except for probationary employees, there is only a summative evaluation with no provisions for formative coaching and evaluation. After completion of the evaluation process, the system has no follow-up provision that draws upon the outcome of the evaluation to provide for continued growth and development for the employee whose performance is less than satisfactory and who is no longer probationary.

The system uses a combination of general and job-specific criteria. The general criteria are less quantifiable and measurable than specific job responsibilities. This could create a potential problem for the ESD if an employee is not advanced to the next salary step and unmeasurable or unquantifiable data were used to make that decision.

Recommendation 6-3:

Restructure the OESD's performance evaluation system so that it becomes a system of components linked in such a way as to provide for the appraisal of employee performance, merit compensation, growth and development of the individual, and growth of the organization.

When developing the strategic plan, it would be advisable to include a section related to the revision of the ESD's performance appraisal system. In that section, care should be given to show how the overall system of performance appraisal provides a basis for organizational growth through staff development. Performance appraisal data can form the basis for staff development to offer programs that could lead to organizational growth. The ESD will benefit from a restructured comprehensive performance evaluation system with components that link goal setting, performance expectations, professional development, coaching, and rewards so that employment is a continuous improvement process of professional development. The assumption is that a highly qualified and prepared workforce produces high quality outcomes in an effective and efficient manner.

IMPLEMENTATION STRATEGIES AND TIMELINES

1. The superintendent in collaboration with the director of Human Resources should establish a set of guiding principles that will serve as the foundation of the performance evaluation system. When establishing that foundation, consider the following:

June 2007

 - organization beliefs, mission, and purpose
 - practices that are research based
 - local specific job by job descriptions
 - measurable criteria with identifiable sources of evidence
 - best practices human resources models that focus on the employee and the organization, with coaching as a major component
 - the understanding that performance evaluation for the employee is finalized only after formative planning that includes the employee's input
 - a design that provides for quantity, quality, efficiency, and timelines that are achievable
 - data collection from a variety of identifiable sources
 - the situational context of employee service
 - links to compensation
2. The director of Human Resources should conduct job analyses for all positions within the ESD to ascertain specific duties and responsibilities of each position. Care should be taken not to rely solely on the current job description as roles

July 2007

- and responsibilities change over time and accurate job analyses are crucial to the development of an effective performance evaluation system.
3. The director of Human Resources should develop job descriptions based on the findings of the job analysis. The job descriptions should include all of the current identifying information in addition, but not limited, to components such as service delivery, interagency communication, professional growth and development, work-site standards, employee responsibilities, leadership and strategic orientation, systemic functions, (if the position is instructional, include student achievement as a component). Each component should contain specific measurable performance responsibilities. August 2007
 4. The director of Human Resources should develop a performance evaluation form for each job description and ensure that the form and the job description are parallel in terms of performance responsibilities. The form should be designed so that quantifiable ratings are assigned that are consistent with data collected for the evaluation. The final form should contain data based ratings to be used for awarding merit pay and making other employment decisions. October 2007
 5. The director of Human Resources should develop procedures and guidelines that govern the conduct of on-going performance evaluations and ensure that formative coaching and goal setting are components. November 2007
 6. The director of Human Resources should perform a pilot of the system to determine systemic problems with implementation so that they can be solved prior to full implementation. Revise the system as needed. January 2008
 7. The superintendent should secure board approval of the newly developed performance appraisal system. May 2008
 8. The director of Human Resources should develop and present a performance evaluation orientation and training seminar so that all employees will have a working knowledge of the newly created system. June 2008
 9. The superintendent should implement the system. July 2008

FISCAL IMPACT

Implementation of this recommendation can be accomplished in two ways. The ESD could use its current capacity to develop the system, and minimal, if any, additional resources would be needed. The organization will benefit from having developed its own system, which ensures the presence of internal expertise needed for implementation, training, and evaluation, all without significant additional cost.

The second option would be to outsource system development as provided by statutes or rules governing the procurement of goods and services. The cost would be contingent upon the scope of work and deliverables required for development and implementation. Until the ESD determines which option to pursue, the fiscal impact cannot be determined.

6.4 Compensation

One of the most important employee benefits of an organization is a fair, equitable, and competitive remuneration system; one in which employees are compensated comparably to their peers in the industry who perform similar work; and one that does not compensate employees in a significantly excessive manner that is incomparable to their peers in the industry who perform similar work under similar conditions. A fair and equitable compensation system is essential to the recruitment, hiring, and retention of high quality personnel.

FINDING

The ESD uses three salary schedules for employee compensation: certificated, classified, and professional/technical, but the positions of executive director of Instructional and Support Services, Data and Technology director, assistant superintendent for Business and Instructional Support Services, Special Services director, Prevention and Treatment Center director, and assistant superintendent for Production and Support positions are not supported by a salary schedule. No documentation was presented to define how the salaries for these positions were created. The schedules all have minimum education and experience requirements for placement at each level.

The ESD conducted a salary comparison study to determine how it stands with its compensation program in relation to other Educational Services Districts in the State of Washington. The most recent study was conducted for the 2005-06 fiscal year and is shown in **Exhibit 6-1**.

**EXHIBIT 6-1
SALARY COMPARISONS
SUPERINTENDENT AND ASSISTANT SUPERINTENDENTS
SELECTED EDUCATIONAL SERVICE DISTRICTS
2005-2006 FISCAL YEAR**

SELECTED ESD	SUPERINTENDENT	ASSISTANT SUPERINTENDENT	SALARY DIFFERENCE	PERCENT DIFFERENCE
101	\$155,000	\$109,320	\$45,680	29%
105	\$137,501	\$105,343	\$32,158	23%
112	\$182,055	\$109,319	\$72,736	40%
113	\$140,000	\$109,190	\$30,810	22%
114	\$134,596	\$113,893	\$20,703	15%
121	\$170,400	\$112,813	\$57,587	34%
123	\$131,040	\$100,982	\$30,058	22%
189	\$135,645	\$98,509	\$37,136	27%

Source: Olympic Educational Service District Salary Comparison Survey

(These data were extracted from Educational Service District Salary Surveys conducted by the Olympia Service District. Data for ESD 171 show no salary for the assistant superintendent and were therefore excluded from the comparison.)

Exhibit 6-1 compares the salaries of assistant superintendents in the ESDs of the State of Washington in relation to their respective superintendents' salaries. It reveals an area where potential savings could be realized with salary adjustments for the position.

It is important to note that ESD 112 has a 40 percentage point salary difference between its superintendent and the assistant superintendent while ESD 114 has a 15 percentage salary difference.

The mean difference for the state's service districts is 27 percentage points. By applying that mean difference (.27) for the state's ESDs to ESD 114's salary for the superintendent (\$134,596), a salary of \$98,255 would be the recalculated (proposed) salary for the assistant superintendent.

Alternatively, by excluding ESD 114 from Exhibit 6.1 the mean difference for the state's service districts will be 28 percentage points. The application of the 28 percentage point mean difference to the salary of the superintendent (\$134,596) provides a salary of \$96,909 which would have been the 2005-2006 recalculated (proposed) salary for the assistant superintendent.

Recommendations 6-4:

Restructure the salaries of the assistant superintendents so that they are comparable to other peer assistant superintendents.

This recommendation may be accomplished in several ways; one of which is to freeze the salaries of the assistant superintendents until such time that they are comparable to the average salary of their peers in the other ESDs. Another would be to restructure the salary schedules so that salaries are comparable to that of the peers in the other ESDs and grandfather the current assistant superintendents in those positions as long as they hold those positions. The assistant superintendents would continue to receive salary increases as provided to other employees in the OESD. Lastly, and the most dramatic would be to restructure the salary schedule for the assistant superintendents and reduce the salaries accordingly.

FISCAL IMPACT

There are two assistant superintendents in the ESD with a combined salary of \$296,121. An application of the logic applied in the previous discussion will have a net effect of realizing a potential annual savings, based on 2005-2006 data, of \$44,158 including fringe benefits.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Adjust Assistant Superintendents' Salaries	\$44,158	\$44,158	\$44,158	\$44,158	\$44,158

6.5 Staff Development Program for Professional and Support Personnel

A well structured staff development and training program is critical to the organization if it is to remain productively competitive, and current in the new and emerging trends in the industry. Doing so will ensure continued existence as a viable organization that is effective and efficient in its production of goods and/or services.

FINDING

There is no formal needs assessment process in place to gauge or monitor the training needs of the districts served by the ESD.

Staff development for the employees of OESD is coordinated by the director of Staff Development. Services are provided to school districts and the OESD central office. A review of the training activities of the OESD reveals extensive training offerings for school districts and the OESD, some of which are listed in the OUTLOOK newsletter. Discussion with one of the school district superintendents reveals general satisfaction with staff development services. Discussions with the staff development director confirm the lack of a formal needs assessment but indicate that input is received from all of the school districts within the service district relative to the needs of the respective districts.

Recommendations 6-5:

Develop and implement a formalized procedure for conducting an ESD-wide needs assessment for internal and external staff development offerings.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The Human Resources director should develop a survey that is comprehensive in scope and solicit participation from all clients within the ESD. | June 2007 |
| 2. The Human Resources director should administer the survey and compile the results | June 2007 |
| 3. The Human Resources director should prioritize the needs based on the results of the survey. | July 2007 |
| 4. The Human Resources director should determine the cost of implementing the identified prioritized needs. | July 2007 |
| 5. The Human Resources director should determine the offerings based on resources available. | July 2007 |
| 6. The Human Resources director should review the program with the superintendent for approval and modifications as may be needed | July 2007 |
| 7. The superintendent should submit the program to the board for review and approval. | August 2007 |

8. The Human Resources director should implement the program. August 2007

An alternative to the above strategies would be to amend the current training evaluation form to include needs assessment questions. Participants would answer by indicating other staff development or training opportunities that would be of benefit to them and that they would like to be offered either routinely or as needed.

FISCAL IMPACT

Implementation of the recommendation could be accomplished within existing resources. The cost of implementing the alternative recommendation would be contingent upon the results of the needs assessment.

6.6 Efficiency of Operations

One of the hallmarks of any enterprising organization is its ability to operate within the confines of its resources in the most effective and efficient manner possible. Such an organization continuously seeks ways to minimize cost and improve the quality of goods or services it provides.

FINDING

The ESD has a full-time position for certification services when the position requirements do not appear to require a full-time person.

The department has three staff members: two are devoted full-time to HR (HR Assistant and Certification Specialist) and the other serves as the director of HR and as executive secretary to the superintendent. The receptionist assists the HR staff when needed but helping human resources is not the position's primary responsibility.

It is reasonable to think that certification services could be cooperatively shared with another ESD through the use of some type of technology linkage. If the certification specialist position were eliminated or shared with another ESD, an existing staff member could assume some of the ancillary duties of the current certification specialist.

The ESD has combined the executive secretary to the superintendent and HR director into one position where secretarial and human resources oversight is provided by that position. The superintendent assumes some of the managerial and governance responsibilities of the human resources department.

Recommendation 6-6:

Explore the feasibility of eliminating the Certification Specialist position (not the services) and forming a cooperative with other ESDs to provide certification services.

Implementation of this recommendation could lead to improved efficiency of operation if the ESD were to cooperatively provide certification services with other ESDs. Technological advances make it possible to electronically provide most if not all of the

certification services via the use of telephone, the Internet, and other technological delivery systems.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The superintendent should consult with other ESDs, especially smaller ones, to determine if there is sufficient interest in pursuing a cost saving approach to providing certification services. June 2007
2. If there is sufficient interest in creating such an arrangement, the superintendent should determine what portions of the process can be automated and how it could be done. July 2007
3. The superintendent should establish a board of directors and empower it to make decisions regarding the formulation of the cooperative. It should then establish itself organizationally and create policies, procedures, and guidelines relative to the formulation and operation of the cooperative. July 2007
4. The superintendent should create and establish an agreement with the member districts. August 2007
5. The superintendent should ensure that all operations of the co-op fall under the jurisdiction of one of the statutorily created ESDs and implement the plan. August 2007

FISCAL IMPACT

The fiscal impact will be an annual saving of \$48,127 which represents the salary and benefits of the certification specialist. The certification services would still need to be provided and the ESD would share in the cost which would in turn reduce the projected savings amount.

Recommendation	2007-08	2008-09	2009-10	20010-11	2011-12
Co-op Certification Services	\$48,127	\$48,127	\$48,127	\$48,127	\$48,127

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter presents findings and recommendations relating to the facilities use and management of Educational Service District 114 (ESD 114), located in Bremerton, Washington. This ESD is also referred to Olympic Educational Service District (OESD).

CHAPTER SUMMARY

Facilities management and planning in ESD 114 over the past few years has centered on the decision to significantly expand the main facility in Bremerton. The existing facility had limited space for meetings and staff training, as well as cramped quarters for staff offices. In addition, the space for storing the science kits distributed to schools throughout the region had to be leased at an off-site location. The administration and board reviewed options for solving these facility issues and made the decision, based on both program and cost factors, to expand the existing facility. In addition to the Bremerton facility, ESD 114 operates a satellite facility in Port Angeles to provide more direct service to the school districts in that part of the service region.

This chapter reviews the facility operations for both facilities. The conduct of this review assessed facilities planning, use and maintenance as well as the use of capital funds for construction, maintenance and operations. Specific steps included in the review were:

- A review of the MGT survey results, the diagnostic report, and ESD documents. Documents used for the planning and construction of the new facility as well as current use of the new facility were examined in detail.
- Interviews with the superintendent, board members, and staff members regarding facilities planning and use.
- Interviews with local school district superintendents regarding facilities use at the ESD.
- Physical examination of the two facilities.
- Follow-up discussions regarding the lack of a facilities maintenance plan and a long range plan for facility improvements.

Key recommendations in this chapter include:

- Develop a facilities master plan to address the immediate space needs, future space needs, facilities use, capacities, building conditions, and projections. **(Recommendation 7-1)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-2)**
- Develop standards and costs for use of training space at the ESD. **(Recommendation 7-3)**

- Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion.
(Recommendation 7-4)

FINDING

ESD 114 lacks a formal facility planning process.

ESD 114 recently expanded facilities with the final stages of moving into the new facility occurring in the fall of 2006, at the time the audit team was on site. The new and improved space was constructed adjacent to the existing ESD offices in Bremerton. The need for additional space was based on:

- An on-going need that had been the focus of staff discussions for many years.
- The inclusion of additional and modernized facilities as part of the annual board/superintendent goals.
- The completion of the addition was included as a highlight on the board/superintendent goals 2005-2006.
- The desire of local school districts for up-to-date meeting space as indicated through interviews with district superintendents.
- The fact that the ESD was leasing space for storage of the science kits that are distributed to local school districts.

In reviewing the documentation regarding the planning and construction for the new facility, a great amount of information can be found regarding the evaluation of different possible sites, the funding methodology and the financial status. Little can be found, however, regarding the process for determining the type of space needed and the specific “educational specifications” that could guide the design team. It appears that the direction of the project was guided primarily by the assistant superintendent working with the design consultants.

This lack of formal facility planning, combined with the need to look at the best use of the new facility (as well as the existing part of the facility in Bremerton and the Port Angeles satellite) indicates a need for development of a planning process.

Recommendation 7-1:

Develop a facilities master plan to address the immediate space needs, future space needs, facilities use, capacities, building conditions, and projections.

The engagement of all ESD stakeholders in a comprehensive, data-driven, thoroughly researched, and well documented facility study will provide the ESD with the information and support that will be necessary to implement meaningful facility use policies and improvements. In addition to an analysis of need, the study will need to engage staff and

clients in establishing facilities priorities, particularly in regard to the use of the new space.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------------------------|
| 1. The ESD 114 Superintendent should direct the assistant superintendent to prepare a facilities plan. | September 2007 |
| 2. The assistant superintendent should form a stakeholders committee to develop the facilities use plan. | October 2007 |
| 3. Once the plan is fully developed, the superintendent should present the plan to the board for approval. | January 2008 |
| 4. Once approved by the board, the assistant superintendent should begin implementation of the plan. | February 2008
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 114 does not have custodial cleaning standards that guide the level of custodial services. In addition, levels of cleanliness are not defined.

There are multiple types of spaces in the building. The audit team observed unsuitable and inequitable levels of cleanliness. Because this issue is not uncommon in buildings, the Association of Physical Plant Administrators (APPA) has developed industry standards to guide building administrators. There are three major components of the standards identified by the Association of Physical Plant Administrators (APPA).

1. Appearance Levels must be defined and described in some detail. (See **Exhibit 7-1** below.)
2. Standard Spaces must be identified to ensure that the difference in the types of spaces and the cleaning effort required of those spaces is clearly distinguished. (The APPA handbooks identify 33 different types of spaces.)
3. Cleanable Square Feet (CSF) is an industry standard that is used to measure and compare data.

There are also five levels of cleanliness that have been identified by APPA and are shown in **Exhibit 7-1**. Educational building administrators commonly adopt Level 2 as their target level of cleanliness. This level seems to have the best balance of cleanliness and cost.

**EXHIBIT 7-1
APPA CLEANLINESS SCALE**

Level 1: Ordinary Spotlessness - Only small amounts of litter and ashes in containers. Floor coverings are kept bright and clean at all times. No dust accumulation on vertical surfaces, very little on horizontal surfaces. All glass, light fixtures, mirrors, and washbasins are kept clean. Only small amounts of spots visible.
Level 2: Ordinary Tidiness - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dusting is maintained at a high level. All glass, light fixtures, mirrors, and washbasins show evidence of spots and dust.
Level 3: Casual Inattention - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dust accumulation on vents, vertical, and horizontal surfaces. All glass, light fixtures, mirrors, and washbasins show accumulations of dust, spots, and prints.
Level 4: Moderate dinginess - Waste containers are full and overflowing. Floor coverings are normally dull, marked and spotted with infrequent peaks. Dusting is infrequent and dust balls accumulate. All glass, light fixtures, mirrors, and washbasins are dirty and spotted.
Level 5: Unkempt Neglect - No trash pickup. Occupants of building are responsible. Regular floor care is eliminated. Dusting is eliminated. All glass, light fixtures, mirrors, and washbasins are very dirty.

Source: APPA: The Association of Higher Education Facilities Officers, 1998.

Recommendation 7-2:

Adopt cleanliness standards for custodial services to guide the custodial staff in their work.

Once adopted, these cleanliness standards will help guide the custodial staff to provide suitable and equitable levels of cleanliness across the different types of spaces in the ESD buildings.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|---------------------------|
| 1. The ESD Superintendent should direct the assistant superintendent to prepare a draft policy regarding the establishment of standards for custodial services. | September 2007 |
| 2. Upon receipt of the draft policy, the superintendent should forward draft policy of the standards to the board for their review. | December 2007 |
| 3. Upon board approval, the standards should be used to guide cleanliness levels for custodians. | February 2008 |
| 4. The superintendent should report back to the board on the effect of cleanliness standards. | March 2008
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

There are currently no standards in place regarding use of ESD facilities.

Since the new facility includes classroom and training space, the demands for use of the facility may exceed the available time and space. Different types of users may want to use the facility, including school districts, public agencies, non-profit groups and profit making groups. The scheduling, costing and priority order need to be clear to minimize conflicts between these groups. It will therefore become necessary to develop standards and costs for use for each of the different user groups.

Recommendation 7-3:

Develop standards and costs for use of training space at the ESD.

Defined standards and costs will provide the ESD user groups with a means to assess the value and determine the best usage of the facility. Defined standards, prepared with input from the user groups, often result in increased usage and corresponding revenue to the ESD.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The superintendent should direct the assistant superintendent to form a user group committee for the purpose of defining standards and costs for facility use. | September 2007 |
| 2. The assistant superintendent should research the standards in use at other ESDs for use in committee deliberations. | October 2007 |
| 3. The committee should develop standards and recommend to the superintendent and ESD Board. | February 2008 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

ESD 114 does not currently have a written, systematic process for implementation of a preventive maintenance program.

With the completion of the new facility, it will become important to implement a preventive maintenance program to maintain the high level of the current facility.

Although many preventive maintenance activities occur, the lack of a system to track the activities almost guarantees a “hit-and-miss” schedule and under-maintained equipment. A systematic preventive maintenance process will anticipate wear, tear, and change on facilities and equipment and prompt the maintenance department to take corrective actions before a failure to ensure efficiency and minimize costly repairs.

An effective program involves systematic inspection, adjustment, lubrication, and replacement of components, as well as performance testing and analysis. As a result, the preventive maintenance program extends the life of the facilities and equipment, and minimizes unscheduled downtime. Some preventive maintenance programs are highly computerized and expensive systems while others are simple to use. MGT of America, Inc. through its experience in numerous facilities management reviews has developed a simple system that could be put in place in ESD 114. This system is described in **Exhibit 7-2**.

EXHIBIT 7-2 MONTHLY PREVENTIVE MAINTENANCE SCHEDULE

ESD 114

NAME:

DATE:

MAINTENANCE MONTHLY ROUNDS:	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Measure fuel and send Fuel Reports and fax in												
Send in Water Sample and fax in												
Complete Generator Report and fax in												
AIR HANDLING UNITS:												
Inspect and clean air filters or replace												
Check all controls- at proper setting?												
Check fan motor & belt tension should have 1/2 to 1" play												
GENERATORS:												
Test glycol ADD GLYCOL												
Start generator and run with full load for 4 hours or more												
FIRE ALARM SYSTEM:												
Notify Administrator, test Fire Alarm												
Turn over fire extinguishers and shake to loosen powder												
Inspect all fire extinguishers for proper operation												
FURNACE:												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect photo cell-clean as needed												
WATER HEATER: (GUN FIRED)												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect burner assembly-clean as needed												
Inspect photo cell-clean as needed												
Test pressure relief valve												
Drain accumulated rust from bottom of water tank												
BOILERS:												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect burner assembly-clean as needed												
Test boiler relief valve												
Blow down low water cut -off control												

Source: MGT of America, Inc., 2006.

Recommendation 7-4:

Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion.

Once fully implemented, the preventive maintenance program will extend the life of the facilities and equipment, and minimize unscheduled downtime. In addition, to the extent that systems and equipment are monitored through this process, better budgeting for upcoming equipment or systems replacement can be expected.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|------------------------------|
| 1. The assistant superintendent should develop a written comprehensive list of preventive maintenance activities and a schedule for their completion. | September 2007 |
| 2. The assistant superintendent should submit the comprehensive list and schedule to the superintendent for review and approval. | September 2007 |
| 3. Upon approval by the superintendent, the assistant superintendent should fully implement the use of the written schedule. | October 2007 |
| 4. The assistant superintendent should update the list periodically and monitor its implementation. | December 2007
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter summarizes the management information systems (MIS) review of Educational Service District (ESD) 114. The review examines the technology infrastructure, processes, and organization of the technology that supports business operations, teaching, and learning. Within the context of the elements of I-900, this study examines how ESD 114 plans, organizes, staffs, leads, directs, coordinates, and controls the resources and activities associated with acquiring, deploying, and supporting technology in business operations and the classroom.

CHAPTER SUMMARY

ESD 114 provides a variety of technology-related services to regional school districts. Services include data center services and help desk support of the Washington School Information Processing Cooperative (WSIPC) and the Washington K-20 Education Network. The regional Educational Technology Support Center (ETSC) supports school district professional development and curricular activities using technological delivery. ESD 114, WSPIC, K-20 Education Network, and the regional ETSC work in concert to narrow the gaps between small and large school districts, reduce the geographic distance between school agencies, offer cost-effective options for technology procurements, professional development, and provide a structure for technology planning. ESD 114 is piloting an online tool that assists school districts with data-driven decisions to improve school performance and increase student achievement.

The following area merits commendation and is discussed later in this chapter:

- ESD 114 should be commended for its statewide leadership demonstrated by entering into an exclusive statewide agreement for *Just 5 Clicks* data analysis software that supports data-driven decisions in Washington schools.

Key recommendations in this chapter include:

- Develop a technology planning process that is integrated into the agency-wide ESD 114 strategic planning process and produces a plan that addresses technology support of agency business and instructional goals. **(Recommendation 8-1)**
- Implement Web publishing software that distributes Web maintenance workload to ESD 114 education technology and program staff. **(Recommendation 8-2)**
- Increase the amount of E-rate funding school districts in the region receive. **(Recommendation 8-3)**

FINDING

A review of the ESD 114 technology planning documents indicate that the technology planning process is not clearly linked to agency business and instructional goals.

The ESD 114 technology plan lacks clearly-defined goals and objectives for improving education with technology, does not include a specific timeline, lacks an assessment of infrastructure and client needs, does not specify the technology budget needed, and does not include a process for evaluating the technology plan. The ESD 114 annual work activities and summaries documents describe work activities and accomplishments and could be structured to be useful supplements to a planning process that creates specific, measurable, time-bound goals and objectives.

Integrating technology into the school agencies requires a thoughtful methodology that seamlessly integrates technology in the classroom as well as administrative operations. Public education funding agencies recognize the need to develop technology utilization plans. For example, E-rate and Federal Title II-D require technology plans as a condition for receiving funds. When the ESD 114 technology plan is next updated, the ESD must ensure that the E-rate technology plan requirements are met.

The California Commission on Technology and Learning offers an education technology planning guideline. While written for school districts, the education technology planning guide contains guidance that applies to intermediate education agencies such as Washington's ESDs. The guide states,

"The Curriculum component is at the heart of the technology plan. It outlines how technology will be used to enhance the teaching and learning process. Decisions made in the Curriculum component affect the decisions in the rest of the components. The Professional Development component establishes the methods and schedules for training teachers, administrators, classified staff, parents, and community members, where applicable, to support the Curriculum component of the plan. The Infrastructure, Hardware, Technical Support, and Software component outlines the type of technology and the time frame for when these various technology resources will be obtained in order to accomplish the Curriculum and Professional Development components. Next, the Funding and Budget component establishes the cost estimates and funding sources needed to accomplish the first three components of the plan. Finally, the Monitoring and Evaluation component provides the means by which the school district will determine whether the plan is effective. This last component also includes a decision-making process that provides for revision of the plan where needed."

The current ESD 114 strategic planning process does not clearly integrate technology components of curriculum, professional development, technology infrastructure, budget, and evaluation components that support the business operations and instructional goals. Goals and objectives that are not clearly and specifically documented make it difficult to measure progress and effectiveness of the strategies included in the technology plan. E-rate audits that find inadequate technology plans put E-rate funding at risk.

Recommendation 8-1:

Develop a technology planning process that is integrated into the agency-wide ESD 114 strategic planning process and produces a plan that addresses technology support of agency business and instructional goals.

The technology plan should also meet E-rate technology plan requirements.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------------|
| 1. In concert with other agency departments, develop a draft technology plan that clearly links technology goals to business and instructional goals, addresses best practices, and meets E-rate requirements. | February – June 2008 |
| 2. Obtain client feedback. | June 2008 |
| 3. Obtain approval of technology plan by Washington OSPI prior to the start of service being discounted by E-rate. | June 2008 |
| 4. Update technology plan, as needed, to indicate changes that must reflect all services and equipment being discounted by E-rate. | Ongoing |

FISCAL IMPACT

The education technology planning process to address E-rate and other criteria can be accomplished with resources used to support the current planning process.

FINDING

ESD 114 Web site management and maintenance is centered on the ESD Educational Technology director, who spends an estimated 10 percent of his time on Web site activities. Centralized Web site management is burdensome and with over 100 Web pages on the ESD 114 Web site, the work of maintaining and improving a Web site of this size is a large effort.

Placing the part-time responsibility on one person to maintain the ESD 114 Web site can result in Web pages with stale information and limits the ESD's ability to implement other Web site best practices. In the ESD 114 region, the agency Web site is a way to close the distance between the region's small and remote school districts. ESD 114 program staff expressed a need to enable program staff to update their program sections of the Web site and the Data and Technology Services director stated that work is in progress to allow staff to update designated pages of the Web site. An ESD's Web site is an important communication tool and is a reflection of the agency. The Interagency Committee on Government Information produced a best practices checklist for managing governmental Web sites. Best practices for government Web sites can be found at:

http://www.firstgov.gov/webcontent/reqs_bestpractices/best_practices.shtml
http://www.firstgov.gov/webcontent/reqs_bestpractices/checklist/long.pdf
<http://www.seattle.gov/pan/commstrategy.htm>

Best-practices topics in these references include: knowing the audience; writing for the web; keeping content current; usability principles and techniques; design templates; Web site accessibility/Section 508 of Americans with Disabilities Act; Web site evaluation; and metrics.

Recommendation 8-2:

Implement Web publishing software that distributes Web maintenance workload to ESD 114 education technology and program staff.

Implementation of Web site publishing software that is easy to use and allows for electronic routing and approval of Web pages prior to posting of Web pages can be accomplished in a relatively short amount of time. Over time, a Web publishing tool can also help organize and facilitate the collaborative creation of documents and other content, without increasing total workload and cost. By distributing the Web maintenance workload, ESD 114 has an opportunity to reduce the net cost of Web maintenance and to improve the Web site consistent with best practices.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-------------------------|
| 1. The Educational Technology director should purchase software. | July 2007 |
| 2. The Educational Technology director should install software. | July 2007 |
| 3. The Educational Technology director should provide software training. | August – September 2007 |
| 4. The Educational Technology director should update ESD 114 Web site with enhancements based on best practices and client feedback. | Ongoing |
| 5. The Educational Technology director should evaluate changes based on client feedback. | Ongoing |

FISCAL IMPACT

As an example, the estimated time to recover the cost of the software, Adobe Contribute Web-publishing software, is estimated to be 3.6 years. The cost includes software, additional user licenses, staff and staff training. Savings are realized by redirecting a portion of the time the Educational Technology director spends on Web maintenance work and assigning some of the Web maintenance responsibilities to other program directors and administrative staff.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-22
Implement Web-publishing software	(\$1,094)	(\$694)	(\$294)	\$106	\$506

Web Publishing Tool Implementation Example (Using Adobe Contribute as an example, http://www.adobe.com/products/contribute/productinfo/pricing/)	
Item	Cost
Software	\$149
Licenses (Contribute Publishing Server)	5 @ \$89 each = \$445
Training	\$700
Total Cost	\$1,294
Reduction of Ed Tech Director's Web site management time by 50%	$(\$80,000 \times 0.1) \times 0.5 = \$4,000$ savings
Addition of Program Assistant Web support work to maintain Web pages	$(\$40,000 \times 0.1 \text{ FTE}) \times 0.5 = \$2,000$ cost
Addition of content reviews and software support costs	$(\$80,000 \times .02 \text{ FTE}) = \$1,600$
Net annual savings	$\$4,000 - \$3,600 = \$400$
Return on Investment	$\$1,294 \text{ total cost} / \$400 \text{ estimated net savings} = 3.6 \text{ years}$
Assumptions: <ul style="list-style-type: none"> 10 percent of Educational Technology director's time is spent on Web work 50 percent of Educational Technology director's Web work time will be assigned to program assistants 2 percent additional Web page review time for program manager Five (5) user software licenses Training time includes vendor online training 	

FINDING

ESD 114 entered into an exclusive statewide agreement for *Just 5 Clicks* data analysis software to assist schools in making data-driven decisions. Using data to help make educational decisions is a process that is supported by many in the education community for improving schools and increasing student achievement.

An article published by the National Education Association lists reasons that data-driven decisions are not yet the norm for school teachers and administrators. *Just 5 Clicks* is a data-analysis software system that assists teachers and administrators for the purpose of capturing and analyzing data, as well as producing reports for assessing student performance and school improvement. *Just 5 Clicks* is being piloted in several school districts in the ESD 114 region.

Publications from the North Central Regional Education Laboratories, National School Boards Association, and the Rand Corporation, all describe the benefits and the generic process for using data to improve student achievement. As stated in these publications, school culture does not focus on data collection, analysis, or use. Few people at the school are trained to gather and analyze data. Staffs do not think analyzing data is part of their jobs. Helping schools gather, analyze, communicate, and use data is not a priority of district personnel. Computer systems are outdated or data are not integrated. Teachers are not data-oriented. For these and other reasons, data-based decisions are not yet the norm in schools.

By adding a tool such as *Just 5 Clicks* to the tool box of teachers and administrators, providing access to data and supporting data usage, ESD 114 can play an important role in improving schools and increasing student achievement.

While it may be premature to assess the level of ESD and school district participation and acceptance of *Just 5 Clicks*, it is fitting to acknowledge the leadership demonstrated by ESD 114 by creating access to software that can support data-driven decisions for student achievement and school improvement.

COMMENDATION

ESD 114 should be commended for its statewide leadership demonstrated by entering into an exclusive statewide agreement for *Just 5 Clicks* data analysis software to support data-driven decisions in Washington schools.

FINDING

ESD 114 does not have a strategy for applying for E-rate discounts and supporting regional district E-rate applications.

Support for ESD and regional school district E-rate applications is provided by an E-rate consultant. Regional ESTC approves school district technology plans and the Washington Office of the Superintendent of Public Instruction approves the ESD E-rate technology plans. The Universal Service Fund E-rate program provides discounts to eligible telecommunications services. The estimated national rate for E-rate commitments, per student, is over \$30/student.

Lack of direct funding for supporting E-rate at the local level is an issue that every applicant generally faces. Both current and potential E-rate applicants may be unwilling to accept the upfront and continuous costs of applying for E-rate. Currently, the statistics for ESD 114 show:

- Number of ESD 114 School Districts: 15
- Total region school district students: 50,741
- School districts not receiving E-rate commitments in 2005: 2 (13%)
- Total-Year (2005) ESD 114 Regional school district E-rate commitments: \$771,326

- 2005 ESD 114 E-rate commitments: \$45,958
- Regional E-rate commitments/student: \$15 and \$16, including ESD 114 E-rate commitments
- Estimated 2005 Washington State E-rate commitments/student: \$17
- Estimated 2005 National E-rate commitments/student: \$30

Recommendation 8-3:

Increase the amount of E-rate funding school districts in the region receive.

The ESD should examine the potential savings of applying for and receiving additional E-rate discounts in the region. Currently, the ESD 114 strategy for applying for E-rate discounts and supporting regional school district E-rate applications is to use E-rate consultant services

Applicants can look for ways to maximize the E-rate discount percentage including: income surveys, matching siblings, and participation in other programs such as Temporary Assistance for Needy Families or need-based tuition assistance programs. E-rate commitments can be requested for new buildings or building renovations. In addition to basic telecommunications, some non-instructional facilities may be eligible for E-rate discounts

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------------|
| 1. The Educational Technology director should determine whether to use ESD staff or consultant. | March 2008 |
| 2. The Educational Technology director should hire ESD staff or contract with consultant. | April – May 2008 |
| 3. The Educational Technology director should identify opportunities for increasing E-rate. | June 2008 |
| 4. The Educational Technology director should modify technology plans used for E-rate. | Ongoing |
| 5. The Educational Technology director should ensure that the ESD and districts apply for additional E-rate commitments. | E-rate cycle |

FISCAL IMPACT

If the ESD 114 region is able to increase E-rate commitments more on par with the national level, the region could receive as much as \$500,000 in additional E-rate funding.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-22
Estimated Increased E-rate Utilization for ESD 114 Regional School Districts	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Estimated E-rate Consultant fees (ESD and School Districts)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)
Net Increase in E-rate	\$497,600	\$497,600	\$497,600	\$497,600	\$497,600

Assumptions:

- An increase of ESD 114 regional E-rate funding by \$10 over the 2005 level of \$16.12 per student
- ESD 114 currently uses a consultant at the cost of \$40/hour
- Based on the national average of \$30, there is potential for ESD 114 to increase E-rate funding over the 2005 level of \$16.12

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 114 BREMERTON EMPLOYEES' SURVEY RESULTS (n=107)

EXHIBIT A-1 ESD 114 EMPLOYEE RESPONSES GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	44	40	3	2	0	11
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	47	43	4	1	0	6
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	2	6	7	25	41	20
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	1	1	6	26	49	18
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	2	1	10	27	40	20
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	1	4	28	35	33
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	44	46	6	0	0	5
8. Our ESD is highly efficient and effective.	35	50	9	3	0	4
9. The ESD role in providing services to school districts should be expanded.	28	35	26	1	0	10
10. Our ESD is highly responsive to the service needs of member school districts.	45	42	6	1	0	7
11. Our ESD provides quality services.	62	30	4	2	0	3
12. There are adequate channels of communication with school districts in our region.	22	50	13	4	0	11
13. Our ESD is responsive to complaints.	41	38	11	0	1	8
14. Our ESD is responsive to requests for services.	42	48	3	2	0	6
15. Our ESD listens and tries to meet the needs of the school districts.	45	43	6	0	0	7

**EXHIBIT A-2
ESD 114 EMPLOYEE RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	1	1	21	33	28	17
2. Each ESD should hold each school district in its region responsible for student performance within the district.	3	18	25	23	17	14
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	20	44	17	2	4	14
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	14	45	18	9	1	13
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	21	44	17	7	1	9
6. Under the current governance structure, the ESDs are accountable primarily to:	16	42	15	7	0	20
■ the school districts within each region	13	42	17	4	0	24
■ the State Superintendent of Public Instruction	10	45	15	4	0	26

**EXHIBIT A-3
ESD 114 EMPLOYEE RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	16	15	16	18	8	26
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	33	36	8	4	0	20
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	4	13	26	20	11	26
4. The ESDs should be totally independent of OSPI.	3	12	27	21	10	27
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	6	21	26	13	5	29
6. The current number of ESD Board of Director members is appropriate.	15	38	12	1	0	34
7. The current number of 9 ESDs should be:	7	15	26	22	7	24
■ expanded	7	15	26	22	7	24
■ left as is	16	31	22	7	3	21
■ reduced	2	0	16	27	32	23
8. All ESDs should be abolished.	2	0	3	9	76	9

**EXHIBIT A-4
ESD 114 EMPLOYEE RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	7	32	16	9	4	32
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	4	16	19	21	8	32
3. School districts understand the governance and oversight structure of our ESD.	2	21	20	18	3	36
4. There are appropriate levels of oversight for our ESD.	13	30	17	5	1	35
5. ESDs should continue to be funded by the state.	34	44	8	0	0	14
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	12	24	17	2	1	44
7. School districts have the funding to purchase the services they need from our ESD.	2	8	21	16	9	43

**EXHIBIT A-5
ESD 114 EMPLOYEE RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	12	21	6	2	0	59
2. Mathematics	12	25	6	5	1	51
3. Social Studies	6	18	7	2	1	66
4. Science	16	25	5	3	1	50
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	11	30	4	2	0	53
6. At-risk and compensatory education	14	27	4	2	0	53
7. Bilingual Education and ESL	5	9	11	4	0	71
8. Advanced academics (gifted and talented, AP)	4	7	10	5	1	73
ESD TRAINING						
9. Training and assistance for campus planning	7	20	7	4	0	64
10. Training and support for Washington Assessment of Student Learning (WASL)	9	23	7	2	1	58
11. Training and support for aligning the curriculum and instruction with WASL	9	29	7	1	1	53
12. Leadership training and development programs and services	13	40	7	2	0	38
13. Training and assistance to help improve student performance	9	33	9	3	0	46
14. Training and assistance in using new teaching methods and strategies	8	32	9	2	0	49
15. Training and assistance in the use of technology	16	39	5	2	0	38
16. Training and assistance in discipline management and conflict resolution	8	30	5	3	1	53
17. School board training services	5	10	7	2	0	76
18. Teacher certification	18	28	6	0	0	49
19. Professional/Para-Professional certifications	12	29	7	1	0	51
ESD SERVICES						
20. Computer network and telecommunication services	36	35	2	1	1	26
21. Purchasing cooperatives	9	28	11	2	1	49
22. Services and support for Educational Data Systems (EDS)	22	32	6	4	0	36
23. On-line/Distance Learning classes	7	24	11	3	1	54
24. On-site technical assistance	22	34	7	1	2	34
25. Video Conferencing	24	38	7	1	0	30
26. Lending Library	23	34	6	1	1	36
27. Best Practices Information	9	26	7	0	0	57
28. Organizational Links	11	20	9	0	0	60
29. Demonstrations and Equipment	13	25	7	1	0	53

**EXHIBIT A-6
ESD 114 EMPLOYEE RESPONSES
WORK ENVIRONMENT**

Percentage of agreement or disagreement with each statement.

SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree; DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	39	48	5	6	2	1
2. ESD officials enforce high work standards.	36	46	10	6	0	3
3. ESD employees who do not meet expected work standards are disciplined.	11	26	26	7	6	24
4. I feel that I have the authority to adequately perform my job responsibilities.	33	50	9	5	2	2
5. I have an up to date and comprehensive job description.	34	43	12	7	2	2
6. I have adequate facilities in which to conduct my work.	29	44	14	7	6	1
7. I have adequate equipment and computer support to conduct my work.	31	54	8	3	3	1
8. No one knows or cares about the amount or quality of work that I perform.	2	3	4	38	51	2
9. I am very satisfied with my job.	38	42	11	7	2	0
10. I plan to continue my career in my ESD.	42	33	16	4	2	4
11. I am actively looking for a job outside of my ESD.	3	5	14	30	48	1
12. Salary levels at my ESD are competitive.	9	30	21	25	10	5
13. I feel that my work is appreciated by my supervisor(s).	41	46	8	2	3	0
14. I feel that I am an integral part of the ESD team.	34	46	11	6	4	0
15. I feel that there is no future for me at the ESD.	6	7	8	36	41	2
16. My salary level is adequate for my level of work and experience.	10	30	17	35	7	1
17. Most administrative practices in the ESD are highly effective and efficient.	22	32	23	6	4	13
18. Administrative decisions are made promptly and decisively.	14	36	20	15	7	9
19. My ESD administrators are easily accessible and open to input.	26	45	19	5	3	3
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	4	13	22	31	17	13
21. My ESD has too many layers of administrators.	4	6	22	37	19	12
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	24	51	14	6	2	3

GENERAL QUESTION

1. How would you rate your ESD facilities?

20%	Exceptional
48%	Above average
23%	Adequate
8%	Needs improvement
1%	Don't Know

**ESD 114 BREMERTON
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=13)**

**EXHIBIT A-7
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR SCHOOL DISTRICT**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Average Daily Attendance (n=12)	32	104272	12375.92
2. Number of Schools (n=13)	1	23	6.38
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=12)	1	2	1.25
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=13)	5	146	65.15
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=10)	5	146	53.10

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	62	23	0	15	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	69	23	8	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	8	8	0	31	46	8
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	8	0	0	31	54	8
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	8	0	15	15	54	8
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	8	8	0	38	38	8
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	69	15	0	8	0	8
8. The ESD in our region is highly efficient and effective.	31	62	8	0	0	0
9. The ESD role in providing services to school districts should be expanded.	15	38	31	0	8	8
10. The ESD in our region is highly responsive to the service needs of our school district.	38	46	8	8	0	0
11. The ESD in our region provides quality services.	46	46	8	0	0	0
12. There are adequate channels of communication with the ESD in our region.	23	62	15	0	0	0
13. The ESD in our region is responsive to complaints.	31	46	15	0	0	8
14. The ESD in our region is responsive to requests for services.	38	46	15	0	0	0
15. The ESD in our region listens and tries to meet the needs of the school district.	46	54	0	0	0	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents, and the response rate was 50 percent for these two sections.

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	20	0	60	20	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	20	0	60	20	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	60	20	0	0	20	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	20	20	0	40	20	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	40	40	20	0	0	0
6. Under the current governance structure, the ESDs are primarily accountable to:	0	40	20	20	20	0
■ the school districts within each region	0	20	40	20	20	0
■ the State Superintendent of Public Instruction	20	60	20	0	0	0

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	23	23	15	38	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	38	31	23	8	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	8	23	23	31	0	15
4. The ESDs should be totally independent of OSPI.	0	8	8	62	15	8
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	15	15	54	8	8
6. The current number of ESD Board of Director members is appropriate.	8	23	46	0	0	23
7. The current number of 9 ESDs should be:						
■ expanded	0	23	23	15	15	23
■ left as is	23	15	38	8	8	8
■ reduced	8	0	23	46	15	8
8. All ESDs should be abolished.	23	0	0	0	62	15

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	23	23	54	0	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	15	15	0	62	0	8
3. We understand the governance and oversight structure of the ESD in our region.	15	38	31	15	0	0
4. There are appropriate levels of oversight for the ESD in our region.	8	46	23	8	0	15
5. ESDs should continue to be funded by the state.	46	31	0	0	8	15
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	23	38	23	15	0	0
7. Our school district has the funding to purchase the services it needs from an ESD.	0	31	8	38	23	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage of satisfaction with the following services provided by your home Educational Service District.
VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	38	31	15	15	0	0
2. Mathematics	15	23	46	15	0	0
3. Social Studies	8	23	46	15	0	8
4. Science	31	54	0	15	0	0
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	8	46	31	15	0	0
6. At-risk and compensatory education	8	23	38	31	0	0
7. Bilingual Education and ESL	8	0	46	38	0	8
8. Advanced academics (gifted and talented, AP)	8	15	46	23	0	8
ESD TRAINING						
9. Training and assistance for campus planning	8	23	15	15	0	38
10. Training and support for Washington Assessment of Student Learning (WASL)	15	46	23	15	0	0
11. Training and support for aligning the curriculum and instruction with WASL	15	54	15	15	0	0
12. Leadership training and development programs and services	15	38	38	8	0	0
13. Training and assistance to help improve student performance	15	46	31	8	0	0
14. Training and assistance in using new teaching methods and strategies	15	62	15	8	0	0
15. Training and assistance in the use of technology	23	62	8	8	0	0
16. Training and assistance in discipline management and conflict resolution	15	15	38	15	0	15
17. School board training services	8	0	46	8	8	31
18. Teacher Certification	23	38	23	8	0	8
19. Professional/Para-Professional Certifications	15	46	23	8	0	8
ESD SERVICES						
20. Computer network and telecommunication services	23	54	23	0	0	0
21. Purchasing cooperatives	15	46	23	8	0	8
22. Services and support for Educational Data Systems (EDS)	31	46	15	8	0	0
23. On-line/Distance Learning classes	8	8	62	8	0	15
24. On-site technical assistance	23	38	23	8	0	8
25. Video Conferencing	23	31	23	0	8	15

EXHIBIT A-12 (Continued)
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES

STATEMENT	VS	S	N	D	VD	NA
ESD SERVICES, CONTINUED						
26. Lending Library	31	46	15	0	0	8
27. Best Practices Information	23	23	23	15	0	15
28. Organizational Links	8	23	31	15	0	23
29. Demonstrations and Equipment	8	15	46	15	0	15

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

31%	Exceptional
62%	Above average
8%	Adequate
0%	Needs improvement

SURVEY RESULTS FOR ESD SUPERINTENDENTS
(n=9)

EXHIBIT A-13
ESD SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR REGION

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

**EXHIBIT A-14
ESD SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region	0	56	11	33	0	0
■ the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	89	0	11	0	0	0
■ left as is	0	0	11	22	67	0
■ reduced	0	0	11	0	89	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING						
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES						
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***



Olympic Educational Service District 114

**105 National Avenue North • Bremerton, WA 98312
(360) 478-6880 • (Seattle) 464-6399 • FAX (360) 478-6869**

Office of the Superintendent

Walt Bigby

FORMAL RESPONSE TO PERFORMANCE AUDIT

August 30, 2007

The Olympic Educational Service District 114 appreciates the time and effort provided by MGT of America in conducting this Performance Audit. The Audit provides important information toward the continuous process of self-examination at OESD. Each of the recommendations will be given careful consideration and many will be implemented. However, serious concerns with some of the recommendations are noted herein.

1.0 Introduction

On page 1-1, MGT of America observes, "With 175 staff, (OESD) has the third largest employee population among other ESDs" while having the second smallest student population base. This accomplishment reflects a high degree of entrepreneurialism and leveraging of funds that directly transfer to services which benefit schools districts and students in this region. It is surprising that OESD did not receive a commendation for this success in light of the purposes of performance audits as outlined in Initiative Measure No. 900 which include ensuring accountability and guaranteeing that tax dollars are spent as cost effectively as possible and "...getting the biggest bang for the buck."

3.0 Governance and Management

On page 3-10, MGT notes that OESD should organize itself around "...prevailing norms." What is most important, we believe, is that OESD effectively and efficiently meet the needs of the school districts in this region. Therefore, any analysis of an organization's structure should begin with a determination of its effectiveness and efficiency in meeting its mission and client/customer needs rather than whether or not it meets an organizational template developed around "prevailing norms." It should be noted that the results of the survey of school district superintendents in this region indicate that 93 % strongly agree or agree that "The ESD in our region is highly efficient and effective." (See Appendix, A-7)

Board of Directors

Dean Kiess • Ray Ondracek • Katie Proteau • Donn Ring • Karen Sorger • Jean Wasson
Walt Bigby, Superintendent

MGT notes, on page 3-9, “the current structure appears to contribute to low staff morale and likely influences the high turnover of staff.” Arriving at a determination that OESD experiences high staff turnover would seem to require some benchmark for comparison. No such comparative data can be found in this Audit Report. Further, the claim of low staff morale is unsubstantiated other than by the comments of a few individuals which are in conflict with staff survey results shown in the Appendix (A-5). In the staff survey which was completed by 107 employees, 87% either agreed or strongly agreed that the “ESD is an exciting, challenging place to work.” Further, 80% agreed or strongly agreed that they are “very satisfied with my job.”

On page 3-10, MGT recommends an increase in the administrator to staff ratio. (see Recommendation 3-2). This recommendation is a result of a Finding on page 3-7 that “...ESD 114 has too many administrators...” Justification for this Finding is provided on page 3-9 where it is noted that there are a total of 37 administrators in a staff of 167. MGT’s calculation on page 3-9 conflicts with the notation of 175 staff on page 1-1 and “about 140” on page 4-2. The Report asserts that the current organization chart displays the 37 administrators. However, the organization chart on page 3-8 includes only a total of 18 positions listed, not all of which are administrative and on page 3-10 it is noted that there are 34 administrators. Thus, as the chart below displays, it impossible to know with certainty which employees MGT counted as administrators with supervisory responsibilities when they determined “the administrator to staff ratio (to be) less than 1:3 (page 3-9).”

Page #	# of Administrators	# of Total Staff
3-9	37	167
1-1		175
4-2		About 140
3-8 (org chart)	18	
3-10	34	

The inconsistency in identifying the number of staff and administrators as shown above casts doubt on the credibility of the Finding and Recommendation (3.2) in the Report.

It is likely that MGT, in calculating the administrator to staff ratio, included individuals such as the Special Services Director who supervises only a clerical assistant and is in actuality, a “department of one.” In fact, her position requires that she spend virtually 100% of her time providing advice and consultation to local school districts as opposed to supervising others. To eliminate this type of position, of which there are many, would mean the end of a host of services now provided to school districts and conflicts with MGT’s recommendation that any cost savings be used to employ education specialists to provide on-site support to schools (page 3-13). MGT stated in response to a previous objection that the purpose of Recommendation 3-2 is to encourage the ESD to conduct a review (of it’s administrative to staff ratio) and “when that is completed the amount of the potential savings that can be realized will be known.” OESD has no objection to reviewing the number of administrative positions to determine if reductions and savings can be realized. But, without this thorough review, any savings are illusory and it is premature and irresponsible for MGT to quantify and project such cost savings in this Report.

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Dean Kiess ● Ray Ondracek ● Katie Proteau ● Donn Ring ● Karen Sorger ● Jean Wasson ● Genelle Doyle
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Finally, several positions with “Coordinator” in the job title were erroneously counted as administrators. A number of OESD coordinator positions are direct service staff working in the OESD Data Center providing user software support over the phone and in training workshops. These coordinators do not manage a department nor supervise staff. MGT was provided job descriptions for non-administrative positions included in their report as administrators, yet, no corrections to the report were made. Other ESDs have similar job titles or positions and it would have been useful if MGT had provided common calculations of administrative to staff ratios for all ESDs. The absence of such data raises questions of consistency, fairness and uniformity in application of the audit process.

The staff and Board of Directors at OESD appreciate the opportunity to provide this Formal Response to the Performance Audit Report and remain committed to the continuous search for greater effectiveness and efficiency in OESD service delivery.

Board of Directors

Dean Kiess ● Ray Ondracek ● Katie Proteau ● Donn Ring ● Karen Sorger ● Jean Wasson ● Genelle Doyle
Walt Bigby, Superintendent

APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***



THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 114

To provide clarity and perspective, we are commenting on ESD 114 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts, analysis and findings presented, and we stand behind our findings and recommendations in the final report.

Below, we have inserted MGT's response to the issues identified in the ESD 114 formal response letter.



FORMAL RESPONSE TO PERFORMANCE AUDIT

August 30, 2007

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MGT's Response

The audit team did not feel this issue met the criteria for a commendation.

3.0 Governance and Management

On page 3-10, MGT notes that OESD should organize itself around "...prevailing norms." What is most important, we believe, is that OESD effectively and efficiently meet the needs of the school districts in this region. Therefore, any analysis of an organization's structure should begin with a determination of its effectiveness and efficiency in meeting its mission and client/customer needs rather than whether or not it meets an organizational template developed around "prevailing norms." It should be noted that the results of the survey of school district superintendents in this region indicate that 93 % strongly agree or agree that "The ESD in our region is highly efficient and effective." (See Appendix, A-7)

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The staff and Board of Directors at OESD appreciate the opportunity to provide this Formal Response to the Performance Audit Report and remain committed to the continuous search for greater effectiveness and efficiency in OESD service delivery.

MGT's Response:

Although the ESD disputes the number of administrative positions referenced in the finding and recommendation (3-2), it did not provide sufficient evidence to support its assertions. For purposes of calculating the administrator to staff ratio, we determined the number of administrators and staff by reviewing documentation provided by the ESD and conducting interviews at the ESD and school districts. The ESD expressed its concerns regarding the accuracy of the position totals, but our review of the information subsequently provided by the ESD did not yield compelling support to revise the audit finding and recommendation.

We disagree with the ESD's comment questioning the credibility of the numbers used in the administrator to staff ratio. For purposes of calculating the ratio, we determined the total number of staff based on a staff roster provided by the ESD. In addition, we determined the number of administrators through a review of ESD documents and interviews with personnel.

Regarding the specific positions that the ESD asserted were erroneously counted as administrators, we reviewed the job descriptions provided but did not find any compelling support for changing our report. We noted considerable variance in the duties performed by individuals with similar position titles and some of these positions did, in fact, include supervisory and administrator responsibilities. Accordingly, we stand by our finding.

It is important to reiterate that our finding is based on a quantitative analysis of positions at the ESD. We acknowledge in the report that the ESD must analyze all of its job classifications and responsibilities to identify specific positions to be reduced or eliminated. The ESD may find, as referenced in its response, that some positions are critical to program support or operations and must be retained. On the other hand, as our audit team observed, there are other administrator positions and position titles that appear to be questionable in terms of their duties and span of responsibility over staff-level positions.

The need for a job classification matrix was derived from the information obtained from the ESD. The audit team reviewed job titles and job descriptions and identified particular job titles with varying

degrees of administrative, supervisory, and non-supervisory duties. From a taxpayer standpoint and following the directive of I-900, the audit team questioned the wide use of *coordinator and director* titles when the job activities associated with those positions appeared to relate more to technician duties for some and supervisory duties for others. The development of a job classification matrix would address those issues and clearly identify by title and job duties those positions that are supervisory and those that are staff. The ESD's formal response appears to indicate that the ESD is already familiar with the roles of certain positions and is able to take initial steps to implement the recommendation. Additional implementation steps need to include creating the job classification matrix and assigning titles commensurate with position duties.

The Fiscal Impact section of this finding states that it will take time to implement the recommendation, and the fiscal impact is intended to illustrate the propensity of cost savings. We are aware that it may not be possible to achieve the specified staffing ratio due to certain conditions. Nevertheless, the key is to implement the recommendation and in doing so link appropriate job titles with job duties and determine the optimal staffing ratio through a staffing analysis and creation of a job classification matrix.

Finally, MGT disagrees with the ESD's comment questioning the consistency, fairness, and uniformity of the audit process. The team members auditing the ESDs each performed procedures in accordance with generally accepted auditing standards and followed audit protocol that has been successfully used in other educational performance audits around the country. Auditors adhered to the same audit objectives and utilized consistent and objective criteria in their review. Based on the assessment of the particular ESD's environment, operations, and controls, each auditor utilized appropriate judgment in the level of detailed audit procedures performed. The ESD's comment regarding the absence of comparable ratio data has no relevance to the quality of the audit process. Accordingly, we believe that our approach is fair, consistent, and credible across all ESDs.

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 121

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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1.0 INTRODUCTION

1.0 INTRODUCTION

The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. (MGT) to conduct a performance audit of Puget Sound Educational Service District 121 (ESD 121), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of ESD staff and school district staff. After reviewing the results of the on-site interviews and electronic survey data and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that included issues for all ESDs, the final performance audit report for ESD 121 was provided to SAO, reflecting areas of strength and areas needing improvement.

This chapter presents an introduction to the Puget Sound Educational Service District located in Renton, Washington.

ESD 121 at Renton is one of nine such organizations in the state of Washington. This ESD serves 35 school districts enrolling approximately 389,000 students. **Exhibit 1-1** displays ESD comparison data. The exhibit shows that ESD 121:

- at 389,335, has the largest student enrollment within its member school districts;
- with 35 member school districts serves more school districts than all ESDs except ESD 101 and ESD 113, but those two ESDs serve significantly smaller student populations; and
- has the largest employee population at 345, above ESD 112's employee population of 300 which serves fewer than one-third the number of students when compared to ESD 121.

**EXHIBIT 1-1
COMPARISON OF ESDs
NUMBER OF DISTRICTS AND STUDENTS SERVED
AND NUMBER OF STAFF
OCTOBER 2006**

ESD	DISTRICT OFFICE	SCHOOL DISTRICTS SERVED	STUDENTS SERVED (2004-05)	NUMBER OF STAFF
101	Spokane	59	89,340	169
105	Yakima	25	58,090	80
112	Vancouver	30	96,515	300
113	Olympia	45	71,381	110
114	Bremerton	15	52,055	175
121	Renton	35	389,335	345
123	Pasco	23	59,576	75
171	Wenatchee	29	40,687	75
189	Anacortes	35	164,523	78
Total		296	1,021,502	1,407

Source: Prepared by SAO Auditors from MGT of America preliminary data for SAO Audit, October 2006.

Washington's nine regional Educational Service Districts have evolved over the past 26 years from 39 regulatory, county superintendent offices to its current nine regional, service-based agencies.

Beginning in 1854, Washington's counties were responsible for meeting the needs of local school districts. In 1960, the State Legislature recommended establishment of 39 regional service areas to replace the county offices. At that time King County and Bainbridge Island joined together and were called Intermediate District No.9.

In 1969 the legislature required the State Board of Education to create a statewide system of 14 intermediate school districts (ISDs) to replace the 39 county offices. Intermediate District 9 became ISD 110 and the Pierce County office became ISD 111. In 1972, the number of regional offices was reduced to 12 by the State Board and in 1975 their names were changed to Educational Service Districts (ESDs). In 1977, the number of ESDs was further reduced to the present nine, and ESDs 110 and 111 consolidated to become ESD 121. In 1990, ESD 121 officially changed its name to Puget Sound Educational Service District (PSESD).

During this time, the Pierce and King County regional offices that were to become Puget Sound ESD were housed in a variety of settings. ISD 110 was located in a King County courthouse and above the City Morgue before moving in 1977 to the vacant Maywood Elementary School in the Highline School District. ISD 111 had offices in the County/City building in Tacoma and several other locations before merging with ESD 110 and moving to join its new partner at Maywood in 1979. The newly merged Puget Sound ESD remained at the Maywood location for almost a decade.

In need of a larger facility, the PSESD moved in the late 1980s to the vacant Dimmit Middle School in the Renton School District. After two years, the Renton School District decided to reopen Dimmit, and so PSESD was again looking for a new home. The decision was made to purchase a facility. After legislation was passed to permit ESDs to purchase real estate, the ESD purchased a building in Burien in October 1990. The

agency moved into their new home in October 1991. By 2004 PSESD had outgrown their Burien location and purchased a building in Renton. PSESD moved into the Renton building in 2005 and currently resides at that location.

Programs and services of Puget Sound ESD have come and gone depending on the needs of the region. The once large media cooperative that provided educational multimedia to schools via a courier system was a major offering of the ESD until it was discontinued in the 1990s. Other technology offerings were established in its place to better meet changing needs. PSESD's budget has steadily increased through federal and private grant funding and entrepreneurial endeavors, even as state core funding has decreased. Early learning has been a major emphasis of ESD 121 and constitutes approximately 50 percent of services and programs. The Gates Foundation has been a strong supporter of ESD 121's early learning programs and selected the ESD to manage their major initiatives.

Significant events in Puget Sound ESD history include:

- 1977: Robert Marum hired as the first superintendent;
- 1979: ESD Cooperative Purchasing Programs are authorized;
- 1982: Doyle Winter hired as superintendent;
- 1983: Workers Compensation Trust established;
- 1986: Risk Management Pool established;
- 1989: Terry Linquist hired as superintendent;
- 1991: Head Start and ECEAP programs expand to 60 sites; and
- 2002: Monte Bridges hired as superintendent.

Other Milestones include:

- Budget: \$11,086,213 in 1990 increased to more than \$50 million in 2006;
- Staff: 142 employees in 1990 increased to 330 FTE in 2006; and
- Number of Students Served: 332,000 in 1991 increased to 386,855 in 2006.

Overall, ESD 121 has had stability in its leadership with only four superintendents over a period of 29 years. The ESD has developed early learning programs and initiatives that have garnered the support and funding of the private sector.

Services provided to client school districts are shown in **Exhibit 1-2**. Early Childhood Education and Family Support Services constitute a large segment of services provided to school districts.

**EXHIBIT 1-2
ESD 121 SERVICES**

SERVICE AREA	SERVICES
Administrative & Financial Support	Certification Office Commercial Driver Drug/Alcohol Testing Program Compensated Absences Liability Pool Financial Support & State Reporting Services Investigation Services Puget Sound Education Television Regional Transportation Coordinator Unemployment Pool Cooperative Washington Schools Risk Management Pool
Early Childhood Education and Family Support Services	Childcare Outreach Services Early Childhood Services Early Childhood Education and Assistance Program (ECEAP) Early Head Start Early Literacy Initiative (ELOA Project) Early Learning Outreach Project Early Reading First Employment and Training (Head Start/ECEAP) Head Start Safe Schools/Healthy Students White Center Early Learning Initiatives
Learning and Teaching Services	Arts Impact Assessment Literacy Clock Hours and Registration Language Arts Specialist Math Specialist Native American Education Program Early Learning Project Paraeducator Services Professional Certification Programs Professional Development Accreditation Services School Improvement and Implementation Substitute Teaching Services
Preventative Services and School, Family and Community Partnerships	Emergency Response and Crisis Management Bully Prevention Program Readiness-to-Learn Project School Family and Community Partnership School Improvement Services School Nurse Cooperative Substance Abuse Prevention/Intervention Support for Education for Homeless Children Title IV Safe and Drug Free Schools & Community Tobacco Prevention Services
Special Services	Special Education Program Review ReLife School for Behaviorally Troubled Youth Shared Reading Video Outreach Project Special Education Technical Assistance Washington Sensory Disabilities Services (WSDS)

EXHIBIT 1-2 (Continued)
ESD 121 SERVICES

SERVICE AREA	SERVICES
Technology Services	Application Services eDataDoc Cooperative Washington Educational Technology Support Center K-20 Network Library Media Center Network Services No Limit! EETT Math Project Online Development Center Proquest/eLibrary Software, Hardware and Online Learning Resources Specialty Training Teaching and Technology Coaching Initiative (T2CI) Technology Forums Technology Program Reviews Technology Planning Videoconferencing

Source: Prepared by SAO Auditors from ESD 121, G-1 Data Request List, January 2007.

Key commendations for ESD 121 include:

- ESD 121's Board of Directors is commended for implementing and applying the principles of the Carver Governance Model including the annual Ends Report.
- ESD 121 is commended for developing an organized approach to pursue external funding sources through the role of its grants consultant and the use of tracking tools.

Key recommendations for ESD 121 include:

- Modify the controlling statutory language RCW 28A.315.055 to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes. (**Recommendation 3-1**)
- Amend RCW 28A.310.260 to eliminate the ESD Superintendents' regulatory function with regard to Code of Conduct. (**Recommendation 3-2**)
- Implement a grants tracking database to improve efforts in monitoring and accounting for grant applications. (**Recommendation 4-1**)
- Expand the current evaluation process to secure measurable performance data on ESD services to help drive program delivery goals, objectives and service models. (**Recommendation 5-1**)
- Expand current program evaluation processes to link research-based data to drive program delivery goals, objectives, and service models. (**Recommendation 5-2**)

- Investigate and subsequently modify the navigation and indexing of course offerings and services by client group and outcomes and expand target group information. (**Recommendation 5-3**)
- Expand online registration to eliminate the multiple steps for both the client and ESD. (**Recommendation 5-4**)
- Expand opportunities for staff collaboration by implementing a strategic process for collaboration in planning, implementing, and evaluating services to clients. (**Recommendation 5-5**)
- Temporarily store personnel files in fire rated cabinets and complete installation of the Skyward information system as planned and transfer all PSESD stored personnel information to the new system. (**Recommendation 6-1**)
- Develop a standard attendance record to be used throughout the district for all training and staff meetings. (**Recommendation 6-2**)
- Provide web access to conference and meeting room availability, fee schedules, and policy and procedures. (**Recommendation 7-1**)
- Complete the updating of facilities-use fees, policies, and procedures for the Renton facility. (**Recommendation 7-2**)
- Develop standards for custodial services that are consistent with APPA standards. (**Recommendation 7-3**)
- Establish a systematic method of assessing custodial service quality that ties in with APPA standards. (**Recommendation 7-4**)
- Develop a formal process by which to determine client satisfaction as well as client needs at the level of delivery. (**Recommendation 8-1**)
- Develop a plan to standardize the process of developing specifications, acquiring, and deploying technology-related equipment. (**Recommendation 8-2**)
- Develop a centralized system of support for all technology-related equipment and networks. (**Recommendation 8-3**)
- Develop a disaster recovery plan inclusive of all data systems within the ESD. (**Recommendation 8-4**)

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Please note that while MGT was unable to quantify any costs savings in ESD 121 report, we do provide information on how the implementation of these recommendations could produce long-term savings and increased efficiencies. For example:

■ **FISCAL IMPACT for Recommendation 3-1**

This recommendation could result in some cost savings but accurate estimates cannot be made since there are no baseline data; however, it is estimated that there will be cost savings for ESD 121 due to time and effort that is expended using the current system. This will provide the ESD 121 Superintendent more time to establish the “means” (i.e., activities, practices, methods, etc.) for reaching the goals in the Carver Model of Policy Governance.

■ **FISCAL IMPACT for Recommendation 4-1:**

Implementing the recommendation will provide the ESD with the ability to target its efforts to maximize funding from external sources. The amount of additional revenue generated will ultimately depend on the type of grants pursued.

■ **FISCAL IMPACT for Recommendation 8-1:**

The collaborative nature of the plan should require minimal additional financial investment, mostly in the form of time, effort, and travel. Until the detailed plan for implementation of this recommendation is developed by the ESD, no firm cost can be established. However, the resulting information should lead the ESD to a greater level of efficiency and responsiveness to clients, thereby enhancing the ESD's ability to generate revenue.

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees in ESD 121, school district superintendents within the ESD 121 region, and the nine ESD Superintendents were invited to participate in an on-line survey. The following sections contain highlights of the survey results for:

- ESD 121 Puget Sound employees
- School district superintendents within ESD 121 Puget Sound; and
- Nine ESD Superintendents.

Details for all survey items are found immediately after the highlights.

2.1 ESD 121 Puget Sound Employee Survey Highlights

At least 50 percent of ESD employees strongly agree with the following:

- Our ESD provides quality services (60%).

At least 50 percent of ESD employees strongly disagree with the following:

- All ESDs should be abolished (72%).

2.2 ESD 121 Puget Sound School District Superintendent Survey Highlights

At least 50 percent of school district superintendents strongly agree with the following:

- Many of the services offered by ESDs around the state are critical to the success of many school districts (60%).
- The ESD in our region is highly responsive to the service needs of our school district (50%).
- The ESD in our region provides quality services (55%).
- The ESD in our region is responsive to requests for services (60%).
- The ESD in our region listens and tries to meet the needs of the school district (60%).

- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (100%).
- Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable (60%).
- Under the current governance structure, the ESDs are primarily accountable to the school districts within each region (60%).

At least 50 percent of school district superintendents *strongly disagree* with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (65%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (55%).
- All ESDs should be abolished (75%).
- OSPI should hold each ESD responsible for student performance in all school districts within its region (100%).
- Each ESD should hold each school district in its region responsible for student performance within the district (100%).

2.3 ESD Superintendents Survey Highlights

At least 50 percent of ESD Superintendents *strongly agree* with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).

- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (89%).
- The current number of ESD Board of Director members is appropriate (67%).
- The current number of 9 ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of 9 ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

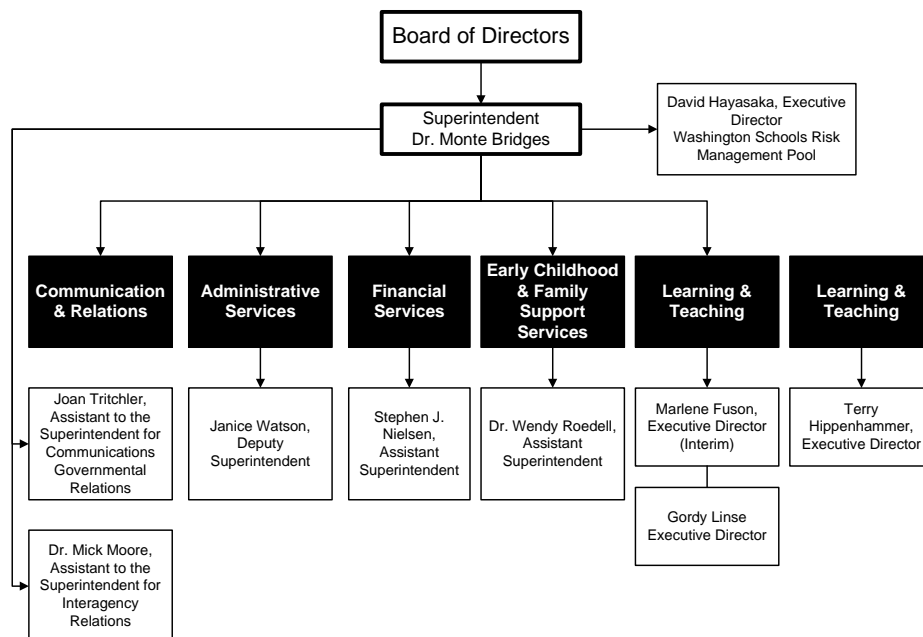
This chapter presents information relating to Governance and Management of the ESD 121 at Puget Sound.

CHAPTER SUMMARY

A Performance Audit of ESD 121's governance and management was conducted on November 16-20, 2006. The audit was comprised of thirteen (13) interviews (including ESD Superintendent, ESD staff, district superintendents, and a board member), policy and procedure review, and analysis of state statutes (e.g., RCW 28A.310.260 and RCW 28A.315.055). A thorough review of ESD 121's policy and procedures (including board procedures, workload management, regional governance structure, communication hierarchy, and evaluation) indicated that the policies and procedures are up-to-date, complete, and clearly articulated to staff, member districts, and board members. Similarly, in reviewing ESD 121's organizational chart and staffing patterns at the ESD administrative level, as well as comparing the staffing patterns of other comparable service centers in Washington, the staffing at ESD 121 is appropriate and necessary to meet their mission, goals, and objectives.

Exhibit 3-1 shows the organization of administrative services for ESD 121. The superintendent has nine direct reports.

**EXHIBIT 3-1
PUGET SOUND'S EDUCATION SERVICE CENTER
ADMINISTRATIVE SERVICES ORGANIZATION – 2007**



Source: ESD 121.

The audit showed that the overall board governance structure of ESD 121 is commended for implementing the Carver Model of Policy Governance that is designed to empower their board of directors and staff to fulfill their obligation of accountability for ESD 121's organization, roles and responsibilities, and outcomes based on clearly articulated "ends" and "means."

In contrast, there are two areas that are recommended to be addressed at the state level to increase the effectiveness of the management of ESD 121, as well as ESDs throughout the state. These issues will require statutory language changes regarding code of conduct (RCW 28A.310.260) and resolving boundary disputes (RCW 28A.315.055). As per interview with the ESD Superintendent and documented in memo from Monte Bridges (dated 11/20/06) re: *Code of Professional Conduct Investigation*, it is estimated that there will be cost savings for ESD 121 due to time and effort that is expended using the current system. This will provide the ESD 121 Superintendent and staff more time to establish and implement the "means" in the Carver Model of Policy Governance.

A key commendation in this chapter includes:

- The ESD Board of Directors is commended for implementing and applying the principles of the Carver Governance Model including the annual Ends Report.

Key recommendations in this chapter include:

- Modify the controlling statutory language RCW 28A.315.055 to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes. (**Recommendation 3-1**)
- Amend RCW 28A.310.260 to eliminate the ESD Superintendents' regulatory function with regard to Code of Conduct violations. (**Recommendation 3-2**)

FINDING

The ESD 121 Board of Directors uses the Carver Model of Policy Governance resulting in a clear focus on identified outcomes, the board's policy role, and established executive limits that govern the superintendent's actions.

The model provides a foundation for educational communities to achieve success for all students in their jurisdiction, as well as guides for determining the effectiveness and sufficiency of organizational progress. Within this model, the board creates the "ends" (i.e., goals) and the superintendent establishes the "means" (i.e., activities, practices, methods, etc.) for reaching the goals. That is, the board of directors is responsible for selecting and evaluating the superintendent and establishing "ends" statements (i.e., goals statements) that create targeted desired and actual outcomes for the PSESD in the areas of student learning, leadership, safe and supportive learning environments, ample resources, and family and community engagements. The ESD 121 Board of Directors also identifies executive limitations that define behavior and program activities

in which the superintendent should not engage (i.e., unacceptable means). Once established, the superintendent is responsible for interpreting and implementing strategies to achieve and measure organizational progress toward the “ends” (i.e., goals).

A distinct measurement approach to the Carver Model is the ability to demonstrate the value-added work of ESD 121. Data are reported based on the ability of ESD 121 to provide positive impact of value added.

Strength of the Carver Governance Model is reported to be the “ends” five statements that are the focus of the board and the development of goals for Puget Sound ESD 121. These are reported in the 2005-06 Ends Report and include:

1. Improve Student Learning
2. Increase Leadership Capacity
3. Improve Safety, Civility & Support in Learning Environments
4. Increase Economic Efficiencies and Resources
5. Increase Family & Community Engagement

The ESD 121 staff interviewed referred to the “ends” report as a guide to continually improve support, provide technical assistance, and to improve the quality of service at a cost savings to school districts. Interviews with the ESD 121 Superintendent, school district superintendents, board members, and staff report that this governance structure has made ESD 121 successful in creating conditions and outcomes for educational communities to achieve student success for all students.

The ESD 121 Carver Governance Model was implemented with orientation procedures for board members. According to board minutes, board members continually provide the necessary feedback to the superintendent focusing on best practices relative to student performance, value added services at cost savings to the district, always keeping the “ends” as a clear target.

In summary, ESD 121’s implementation of the Carver Model of Governance provided a system for clearly defining roles and responsibilities, identifying objective goals, and an accountability system to ensure progress is being made toward the stated goals. The 2005-06 Ends Report provides data-based documentation on the accomplishments and gains of the ESD toward reaching the established goals in each identified area. In addition, the report documents how data were collected, as well as future directions or next steps to continue to increase outcomes.

The 2005-06 Ends Reports summarizes the results of a survey completed by four local school district boards and superintendents. The results of the survey indicated that the implementation of the Carver Model “(a) focuses the board and superintendent on the work and accomplishments of the organization, (b) provides ongoing feedback to and assessment of the superintendent, (c) decreases personality conflicts between the board and superintendent, and (d) clarifies the roles and expectations of the superintendent and board.” (p. 14)

COMMENDATION

ESD 121's Board of Directors is commended for implementing and applying the principles of the Carver Governance Model including the annual Ends Report.

FINDING

According to Washington State Statute RCW 28A.315.055, Puget Sound ESD 121 is mandated to resolve local school district boundary disputes. According to the superintendent, not only is this unfunded, the mandate hinders their performance of the primary mission of the ESD.

RCW 28A.315.055 states that "every school district must be included entirely within a single educational service district. If the boundaries of any school district within an educational service district are changed in any manner so as to extend the school district beyond the boundaries of that educational service district, the superintendent of public instruction shall change the boundaries of the educational service districts so affected in a manner consistent with the purposes of RCW 28A.310.010 and this section."

The current statute is in conflict with the Carver Model Governance Policy, which is implemented at ESD 121. Within the Carver Model of Governance, it is imperative that the superintendent continue to build relationships, and provide support, technical assistance, and value added service, through a collaborative process. This responsibility may be detrimental to providing quality support and service to the districts by requiring the superintendent to make regulatory decisions that may jeopardize these relationships. ESD staff estimated that they spent 167 hours for the 2005-06, school year on boundary dispute issues. According to the superintendent, this statute affects partnership-building between the local districts and the ESD, directly affecting ESD 121's effectiveness in meeting established goals, as well as taking time away from other roles and responsibilities.

Recommendation 3-1:

Modify the controlling statutory language to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

As part of their annual political agenda, the superintendent should encourage that the statutory language be modified. The implementation of this recommendation could result in improved services to member districts.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--|
| 1. The ESD 121 Superintendent should collaborate with other ESD Superintendents and legislators to revise the wording of the Washington Statute RCW 28A.315.055. | Prior to or at the beginning of Legislative Session 2008 |
| 2. The ESD 121 Superintendent along with other ESD Superintendents and legislators should draft a bill to amend the above statute. | Legislative Session 2008 |

FISCAL IMPACT

This recommendation could result in some cost savings but accurate estimates cannot be made since there are no baseline data; however, it is estimated that there will be cost savings for ESD 121 due to time and effort that is expended using the current system.

This will provide the ESD 121 Superintendent more time to establish the “means” (i.e., activities, practices, methods, etc.) for reaching the goals in the Carver Model of Policy Governance.

FINDING

According to statute RCW 28A.310.260, the ESD 121 Superintendent is charged (as are all ESD Superintendents) with the investigation of Code of Conduct violations by certificated personnel employed by the school districts in ESD 121’s service region. This regulatory requirement is inconsistent with the primary mission of the ESD to provide quality support and services.

RCW 28A.310.260 restricts the ESD in providing the necessary support at all school district levels due to the regulatory mandate to deal with disciplinary issues. This is a regulatory function and should be dealt with at the school district level in collaboration with OSPI. The statute is inconsistent with the Carver Model of Governance Policy, which includes the development of end statements, goals, strategy implementation, as well as targeted student achievement within ESD 121 region.

Code of Conduct violation investigations and reporting should not be a function of the ESD Superintendent, but rather be the responsibility of the affected school district. ESD Superintendents spend a considerable amount of time conducting informal and formal investigations. According to the ESD 121’s Superintendent, requests for investigations are time consuming and increasing. The superintendent estimated to date, the ESD 121 has worked on 12-15 cases and that some average 15 hours of his time per case.

According to the superintendent, not only is this duty unfunded, it also detracts from the ESD Superintendent’s ability to focus on the most important elements of the job role involving the creation and implementation of equitable, effective, and efficient services within the ESD 121 region. This regulatory mandate of the ESD Superintendent potentially creates adversarial relations while the primary mission of the ESD is to fulfill a support and service role.

This issue is not unique to ESD 121. All ESD Superintendents conduct informal and formal investigations under statute RCW 28A.310.260. According to Puget Sound ESD 121 Superintendent, requests are increasing annually.

Recommendation 3-2:

Amend RCW 28A.310.260 to eliminate the ESD Superintendents' regulatory function for investigating Code of Conduct violations.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

Implementation of this recommendation should result in assigning this role to the responsible school district, the new state education ombudsman's office, and/or the Office of Superintendent of Public Instruction. This would be a cost savings to the ESD with regard to time and effort. Without this function, ESD 121 can more readily create positive linkages with all consortium school districts favorable for student success and research based instructional practices.

Implementation of this recommendation should result in strengthening the leadership of ESD 121 administration by improving governance and leadership capacity throughout the entire ESD 121 region.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--|
| 1. The ESD 121 Superintendent should collaborate with other ESD Superintendents and legislators to revise the wording of statute RCW 28A.310.260 | Prior to or at the beginning of Legislative Session 2008 |
| 2. The ESD 121 Superintendent along with other ESD Superintendents and legislators should draft a bill to amend the above statute. | Legislative Session 2008 |

FISCAL IMPACT

The ESD should acquire some cost savings but accurate estimates cannot be made since there are no baseline data. However, it is estimated that this will provide the PSESD Superintendent more time and effort in establishing the "means" in the Carver Model of Policy Governance.

Implementation of this recommendation could result in long-term savings but these savings cannot be quantified at this time.

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents findings and recommendations relating to the financial management and budgeting processes and the purchasing and contract management processes of the Puget Sound ESD 121 (ESD 121).

CHAPTER SUMMARY

The primary methodologies used to review ESD 121's financial management, budgeting, purchasing, and contract management processes addressed in this chapter include:

- Interviews of key ESD financial and budgeting staff, including the interim director of Financial Services and other accounting staff.
- Review of the ESD's board policies regarding financial management and budgeting.
- Review of the ESD's budgets for the prior three fiscal years, including presentations made to the board.
- Review of the ESD's audited financial statements for the past five years.
- Review of the ESD's purchase and contract management procedures, including actual processes used by ESD staff and board issued policies or directives.
- Review of contracts and cooperative agreements maintained by or participated in by the ESD.
- Review of other reports and documents as needed.

In general, ESD 121 appears to have effective internal controls over its financial management, budgeting, purchasing, and contract management operations. Staff members are knowledgeable about their responsibilities and have good working relationships with one another. The ESD also has a sufficient infrastructure for review and supervision over the processing of financial transactions. In addition, the ESD has comprehensive policies and procedures to address its financial operations and procurement activities.

Findings and recommendations in this chapter focus on areas in which the ESD can enhance its management over grant applications. ESD 121 actively pursues grants and would benefit from the use of a database to track its applications.

A key commendation in this chapter includes:

- ESD 121 is commended for developing an organized approach to pursue external funding sources through the role of its grants consultant and the use of tracking tools.

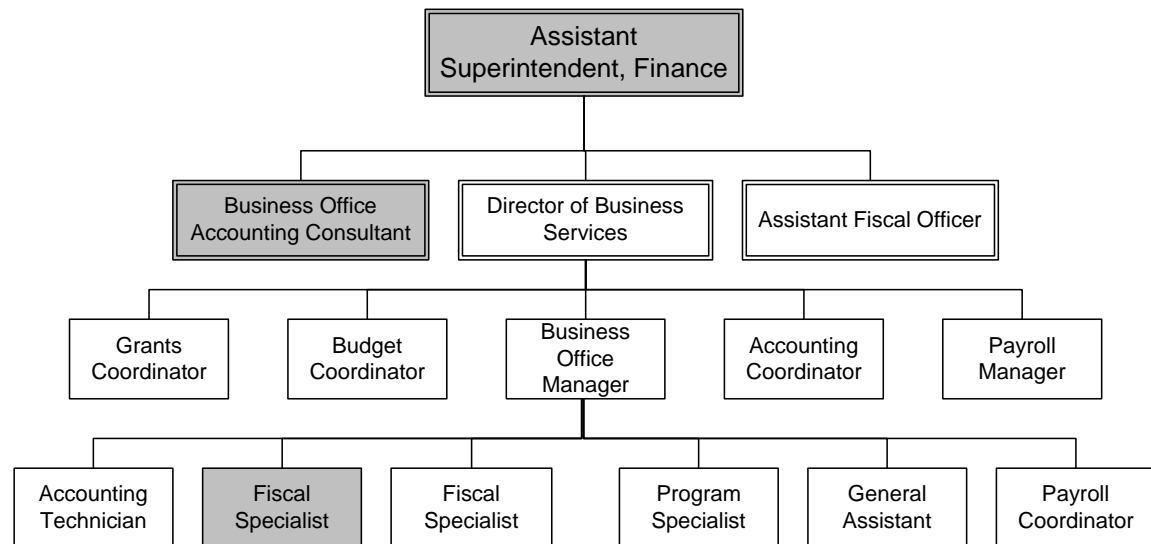
A key recommendation in this chapter includes:

- Enhance the grants tracking tool to provide greater accountability over grant applications. (**Recommendation 4-1**)

BACKGROUND

In fiscal year 2006-07, ESD 121 budgeted 296.6 full time equivalent classified staff and 7.9 certificated staff administering \$59.1 million in programs. ESD 121's financial management and budgeting functions are handled by the Financial Services Division. The division is responsible for performing key functions to support the ESD's fiscal operations, including accounting for financial activities, preparing fiscal reports, developing and monitoring the ESD's budget, processing payable and receivable transactions, and managing assets. **Exhibit 4-1** illustrates the organizational structure of the division. At the time of the audit team's review, three of the division's positions were vacant—the assistant superintendent of Finance, the Business Office accounting consultant, and a fiscal specialist. To provide continuity in the division's leadership, the ESD contracted with its former director of business services to serve as the interim Finance Manager until a new assistant superintendent is hired.

**EXHIBIT 4-1
ORGANIZATIONAL CHART FOR ESD 121
FINANCIAL SERVICES DIVISION**



■ Vacant position as of November 2006.

Source: Superintendent's Office, ESD 121.

The ESD's procurement functions are handled by the Accounting Coordinator, with assistance from other financial services staff. The coordinator handles the administration of purchasing requests and assists program staff with seeking bids and quotes to comply with state requirements. She also maintains vendor files, manages contract administration, and administers the use of purchasing cards. Although the ESD does not own a warehouse, it is a member of the King County Directors Association and uses this cooperative as a resource for frequently-acquired goods. The audit team's review of ESD 121 did not identify any issues pertaining to purchasing or contract management that resulted in a recommendation or commendation.

ESD 121, like many other ESDs in the state, is currently using the Washington School Information Processing Cooperative (WSIPC) as its financial reporting system. It will eventually convert to the Washington State Information Processing Cooperative Enhanced Skyward Point and Click (WESPaC) system. The WESPaC system is the new financial reporting and budgeting system for use by ESDs and school districts throughout the state.

The ESD's budget process typically occurs between March and June of each year. The Financial Services Division works with program managers to develop the budget that is approved by the ESD Board. The OSPI performs the final review and approval of the budget.

The Washington State Auditor's Office reviews the ESD's internal controls as part of its annual financial and compliance audits. During the past five years, the State Auditor did not report any material weaknesses in internal controls over financial reporting, although it did identify some areas in which ESD 121's controls could be improved. In addition, for fiscal year 2002-03, the State Auditor identified a material weakness pertaining to internal controls over compliance with federal requirements for major programs. The weakness pertained to a failure to obtain certifications from vendors asserting they are not suspended or debarred from participating in federal programs. In its subsequent audit, the State Auditor determined that the ESD took the appropriate corrective action to address the finding. The audit team's limited review of internal controls at the ESD did not disclose any other issues that resulted in a recommendation or commendation.

In Washington State, the OSPI and state laws and regulations require that ESDs compile financial and budgetary information and submit it to the OSPI for review and approval on a set schedule each year. These documents include the F-206, which is a report of the ESD's current year revenues and expenditures, as well as its approved budget for the upcoming fiscal year. The Washington State Auditor's Office uses this report as its basis for conducting the financial and compliance audit of the ESD each year. The ESD also is required to submit reports based on the grant programs it participates in at a local, state, and federal level. The audit team's review of ESD 121 did not identify any items that resulted in a recommendation or commendation related to reporting requirements.

FINDING

As an organization that provides services to numerous school districts with large student populations, ESD 121 relies heavily on obtaining funding from external sources and has been successful in procuring such funding.

The ESD has an operating budget of around \$50 million and serves nearly 400,000 students, more than any other ESD in the state. Furthermore, the ESD receives over \$40 million in grant funds that represents approximately 80 percent of its total revenue.

The ESD's size and dependence on grants necessitates a coordinated effort when applying for these funds. To assist in this effort, the ESD employs a grants consultant who is responsible for assisting the organization in maximizing its efforts to obtain funding from external sources. Some of the major activities performed by the consultant include the following:

- Researching requests from program staff on potential funding sources.
- Identifying opportunities to seek new funding.
- Preparing grant applications.
- Editing elements of the grant proposal, including statements of need, methodologies, and proposed activities and outcomes.
- Developing budgets and justification narratives.
- Completing required forms and submissions.
- Coordinating the flow of application materials among ESD staff.
- Providing training to ESD staff on the grant application process.

In addition to these duties, the grants consultant has taken on the responsibility of tracking the status of grant applications. The consultant monitors the status of each grant application during the time that staff are preparing the proposal and related documents as well as during the period after the application has been submitted (when the ESD is awaiting a response).

Unique to ESD 121, the consultant also developed two forms to assist in the monitoring effort. The *"Grant Pre-Application Signature Form"* is completed during the initial stages of applying for a grant. The form is used to ensure that everyone within the ESD is aware of the intent to pursue the grant, thereby avoiding situations in which multiple departments are applying for the same grant. The *"Grant Final Approval Form"* is completed just prior to submitting the application to the grantor agency. This form provides the ESD with the opportunity to make sure that all requirements of the application have been addressed.

The consultant also uses a tracking schedule to monitor the status of applications. In addition to the name of the grant, the grantor agency, and the current status of the application, the schedule also identifies information from the two forms, including the dates that the forms were completed. The information collected on the schedule provides a convenient reference for assessing progress towards securing grant awards.

COMMENDATION

The ESD has a well-organized approach for pursuing external funding sources through the role of its grants consultant and the use of tracking tools.

FINDING

Although the ESD's existing infrastructure and processes for monitoring grant applications contribute to its overall effectiveness in securing grants, the lack of a comprehensive database for grant applications limits its ability to analyze the types of grants pursued. Consequently, the ESD must spend additional time and effort to gather information manually when conducting these analyses.

The ESD's tracking schedule provides limited information on grant applications, but is not organized in a manner that allows for queries of specific data. For instance, the tracking spreadsheet does not contain a field with a unique identifier for each application, thereby increasing the likelihood of confusion among similar types of grants. Likewise, there is no efficient method for extracting information on specific types of grants without having to review the individual applications.

Recommendation 4-1:

Implement a grants tracking database to improve efforts in monitoring and accounting for grant applications.

Sound business practices suggest the use of a comprehensive database to assist organizations that prepare high volumes of grant applications. The database should record key attributes relevant for tracking the progress and history of grant activity. In particular, the ESD should assign an internal identification number to each grant application. The identifier will allow staff to reference the application more easily and will assist the grants consultant in her ability to track individual applications. Implementing the use of a database could also reduce or eliminate the need for relying on the tracking schedule discussed previously.

The ESD should also identify characteristics pertaining to the grants that would be useful when analyzing the types of funding pursued. For instance, the source of funding is a common characteristic identified in determining the viability of available resources. The ESD should establish classifications for those characteristics that are of particular relevance. **Exhibit 4-2** provides examples of classifications and categories that can be used to distinguish different types of grants.

**EXHIBIT 4-2
EXAMPLES OF POTENTIAL CHARACTERISTICS TO TRACK IN GRANT
APPLICATIONS**

CLASSIFICATION	CATEGORIES
Funding Source	F=Federal S=State L=Local NP=Nonprofit Organization
Occurrence	N=New Project R=Renewal
Duration	S=Single Year M=Multiple Years
Program Type	01=Early Childhood Services 02=Nutrition 03=Migrant Education..

Source: Auditor generated based on observations of best practices in other organizations.

By assigning codes to each grant application, the ESD will be able to analyze the composition of grants being pursued. For example, if the ESD is interested in comparing the dollar amount of nutrition-related grants sought from the federal government versus those requested from nonprofit organizations, it can extract this information from the tracking database by sorting the data using the relevant codes. This information can be useful when attempting to optimize efforts in seeking available funding.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-------------|
| 1. The grants consultant should create a database to track grant applications, using data from the applications and the monitoring forms. | July 2007 |
| 2. The grants consultant should assign a unique identification number to each grant application and add a field to the tracking database to account for these numbers. | August 2007 |
| 3. The grants consultant should seek input from the various program directors and staff on characteristics of significance pertaining to the types of grants pursued. | August 2007 |
| 4. The grants consultant should develop specific classifications and categories and add the appropriate fields to the tracking database. | August 2007 |

FISCAL IMPACT

Implementing the recommendation will provide the ESD with the ability to target its efforts to maximize funding from external sources. The amount of additional revenue generated will ultimately depend on the type of grants pursued.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter presents information relating to the Program Delivery of the PSESD (ESD 121 at Renton).

The auditor examined the processes used to determine programs and services offered to member districts and when programs or services should be discontinued; examined the ESD's role and responsibility in remediating low-performing schools and districts; and evaluated the delivery system to determine process appropriateness, efficiency and effectiveness in meeting the needs of the intended customers. The auditor also examined data related to the program areas offered by the ESD, reviewed the processes used to determine the efficacy of obtaining private sector services, and inquired into impediments to delivery efficiency and effectiveness.

CHAPTER SUMMARY

Puget Sound ESD is given the responsibility in Chapter 28A.310 RCW for providing services to each school district and campus within its assigned boundaries. Districts may elect to receive services, provide their own services, or seek other vendors. The major types of program services include: special education, staff development, educational technology, substance abuse, data processing, risk management, early childhood, and other instructional and school related services.

Key recommendations in this chapter include:

- Expand the current evaluation process to secure measurable performance data on ESD services to help drive program delivery goals, objectives, and service models. (**Recommendation 5-1**)
- Expand current program evaluation processes to link research-based data to drive program delivery goals, objectives, and service models. (**Recommendation 5-2**)
- Investigate and subsequently modify the navigation and indexing of course offerings and services by client group and outcomes and expand target group information. (**Recommendation 5-3**)
- Expand online registration to eliminate the multiple steps for both the client and ESD. (**Recommendation 5-4**)
- Expand opportunities for staff collaboration by implementing a strategic process for collaboration in planning, implementing, and evaluating services to clients. (**Recommendation 5-5**)

FINDING

Puget Sound ESD 121 has not completed expanding the program delivery evaluation process to include impact on clients and students. Failure to do so can result in development and delivery of services not supported by identified needs and performance outcomes.

The ESD regularly collects and uses customer perception data and does analyze and respond to the information. Lacking is a program delivery plan linked to member district strategic plans, campus improvement plans or anticipated performance outcomes for students. The current evaluation data in concert with measurable performance data will assist in targeting needed programs, training and methodology for program delivery.

Recommendation 5-1:

Expand the current program evaluation process to secure measurable performance data on ESD services to help drive program delivery goals, objectives, and service models.

ESD 121 has the opportunity to tie each program and service not only to the Ends Report, but also to data linked to measurable performance outcomes for students and teachers. Best practices in program delivery (National Staff Development Council) can contribute to a system of programs that are sustained, ongoing, measurable, data-driven and research based. Priority should be given to identification and analysis of the following data: student achievement data (by campus, district and WASL objective), campus report cards, annual program evaluations, workshop evaluations, campus plans, on-site visits, advisory group input, teacher performance and practices, and other pertinent data at the program delivery level with a format modeled in the Ends reporting process.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|-----------------------|
| 1. The superintendent should work with Agency Leadership Team to identify strategies to move the organization to tying programs to measurable student and district staff outcomes. | July 2007 |
| 2. The superintendent and Agency Leadership Team should identify a cross section of ESD and school district staff to form a task force to design a plan for tying ESD program delivery to measurable, data-driven outcomes. | July – September 2007 |
| 3. The superintendent should work with the Agency Leadership or designated group to gather broad-based client input on plan's goals and measurable outcomes. | October 2007 |
| 4. The superintendent should work with the board to integrate measurable outcomes into the evaluation process of all programs offered by the ESD. | January 2008 |

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| 5. The superintendent should work with the Agency Leadership Team to integrate this plan into the Ends report and the program delivery planning process. | Spring 2008 |
|--|-------------|

FISCAL IMPACT

This plan can be developed with existing staff; therefore no direct fiscal impact is anticipated in generating a plan for identifying and securing measurable performance data.

Recommendation 5-2:

Expand current program evaluation processes to link research-based data to drive program delivery goals, objectives, and service models.

All programs and trainings should be tied to research-based practices as required in No Child Left Behind (NCLB) and Individuals with Disabilities Education Act (IDEA).

PSESD 121 currently provides a number of cutting-edge services that can be tied to research-based practices for replication in other ESDs and states. The ESD should select effective projects/programs for expanded research and develop a plan for marketing them. Affiliating with organizations such as the Northwest Regional Educational Laboratory (NWREL at www.nwrel.org), the What Works Clearinghouse (WWC), and the Center for Comprehensive School Reform and Improvement can provide valuable links for planning and collection of research data that will result in expanded markets for services.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|-----------------------|
| 1. The superintendent should work with selected staff to identify strategies to move the organization to tying programs to measurable student and district staff outcomes. | July 2007 |
| 2. The superintendent and their Agency Leadership Team should identify a cross section of ESD and school district staff to form a Task Force to design a plan for tying ESD program delivery to measurable, data-driven outcomes. | July – September 2007 |
| 3. The superintendent should work with the designated group to gather broad-based client input on plan's goals and measurable outcomes. | Fall 2007 |
| 4. The superintendent should work with the board to integrate measurable outcomes into the evaluation process for all programs offered by the ESD. | Spring 2008 |
| 5. The superintendent should work with staff to integrate this plan into their strategic plan and the program delivery planning process. | Spring 2008 |

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| 6. The superintendent should provide for systematic evaluation and progress. | Ongoing |
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FISCAL IMPACT

No direct fiscal impact is anticipated immediately; the research can result in increased participation in services and increased revenue but these increases cannot be quantified at this time.

FINDING

Puget Sound ESD 121 does not provide user-friendly navigation of programs and services in its publications or Web site, making it difficult to identify needed information and program services.

Classes listed in the ESD publication, **One-to-One**, are only listed in chronological order (by date) with no index. The classes on the Web site are sorted only by title or by date. Clients should be able to sort by job title, program, subject area, grade level and other criteria to facilitate their search. (www.psesd.org/classes/registration)

Recommendation 5-3:

Investigate and subsequently modify the navigation and indexing of course offerings and services by client group and outcome and expand target group information.

The implementation of this recommendation should result in the development of important changes in how program and course (training) listings are included on the Web site. For instance, course offerings and training opportunities could be listed by target audience, student outcomes, Ends strategy and WASL objectives, to name a few. However, careful attention should be made to the groupings to avoid an overly complicated system; using a pull down menu system may be useful.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|---------------|
| 1. The superintendent should select a task force to identify effective professional development indexing systems. | July 2007 |
| 2. The task force should design a plan for effective selection and implementation of a new indexing system. | August 2007 |
| 3. The task force should design a process for work groups to apply the new indexing system. | October 2007 |
| 4. The PSESD, under the direction of their Agency Leadership Team, should implement the new indexing system for the Spring One-to-One publication and for their Spring Program offerings. | November 2007 |

5. The Agency Leadership Team should monitor effectiveness of the new indexing system. Ongoing

FISCAL IMPACT

No direct fiscal impact is anticipated immediately; the internal study and resulting plan can result in increased participation in services and increased revenue, but these increases cannot be quantified at this time.

FINDING

Puget Sound ESD 121 can improve on the efficiency of the registration process for training and programs, which may result in increased use of program services.

The current process (manual processing of payment resulting in being placed on a waiting list until payment is processed and manual confirmation letters are sent through the mail) is time consuming and subject to multiple errors or time-delays. (www.psesd.org/classes/registration) To reduce time spent dealing with phone calls, faxes, credit cards and other tasks, software can provide for these tasks.

Recommendation 5-4:

Expand online registration to eliminate the multiple steps for both the client and the ESD.

An effective registration process is flexible, cost-effective and user-friendly.

It is recommended that the ESD design or secure software that provides relief from menial tasks as well as provides secure web based reporting to monitor registration information such as enrollment, revenue collection, session capacity, and access requirements. The software should prepare budgets for each event and monitor revenues.

At the minimum, the software should also provide the following:

- Mail merge information, easy access to email reminders to registrants and trainers.
- Access to names for badges, sign-in, and handout packets.
- Allowance for pre-event surveys and post-training evaluations.
- Centralized data storage that can be easily exported for use in other applications.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The superintendent should instruct the Agency Leadership Team to form a work group to include selected staff and clients to determine registration features for the PSESD. September 2007

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|---|---------------------------|
| 2. The superintendent should determine a process for securing or developing software to meet determined features for registration procedures. | September – December 2007 |
| 3. The superintendent should, with the assistance of their Agency Leadership Team, design a plan for effective implementation of the registration software. | January 2007 and Ongoing |
| 4. The superintendent should, with the assistance of their Agency Leadership Team, monitor the plan for effective implementation and needed modifications. | Ongoing |

FISCAL IMPACT

Plans to implement improvements in this area are proceeding and will result in time savings for clients and staff. Designating staff time for software development, depending on the plan, may be incurred but should result only in temporary interruption of job functions and may result in reduction of up to a half-staff position for the ESD.

FINDING

Puget Sound ESD 121 should continue to expand the established collaboration processes between departments and divisions to ensure program effectiveness and prevent unnecessary duplication of services.

A mark of an efficient organization is the level of internal communication and collaboration. It supports supervisors who know how to listen, understand, and act on new information at all levels of the organization. Information management should be a center-wide skill with information sharing a fundamental practice. The PSESD workspace, with different work groups on different floors, is a logistical challenge that can be addressed only through strategic actions.

Recommendation 5-5:

Expand opportunities for staff collaboration by implementing a strategic process for collaboration in planning, implementing, and evaluating services to clients.

Expansion of collaboration increases the potential for a strategic program/service delivery system.

Staff interviews clearly noted that a growth area is the need to continue to work on collaboration across all projects and departments. Current efforts with special education and general education working in collaboration are underway, and staff is engaged in cross-subject collaboration. Continued movement to promote internal collaboration will improve services to clients and avoid duplication of effort.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|-----------------------|
| 1. The superintendent should instruct their Agency Leadership Team to appoint an internal task force to provide a strategic plan for expanding collaboration for planning, implementing and evaluating services to clients. | July 2007 |
| 2. Their Agency Leadership Team should participate actively in assisting staff in the training, understanding and implementation of the plan. | July – September 2007 |
| 3. The superintendent should assist their Leadership Council in monitoring and continuously modifying the plan. | Ongoing |
| 4. The superintendent should incorporate this plan into the ESD's overall strategic plan. | Spring 2008 |

FISCAL IMPACT

No direct fiscal impact is anticipated; the internal study and resulting plan can result in a decrease in duplication of efforts and streamlined program/service delivery. Implementation of this recommendation could result in long-term savings and/or increased revenue, but these savings cannot be quantified with existing data.

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

This chapter provides an overview of the Human Resources Management of the Puget Sound Educational Service District (PSESD or ESD 121).

The primary methodologies utilized to review ESD 121's human resources management operations in this chapter include interviews with key HR staff and analyses of:

- personnel policies and procedures;
- recruiting, hiring, and assignment of personnel practices;
- job descriptions and qualifications information;
- use of information technology to support payroll and personnel functions;
- salary and staffing structures (salary schedules);
- documents that describe the automated and non-automated record keeping procedures;
- policy and practices governing confidentiality of records;
- fringe benefits;
- compensation rates and job classification;
- consistency of job descriptions with work to be done;
- policy and procedure governing compensable/non-compensable extra duty;
- employee turnover; and
- currency of job descriptions.

CHAPTER SUMMARY

The PSESD Human Resources Department (HR) consists of seven staff members (Deputy Superintendent, HR Manager, Certification Officer, two HR Technicians, Program, and General Assistant) who are expressly committed to providing a full complement of services to more than 345 full-time ESD employees in a growing service region that serves 389,335 students.

This department is assigned the responsibility of maintaining and improving the efficiency of HR operations for the ESD. The HR staff appears to use acceptable standards or best practices that result in achieving their mission. Best practices include:

- Well-maintained HR policies and procedures,
- Up-dated job descriptions that reflect actual duties assigned to personnel,
- An excellent new-hire orientation program and check list,
- Clearly defined guidelines for implementing performance appraisal processes,
- Newly adopted and implemented salary schedules for administrative and non-instructional personnel,
- Development of policies governing placement on salary schedules,
- A PSESD web site for HR general information, policies and procedures, employment information, application tracking, and on-line staff development, and
- A comprehensive and functional organizational chart.

Areas of recommendations that may enhance the HR Department's commitment to efficiency and adherence to standard practices include:

- Temporarily store personnel files in fire rated cabinets and complete installation of the Skyward information system as planned and transfer all PSESD stored personnel information to the new system. (**Recommendation 6-1**)
- Develop a standard attendance record to be used throughout the district for all training and staff meetings. (**Recommendation 6-2**)

FINDING

The system for storing personnel files is primarily manual. Personnel files are stored in the HR manager's office in unprotected file cabinets resulting in potential for access by unauthorized persons and potential destruction by fire or natural disasters.

PSESD 121 has policies, procedures, and practices in place that govern the maintenance of records. The personnel record keeping system appears to be a paper storage system for most files.

The HR manager stated that the ESD 121 plans to convert current software to the statewide Skyward information system effective July 2007. This conversion will store all HR functions and all personnel information and should eliminate most if not all of the current paper filing system used to store personnel records. ESD 121 provided the following comments to the audit team:

"In addition, employee information related policies and procedures, even an employee's sick leave or annual leave balance, is available at the PSESD

intranet site. Information is added, deleted, or revised on an ongoing basis. Every PSESD employee has access to this intranet site and to the online guide.”

The Human Resources Skyward software may replace any existing system and should provide tools necessary to facilitate easy access to personnel information, allow storage of an abundance of personnel information, eliminate paper clutter, increase efficiency, and produce cost benefits through administrative savings as staff time can be reduced on routine tasks.

As soon as possible the HR Department should convert to an entirely paperless system, thereby increasing the confidentiality and security of personnel records and reducing the risk of records being lost or misplaced.

Recommendation 6-1:

Temporarily store personnel files in fire rated cabinets and complete installation of the Skyward information system as planned and transfer all PSESD stored personnel information to the new system.

The implementation of this recommendation should result in assurances that important personnel files and data will not be lost due to an untimely disaster. Completion of conversion to this system should provide a paperless solution and eliminate the large volume of paper documents and accompanying storage issues. This, in turn, may result in more efficient use of employees' time.

Exhibit 6-1 illustrates the number of customers in each state using Skyward software. The web site, www.skyward.com, lists comments from various parts of the country (including the state of Washington) about the advantages of using a computer data storage system.

Skyward has software customers in South Dakota, Kansas, Texas, Illinois, Indiana, Michigan, Pennsylvania, New Jersey, Utah, Washington, Idaho, Minnesota, Wisconsin, and Missouri. **Exhibit 6-1** shows the states using the Skyward system and the number of customers for each state.

**EXHIBIT 6-1
SKYWARD SOFTWARE USE IN THE UNITED STATES**

States Using Skyward Software Systems	Number of Skyward customers
South Dakota	2
Kansas	10
Texas	128
Illinois	135
Indiana	15
Michigan	58
Pennsylvania	6
New Jersey	1
Utah	1
Washington State	297
Idaho	17
Minnesota	100
Wisconsin	333
Missouri	12

Source: www.skyward.com retrieved January 2007

Note: Washington School Information Processing Cooperative (WSIPC) is a public agency that provides information services to Washington's school districts with information management systems for Fiscal, Human Resources, and Student data.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. ESD 121 Superintendent should request an update or status report for the installation of the Skyward software system from the HR manager. | July 2007 |
| 2. The HR manager, HR technicians, and certification officer should temporarily place records in a secure and protected location and develop a plan for transferring records to the new system. | July 2007 |
| 3. The HR manager should present the plan to the deputy superintendent for administrative services and the ESD 121 Superintendent. | August 2007 |
| 4. The HR manager should contact NWESD 189 personnel administrator and the WESPac/Skyward beta site manager and schedule in-kind training for the ESD 121 HR technician(s) assigned to transfer personnel records to the new system. | August 2007 |
| 5. The HR manager and Skyward beta site manager should implement the training schedule. | September 2007 |

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|---|----------------|
| 6. The HR manager and staff should review implementation plan and adjust, if necessary. | September 2007 |
| 7. The deputy superintendent for Administrative Services and the ESD 121 Superintendent should review, revise, and approve the plan, and once approved implement. | September 2007 |

FISCAL IMPACT

Because this recommendation involves implementation of an existing software migration that has already been funded, no additional cost is anticipated at this time.

FINDING

Standardized records of training are not maintained, which may result in difficulty in reporting training data to clients and excess ESD personnel time in collating information.

The PSESD provides several agency-wide internal training opportunities, such as the Agency Leadership Team (ALT) or the Professional Support Association Cohort training. Individual programs also provide training to internal staff. Other programs, ECEAP for example, provide some training as part of their departmental meetings.

Training offered, as reported by ESD 121 in the MGT data request of November 2006, includes:

- Departmental Response
- Workers Compensation Trust and Safety
- (ALT) Agency Leadership Team
- (PSA) Cohort Professional Support Association
- Supervision 101
- Supervisor's Forum
- Telecommuting Training
- New Employee Orientation
- (ECE/HS) Early Childhood Education/Head Start Center Staff Training
- Tech Trainings
- (ELOP) Early Learning Outreach Program – online instructor training
- Literacy trainings
- Web site trainings

Training attendance reports, logs or databases and number of staff trained by year for the past three years were made available to the audit team. The attendance records or "Sign-In Sheets" were varied and often did not provide the dates the training occurred, or other information to document that the training actually took place. In addition, it appears that some of the training sessions were not on a HR database and therefore not available for retrieval.

Training attendance rosters are sometimes referenced to confirm that a specific training took place, confirm attendees, and confirm dates training was provided. For this reason, many organizations adopt a standard form to use at trainings and staff meetings. (See **Exhibit 6-2**)

Recommendation 6-2:

Develop a standard attendance record to be used throughout the district for all training and staff meetings.

All attendance records for training should be entered into a tracking tool for access by department heads to monitor all training provided by the ESD.

Exhibit 6-2 is a sample of a training roster with contents adopted from an internet source. The configuration can be designed to accommodate any preferences. The exhibit is to show an example of contents to be included in an attendance roster.

**EXHIBIT 6-2
SAMPLE ATTENDANCE RECORD**

ATTENDANCE RECORD				
Title of Training: _____				
Date: _____ 20 _____ Time of class: _____ # of Hours _____				
Instructor _____ Location: _____				
Page ____ of ____				
PRINT NAME	SIGNATURE	JOB TITLE	EMPLOYEE ID #	DEPARTMENT

Sources: Auditor generated.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The ESD 121 Superintendent should instruct the HR manager to proceed with implementing the recommended actions. | July 2007 |
| 2. The HR manager should prepare an implementation plan and submit to the ESD 121 Superintendent for review, revision, and approval. | July 2007 |
| 3. The ESD 121 Superintendent should review, revise and approve the plan and instruct the HR manager to complete implementation. | August 2007 |
| 4. The HR manager and staff should proceed with full implementation. | September 2007
and Ongoing |
| 5. The HR manager and staff should review/monitor the professional development plan and adjust if necessary. | October 2007
and Ongoing |

FISCAL IMPACT

This recommendation can be implemented at no additional cost and will only involve time and effort of assigned personnel.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter presents information relating to the Facilities Use and Management of the PSESD (ESD 121 Puget Sound at Renton).

METHODOLOGY

The primary methodologies used to review facilities use and management and related practices addressed in this chapter include:

- Interviews of key ESD and board personnel using pre-developed questions designed for the specific areas of review;
- Triangulation of identified issues by searching documents, conducting observations, and supporting/contradicting interviews as a means of substantiation of findings;
- Analysis of documents including cost data, peer comparison data, and other related data;
- Review of reports from participants in on-line surveys; and
- Comparison of ESD practices with best practices.

CHAPTER SUMMARY

ESD 121 has moved its primary administrative location from an ESD-owned facility that was located in Burien. This move was precipitated by the Town of Burien's need for the site to support downtown development; funds from the sale of the facility were applied to the purchase of the Renton facility.

ESD 121 has administrative and support personnel located in two facilities, the primary location in Renton, and a secondary office facility in Fife. The Renton facility was purchased in 2005 and occupied in 2006 while the Fife facility is leased. The Renton facility is a modern building constructed in 1989 and upgraded in 2005 for its present occupancy. The Renton facility is a three-story facility and houses the majority of the administrative and support personnel. The facility also includes a large conference complex containing state-of-the-art support technology. The Fife office building is at capacity and lacks needed storage space; this issue is being resolved by obtaining additional rented space.

ESD 121 has other facilities that are located in various school districts and serve the needs of the largest percentage of preschool education programs in the state of Washington. These facilities include leased space for the Head Start program in two Seattle locations totaling 8,964 square feet, the Sumner transportation barn (two bays), 23,316 square feet of classroom space (subleased to Prosser Plano School District through 2013), Relife South alternative program (8,457 square feet and leased from Clover Park School District), and ESD-owned (purchased with federal funds) facilities for Head Start located in Kent (11,420 square feet) and Federal Way (9,000 square feet).

The ESD is projecting an additional facility for Early Childhood programs at Greenbridge and Renton facility renovation to include a conference center café.

Overall facilities are appropriately maintained in good condition and in an acceptable state of cleanliness. Grounds are adequately landscaped and maintained. The facilities function is administered by the executive director for Workers' Compensation (and facilities) who oversees a facilities administrator. The facilities administrator is responsible for supervising 1.0 FTE facility engineer and .6 custodial positions assigned to the Renton building. The facilities administrator is also responsible for overseeing the outsourced maintenance and custodial services for all ESD office facilities and providing minor maintenance services.

Due to the fact that the ESD has recently moved into the Renton facility, facility-use policies, procedures and fees, along with other tasks and processes, are currently under development. The ESD has moved to expedite these by employing the executive director of Workers' Compensation (and facilities) with a primary facilities administration role. Additionally, a prior facility engineer position has been upgraded to facility administrator. These changes have created the ability to begin addressing the development of facility standards and implementation of inspection protocols.

The inclusion of a major conferencing facility at Renton (located on the ground floor) has created the need to streamline the scheduling of its use and ensure that fee schedules are consistent with overhead costs.

Key recommendations in this chapter include:

- Provide web access to conference and meeting room availability, fee schedules, and policy and procedures. **(Recommendation 7-1)**
- Complete the updating of facilities-use fees, policies, and procedures for the Renton facility. **(Recommendation 7-2)**
- Develop standards for custodial services that are consistent with APPA standards. **(Recommendation 7-3)**
- Establish a systematic method of assessing custodial service quality that ties in with APPA standards. **(Recommendation 7-4)**

FINDING

ESD 121 does not provide member districts and other potential clients with web or electronic access to conference and meeting room availability, fee schedules, and policy and procedures. This results in inefficiencies in scheduling and inconveniences for member districts and other potential clients.

ESD employees located at the Renton facility can schedule meeting rooms electronically. However, member districts and other potential clients must call in to the ESD facility and schedule room use through the receptionist who maintains the schedule and has access to schedules on the building computer system.

The ESD should consider the practice of granting clients access to the facilities-use policies, procedures, fee schedules, and calendar on the ESD Web site using an assigned user code. This practice should reduce the number of incoming telephone calls related to resolving facility-use issues.

Recommendation 7-1:

Provide web access to conference and meeting room availability, fee schedules, and policy and procedures.

Implementation of this recommendation should result in the creation of a Web site that includes policies, procedures, fee schedules, and a facility-use calendar that can be accessed by clients using an assigned user code.

This practice should result in increased employee productivity by reducing the number of telephone contacts related to resolving priority-of-use assignment issues. Furthermore, this procedure should make it easier for clients to schedule meetings and training sessions.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|----------------------------|
| 1. The ESD 121 Superintendent should instruct the executive director responsible for facilities and the administrative assistant to the superintendent to implement the recommendation. | July 2007 |
| 2. The executive director responsible for facilities and the administrative assistant to the superintendent should work with the ESD's webmaster to establish the site, develop user guidelines, and assign access codes to client users. | August –
October 2007 |
| 3. The executive director responsible for facilities and the administrative assistant to the superintendent should provide all information to all client users and the ESD 121 Superintendent. | October 2007 |
| 4. The ESD 121 Superintendent should review the new procedures with the Superintendent's Advisory Committee (SAC) and advise the ESD 121 Board of the procedures. | November 2007 |
| 5. The executive director responsible for facilities and the administrative assistant to the superintendent should execute the new system. | November 2007 |
| 6. The executive director responsible for facilities and the administrative assistant to the superintendent should monitor the effectiveness of the new system and make necessary adjustments/changes. | November 2007
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources and minimal cost should additional software be purchased. However, this should result in increased employee efficiency.

FINDING

ESD 121 facility-use policies, procedures, and fee schedules are currently under review for revision by an appointed committee under the supervision of the administrative assistant to the superintendent. However, the newly-acquired facility has been in use for nearly one year and the revisions have not been completed.

The administrative assistant to the superintendent and the executive director report that a committee has been appointed and is in the process of reviewing facility-use charges and related policies and procedures.

Recommendation 7-2:

Complete the updating of facilities-use fees, policies, and procedures for the Renton facility.

Implementation of this recommendation should result in updated fees, policies, and procedures for the Renton facility. Additionally, obtaining information from other ESDs should facilitate the completion of the process. Upon implementation, the ESD Superintendent and staff should have up-to-date information for budgeting purposes.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|--|----------------|
| 1. The ESD 121 Superintendent should instruct the administrative assistant to the superintendent to continue working with the assigned committee to complete the needed revisions. | July 2007 |
| 2. The administrative assistant to the superintendent should continue working with the assigned committee to complete the needed revisions and ensure implementation. | August 2007 |
| 3. The administrative assistant to the superintendent should present the revisions to the ESD 121 Superintendent and leadership team for review, revision, and approval | September 2007 |
| 4. The ESD 121 Superintendent should review the new procedures and fee schedules with the SAC and secure approval for implementation. | September 2007 |
| 5. The administrative assistant to the superintendent should oversee implementation of the approved policies, procedures, and fee schedules. | November 2007 |

6. The administrative assistant to the superintendent should monitor implementation and effectiveness and report the results to the ESD 121 Superintendent.

November 2007
(ongoing)

FISCAL IMPACT

The implementation of this recommendation is underway and does not require additional resources.

FINDING

ESD 121 does not have written custodial standards as part of its adopted policy manual. As a result, the buildings may not be consistently cleaned at the level indicated by the contract for services.

According to the Association of Physical Plant Administrators (APPA), one custodian can clean approximately 18,000 to 20,000 square feet in an eight-hour period and meet the industry standard of Level 2, *Ordinary Tidiness*.

Three major components of the time and task standards are identified by the Association of Higher Education Facilities Officers or the APPA Standards:

- Appearance Levels must be defined and described in some detail. (The APPA handbooks provide descriptions for five levels of cleanliness as summarized in **Exhibit 7-1**.)
- Standard Spaces must be identified to ensure that the difference in the types of spaces and the cleaning effort required for those spaces is clearly distinguished. (The APPA handbooks identify 33 different types of spaces.)
- CSF (Cleanable Square Feet) is an industry standard that is used to measure and compare data.

**EXHIBIT 7-1
APPA CLEANLINESS SCALE**

Level 1:	Ordinary Spotlessness - Only small amounts of litter and ashes in containers. Floor coverings are kept bright and clean at all times. No dust accumulation on vertical surfaces, very little on horizontal surfaces. All glass, light fixtures, mirrors, and washbasins are kept clean. Only small amounts of spots visible.
Level 2	Ordinary Tidiness - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dusting is maintained at a high level. All glass, light fixtures, mirrors, and washbasins show evidence of spots and dust.
Level 3:	Casual Inattention - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dust accumulation on vents, vertical, and horizontal surfaces. All glass, light fixtures, mirrors, and washbasins show accumulations of dust, spots, and prints.
Level 4:	Moderate dinginess - Waste containers are full and overflowing. Floor coverings are normally dull, marked, and spotted with infrequent peaks. Dusting is infrequent and dust balls accumulate. All glass, light fixtures, mirrors, and washbasins are dirty and spotted.
Level 5:	Unkempt Neglect - No trash pickup. Occupants of building are responsible. Regular floor care is eliminated. Dusting is eliminated. All glass, light fixtures, mirrors, and washbasins are very dirty.

Source: APPA: The Association of Higher Education Facilities Officers, 1998.

Recommendation 7-3:

Develop standards for custodial services that are consistent with APPA standards.

Custodial standards will create the same level of expectations for the entire facility and provide a standard against which to gauge the effectiveness of services. This should ensure maintaining the quality of cleaning and light maintenance activities.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|-------------|
| 1. The ESD 121 Superintendent should instruct the executive director responsible for facilities to cause the recommendation to be implemented. | July 2007 |
| 2. The executive director responsible for facilities should review and revise the proposed standards to meet the needs of ESD 121. | July 2007 |
| 3. The executive director responsible for facilities should present the proposed standards to the ESD 121 Superintendent and the leadership team for review, revision, and approval. | August 2007 |
| 4. The ESD 121 Superintendent and the leadership team should review, revise, and approve the standards and direct the executive director responsible for facilities and the facilities administrator to proceed with standards application. | August 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources and at no additional cost to the ESD.

FINDING

Currently there is no systematic method of assessing custodial service quality that ties in with APPA standards. This situation could result in service-level variations that are not clearly documented to ensure a standard of quality.

There is a very basic quality control system in place to determine if custodial care meets the supervisor's expectations (The facilities administrator directs the building engineer and custodian and oversees outsourced custodial/grounds services). Lack of specific quality control procedures often leads to poor performance.

Recommendation 7-4:

Establish a systematic method of assessing custodial service quality that ties in with APPA standards.

Conduct periodic custodial service quality inspections using forms reflecting the newly-adopted custodial standards. Conducting periodic inspections will enable the ESD to gather important information about how custodial services can be improved. The data can be analyzed and shared at the appropriate level of service. Some information may best be shared with custodians, while management personnel may use other information to make structural changes in how, where, or when services are delivered.

Exhibit 7-2 provides a sample checklist that could be modified for use by the ESD Facilities Administrator for inspection of facilities' custodial services.

**EXHIBIT 7-2
SAMPLE CLEANING GUIDELINES
AS PER CLEANING STANDARDS (AS SHOWN IN EXHIBIT 7-1)**

Custodial Evaluation											
School: _____											
Date: _____											
	Level 1	Level 2	Level 3	Level 4	Level 5	Daily	Weekly	Monthly	Annually	Notes	
Classrooms, labs, gyms, offices											
Routine Activities											
1 Vacuum, sweep, dust mop floors											
2 Clean chalkboard or whiteboards and trays											
3 Clean erasers											
4 Empty waste containers											
5 Empty pencil sharpener(s)											
6 Spot-clean walls and doors											
7 Dust flat surfaces											
8 Re-lamp											
Project Activities											
1 Damp-mop floors											
2 Spray buff/burnish floors											
3 Clean trash containers											
4 Dust vents											
5 Interim floor care											
6 Dust blinds											
7 Clean windows - both sides											
8 Strip/refinish floors											
9 Clean light fixtures (project)											
10 Clean furniture and multiple seating (project)											
Hallways, foyers											
Routine Activities											
1 Vacuum, sweep, dust mop floors											
2 Empty waste containers											
3 Spot-clean walls and doors											
4 Dust flat surfaces											
5 Re-lamp											
Project Activities											
1 Damp-mop floors											
2 Spray buff/burnish floors											
3 Clean trash containers											
4 Dust vents											
5 Interim floor care											
6 Dust blinds											
7 Clean windows - both sides											
8 Strip/refinish floors											
9 Clean light fixtures (project)											
10 Clean furniture and multiple seating (project)											
Restrooms, lockers											
Routine Activities											
1 Damp-mop, sanitize floors											
2 Disinfect, sanitize sinks, toilets, and urinals											
3 Clean, sanitize paper dispensers											
4 Clean, sanitize stalls and privacy partitions											
5 Fill paper dispensers											
6 Empty waste containers											
7 Spot-clean walls and doors											
8 Dust flat surfaces											
9 Re-lamp											
Project Activities											
1 Spray buff/burnish floors											
2 Clean trash containers											
3 Dust vents											
4 Clean windows - both sides											
5 Strip/refinish floors											
6 Clean light fixtures (project)											

Source: MGT of America, 2005.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------------------------|
| 1. The ESD 121 Superintendent should instruct the executive director responsible for facilities to cause the recommendation to be implemented. | July 2007 |
| 2. The executive director responsible for facilities and the facilities administrator should review and revise the proposed standards' checklist to meet the needs of ESD 121. | July 2007 |
| 3. The executive director responsible for facilities should present the proposed checklist to the ESD 121 Superintendent and the leadership team for review, revision, and approval. | August 2007 |
| 4. The executive director responsible for facilities should submit the approved checklist to the Facilities Administrator for implementation. | August 2007 |
| 5. The facilities administrator should proceed with the use of the checklist and proposed modifications as needed. | September 2007
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources and at no additional cost to the ESD.

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter presents information relating to Management Information Systems (MIS) in the Puget Sound ESD (ESD 121). The review examines the technology infrastructure, processes, and organization of the technology that supports business operations, teaching, and learning. Within the context of the elements of I-900, this study examines how Puget Sound ESD 121 plans, organizes, staffs, leads, directs, trains, coordinates, and controls the resources and activities associated with acquiring, deploying, and supporting technology in the agency's business operations, its teaching environment, and the classrooms of the school districts it supports.

CHAPTER SUMMARY

The MIS departments of ESD 121 provide an extensive level of programs and support for the ESD and the school districts served by the ESD. The services provided are essential to the effective and efficient operation of both the ESD and the school districts served. The MIS function requires significant planning, commitment to retaining highly-skilled personnel, and the ability to provide support for at least the following;

- Business and student accounting software
- Integration of technology with instruction
- Technology-related hardware
- Networking
- Video conferencing and online delivery

The MIS organizational chart indicates the presence of a Technology Services division organized into Educational Technology and Information Systems components. Educational Technology includes three departments while Information Systems includes four departments. The seven departments combine to provide technological support for the ESD and the schools served by the ESD. MIS services are critical to the schools and the ESD as they support communications, business functions, data processing, data analysis, and technology applications essential to providing quality data and reliable applications. Effective decision making is dependent upon the quality and timeliness of data.

This review of the MIS departments of the Puget Sound ESD 121 concludes that the departments effectively and efficiently support their respective technology-related activities in the ESD and in the schools served. The major expenditures in the departments are for personnel, with only minimal funding remaining for travel, supplies and equipment. The major obstacle to the enhancement of services provided is found in the limitations on funding. Additional efficiencies in ESD operations could be realized through the implementation of procedures affecting communications and operational standards.

Key recommendations in this chapter include:

- Develop a formal process by which to determine client satisfaction as well as client needs at the level of delivery. **(Recommendation 8-1)**

- Develop a plan to standardize the process of developing specifications, acquiring, and deploying technology-related equipment. **(Recommendation 8-2)**
- Develop a centralized system of support for all technology-related equipment and networks. **(Recommendation 8-3)**
- Develop a disaster recovery plan inclusive of all data systems within the ESD. **(Recommendation 8-4)**

FINDING

Technology Services in ESD 121 has no formal process by which to assess client satisfaction and client needs. Consequently, they do not have access to client feedback essential to a comprehensive assessment of services.

Currently, the Technology Services Division uses a social ventures brainstorming process to vision as a group and develop a wide range of services for schools. The division further develops goals and objectives at the organizational level that tie back to the Ends report for the ESD. The process assures the inclusion of student learning, professional development, and operational efficiency as priorities across all organizations in the division.

The Technology Services Division provides a wide variety of services to schools. These services include network and server support, K20 network support, applications support, software hosting, online development, specialty training, technology program reviews, technology planning, library media services, video conferencing support, and software and hardware resources and support.

These services are very important to the school districts. The superintendents' survey, conducted as part of this performance audit, verifies a very high level of satisfaction with the technology-related services provided by ESD 121.

Recommendation 8-1:

Develop a formal survey process by which to determine client satisfaction as well as client needs at the level of delivery.

The implementation of this recommendation should result in collaboration across the Technology Services Division and among other ESDs to develop an instrument to specifically gather input from those individuals in the school districts that use the services provided. Furthermore, the implementation of the process should provide detailed information regarding client satisfaction and needs that will provide the guidance needed by Technology Services to modify its procedures and delivery models. These modifications should result in models that more efficiently and effectively meet the needs of the individual school districts in the ESD 121 service area.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|---------------------------|
| 1. The executive director of Technology Services should work with the ESD Superintendent to establish placement of the assessment in the overall ESD calendar to minimize overlapping survey projects with the schools. | July 2007 |
| 2. The executive director of Technology Services should organize and lead the collaboration among the directors within the Technology Services Division to begin the development of the survey instrument. | July 2007 |
| 3. The executive director of Technology Services should seek collaboration from counterparts in other ESDs to assist in the development of the survey instrument. | July 2007 |
| 4. The executive director of Technology Services should establish timelines with the group to allow for delivery of the survey to school districts during the 2007-2008 fiscal year. | August 2007 |
| 5. The instrument should be reviewed annually by the development team for modification and adjustment. | August 2008
(annually) |

FISCAL IMPACT

The collaborative nature of the plan should require minimal additional financial investment, mostly in the form of time, effort, and travel. Until the detailed plan for implementation of this recommendation is developed by the ESD, no firm cost can be established. However, the resulting information should lead the ESD to a greater level of efficiency and responsiveness to clients, thereby enhancing the ESD's ability to generate revenue.

FINDING

There is no internal standard in ESD 121 for acquisition and deployment of technology-related hardware. Consequently, there is no consistent control over the costs to provide the equipment throughout the ESD.

According to ESD 121 staff, Technology Services currently provides complete support of technology infrastructure for four departments in the ESD, including administration, business, learning and technology, and Head Start (ECEAP). All remaining departments operate independently with regard to acquisition of technology-related equipment. Equipment specifications, acquisition costs, and life cycles are largely driven by budget capacity rather than a centralized plan.

Recommendation 8-2:

Develop a plan to standardize the process of developing specifications, acquiring, and deploying technology-related equipment.

Implementation of this plan should result in efficiencies in terms of acquisition costs as specific performance requirements would dictate the equipment specifications. Also, central control over purchasing should provide cost savings as the annual acquisitions could be grouped to achieve volume pricing. Finally, the plan should provide for deployment models to maximize the life cycle of the equipment.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|---------------|
| 1. The executive director of Technology Services should work with the ESD Superintendent to establish a work group representing all ESD divisions to establish a process to develop technology equipment specifications related to performance requirements, centrally acquire the equipment, and control deployment of the equipment over its entire life cycle. | October 2007 |
| 2. The executive director of Technology Services should work with the group to establish timelines so as to implement the plan by September 2008. | November 2007 |
| 3. The executive director of Technology Services should present the completed plan for ESD Superintendent approval. | June 2008 |

FISCAL IMPACT

The implementation of the plan should have long-term effects on the costs of acquiring and maintaining equipment. Initial costs of developing the plan will be primarily in the area of staff time. Until the plan is developed and fully implemented, specific cost savings cannot be determined.

FINDING

ESD 121 does not centrally control the support of networking or technology-related hardware throughout the organization. Consequently, there are no consistent methodologies for troubleshooting and repair, and there are no records to provide information on the costs to maintain specific equipment.

According to ESD 121 staff, Technology Services currently provides complete technology support for four departments within the ESD. All other departments independently support their own networks and equipment. There is no work order or trouble ticket process by which to retain data regarding maintenance and repair on the equipment.

Recommendation 8-3:

Develop a centralized system of support for all technology-related equipment and networks.

The implementation of this system should deliver a systematic approach to logging requests for service, troubleshooting problems, and recording specific information regarding the repairs required. The information should include the personnel time required as well as the type and cost of parts required. The resulting centralized data should provide valuable information regarding the costs to maintain each type of equipment. Such information should prove beneficial in developing internal fees based upon real costs and should also provide valuable information regarding the most efficient equipment to acquire and maintain. Finally, the system provides a means to gather data regardless of source of the support, provided all departments use the system to record the data.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|--|----------------|
| 1. The executive director of Technology Services should oversee the formation of a working group made up of representatives from each department that supports networks and technology-related equipment within the ESD. | September 2007 |
| 2. The group should collaboratively develop troubleshooting specifications with regard to equipment and network support. | October 2007 |
| 3. The group should collaborate to develop a work order or trouble ticket system in which all requests for support of networks and equipment will be recorded. The system should at least include the source of the request, the personnel assigned to respond, the time required, and the specifics of the repair, i.e., parts and costs. | January 2008 |
| 4. The group should develop a testing and phase-in methodology for the new processes. | March 2008 |
| 5. The group should deliver the new system and specifications to the executive director of Technology Services for approval and implementation. | April 2008 |

FISCAL IMPACT

The financial investment for the implementation of this system should be minimal and in the form of staff time. Efficiencies should be realized over time that would offset the development and implementation investment. The exact costs and resulting savings can only be determined after tracking the development schedule and the implementation of the system over time.

FINDING

ESD 121 does not have a centralized disaster recovery plan for its data systems. Consequently, the ESD is at risk of losing important data in the event of disaster.

According to the ESD 121 staff, Technology Services currently has a disaster recovery plan that serves the departments supported by this group. All other departments have individual plans to address disaster recovery. Most of the plans simply include a process for managing system back ups and off site storage. There is no plan for off-site start up should the ESD properties be destroyed.

Recommendation 8-4:

Develop a disaster recovery plan that addresses all data systems within the ESD.

Implementation of this plan should improve data security and integrity in the event of a disaster that would render the ESD facility uninhabitable or adversely affect the operations of any of the data systems. The plan should include provision for integral backups of data, rotation of storage media, off-site storage, and off-site restart of the data systems. The plan should further consider the limited need for business continuity. This will require strict prioritization of operations to identify only those that must not be interrupted.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|----------------|
| 1. The executive director of Technology Services should form a working group, with ESD Superintendent approval, of personnel currently responsible for controlling data backup and recovery throughout the ESD. | July 2007 |
| 2. The executive director of Technology Services should work collaboratively with the group to establish a timeline for the development and delivery of the new ESD disaster recovery plan. | July 2007 |
| 3. The group should review disaster recovery plans among ESDs and determine the needs of ESD 121 with regard to disaster recovery. | September 2007 |
| 4. The group should develop a disaster recovery plan to include data backup, rotation of storage media, off-site storage, and off-site startup. | November 2007 |
| 5. The group should prioritize operational requirements to determine whether a need exists to incorporate business continuity into the plan. | January 2008 |
| 6. The group should develop a testing and implementation methodology for approval by the executive director of Technology Services. | March 2008 |

FISCAL IMPACT

The financial investment in the development of this plan will be related primarily to staff time. Additionally, there will be costs associated with the required storage and restart services. However, given the costs currently incurred by the ESD in the various departments, the overall costs should not increase significantly after implementation. Business continuity services are costly but can be configured to qualify for E-rate discounts. The costs are determined by the amount of data managed and cannot be determined until the specifications are developed with regard to the data to be managed.

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 121 PUGET SOUND EMPLOYEES' SURVEY RESULTS (n=227)

EXHIBIT A-1 GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	33	42	8	3	0	14
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	46	41	7	0	0	6
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	2	5	11	22	40	19
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	1	3	10	30	40	15
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	1	4	7	32	39	17
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	1	2	8	26	36	26
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	41	42	7	0	0	10
8. Our ESD is highly efficient and effective.	37	44	11	3	0	4
9. The ESD role in providing services to school districts should be expanded.	33	43	16	1	0	7
10. Our ESD is highly responsive to the service needs of member school districts.	42	37	8	1	0	11
11. Our ESD provides quality services.	60	34	3	1	0	2
12. There are adequate channels of communication with school districts in our region.	18	37	15	6	1	23
13. Our ESD is responsive to complaints.	29	40	11	4	0	16
14. Our ESD is responsive to requests for services.	43	38	9	2	0	8
15. Our ESD listens and tries to meet the needs of the school districts.	47	37	7	1	0	9

**EXHIBIT A-2
ESD 121 EMPLOYEE RESULTS
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	1	6	19	31	30	13
2. Each ESD should hold each school district in its region responsible for student performance within the district.	3	25	22	21	19	11
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	22	46	14	8	2	9
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	11	46	17	12	2	13
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	18	42	18	8	3	11
6. Under the current governance structure, the ESDs are accountable primarily to:	12	35	19	8	1	25
■ the school districts within each region						
■ the State Superintendent of Public Instruction	9	36	19	7	2	27
■ both the school districts and the State Superintendent of Public Instruction	12	33	15	9	2	28

**EXHIBIT A-3
ESD 121 EMPLOYEE RESULTS
STATEWIDE ORGANIZATIONAL STRUCTURE**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	12	24	19	13	5	26
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	26	40	14	2	3	15
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	4	12	23	24	8	28
4. The ESDs should be totally independent of OSPI.	8	14	25	25	4	25
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	1	16	28	16	11	28
6. The current number of ESD Board of Director members is appropriate.	7	24	21	2	0	46
7. The current number of 9 ESDs should be:						
■ expanded	2	16	26	27	6	23
■ left as is	19	29	22	6	1	22
■ reduced	0	3	16	29	30	22
8. All ESDs should be abolished.	1	0	5	14	72	9

**EXHIBIT A-4
ESD 121 EMPLOYEE RESULTS
GOVERNANCE AND FUNDING**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	7	30	15	15	6	26
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	4	19	17	25	12	23
3. School districts understand the governance and oversight structure of our ESD.	2	18	17	18	3	42
4. There are appropriate levels of oversight for our ESD.	14	32	14	4	0	35
5. ESDs should continue to be funded by the state.	37	39	11	0	0	12
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	14	19	17	5	0	45
7. School districts have the funding to purchase the services they need from our ESD.	3	8	16	23	13	37

**EXHIBIT A-5
ESD 121 EMPLOYEE RESULTS
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	8	24	11	2	0	54
2. Mathematics	5	18	13	4	0	59
3. Social Studies	4	11	14	4	1	66
4. Science	4	11	15	6	1	65
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	16	28	10	3	2	41
6. At-risk and compensatory education	11	22	12	5	1	49
7. Bilingual Education and ESL	7	18	16	4	1	54
8. Advanced academics (gifted and talented, AP)	4	9	16	4	1	66
ESD TRAINING						
9. Training and assistance for campus planning	8	13	20	1	0	57
10. Training and support for Washington Assessment of Student Learning (WASL)	5	20	18	4	1	52
11. Training and support for aligning the curriculum and instruction with WASL	8	19	17	4	1	51
12. Leadership training and development programs and services	17	29	10	2	0	42
13. Training and assistance to help improve student performance	15	26	13	3	0	43
14. Training and assistance in using new teaching methods and strategies	14	28	14	2	1	41
15. Training and assistance in the use of technology	19	27	12	1	0	42
16. Training and assistance in discipline management and conflict resolution	12	21	14	3	1	48
17. School board training services	3	9	15	1	0	71
18. Teacher certification	16	27	11	0	0	46
19. Professional/Para-Professional certifications	19	26	9	2	0	45
ESD SERVICES						
20. Computer network and telecommunication services	19	27	11	2	0	40
21. Purchasing cooperatives	13	19	15	0	0	52
22. Services and support for Educational Data Systems (EDS)	11	18	11	0	0	59
23. On-line/Distance Learning classes	13	24	13	2	0	48
24. On-site technical assistance	14	26	10	2	0	48
25. Video Conferencing	18	29	12	2	0	39
26. Lending Library	4	12	14	3	0	66
27. Best Practices Information	15	22	12	1	0	50
28. Organizational Links	12	20	11	1	0	56
29. Demonstrations and Equipment	12	18	12	1	0	57

**EXHIBIT A-6
ESD 121 EMPLOYEE RESULTS
WORK ENVIRONMENT**

**Percentage of agreement or disagreement with each statement.
SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree;
DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	43	41	11	4	1	0
2. ESD officials enforce high work standards.	41	41	10	5	1	1
3. ESD employees who do not meet expected work standards are disciplined.	13	33	19	15	5	16
4. I feel that I have the authority to adequately perform my job responsibilities.	41	48	5	3	3	0
5. I have an up to date and comprehensive job description.	42	40	10	6	2	1
6. I have adequate facilities in which to conduct my work.	39	45	7	5	3	0
7. I have adequate equipment and computer support to conduct my work.	41	46	7	4	1	0
8. No one knows or cares about the amount or quality of work that I perform.	1	6	9	35	48	0
9. I am very satisfied with my job.	34	49	10	5	1	0
10. I plan to continue my career in my ESD.	39	43	11	3	1	3
11. I am actively looking for a job outside of my ESD.	2	6	13	32	45	2
12. Salary levels at my ESD are competitive.	26	41	13	11	3	7
13. I feel that my work is appreciated by my supervisor(s).	44	42	7	4	3	0
14. I feel that I am an integral part of the ESD team.	39	41	13	6	1	0
15. I feel that there is no future for me at the ESD.	3	7	18	33	37	2
16. My salary level is adequate for my level of work and experience.	17	44	18	16	5	0
17. Most administrative practices in the ESD are highly effective and efficient.	19	40	19	14	3	6
18. Administrative decisions are made promptly and decisively.	15	36	22	17	3	7
19. My ESD administrators are easily accessible and open to input.	32	41	15	7	2	3
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	5	15	24	34	12	10
21. My ESD has too many layers of administrators.	6	12	26	33	11	11
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	18	42	21	11	4	4

GENERAL QUESTION

1. How would you rate your ESD facilities?

38%	Exceptional
41%	Above average
15%	Adequate
5%	Needs improvement
1%	Don't Know

**ESD 121 PUGET SOUND
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=20)**

**EXHIBIT A-7
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR SCHOOL DISTRICT**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Average Daily Attendance (n=17)	63	29000	9580.76
2. Number of Schools (n=19)	1	56	16.16
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=18)	1	15	2.33
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=20)	12	70	26.35
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=12)	8	32	20.00

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	30	50	5	10	0	5
2. The services provided by our ESD are critical to the success of our district's programs and operations.	35	40	15	5	5	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	5	10	20	65	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	5	5	35	55	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	5	5	5	40	40	5
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	5	0	10	50	35	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	60	25	5	5	0	5
8. The ESD in our region is highly efficient and effective.	35	50	10	0	5	0
9. The ESD role in providing services to school districts should be expanded.	20	15	55	5	5	0
10. The ESD in our region is highly responsive to the service needs of our school district.	50	35	10	0	5	0
11. The ESD in our region provides quality services.	55	35	5	0	5	0
12. There are adequate channels of communication with the ESD in our region.	45	45	5	0	5	0
13. The ESD in our region is responsive to complaints.	40	40	10	0	5	5
14. The ESD in our region is responsive to requests for services.	60	30	5	0	5	0
15. The ESD in our region listens and tries to meet the needs of the school district.	60	30	5	0	5	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents and MGT received 50 percent response for these two sections.

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	0	0	100	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	0	0	100	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	100	0	0	0	0	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	60	40	0	0	0	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	40	40	20	0	0	0
6. Under the current governance structure, the ESDs are primarily accountable to:	60	20	0	20	0	0
■ the school districts within each region	0	40	0	0	40	20
■ the State Superintendent of Public Instruction	0	20	0	40	20	20
■ both the school districts and the State Superintendent of Public Instruction	0	20	0	40	20	20

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	15	15	20	10	40	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	15	45	20	0	15	5
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	15	35	15	30	5
4. The ESDs should be totally independent of OSPI.	15	10	40	30	5	0
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	25	20	20	35	0
6. The current number of ESD Board of Director members is appropriate.	0	25	50	0	5	20
7. The current number of 9 ESDs should be:						
■ expanded	0	5	35	35	15	10
■ left as is	35	15	30	5	5	10
■ reduced	5	10	20	20	35	10
8. All ESDs should be abolished.	5	0	5	15	75	0

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	45	10	30	15	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	15	45	10	15	15	0
3. We understand the governance and oversight structure of the ESD in our region.	15	35	25	15	5	5
4. There are appropriate levels of oversight for the ESD in our region.	15	35	10	0	5	35
5. ESDs should continue to be funded by the state.	45	40	5	0	10	0
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	15	45	20	10	5	5
7. Our school district has the funding to purchase the services it needs from an ESD.	0	30	15	30	25	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage of satisfaction with the following services provided by your home Educational Service District.
VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	25	35	30	10	0	0
2. Mathematics	20	25	25	25	0	5
3. Social Studies	10	15	50	20	0	5
4. Science	10	15	45	25	0	5
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	30	40	5	10	5	10
6. At-risk and compensatory education	20	35	10	25	0	10
7. Bilingual Education and ESL	20	25	15	20	0	20
8. Advanced academics (gifted and talented, AP)	10	5	50	15	0	20
ESD TRAINING						
9. Training and assistance for campus planning	15	15	40	5	5	20
10. Training and support for Washington Assessment of Student Learning (WASL)	30	30	20	15	5	0
ESD TRAINING, CONTINUED						
11. Training and support for aligning the curriculum and instruction with WASL	25	30	30	10	5	0
12. Leadership training and development programs and services	30	30	15	0	5	20
13. Training and assistance to help improve student performance	30	30	35	0	5	0
14. Training and assistance in using new teaching methods and strategies	25	35	30	5	5	0
15. Training and assistance in the use of technology	30	40	25	0	5	0
16. Training and assistance in discipline management and conflict resolution	10	35	25	5	5	20
17. School board training services	10	30	25	5	5	25
18. Teacher Certification	25	35	10	0	5	25
19. Professional/Para-Professional Certifications	25	30	15	0	5	25
ESD SERVICES						
20. Computer network and telecommunication services	25	25	40	0	5	5
21. Purchasing cooperatives	30	35	20	5	5	5
22. Services and support for Educational Data Systems (EDS)	25	30	20	10	5	10
23. On-line/Distance Learning classes	5	15	30	0	5	45

STATEMENT	VS	S	N	D	VD	NA
24. On-site technical assistance	30	20	20	5	5	20
25. Video Conferencing	25	20	30	10	5	10
26. Lending Library	20	5	30	5	5	35
27. Best Practices Information	25	25	25	5	5	15
28. Organizational Links	25	30	15	5	5	20
29. Demonstrations and Equipment	10	15	30	5	5	35

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

60%	Exceptional
30%	Above average
5%	Adequate
5%	Needs improvement

**SURVEY RESULTS OF ESD SUPERINTENDENTS
(n=9)**

**EXHIBIT A-13
ESD SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR REGION**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

EXHIBIT A-14
ESD SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region	0	56	11	33	0	0
■ the State Superintendent of Public Instruction	0	67	0	33	0	0
■ both the school districts and the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	89	0	11	0	0	0
■ left as is	0	0	11	22	67	0
■ reduced	0	0	11	0	89	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING						
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES						
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***



April 24, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
Post Office Box 40031
Olympia, Washington 98504

Dear Ms. Adams:

Please accept this as the Puget Sound Educational Service District (PSESD) response to its 2007 Performance Audit. We accept the final report as written, with the correction of one small minor error on page 7-2. Please correct the job title in line three of the second paragraph as indicated below:

Executive Director of Risk Workers' Compensation (and facilities)

The PSESD is well on its way to addressing the recommendations outlined in the Performance Audit Report. All of the findings and recommendations contained in this report will be presented to our constituents at a public hearing upon receipt of the official final report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Monte L. Bridges", with a long horizontal flourish extending to the right.

Monte L. Bridges, Ed.D.
Superintendent

Copy to: PSESD Board of Directors
PSESD Cabinet Members



APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***



THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 121

To provide clarity and perspective, we are commenting on ESD 121 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Below, we have inserted MGT's response to the issues identified in the ESD 121 formal response letter.



April 24, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
Post Office Box 40031
Olympia, Washington 98504

Dear Ms. Adams:

Please accept this as the Puget Sound Educational Service District (PSED) response to its 2007 Performance Audit. We accept the final report as written, with the correction of one small minor error on page 7-2. Please correct the job title in Line three of the second paragraph as indicated below:

Executive Director of ~~Risk~~ Workers' Compensation (and facilities)

The PSED is well on its way to addressing the recommendations outlined in the Performance Audit Report. All of the findings and recommendations contained in this report will be presented to our constituents at a public hearing upon receipt of the official final report.

Sincerely,

Monte L. Bridges, Ed.D.
Superintendent

Copy to: PSED Board of Directors
PSED Cabinet Members

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 123

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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- Appendix A: Detailed Survey Results
- Appendix B: ESD Formal Response to Audit Report
- Appendix C: MGT's Response to ESD Formal Response to Audit Report

1.0 INTRODUCTION

1.0 INTRODUCTION

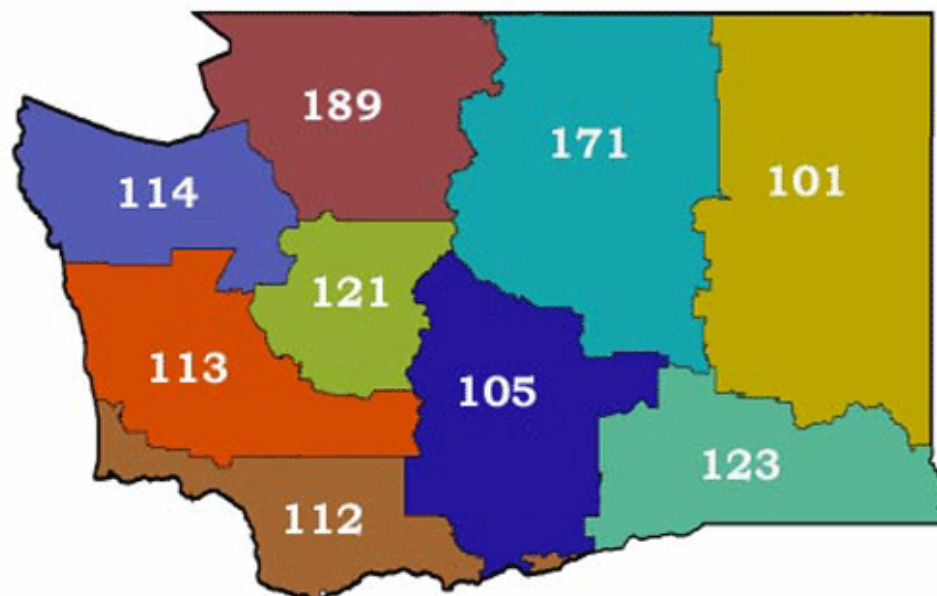
The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. (MGT) to conduct a performance audit of Educational Service District 123 (ESD 123), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of the ESD staff and school district staff. After reviewing the results of the on-site interviews and electronic survey data and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that reflected issues for all ESDs, the final performance audit report for ESD 123 was provided to SAO, reflecting areas of strength and areas needing improvement.

ESD 123 is located in the southeastern portion of Washington State in the city of Pasco (see **Exhibit 1-1**).

**EXHIBIT 1-1
MAP OF THE WASHINGTON
EDUCATIONAL SERVICE DISTRICTS**

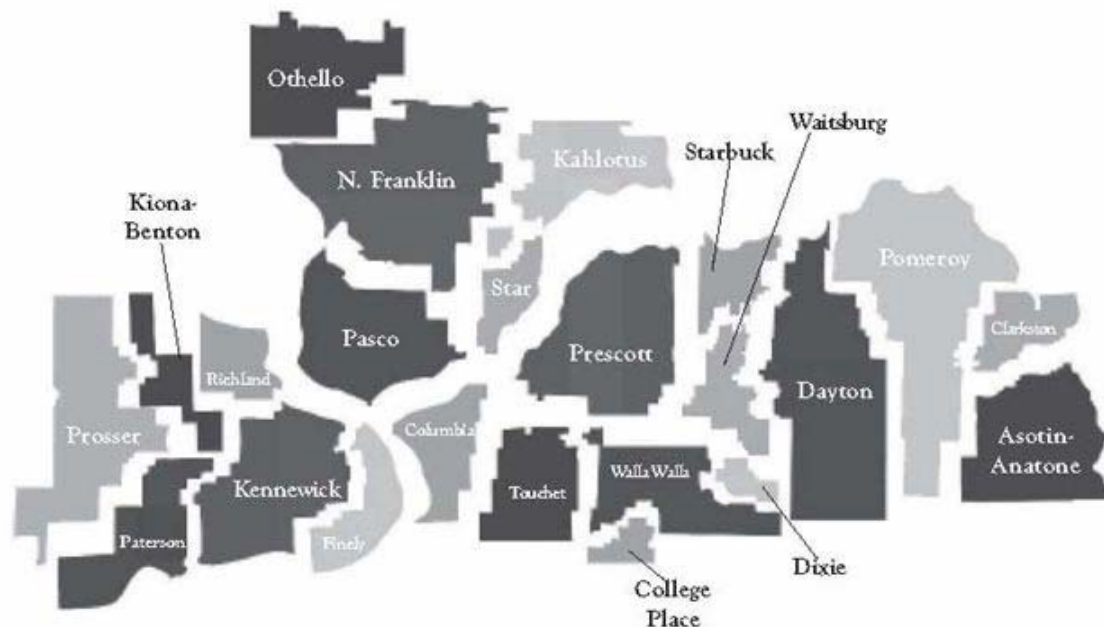


Source: Office of Superintendent of Public Instruction Web site, 2006.

ESD 123 serves 23 school districts which are spread throughout six and one half counties. Its purpose is to provide cooperative and informational services to local school districts, to assist the State Superintendent of Public Instruction and State Board of Education in the performance of their respective statutory and constitutional duties, and to provide services to school districts to assure equal educational opportunities for all students.

The current student population for the 23 school districts served by the ESD 123 is over 60,000 students in kindergarten through grade 12. **Exhibit 1-2** presents a regional map of the 23 county school districts served.

**EXHIBIT 1-2
MAP OF MEMBER SCHOOL DISTRICTS
EDUCATIONAL SERVICE DISTRICT 123**



Source: ESD 123 Web site: http://www.esd123.org/organization/district_info.html, 2007.

ESD 123 provides a variety of services, which are organized into the following categories:

- Administrative
- District and school improvement
- Educational technology
- Fiscal
- Human resources
- Instructional support
- Media
- Prevention
- Professional development
- Safety and workers' compensation
- School health services

- Special and early childhood education services
- Teaching and learning
- Technology support

Exhibit 1-3 shows the list of services provided by ESD 123 to each district. In 2004-05, ESD 123 spent \$8,987,676, with 38 percent of the spending going to safe and drug-free schools, 21 percent to core programs, 14 percent to other instructional programs, and nine percent to educational technology. Five percent or less of the total expenditures went to the following programs: risk management, special education, staff development, nursing services, and other non-instructional programs.

Key commendations for ESD 123 include:

- The Educational Service District 123 is commended for adopting and implementing a clearly focused governance system.
- The Educational Service District 123 Board of Directors and administration are commended for developing the Series 5000 Staff section. The 5000 series is able to serve a dual function as board policy and as a handbook for employees.
- ESD 123 is commended for the design of a four-day intensive training for teachers based on the instructional modules developed by OSPI in math, reading, and writing.
- ESD 123 is commended for developing and making available to its school districts an academy/institute for two key areas: leadership development and dual language.
- ESD 123 has developed a very comprehensive Board Policy, Procedure, and Room Use Document that clearly defines the use of facilities and how outside groups and/or agencies may lease the facility.
- ESD 123 is commended for its well-kept facilities and the cost savings approach of having one custodian on staff.

Key recommendations for ESD 123 include:

- Use a complete Strategic Planning process to ensure that the established goals are addressed by the staff. **(Recommendation 3-1)**
- Develop a communication tool for the board of directors to receive information from the region's school districts on an annual basis. **(Recommendation 3-2)**
- Review, update, and re-write the Series 6000 policies. **(Recommendation 3-3)**
- Convert the remaining Series 1000, 2000, 3000, and 6000 Board Policies to an electronic format and store the entire manual on the ESD's Web site with a searchable table of contents. (Entire Series, 1000, 2000, 3000, 5000, and 6000). **(Recommendation 3-4)**
- Reorganize the Educational Service District 123 into two service divisions. **(Recommendation 3-5)**
- Eliminate the Public Relations Office Cooperative Program for the 2007-08 fiscal year, if additional districts are not willing to purchase the service. **(Recommendation 3-6)**

- Take proactive steps to address declining fund balances and to ensure that the ESD maintains sufficient funds to meet its current needs. **(Recommendation 4-1)**
- Obtain government rates for lodging when available, based on the per diem rates used by the State of Washington. **(Recommendation 4-2)**
- Discontinue the use of travel agents to book flights. **(Recommendation 4-3)**
- Simplify the purchase order process and conduct a cost-benefit analysis of purchase card alternatives. **(Recommendation 4-4)**
- Implement a consistent and systemic evaluation/needs assessment to determine if programs and services are to be continued, expanded, or abandoned. **(Recommendation 5-1)**
- Disaggregate student performance data to drive the program decision-making process. **(Recommendation 5-2)**
- Assign an employee or hire a person to fulfill the responsibilities of a full-time grant writer. **(Recommendation 5-3)**
- Remove grant duties from the Personnel/Grant Administrator position and rename the position. **(Recommendation 6-1)**
- Expand the Human Resources web page to communicate relevant information and to provide the capability for electronic submittal of employee applications. **(Recommendation 6-2)**
- Update the existing salary policy to reflect current salary ranges among other ESDs, so that it may be used as a guideline for hiring new employees, forecasting employee salaries, and maintaining competitiveness to attract qualified employees. **(Recommendation 6-3)**
- Use a performance assessment instrument for the superintendent's position annually. **(Recommendation 6-4)**
- Align assessment instruments to job descriptions. **(Recommendation 6-5)**
- Develop an Employee Handbook. **(Recommendation 6-6)**
- Develop a detailed comprehensive six-year facilities plan. **(Recommendation 7-1)**
- Develop and maintain a database regarding the usage of the Professional Development Center. **(Recommendation 7-2)**

- Develop and conduct ongoing staff training related to techniques for saving energy in the work place. **(Recommendation 7-3)**
- Seek service proposals from various trades regarding maintenance and repair services on an annual basis. **(Recommendation 7-4)**
- Re-assign the Technology Administrator to a full-time Construction Service Manager position. **(Recommendation 7-5)**
- Establish a technology planning committee to create a long-term technology plan. **(Recommendation 8-1)**
- Develop a disaster recovery plan. **(Recommendation 8-2)**
- Replace the technology administrator position with a programmer knowledgeable on database design. **(Recommendation 8-3)**
- Create, implement, and maintain formal specifications for technology-related purchases. **(Recommendation 8-4)**
- Coordinate and implement a cooperative purchasing process with school districts within ESD 123 as well as the surrounding educational service districts for technology-related items. **(Recommendation 8-5)**
- Create a technology-related procedures manual. **(Recommendation 8-6)**

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Exhibit 1-4 shows the total estimated cost savings for the recommendations represented in the report for ESD 123. As shown, the total estimated savings (should MGT's recommendations be implemented) is estimated at a total of \$5,914,437.

EXHIBIT 1-4 SUMMARY OF ANNUAL SAVINGS (COSTS)

CATEGORY	YEARS					TOTAL FIVE-YEAR SAVINGS (COSTS)
	2007-08	2008-09	2009-10	2010-11	2011-12	
TOTAL SAVINGS	\$1,444,592	\$1,145,354	\$2,385,051	\$850,042	\$704,873	\$6,529,912
TOTAL (COSTS)	(\$123,095)	(\$123,095)	(\$123,095)	(\$123,095)	(\$123,095)	(\$615,475)
TOTAL NET SAVINGS (COSTS)	\$1,321,497	\$1,022,259	\$2,261,956	\$726,947	\$581,778	\$5,914,437
TOTAL ONE-TIME SAVINGS (COSTS)						\$0
TOTAL FIVE-YEAR SAVINGS (COSTS) INCLUDING ONE-TIME SAVINGS (COSTS)						\$5,914,437

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees in Educational Service District (ESD) 123, school district superintendents within the ESD 123 region, and the nine ESD Superintendents were invited to participate in an on-line survey. The following sections contain highlights of the survey results for:

- ESD 123 Pasco employees.
- School district superintendents within ESD 123 Pasco.
- Nine ESD Superintendents.

Details on all survey items are found immediately after the highlights.

2.1 ESD 123 Pasco Employee Survey Highlights

At least 50 percent of ESD employees strongly agree with the following:

- The services provided by our ESD are critical to the success of our school districts' programs and operations (53%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (56%).
- Our ESD provides quality services (60%).
- Our ESD listens and tries to meet the needs of the school districts (63%).
- ESDs should continue to be funded by the state (50%).
- I have adequate facilities in which to conduct my work (50%).
- I have adequate equipment and computer support to conduct my work (56%).

At least 50 percent of ESD employees strongly disagree with the following:

- All ESDs should be abolished (81%).
- No one knows or cares about the amount or quality of work that I perform (52%).

2.2 ESD 123 Pasco School District Superintendent Survey Highlights

At least 50 percent of school district superintendents strongly agree with the following:

- Our school district frequently utilizes services provided by our ESD (76%).
- The services provided by our ESD are critical to the success of our district's programs and operations (76%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (67%).
- The ESD in our region is highly efficient and effective (57%).
- The ESD role in providing services to school districts should be expanded (52%).
- The ESD in our region is highly responsive to the service needs of our school district (62%).
- The ESD in our region provides quality services (71%).
- There are adequate channels of communication with the ESD in our region (67%).
- The ESD in our region is responsive to complaints (62%).
- The ESD in our region is responsive to requests for services (71%).
- The ESD in our region listens and tries to meet the needs of the school district (76%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (62%).
- The current number of 9 ESDs should be left as is (50%).
- ESDs should continue to be funded by the state (76%).

At least 50 percent of school district superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (76%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (52%).

- Many of the current ESD services to school districts duplicate services provided by OSPI (71%).
- The current number of 9 ESDs should be reduced (60%).
- All ESDs should be abolished (95%).

2.3 ESD Superintendents Survey Highlights

At least 50 percent of ESD Superintendents *strongly agree* with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).
- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (89%).
- The current number of ESD Board of Director members is appropriate (67%).

- The current number of 9 ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of 9 ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

This chapter presents findings and recommendations relating to the overall governance and management of the Educational Service District (ESD) 123. The major sections of the chapter include:

- 3.1 Mission, Goals, and Objectives
- 3.2 School Board Governance
- 3.3 Policies and Procedures
- 3.4 Organization and Management
- 3.5 Public Information and Communication

METHODOLOGY

The primary methodologies used to review governance and management addressed in this chapter include the following:

- Interviews of ESD Board members and senior management to inquire about governance structure and leadership approach;
- Review of organizational charts, job classifications, strategic plans, policies and procedures, board minutes, and other relevant documents;
- Review of responses from participants of on-line surveys; and
- Comparison of ESD practices with best practices of other organizations.

CHAPTER SUMMARY

Overall, the auditors find that the Educational Service District 123 administration and board of directors are focused on efficient and effective operation of the district. However, the organization, planning, and implementation of processes within the Educational Service District are in need of refinement.

The following areas merit commendation and are discussed in detail later in this chapter:

- The Educational Service District 123 is commended for adopting and implementing a clearly focused governance system.
- The Educational Service District 123 Board of Directors and administration are commended for developing the Series 5000 Staff section. The 5000 series is able to serve a dual function as board policy and as a handbook for employees.

The following recommendations are included in this chapter:

- Use a complete Strategic Planning process to ensure that the established goals are addressed by the staff. **(Recommendation 3-1)**
- Develop a communication tool for the board of directors to receive information from the region's school districts on an annual basis. **(Recommendation 3-2)**
- Review, update, and re-write the Series 6000 policies. **(Recommendation 3-3)**
- Convert the remaining Series 1000, 2000, 3000, and 6000 board policies to an electronic format and store the entire manual on the ESD's Web site with a searchable table of contents. (Entire Series, 1000, 2000, 3000, 5000, and 6000). **(Recommendation 3-4)**
- Reorganize the Educational Service District 123 into two service divisions. **(Recommendation 3-5)**
- Eliminate the Public Relations Office Cooperative Program for the 2007-08 fiscal year, if additional districts are not willing to purchase the service. **(Recommendation 3-6)**

3.1 Mission, Goals, and Objectives

Among characteristics that define effective organizations is the ability to determine the correct direction for the organization. How to determine the correct direction is a product of effective planning. Planning is not a sometimes process; a good planning process needs to be embedded in the operation of the organization and understood by all the employees.

Strategic planning is a proactive process of envisioning the future and developing the necessary strategic actions to bring the vision to fruition. In essence, a good strategic plan serves as a map for an organization's members to guide actions towards meeting organizational goals. In addition, planning moves organizations from reactionary modes to proactive modes by connecting goals, strategies, performance measures, and action plans to an overall resource allocation process. Organizations that link these elements through the planning process are much more likely to achieve identified goals and enhance their overall organizational effectiveness.

FINDING

The Educational Service District 123 has not fully implemented a strategic planning process.

Document reviews and staff interviews indicate that several parts of a strategic planning process are in place and developed by the key staff of the Educational Service District

123. A 2006–09 strategic plan document is in place that includes the district's vision statement, mission statement, and five success strategies. Each success strategy lists five to seven potential actions. The district's board of directors approved the 2006-09 Strategic Plan on December 15, 2005.

A review of documents and staff interviews indicate that staff strategic planning teams are not completely established and are not scheduling and holding meetings. Further, interviews indicate that staff confusion exists as to what team staff members are assigned to, and why teams are not beginning their work on the various success strategies. The establishment and implementation of an action team process is an important part of an effective strategic plan. Team roles need to include the development, implementation, and evaluation of action plans that are correlated to the five Success Strategies included in the Educational Service District 123 Strategic Plan.

Strategic planning is not required by the State of Washington in either statute or education code/rule. Other states, such as Texas, do require that all entities associated with education conduct such planning. The state of Texas has ensured that the educational mission and goals of the state are articulated and implemented by the Texas Education Agency, each Texas school district, and the twenty Texas Regional Education Service Centers. This framework assists in ensuring that educational entities are consistently using comparable planning practices that allows for continuous improvement for all entities. The need to use strategic planning processes is demonstrated in the fact that The State of Washington Office of the Superintendent of Public Instruction has developed and is implementing a three-year Strategic Plan and many of the ESD's also are using a strategic planning process.

Recommendation 3-1:

Use a complete Strategic Planning process to ensure that the established goals are addressed by the staff.

Strategic planning should provide a road map for the district and include the following:

- provide for a common planning design and language for the Educational Service District;
- establish a written plan that should include action steps, accountability and evaluations measures for the Educational Service District;
- empower the Educational Service District's staff to serve on teams that should assist the district in accomplishing the strategic plan's goals;
- improve the access to services by the Educational Service District's school districts by clearly defining goals, needs, and priorities;
- provide for increased communication between the staff members and school districts;

- provide for resource allocation in a systematic manner that should correlate directly to the strategic plan's goals and priorities; and
- assist the board of directors and superintendent in evaluating the Educational Service District and should assist in ensuring that resources are allocated to accomplish the strategic plan's goals.

The Educational Service District 123 should use the SMART Goal format when reviewing the Strategic Plan's five Strategies, and in developing the team action plans. The implementation of this recommendation should result in an improved planning process for the Educational Service District.

Exhibit 3-1 lists the five elements of O'Neill and Conzemius' Smart Goals.

EXHIBIT 3-1 SMART GOALS

ACRONYM	REFERENCE
S	Strategic and Specific
M	Measurable
A	Attainable
R	Result-based
T	Time-bound

Source: Jan O'Neill, Jan & Ann Conzemius, *The Power of SMART Goals: Using Goals to Improve Student Learning*, Solution Tree Publishers, 2006, p. 13, ISBN 1-932127-87-9.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|--|-------------------------------|
| 1. The superintendent and staff should review the board approved strategic plan to determine if any additions, modifications, or deletions are needed. | June 2007 |
| 2. The superintendent should request board of directors approval of any additions, modifications, or deletions. | June 2007 |
| 3. The superintendent and staff should form Action Teams with clear directions as to role, function, meeting requirements and leadership of each team. | August 2007 |
| 4. The superintendent and staff should review the progress of each team on a regular basis and report their findings to the board of directors. It is recommended that this be on a least a quarterly basis. | September 2007
and Ongoing |
| 5. The Action Teams should evaluate and report to the superintendent and staff their strategies and action plans. The Action Teams also should recommend any goals or strategies that need to be added, deleted or modified for the upcoming year. | May 2008
and Annually |

- | | |
|---|----------------------------------|
| <p>6. The superintendent should review the Action Team evaluation and goal/strategy reports. The evaluation and proposed goal/strategy information should be presented to the board of directors for their review and approval. Fiscal allocations should be made during the budget approval process to assist with the Strategic plan's goals.</p> | <p>May – June 2008</p> |
| <p>7. The superintendent and staff should oversee the continuation of the strategic planning process for the new year.</p> | <p>June 2008
and Ongoing</p> |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

3.2 School Board Governance

The ESD 123 Board of Directors acts under the authority from the Washington State Legislature and serves as the governing body for the ESD. The board of directors for ESD 123 is comprised of nine members, from nine areas within the ESD's service region. The term of office for each board member is four years and until a successor is duly elected and qualified. Candidates for the board of directors file with the Superintendent of Public Instruction between September 1 and September 16 on odd numbered years. Local district board members in Educational Service District 123 elect the Educational Service District Board members.

Exhibit 3-2 reflects the Educational Service District 123 superintendent survey information regarding the ESD's Board of Directors and governance model. Part E of the survey results indicate that 71 percent agree or strongly agree with question six related to the board of directors. On Part F, results for question three related to governance indicated 77 percent agree or strongly agree and results for question four related to oversight identified 81 percent of respondents who agreed or strongly agreed

**EXHIBIT 3-2
SURVEY OF WASHINGTON SCHOOL
DISTRICT SUPERINTENDENTS
ESD 123 PASCO**

STATEMENT	PERCENTAGE OF RESPONSES					
	SA	A	N	D	SD	DK
The current number of ESD Board of Director members is appropriate.	19	52	19	5	0	5
We understand the governance and oversight structure of the ESD in our region.	48	29	14	5	0	5
There are appropriate levels of oversight for the ESD in our region.	33	48	10	0	0	10

Source: MGT of America Survey Document, 2006.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

ESD 123's Board of Directors is elected in a similar manner to their counter-parts serving on the board in other states. Board of directors in Texas, for example, serve three-year staggered terms with two to three board members being elected on an annual basis by the Board of Trustees in the respective Education Service Center Region's school districts. Both states have very similar requirements for governance and oversight of service agencies. Neither state provides any compensation to the board of directors for serving. Both states do provide for a reimbursement for travel and other related actual expenses to attend board meetings, conventions, and trainings.

Exhibit 3-3 provides information related to each current board member and indicates that:

- four terms will expire in 2008, and five terms will expire in 2010;
- all members have three or more years of service on the board; and
- all members are engaged in other work-related pursuits.

**EXHIBIT 3-3
EDUCATIONAL SERVICE DISTRICT 123
BOARD OF DIRECTORS**

BOARD MEMBER	TITLE	LENGTH OF SERVICE	TERM EXPIRES	OCCUPATION
Brad Gingerich	AESD Legislative Rep.	20 years 1987	2010	Pharmacist
Sheryl Byerley		6 years 2000	2008	Partner, Byerley Farms Inc.
Dale Newby		4 years 2002	2010	Life Insurance/ Investments
Anna Rea		13 years 1993	2008	Substitute Teacher/Bookkeeper Family Farm
Paul Whitemarsh	Vice-Chair	4 years 2002	2010	Recreation Services Manager
Stephen Maciboba		3 years 2003	2008	IRS Auditor
Beverly Abersfeller		8 years 1998	2010	Director of Ready for Kindergarten – Area School District
Steve Landon	Chair	5 years 2001	2008	Owner, Reese Concrete Products
David Bayne		21 years, plus June 2000 until present 7 years (28 years total)	2010	Insurance Executive

Source: Educational Service District 123 Board Member Document, November 2006.

Regular ESD Board meetings are held on the fourth Thursday of each month, unless changed by the board. The time for each meeting is 6:30 p.m. unless the board moves to change the time prior to the next meeting. A majority of the board (five members) constitutes a quorum.

A review of board meeting minutes and packets showed that information is readily available for the board of directors to discuss, take action, and provide appropriate governance and oversight for the ESD. The board appears to receive enough information to make informed decisions related to the ESD's operation. Interviews with staff and board members did not note any instances of board of director micro-management.

Interviews with the board of directors, ESD 123 Superintendent, and staff indicate that the board provides the required oversight of the district. Board members, the superintendent, and the executive director for finance each described a situation that had occurred during a previous superintendent's tenure with the Educational Service District. This superintendent had inappropriately used Educational Service District 123 funds for personal use. Each individual described in detail the level of fund security and checks and balances that are now in place. Many of these measures were instituted at the direction of the ESD 123 Board of Directors.

FINDING

The board of directors has systematically implemented a governing and oversight system that assists the ESD in carrying out its responsibilities. A majority of school district superintendents in the region concur with this assessment, as previously shown in **Exhibit 3-2**.

In 1997, the board of directors and the ESD Superintendent developed and implemented a set of Operating Principles for board actions as well as the ESD Administration. Document review and interviews confirm that the operating principles are in place and functioning well for the organization. The operating principles assist in the definition of the ESD and operationalize the following actions and activities between the board and staff:

- provide information regarding judgment and trust;
- assist with communications, cooperation and support;
- provide for a four step process for complaint resolution;
- assist with the development, administration, and review of board policy;
- provide guidance to the board, superintendent, and staff to bring forward issues to the board;
- prepare and reviewing board meeting action items;
- provide for effective board meetings;
- provide information for dealing with citizen or staff complaints outside of board meetings;
- provide for effective decision-making;

- provide for effective hiring practices; and
- prepare effective evaluation and staff development.

The Educational Service District 123 Operating Principles serve as an excellent guidance document that assists the board, superintendent, and staff with the day-to-day operations of the district. The document provides for operational procedures and information regarding several board policies.

The board of directors and superintendent have developed an excellent model for the oversight and operations of the district. It appears that the board of directors and superintendent are committed to ensuring that the problem that was experienced earlier regarding personal use of funds is not repeated.

A clearly focused governance system is required by Washington statute RCW28A.310.200. This act lists the powers and duties of every ESD Board and states that every ESD Board shall:

- approve the budgets of the educational service district;
- meet regularly according to the schedule adopted at the organizational meeting;
- approve the selection of educational service district personnel;
- fix the amount of and approve the bonds of designated educational service district employees;
- keep in the educational service district a full and correct transcript of the boundaries of each district within the ESD;
- acquire by borrowing funds or by purchase, lease, devise, bequest, and gift and otherwise contract for real and personal property for the ESD;
- provide cooperatives at the written request of a school district or districts;
- adopt bylaws and rules for the ESD's operations; and
- enter into contracts.

COMMENDATION

The Educational Service District 123 is commended for adopting and implementing a clearly focused governance system.

FINDING

Educational Service District 123 does not have an ongoing method in place to assist the board of directors regarding the satisfaction level of regional school districts. According to the ESD Superintendent, the ESD conducted a survey of school district administrators in 2003-04 to obtain feedback on services provided. However, there has not been any formal periodic communication with the school districts since this time regarding satisfaction with services provided.

The board of directors indicated in their interviews that they represented different portions of the ESD's service region. Information was shared that the board members had very little if any contact with the school district superintendents or other key staff in the districts that were members of their area. This lack of contact made it difficult for directors to evaluate the effectiveness of ESD 123's services for their member school districts.

Communication with school districts is very important to determine the effectiveness of the ESD. Board members are elected from various geographic parts of the ESD's area of responsibility because of the real and perceived need to obtain feedback from schools throughout the state. If the geographic representation is neither sought or provided, then it is unclear why there needs to be geographic representation. Other states, such as Texas, include geographic representation within their counterpart ESDs' Boards of Directors. In addition, Washington State Statutes establish the purpose of ESDs to provide cooperative and informational services to local school districts and to provide services to all school districts in such a manner as to assure equal educational opportunities. It would be difficult to adhere to these requirements if the board members did not represent different school districts throughout the service area.

Recommendation 3-2:

Develop a communication tool for the board of directors to receive information from the region's school districts on an annual basis.

The board of directors should request that the administration develop a communication tool to assist the board in evaluating the services provided to the member school districts. One of the most common communication tools used by many service agencies is a client satisfaction survey instrument.

Satisfaction survey instruments are used to obtain opinions and perspectives from large groups of stakeholders. The results collected should provide the district with information as to the delivery of its services and the potential for new services and products for the various school districts in the region. The results of satisfaction survey data along with an administrative analysis should be provided to the board of directors for their review and discussion before the board sets the annual goals for ESD 123.

IMPLEMENTATION STRATEGIES AND TIMELINES

1. The board of directors should request that the superintendent develop and use a communication tool to receive school district feedback.

June 2007

- | | |
|--|--------------------------|
| 2. The superintendent and cabinet should research tools and develop a tool that effectively collects information from the school districts and provides the information to the board of directors and Administration. | June – July 2007 |
| 3. The superintendent should administer the communication tool to the school districts within ESD 123's service region. Data should be returned to the superintendent's office by the appropriate school district personnel. | August 2007 |
| 4. Data from the school districts should be collected, analyzed, and presented to the board of directors for their review and consideration. The data received should be used with the board of director's annual goal setting for the district. | October 2007 |
| 5. The process and quality of the data should be reviewed by the board of directors. The final communication tool process should be approved by the board and should be used on at least an annual basis. | October 2007 and Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing resources. Feedback from the member school districts may result in subsequent targeted efforts to improve the cost-effectiveness of programs and services.

3.3 Policies and Procedures

The development and adoption of educational service district policies and procedures are important functions of the board of directors. board policies provide a means by that an educational service district can communicate its expectations to its various constituencies. An educational service district's board policies provide a legal framework, often based on state and federal law, that guides the operation and decision-making processes of the district.

Well-designed policies and procedures provide the basis for:

- establishing the board's expectations for the organization;
- keeping the board of directors and administration within legal guidelines;
- establishing an essential balance and division between policy-making and administrative roles, providing for a system of checks and balances for the organization;
- creating policies and guidelines to assist staff and clients;

- providing reasonable assurances of consistency and continuity in decisions; and
- providing a legal basis for the allocation of fiscal, personal, and facility resources.

FINDING

The Educational Service District 123 Policy Manual is updated regularly and the entire document is reviewed by the board of directors and superintendent on annual basis.

Policies and procedures establish the philosophy and position of the board of directors and need to be stated in sufficient detail to provide adequate direction for the employees of ESD 123.

ESD 123 Board policies are organized by section, which is outlined in **Exhibit 3-4**. Board policies are adopted as a general rule after three readings by the board of directors at separate meetings of the board. Copies of the policy manual are maintained in the superintendent's office and with each member of the board of directors. The superintendent's administrative assistant has the responsibility for keeping the official Board Policy Manual for Educational Service District 123 current and up-to-date. Section 5000 has been converted to an electronic version.

EXHIBIT 3-4 ORGANIZATION OF POLICY AND REGULATIONS MANUAL

SECTION	SECTION TITLES	POLICY CODES
Series 1000	Organization and Purpose	1000 – 1045
Series 2000	Superintendent	2000 – 2032
Series 3000	Business Affairs	3010 – 3050
Series 5000	Staff	5000 - 5910
Series 6000	Special Programs	6000

Source: Educational Service District Board Policy Manual, November 2006.

The Series 1000, 2000, 3000, and 5000 appear to be well written to provide clear information and procedures to the staff of ESD 123. Board policies need to be written in a clear and concise format. The use of this type of format enables the reader ease of access and understanding of the policies. Series 5000 has been developed in such a way that it also serves as an Employee Handbook for all staff members. Interviews with the board of directors identified that the board members are familiar with board policy and the procedures that they follow in reviewing the proposed policies through final adoption. The board also conducts an annual review of all board policies.

COMMENDATION:

The Educational Service District 123 Board of Directors and administration are commended for developing the Series 5000 Staff Section that serves a dual function as board policy and as a handbook for employees.

FINDING

The Series 6000 Special Programs policy section is written in a different format than other policies in the manual.

Board policy Series 6000 has only one policy that is thirty-two pages in length. The policy was adopted in January 1996 and has not been revised since this date.

Much of the information in the Series 6000 policy relates to Federal Special Education legislation (IDEA) and additional guidelines and rules from the Office of the State Superintendent of Public Instruction. On August 14, 2006, the Federal Special Education (IDEA) law was re-authorized with some significant changes. However, the Series 6000 policy was not updated accordingly.

Series 6000 policy does not have a coding system that is consistent with other policies and is not referenced with a table of contents. The Series 6000 board policy is difficult to review and does not lend itself to providing a quick answer to questions regarding Special Programs. All other ESD 123 Board policy series have the ability for quick reference and appear to be easier to navigate. Ease of finding information is an important feature for staff and the board of directors, but is lacking in the Series 6000 policy.

Recommendation 3-3:

Review, update, and re-write the Series 6000 policies.

The implementation of this recommendation should result in clearly defined policies that are consistent with the 2006 Federal re-authorization of IDEA. Further, the policies should be divided into Policy Codes using a similar format as the other ESD 123 policies. Use of Policy Codes with adoption and revision dates will assist staff in the operation of Special Programs within the ESD and its school districts.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|------------------|
| 1. The superintendent should instruct the assistant superintendent of Teaching and Learning to review, update, and rewrite the Series 6000 policies. Emphasis should be on the new IDEA 2006 Federal law and to use the same format as the other board policies in the ESD 123 Policy Manual. | June 2007 |
| 2. The superintendent should proceed with presenting the revised Series 6000 policies to the board of directors for two readings and for final approval. | June – July 2007 |
| 3. The superintendent should direct the assistant superintendent of Teaching and Learning and her administrative staff to train the appropriate ESD 123 staff regarding the revised Series 6000 policies. | August 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

In general, board policies are kept in hard copy and have not been converted to an electronic web-based format. Currently, only the Series 5000 policies have been converted to an electronic format.

The use of hard copy policy manuals may limit the access to important information for ESD 123 staff, school district personnel and the general public. Maintaining multiple hard copies also requires constant review of each manual by staff to ensure that the policies are current.

Web-based policy manuals provide a greater level of access and assist in ensuring that the latest policy version is posted and available for review. The ease of updating board policies is enhanced by the fact that the person responsible for board policies only has to make the updates once and then post them on the web.

Recommendation 3-4:

Convert the remaining Series 1000, 2000, 3000, and 6000 board policies to an electronic format and store the entire manual on the ESD's Web site with a searchable table of contents. (Entire Series, 1000, 2000, 3000, 5000, and 6000).

The implementation of this recommendation should result in increased access to board policies by the board of directors, administration, staff, school districts, and general public. Electronic versions of the policy manual can be housed on ESD 123's Web site and readily searched via internet tools.

Web enabled versions often have features that allow for an overall table of contents listing all policy and regulations numbers and titles along with the date of adoption or revision. Some web enabled policies also allow for an individual to search policies by topic or by specific words. Existing staff currently should be able to convert the policies to an electronic format and web enable the policies. When completed, the entire policy manual for ESD 123 including Series 1000, 2000, 3000, 5000, and 6000 should be on the ESD's Web site.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|--------------------|
| 1. The superintendent should instruct the Educational Technology director and superintendent's administrative assistant to convert ESD 123's board policies to an electronic format and place the web enabled policies on the ESD's Web site. | June – August 2007 |
| 2. The superintendent should instruct the Educational Technology director to provide training on the use of the web-based policy manual for the board of directors and ESD staff members. | September 2007 |

3. The Educational Technology director and superintendent's administrative assistant should continue being responsible for the maintenance and updating of the Board Policy Manual.

September 2007
and Ongoing

FISCAL IMPACT

This recommendation could be implemented at no additional cost by using existing staff resources.

3.4 Organization and Management

Service agency organizational structures and management systems are key factors in determining the agency's ability to meet its goals and to operate in an effective and efficient manner. An effective organizational structure systematically arranges the functional areas of the system in a manner that supports the district's mission and related goals. A successful organization has the capacity to alter its structure to meet the changing needs of its customers. Organizations that are resistant to this structure are often less likely to meet client requirements/needs and, as a result, tend to experience fewer successes.

Robert J. Marzano in his book *What Works In Schools: Translating Research into Action* states "leadership could be considered the single most important aspect of effective school reform." Marzano has identified the following as the three principles of leadership for change:

- is most effective when carried out by a small group of educators with the principal (key administrator) functioning as a strong cohesive force;
- operates (the leadership team) in such a way to provide strong guidance while demonstrating respect for those not on the team; and
- is characterized by specific behaviors that enhance interpersonal relationships.

The management system of an educational service district organization needs to include the ability to make informed decisions, communicate effectively, and provide appropriate planning and accountability functions. Ultimately these factors determine the extent to that the organization can successfully carry out its mission and accomplish its goals.

Section 3.4 reviews the Educational Service District 123 organization chain of command, workload/organizational structure, decision making, management, planning and accountability, and public information.

3.4.1 District Organizational Structure

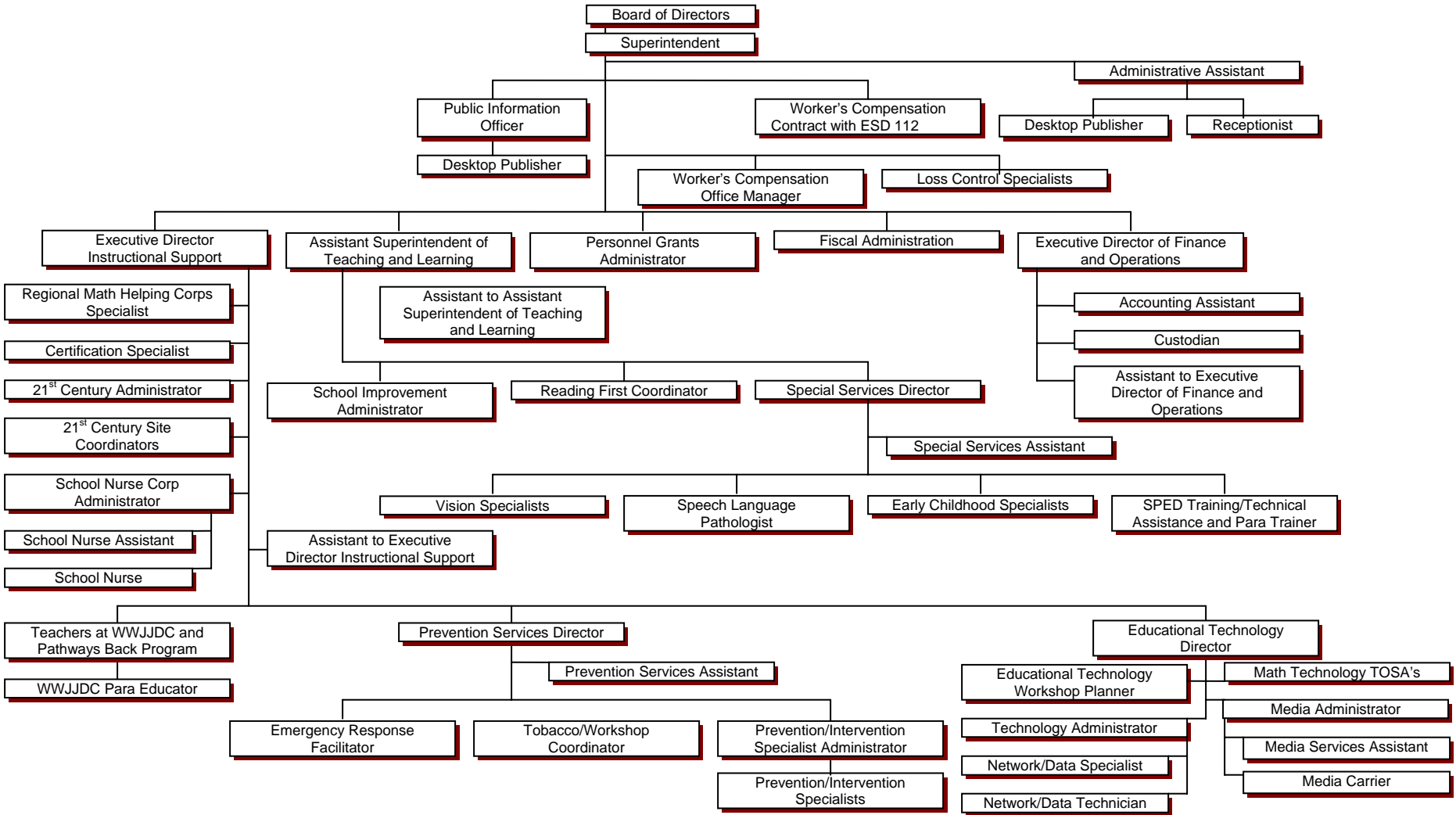
The development and maintenance of an effective organizational structure for an Educational Service District is an important task for the superintendent and superintendent's cabinet members. Primarily, an organizational structure is a support system, designed to facilitate the mission of the district and sustain its efforts to accomplish its goals. To the extent that the mission of the district does not drive its

organizational structure, the support system is weakened and consequently the organizations' ability to accomplish its mission is compromised.

Organizations often are bureaucratic and subject to the inertia created by tradition and size. Often the organizational structure has evolved based upon tradition and special interests. Too often organizations tend to represent its predecessors. In fact, organizations should be developed systematically with focused energies on the needs of the organizations clients and staff members.

Exhibit 3-5, the ESD's Current Organizational Chart, shows the executive leadership positions of the ESD during the November 2006 on-site visit. Currently, ESD 123 has three key leadership positions reporting to the superintendent, those being an assistant superintendent of Teaching and Learning, an executive director of Instructional Support, and an executive director of Finance and Operations. Additionally the superintendent supervises the Public Information Officer, superintendent's administrative assistant, and the Workers' Compensation personnel.

EXHIBIT 3-5
EDUCATIONAL SERVICE DISTRICT 123
CURRENT ORGANIZATION CHART



Source: Educational Service District 123 Organization Chart adopted August 4, 2006.

FINDING

The current organizational chart for Educational Service District 123 has three primary shortcomings.

The first shortcoming is that there are three top level administrative positions that appear to be excessive when compared to the overall number of ESD staff. Second, a review of documents shows that the assistant superintendent of Teaching and Learning and the executive director for Instructional Support have very similar organizational roles and functions. Third, several functional areas and/or departments are not effectively aligned. Each of these shortcomings can lead to miscommunications, ineffective use of district resources, and failures in the coordination of critical Educational Service District activity.

In any organization the alignment of essential functions within the executive leadership ranks is particularly important. Proper alignment contributes substantially to ensuring that effective support to all elements of the organization in an effectively coordinated manner and with the least bureaucratic organizational pattern.

Exhibit 3-5, ESD 123 Current Organization Chart, shows the assignment of major functional responsibilities within the district as of November 2006.

The district's current organization chart is difficult to navigate and has functional areas that can be seen as fragmented. Examples in the current organization chart include:

- assignment of only two functional areas: School Improvement Administrator and Reading First Coordinator, plus one department Special Services to the Assistant Superintendent of Teaching and Learning Division. The Assistant Superintendent assignment is a contract with one school district as its district improvement facilitator for 40 percent of her time and the remaining 60 percent is allocated for ESD responsibilities;
- assignment of three functional areas: Regional Mathematics Helping Corps, 21st Century Reading Program, and School Nurses Corp, plus the Prevention Services Department to the Executive Director of Instructional Support. Each area appears to serve a Teaching and Learning function;
- allocation of two administrators to the Prevention Service Department, a full-time Director and a full-time Specialist Administrator;
- assignment of the functional area for Certification with the Executive Director of Instructional Support while the Personnel/Grants Administrator functional area is assigned to the Executive Director of Finance and Operations; and
- assignment of the Educational Technology department to the Executive Director of Instructional Support. Educational Technology appears to include instructional technology, media services, network/data services and workshop planning/registration. Further, the organization chart does not show that a new program connected to ESD 112 Construction Services is assigned to a staff member in the Educational Technology area.

Recommendation 3-5:

Reorganize the Educational Service District 123 into two service divisions.

The implementation of this recommendation should result in the development of an organizational structure that is more consistent with the demands of ESD 123. Further the realignment of functional areas and departments should provide enhanced communication, and coherent assignments of major functional areas and departments into two service divisions that are aligned to meet the goals of the ESD.

Exhibit 3-6 provides information regarding the ESD 123 Proposed Organization Chart that should assist the district in becoming more efficient and effective in meeting the needs of the ESD's clients and staff. Additionally, this recommendation should result in the following assignments and consolidations.

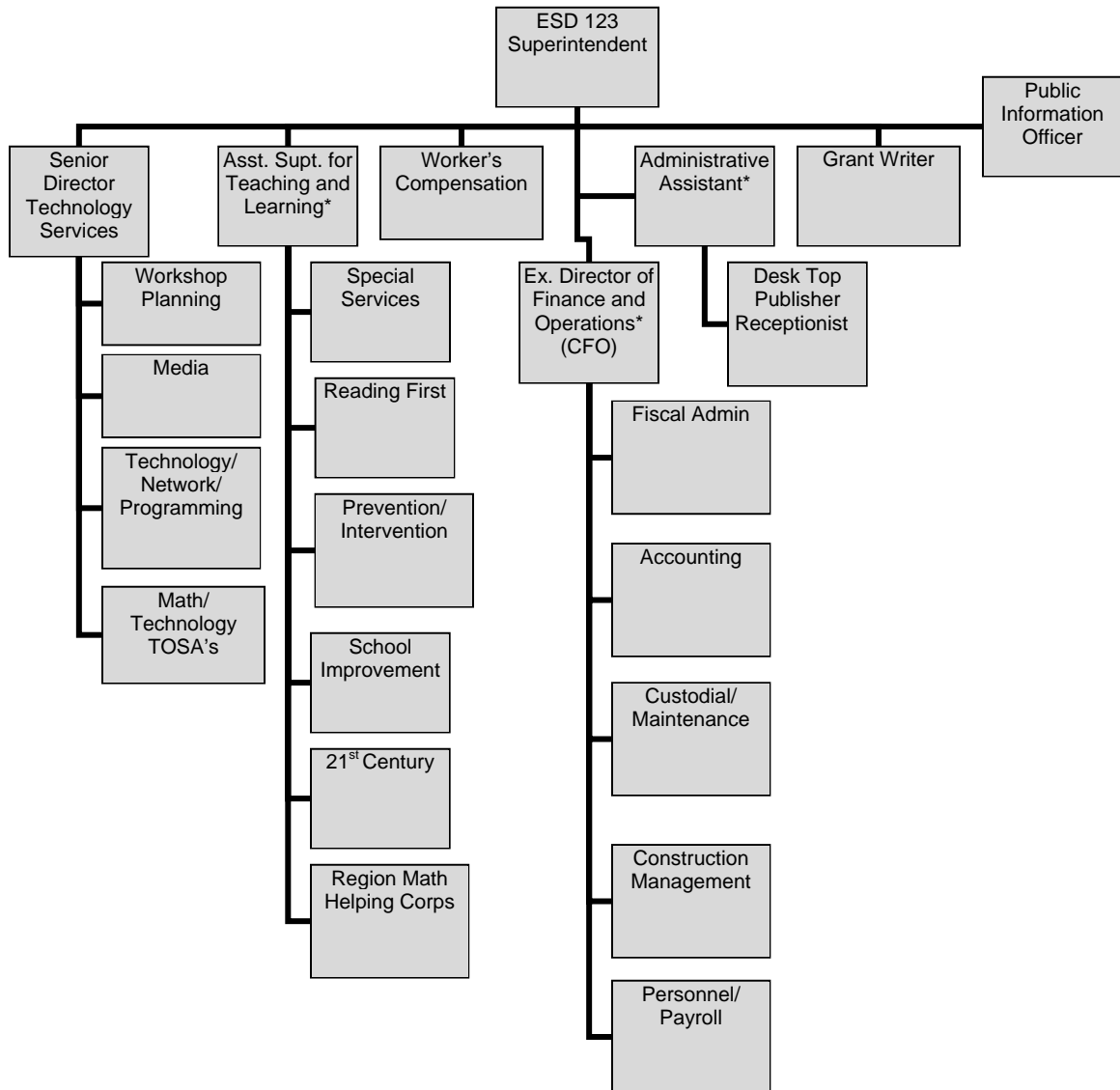
- Assign the following division, departments, and functional areas to the superintendent:
 1. Teaching and Learning Division
 2. Finance and Operations Division
 3. Technology Services Department
(lead by Senior Director of Technology Services)**
 4. Workers' Compensation Department (shared supervision with CFO)
 5. Public Information Officer
 6. Superintendent's Administrative Assistant
 7. Grant Writing Services (reassign Prevention Services Director to Grant Writing Administrator);
- ** Instructional Technology Director reclassified to Senior Director of Technology Services. Technology Services Department includes:

 - Workshop Planning Services;
 - Technology/Network/Programming Services;
 - Media Services; and
 - Mathematics/Technology TOSA's Services.
- Consolidate the following functional areas and departments into the Teaching and Learning Division lead by the Assistant Superintendent of Teaching and Learning:
 1. Special Services - includes Special Services, School Nurses Corp., and Teachers and Para Educators for WWJJDC and Pathways Back Program
 2. School Improvement Services
 3. Reading First Services
 4. 21st Century Services
 5. Prevention/Intervention Services (assign to Specialist Administrator)
 6. Region Mathematics Helping Corps Services;

- Consolidate the following areas and department into the Finance and Operations Division lead by the Executive Director of Finance and Operations (CFO).
 1. Fiscal Administrative Services
 2. Accounting Services
 3. Custodial and Maintenance Services
 4. Personnel/Payroll Services (includes Certification Services)
 5. Workers Compensation (shared supervision with superintendent)
 6. Construction Services (reassignment Technology Administrator);
- Remove the position of Executive Director of Instructional Support;
- Reclassify the Assistant to Executive Director of Instructional Support to a Director's secretary position and assign to Technology Services; and
- Replace the Technology Administrator position with a Technology Administrator/Programmer Administrator position.

Reorganization of Educational Service District 123 involves the reclassification, elimination and employment of positions that are listed above and reported in other chapters of this report.

**EXHIBIT 3-6
EDUCATIONAL SERVICE DISTRICT 123
PROPOSED ORGANIZATION CHART**



Source: Created by MGT of America, November 2006.

Exhibit 3-7 provides a Summary of Recommended Position Assignment/Classifications and the rationale for the recommended changes. Rationale and other information are related to position recommendations included in other chapters of the audit.

**EXHIBIT 3-7
SUMMARY OF RECOMMENDED
POSITION ASSIGNMENTS/CLASSIFICATIONS
AND RATIONALE**

CURRENT POSITION	ACTION	RATIONALE
Executive Director of Instructional Support	Eliminate Position	Unneeded: Responsibilities can be consolidated and managed within the Teaching and Learning and Finance and Operations Divisions.
Prevention Service Director	Reclassify Position to Grant Writing Services Administrator	Prevention Services Department has two supervisors and only needs one. The current director's position would be better used as a Grant Writer for the ESD.
Prevention/Intervention Specialist Administrator	Reclassify to Prevention Service Administrator	Current Administrator supervises majority of the department and is able to supervise the entire department.
Technology Administrator	Reclassify to Construction Manager	Current director is working as the Construction Manager in joint partnership with ESD 123 and ESD 112.
Instructional Technology Director	Reclassify to Senior Director of Technology	Director position reclassified to better fit responsibilities and direct report to the superintendent
None	Employ Technology/Programming Administrator	ESD 123 has the need to have a full time Technology Director who also has programming abilities.
Assistant to the Executive Director of Instructional Support	Reclassify to Director's Secretary Position and Assign to Technology Department	Current staff person provides assistance to the Technology Department and oversees all registration procedures.

Source: Created by MGT of America, November 2006.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|--|-------------------------|
| 1. The superintendent and board of directors should review, revise, and approve the recommended organizational structure listed in Exhibit 3-7 . | June 2007 |
| 2. The superintendent should incorporate the approved Organization changes into the District's proposed 2007-08 fiscal year budget and present to the board of directors for final approval. | July 2007 |
| 3. The superintendent should proceed with the Implementation of the organizational changes. | August 2007 and Ongoing |

FISCAL IMPACT

Exhibit 3-8 provides a summary of the recommended position assignments and the estimated savings or costs with an estimated savings of \$108,761 per year.

Recommended position assignment information is included in the relevant chapters of this audit report.

EXHIBIT 3-8 SUMMARY OF RECOMMENDED POSITION ASSIGNMENTS/CLASSIFICATIONS SAVINGS AND (COSTS)

CURRENT POSITION	ACTION	SAVINGS/(COST)*		
		CURRENT SALARY	PROPOSED SALARY*	SAVINGS/(COST)*
Executive Director of Instructional Support	Eliminate Position	\$127,521	\$0	\$127,521
Prevention Service Director	Reclassify to Grant Writing Administrator	\$99,975	\$62,416	\$37,559
Prevention/Intervention Specialist Administrator	Prevention Service Administrator	\$62,416	\$62,416	\$0
Technology Administrator	Construction Manager	\$94,161	\$94,161	\$0
Instructional Technology Director	Senior Director of Technology	\$108,779	\$108,779	\$0
None	Technology/ Programming Administrator	\$0	\$65,500	(\$65,500)
Assistant to Executive Director of Instructional Support	Director's Secretary Technology	\$40,890	\$31,709	\$9,181
TOTAL COST SAVINGS:				\$108,761

Source: Created by MGT of America, November 2006.

*Includes 31 Percent for Fringe Benefits and Salary Dollars are Whole Numbers with out Rounding.

Exhibit 3-9 lists how the total salary amounts shown in **Exhibit 3-8** were calculated. Information related to the salary information is located in other chapters in the audit.

**EXHIBIT 3-9
COMPUTATION OF TOTAL SALARIES**

POSITION	SALARY	FRINGE BENEFITS	TOTAL
Executive Director of Instructional Support	\$97,344	\$30,177	\$127,521
Grant Writing Service Administrator	\$47,646	\$14,770	\$62,416
Prevention Service Administrator	\$47,646	\$14,770	\$62,416
Construction Manager	\$71,879	\$22,282	\$94,161
Senior Director of Technology	\$83,038	\$25,741	\$108,779
Technology/Programming Administrator	\$50,000	\$15,500	\$65,500
Director's Secretary Technology	\$24,206	\$7,503	\$31,709

Source: Created by MGT of America, November 2006.

* Fringe Benefits Rate equals .31 percent and All Salary and Fringe Dollar Amounts are Whole Numbers without Rounding.

Exhibit 3-10 lists the summary of savings and costs for each year during the period of 2007–12 is shown below. This recommendation could be implemented at an annual savings of \$108,761 resulting in a five-year savings of \$543,805. Additional information and rationale for the recommended savings and personnel changes are located in other chapters of the audit.

**EXHIBIT 3-10
SUMMARY OF SAVINGS AND COST
2007 – 2012**

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Eliminate Executive Director of Instructional Support	\$127,521	\$127,521	\$127,521	\$127,521	\$127,521
Reclassify Prevention Service Director to Grant Writing Administrator	\$37,559	\$37,559	\$37,559	\$37,559	\$37,559
Reclassify Prevention Specialist Supervisor to Prevention Service Administrator	\$0	\$0	\$0	\$0	\$0
Reclassify Instr. Technology Director to Senior Director of Technology	\$0	\$0	\$0	\$0	\$0
Reclassify Technology Administrator To Construction Manager	\$0	\$0	\$0	\$0	\$0
Employ Technology/ Programmer Administrator	(\$65,500)	(\$65,500)	(\$65,500)	(\$65,500)	(\$65,500)
Reclassify Asst. to Executive Dir. of Instr. Support to Director's Secretary	\$9,181	\$9,181	\$9,181	\$9,181	\$9,181

Source: Created by MGT of America, November 2006, All Dollar Amounts are Whole Numbers without Rounding.

3.5 Public Information and Communication

Effective communication is a key aspect of developing and maintaining organizations that facilitate the realization of essential goals and objectives. Philip Schlechty in his book, *Working on the Work – An Action Plan for Teachers, Principals, and Directors*, stresses that an underlying piece of his 12 standards for the WOW school is having in place fundamentally sound communications. Organizations in the twenty-first century must have powerful communication systems in place to effectively assist all stakeholders who are either employees or clients.

FINDING

Educational Service District 123 is providing Public Information services for the district and only one of the region's school districts through a new pilot program.

A part-time experienced Public Information Officer is on staff and coordinates her time between ESD 123 and a school district in the region. Educational Service District 123 sought and received assistance from ESD 112 on how to begin the Public Relations Cooperative Pilot Program. It is the goal of the ESD 123 to add additional school districts in a cooperative arrangement. The ultimate goal is to assist regional school districts in improving their communication with their communities and employees by providing access to an experienced Public Relations Officer. Communication for the school district involved in the pilot project has improved according to interviews with ESD 123 personnel and the regional school district. Originally three districts agreed to cooperate with the ESD for the service. Later, two of the three districts decided they would not participate in the service, resulting in one district and the ESD paying for the employee's salary and fringe benefits.

As with any organization, it is important that the ESD conducts an evaluation of the Public Relations Cooperative Pilot Program. Pilot programs need to have ongoing evaluations to determine if school district needs are being met or if the program is not viable. The evaluation needs to include a review of the services being offered and if the region's school districts are willing to join the cooperative.

Currently, only one school district and the ESD are funding the part-time Public Relations Officer position. The cooperative public relations program needs to be evaluated at the end of the 2006-07 fiscal year to determine if additional districts are willing to participate in the program. Funding from three to five districts and the ESD are needed to adequately cover the expenses of the cooperative. If three to five districts are not interested in participating in the cooperative, then the educational service district should eliminate the cooperative.

Recommendation 3-6:

Eliminate the Public Relations Office Cooperative Program for the 2007-08 fiscal year, if additional districts are not willing to purchase the service.

Based on the limited number of clients being served by the program, the ESD should consider eliminating this program.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|-----------|
| 1. The superintendent should begin evaluating the Public Relations Cooperative Pilot Program by contacting regional School districts to determine if the cooperative will attract three to five additional members. Evaluation of the program should at the end of the 2006-07 fiscal year. | June 2007 |
| 2. If membership growth does not materialize, then the superintendent should eliminate the cooperative program. | June 2007 |
| 3. After the evaluation, the superintendent should develop a recommendation concerning the Public Relations Cooperative and present to the board of directors for their review and approval. | June 2007 |

FISCAL IMPACT

The recommendation does not have any cost savings for 2007-08, unless other districts do not chose to participate and the cooperative is eliminated.

Exhibit 3-11 lists how the total salary amounts shown were calculated.

EXHIBIT 3-11 COMPUTATION OF TOTAL SALARIES

POSITION	SALARY	FRINGE BENEFITS	TOTAL
Public Information Officer	\$19,194.00	\$5,950.00	\$25,144.00

Source: Created by MGT of America, December 2006.

*Fringe Benefits Rate equals .31 percent and All Salary and Fringe Dollar Amounts are Whole Numbers with out Rounding.

This recommendation could be implemented at an annual savings of \$25,144 resulting in a five-year savings of \$125,720.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Eliminate the Public Information Officer Position	\$25,144	\$25,144	\$25,144	\$25,144	\$25,144

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents findings and recommendations relating to the financial management, purchasing, and contract management processes used by Educational Service District (ESD) 123. The primary methodologies used to review these included:

- Interviews of key ESD financial and budgeting staff, including the superintendent, the executive director of Fiscal Operations, and accounting administrative staff.
- Review of ESD Board policies regarding financial management and budgeting.
- Review of the ESD's budgets for the prior three fiscal years, including presentations made to the board.
- Review of the ESD's audited financial statements for the past five years, and further evaluation of selected object codes or unusual dollar transactions.
- Review of the ESD's purchasing and contract management system, including actual processes used by ESD staff and board-issued policies or directives.
- Review of contracts and cooperative agreements maintained by or participated in by the ESD.
- Review of other reports and documents as needed.

CHAPTER SUMMARY

ESD 123 generally has effective internal controls over its financial management and budgeting operations. The ESD has not documented many of its procedures in writing. Nonetheless, the ESD has well established fiscal practices for the majority of its processes.

ESD 123 can make improvements in how it monitors and controls its administrative costs, especially those related to travel, the ESD Board, and salary oversight. Further, the audit team found that ESD 123 could also improve its purchasing functions. Specifically, the ESD's purchase order process involves duplication of effort and inefficiencies that could be improved by streamlining the process and dedicating a single staff person to the purchase order function.

Key recommendations in this chapter include:

- Take proactive steps to address declining fund balances and to ensure that the ESD maintains sufficient funds to meet its current needs. (**Recommendation 4-1**)

- Obtain government rates for lodging when available, based on the per diem rates used by the State of Washington. (**Recommendation 4-2**)
- Discontinue the use of travel agents to book flights. (**Recommendation 4-3**)
- Simplify the purchase order process and conduct a cost-benefit analysis of purchase card alternatives. (**Recommendation 4-4**)

BACKGROUND

In fiscal year 2006-07, ESD 123 had 43.9 full-time equivalent (FTE) classified staff and 14.669 FTE certificated staff administering \$8.1 million in programs. ESD 123 relies heavily on purchased services and contracts and earmarked almost 41.5 percent of budgeted expenditures for fiscal year 2006-07 for purchased services and contracts. A review of comparison districts for fiscal year 2004-05 using data from the Office of Superintendent of Public Instruction (OSPI) also revealed that ESD 123 spent more on its board of directors than other ESDs. The average expenditures in other ESDs for board of directors' costs came to 0.2 percent of all expenditures, whereas ESD 123 spent 0.5 percent of its expenditures for its board of directors.

ESD 123 contracts with several private companies. Services procured through contracts include facilities maintenance, web page development, supplies through Corporate Express, catering for board meetings and training events, large conference training rooms with the Tri-Cities Convention Center and local hotels, travel reservations with World Wide Travel, large batch printing and copying, and some conference providers. The ESD does not maintain a warehouse and keeps limited amounts of office supplies on hand in its main office building.

ESD 123's financial management, purchasing and contract management, and budgeting are performed primarily by its fiscal department. The ESD's fiscal department consists of the executive director of Finance and Operations who reports directly to the ESD Board, and the following staff members:

- Fiscal Administrator: responsible for providing assistance to local school districts in budgeting, accounting, reporting, and the preparation and auditing of statistical reports.
- Personnel and Grants Administrator: responsible for processing personnel and payroll transactions as well as monitoring grants for the ESD.
- Administrative Assistant: responsible for processing purchasing orders, and invoices and performing general accounting functions.

ESD 123 uses a series of Excel spreadsheets and the Washington State Information Processing Cooperative (WSIPC) system for fiscal and budgeting processes. The ESD has plans to move to the new WSIPC Enhanced Skyward Point and Click (WESPaC) system in future years, but has not yet developed an implementation plan.

The ESD's budget process typically occurs between March and June of each year. The executive director of Finance and Operations works with program administrators to develop the budget, which the ESD Board and school district superintendents review and approve. OSPI has final review and approval of the budget.

The Washington State Auditor's Office (SAO) reviews the ESD's internal controls as part of its annual financial and compliance audits. The audit team observed that the ESD had immediately corrected the one issue identified by the SAO in the past five years, for which the SAO had not noted any financial impact. The audit team's review of internal controls during its tests at the ESD did not find any issues that would result in a recommendation or commendation.

In Washington State, OSPI and state laws and regulations require that ESDs compile financial and budgetary information and submit it to OSPI for review and approval on a set schedule each year. These documents include the F-206, a report of the ESD's current year revenues and expenditures, as well as its approved budget for the upcoming fiscal year. The Washington State Auditor's Office uses this report as its basis for conducting the financial and compliance audit of the ESD each year. The ESD also is required to submit reports based on the grant programs it participates in at the local, state, and federal levels. In its review of ESD 123, no items were noted that warranted a recommendation or commendation related to reporting requirements.

ESD 123 staff follows contract criteria established in state law, as well as ESD Board policy. **Exhibit 4-1** shows the ESD's policy for large dollar purchases.

**EXHIBIT 4-1
ESD 123 CONTRACT THRESHOLDS AND REQUIREMENTS**

THRESHOLD (CONTRACT AMOUNT)	FORMAL PUBLIC BID	NOTES
More than \$75,000	Yes	Complete plans and specifications are required, along with notice by publication in at least one newspaper within the district, once a week for two weeks. Bids are to be in writing and opened and read in public.
Between \$40,000 and \$75,000	No	Competitive basis bidding, using telephone and/or written quotations (procedures established by the board). Requires quotes from at least three different sources.
Less than \$40,000	No	Bids obtained by the shop or repair department putting out the contract.

Source: ESD 123 Board policy.

FINDING

ESD 123 has not established a minimum unrestricted and undesignated fund balance requirement in its policies and the fund balance has dropped significantly over recent years. ESD 123 staff stated that the ESD's practice is to maintain an unreserved fund balance equal to 16 percent of total expenditures, and that it does not allow program managers to spend more than approved budgeted amounts.

The Government Finance Officers Association (GFOA) recommends that unreserved fund balance in the general fund be between five and 15 percent of general fund

operating revenues or one to two months of general operating expenditures. The recommended balance will vary from government operations to government operations and will depend on the predictability of revenues and volatility of expenditures, the availability of resources in other funds, and liquidity of invested funds

Taking the GFOA's guidelines into consideration, the Texas Education Agency (TEA) has determined that a reasonable level for undesignated fund balance for the General Fund (unreserved and undesignated) for Regional Education Service Centers in Texas, similar to Washington's ESDs, may be up to 20 percent of the prior year expenditures. This is based on the concept that undesignated fund balance should be equal to about 2.5 months of operating expenses. This is a little higher the GFOA recommended amount because, unlike most other governmental agencies, ESDs have no tax base, and their annual revenues are subject to substantial fluctuations that are beyond their control, such as state and federal legislative funding of programs, government and non-profit grant availability, local school district financial constraints, and other issues not only beyond their control, but somewhat unpredictable.

Other sources may have other minimum requirements. For example, the Texas Education Agency has set a rule of thumb to compute the optimum fund balance in the General Fund, that calls for an amount equal to the estimated amount to cover cash flow deficits in the General Fund for the fall period in the following fiscal year, plus estimated average monthly cash disbursements of General Fund for the nine months following the fiscal year.

Nevertheless, as shown in **Exhibit 4-2**, the ESD's fund balance has decreased dramatically over the past seven years, falling below the amount required by the board to cover immediate cash needs. This fund balance level puts the ESD at risk of being short of cash if unexpected events occur. The fund balance reduction is in part due to the ESD's inability to pursue new grant opportunities or to take action to retain current grants.

**EXHIBIT 4-2
EDUCATIONAL SERVICE DISTRICT 123
REVENUES, EXPENDITURES, AND FUND BALANCE TRENDS
2000-01 THROUGH 2006-07**

ITEM	FISCAL YEAR 2000-01	FISCAL YEAR 2001-02	FISCAL YEAR 2002-03	FISCAL YEAR 2003-04	FISCAL YEAR 2004-05	FISCAL YEAR 2005-06 BUDGETED	FISCAL YEAR 2006-07 BUDGETED
Revenues	\$4,940,142	\$4,937,942	\$5,948,594	\$7,674,432	\$8,488,225	\$8,717,480	\$7,954,877
Expenditures	\$6,281,054	\$5,197,928	\$6,100,309	\$8,567,775	\$8,987,676	\$8,752,813	\$8,106,576
Other Financing Sources (Uses)	\$1,600,000	\$0	\$8,501	\$500,190	\$160,846	\$0	\$0
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$259,088	(\$259,987)	(\$143,215)	(\$395,843)	(\$338,605)	(\$35,333)	(\$151,699)
Fund Balance	\$2,314,246	\$2,054,258	\$1,911,044	\$1,517,891	\$1,179,286	\$1,143,953	\$992,254
Change in Fund Balance From Prior Year	n/a	(\$259,988)	(\$143,214)	(\$393,153)	(\$338,605)	(\$35,333)	(\$151,699)
Fund Balance as Percentage of Total Expenditures	36.8%	39.5%	31.3%	17.7%	13.1%	13.0%	12.2%

Source: ESD 123 budget documents and audited financial statements.

ESD 123 has expended large sums on capital projects in recent years, to which staff attribute the drop in the unreserved fund balance. The ESD is not dedicating sufficient resources to seek new grant or revenue opportunities, or to retain current grants or revenue sources.

In the 2005-06 board report, the ESD reported that its funding was reduced because several grants ended—including the Safe Schools/Healthy Students (SS/HS) grant—that caused a \$1.8 million reduction in its program revenues, and a \$192,000 reduction in its core services revenues. This trend continued in fiscal year 2006-07 when the ESD projected revenue reductions of another \$1.4 million in grant revenues for programs and \$285,000 in core service funding.

ESD 123, unlike other regions, does not have a dedicated person responsible for maintaining or seeking grant or revenue opportunities for the ESD. Thus, the ESD has no way of ensuring that it can keep its revenues flowing steadily (or a means to replace grants that have come to an end).

Recommendation 4-1:

Take proactive steps to address declining fund balances and to ensure that the ESD maintains sufficient funds to meet its current needs.

Specifically, consider taking actions, such as partnering or creating a mentor relationship with other ESDs, such as ESD 112, that have well-established programs for seeking new grant and funding opportunities as well as retaining existing grant and funding opportunities so that the ESD can better attract new funds and retain existing funds. To the extent that organizational restructuring (see Chapter 6.0, Human Resources Management) allows for staff to be reassigned, consider reassigning staff to work part- or full-time on these funding activities.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The superintendent and cabinet should present a policy to the board for consideration and approval on how program managers and the ESD can make changes to the budget should unexpected events occur. | June 2007 |
| 2. The superintendent and cabinet should meet with program managers and inform them that expenditures are to be limited to the amounts in the approved budget. | June 2007 |
| 3. The executive director of Fiscal Operations and his staff should create a monthly tracking form for the major programs to ensure that program directors are informed of their year-to-date revenues and expenditures for budget tracking purposes. | July 2007 |

- | | |
|---|--------------------------|
| 4. The executive director of Fiscal Operations and his staff should begin sending monthly statements to program directors and follow up on programs or areas that are exceeding anticipated expenditures. | July 2007
and Ongoing |
| 5. The superintendent and cabinet should pursue partnerships or mentorship opportunities with other ESDs, either by beginning discussions through the ESD Superintendent meetings or through other means. | July 2007
and Ongoing |

FISCAL IMPACT

Partnering with another ESD should increase grant revenues, and bring the unrestricted and undesignated fund balance into line with the board policy.

FINDING

ESD 123's expenditures for travel, memberships, and conferences exceed those of comparable ESDs.

In fiscal year 2005-06, ESD 123 spent more than \$500,000 on travel, conferences, and memberships for its staff and board members. Although this represents a small percentage of the ESD's total budget (6.1%), the ESD could realize savings. Review of credit card charges showed that the ESD does not ensure that its staff, cabinet, or board members always obtain government rates when available for hotels.

The number of conferences attended by the ESD's Board has increased over the past few years. **Exhibit 4-3** displays the number of training and conferences attended by the board members, which increased from five people attending one event in 2003 to nine people attending one or more of seven events in 2005. Conferences and training sessions can cost upwards from \$500 per event, a cost that does not include the expenses of airfare, mileage, meals, and hotels.

**EXHIBIT 4-3
BOARD OF DIRECTORS
TRAINING AND CONFERENCES ATTENDED**

ESD 123 Board of Directors Trainings	AESA Conference	Annual Board Workshop	Legislative Conference	Board Study Session	AESD Conference	Key Leaders Conference	WSSDA Conference	AESA Conference	Annual Board Workshop	Legislative Conference	AESD Conference	Board Study Session	Key Leaders Conference	WSSDA Conference	AESA Conference	Annual Board Workshop	Legislative Conference	Board Study Session	WSSDA Conference	AESA Conference
1	x		x	x	x			x		x	x	x			x		x			x
2	x	x		x		x			x		x	x	x			x		x	x	
3				x	x						x	x			x			x		
4	x	x		x	x			x				x	x					x		x
5				x		x	x	x	x				x	x	x		x		x	
6	x	x		x		x					x	x	x				x		x	
7		x		x	x				x			x					x		x	
8	x			x	x			x	x		x	x			x		x			x
9								x	x			x								x
Total Attendees at Conferences:	5	4	1	8	5	3	1	5	5	1	5	8	4	1	4	6	1	6	1	4

Source: ESD 123 Board of Directors Staff, 2007.

Finally, review of credit card charges related to travel revealed that the ESD books airfare using the ESD credit card and a travel agent, incurring a \$35 to \$40 agency fee for every transaction. Between May 31, 2006, and September 30, 2006 (a four-month period), these agent fees came to \$1,415. If the ESD were to instead book airfare using online services, that do not charge these fees, it could save these amounts in the future.

Recommendation 4-2:

Obtain government rates for lodging when available, based on the per diem rates used by the State of Washington.

To the extent that government rates are unavailable, ESD staff and cabinet and board members should document the reasons for the higher rates using an exception form, that should (for ESD staff) be submitted to their program directors for review and approval prior to travel.

Recommendation 4-3:

Discontinue the use of travel agents to book flights.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------|
| 1. Effective immediately, the superintendent and cabinet should present for board approval policies to limit reimbursement for traveling expenses to the approved per diem rates, when such rates are available. | June 2007 |
| 2. The executive director of Fiscal Operations and his staff should require program managers and staff to book all travel online and not through a travel agent. | June 2007 |

FISCAL IMPACT

In calculating estimated savings related to lodging, the audit team assumed that, based on its tests of a sample of lodging transactions, the ESD would achieve a savings of at least 10 percent of lodging costs if staff and board members were to consistently obtain government per diem rates. Implementation of this recommendation should result in a five-year savings of slightly more than \$6,000, based on the analysis shown in **Exhibit 4-4**.

**EXHIBIT 4-4
LODGING ANALYSIS**

Total lodging costs charged to credit cards, October 2003 to September 2006	\$37,333
Annual lodging costs based on the three years reviewed	\$12,444
Ten percent reduction of annual lodging costs	\$1,244
Five-year estimate of cost savings	\$6,222

Source: Created by the audit team based on financial data received from ESD 123, 2006.

Booking travel on-line rather than using a travel agent should result in a five-year cost savings of \$21,225, as shown in **Exhibit 4-5**.

**EXHIBIT 4-5
ON-LINE TRAVEL FEE SAVINGS**

Total agency fees related to booking airfare (for four-month period reviewed)	\$1,415
Estimated annual costs for agency fees (four-month cost multiplied by 3)	\$4,245
Five-year estimate of cost savings	\$21,225

Source: Created by the audit team based on financial data received from ESD 123, 2006.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Obtain Government Rates for All Lodging When Traveling on ESD Business	\$1,244	\$1,244	\$1,244	\$1,244	\$1,244
Discontinue the Use of Travel Agents	\$4,245	\$4,245	\$4,245	\$4,245	\$4,245
Total Cost Savings	\$5,489	\$5,489	\$5,489	\$5,489	\$5,489

FINDING

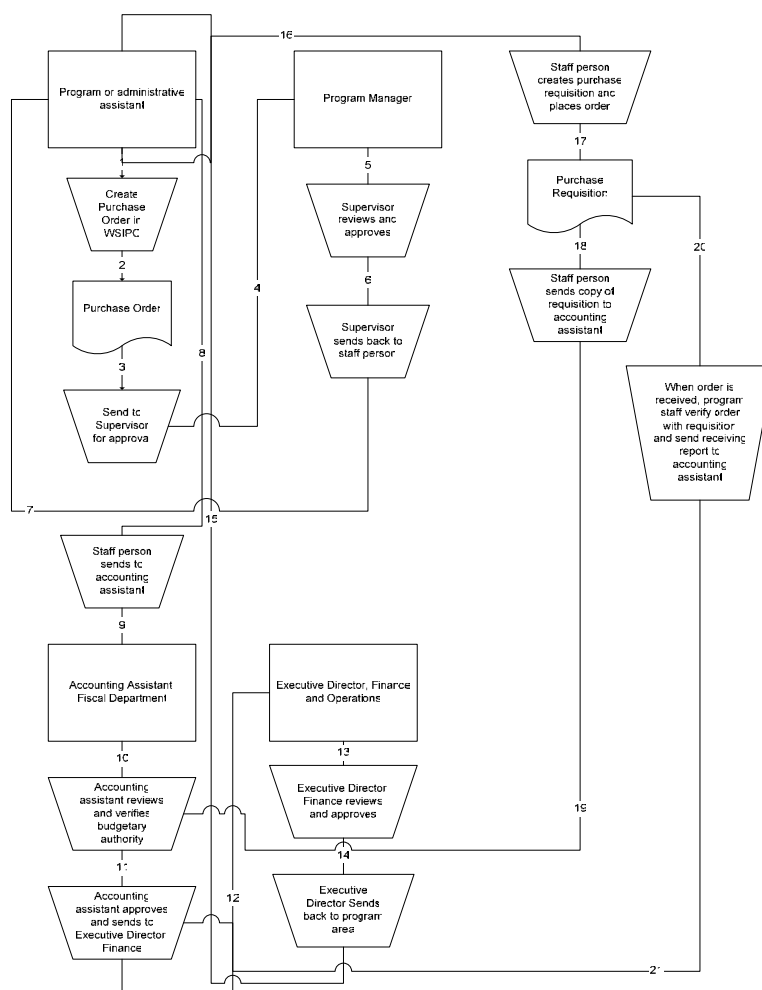
ESD 123's purchase order process is inefficient and results in duplication of effort by its staff.

ESD 123 relies heavily on purchase orders, rather than credit cards or purchase cards. In fiscal year 2004-05, ESD 123 issued 2,742 purchase orders totaling \$4.3 million. In fiscal year 2005-06, ESD 123 issued 2,436 purchase orders totaling \$3.3 million. ESD 123 staff stated that they are considering, but have not made any efforts yet, to move from a purchase order system (created using the WSIPC electronic system) to online purchasing cards. In discussions with the audit team, the chief financial officer stated that he believed there may be efficiencies gained through using purchasing cards. However, a study has not been completed to analyze the costs and benefits of using these cards, or how the efficiencies would translate to the various departments within the ESD. Staff further stated that the ESD is always looking into "new services and studying issues and possibilities" but that they generally do not perform formal studies to generate costs and benefits.

The larger issue within ESD 123's purchasing procedures is the duplication of effort and inefficiencies in processing purchase orders. The steps for purchasing items are listed below and are graphically displayed in **Exhibit 4-6**.

- Staff in the department sign on to the WSIPC system and code the request by type, fund, fiscal year, description, vendor number, quantity, and price.
- The purchase order is submitted by the staff person to his or her supervisor for review.
- The supervisor reviews and approves the purchase order and sends the request back to the staff person.
- The staff person enters in the approval and then transfers the purchase order to the accounting assistant in the fiscal department.
- The accounting assistant reviews the purchase order for accuracy (including correct account codes) and to ensure that there are funds remaining in the budget for the item. Once the accounting assistant approves the purchase order, she submits it to the executive director of Fiscal Operations for review and approval.
- The executive director of Fiscal Operations reviews and approves the purchase order. For items over selected dollar amounts or unusual purchases, he also submits the purchase order to the ESD Superintendent for review and approval.
- After approval, the purchase order goes back to the staff in the department who first made the request, who places the order. Once the item has been received, the staff person submits the invoice, noting that items were received, and a copy of the purchase order. This documentation goes to the supervisor for review and approval and then to the accounting assistant for processing.

EXHIBIT 4-6
EDUCATIONAL SERVICE DISTRICT 123
PURCHASING PROCESS



Source: Created by the audit team based on data received from ESD 123, November 2006.

Staff in the ESD stated that this process is cumbersome and time consuming. One staff person suggested that a better means of processing purchase orders would be to have one person dedicated to doing only purchase orders. This person would route the purchase order on behalf of the department making the request, obtain required signatures and approvals, and place the order. Further, a dedicated staff member familiar with the vendors and their prices could more easily obtain the lowest rates through their specialized knowledge. Another suggestion for improving the process is to examine the layers of approvals required in the process. Establishing a process where a supervisor's approval is all that would be required for low-dollar items, with superintendent or executive director of fiscal operations approval required for unusual or high-dollar items, may reduce some of the steps in the process. Supervisors can authorize petty cash expenditures up to \$25, but this does not take into account the high number of purchase orders made each year.

Recommendation 4-4:

Simplify the purchase order process and conduct a cost-benefit analysis of purchase card alternatives.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------------------|
| 1. The executive director of Fiscal Operations and staff should contact other ESDs to determine the best option for moving to a simplified purchasing process and seek the approval of the superintendent. | July –
August 2007 |
| 2. The superintendent and cabinet should revise current policies regarding purchase order procedures. Specifically, rather than having all department staff create and submit purchase orders, the ESD should assign one administrative staff to manage the newly created purchase orders process. | September 2007 |

FISCAL IMPACT

The ESD should gain efficiencies from simplifying the process, but estimating total savings is predicated on assumptions of how much time could be saved by streamlining the process.

FINDING

The ESD 123 created the Southeast Washington Workers' Compensation Trust to provide industrial injury accident insurance coverage for its members. In 2005-06, the trust had 30 member school districts who contributed \$3.5 million to fund the program. As a self-insurer, the trust is fully funded by its member school district and ESD participants. ESD 123 has contracted with ESD 112 for workers' compensation claims management services and the ESDs jointly operate this program.

The trust has reduced costs significantly for its members. As shown in **Exhibit 4-7** below, trust members saved almost 15 percent over comparable rates offered by the state's worker's compensation insurance program.

**EXHIBIT 4-7
WORKERS'S COMPENSATION RATES COMPARISON**

	Fiscal Year 2004-05	Fiscal Year 2005-06	Total
Southeast Washington Workers' Compensation Trust Rates*	\$3,295,835	\$3,584,516	\$6,880,351
Washington Department of Labor and Industries workers' compensation insurance rates*	\$4,139,063	\$3,939,840	\$8,078,903
Difference (\$)	(\$843,228)	(\$355,324)	(\$1,198,552)
Difference (%)	(20.4%)	(9.0%)	(14.8%)

Source: ESD 112 Risk Management Services Unit and Washington Department of Labor and Industries Hourly Rates by Business Type and Risk Classification Codes.

* = This is calculated based on the total hours by risk classification code and the hourly rates for each fiscal year

Moreover, in addition to the savings shown above, the trust has refunded excess participation contributions to its member districts each year from fiscal year 1999-2000 through 2005-06. In fiscal year 2004-05, member districts received refunds totaling \$1.5 million, while in fiscal year 2005-06, member districts received refunds totaling \$1 million. In addition to claims coverage, ESD 112 and 123's cooperative also provides safety services to school district so that they can better manage and prevent claims.

COMMENDATION

ESD 112 and 123 are commended for providing cost-effective workers' compensation insurance services to its member districts.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter audits the Program Delivery functions of ESD 123. Included in the audit is the evaluation of ESD 123 programs, including the cost-effectiveness of educational delivery, the compliance with regulations regarding the use of federal and state dollars, and the technology to support learning programs. The educational service district provides numerous programs and services to the regional school districts. Programs and services offered to participating districts are instructional as well as operational.

CHAPTER SUMMARY

The legislative requirement for Educational Service Districts in Washington are to offer cooperative service programs, joint purchasing programs, and direct student service programs, including pupil transportation. ESD 123 meets the requirements set forth in the legislature.

The following programs and/or services are offered at ESD 123:

- Teaching and Learning
 - Assessment
 - Curriculum Review, Alignment, and Mapping
 - Grants Writing
 - Grants Management
 - Laser (Science)
 - Literacy/Language Development
 - School Accreditation
- Instructional Support
 - Certification Resources
 - Math Helping Corps
 - Student Learning Plans
 - WWJJC/Pathways
 - 21 Century Grants
 - High School Art Shows
- Special Services
 - Early Childhood
 - Paraprofessionals
 - Special Education Services
 - Special Education Trainings
- School Improvement
 - Data Interpretation
 - Instructional Strategies
 - School Reform
 - Strategic Planning
 - District Improvement
- Prevention/Intervention
 - Crisis Counseling
 - Emergency Response

- Project Success
- Resource Library
- Safe and Drug Free Schools
- Tobacco Prevention
- Intervention Services

Key commendations in this chapter include:

- ESD 123 is commended for the design of a four-day intensive training for teachers based on the instructional modules developed by OSPI in math, reading, and writing.
- ESD 123 is commended for developing and making available to its school districts an academy/institute for two key areas: leadership development and dual language.

Key recommendations in this chapter include:

- Implement a consistent and systemic evaluation/needs assessment to determine if programs and services are to be continued, expanded, or abandoned. **(Recommendation 5-1)**
- Disaggregate student performance data to drive the program decision-making process. **(Recommendation 5-2)**
- Assign an employee or hire a person to fulfill the responsibilities of a full-time grant writer. **(Recommendation 5-3)**

5.1 Program and Services Evaluation

To effectively conduct program evaluation, organizations need to first have programs. That is, organizations need a strong impression of what their customers or clients actually need. An organization also needs effective methods to meet each of those goals. These methods are usually in the form of programs.

Programs can be thought of in terms of:

- **Inputs** are the various resources needed to run the program, (e.g., money, facilities, customers, clients, program staff, etc.).
- **Processes** are how the program is carried out, (e.g., customers are served, clients are counseled, children are cared for, association members are supported, etc.).
- **Outputs** are the units of service, (e.g., number of customers serviced, number of clients counseled, children cared for, or members in the association).
- **Outcomes** are the impacts on the customers or on clients receiving the service.

Successful program development cannot occur without evaluation. Program evaluation is the systematic process of determining the quality of a program. During program evaluation the questions that surface are: How effective is the program? How do you measure program effectiveness? What should be improved? In what ways should it be changed? How happy is the customer with the programs and services offered?

Evaluation gives guidance and direction when considering changes and improvements in program offerings and services. It is the process used to identify customer needs, to set priorities among needs and to translate needs into program objectives or modifications of existing objectives. It is the process used to identify and to select among different program approaches, structures, delivery systems, staff assignments, materials and equipment, and other operational choices to build a program that has a high likelihood of success.

Evaluation is also the process to monitor and adjust programs as they are implemented, determine whether a program is resulting in desired outcomes and identify why the outcomes are as they are. It is important to note that it is also the process used to determine whether a program should be supported, changed, or terminated. In addition, evaluation is the process used to judge requests for resources to support the program (both initial and on-going support). In short, evaluation is a vital part of the improvement of ESD programs. It should underlie all program changes (continue as is, new and improved, or abandoned). Clearly, without evaluation, change is blind and must be taken on faith. In the light of budget constraints, as well as people resources, evaluation of programs is a critical component of any organization.

FINDING

Consistent and systematic program evaluations, supporting the continuation of programs in ESD 123, do not exist.

While numerous programs and services are offered to regional districts, ESD 123 does not have a consistent and systematic method for determining program success or failure.

Through a key staff interview and review of documents the audit team found that customer satisfaction is not measured in a comprehensive and consistent way at ESD 123. Program evaluation, needs assessments, and customer satisfaction surveys should be implemented for the betterment of an organization. The audit team found that individual ESD programs periodically conduct formal surveys to measure the level of customer satisfaction. When the audit team asked how they know if customers are satisfied, many ESD 123 personnel responded, "If a district signs up for our service from year-to-year, then they are satisfied."

The systematic and comprehensive measurement of customer satisfaction is critical for any organization. Based on the MGT survey results as shown in **Exhibit 5-1**, school district superintendents and district personnel served by ESD 123 indicated high levels of satisfaction with the programs and services that they are receiving. At least 50 percent of ESD 123 respondents strongly agreed with the following:

- the services provided by our ESD are critical to the success of our district's programs and operations;
- the ESD in our region is highly efficient and effective; and
- the ESD in our region provides quality service.

EXHIBIT 5-1
ESD 123 DISTRICT-SUPERINTENDENT SURVEY RESPONSES

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	24	52	19	0	0	5
2. Mathematics	29	48	5	10	5	5
3. Social Studies	10	24	52	5	0	10
4. Science	29	38	24	0	0	10
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	24	43	24	10	0	0
6. At-risk and compensatory education	14	57	29	0	0	0
7. Bilingual Education and ESL	0	29	43	10	0	19
8. Advanced academics (gifted and talented, AP)	0	19	57	5	0	19

Source: MGT of America survey results of ESD 123, 2006.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, NA = Not Applicable.

While the MGT survey results shows overall satisfaction with various ESD programs, program evaluation can assist in measuring the level of program effectiveness.

Recommendation 5-1:

Implement a consistent and systemic evaluation/needs assessment to determine which programs and services are to be continued, expanded, or abandoned.

The ESD management team should work together to design and implement data-driven methods of evaluating and improving program quality. Emphasis should be given to what data are important to collect and consider. Student performance data should be collected to identify academic needs of the districts.

In addition to program evaluation, the ESD should also conduct an in-depth analysis of program participation and usage. This would clearly identify school districts that are not using its services and provide the ESD an opportunity to reach out to new customers and/or expand the services to existing customers. This evaluation process can also provide all stakeholders a summary report, including cost analyses of the ESD program use, that could then be used to enhance current and encourage additional school district usage.

As referenced in **Exhibit 5-2**, program evaluations will help inform ESD decision-makers about the allocation of human, financial, and material resources, critical nowadays given the budgetary constraints organizations face.

EXHIBIT 5-2 BASIC GUIDE TO PROGRAM EVALUATION

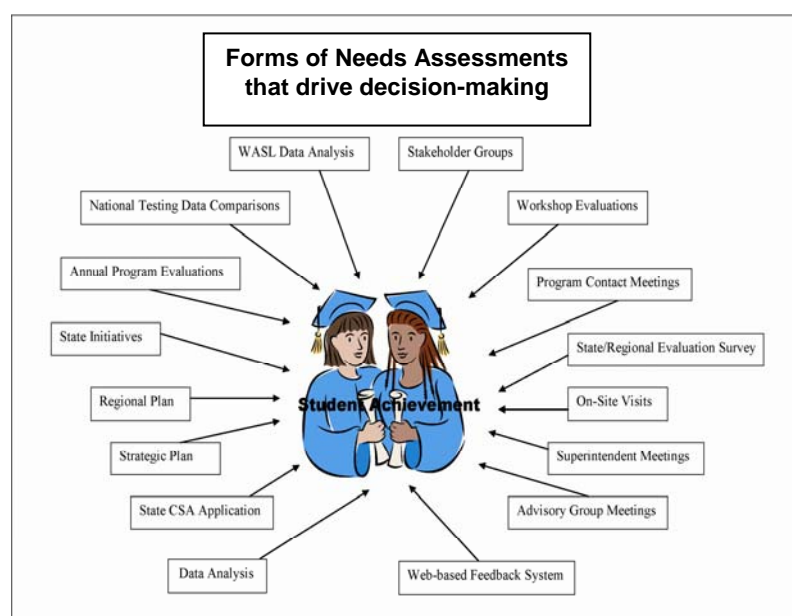
Research from the Basic Guide to Program Evaluation, by Carter McNamara, MBA. PhD. reminds organizations that program evaluations should:

- Understand, verify, or increase the impact of products or services on customers or clients – These "outcomes" evaluations are increasingly required by nonprofit funders as verification that the nonprofits are indeed helping their constituents. Too often, service providers (for-profit or nonprofit) rely on their own instincts and passions to conclude what their customers or clients really need and whether the products or services are providing what is needed. Over time, these organizations find themselves in a lot of guessing about what would be a good product or service, and trial and error about how new products or services could be delivered.
- Improve delivery mechanisms to be more efficient and less costly. Evaluations can identify program strengths and weaknesses to improve the program.
- Verify that you're doing what you think you're doing. Typically, plans about how to deliver services, end up changing substantially as those plans are put into place. Evaluations can verify if the program is really running as planned.
- Facilitate management's really thinking about what their program is all about, including its goals, how it meets its goals and how it will know if it has met its goals or not.
- Produce data or verify results that can be used for public relations and promoting services in the community.
- Produce valid comparisons between programs to decide that should be retained, e.g., in the face of pending budget cuts.
- Fully examine and describe effective programs for duplication elsewhere.

Source: Basic Guide to Program Evaluation, written by Carter McNamara, MBA. PhD, Authenticity Consulting, LLC, Copyright 1997-2006.

ESD 123 can analyze current data to help them begin the program evaluation process. Forms of assessment to assist the organization are depicted in **Exhibit 5-3**.

EXHIBIT 5-3 FORMS OF NEEDS ASSESSMENT



Source: Texas Education Service Center, Region 2, 2004.

Note: Description of needs assessments revised to correspond to terminology used in Washington.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|------------------|
| 1. The superintendent and the leadership team should identify the major outcomes that ESD 123 determine as relevant for the program under evaluation. | June 2007 |
| 2. The leadership team should choose the outcomes to examine and prioritize the outcomes. | June 2007 |
| 3. The leadership team, working with professional staff should specify for each outcome, what observable measures, or indicators, will indicate that the organization is achieving that key outcome with clients. | June 2007 |
| 4. The leadership team should identify a "target" goal of clients, i.e., what number or percent of clients you commit to achieving specific outcomes. | June 2007 |
| 5. The leadership team should identify what information is needed to show these indicators, i.e., how many clients in the target group went through the program. | June 2007 |
| 6. The leadership team should decide how information can be efficiently and realistically gathered. | June – June 2007 |

7. The superintendent and the leadership team should annually analyze and report the findings to the board of directors and to staff.

July 2007
and Ongoing

FISCAL IMPACT

The Program Evaluation/Needs Assessment process should not have a fiscal impact for Educational Service District 123. Staff time will be needed for the process and time dedicated to ensure that process is carried out for each program and service. This recommendation has the potential to increase revenue by increasing the use of programs and services provided to school districts and using the information garnered from the evaluation to make data-driven decisions. The revenue increase cannot be determined until an evaluation system is developed and the evaluation is performed. In addition to any additional revenue that might be generated by using evaluation processes, the evaluation process will also increase the efficiency and economy of programs and services offered to school districts in the region. Specifically, the ESD will be able to identify inefficient or ineffective programs or services more quickly and will be able to react to rectify these issues. This will result in less waste as the ESD will not spend valuable time or resources on programs and services that are not working.

5.2 Assisting Low Performing Schools and Districts

FINDING

ESD 123 works with regional school districts that need assistance when schools fall below state standards. ESD 123 provides summer institutes and Washington Assessment of Student Learning (WASL) retakes when a school system does not meet the criteria set forth in NCLB to meet Adequate Yearly Progress. The guidelines from NCLB require school districts to implement improvement activities. ESD 123 provides assistance and training to their school districts during this phase of compliance. **Exhibit 5-4** shows the types of services offered by ESD 123 and the total number of districts participating in the various school improvement trainings.

EXHIBIT 5-4 COOPERATIVE AND FEE FOR SERVICE FOR SCHOOL IMPROVEMENT

SERVICE FOR SCHOOL IMPROVEMENT	NUMBER OF PARTICIPATING DISTRICTS
District Improvement	6
Curriculum Support	5
Professional Development	21
WASL Retakes	2
Parent Support	16

Source: Cooperative and Fee for Service Program 06-07 provided by ESD 123.

This training includes a focus on applicable instructional strategies, WASL pre-post assessment, WASL scoring, and small and large group instructional delivery model. The training is designed for any high school and/or middle school teacher interested in using the modules for daily instruction or summer school. Several school district staff

interviewed by MGT remarked that the training was “the best training that they had ever attended.” Another comment from a training participant was, “This training will have a huge impact on my teaching and how to help students pass the WASL.”

COMMENDATION

ESD 123 is commended for its proactive efforts to assist local school districts in complying with No Child Left Behind requirements. ESD 123 provided and designed a four-day intensive training for teachers based on the instructional modules developed by OSPI in math, reading, and writing to assist low performing schools.

FINDING

Through an interview with a key staff member and review of documents, it was determined that data disaggregation is not regularly conducted regionally to include the student performance from every school district in ESD 123.

ESD 123 could begin a simple disaggregation by reviewing the scores from each grade level from each of their school districts in every content area. Scores could be averaged and then compared to the state scores in each subgroup in each grade level. This will provide ESD 123 a starting point for data disaggregation and making decisions based on the performance of the students within ESD 123.

Recommendation 5-2:

Disaggregate student performance data to drive the program decision-making process.

ESD 123 should consistently and methodically compile detailed student assessment data to assist schools in achieving the requirements set forth by the Washington accountability system as well as the requirements of the No Child Left Behind Act. The ESD can use these data to determine areas of focus for the school districts. Annual ESD goals should be written to measure the academic growth of the district. These data can be used to help schools develop school improvement plans and can help the ESD plan programs and services for the school districts that are timely and relevant.

In addition, with the state requirements and NCLB regulations, the curriculum, instruction, and assessment of a school district must be of the highest quality. Data disaggregation is critical for decision-makers in the ESD. ESD 123 does not have a mechanism in place to disaggregate student performance data.

Understanding and using data about school and student performance are fundamental to improving schools and improving organizations that assist schools. Without analyzing and discussing data, schools and organizations are unlikely to identify and solve the problems that need attention, identify appropriate interventions to solve those problems, or know how they are progressing toward achievement of their goals. Data are the fuel of reform.

Because data abound, organizations must become data savvy. Each staff member needs to understand what information is available about the school and its students and what data are relevant to the school's immediate needs. Committees need to review data related to decisions and actions they are considering. Data collection needs to be planned to guide formative and summative evaluation of programs and projects. Ongoing analysis of data provides insights into mid-course changes necessary to reach established goals.

In short, using data separates good organizations from mediocre organizations. Organizations that assist schools in increasing student achievement, staff productivity and collegiality, and customer satisfaction use data to inform and guide their decisions and actions. Data use essentially sets a course of action and keeps a staff on that course to organizational improvement and ultimate student success.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------------|
| 1. The supervisors of each department should participate in identifying the data necessary for review. | June 2007 |
| 2. The leadership team should create timelines for data to be analyzed. | June 2007 |
| 3. The leadership team should identify a team of core professionals to disaggregate data. | June 2007 |
| 4. Each department should complete action plans using the analyzed data to plan for the year. | June – July 2007 |
| 5. The immediate supervisors of each department should approve all action plans and then present the plan to the leadership team for final approval. | August 2007 |

An example of what the recommended plan might look like is shown in **Exhibit 5-5**.

EXHIBIT 5-5 SAMPLE ACTION ITEM WITH IDENTIFICATION OF RELEVANT DATA

STAFF MEMBER	MATERIAL RESOURCES	PERSONNEL RESOURCES	TIME LINE	FORM EVALUATION	SUM EVALUATION
Directors and Consultants	Training Material; State Documents; Assessment Data; Research Information	School Personnel; Guest Presenters; ESD Consultants	August 2006-07	Monitor Evaluation feedback after each session to address corrective feedback from participants as needed.	Analyze end of year assessment data to determine if Goals and Objectives have been met.

Source: Education Service Center, Region 2, Action Plans, 2006.

FISCAL IMPACT

This recommendation could be implemented with existing staff resources.

FINDING

ESD 123 has created an Academy for Leadership Development and a Dual Language Institute that have provided professional development opportunities for school system leaders within the ESD 123 region.

The focus on the academy is to offer system wide support for schools in their efforts for continuous improvement and developing instructional leaders to promote high performing schools. The purpose of the academy is to work collaboratively to support principals in continuous school improvement. The long term goal is to create a model curriculum for all regional leaders including superintendents, central office administrators, school district administrators, school principals, and teacher leaders.

ESD 123 also provides an Annual Statewide Dual Language Institute entitled, *High Standards: Looking through the Lens of Experienced Practitioners*. School districts outside of ESD 123's region attended the institute as well. Practitioners from Texas, New Mexico, California, and Washington provided strategies for teachers of bilingual children.

COMMENDATION

ESD 123 is commended for developing and making available to its school districts an academy and an institute for two key areas: leadership development and dual language.

5.3 Staffing, Budgets, and Funding Sources

ESD 123 receives state funds through the Coordinated Services Agreement (CSA) for Governance of Statewide Technical Assistance. The goals of the CSA are as follows:

- Establish, support, and enhance on-going communication and collaboration between and among the staff of OSPI, the ESDs, school districts, institutions of higher education, education associations, communities, and other educational entities.
- Develop and provide research-based tools and services to school and school district personnel that will assist them in their efforts to provide all students an opportunity to achieve the Essential Academic Learning Requirements.
- Align, to the maximum extent possible, the programs and activities funded by state and federally funded categorical programs with the principles of this agreement.

FINDING

ESD 123 does not have a full-time grant writer to assist the ESD in attaining additional revenue. **Exhibit 5-6** shows ESD 123's budget for the 2006-07 school year. As shown, the total funding amount is \$699,603.

EXHIBIT 5-6 EDUCATIONAL SERVICE DISTRICT 123 BUDGET FOR CSA

PROGRAM SOURCE	FUNDING AMOUNT
Title II A- Highly Qualified Teachers and Principals	\$50,000
Title I, School Improvement	\$30,000
Paraeducator Training Program	\$34,813
Math Helping Corp	\$98,500
Special Education, IDEIA	\$171,612
Special Education Preschool	\$23,402
Educational Technology Support Centers	\$159,354
Regional Learning Assessment Centers	\$4,000
Title 1 B-Reading First	\$127,922
TOTAL	\$699,603

Source: Budget sheet from 2006-2007 CSA for ESD 123.

ESD 123 serves 23 school districts in seven counties, serving over 60,000 students. Funding for the ESD consists of:

- Federal 55%
- State Allocations (including grants) 19%
- Local 26%

For the 2006-07 school year, ESD 123 has 83 staff members. ESD 123 does not have a full-time grant specialist to seek additional funding for the organization and the participating districts. However, ESD 123 has one employee that works part-time (about one-third of her time) on fiscal administration of grants in addition to her other duties. Her title is Personnel/Grants Administrator and her responsibilities include:

- maintaining and processing ESD 123 Payroll;
- maintaining ESD 123 personnel files;
- answering questions related to personnel, payroll and benefits;
- carrying out the hiring process – placing newspaper ads, scheduling interviews, screening and processing applications; and
- maintaining the personnel agenda for the board.

Exhibit 5-7 shows ESD 123's staffing trends for the past five years. The staffing has remained the same for the 2005-06 and 2006-07 school year.

**EXHIBIT 5-7
ESD 123 STAFFING TRENDS**

2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
84 Employees	94 Employees	93 Employees	83 Employees	83 Employees

Source: ESD 123, Fiscal Office, 2006.

The benefit of having a full-time grant writer is that this position can dedicate time to reviewing the needs of the ESD and assist in producing results that would have not otherwise been accomplished because of other assigned duties. The development of an employee handbook would be a project that the personnel administrator could produce if grant responsibilities were taken away from her current assignments.

Exhibit 5-8 below provides an analysis of the benefits of having a full-time grant writer for the last five years using a comparably sized district in Texas.

**EXHIBIT 5-8
GRANT WRITER COST ANALYSIS
COST OF GRANT WRITER –VS. - APPROVED GRANTS**

	2001-02	2002-03	2003-04	2004-05	2005-06
Cost of Grant Writer	\$57,595	\$58,853	\$58,853	\$60,228	\$63,463
Number of Grants	5	5	6	7	4
Approved Grants	\$2,479,395	\$1,880,919	\$4,360,314	\$1,290,296	\$999,958

Source: Texas Education Service Center, Region 2, Fiscal Office, 2006.

Recommendation 5-3:

Assign an employee, hire a person, and/or outsource with a grant writing contractor to fulfill the responsibilities of a full-time grant writer.

Increasing the part-time position to a full-time position dedicated to grant writing has the potential for attainment of additional dollars that could result in revenues for improving instruction and other services. Outsourcing this position could save the ESD salary dollars and yet bring additional funding into the ESD. This position could also provide grant assistance to the school districts that in turn could bring additional dollars into the district as they purchase services.

FISCAL IMPACT

The annual salary of \$57,595 for the grant writer is used to estimate the cost for the ESD to hire a full time grant writer. Assuming that the ESD could conservatively experience a 50 percent grant approval rate based on **Exhibit 5-8**, the total grant revenue amount is estimated at \$5,505,442 over the next five years. The grant funds would facilitate the improvement of instructional programs and services for ESD 123.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Hire a Full-Time Grant Writer	(\$57,595)	(\$57,595)	(\$57,595)	(\$57,595)	(\$57,595)
Number of Grants	5	5	6	7	4
Grant Revenue (Based a 50% Approval Rate)	\$1,239,698	\$940,460	\$2,180,157	\$645,148	\$499,979
Estimated Five-Year Grant Revenue Total					\$5,505,442

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

In this chapter the findings, recommendations, and commendations for Human Resources (HR) Management of ESD 123 are presented. The audit reviews the personnel and human resources activities for the ESD. In particular, the assignment, evaluation and management of personnel; personnel practices; recruiting and retention; record keeping, and staff development are analyzed. The audit team collected and analyzed information obtained from on-site observation, interviews with staff, and surveys of staff members and school districts.

CHAPTER SUMMARY

ESD 123 Human Resources Management is responsible for planning, implementing, and maintaining a system of personnel services and human resources management that complies with local, state, and federal policies and guidelines. Issues related to personnel policies, professional development, and recruitment and employment are addressed. This department must also be aligned with the mission of the organization.

Findings resulting from prior human resources studies recognize that there are generally eight essential functions incorporated into a comprehensive and effective human resources program. R. W. Rebores, Jr., in *Personnel Administration in Education: A Management Approach* (6th Edition), cites the following dimensions:

- human resources planning;
- recruitment;
- selection;
- placement and induction;
- appraisal;
- rewards; and
- employee relations.

With these dimensions in mind, the following areas at the ESD 123 were examined:

- salary schedules,
- employee training,
- employee appraisals,
- personnel records,
- personnel policies and procedures,
- new employee orientation,
- advertisement for positions, and
- recruitment, screening, and selection process of personnel.

Key recommendations in this chapter include:

- Remove grant duties from the Personnel/Grant Administrator position and rename the position. (**Recommendation 6-1**)
- Expand the Human Resources web page to communicate relevant information and to provide the capability for electronic submittal of employee applications. (**Recommendation 6-2**)

- Update the existing salary policy to reflect current salary ranges among other ESDs, so that it may be used as a guideline for hiring new employees, forecasting employee salaries, and maintaining competitiveness to attract qualified employees. (**Recommendation 6-3**)
- Use a performance assessment instrument for the superintendent's position annually. (**Recommendation 6-4**)
- Align assessment instruments to job descriptions. (**Recommendation 6-5**)
- Develop an Employee Handbook. (**Recommendation 6-6**)

6.1 Analyses of ESD Human Resources Management Operations

ESD 123 has current personnel policies and procedure documents. The policy manual contained complete information on:

- hiring and employment procedures,
- employee compensation and benefits,
- performance assessment process,
- job requirements, and
- conclusion of employment.

FINDING

As identified through discussions with staff and review of the organizational chart, ESD 123 does not have a full fledged human resources department. (In this chapter, the ESD's department that handles personnel administration is referred to as the Human Resources Department or HR Department.) The ESD's Personnel/Grants Administrator performs many key human resources functions in addition to the role of maintaining the ESD's grant management system and researching grants. As shown by the job description in **Exhibit 6-1**, the functions for the Personnel/Grants Administrator vary.

EXHIBIT 6-1
PERSONNEL/GRANTS ADMINISTRATOR JOB RESPONSIBILITIES

General Responsibilities:

Maintain and process ESD payroll, assist in maintaining the general ledger, maintain employee contracts and salary information, provide information and research on personnel and payroll issues as needed, maintain the grants management system, provide information and research on grant issues as needed.

Essential Functions:

1. Maintain and process ESD payroll. Prepare and submit associated reports
2. Maintain ESD 123 personnel files and perform personnel functions as required
3. Answer questions related to grants, personnel, payroll and employee benefits. Provide new employee orientation and maintain employee orientation package.
4. Responsible for hiring process – placing newspaper ads, scheduling interviews, screening and processing applications.
5. Maintain personnel agenda for board presentation along with backup documentation.
6. Maintain grant spreadsheets and grant files accurately and timely. Provide monthly grant status reports to administrators.
7. Cost new grant applications and review for accuracy and completeness.
8. Track grant applications and assure notice of deadlines are timely communicated.
9. Assist in account analysis as needed.
10. Assist in the preparation of the ESD budget and annual report as requested.
11. Assist in answering questions relating to accounting records and entries.
12. Compile state and federal financial reports and payroll tax reports as required.
13. Prepare employees contracts as needed.
14. Reconcile accounting records and grant records as required.
15. Perform other duties as assigned.

Source: ESD 123, Personnel Grants Administrator Job Description, November 2006.

Recommendation 6-1:

Remove grant duties from the Personnel/Grant Administrator position and rename the position.

Moving the grant responsibilities away from this position will provide this staff member the opportunity to expand and continue to develop the HR Department. The grant responsibilities should be assigned to another staff member or hire a full-time grant writer, which is addressed in the chapter for program delivery.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|------------------|
| 1. The immediate supervisor should review the job description for Personnel/Grant Administrator position and segregate job duties. | June 2007 |
| 2. The supervisor and the Personnel Administrator (new title) should develop a job description for a full time grant administrator. | June 2007 |
| 3. The Grant Administrator job description should be reviewed by the Leadership team for approval. | June – June 2007 |

- | | |
|--|---------------------|
| 4. The superintendent should seek board approval for the new job description and position. | June – June 2007 |
| 5. The organization should make necessary reassignments of duties to have current staff member take on the full time grant administrator position. | 2007–08 Fiscal Year |

FISCAL IMPACT

This recommendation can be implemented with existing resources. The costs associated with reassigning duties to a full-time grant administrator or the actual hiring of a new person to fulfill the position may be offset by additional grants identified and approved on behalf of the ESD.

FINDING

The ESD 123 HR Department has a link on the ESD 123 Web site. The Web site has information for employees on benefits and also provides prospective applicants the ability to download an application from the Web site. The site does not, however, provide the opportunity for the applicant to apply online.

The time spent by the human resource staff answering questions about specific benefits can be reduced by placing comprehensive information about benefits on the ESD 123 Web site. In addition, creating the capability for online submission of job applications could also reduce time that can be spent on other human resources responsibilities. The Web site should increase the efficiency of the staff assigned to human resources responsibilities by allowing more time for internal staff training, recruitment, retention, and maintaining a friendly work environment.

ESD 123's Web site also provides links to school districts' web pages for the local districts. As of January 2007, local school districts listed on the Web site included the following:

- Asotin-Anatone
- Clarkston
- College Place
- Columbia (Burbank)
- Dayton
- Finley
- Kennewish
- Kiona- Benton City
- North Franklin
- Othello
- Pasco
- Pomeroy
- Prescott
- Prosser
- Touchet
- Waitsbury
- Walla Walla

ESD 123 also provides links to other state entities to post job opportunities for their organizations. As of January 2007, the organizations currently using this service are:

- OSPI Statewide K-12 Employment Opportunities,
- Washington State Government Job Announcements,
- Washington Association of School Business Officials (WASBO) Jobline, and
- WaTeach.com (online recruitment, application, and employment service).

The site provides opportunities to download an application but does not have the capability for electronic submittal of the application. A creation of an online application process could ensure that consistent information is available online and could reduce time spent addressing routine questions concerning the application process.

Recommendation 6-2:

Expand the Human Resources web page to communicate relevant information and to provide the capability for electronic submittal of employee applications.

ESD 123 can communicate important information to employees and perspective employees by providing the information on the Web site. The Web site should include electronic access and submission of all required forms, resumes, and applications through email or through the ESD's Web site. This site should also provide a method for questions to be sent to the HR Department. It is a strong marketing tool that organizations can use to advertise and promote the vision and mission of the organization to potential and current clients.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|--------------------|
| 1. The leadership team should identify key information that can be placed on the Human Resources Web site. | June 2007 |
| 2. The superintendent should assign a member of the Leadership team to work with Web master to begin process of adding Human Resources information and technology capabilities to the Web site. | June – August 2007 |

FISCAL IMPACT

There are inadequate data to form an absolute conclusion on the fiscal impact on the technical aspect of expansion of the Web site. ESD 123, however, would have long term benefits that would include the elimination of paper applications, and the cost savings associated with management and staff time.

6.2 Salary and Staffing Structures

The salary and staffing is divided into five administrative, five professional and six support salary pay structures. The superintendent's cabinet consists of four administrators and the Leadership Team consists of 11 directors and/or administrators.

FINDING

ESD 123 has not conducted a salary study in several years and is paying employees in excess of established maximums. ESD 123 has a salary policy that was adopted September 23, 1999 and is shown in **Exhibit 6-2**.

EXHIBIT 6-2 EDUCATIONAL SERVICE DISTRICT 123 SALARY POLICY

5340 POLICY

ESD employees will receive an increase effective September 1 of each fiscal year in accordance with these guidelines. All increases are subject to the availability of funds as determined by the board in accordance with the priority indicated below

These guidelines do not apply to employees who hold certificated teaching positions that are paid in accordance with the state salary schedule.

Priority

1st Achievement of ESD Goals: 1% total possible increase

The ESD Board will evaluate whether the ESD has met its strategic goals for the current fiscal year. If the board determines that the ESD strategic goals were met, employees will be awarded a 1% raise for the next fiscal year. To qualify for the raise the employee must have been hired before January 1 of the current year.

2nd Achievement of Individual Efforts to Support Departmental Goals:
1% total increase possible

All administrators are to have departmental goals mutually agreed to by the administrator and the superintendent. The departmental goals for the next year are to be established by September 30 of each year. Each employee will be responsible for two or more activities, objectives or tasks to support the department efforts towards reaching their goals. The activities, objectives or tasks that the employee selects and their measurement are to be part of the evaluation process and are to be mutually agreeable between the employee and the administrator. The employee is responsible to provide documentation that the goals have been achieved. Individual activities, objectives or tasks must be formally agreed upon no later than October 31 of each year. Each employee who attains his/her goal (activities, objectives or tasks) for the year will earn a 1% salary increase for the next fiscal year. To qualify for the raise the employee must have been hired before January 1 of the current year.

3rd Continuity of Service: 1% total increase up to the maximum
within the salary range
To qualify for the raise the employee must have been
hired before March 1 of the current year.

4th Cost of living: 1% total increase

The ESD salary schedule will be increased by 1% annually. All ESD employees as of September 1 will receive the increase.

Source: ESD 123 Salary Policy, Policy Manual, 2006.

The ESD 123 staffing and personnel salaries for the last five years are shown in **Exhibit 6-3**.

**EXHIBIT 6-3
EDUCATIONAL SERVICE DISTRICT 123
SALARY AND STAFF DATA FOR 2002-07**

FISCAL YEARS	2002-2003*	2003-2004	2004-2005	2005-2006	2006-2007
Salaries	\$2,456,504	\$3,600,902	\$3,696,731	\$3,147,147	\$2,954,534
**Staffing	84	94	93	83	83

Note: Salaries for Intervention Specialist and Health not available.

Source: ESD 123, Eligibility listing for Fiscal Year 2006-07, or is estimated data provided by the ESD.

ESD 123 does not publish salary information in its job descriptions. However, the ESD does maintain a spreadsheet detailing minimum and maximum salary amounts by “bands”. For example, band A1 represents the superintendent’s and assistant superintendent positions of the ESD. The ESD increases the amount of the minimum and maximum salaries by one percent per year for almost all bands.

The salary scale is made up of 16 different pay structures A1 thru A5 for administrators; P1 thru P5 for professional staff and S1 thru S6 for support staff. The scale consists of a minimum and a maximum that is adjusted annually by 1 percent as approved by Board Policy 5340. There are 3 top management administrators that make up the superintendent’s cabinet, two of that have similar job duties.

ESD 123 employee salary increases are established in the ESD Salary Policy 5340, and are tiered into 4 priority areas for a maximum increase of 4% as shown in Exhibit 6-1. The 4th priority allows for a 1 percent cost of living increase and all ESD employees are eligible to receive the increase through the ESD salary scale effective September 1 of each year after board approval.

The salary scales provided all allow for a minimum and a maximum rate of pay. The audit team confirmed through interviews and observation that both the minimum and the maximum are increased annually by 1% as allowed by board policy. However, it appears that the salary scale minimums and maximums once adjusted have no bearing on employees’ rate of pay increase after the employees salary has been established on the salary scale. Once hired, the employee rate of pay increase in subsequent years is determined by multiplying the prior year total salary by 1.04. The salary scale appears to serve no purpose. There is no equity in pay for employees on the same salary scale. The established position minimums and maximums are violated. It was noted that for the most part, all employee rates of pay have exceeded the maximums established for each of the salary scales.

For example, band A1 employees in fiscal year 2005-06 had a minimum salary of \$67,008 and a maximum salary of \$81,482. The assistant superintendent of teaching and learning worked 1,832 hours (instead of 2,080 hours) for that year because of the hire date for that position. To calculate the salary range, the audit team used the following calculation:

$$\frac{1832}{2,080} * \text{minimum salary } (\$67,008) = \$59,019 \text{ (adjusted minimum)}$$

$$\frac{1832}{2,080} * \text{maximum salary } (\$81,482) = \$71,767 \text{ (adjusted maximum)}$$

The audit team then calculated the amount that the ESD paid each employee in excess of maximum allowable salaries. This was the difference between the employee's current salary (as provided by the ESD) and the maximum salary based on hours worked. Continuing the example of the assistant superintendent of teaching and learning shown above, the audit team found that the staff member in this position was receiving \$29,215 more than the maximum allowed (\$100,982 - \$71,767).

In total, the audit team found that ESD 123 paid its employees \$647,829 more than the maximum salary caps in fiscal year 2005-06 and \$614,650 more than the maximum salary caps in fiscal year 2006-07 (**Exhibit 6-4**).

EXHIBIT 6-4
COMPARISON OF ACTUAL ESD 123 SALARIES TO MAXIMUM SALARY ALLOWED

2006-2007		2005-2006	
Current Year Salary	*Cost of Actual Salary Over Maximum	Prior Year Salary	*Cost of Actual Salary Over Maximum
\$3,098,116.59	\$614,650.05	\$3,485,612.67	\$647,829.39

Source: ESD 123 Salary Scale Analysis.

**Actual cost over maximum represents only those salaries that exceeded the maximum set for each of the salary bands.

The four percent raise is not automatic and is based on employees reaching their targeted goals. It was stated in staff interviews with the audit team that many employees do not get raises. However, the audit team's review of salaries for employees who were in the same position in both 2005-06 and 2006-07 found that, out of 55 employees, four employees received three percent raises, and the rest received between 4 to 8 percent raises. Salary ranges during this same time increased for all but one band by one percent.

Recommendation 6-3:

Update the existing salary policy to reflect current salary ranges among other ESDs, so that it may be used as a guideline for hiring new employees, forecasting employee salaries, and maintaining competitiveness to attract qualified employees.

ESD 123 also should consider including in its policy mechanisms to ensure that maximum salary ranges are adhered to, thereby maintaining equity in the pay scale among like classifications and guarding against overpaying employees who keep the same job for years.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The superintendent should initiate an update of the existing salary policy 5340 schedule. | June 2007 |
| 2. The superintendent and leadership team should gather benchmark data from competing districts (for staff) within their region for like positions. | June 2007 |
| 3. The superintendent and leadership team should use the data from the study to revise salary policy 5340. | June 2007 |
| 4. The superintendent should seek board approval for revised salary policy 5340. | June 2007 |
| 5. The organization should implement the revised salary policy 5340. | July 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

6.3 Personnel Policies, Procedures, and Practices

Board Policy Series 5000 establishes all personnel policies, procedures and practices and serves as a dual purpose in that it also serves as the employee handbook. Policies help organizations stay true to the mission, goals, core values, and guiding principles. An effective organization has policies and procedures that are maintained in a current and up-to-date condition.

FINDING

ESD 123 has job descriptions and performance assessment instruments for each position within the organization except for the position of superintendent. Through staff interviews, it was noted that an instrument to evaluate the superintendent was not used. The auditor did not observe in the superintendent personnel folder a copy of any evaluation for the superintendent.

A performance assessment instrument is needed for the superintendent's position. An assessment instrument for the superintendent should be comprehensive in nature and should reflect the job responsibilities that have been given to this position.

In 2003, the major national education associations collaborated to develop a handbook to guide boards in the superintendent evaluation process. They compared recommended standards developed by the American Association of School Administrators and the National School Board Association on which review of performance is based. These standards are identified in **Exhibit 6-5**.

**EXHIBIT 6-5
SUPERINTENDENT EVALUATION
COMPARATIVE ANALYSIS OF CURRENT PRACTICES**

AASA STANDARDS (School Administrator's Association)	NSBA STANDARDS (School Board's Association)
<ul style="list-style-type: none"> • Leadership/District Culture • Policy & Governance • Communication/Community Relations • Organizational Management • Curriculum Planning/Development • Instructional Management • HR Management • Values/Ethics of Leadership 	<ul style="list-style-type: none"> • Vision • Standards • Assessment • Accountability • Alignment • Climate • Collaboration • Continuous Improvement

Source: Superintendent Evaluation Handbook, Michael F. DiPaola and James Stronge, 2003.

Recommendation 6-4:

Use a performance assessment instrument for the superintendent's position annually.

Although every position should be assessed annually for performance, it is of high importance to have an annual evaluation of the head of the organization. Having a valid instrument for the ESD Superintendent will provide the board and the superintendent an opportunity to discuss the performance of the chief executive officer of the organization.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------------|
| 1. The board of trustees should review current job description for superintendent | June – June 2007 |
| 2. The board with the superintendent should align an assessment instrument to the approved job description | June – June 2007 |
| 3. The board of trustees should approve the instrument and begin using the performance instrument. | June 2007 |

FISCAL IMPACT

There is no fiscal impact for this recommendation. Having an evaluation instrument in place for the superintendent will provide clear guidance and expectations for the person in this position.

FINDING

Job descriptions contain information that guide the employee in the areas of general responsibilities, essential functions, and minimum job requirements. In addition, the department, program, and supervisor are identified for each position.

ESD 123 has employee performance evaluations. However, the performance evaluations are not aligned with the job descriptions, nor do they include an employee self-evaluation process. The employee self-evaluation process can be a valuable tool when used in coordination with the assessment process. Through self-evaluations, employees can view their performance and recognize areas that need improvement while taking responsibility for their own performance.

Recommendation 6-5:

Align assessment instruments to the job descriptions.

Assessment instruments should be tied directly to the job description and should be reviewed by the employee and their supervisor annually. This should be done to see if the job responsibilities are still relevant and suitable to meet the needs of the organization and the clients it serves. The instrument should also include provisions for supervisor and employee self evaluation.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------------|
| 1. The leadership team should review all job descriptions. | June – July 2007 |
| 2. The team should then align job responsibilities outlined in the approved job descriptions to performance assessment instrument. (This should be done with the staff member's involvement) | July 2007 |
| 3. Each supervisor should review with each staff member for accuracy. | July 2007 |
| 4. Directors should present to superintendent for approval. | July 2007 |
| 5. The organization should Implement aligned performance assessment instrument. | August 2007–08 |

FISCAL IMPACT

There is no fiscal impact for this recommendation.

FINDING

ESD 123 does not have a formal employee handbook. An employee handbook can provide staff with relevant information that can help them understand the culture, philosophy, and inner workings of the organization. **Exhibit 6-6** shows a checklist of suggested topics that may be included in an effective employee handbook.

EXHIBIT 6-6
CHECKLIST OF SUGGESTED TOPICS FOR HANDBOOK

1. A statement of welcome and an explanation of the handbook's purposes.
2. A brief company history.
3. A description of products and services.
4. Organizational charts.
5. A map showing the physical plant.
6. An explanation of authority or reporting procedures.
7. General information on customers and clients, facilities and services, and corporate activities in the community.
8. A corporate mission statement.
9. Corporate policy statements on equal employment opportunity, affirmative action, a drug-free workplace, business ethics, sexual harassment, and union representation.
10. Information on internal and external recruitment and selection, including job posting policies, promotion and transfer policies, separation and rehire policies, and opportunities for training, career counseling, and professional development.
11. Basic compensation and benefits information, including employment classifications, work hours, pay procedures, and schedules, overtime pay, holidays, vacations, bereavement, jury and witness duty, sick leave, and other leaves of absence.
12. Summary descriptions of such fringe benefits as health and life insurance, tuition reimbursement, stock purchase, pensions, employee assistance programs, and work/life programs.
13. Emergency information, including numbers to call in case of a fire, an accident on the job, or unforeseen disasters.
14. General rules of workplace conduct. For example, smoking, dress and grooming, or absenteeism and tardiness, and methods for addressing complaints and resolving disciplinary problems.
15. Brief explanations of procedures for purchasing equipment, arranging travel, or receiving expense reimbursements.
16. An acknowledgment receipt form.
17. An alphabetized topic index.

Source: American Association of School Personnel Administrators Web site (www.aaspa.org), 2003.

Recommendation 6-6:

Develop a formal employee handbook.

ESD 123 should develop an employee handbook and update the handbook annually with recorded revision dates. The handbook should be distributed to all employees and a brief form should be included in the handbook for an employee to sign indicating that the handbook was reviewed. The signed form should become part of the employee's personnel record. The handbook should also provide general description of policies

affecting all employees. The ESD's mission, goals, calendar, and policies should be part of this comprehensive handbook for employees. Additional but general information specific to ESD 123, e.g., programs provided to school districts, a directory of schools and offices, and other ESD related information could be part of a general information section of the handbook. The HR Web page, once expanded, could be a suitable location for the employee handbook.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-------------|
| 1. The personnel grants administrator should begin the development of an employee handbook. | June 2007 |
| 2. The leadership team should review the first draft of the new employee handbook. | June 2007 |
| 3. The superintendent should present the new employee handbook to the board for approval. | July 2007 |
| 4. The personnel grants administrator should distribute and present to the entire staff. | August 2007 |

FISCAL IMPACT

This recommendation can be implemented with existing ESD resources.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter presents findings and recommendations relating to the overall use and management of ESD 123 (ESD 123) facilities. The major sections of the chapter include:

- 7.1 Preventive Maintenance
- 7.2 Facilities Use, Capacity, and Occupation Rates
- 7.3 Property Management Functions
- 7.4 Energy Use and Management
- 7.5 Custodial and Maintenance Staffing
- 7.6 Goods or Services Provided by Private Sector
- 7.7 Facility Services to School Districts and the Private Sector

METHODOLOGY

The primary methodologies used to review facilities use and management and related practices addressed in this chapter include the following:

- Interviews of key ESD and board personnel using pre-developed questions designed for the specific areas of review.
- Identifying and corroborating issues by reviewing documents, conducting observations of facilities, and interviewing management, staff, and stakeholders.
- Analysis of documents including cost data, peer comparison data, and other related data.
- Review of responses from participants of on-line surveys.
- Comparison of ESD practices with best practices of other organizations.

CHAPTER SUMMARY

The audit team found that ESD 123 facilities are adequate in size and that preventive and general maintenance is being completed by the staff and third-party vendors. However, the ESD needs to develop and implement certain plans, procedures, and practices that will enhance the operation of the facility and the service district.

The following areas merit commendations and are discussed in detail later in this chapter:

- ESD 123 has developed a very comprehensive Board Policy, Procedure, and Room Use Document that clearly defines the use of facilities and how outside groups and/or agencies may lease the facility.
- ESD 123 is commended for its well-kept facilities and the cost savings approach of having one custodian on staff.

The following recommendations are included in this chapter:

- Develop a detailed comprehensive six-year facilities plan. **(Recommendation 7-1)**
- Develop and maintain a database regarding the usage of the Professional Development Center. **(Recommendation 7-2)**
- Develop and conduct ongoing staff training related to techniques for saving energy in the work place. **(Recommendation 7-3)**
- Seek service proposals from various trades regarding maintenance and repair services on an annual basis. **(Recommendation 7-4)**
- Re-assign the Technology Administrator to a full-time Construction Service Manager position. **(Recommendation 7-5)**

7.1 Preventive Maintenance

Preventive maintenance of facilities is often overlooked when considering annual budget needs. Too often organizations defer or do not consider preventive maintenance items when budgets are lean or the facility is considered to be relatively new. The proper planning and use of preventive maintenance services may add years to the life of a facility and often yields a fiscal savings for an organization.

FINDING

The ESD 123 Board-approved *Six-Year Facilities Improvement Plan* does not have a sufficient level of detail incorporated into the plan.

The plan was prepared with an “as of” date of September 28, 2006 and approved by the board of directors on October 26, 2006. The planning document does outline a long-term approach to maintenance and replacement. For example, \$30,000 is needed in 2007-08 to replace the roof membrane of the main office building. Currently, the roof requires patching when leaks occur. It is estimated that in 2007- 08 the roof will need to be completely replaced.

Nonetheless, although the ESD listed several proposed projects in its plan, the audit team’s review found that the plan generally lacked detail on the specific areas, types of repairs, and types of renovations or new construction that may be needed. The facilities plan is two pages in length and has seven priority items listed. Each priority has a short paragraph description that includes a proposed fiscal year for the project and expenditure estimate. In most organizations, the facilities plan is more encompassing of the facility needs and provides a very specific level of detail for the board to review and approve. The National School Boards Association emphasizes that board members become involved with every detail of an educational facilities construction program. Facilities plans should have sufficient information for boards to gain a heightened awareness of the facilities management process, the impact of new instructional technology on that process, and the general management conditions most suitable for

project efficiency and success. The facilities plan for ESD 123 should also provide detailed budget breakdowns that can then be used by the administration and board of directors during the organization's annual budget review and approval process.

Recommendation 7-1:

Develop a detailed comprehensive six-year facilities plan.

The ESD 123 should review the two-page facilities plan and expand the detailed information in the plan. The superintendent and board of directors should review the plan annually and consider the plan during the budget process.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|--|---------------------------|
| 1. The superintendent should instruct the executive director of Finance and Operations to review the Six-Year Facility Plan and to add a greater level of detail for each year of the plan. | September 2007 |
| 2. The superintendent should review the expanded plan with the board of directors and request their approval of the revised Six-Year Facility Plan. The plan should be updated annually to reflect the ongoing facility needs of the district. | October 2007
(ongoing) |
| 3. The board of directors should consider the needs listed in the Six-Year Facility Plan as a part of their annual budget process. | March 2008
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented using existing resources. By creating a detailed plan, the ESD can gain benefits, such as the involvement of key staff and management from the start of the planning process, that ultimately could result in the stakeholders being more likely to want to make the resulting plan work.

7.2 Facilities Use, Capacity, and Occupation Rates

The maximum use of facilities is important to ensure that the service agency is being efficient with its resources. Efficient organizations tend to have minimal or no wasted space and strive to maximize all opportunities to use meeting room space.

FINDING

ESD 123 needs to modify its existing system to better track the usage of its Professional Development Center.

The ESD 123 General Office Building has an occupancy capacity for 48 staff members with 39 staff members currently housed in the facility. Occupancy rate for the facility is currently 81 percent. The facility has 15,646 square foot and sits on a 1.377 acre lot. In

addition the building has a 35-person board/training room, a 16-person meeting room, and a 12-person meeting room.

The Professional Development Center has an occupancy capacity for five staff members and currently houses two with a 40 percent capacity rate. The facility, contained in 9,000 square feet and on .82 of an acre, has a primary purpose of supporting conferences and the media collection. The building has a 100-person conference room, a 16-person meeting room, 12-person technology lab, and the media library. ESD 123 has indicated that data are not maintained as to the exact percent of usage of the space. Documents estimate that the professional development portion of the facility is observed to be used at approximately 60 percent.

The ESD currently tracks usage in its Excel spreadsheet called the Room Reservation Tracking System, but does not track the dollars charged or hours used for each room rental. If the ESD staff were to add two columns to this spreadsheet, one for total hours used, and one for total rental fees charged, the superintendent and his cabinet would have sufficient information on the usage of the facility. These data could be helpful to staff and administrators in planning professional development and other meetings, as well as identifying when new or additional space might be needed.

Recommendation 7-2:

Develop and maintain a database regarding the usage of the Professional Development Center.

The existing room reservation system can be modified by including two additional fields to track hours used and rental fees collected. This information could then be analyzed to identify facility usage.

Facility-use data are important to enable the staff and administration to determine the actual availability of the facility for professional development. Cabinet members and directors should be able to use the data to ensure that the capacity rate of the facility is maximized for school district training opportunities and meetings.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|--|--------------------------|
| 1. The superintendent should instruct the executive director of Finance and Operations to have the current system modified to track the usage of the meeting and technology rooms. | July 2007 |
| 2. The superintendent and cabinet should review this information monthly and share with the administration and staff the usage of the facility. | August 2007
(ongoing) |
| 3. The executive director of Finance and Operations should verify that all staff use and are able to access these data information to maximize the scheduling of meeting and trainings in the district's facilities. | August 2007
(ongoing) |

- | | |
|--|----------------------|
| 4. The superintendent should ensure that staff maximize the use of the facility and report the usage to the board of directors on a quarterly basis each year. | 2007-08
(ongoing) |
|--|----------------------|

FISCAL IMPACT

This recommendation can be implemented using existing resources.

7.3 Property Management Functions

An important aspect of any facility is the methodology used to adequately fund the property noting utilities, technology infrastructure, custodial services, and maintenance. Service agencies often have to use a variety of funding sources across departmental budgets to fund the facility and its related expenses.

FINDING

The ESD 123 has developed an appropriate model to fund the facilities and their related expenses. Funds are allocated in a detailed budget for the facilities, noting utilities, technology, custodial services, maintenance, and an appropriate portion of the Executive Director of Finance and Operation's salary. Budget assumptions for 2005-06 and 2006-07 indicate a facility rate of \$22.50 per square foot. Each program administrator budgets annually for their department/program office space by using the ESD facility rate.

Facility usage by other organizations is defined in Board Policy 5320 and 5320 (P). Further, a complete breakdown of charges for non-related use of the facility is listed in the ESD 123 *Room-Use Agreement Form*. This form provides a comprehensive listing of all charges by room and by length of time the facility is used. (http://www.esd123.org/Professional_Development/Docs/Room%20Use%20Agreement.pdf) Unlike ESD 123, the audit team found that other entities that rent space do not provide as much detail on their forms to address these relevant items.

COMMENDATION

The ESD 123 has developed a very comprehensive board policy, procedure, and room-use document that clearly defines the use of facilities and how outside groups and/or agencies may lease the facility.

7.4 Energy Use and Management

With the high cost of utilities it is very important that all organizations seek ways to save on their usage. Deployment of low-energy use lighting, HVAC units, plumbing fixtures, and energy-saving construction materials for renovations and/or new building construction are important ways to save resources. Many organizations have also incorporated automated energy management monitoring and operational equipment to ensure that optimum energy savings are realized. Further, energy-savings techniques and training of organizational staff may greatly assist in savings on utility expenditures.

FINDING

The ESD 123 does not provide ongoing training for its staff members regarding energy management. As mentioned below, the ESD had implemented several energy saving measures. However, staff not trained in energy use and management will use more energy than staff trained in energy management techniques, regardless of how many energy saving devices have been installed.

Document reviews and interviews indicate that energy savings equipment and construction have been used by the ESD, and include:

- using T-8 lighting in the General Office Building – received \$6,000.00 rebate from Bonneville Power Administrations;
- controlling HVAC centrally by a single staff member;
- using a solar trombe wall on the southern aspect of the General Office Building, that would supplement the heating supply during cold weather and reduces building heat during hot weather;
- using a drip irrigation system with the General Office Building to reduce irrigation (water) expenditures for landscaping;
- enabling energy savings through the General Office Building having three feet of facility below ground level;
- constructing the newer Professional Development Center with natural gas heat to save energy;
- constructing the Professional Development Center with six-inch exterior walls with heavier insulation; and
- using the Franklin Irrigation District for irrigation of the Professional Development Center's property. (Staff estimates savings of \$3,500.00 per year.)

Exhibit 7-1 demonstrates the utility expense per square foot for both of ESD 123's facilities.

EXHIBIT 7-1 ESD 123 UTILITY EXPENSE PER SQUARE FOOT

ESD 123 BUILDING	BUILDING SQUARE FOOTAGE	COST PER SQUARE FOOT
General Office	15,646	\$1.96
Professional Development	9,000	\$1.51

Source: ESD 123 Energy Management Practices in New Construction Document, November 2006 (unaudited).

A variance of costs per square foot is evident with the information provided by ESD 123. It is noted that both buildings have different types of construction and that the General

Office Building was constructed in 1982 and the Professional Development Center in 2004. The building constructed in 1982 has an older electric heat source and the newer 2004 building has a more efficient natural gas system in place.

The Alliance to Save Energy (<http://www.ase.org>), under its Green Schools Program, has identified up to 25 percent savings in energy use through changes in staff behavior and building operations. These include such things as taking advantage of daylight where available, adjusting thermostats, and minimizing equipment run times.

Although the ESD has been conducting some activities that have led to reduced energy costs, a broader effort involving all staff and an energy saving culture would be more productive. Based on a review of documents and interviews with staff, it appears that energy management training records are not maintained and training has not taken place on at least an annual basis for all staff.

Recommendation 7-3:

Develop and conduct ongoing staff training related to techniques for saving energy in the work place.

Staff training is a contributing factor in assisting an organization in saving energy. Training should occur with the entire staff on at least an annual basis. Staff should be encouraged to assist in turning off lights, checking thermostats, and reporting maintenance items as soon as discovered to the appropriate district staff member. Training records should be maintained by the personnel office regarding all energy management trainings for staff members.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|--------------------------------|
| 1. The superintendent should appoint a small staff committee lead by the executive director of Finance and Operations to research and develop a training module applicable to all staff. | August 2007 |
| 2. The committee members should research and develop a training module. | August 2007 |
| 3. The executive director of Finance and Operations should ensure that training is provided by the committee to all staff members during a staff meeting and provide updated training annually. | September 2007
and annually |
| 4. The committee should meet at least twice a year to review how the staff is using the training and revise training if applicable. | (ongoing) |
| 5. The executive director of Finance and Operations should ensure that the personnel office maintain all records regarding to training of employees related to energy management. | September 2007
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented using existing resources.

7.5 Custodial and Maintenance Staffing

One of the factors that is important to staff and clients is the cleanliness of an organization's facility. Custodial and maintenance staff provides the primary conduits for ensuring an inviting space to work and to attend meetings.

FINDING

The ESD 123 has one custodian on staff to handle the workload for both of its facilities.

The custodian currently works from 12:00 p.m. to 9:00 p.m. Monday through Friday. The custodian is responsible for 24,646 square feet of conditioned space and the 2.197 acres of landscaping/grounds. A walk-through review of ESD 123's two facilities revealed that each building is well kept, both inside and out. As noted earlier in this chapter, all maintenance is outsourced and the district does not employ any maintenance personnel. Best practices indicate one custodian per 17,000 square feet is optimum. ESD 123 exceeds that standard by over 7,000 square feet while still having a well-kept facility.

COMMENDATION

The ESD 123 is commended for maintaining well-kept facilities and using the cost savings approach of having one custodian on staff.

7.6 Goods or Services Provided by Private Sector

Organizations should review to see if any goods or services may be provided by the private sector at a lower cost, higher quality, or both. Efficient organizations are constantly reviewing and comparing their in-house costs for goods and services to those offered by the private sector. This type of review assists in ensuring the best possible use of public dollars.

FINDING

The ESD 123 is using services from the same maintenance and repair vendors over the past several years without requesting annual bids.

The ESD has chosen an outsourced approach to preventive and general maintenance for the district's two facilities. This approach of using outsourced services is cost-effective and an efficient method used by the ESD 123. However, there is no mechanism in place to ensure that the best cost for these services is provided. In fact a review of the contracted services indicates that the ESD is using a three-year contract for most maintenance services. An example is the HVAC preventive maintenance contract. That

contract is for a three-year period with an increase each year for service. However, the contract did not contain any justification for the increase in costs. Service agencies should not assume that service price increases are market driven and should use annual bid processes or at least a renewal process to ensure a market driven expenditure for each contracted service.

Recommendation 7-4:

Seek service proposals from various trades regarding maintenance and repair services on an annual basis.

Out-sourced services are a proven methodology for the ESD 123's preventive and general facility maintenance. The district does have merit in using the same vendors over a multi-year period due to the vendors becoming familiar with the equipment and needs of the district's facilities. A caution for ESD 123 is the fact that vendors on occasion do not provide cost savings to the organization over prolonged periods of time. Some organizations use a multi-year quote and/or bidding process, however, the preferred process for many organizations is to seek quotes and bids annually to ensure cost effectiveness in the maintenance area. Multi-year quotes and bids often have an expenditure increase for each year of the contract. This increase may or may not be appropriate when compared to market for the specific maintenance service.

To ensure the best pricing for the preventive and maintenance services the ESD 123 should begin an annual process of seeking quotes and/or bids from various service trades. The quotes and/or bids should be reviewed and approved annually by the board of directors.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|--------------------------|
| 1. The superintendent should instruct the executive director of Finance and Operations to seek service proposals from various service trades vendors on an annual basis. | June 2007
(ongoing) |
| 2. The executive director of Finance and Operations should develop and follow a process to obtain quotes and/or bids from various service trade vendors on an annual basis. | June 2007
(ongoing) |
| 3. The administration should provide the quotes and/or bids to the board of directors for their review and approval. | August 2007
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented at no additional cost. Escalators in long-term contracts are usually slightly above projected inflation and are generally in the three to five percent range. With an annual renewal process, the ESD may recognize potential savings each year.

7.7 Facility Services to School Districts and the Private Sector

Several service agencies are offering facility services for their member school districts. Services vary from agency to agency, but often offer assistance to districts in passing bond election, selection of architects, construction management, contractor selection, and other related services.

FINDING

The ESD 123 has recently entered into a partnership with ESD 112 to provide Construction/Facility Services that has grown and require a high level of monitoring by the ESD 123 personnel.

Document reviews and interviews indicate that the construction management services project is growing and appears to be providing a quality cost savings model to school districts. Often the term value-add is used by school district and educational service district personnel. The scope of construction assistance is customized to best meet the needs of the various school districts that are served by program. ESD 123 is currently providing services to the following school districts:

- Valley School District;
- Lake Stevens School District
 - Mid-High School Project
 - Three Elementary Modification Projects (contract pending)
 - High School Modification Project (contract pending)
 - Stadium Project (contract pending); and
- Pasco School District
 - Chiawana High School
 - Pasco High School Modification

Staff indicate that two more projects may begin within their region in the near future. ESD 123's new venture appears to be a successful partnership with the Educational Service District 112. The service provides a partnership with the educational service district, architects, and the construction industry. Currently, the Technology Administrator is serving a dual role as the administrator for technology and for construction services. Based on observations and a review of responsibilities, the work load for both roles is ever increasing and requires more effort than should be expected from one individual.

Recommendation 7-5:

Re-assign the Technology Administrator to a full-time Construction Services Manager position.

Currently the Technology Administrator is providing dual services for ESD 123. The administrator is providing technology services assistance and also management services for the Construction/Facility Services area. The construction area is growing

and requires a great deal of on-site oversight by the staff administrator. Moving to a full-time position should increase the ability to market this service and should assist the district in securing additional construction related projects.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|-----------|
| 1. The superintendent should re-assign, with board approval, the technology services administrator to a full-time position as the construction service manager for ESD 123. | June 2007 |
| 2. The superintendent should assign the construction services manager position and program to the executive director of Finance and Operations. | June 2007 |
| 3. The superintendent should assist the construction services manager with school district marketing. | Ongoing |

FISCAL IMPACT

This recommendation can be implemented at no additional cost.

Recommended assignment and funding source information is included in Chapter 3.0 of the audit report.

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter provides the findings regarding management information systems (MIS) for Educational Service District 123 in Pasco (ESD 123) for the following sections:

- 8.1 Technology Planning
- 8.2 Organizational Structure
- 8.3 Purchasing
- 8.4 Operational Procedures

When reviewing the technology resources of an educational school district, the audit team examines the computer systems that support business and instruction, the effectiveness and efficiency of technology and degree to which it satisfies user needs, technology planning, the manner in which the infrastructure supports the overall operations of the agency, and the organizational structure within which the administrative and instructional technology support personnel operate. In addition, this audit included the elements of I-900, with a focus on cost effectiveness, efficient service, and the delivery of support services to the school districts in ESD 123's area of responsibility.

METHODOLOGY

The audit team addressed the following issues for information management in ESD 123 as part of this performance audit:

- Reviewed the information technology plan.
- Interviewed key ESD personnel and identified key users of technology in the region to obtain information on:
 - The current state of technology, including hardware and software, in business computing.
 - The current state of technology, including hardware and software, in instructional computing.
 - Strengths and weaknesses of the technology infrastructure and MIS support of it.
 - Hardware, software, and networking standards.
 - Disaster recovery plans (possibility for consolidating backup efforts for backup storage).
 - Relationship between instructional and business computing in the region.
 - Current professional development in computers and technology and the accountability of requirements.

- Review service and purchase records, reports, and documentation of appropriate technology-related applications, processes, strategies, and plans.
- Compare current state of the ESD information technology with regional goals and with established best practices.
- Using the information concerning the technology functions gathered by other audit teams, prepare an analysis of findings and issue areas.
- Evaluate whether there are goods or services that can be obtained from the private sector at a lower cost, higher quality, or both.
- Identify areas in need of improvement and potential barriers to improvement.
- Conduct follow-up analysis as needed and modify findings, as appropriate.
- Review the organizational structure and compare with best practices.
- Review for changing statutes, rules, and policy directives that impede the delivery of efficient and effective educational or operational services.

Additionally, the audit team developed findings, commendations and/or recommendations, implementation strategies and timelines, and five-year fiscal impacts related (as applicable) in support of information management as appropriate.

CHAPTER SUMMARY

The audit team found that the ESD 123 can be more effective in providing technology to the regional school districts. This chapter provides findings and recommendations for the ESD.

The following recommendations were given concerning management and information systems for ESD 123:

- Establish a technology planning committee to create a long-term technology plan. (**Recommendation 8-1**)
- Develop a disaster recovery plan. (**Recommendation 8-2**)
- Replace the technology administrator position with a programmer knowledgeable on database design. (**Recommendation 8-3**)
- Create, implement, and maintain formal specifications for technology-related purchases. (**Recommendation 8-4**)

- Coordinate and implement a cooperative purchasing process with school districts within ESD 123 as well as the surrounding educational service districts for technology-related items. (**Recommendation 8-5**)
- Create a technology-related procedures manual. (**Recommendation 8-6**)

8.1 Technology Planning

Ten years ago, technology was seen as an add-on in many organizations, including private businesses. Now, technology is a foundational aspect of almost every organization.

Technology plans almost always span between three to five years. By analyzing current trends in educational service district demographics and available technology, planners can predict what the needs of the ESD will be and what technology will be available to fill those needs. Technology is the fastest changing segment of our society, so frequent updates and revisions of any technology plan will be required.

FINDING

ESD 123 does not have a comprehensive, long-term technology plan.

Documentation provided by the ESD shows that they have created a vision, mission statement, three goals, and activities for 2006-07. **Exhibit 8-1** shows this technology-related information provided to the audit team.

While the exhibit below provides goals and activities related to technology, it does not provide for the long-term technology needs of the ESD or its school districts. Furthermore, the one-year summary, as shown in **Exhibit 8-1**, does not provide specific steps or timelines assigned to specific staff responsible for implementing the activities.

Successful technology planning is the foundation for successful technology implementation and development. ESD technology is not just a stand alone, long-term, ongoing project; it affects every aspect of ESD operations as well as the school districts the ESD serves.

EXHIBIT 8-1
ETSC Vision, Mission, Goals, and Activities
2006-07

Vision:

Our vision is of schools that are lively and productive, where all students and teachers are fully engaged in the learning process through the effective integration of teaching, curriculum and technology.

Mission:

Our mission is to optimize student learning by providing statewide leadership, models, professional development, technical assistance and ongoing support for the effective, appropriate and visionary use of technology.

Overarching Goal:

To increase the capacity of schools and school districts to improve school and student success through the effective use of technology.

Goal 1:

Support Efforts to Increase Student Achievement

Activities:

- Share research and best practices for technology integration and literacy
- Promote the integration of technology into school improvement efforts
- Increase the appropriate use of online resources in student learning

Goal 2:

Provide High-Quality Professional Development Models

Activities:

- Apply best practices in professional development, such as those described in the Washington State Professional Development Planning Guide, to ETSC activities
- Expand statewide professional development opportunities through collaboration and partnerships
- Provide professional development on using technology to strengthen research-based instructional practices in the classroom
- Increase the appropriate use of online resources in professional development models

Goal 3:

Enhance Shared Technology Vision in Washington K-12 Schools

Activities:

- Support statewide efforts in technology planning
- Develop knowledge and skills in district staff to plan for technology implementations that are aligned with school improvement goals, and maintain eligibility for e-Rate and Title IID dollars
- Develop knowledge and skills in district staff to assess and increase technology literacy and integration as required in NCLB
- Provide for regional meetings for district technology directors
- Showcase and encourage the use of emerging technology tools for teaching, learning, planning, data-driven decision-making, and other school improvement efforts
- Promote the Tiered Classroom Model as a tool to plan for, equip, and evaluate the growth and use of effective technology integration, and as a means to help identify professional development needs in schools

Source: ESD 123, Technology Department, 2006.

Recommendation 8-1:

Establish a technology planning committee to create a long-term technology plan that is reviewed and updated on an ongoing basis.

A technology plan should be considered a living document due to the rapid pace of change in technology, so frequent reviews to update and revise these plans are needed to provide specific needs and implementation steps as well as staff responsible for implementation to have a comprehensive long-term technology plan.

Long-term technology plans should include a planning committee with responsibilities as outlined below.

A technology planning committee should be established and include:

- Representatives from each school district or a fair representation.
- An ESD support staff representative.
- One or two community members.
- One or two business representatives who are not employed by technology companies.
- Only members who have a good understanding of technology and its uses, at least within their respective areas.
- Only members willing to commit about two hours per month to the activities of the committee via conference call.

This technology planning committee should meet on a quarterly basis and assume responsibilities that include:

- Revising the ESD's Technology Plan, including assigning responsibility for the completion of specific tasks, timelines for task completion, allocating resources for task completion, and verifying compatibility with the ESD's strategic plan.
- Submitting the Technology Plan annually to the board for review and approval.
- Determining the status on the implementation of the plan.
- Providing advice on and helping set priorities for technology development and technology spending within the ESD.
- Reviewing and approving proposed new software and hardware implementation, and ensuring they are in accordance with current ESD infrastructure.
- Reviewing the technology-related needs of the school districts within the region.

- Monitoring the equitable distribution of technology among the school districts served in the region.
- Recommending revisions in policies and procedures that impact technology use.

FISCAL IMPACT

This recommendation can be implemented with existing fiscal resources.

FINDING

The ESD does not have a disaster recovery plan.

According to comments provided on the data request list and staff interviews, a true disaster recovery plan has not been created; however, the ESD does retain backups of user data, electronic mail, and data files saved on the network drives. The following information was provided by ESD technology staff regarding data backups. For each server:

- Four (4) tapes labeled Monday ,Tuesday, Wednesday and Thursday
- Five (5) tapes labeled Friday(1), Friday(2), Friday(3), Friday(4) Friday(5)
- Tapes are changed Monday through Friday before 5:00 PM.
- Backups scheduled to begin at 7:00 PM Monday through Friday.
- Each Friday, the tape with a number corresponding to the Friday of the month is used.
- Each Monday, the tape from the previous Friday is placed in a safe and secure location not in the server room and the Friday tape from the previous Monday is returned to rotation.
- The tape backup from the last day of each month is verified, relabeled to reflect the month and year of the backup, and held in a fireproof safe in the technology administrator's office for one year.

Disaster recovery plans are a necessity in educational service districts due to state and federal requirements for collecting and retaining data on day-to-day operations. It is also a way for the ESD and the supported school districts to avoid requesting the recreation of data in the event of a problem or disaster.

Recommendation 8-2:

Develop a disaster recovery plan.

Disaster recovery plans provide reassurance that if data are lost or destroyed due to a natural or manmade disaster, data can be recovered quickly and any lapse in operations can be minimized. The recovery plan should encompass all data and provide for periodic testing.

The most efficient and economical way for the ESD to implement a disaster recovery plan is to incorporate the use of another ESD for off-site storage. ESD 123 could also serve as the off-site storage center and backup source for the other selected ESD to keep them up and running in the event of a disaster. This practice would allow both ESDs to have proper backup and data recovery should an event occur that stops or reduces the operation of the data center. Therefore, each ESD would be able to replicate services for one another in the event of a disaster. ESD 123 should ensure that the selected ESD has a similar infrastructure, including servers, and software to simplify the process.

Furthermore, the selected ESD should be far enough away that should a storm cause the disruption, that they may not be impacted. For instance, ESD 123 could establish a reciprocal agreement with ESD 113 or ESD 121.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|---------------------------------|
| 1. The Educational Technology director should work with the technology staff to develop a disaster recovery plan. | June 2007 |
| 2. The Educational Technology director should have technology staff research which ESD has the same infrastructure and server requirements and report the findings. | June – July 2007 |
| 3. The Educational Technology director should meet with the assistant superintendent of teaching and learning and the superintendent to draft a disaster recovery reciprocal agreement. | August 2007 |
| 4. The superintendent should contact the other ESD Superintendent and offer the reciprocal agreement. | September 2007 |
| 5. Upon approval of the agreement, the superintendent should instruct the Educational Technology director to implement the plan. | October – December 2007 |
| 6. The Educational Technology director should direct staff to work with the other ESD and complete initial testing followed by annual testing of the recovery of data. | June – August 2008
(ongoing) |

FISCAL IMPACT

This recommendation can be accomplished with existing staff at the ESD. Testing can be done remotely by requesting reports that should correlate to reports currently run on a routine basis by each ESD.

8.2 Organizational Structure

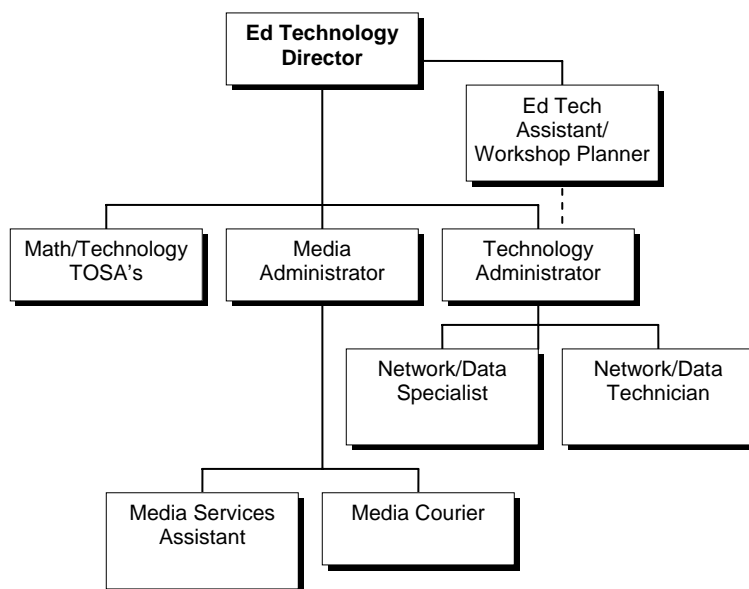
Ideally, technology is one area of an educational service district that supports all administrative and instructional personnel in a positive manner. Organizing technology resources to effectively achieve this outcome can be challenging for an ESD since it must provide a proper structure to serve both the regional school districts as well as the administrative functions of the ESD.

FINDING

The ESD's organizational structure needs to be slightly modified to accommodate the technology needs of both the ESD and the regional school districts.

Exhibit 8-2 shows the current organizational structure for the department. As shown in this exhibit, there is an educational director to oversee the department as well as a technology administrator to oversee the two network staff.

**EXHIBIT 8-2
ESD 123
ORGANIZATIONAL STRUCTURE**



Source: Educational Service District 123, Department of Technology 2006.

According to interviews while the audit team was on site, the current technology administrator stated an interest in assisting with the construction area. Since this is a growing area, as mentioned in the organization and management chapter of this report, this person's position is moving to the Construction Services area of the ESD.

Of the school district superintendents surveyed, over 72 percent stated that they were very satisfied or satisfied with the computer network and telecommunication services. Additionally, over 81 percent stated that they were very satisfied or satisfied with the on-site technical assistance provided. These results indicate that the school districts are rather satisfied with the technology-related services provided by ESD 123.

Furthermore, ESD 123 staff survey results indicate that 68 percent of staff are very satisfied or satisfied with computer network and telecommunication services and 65 percent are very satisfied or satisfied with on-site technical assistance from the technology staff.

While these percentages show the technology satisfaction, one area of concern, according to staff, is that the ESD does not have a programmer to create standardized databases and develop appropriate programming code to assist ESD staff. In fact, program delivery personnel use various software applications for creating reports on an ongoing basis. For instance, each program delivery unit has staff who create reports based on recently updated data instead of pulling a canned report from the server that would do the work for them. The current process requires a lot of data input into spreadsheets and charts while a programmer can create automated programs to run once data are updated, thus saving hours of manual input by program delivery staff.

The ESD is planning on moving its current technology administrator to the construction services area. Since it appears that the ESD needs a programmer more than an administrator, the ESD can eliminate the technology administrator position and replace it this position with a new programmer. This programmer position may be able to provide a more efficient approach to database design and creation along with writing the programs to retrieve the data for all users within the ESD. For instance, current program delivery staff would not need to update charts or spreadsheets manually, this process can be accomplished with programming to automatically populate the data in spreadsheets for the ESD.

Recommendation 8-3:

Replace the technology administrator position with a programmer knowledgeable on database design.

With the recommended position change, the newly created programmer may be able to provide knowledge and skills that could result in server space and efficiencies or in reports that all areas within the ESD can use. Shell reports could be created to pull data on an ongoing basis to provide management with data and to assist management in identifying inefficiencies within the ESD.

Additionally, there are currently minimal oversight duties that the current administrator position is responsible for that the Educational Technology director would have to assume. Furthermore, the two staff under the current technology administrator position are working in the school districts most of the time and require minimal supervision. This

change in staff should create a more effective organizational structure while providing greater efficiencies to staff currently tracking data.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|--------------------|
| 1. The Educational Technology director should request the Human Resources Director to advertise for a programmer with database design experience. | June 2007 |
| 2. The Educational Technology director should interview and hire the programmer position. | June 2007 |
| 3. The Educational Technology director should direct the new position to create shells for all reports created by program service personnel | July – August 2007 |

FISCAL IMPACT

The fiscal impact of this recommendation can be found in Chapter 3.0, Governance and Management of this audit report.

8.3 Purchasing

Care needs to be taken in the initial selection of hardware and software so that an educational service district does not fall into the trap of selecting a program that fails to meet many needs, necessitating additional purchases of other packages that must then be patched into the first system. ESDs should not purchase software that is in competition with existing applications. Or if additional software is required, ensure its interoperability with existing software. Once the primary enterprise solutions are successfully deployed, the ESD must view all future purchases through the lens of how well the new software will work with the established base.

Additionally, it is vital that computer equipment be updated on a regular basis; however, replacements need to be made within financial means of the ESD while continuing to be deemed at a satisfactory level of efficiency.

FINDING

ESD 123 has not implemented a formal specifications document when purchasing technology-related equipment. According to staff interviews and documentation provided, equipment specifications have not been written to assist the educational service district in purchasing new technology-related equipment.

Per information gathered in staff interviews, ESD 123 uses a rather informal process for technology purchases. In fact, Consolidated Resources for Technology Administration, Maintenance, and Support (CORE-TEAMS) are being established to provide unified management for technology resources.

The goals of this concept are:

1. Provide for a common standard of technology throughout the district to facilitate administration, maintenance, and support.
2. Establish an agency-wide replacement cycle for technology to insure that all staff members have the use of the optimum technology tools for their duties.
3. Provide adequate funding for desktop and network support for agency technological needs.

Once this concept is agreed upon, then an agency consensus will be met on the current resources, needs, and financial capacity of the program.

If the ESD continues to purchase without the use of written specifications, purchases may be inconsistent from a maintenance perspective and may be incompatible with the infrastructure.

According to the ISTE Technology Support Index, brand and model selection specifications are needed for efficient technology practices.

Recommendation 8-4:

Create, implement, and maintain formal specifications for technology-related purchases.

The ESD should write formal specifications using selected brands with a range of three to five models for each piece of equipment. These specifications will assist the ESD in making correct technology-related purchases.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|-----------------------------|
| 1. The Educational Technology director should meet with the superintendent to review the equipment that will be impacted by this recommendation. | June 2007 |
| 2. The Educational Technology director should meet with staff to create replacement specifications for all technology-related equipment. | June – July 2007 |
| 3. The Educational Technology director should notify the Chief Financial Officer and staff regarding the specifications. | August 2007 |
| 4. The Educational Technology director should verify that purchases are in adherence to these newly created specifications. | September 2007
(ongoing) |

FISCAL IMPACT

The creation and implementation of specifications can be accomplished using existing ESD resources.

FINDING

Educational Service District 123 does not collaborate with school districts within the region nor other ESDs for cooperative purchasing of technology equipment or software.

Staff indicated that the ESD uses the state contract and the King County cooperative to purchase at discounts; however, if a copier is needed, there is no communication with the school districts it serves nor the surrounding ESDs to see if additional copiers are needed to attempt to leverage a larger purchase and realize a lower cost for all entities. This similar practice of isolated purchasing is used for computers, servers, printers, and software as well.

This type of purchasing could result in missed savings opportunities for the school districts and for the educational service district.

A more cost-effective process is to coordinate all purchases with each school district and other ESDs to ensure cost savings. For example, this type of cooperative purchasing led to cost savings in educational systems in Texas.

Recommendation 8-5:

Coordinate and implement a cooperative purchasing process with school districts within ESD 123 as well as the surrounding educational service districts for technology-related items.

ESD 123 should develop a cooperative purchasing process among the school districts within the region as well as surrounding educational service districts. This cooperative should allow for better leverage on all purchases within the area for efficient delivery options to lower costs of technology-related items for each entity.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|------------------|
| 1. The superintendent should instruct the chief financial officer and the Educational Technology Director to draft a cooperative purchasing process to show the potential savings for all entities involved. | June – June 2007 |
| 2. The superintendent should introduce the cooperative purchasing process to each school district superintendent during the monthly meeting and ask for feedback. | July 2007 |
| 3. The superintendent should introduce the cooperative purchasing process to the surrounding educational service districts for feedback. | August 2007 |

- | | |
|--|--------------------------------|
| 4. The superintendent should instruct the chief financial officer and the Educational Technology director to implement the cooperative purchasing process. | September 2007 |
| 5. The chief financial officer and the Educational Technology director should provide a report to the superintendent with the items purchased and the amounts saved by using the cooperative purchasing process. | October 2007
and Ongoing |
| 6. The superintendent should share the report with the regional school districts and other educational service districts. | October 2007
and Ongoing |
| 7. The superintendent should solicit feedback from each of the participants to ensure that the process is working or if it needs to be enhanced for further cost savings. | September 2008
and Annually |

FISCAL IMPACT

The creation and implementation of this recommendation can be accomplished with existing staff.

8.4 Operational Procedures

Educational service districts need technology-related procedures in place to ensure ongoing practices in the event of emergencies, staffing changes, or extended absences. Written procedures are vital to any organization since they provide the information for all staff to assist with operations.

FINDING

Operational and procedural manuals have not been written for technology-related functions for the ESD.

According to staff interviews and observations by the audit team, operational and procedural manuals have not been created, with the exception of the tape back-up process. Staff indicated that in lieu of operational and procedural manuals they have informal notes or personal experience regarding processes.

ESD 123 does not have a formal procedure manual that documents all technology-related operations and functions. In the absence of a procedures manual, technology employees will likely function less effectively and efficiently. The lack of a procedures manual can be a hindrance during times of prolonged illness or employee turnover. Administrators may be left without knowledge of how to perform certain tasks and by what deadline the task must be accomplished in the absence of formal documented procedures.

Best practices indicate that all procedures be documented in an operational manual to ensure a business-as-usual approach during times of staff absences or vacancies.

Recommendation 8-6:

Create a technology-related procedures manual.

A written procedures manual is created to assist technology personnel in following technology-related processes from beginning to end. ESD 123 should also incorporate a schedule to annually review the manual to ensure that all processes are current. The implementation of this recommendation should assist the ESD to continue operating without any disruption of service whenever staff changes occur.

The audit team's suggested topics for the manual include:

- **Technology**
 - Guidelines for Purchase
 - Guidelines for Donations
 - Maintenance
 - Inventory
 - Disposal
 - Backups, Cleanups
 - Disaster Recovery
 - Year-End Procedures
 - Peripherals
- **Hardware and Software**
 - Selection
 - Standardization
- **Telecommunications**
 - ESD Network
 - Internet Use
- **Web Pages**
 - Goals/General Statement
 - Web Publishing Procedures
 - Webmaster Role/Duties
- **Technology Forms**
 - Software Approval Form
 - Charitable Contribution Form
 - Request for Network Access Account
 - Employee Internet Access Form
 - Technology Maintenance Request
 - Proposed Web Page Application

- **Policies and Procedures**

- All ESD policies and procedures

The general guidelines section of the manual should contain the following essential information for technology staff:

- Materials to be carried by computer and network technicians
- Work-order procedures
- Parts-ordering procedures
- Maintenance to be performed on computers.

This particular section also should include steps on building a server from scratch, backup procedures, using different keyboards and printers, and purchasing standards as shown under hardware and software on the preceding list.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--------------------------|
| 1. The superintendent should instruct the Educational Technology director to develop operational procedures related to technology. | Summer 2007 |
| 2. The Educational Technology director should review and edit the procedures with other departmental staff to accommodate the current and future needs of ESD 123. These procedures should be maintained in the central administration office and be posted on the network with all non-technology department staff having read-only access. | Summer –
Fall 2007 |
| 3. The Educational Technology director should notify all ESD staff of the new procedures and require the adherence to these procedures. | Fall 2007 |
| 4. The Educational Technology director should require the review of all procedures by department staff on an annual basis with each staff held responsible for a set of procedures. | Summer 2008
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources within the educational service district.

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 123 PASCO EMPLOYEES' SURVEY RESULTS (n=62)

EXHIBIT A-1 GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	39	44	10	6	0	2
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	53	37	6	2	0	2
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	8	13	29	34	16
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	3	6	35	42	13
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	3	6	48	32	10
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	2	0	8	44	27	19
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	56	35	3	0	2	3
8. Our ESD is highly efficient and effective.	24	50	18	6	2	0
9. The ESD role in providing services to school districts should be expanded.	48	39	10	2	0	2
10. Our ESD is highly responsive to the service needs of member school districts.	47	42	8	2	0	2
11. Our ESD provides quality services.	60	35	5	0	0	0
12. There are adequate channels of communication with school districts in our region.	18	44	18	11	2	8
13. Our ESD is responsive to complaints.	42	32	13	3	0	10
14. Our ESD is responsive to requests for services.	47	42	3	5	0	3
15. Our ESD listens and tries to meet the needs of the school districts.	63	26	3	6	0	2

**EXHIBIT A-2
ESD 123 EMPLOYEE RESULTS
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	8	13	39	27	13
2. Each ESD should hold each school district in its region responsible for student performance within the district.	8	26	15	24	19	8
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	34	45	10	6	2	3
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	18	32	21	21	2	6
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	27	47	11	8	0	6
6. Under the current governance structure, the ESDs are accountable primarily to:						
■ the school districts within each region	26	42	13	5	0	15
■ the State Superintendent of Public Instruction	18	53	11	5	0	13
■ both the school districts and the State Superintendent of Public Instruction	29	45	10	3	0	13

**EXHIBIT A-3
ESD 123 EMPLOYEE RESULTS
STATEWIDE ORGANIZATIONAL STRUCTURE**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	21	16	18	15	11	19
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	42	40	2	0	0	16
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	2	23	27	15	10	24
4. The ESDs should be totally independent of OSPI.	3	15	16	39	5	23
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	6	27	23	18	10	16
6. The current number of ESD Board of Director members is appropriate.	24	29	15	0	2	31
7. The current number of 9 ESDs should be:						
■ expanded	15	10	21	19	15	21
■ left as is	32	35	8	3	3	18
■ reduced	2	2	11	24	48	13
8. All ESDs should be abolished.	2	0	2	11	81	5

**EXHIBIT A-4
ESD 123 EMPLOYEE RESULTS
GOVERNANCE AND FUNDING**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	10	21	15	26	11	18
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	26	16	26	15	18
3. School districts understand the governance and oversight structure of our ESD.	3	29	13	26	5	24
4. There are appropriate levels of oversight for our ESD.	13	44	13	3	3	24
5. ESDs should continue to be funded by the state.	50	32	10	0	0	8
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	16	32	6	15	3	27
7. School districts have the funding to purchase the services they need from our ESD.	2	8	10	40	16	24

**EXHIBIT A-5
ESD 123 EMPLOYEE RESULTS
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	2	35	11	6	0	45
2. Mathematics	18	39	13	5	0	26
3. Social Studies	0	21	15	10	2	53
4. Science	2	23	13	13	2	48
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	18	37	13	5	2	26
6. At-risk and compensatory education	11	37	15	5	2	31
7. Bilingual Education and ESL	5	31	10	10	0	45
8. Advanced academics (gifted and talented, AP)	2	13	21	11	2	52
ESD TRAINING						
9. Training and assistance for campus planning	2	40	11	3	0	44
10. Training and support for Washington Assessment of Student Learning (WASL)	15	47	6	5	0	27
11. Training and support for aligning the curriculum and instruction with WASL	11	42	10	6	0	31
12. Leadership training and development programs and services	21	40	10	3	2	24
13. Training and assistance to help improve student performance	18	44	8	3	0	27
14. Training and assistance in using new teaching methods and strategies	10	37	18	6	0	29
15. Training and assistance in the use of technology	18	48	13	0	2	19
16. Training and assistance in discipline management and conflict resolution	5	29	23	6	0	37
17. School board training services	5	19	18	3	2	53
18. Teacher certification	31	39	8	2	0	21
19. Professional/Para-Professional certifications	23	47	10	2	0	19
ESD SERVICES						
20. Computer network and telecommunication services	24	44	8	3	2	19
21. Purchasing cooperatives	6	29	11	3	2	48
22. Services and support for Educational Data Systems (EDS)	11	23	13	2	0	52
23. On-line/Distance Learning classes	6	19	16	6	2	50
24. On-site technical assistance	23	42	6	5	2	23
25. Video Conferencing	24	45	5	0	0	26
26. Lending Library	29	47	5	0	2	18
27. Best Practices Information	11	35	18	0	0	35
28. Organizational Links	13	24	13	2	0	48
29. Demonstrations and Equipment	11	32	15	3	0	39

**EXHIBIT A-6
ESD 123 EMPLOYEE RESULTS
WORK ENVIRONMENT**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	44	40	6	5	5	0
2. ESD officials enforce high work standards.	47	45	6	2	0	0
3. ESD employees who do not meet expected work standards are disciplined.	6	39	23	8	3	21
4. I feel that I have the authority to adequately perform my job responsibilities.	42	44	10	5	0	0
5. I have an up to date and comprehensive job description.	32	47	8	3	5	5
6. I have adequate facilities in which to conduct my work.	50	37	8	3	2	0
7. I have adequate equipment and computer support to conduct my work.	56	37	3	2	2	0
8. No one knows or cares about the amount or quality of work that I perform.	0	2	5	40	52	2
9. I am very satisfied with my job.	37	50	8	2	3	0
10. I plan to continue my career in my ESD.	37	37	15	6	2	3
11. I am actively looking for a job outside of my ESD.	0	5	19	32	42	2
12. Salary levels at my ESD are competitive.	11	29	8	31	19	2
13. I feel that my work is appreciated by my supervisor(s).	44	45	5	6	0	0
14. I feel that I am an integral part of the ESD team.	34	40	11	8	5	2
15. I feel that there is no future for me at the ESD.	3	3	21	39	32	2
16. My salary level is adequate for my level of work and experience.	8	32	11	29	19	0
17. Most administrative practices in the ESD are highly effective and efficient.	11	47	26	8	5	3
18. Administrative decisions are made promptly and decisively.	6	42	29	13	5	5
19. My ESD administrators are easily accessible and open to input.	29	42	16	11	2	0
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	6	27	18	34	8	6
21. My ESD has too many layers of administrators.	10	15	21	37	11	6
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	11	47	18	18	5	2

GENERAL QUESTION

1. How would you rate your ESD facilities?

52%	Exceptional
44%	Above average
5%	Adequate
0%	Needs improvement
0%	Don't Know

**ESD 123 PASCO
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=21)**

**EXHIBIT A-7
INFORMATION ABOUT YOUR SCHOOL DISTRICT**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Average Daily Attendance (n=20)	13	15,195	3,379.60
2. Number of Schools (n=21)	1	21	5.10
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=20)	1	8	2.45
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=21)	3	150	48.52
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=10)	30	120	62.60

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	76	19	0	5	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	76	19	0	5	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	10	10	76	5
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	29	67	5
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	5	14	29	52	0
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	5	5	19	71	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	67	33	0	0	0	0
8. The ESD in our region is highly efficient and effective.	57	33	5	5	0	0
9. The ESD role in providing services to school districts should be expanded.	52	29	10	10	0	0
10. The ESD in our region is highly responsive to the service needs of our school district.	62	33	0	5	0	0
11. The ESD in our region provides quality services.	71	24	5	0	0	0
12. There are adequate channels of communication with the ESD in our region.	67	29	5	0	0	0
13. The ESD in our region is responsive to complaints.	62	29	5	5	0	0
14. The ESD in our region is responsive to requests for services.	71	24	5	0	0	0
15. The ESD in our region listens and tries to meet the needs of the school district.	76	19	0	5	0	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents, and the response rate was 50 percent for these two sections.

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	18	36	45	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	9	18	27	45	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	45	55	0	0	0	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	27	36	18	18	0	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	27	73	0	0	0	0
6. Under the current governance structure, the ESDs are primarily accountable to:	27	64	0	9	0	0
■ the school districts within each region	0	36	18	36	9	0
■ the State Superintendent of Public Instruction	9	36	36	18	0	0

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	14	29	10	19	29	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	62	24	5	10	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	10	24	24	33	10
4. The ESDs should be totally independent of OSPI.	19	29	14	19	14	5
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	19	14	38	29	0
6. The current number of ESD Board of Director members is appropriate.	19	52	19	5	0	5
7. The current number of 9 ESDs should be:	5	19	48	5	19	5
■ expanded	50	25	10	10	5	0
■ left as is	5	5	10	15	60	5
■ reduced	0	0	0	5	95	0
8. All ESDs should be abolished.	0	0	0	5	95	0

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	5	14	14	38	19	10
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	10	14	19	48	10	0
3. We understand the governance and oversight structure of the ESD in our region.	48	29	14	5	0	5
4. There are appropriate levels of oversight for the ESD in our region.	33	48	10	0	0	10
5. ESDs should continue to be funded by the state.	76	19	5	0	0	0
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	29	29	19	14	10	0
7. Our school district has the funding to purchase the services it needs from an ESD.	5	24	10	33	29	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the level of satisfaction with the following services provided by your home Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	24	52	19	0	0	5
2. Mathematics	29	48	5	10	5	5
3. Social Studies	10	24	52	5	0	10
4. Science	29	38	24	0	0	10
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	24	43	24	10	0	0
6. At-risk and compensatory education	14	57	29	0	0	0
7. Bilingual Education and ESL	0	29	43	10	0	19
8. Advanced academics (gifted and talented, AP)	0	19	57	5	0	19
ESD TRAINING						
9. Training and assistance for campus planning	14	29	38	5	0	14
10. Training and support for Washington Assessment of Student Learning (WASL)	33	52	10	5	0	0
11. Training and support for aligning the curriculum and instruction with WASL	29	57	10	5	0	0
12. Leadership training and development programs and services	48	48	5	0	0	0
13. Training and assistance to help improve student performance	33	62	5	0	0	0
14. Training and assistance in using new teaching methods and strategies	19	62	10	5	0	5
15. Training and assistance in the use of technology	33	48	19	0	0	0
16. Training and assistance in discipline management and conflict resolution	14	33	43	5	0	5
17. School board training services	14	33	33	0	0	19
18. Teacher Certification	24	67	10	0	0	0
19. Professional/Para-Professional Certifications	24	62	14	0	0	0
ESD SERVICES						
20. Computer network and telecommunication services	48	24	10	5	0	14
21. Purchasing cooperatives	5	52	24	0	0	19
22. Services and support for Educational Data Systems (EDS)	29	29	29	5	0	10
23. On-line/Distance Learning classes	0	29	48	0	0	24
24. On-site technical assistance	48	33	10	5	0	5
25. Video Conferencing	33	38	19	10	0	0
26. Lending Library	33	48	10	10	0	0
27. Best Practices Information	24	52	10	10	0	5
28. Organizational Links	24	43	14	0	0	19
29. Demonstrations and Equipment	14	33	33	0	0	19

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

52%	Exceptional
43%	Above average
5%	Adequate
0%	Needs improvement

***SURVEY RESULTS OF ESD SUPERINTENDENTS
(n=9)***

**EXHIBIT A-13
ESD SUPERINTENDENT RESPONSES
INFORMATION ABOUT YOUR REGION**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

**EXHIBIT A-14
ESD SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region	0	56	11	33	0	0
■ the State Superintendent of Public Instruction	0	67	0	33	0	0
■ both the school districts and the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	0	0	44	44	11	0
■ left as is	89	0	11	0	0	0
■ reduced	0	0	11	22	67	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING						
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES						
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***

April 27, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
PO Box 40031
Olympia, WA 98504

Dear Ms. Adams:

The following is the Educational Service District (ESD) 123 response to the 2006-2007 Performance Audit. We submit the following clarifications and comments:

Chapter 3.0 (page 3-2) “The Educational Service District 123 has not fully implemented a strategic planning process”

ESD 123 has fully implemented the planning process. In fact, according to the timelines, we are on schedule. The on-site team accurately determined that a pause had occurred with some of the key strategic leaders during the press to present the requested audit documents and the actual audit visitation. We considered whether this pause was appropriate; our determination was that the benefits of having skilled teams review our status, conduct customer inquiry through surveys, and then offer us recommendations, was of such value that some of our strategic activities could be delayed. In retrospect, we believe that our decision was valid. We also have and will continue to use the recommendations from the Performance Audit for components of our planning. We accept the fact that during on-site interviews, some of our staff were not clear as to our progress and have already started communication to address this issue.

Chapter 3.0 (page 3-3) Regarding Strategic Plan

On December 15, 2005 the Board of Directors of ESD 123 approved the agency Strategic Plan. This plan spans 2006-09. While the SMART Goal format is highly respected, our ESD Board of Directors has developed the plan utilizing enclaves and planning sessions which included staff, colleagues and constituents of the ESD. ESD 123’s model for strategic planning has been considered by districts as a model to follow and has been duplicated by many school systems.

Chapter 3.0 (page 3-17) Recommendation 3-5 “Reorganize ESD 123 Organizational Chart into Two Service Divisions”

Funding and work scope changes continually direct a review of how our work is organized. The organizational chart diagrams how we intend to approach the work. We are currently reviewing our organizational chart and will consider this recommendation along with the changes that have occurred since the audit team was on-site. Specific examples would include the award of two major grants and an increase in state core funding to our agency. We will consult with key decision makers amongst our customers to assure alliance with their needs.

Chapter 4.0 (page 4-5, Recommendation 4.1 regarding Fund Balance)

We again respectfully disagree with the review of fund balance status. The decrease in fund balance was a long planned strategy to address facility needs. The acknowledgement of the small increase is appreciated; however, the funds available for operations have continued to grow over a longer period of time. ESDs in Washington lump capital expenditures in with operations, thus when one is building capacity it may appear that the fund balance is too high and when one expends the funds as they were intended it would appear that there is a significant depletion of position. We fit the latter description.

Chapter 4.0 (page 4-6, para. 2, 3,& 4) - The report indicates that program managers do not have to stay within their program budgets.

ESD 123 will continue its practice to hold program budgets and those who manage program budgets to the approved limits. Further, when a deviation is necessary we will continue to review the request and have the Superintendent approve of the request.

Chapter 4.0, (page 4-7, Recommendation 4-3 “Obtain government rates for lodging when available based on per diem rates used by the State of Washington...”

The finding connected with this recommendation indicated a *“review of credit card charges showed that the ESD does not ensure that its staff, Cabinet, or Board members always obtain government rates when available for hotels.”* A review of the credit card bills would not include the process used by the ESD for confirming that the government per diem is the rate paid for the hotel room or which OFM (Office of Financial Management) exception has been met in order to pay a different rate. The ESD has an out-of-region form that is used to approve all travel outside of the ESD region and the connected costs (meals, mileage, lodging, etc). Any time lodging is not at the government per diem rate, the form indicates which of six OFM exceptions is applicable in order to pay a different rate. This form also indicates what the lodging per diem rate is for the location as confirmation that rate or a lower amount is

Ms. Lou Adams, CPA
Page 3

what is being paid. This form is not included as backup on the credit card bill, but is referenced on the hotel bill charged to the card by indicating the rate is either at per diem or is the rate approved for the traveler.

Chapter 6.0 (page 6-7 through 6-11) - ESD Salaries

The ESD is in the process of conducting a salary survey. Salary adjustments will not be made until completion of the survey.

Chapter 6.0, (page 6-11, para 2) – Regarding the Superintendent’s Evaluation

The ESD Board of Directors faithfully evaluates the superintendent each year. When the personnel office was asked if a copy was available in her office her answer was indeed no. The copy of the evaluation is kept in the Board files. Copies were also provided to the team in document boxes during the on-site visit. The Board will continue this important function and in the future will provide a copy to be placed in the personnel file to avoid confusion in the future.

Sincerely,

Bruce Hawkins, Superintendent
Educational Service District 123

APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***



THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 123

To provide clarity and perspective, we are commenting on ESD 123 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Below, we have inserted MGT's response to the issues identified in the ESD 123 formal response letter.



April 27, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
PO Box 40031
Olympia, WA 98504

Dear Ms. Adams:

The following is the Educational Service District (ESD) 123 response to the 2006-2007 Performance Audit. We submit the following clarifications and comments:

Chapter 3.0 (page 3-2) "The Educational Service District 123 has not fully implemented a strategic planning process"

ESD 123 has fully implemented the planning process. In fact, according to the timelines, we are on schedule. The on-site team accurately determined that a pause had occurred with some of the key strategic leaders during the press to present the requested audit documents and the actual audit visitation. We considered whether this pause was appropriate; our determination was that the benefits of having skilled teams review our status, conduct customer inquiry through surveys, and then offer us recommendations, was of such value that some of our strategic activities could be delayed. In retrospect, we believe that our decision was valid. We also have and will continue to use the recommendations from the Performance Audit for components of our planning. We accept the fact that during on-site interviews, some of our staff were not clear as to our progress and have already started communication to address this issue.

MGT's Response:

In MGT's finding, we recognize that some of the ESD staff members were not clear as to the ESD's progress and we commend staff for initiating a plan to address this issue.

Chapter 3.0 (page 3-3) Regarding Strategic Plan

On December 15, 2005 the Board of Directors of ESD 123 approved the agency Strategic Plan. This plan spans 2006-09. While the SMART Goal format is highly respected, our ESD Board of Directors has developed the plan utilizing enclaves and planning sessions which included staff, colleagues and constituents of the ESD. ESD 123's model for strategic planning has been considered by districts as a model to follow and has been duplicated by many school systems.

MGT's Response:

MGT provided a best practice used by many other service agencies nationwide (SMART Goal); however, we recognize that each ESD is unique and another model (i.e., using enclaves and planning sessions) may work best in your ESD planning model.

Chapter 3.0 (page 3-17) Recommendation 3-5 "Reorganize ESD 123 Organizational Chart into Two Service Divisions"

Funding and work scope changes continually direct a review of how our work is organized. The organizational chart diagrams how we intend to approach the work. We are currently reviewing our organizational chart and will consider this recommendation along with the changes that have occurred since the audit team was on-site. Specific examples would include the award of two major grants and an increase in state core funding to our agency. We will consult with key decision makers amongst our customers to assure alliance with their needs.

MGT's Response:

No response required.

Chapter 4.0 (page 4-5, Recommendation 4.1 regarding Fund Balance)

We again respectfully disagree with the review of fund balance status. The decrease in fund balance was a long planned strategy to address facility needs. The acknowledgement of the small increase is appreciated; however, the funds available for operations have continued to grow over a longer period of time. ESDs in Washington lump capital expenditures in with operations, thus when one is building capacity it may appear that the fund balance is too high and when one expends the funds as they were intended it would appear that there is a significant depletion of position. We fit the latter description.

MGT's Response:

MGT's recommendation suggests establishing a policy on fund balances. The ESD board should determine the appropriate amount for the fund balance based on the unique circumstances of the ESD fund balance.

Chapter 4.0 (page 4-6, para. 2, 3,& 4) - The report indicates that program managers do not have to stay within their program budgets.

ESD 123 will continue its practice to hold program budgets and those who manage program budgets to the approved limits. Further, when a deviation is necessary we will continue to review the request and have the Superintendent approve of the request.

MGT's Response:

The audit team acknowledges the ESD's efforts to implement this recommendation.

Chapter 4.0, (page 4-7, Recommendation 4-3 "Obtain government rates for lodging when available based on per diem rates used by the State of Washington...")

The finding connected with this recommendation indicated a *"review of credit card charges showed that the ESD does not ensure that its staff, Cabinet, or Board members always obtain government rates when available for hotels."* A review of the credit card bills would not include the process used by the ESD for confirming that the government per diem is the rate paid for the hotel room or which OFM (Office of Financial Management) exception has been met in order to pay a different rate. The ESD has an out-of-region form that is used to approve all travel outside of the ESD region and the connected costs (meals, mileage, lodging, etc). Any time lodging is not at the government per diem rate, the form indicates which of six OFM exceptions is applicable in order to pay a different rate. This form also indicates what the lodging per diem rate is for the location as confirmation that rate or a lower amount is what is being paid. This form is not included as backup on the credit card bill, but is referenced on the hotel bill charged to the card by indicating the rate is either at per diem or is the rate approved for the traveler.

MGT's Response:

In conducting a limited sample review of lodging charges for its staff, Cabinet, and Board members, MGT reviewed the credit card bills as well as the hotel bill and all support documents. In no cases were the forms described by the ESD below found. Further, discussions with ESD staff did not find any evidence that they had attempted to secure lower rates. Without this documentation, the ESD has no basis for its assertion that it attempted to get the allowable per diem rate for its staff, Cabinet, or board members. Documenting this attempt is key given the high costs paid by the ESD for lodging, including at least several instances found by the MGT team where the rate paid by the ESD was more than double the allowable per diem rate.

Chapter 6.0 (page 6-7 through 6-11) - ESD Salaries

The ESD is in the process of conducting a salary survey. Salary adjustments will not be made until completion of the survey.

MGT's Response:

The audit team acknowledges the ESD's efforts to implement this recommendation.

Chapter 6.0, (page 6-11, para 2) – Regarding the Superintendent's Evaluation

The ESD Board of Directors faithfully evaluates the superintendent each year. When the personnel office was asked if a copy was available in her office her answer was indeed no. The copy of the evaluation is kept in the Board files. Copies were also provided to the team in document boxes during the on-site visit. The Board will continue this important function and in the future will provide a copy to be placed in the personnel file to avoid confusion in the future.

MGT's Response:

The audit team acknowledges the ESD's efforts to implement this recommendation in the future.

Sincerely,

Bruce Hawkins, Superintendent
Educational Service District 123

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 171

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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APPENDICES

Appendix A: Detailed Survey Results

Appendix B: ESD Formal Response to Audit Report

Appendix C: MGT's Response to ESD Formal Response to Audit Report

1.0 INTRODUCTION

1.0 INTRODUCTION

The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. (MGT) to conduct a performance audit of North Central Educational Service District 171 (ESD 171), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit to be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of ESD staff and school district staff. After reviewing the results of the on-site interviews and electronic survey data and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that reflected issues for all ESDs, the final performance audit report for ESD 171 was provided to SAO, reflecting areas of strength and areas needing improvement.

This chapter presents an introduction to the North Central Educational Service District 171 in Wenatchee, Washington.

ESD 171 is one of nine such organizations in the state of Washington and serves 29 school districts, enrolling approximately 41,000 students. **Exhibit 1-1** shows ESD comparison data. The exhibit shows that ESD 171:

- With 40,687 students, has the smallest enrollment within its member school districts among all ESDs in Washington State.
- With 29 member school districts, serves nearly the average number of districts for all ESDs in Washington State (nine ESDs with a total of 296 districts = an average of 33).
- With 75 staff, has (along with ESD 123) the least number of employees among all ESDs in Washington State. This report will provide data regarding the reasons for these statistics (programs offered and distances involved) and will also recommend changes.

**EXHIBIT 1-1
COMPARISON OF ESDs
NUMBER OF DISTRICTS AND STUDENTS SERVED
AND NUMBER OF STAFF, OCTOBER 2006**

ESD	DISTRICT OFFICE	SCHOOL DISTRICTS SERVED	STUDENTS SERVED (2004-05)	NUMBER OF STAFF
101	Spokane	59	89,340	169
105	Yakima	25	58,090	80
112	Vancouver	30	96,515	300
113	Olympia	45	71,381	110
114	Bremerton	15	52,055	175
121	Renton	35	389,335	345
123	Pasco	23	59,576	75
171	Wenatchee	29	40,687	75
189	Anacortes	35	164,523	78
Total		296	1,021,502	1,407

Source: OSPI, October 2006.

Washington's regional Educational Service Districts have evolved over the past 26 years from 39 regulatory, county superintendent offices to the current nine regional, service-based agencies.

Beginning in 1854, Washington's counties were responsible for meeting the needs of local school districts. In 1960, the State Legislature recommended the establishment of 39 regional service areas to replace the county offices. A few years later, in 1969, the Legislature required the State Board of Education to create a statewide system of 14 intermediate school districts (ISDs) to replace the 39 county offices. In 1972, the number of regional offices was reduced to 12 by the state board, and in 1975 their names were changed to Educational Service Districts. In 1977, the number of ESDs was further reduced to the present nine.

ESD 171 moved into offices in north Wenatchee during the 2005-06 year. Before that it was housed in a smaller location in the central part of the city. ESD 171 is governed by a seven-member board, elected by local school directors. Each board member represents school districts within the ESD region. Agency operations are overseen by the superintendent.

Services provided to client school districts are shown in **Exhibit 1-2**. As can be seen, services fall under two general areas, Fiscal Services and Student Support Services.

**EXHIBIT 1-2
ESD 171 SERVICES**

SERVICE AREA	SERVICES
Administrative Services	Certification Fingerprinting Services Human Resources Superintendent Advisory Committee
Financial Services	Business Management Services Data Processing Co-op Fiscal Support North Central ESD Business Operations School Administrative Match Co-op Student Records Support Workers Comp Co-op
Birth to Three Services	Chelan Douglas Early Intervention Program (ITEIP)
Learning and Teaching	Math Services Science Services School Improvement Teaching American History
Professional Development	In-service classes Registrar
Student Support Services	Disability Services Migrant Educational Regional Office Migrant Health Services Safe & Civil Schools School Nurse Corp Special Education Washington Sensory Disability Services
Technology Services	Educational Technology Media Services Network Services Interactive Videoconferencing

Source: ESD 171, G-1 Data Request List, January 2007.

Current (2006-07) adopted goals for ESD 171 are shown in **Exhibit 1-3**.

EXHIBIT 1-3 ESD 171 GOALS

Communication

- To develop and distribute our annual report to appropriate audiences
- To promote communication and dialogue between and among ESD's, school districts, governmental agencies, organizations, and the general public for the purpose of enhancing programs for families and children.

Advocacy

- To advocate collaborative partnerships with all audiences involved in the welfare and service of students
- To educate and advocate elected officials, public and private organizations, and the public regarding common interests in order to promote the effectiveness of our agency

Leadership

- To be a proactive leader in developing and initiating new programs for local school districts
- To provide leadership to school districts, agencies and communities by assisting in education reform activities and programs
- To provide and model best practices in all services delivered to school districts, agencies, and communities

Relationships

- To establish and maintain open lines of communication with audiences interested in education
- To foster positive working relationships between and among our ESD, school districts, governmental agencies, private organizations, and the public regarding the mission and operation of the ESD
- To implement and evaluate an on-going public education and public relations program that educates audiences about ESD operations

Source: ESD 171, 2006.

Key commendations for ESD 171 include:

- The Educational Service District 171 is commended for its focus on school improvement in the region through a collaborative and comprehensive process for long-range planning.
- The Educational Service District 171 Board of Directors and executive leadership team together with its member school district superintendents, have created an exemplary governance structure that facilitates shared visioning and decision making.
- ESD 171 is commended for developing and enhancing a unique budget development and monitoring tool.
- ESD 171 is commended for providing and brokering many cooperative programs and shared services arrangements.

- ESD 171 is commended for developing, sustaining, and expanding the Compensated Absence Liability Pool.
- ESD 171's team approach to program delivery allows the district to effectively support member school districts.
- ESD 171 is commended for having a position control mechanism in place to safeguard the integrity of the district's budget, and to minimize the risk of excessive spending beyond budgeted amounts for personnel hiring.
- ESD 171 is commended for developing and using a systematic procedure for staff acquisition, and for using current ESD staff during the hiring process in a decision-making capacity.
- ESD 171 is commended for implementing a performance appraisal system that assesses employee job performance based on an established set of core agency values and competencies.
- ESD 171 is commended for having a competitive salary schedule for compensation of its employees. The ESD also is commended for continuously monitoring the market and surveying the other ESDs to ascertain salary information to be used to ensure that salaries remain comparable and competitive with other ESDs in the state.
- ESD 171 is commended for seeking broad input prior to the development of its strategic plan.
- ESD 171 is commended for making use of the existing facility as a conference center, for establishing equitable usage rates, and involving local districts in the decision-making process. All indications are that this facility will be extensively used and will provide both a source of revenue for the ESD and a cost-effective facility for clients.
- ESD 171 is commended for the partnerships with public utilities districts to acquire use of 10 Mbps fiber optics telecommunications for the district's schools.

Key recommendations for ESD 171 include:

- Continue using the research-based planning process currently in use to add established objectives, strategies and timelines to ensure that the organization's established goals are clearly addressed. **(Recommendation 3-1)**
- Establish a new organizational structure and create a job classification matrix that aligns job functions, titles, and salaries to a fair and objective workload distribution plan. **(Recommendation 3-2)**
- Reduce the number of executive directors by one, through re-assignment, attrition, and/or hiring freeze. Eliminate at least two

administrative tiers, reclassify administrators to professional specialists and increase the administrator to staff ratio to a minimum of 1:5 from the ratio of 1:2.5. **(Recommendation 3-3)**

- Develop an unrestricted and undesignated fund balance policy to ensure reserves are adequate to meet all financial obligations. **(Recommendation 4-1)**
- Link budgeting to the ESD's Strategic Plan as the budget is being developed and develop goals and objective measures to help ensure funds are spent in support of ESD programs in the most effective and efficient manner. **(Recommendation 4-2)**
- Adopt some simple and practical steps recommended by PricewaterhouseCoopers for the evaluation of spreadsheet controls. **(Recommendation 4-3)**
- Ensure employee training and cross-training programs are achieving the desired results. **(Recommendation 4-4)**
- Study costs associated with providing business manager services so that rate setting can be uniform and help ensure all direct and indirect costs are considered in the established rates. **(Recommendation 4-5)**
- Establish a comparison shopping program to help ensure goods and equipment are being acquired at reasonable prices. **(Recommendation 4-6)**
- Update administrative procedures to ensure consistency with state law. **(Recommendation 4-7)**
- Continue use of the strategic planning process to include the development of a model evaluation plan for the program delivery effort. **(Recommendation 5-1)**
- Use the current strategic planning process to design a systemic programmatic focus on school improvement and the state reform efforts. **(Recommendation 5-2)**
- Design and implement a plan for comprehensive on-line/distance learning opportunities for both meetings and trainings. **(Recommendation 5-3)**
- Update all position descriptions that are outdated to conform to the current format used by ESD 171. **(Recommendation 6-1)**
- Revise and expand the ESD's performance evaluation system so that it provides quantifiable appraisal information that can be used as a basis for merit compensation. **(Recommendation 6-2)**

- Conduct a study to determine the feasibility of converting the HR functions from a paper-pencil system to a paperless digitized system. **(Recommendation 6-3)**
- Develop a facilities master plan to address the immediate space usage, future space needs, facilities use, capacities, building conditions, and projections. **(Recommendation 7-1)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-2)**
- ESD 171 should contract immediately for supplemental custodial services, on a once-a-week (weekend) basis, and study the cost effectiveness of contracting all custodial services. **(Recommendation 7-3)**
- Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion. **(Recommendation 7-4)**
- Examine the feasibility of installing web page publishing software that allows the distribution of web work to program staff. **(Recommendation 8-1)**
- Develop and implement a strategy for increasing E-rate participation by ESD 171 region school districts and increasing E-rate commitments per student received by regional school districts. **(Recommendation 8-2)**
- Develop, document, and implement a disaster recovery plan based on best industry practices. **(Recommendation 8-3)**

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Exhibit 1-4 shows that an estimated total of \$4,177,435 can be saved by ESD 171 over a five-year period should they implement all of the recommendations, and that ESD 171 member school districts should save an estimated \$6,100,000 by implementing the recommendations. The grand total savings for ESD 171 and its member districts is estimated at \$10,277,435.

EXHIBIT 1-4 SUMMARY OF ANNUAL SAVINGS (COSTS)

CATEGORY	YEARS					TOTAL FIVE-YEAR ESD SAVINGS (COSTS)	TOTAL FIVE-YEAR SCHOOL DISTRICT SAVINGS (COSTS)
	2007-08	2008-09	2009-10	2010-11	2011-12		
TOTAL SAVINGS	\$835,220	\$835,220	\$835,487	\$836,147	\$836,807	\$4,178,881	\$6,112,000
TOTAL (COSTS)	(\$1,053)	(\$393)	\$0	\$0	\$0	(\$1,446)	(\$12,000)
TOTAL NET SAVINGS (COSTS)	\$834,167	\$834,827	\$835,487	\$836,147	\$836,807	\$4,177,435	\$6,100,000
TOTAL ONE-TIME SAVINGS (COSTS)						\$0	\$0
TOTAL FIVE-YEAR SAVINGS (COSTS) INCLUDING ONE-TIME SAVINGS (COSTS)						\$4,177,435	\$6,100,000
GRAND TOTAL SAVINGS (COSTS)					\$10,277,435		

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees in Educational School District (ESD) 171, school district superintendents within the ESD 171 region, and the nine ESD Superintendents were invited to participate in an on-line survey. The following sections contain highlights of the survey results for:

- ESD 171 Wenatchee employees.
- School district superintendents within ESD 171 Wenatchee.
- Nine ESD Superintendents.

Details on all survey items are found immediately after the highlights.

2.1 ESD 171 Wenatchee Employee Survey Highlights

At least 50 percent of ESD employees *strongly agree* with the following:

- Most school districts in our region frequently utilize services provided by our ESD (64%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (72%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (60%).
- Our ESD is highly responsive to the service needs of member school districts (65%).
- Our ESD provides quality services (72%).
- Our ESD is responsive to requests for services (55%).
- Our ESD listens and tries to meet the needs of the school districts (68%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (53%).
- ESDs should continue to be funded by the state (58%).
- I find my ESD to be an exciting, challenging place to work (51%).
- ESD officials enforce high work standards (55%).

- I feel that I have the authority to adequately perform my job responsibilities (50%).
- I have adequate facilities in which to conduct my work (51%).
- I have adequate equipment and computer support to conduct my work (55%).
- I plan to continue my career in my ESD (50%).
- I feel that my work is appreciated by my supervisor(s) (53%).

At least 50 percent of ESD employees *strongly disagree* with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (51%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (53%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (52%).
- The current number of nine ESDs should be reduced (59%).
- All ESDs should be abolished (89%).
- No one knows or cares about the amount or quality of work that I perform (54%).
- I am actively looking for a job outside of my ESD (50%).
- I feel that there is no future for me at the ESD (50%).

2.2 ESD 171 Wenatchee School District Superintendent Survey Highlights

At least 50 percent of school district superintendents *strongly agree* with the following:

- Our school district frequently utilizes services provided by our ESD (84%).
- The services provided by our ESD are critical to the success of our district's programs and operations (88%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (84%).
- The ESD in our region is highly efficient and effective (84%).

- The ESD role in providing services to school districts should be expanded (56%).
- The ESD in our region is highly responsive to the service needs of our school district (80%).
- The ESD in our region provides quality services (80%).
- There are adequate channels of communication with the ESD in our region (80%).
- The ESD in our region is responsive to complaints (80%).
- The ESD in our region is responsive to requests for services (68%).
- The ESD in our region listens and tries to meet the needs of the school district (84%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (68%).
- ESDs should continue to be funded by the state (84%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (70%).
- Under the current governance structure, the ESDs are primarily accountable to both the school districts and the State Superintendent of Public Instruction (50%).

At least 50 percent of school district superintendents are very satisfied with the following:

- Support for Reading and Language Arts (52%).
- Leadership training and development programs and services (52%).
- Training and assistance in the use of technology (52%).
- Computer network and telecommunication services (80%).
- Services and support for Educational Data Systems (EDS) (60%).

At least 50 percent of school district superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (76%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (80%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (68%).

- Many of the current ESD services to school districts duplicate services provided by OSPI (68%).
- The current number of nine ESDs should be reduced (68%).
- All ESDs should be abolished (92%).
- OSPI should hold each ESD responsible for student performance in all school districts within its region (80%).
- Each ESD should hold each school district in its region responsible for student performance within the district (50%).

2.3 ESD Superintendent Survey Highlights

At least 50 percent of ESD Superintendents *strongly agree* with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).
- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).

- The ESDs should be the regional structure used by OSPI to provide services to school districts (89%).
- The current number of ESD Board of Director members is appropriate (67%).
- The current number of nine ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of nine ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

3.0 GOVERNANCE AND MANAGEMENT

This chapter presents findings and recommendations relating to the overall governance and management of the North Central Educational Service District 171, located in Wenatchee, Washington. The major sections of the chapter include:

- 3.1 Mission, Goals, and Objectives
- 3.2 Regional Governance Structure
- 3.3 Organization and Management

CHAPTER SUMMARY

Overall, MGT consultants find that the Educational Service District 171 administration and Board of Directors are committed to the efficient and effective operation of the district. Opportunities for refinement will be addressed in this report, most notably in the areas of planning and workload distribution, organizational structure and communication.

There are several areas of excellence noted through the performance review process and merit commendation. The following commendable practices will be discussed in detail later in this chapter.

- The Educational Service District 171 is commended for its focus on school improvement in the region through a collaborative and comprehensive process for long-range planning.
- The Educational Service District 171 Board of Directors and executive leadership team together with its member school district superintendents, have created an exemplary governance structure that facilitates shared visioning and decision making.

The following recommendations for organizational improvement are proposed in this chapter:

- Continue using the research-based planning process currently in use to add established objectives, strategies, and timelines to ensure that the organization's established goals are clearly addressed. **(Recommendation 3-1)**
- Establish a new organizational structure and create a job classification matrix that aligns job functions, titles, and salaries to a fair and objective workload distribution plan. **(Recommendation 3-2)**
- Reduce the number of executive directors by one, through re-assignment, attrition, and/or hiring freeze. Eliminate at least two administrative tiers, reclassify administrators to professional specialists and increase the administrator to staff ratio to a minimum of 1:5 from the ratio of 1:2.5. **(Recommendation 3-3)**

In the book, *The Educational Service Agency: American Education's Invisible Partner*, the authors (E. Robert Stephens & William G. Keane) explain that a dominant

expectation is held by all states in creating a network of service agencies. That is the belief that this service structure will contribute to solving the pervasive and continuous challenges of issues such as equity, efficiency, and quality in the K-12 system of public education. In most states, funding is limited, the service agencies must be innovative and entrepreneurial to survive, and school district participation is optional with procurement of services from multiple centers not uncommon. This flexibility, coupled with other issues like proximity, specialized services, knowledge of and expertise in local issues make them attractive educational support entities for school districts. However, education services agencies must constantly work to keep their services relevant and accessible or face loss of client participation. To preserve a strong client base with high levels of service participation, an Educational Service Agency must distinguish itself by its commitment to high-quality service at a competitive price. This is influenced largely by the relationship of the leadership at the Educational Service District and the value of its services to districts.

The book, *Leadership in Organization*, by Gary A. Yukl explores many different definitions of leadership found in professional literature. One particular definition in this book from the work of K. F. Janda aptly describes the leadership style of this ESD. Yukl paraphrases Janda's definition of leadership as "a group phenomenon involving the interaction of two or more persons whereby intentional influence is exerted by one – the leader over the other(s)." The underlying assumption of this definition is that it involves a level of intentional influence over others. The superintendent, during the onsite interview, defined the mission and purpose of ESD 171 is "to lead, serve and support the school districts." Tom Peters, in *Leadership Essentials*, describes three levels of leadership, which are also a good match to Educational Service District 171:

- Type I Leadership – Leaders are talent developers
- Type II Leadership – Leaders are visionaries
- Type III Leadership – Leaders are "profit mechanics"

Interviews with staff and with district superintendents acknowledge that the Educational Service District 171 Superintendent has strongly influenced the core beliefs of ESD 171. Many credit the Educational Service District Superintendent with institutionalizing the school improvement framework embraced by the education community. A strong and common purpose drives this region; this unity of purpose is a key cornerstone of organizational effectiveness.

3.1 Mission, Goals, and Objectives

The professional literature emphasizes that in today's environment of fast paced changes, competition for clients, and emphasis on quality and value, the successful organization is the one which relies on strategic planning. It is imperative that in today's entrepreneurial environment Educational Service Districts, like other non-profits and for profits, be dynamic and proactive service agencies engaged in continuous comprehensive strategic thinking and planning. The emerging entrepreneurial nature of the Educational Service Districts forces them to compete in an open market; thus, they must conduct themselves in a similar manner. A strong process of strategic planning is highly interactive and participatory, gathering input from all stakeholders. It facilitates the building of consensus and ownership of an agency's mission, purpose, and goals.

FINDING

Review of the ESD 171's *Envisioned Future and Strategic Plan* reflects a strong focus on visioning and strategic planning. The Educational Service District plan includes the organization's central purpose, core values, goals and descriptive future. There is extensive evidence to support that district superintendents are highly involved in all levels of organizational planning with Educational Service District 171.

The most consistent response from superintendents during onsite and telephone interviews is how actively they participate in learning and planning for future improvement in their schools. The catalyst in this proactive approach to school improvement planning is the superintendent of the Educational Service District. Agendas of Superintendents Advisory Council meetings and the superintendent interview guides reflect an intentional commitment to building professional communities of learners.

The Educational Service District stated that it and its client school districts are engaged in creating and achieving significant improvement in student learning for all student groups, beyond the core academic standards in the state framework. This Educational Service District has postured itself as a regional education leader, as an Educational Service District that offers cutting edge, cost-efficient and innovative solutions to address constantly evolving challenges and potential future challenges that may be confronted by its client school districts. Educational Service District 171 has embraced the philosophy that it can be responsive to all of the needs of its 29 member districts and that by collaborating and learning together, success is attainable for all.

Through their joint collaborative efforts, the Superintendents' Advisory Council and the Educational Service District 171 leadership have established a joint mission statement and four guiding questions to form the nucleus of their decision-making process. According to the five superintendents interviewed during the onsite visit, the value of the Educational Service District Strategic Plan is in helping all 29 school districts in their service area to be responsive to the four guiding questions.

Dynamic, successful organizations thrive on change. Strategic planning is the method used by public and private systems to position their organizations to take advantage of its future. Strategic planning empowers an organization to capitalize its opportunities, address emerging challenges, and provide the kind of leadership that masters change. Done correctly, this process incorporates in-depth planning models that take place over time with stakeholder community involvement.

The North Central Educational Service District's approach has resulted in buy-in from the superintendents and its board of directors and staff. Envisioning their future success appears to be a realistic and achievable end.

COMMENDATION

ESD 171 is commended for its focus on school improvement in its region through a collaborative ownership and comprehensive process for long-range strategic planning that engages all stakeholder groups.

FINDING

While the process of strategic planning and the partnership with district superintendents to develop their strategic vision is highly commendable, there remain areas for strengthening the Educational Service District's strategic plan.

A useable and relevant strategic plan delineates specific objectives, strategies, initiatives, timelines, resource allocations and the person(s) responsible. These elements are not included in the Educational Service District 171 strategic plan, yet these are the elements that drive daily operations and fiscal allocations.

The current plan provides for an analysis of opportunities and threats to achieving the goals of the Educational Service District; however, the plan fails to delineate the employee actions that will drive attainment of the districts' ultimate goal of excellence in learning for all students. The school district superintendents interviewed, repeatedly stressed that the value of the Educational Service District's strategic plan is in helping all 29 school districts to be responsive to the four Guiding Questions:

1. What do we expect all students to learn? Power standards that define the learning.
2. How will we know they learned it? Performance benchmarks that demonstrate the power of the student learning.
3. What must we do to support the learners who fail to achieve success? Differentiate teaching and learning so that all students learn and succeed.
4. What will we offer students who exceed our learning expectations/ power standards? Enrichment and acceleration of learning.

The need to be responsive to the guiding questions was the single most urgent need expressed by the superintendents. Since it appears that this is the next challenge that the ESD must address, from the superintendents' perspective, it will require new ways of thinking about instructional support and quite possibly, a new organizational structure at the Educational Service District.

The superintendents expressed that a new approach of district and campus-based lateral support is what they believe will have the most impact. The next challenge is to determine how to bring more professional development to the district and campus-level and to provide the next level of training which is classroom-based training coupled with onsite coaching and mentoring by instructional program and content experts.

This new approach to service delivery is what must drive the long-range plan for the Educational Service District. The specific goals, objectives, initiatives, assignment of personnel and fiscal resources procurement and allocation must guide the Educational Service District, rather than a focus on how to become more entrepreneurial.

There are excellent resources available to the Educational Service District to add power and substance to their strategic plan without any additional costs for outside consultants.

The National School Board Association through their Web site, <http://www.nsba.org/sbot/toolkit/spt.html> offers many of the tools needed, including:

- a preliminary readiness assessment;
- a process for creating a vision statement and setting goals;
- objectives and action steps; and
- a communication plan for dissemination or for stakeholder input and buy-in.

There are other excellent resources available nationally, regionally, and locally to assist organizations in adding scope and depth to the existing strategic plan. Two valuable and highly recognized resources include Harvard University and a private firm, Vantage Associates. Web-based materials can be located at http://www.harvard.edu/b01/en/common/item_detail.jhtml and <http://www.vantageassociates.com/value.asp>.

Recommendation 3-1:

Continue using the research-based planning process currently in use to add established objectives, strategies and timelines to ensure that the organization's established goals are clearly addressed.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|---|
| 1. The ESD Superintendent and his Executive Leadership Team should begin meeting with the instructional support division to research and brainstorm innovative approaches to school support from the ESD level. | June 2007 |
| 2. The ESD Superintendent should organize staff meetings to involve all members in development of the organization's objectives and action plan for long-range improvement, addressing the work plan components discussed previously and incorporating the district's request to specifically plan for addressing the four guiding questions in every district. | June 2007 |
| 3. The ESD Superintendent should seek school district input and approval of the ESD Strategic Plan of Action and any resulting re-organization at the ESD. | June 2007 |
| 4. The ESD Superintendent should present the Strategic Action Plan to the board of directors for approval. | July 2007 |
| 5. The ESD Superintendent should establish a schedule for periodic review and progress monitoring of the ESD Strategic Action Plan. | Ongoing through the Strategic Plan's Timeline |

FISCAL IMPACT

This recommendation can be implemented with existing funds.

By using the National School Board Association materials and toolkits and by relying on strategic planning resources on university Web sites, the Educational Service District can accomplish this objective with no consultant fees.

3.2 Regional Governance Structure

The Association of Education Service Agencies through their Web site (<http://www.aesa.org>) offers many valuable research resources that delineate information regarding the governance structures of Education Service Agencies across the country. Most states have established educational service agencies. There are however, many models of structures, governance, functions/roles, and funding for Educational Service Agencies. For governance models, some states like Connecticut Regional Educational Service Agencies and Colorado Boards of Cooperative Educational Services (BOCES), have similar governance structures and are composed of representatives of constituent school committees rather than independently elected governing boards.

Washington, like Texas Regional Education Service Centers, employ governing models that rely on board candidates being elected by the total school board members of the school districts located within the regional boundaries of the Educational Service Agencies. In all instances, the governance structures of Educational Service Agencies are established through state statute with any necessary rules and regulations defined by the state's central education agency. Educational Service Agencies are primarily cooperative service agencies focused on issues of equity, efficiency, and excellence.

For Washington Educational Service Districts, the governance structure is defined in RCW Citation Chapter 28A.310 Sections 030 through 220 of the State's Education Statute. The chapter sections address board membership, terms, restriction on other services, elections, qualifications, reimbursements for expenses, compliance responsibilities, and powers and duties. A review of the *Self-Study of Washington Educational Service Districts* prepared by Marcia Fromhold of MFL Solutions in October, 2006, shows that seven of the Educational Service Districts have seven-member boards and two have nine-member boards. ESD 171 has a seven-member board.

FINDING

The North Central Educational Service District 171 has an experienced board of directors consisting of seven members from diverse private sector backgrounds.

Several superintendents interviewed commented that the ESD Superintendent and the Board of Directors of Educational Service District 171 are extremely customer-oriented and always willing to customize services around the needs of the school districts. Adjustments to provide better service are always being evaluated and discussed with superintendents. The goal of the Educational Service District 171 is to be the first point of contact for the school districts.

The superintendents believe that the professional background of the Board of Directors has assisted the Superintendent of the Educational Service District to take a more entrepreneurial business approach to service delivery at this organization. The power of the shared decision-making structures being put in place hold appeal to the superintendents.

Exhibit 3-1 provides a summary of the board members' background and their years of service to the Educational Service District.

**EXHIBIT 3-1
EDUCATIONAL SERVICE DISTRICT 171
BOARD OF DIRECTORS**

BOARD MEMBER	LENGTH OF SERVICE	YEAR ELECTED	OCCUPATION
Chair	16 years	1990	Retired Restaurant Owner
Vice-Chair	9 years	1997	Accountant
AESD Executive Board Rep	2 years	2004	Broker
Member	14 years	1992	Grocery Store Owner
Member	16 years	1990	Okanagan Co PUD (retired)
Member	7 years	1999	Retired Business Owner
Member	2 years	2004	Grant Co PUD

Source: Educational Service District 171 Board Member Document, November, 2006.

Interviews with individual members reflect that the board and the ESD Superintendent have an open, mutually respectful and high trust relationship. The governance model of this ESD is an exemplary model that area districts desire to be the model for regional and statewide implementation for all governance teams.

Board member and superintendent interviews reflect that an excellent relationship exists among the board members and between the board and the superintendent. The superintendents interviewed all mentioned the outstanding support that the board members, and in particular the board chair, provide to the Educational Service District leadership team and their 29 school districts.

The board chair, a retired business owner, attends the monthly Superintendents' Advisory Council meetings and actively participates in the literature study groups held during the first hour of each meeting. Additionally, the board chair participates as a team member with the Educational Service District Superintendent to conduct school district board trainings across the region. Board training agendas and evaluation forms reflect a strong level of respect for the knowledge, expertise, and experience that the board president adds to the workshops.

Specific comments made by the school district superintendents about the Board President include:

- *The board chair is excellent.*
- *The ESD Board Chair is an excellent resource for moving school district boards more in the direction of the ESD governance structure.*

- *The ESD Board Chair is an excellent mentor for our boards, and*
- *I would love to see the learning philosophy of the ESD Board adopted by all of our districts.*

Commendable comments about the Educational Service District Superintendent(s) echoed repeatedly during onsite interviews with the school district superintendents include:

- *I was a real skeptic about Educational Service Districts but the last two superintendents of this ESD have created an excellent support center for schools.*
- *This is the closest we've ever worked with an ESD.*
- *This ESD has created a structure where school districts help one another in re-inventing themselves. This is coming about because of the ESD Superintendent's vision.*

Another key stakeholder group in the governance and management structure of the Educational Service District is the Superintendents' Advisory Council. All 28 superintendents participate (two school districts share one superintendent) in the Superintendents' Advisory Council. The Council has a smaller leadership committee that spends additional time planning with the Educational Service District leadership team the future actions and initiatives needed in the region. Interviews with superintendents support that they are active participants in learning and planning for school success with their Educational Service District board and leadership staff. Monthly meetings are held with high attendance rates by the superintendents. The school district superintendents described these meetings as critical for keeping them informed about emerging issues and trends impacting their school districts.

In addition to study groups, and hearing reports on critical and pending educational issues, district presentations are included to address the four Guiding Questions around which all districts have focused their school improvement priorities. Successful programs, strategies, and resources are discussed and shared by district teams and often times, follow-up school and classroom visitations are available for interested school districts.

COMMENDATION

The Board of Directors, the Educational Service District 171 leadership team and the school district superintendents, through their governance structure, have created a shared vision for student success in their region and act aggressively and intentionally to meet their desired outcomes.

3.3 Organization and Management

To operate efficiently and effectively, educational service agencies must organize their system in such a manner as to facilitate accomplishment of their goals. An effective structure organizes functions of the system in a manner that supports its purpose,

mission and related goals. It is deemed a successful structure when it has the capacity to redefine or alter its structure to more appropriately meet the dynamic and emerging needs of its clients.

To better ensure success, each component of the organizational structure of an educational service agency should be led by administrators with appropriate credentials, training, expertise and experience in the program areas they serve and supervise. Ideally, development of any new organizational structure should engage staff and the superintendents in the initial brainstorming. It should ensure that the structure facilitates systemic, comprehensive planning and service delivery and that it consolidates the archiving and reporting of relevant outcomes.

Expenses for the daily operation and management of an organization must also be reasonable. Other states publish guidelines for operational expenses, including financial coding structures, allowable expenditures, and in some cases, a cap for such expenses. Texas is one example where Educational Service Agencies must report administrative costs and where caps are defined regarding appropriate and permissible ranges for such expenses.

FINDING

The Educational Service District's organizational structure may be administratively overstaffed and may have too many tiers for an organization of its size. The administrator to staff ratio, excluding the direct services component is less than 1:3.

The superintendents in the region expressed concern with the number and quality of experienced specialists available to provide the level of service they require from their Educational Service District.

The 2006-07 Budget for Educational Service District 171 is \$14,129,853 and the Educational Service District Operations costs are budgeted at \$2,784,664 or 19.70 percent of the total ESD annual budget. The total administrator salaries are \$2,500,917 of the \$4,630,908 total for classified salaries – 54 percent of all classified salaries. These costs appear excessive for an organization of this size and budget.

Educational Service District 171 is the district with the lowest student FTEs of the nine Educational Service Districts in the state. Educational Service District 105 (58,090 FTEs) and Educational Service District 114 (52,056) have two assistant superintendents at the second administrative level and Educational Service District 123 (59,576) has one assistant superintendent. Educational Service District 171 has three Executive Directors at the second level. Additionally, the total number of administrators (29) and levels of administration (6) of Educational Service District 171 exceed those of the comparable group.

The Educational Service District 171 currently employs 128 staff, including 70 professionals and support positions housed at the ESD building to support internal operations and to provide professional development, technical assistance and support to the 29 school districts in their service area and 48 educational, business support and technology specialists who split their work week among two or more school districts. These 48 staff members are employees of the Educational Service District, but are

housed at the districts that pay the prorated shares of their salaries. These Educational Service District employees are supervised on a daily basis by the school districts that pay to employ them.

The Educational Service District 171 organizational chart includes six (6) tiers of administrators and a total of 29 administrators:

- One Superintendent;
- Three Executive Administrators;
- Eleven Managing Directors (2 @ .5FTES);
- Two Program Managers;
- One Project Director; and
- Eleven Coordinators.

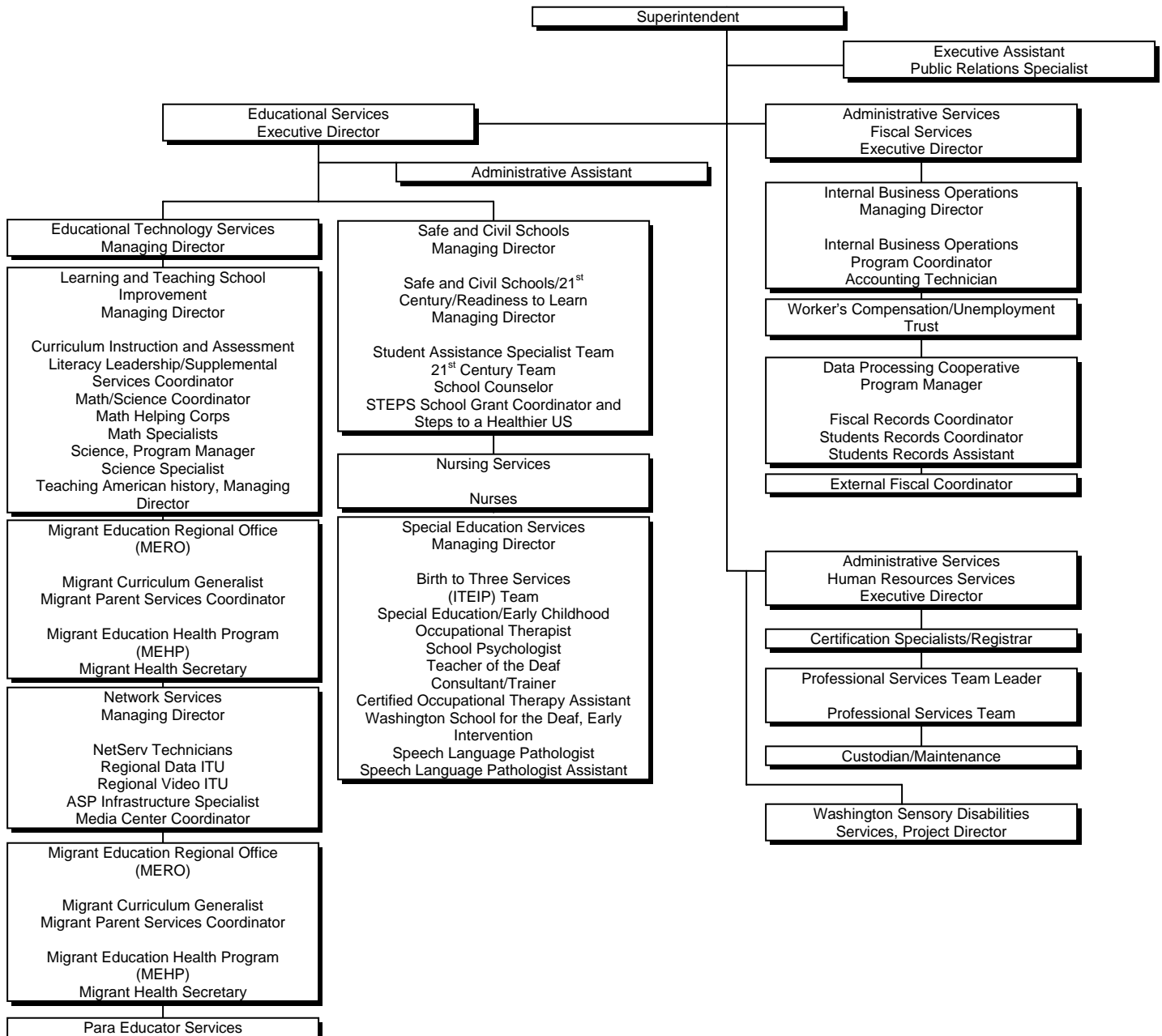
The administrator to staff ratio exceeds 1:5 when the total staff of 128 is considered. Because 48 of the Educational Service District employees are direct service providers to the school districts and are housed and supervised on-site, the ratio of Educational Service District administrators to the 70 remaining regional technical staff is approximately 1:2.5. This administrator to staff ratio does not reflect an efficient use of fiscal resources, effective workload management, nor high productivity. For school districts and institutions of higher education, national independent accreditation standards indicate that an effective organization administrator to professional staff ratio is 1:10. This may be a long-term consideration for this ESD.

Exhibit 3-2 is the organizational structure for Educational Service District 171 and includes the total staff with their job titles.

The school superintendents interviewed strongly indicated that they need technical support onsite from professionals who have expertise and experience in their area of assignments. One superintendent expressed frustration over his persistent effort to bring a member of the ESD Executive Team to cabinet meetings at the school district level so ESD officials could be more “in touch” with the challenges faced by the schools. The superintendent believes that new service delivery models must be implemented by the Educational Service District in assisting schools to meet the challenges of addressing the evolving issues with the changing student demographics and the new state and federal performance standards expected for all students.

School district superintendent interviews indicate a concern with the current organizational structure. Concerns were expressed regarding the high number of administrators in relation to certificated, professional and support staff, particularly in the Education Services Division. The majority of the staff at this Educational Service District, however, is assigned to this division.

**EXHIBIT 3-2
ORGANIZATIONAL CHART
EDUCATIONAL SERVICE DISTRICT 171**



Source: ESD 171 Superintendent's Office, 2006.

[NOTE: in the above exhibit provided by the auditee, the Migrant Education Regional Office is listed twice; in reality, it should not be listed under Network Services Managing Director.]

From a review of the number of certificated and support personnel assigned to each of the three divisions, an added concern of the auditor is the uneven distribution of personnel among the three executive directors, the managing directors, and the coordinators. An added concern is that there were no substantive explanations for how administrative job titles are determined or assigned. Consequently, one executive

director supervises nine staff, one supervises 14, and one supervises 102 employees. All numbers include total employees.

The same uneven distribution of personnel supervised applies to all administrative levels below that of executive director. This is difficult to explain or defend to superintendents, who in their interviews, expressed concern regarding the critical need to decentralize professional development and lateral support to the school site level.

The superintendents were very complimentary and supportive of former principals who have been employed by the ESD to provide educational support services to school districts and would like to see less administrator positions and more instructional support specialists added to the organization.

Recommendation 3-2:

Establish a new organizational structure and create a job classification matrix that aligns job functions, titles and salaries to a fair and objective workload distribution plan.

Recommendation 3-3:

Reduce the number of executive directors by one, through re-assignment, attrition, and/or hiring freeze. Eliminate at least two administrative tiers, reclassify administrators to professional specialists and increase the administrator to staff ratio to a minimum of 1:5 from the ratio of 1:2.5.

The Educational Service District 171 Superintendent is encouraged to work with the Board of Directors and the Strategic Planning Team of the Educational Service District to ascertain, when positions become vacant, which positions will or will not be re-filled in alignment with the service needs of the district. The Educational Service District Board of Directors may guide the superintendent in identifying key administrative positions that will not be re-filled when vacancies occur for the ESD to increase the administrator to staff ratio to 1.5. Actions implemented to achieve this recommendation must be in compliance with ESD policies and procedures.

It is recommended that the new organizational structure created include no more than:

- One Superintendent,
- Two Executive Directors,
- Six Managing Directors, and
- Six Coordinator positions.

By eliminating the Program Director and Project Director positions and job titles, and by eliminating positions as recommended above, the administrative hierarchy can be reduced by two tiers and the total number of administrators can be reduced from 29 to 15.

To secure school district support of a new organizational structure, it will be imperative for the Educational Service District Superintendent to seek input from the superintendents of the member districts.

Specific comments of the superintendents gathered during onsite interviews in discussing this area include, but are not limited to:

- *Our Educational Service District needs more curriculum and instructional specialists.*
- *The business model operating now meant reducing the instructional support department. It was costly and not producing the desired outcomes, but that did not eliminate nor alleviate the districts needs.*
- *Our schools need embedded professional development through professional content and program coaches.*
- *The best way to serve schools is to assign some of their Executive Directors to meet with districts' leadership teams on a quarterly basis to get a better feel for the district's needs.*
- *We need clear criteria to measure the value added of the ESD to the schools.*
- *Certain services are paid by school districts, but I don't know how cost-efficient or effective they really are for my district.*
- *There needs to be a reliable, recognized rigorous system of public accountability for Educational Service Districts. Outcomes, structure and budgets should all be evaluated and the results reported, beginning with reports to the superintendents in the districts which they serve.*

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The ESD Superintendent should review professional literature on organizational structures and models from comparable sized Educational Service Agencies across the state and the country and solicit input from superintendents' leadership committee. | June 2007 |
| 2. The ESD Superintendent should draft organizational chart and review with Superintendents Advisory Council. Request their input and re- design accordingly. | June 2007 |
| 3. The ESD Superintendent should create a job classification matrix for assignment of job titles and salary schedules matched to new organizational chart. | June 2007 |
| 4. The ESD Superintendent should revise job descriptions to align to new organizational structure. | July 2007 |

- | | |
|--|--|
| <p>5. The ESD Superintendent should interview and assign personnel to new positions and adjust (new hires) or freeze (current employees) salaries, in compliance with ESD policies and procedures and consult with legal counsel, as needed.</p> | <p>Complete by beginning of the 2007-08 work year.</p> |
|--|--|

FISCAL IMPACT

This recommendation will take time to fully implement due to the need for staff attrition, transfers, and new hires, and correspondingly recognized cost savings will only occur as the actions are implemented. It is therefore unrealistic to project a firm cost savings at this time. Not until the ESD completes a job classification matrix will the actual cost savings be identified. Since a job classification matrix has not yet been created, the audit team can only estimate potential savings based on the information currently available.

Using 2006-07 salary data, the average annual salary costs per administrative position are listed below:

- Executive Director – \$106,480
- Managing Director – \$74,309
- Program Director – \$68,688
- Project Director – \$86,150
- Coordinator – \$58,730

By reducing the number of administrators from 29 to 15, the ESD will increase its administrator to staff ratio from 1:2.5 to 1:5, thereby resulting in a substantive amount of savings that can then be used for procuring instructional program and content area specialists, alleviating school district budgets, and aligning administrator costs to a more reasonable level. However, the ESD will need to create a job classification matrix to identify those positions that can be eliminated. To provide a general idea of potential savings, the audit team multiplied the total number of administrator positions to be reduced (14) by the average annual salary of the Coordinator position (\$58,730), the lowest-cost administrative tier. As seen in the summary below, the resulting amount of \$822,220 represents prospective annual savings.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Establish new organizational structure and reduce positions through attrition and hiring freezes	\$822,220	\$822,220	\$822,220	\$822,220	\$822,220
TOTAL	\$822,220	\$822,220	\$822,220	\$822,220	\$822,220

Using the parameters described above, the total projected administrative cost savings for the period 2008-12 would be **\$4,111,100**.

It is important to note that it will take time for the recommendation to be implemented and will likely take effect over multiple years. The identification of fiscal impact is simply an example to illustrate the propensity of cost savings if and when the recommendation

is implemented. As indicated in the implementation strategies and timeline above, the ESD Superintendent should begin implementing the recommendation for the 2007-08 work year. However, staff attrition, transfers, and new hires will need to occur over time in order for these cost savings to be fully realized.

Cost-Savings Implications:

As referenced above, it is not possible to project a firm cost-savings amount until a job classification matrix is completed. Nevertheless, the ESD should be able to redirect any savings internally to employ education, business and operations, and technology specialists to provide the onsite lateral support at the district/school site level. Implementation of this recommendation should accelerate accomplishment of the student success goals they have collaboratively defined for their region. This school-based professional development, technical assistance, coaching and mentoring could be offered without the need for more locally funded cooperatives; thus, the savings potential is for the school districts and not the Educational Service District.

This cost-efficient and more effective service model approach could also have the potential for saving limited state resources to be used in different methods. This innovative service model for Educational Service Districts has the potential of revolutionizing the service approach traditionally used by Educational Service Agencies. Further, it could increase the role of Educational Service District in improving student achievement.

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents information relating to management of financial resources of the North Central Educational Service District (ESD) 171 in Wenatchee (also called NCESD). The first section of this chapter will deal with financial management and budgeting, while purchasing and contract management activities will be discussed in the second section.

CHAPTER SUMMARY

The financial management and budgeting activities of the NCESD encompass a variety of related and unrelated functions that are generally handled within the Fiscal Services Division of Administrative Services and, as is the case with all ESDs in Washington, in a county government department as well. The Chelan County Treasurer handles most banking and all investment needs of the ESD.

Financial management and budgeting functions include activities such as payroll, accounts payable, and accounts receivables, general ledger, financial reporting, and risk management. The Fiscal Services Division also coordinates and finalizes the annual budget and prepares reports to help department heads monitor their performance. Many purchasing functions also are provided within the Fiscal Services Department. These are covered in the latter part of this chapter.

In addition, ESD 171 Fiscal Services Division also manages three cooperative liability pools as a service to its district schools. It also provides a variety of financial/ business management services to district schools.

Overall, ESD 171's financial management and budgeting activities are effectively managed by an Executive Director for Fiscal Services. He is supported by a relatively small staff in four departments. According to the most recent organizational chart, the organizational units within Fiscal Services are as follows:

- Internal Business Operations
- Workers' Compensation, Unemployment Trust, and Compensated Leave Trust
- Data Processing Cooperative, including fiscal and student records
- External Fiscal Services

Purchasing and Contract Management functions are critical to ensuring goods and services are acquired to support the operations of the NCESD. An effective purchasing system allows organizations to be provided quality material, supplies, equipment, and services in the right quantity and in a timely, cost-effective manner. The purchasing function requires careful adherence to federal and state laws, to ESD 171's Board of Directors approved policies and administrative procedures and to generally accepted principles and methods of sound financial practices and purchasing management. Good purchasing and contract management policies and procedures should help foster public

trust and confidence that taxpayer funds are being spent efficiently and that quality goods and services are being acquired in an effective manner.

Centralized purchasing and contract management related functions are provided for ESD 171 by the Internal Business Operations of the Fiscal Services Department within the District's Division of Administrative Services. Internal Business Operations is headed by a Managing Director of Internal Business Operations. Day-to-day functions are conducted and supervised by a Program Coordinator who reports directly to the Managing Director. The two staff members assigned specific roles in this area are supervised by the Program Coordinator of Internal Business Operations.

Purchasing and contract management functions are effectively managed by the Managing Director and the Program Coordinator of Internal Business Operations, both of whom have substantial business management experience. **Exhibit 4-1** displays how the function is organized. The two accounting technicians, along with both the manager and the director, provide primary purchasing functions such as entering purchase orders into the accounting system, ensuring contracts are properly executed, handling accounts payable and preparing disbursements.

Purchasing of goods and services are monitored by department heads and Fiscal Services staff on an ongoing basis. Monthly reports that indicate spending (and revenue) are prepared and reviewed to help ensure spending is being controlled and conforms to the budget, based on the fiscal period of the year and on individual unique program needs.

Key commendations in this chapter include:

- ESD 171 is commended for developing and enhancing a unique budget development and monitoring tool.
- ESD 171 is commended for providing and brokering many cooperative programs and shared services arrangements.
- ESD 171 is commended for developing, sustaining, and expanding the Compensated Absence Liability Pool.

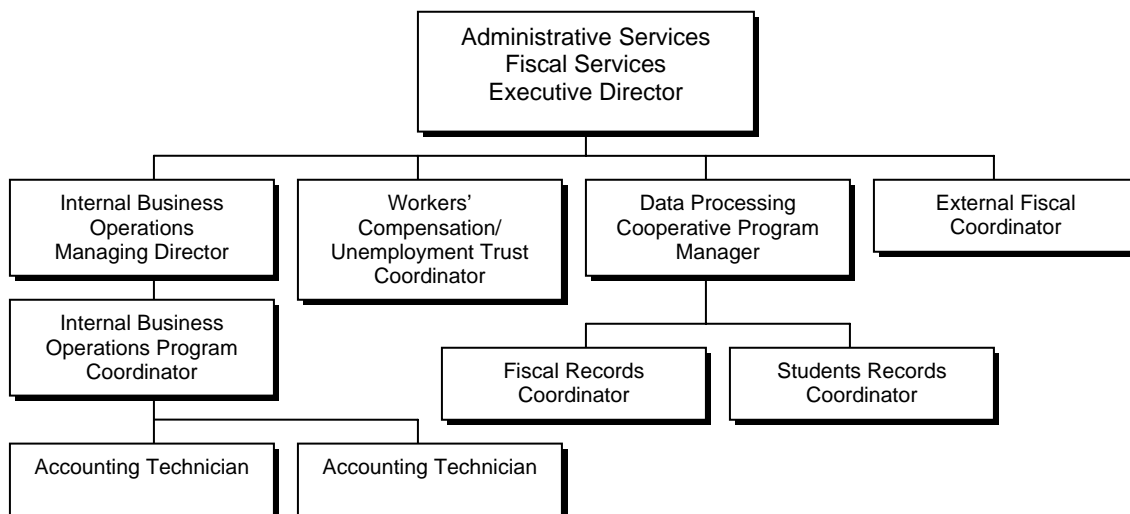
Key recommendations in this chapter include:

- Develop an unrestricted and undesignated fund balance policy to ensure reserves are adequate to meet all financial obligations. (**Recommendation 4-1**)
- Link budgeting to the ESD's Strategic Plan as the budget is being developed and develop goals and objective measures to help ensure funds are spent in support of ESD programs in the most effective and efficient manner. (**Recommendation 4-2**)
- Adopt some simple and practical steps recommended by PricewaterhouseCoopers for the evaluation of spreadsheet controls. (**Recommendation 4-3**)

- Ensure employee training and cross-training programs are achieving the desired results. (**Recommendation 4-4**)
- Study costs associated with providing business manager services so that rate setting can be uniform and help ensure all direct and indirect costs are considered in the established rates. (**Recommendation 4-5**)
- Establish a comparison shopping program to help ensure goods and equipment are being acquired at reasonable prices. (**Recommendation 4-6**)
- Update administrative procedures to ensure consistency with state law. (**Recommendation 4-7**)

Fiscal Services departments of the NCESD are shown in **Exhibit 4-1**. All of the activities covered in financial management, budgeting, purchasing and contract management are handled within this division.

**EXHIBIT 4-1
NORTH CENTRAL EDUCATIONAL SERVICE DISTRICT
ORGANIZATIONAL CHART
ADMINISTRATIVE SERVICES-FISCAL SERVICES DIVISION**



Source: NCESD Fiscal Services Department, December 2006.

4.1 Planning and Budgeting Processes

Most budget-related activities of the NCESD are coordinated by the Executive Director of Fiscal Services. The budget calendar as established in NCSD Administrative Procedure Number 4300 P-1 indicates a well-developed planning cycle that permits inputs from all interested parties. The budget process begins the first week of May with guidelines and budget worksheets being distributed to department managers, budgets developed and reviewed by department heads by the end of May. The budget is sent to the Superintendent's Executive Committee for approval in July and a public hearing on the budget is held and the board approves (adopts) on the fourth Tuesday in July.

FINDING

ESD 171 maintains a fund balance that amounts to less than one month's expenditures, and is less than the minimum recommended by the Government Finance Officers' Association (GFOA). **Exhibit 4-2** provides a summary of budget information for ESD 171 over the most recent five-year period. Revenue growth has been fairly steady each year, ranging from four to 15 percent (excluding other funding sources used to purchase the new facility). Of concern to the audit team is the rather low unreserved fund balance that amounts to less than one month's expenditures. The ending fund balance has ranged between four and seven percent of prior year expenditures for the most recent four-year period.

GFOA recommends that unreserved fund balance in the general fund be between five and 15 percent of general fund operating revenues or one to two months of general operating expenditures. The recommended balance will vary from government operations to government operations and will depend on the predictability of revenues and volatility of expenditures, the availability of resources in other funds, and liquidity of invested funds

Taking the GFOA's guidelines into consideration, the Texas Education Agency (TEA) has determined that a reasonable level for undesignated fund balance for the General Fund (unreserved and undesignated) for Regional Education Service Centers in Texas, similar to Washington's ESDs, may be up to 20 percent of the prior year expenditures. This is based on the concept that undesignated fund balance should be equal to about 2.5 months of operating expenses. This is a little higher than the GFOA recommended amount because, unlike most other governmental agencies, ESDs have no tax base, and their annual revenues are subject to substantial fluctuations that are beyond their control, such as state and federal legislative funding of programs, government and non-profit grant availability, local school district financial constraints, and other issues not only beyond their control, but somewhat unpredictable.

**EXHIBIT 4-2
NORTH CENTRAL EDUCATIONAL SERVICE DISTRICT
GENERAL EXPENSE FUND BUDGETS
FISCAL YEARS 2002-2006**

	Actual 2002-03	Actual 2003-04	Actual 2004-05	Budget 2005-06	Budget 2006-07
<u>BEGINNING FUND BALANCE</u>					
Reserve for Debt Service	0	0	0	0	0
Reserve for Inventory	30,000	30,000	30,000	30,000	30,000
Reserve for Self-Insurance			0	0	0
Reserve for Other Items	549,948	572,633	708,173	803,737	898,973
Reserve for Transportation Equipment	0	0	0	0	0
Transfer to Transportation Reserve	0	0	0	0	0
Reserve for Instructional Support Programs	3,479,731	2,618,539	2,173,876	1,553,976	771,010
Reserve for Noninstructional Support Programs	164,224	224,325	332,367	387,047	336,070
Unreserved Fund Balance	520,165	587,089	649,832	736,350	696,576
Total <u>BEGINNING FUND BALANCE</u>	4,744,069	4,032,586	3,894,248	3,511,110	2,732,629
<u>REVENUES</u>					
Local Sources	1,036,886	947,254	1,459,967	1,363,775	2,777,111
State Government Sources	1,551,798	1,545,040	1,479,059	1,493,518	1,506,960
Federal Government Sources	4,078,437	3,773,732	4,604,700	5,146,296	5,265,598
Payments for Cooperative Programs	2,285,970	2,237,276	2,422,743	2,748,342	2,831,147
Payments for Other Programs	740,089	1,620,908	1,651,281	1,604,528	1,749,037
Other Financing Sources	8	8	0	4,800,000	0
Total <u>REVENUES</u>	9,693,189	10,124,218	11,617,750	17,156,459	14,129,853
Total <u>RESOURCES AVAILABLE</u>	14,437,258	14,156,804	15,511,998	20,667,569	16,862,482
<u>EXPENDITURES</u>					
ESD Core Operations	1,777,626	1,540,442	2,077,447	7,190,221	2,784,664
ESD Direct Cost Centers and Agency Services	0	0	0	0	0
Instructional Support	7,082,455	7,006,898	8,103,911	8,747,756	8,546,268
Noninstructional Support	1,544,582	1,715,207	1,819,531	2,020,000	3,136,309
Total <u>EXPENDITURES</u>	10,404,664	10,262,548	12,000,888	17,957,977	14,467,241
<u>ENDING FUND BALANCE</u>					
Reserve for Debt Service	0	0	0	0	0
Reserve for Inventory	30,000	30,000	30,000	30,000	30,000
Reserve for Self-Insurance	0	0	0	0	0
Reserve for Other Items	572,633	708,173	803,737	764,694	944,096
Reserve for Transportation Equipment	0	0	0	0	0
Transfer to Transportation Reserve	0	0	0	0	0
Reserve for Instructional Support Programs	2,618,539	2,173,876	1,553,976	648,139	535,120
Reserve for Noninstructional Support Programs	224,325	332,367	387,047	371,368	338,157
Unreserved Fund Balance	587,089	649,832	736,350	895,391	547,868
ENDING FUND BALANCE	4,032,586	3,894,248	3,511,110	2,709,592	2,395,241
<u>STAFF COUNTS</u>					
Certificated Employees		10.0	10.5	11.8	11.8
Classified Employees		81.5	82.4	83.2	78.5
Total Employees		91.5	93.0	95.0	90.4

Source: ESD 171 Summary of General Expense Fund Budget fiscal years 2004, 2005 and 2006.

Recommendation 4-1:

Develop a Board of Directors policy addressing the level of unrestricted and undesignated fund balance to be maintained by ESD 171 and the criteria for determining appropriate fund balances for reserved funds to ensure reserves are adequate to meet financial obligations.

The determination of appropriate fund balance is a critical factor for ESDs' financial and strategic planning and for budgeting purposes. The establishment of a board policy on the fund balance will provide long-term guidance for financial decisions regarding fund balances and rates charged to school districts. At this time, the fund balance is less than one month's expenditures and should be increased pending the adoption of the board's policy. Obviously, to increase a fund's balance, revenues or other sources of finance will have to exceed expenditures for a period of time. The increase in the unreserved fund balance could be implemented gradually to reduce impact on costs charged to school districts for services.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|---|--------------|
| 1. ESD 171 Fiscal Services Executive Director should prepare a draft of a recommended board policy for fund balance targets to help ensure adequacy of balances to meet current and future obligations considering uncertain funding, while not needlessly tying up funds in unproductive account balances. | July 2007 |
| 2. The Board of Directors should review the recommended policy and approve or deny the proposal. | October 2007 |

FISCAL IMPACT

If the board adopts the recommended two to three months reserve, increasing the unreserved fund balance will require additional revenue or less spending and should be accomplished over several years. Depending on the adopted policy and because of reserved-fund balances, there may be no change necessary to the unreserved fund balance.

FINDING

The ESD's budget is developed using a system of linked EXCEL spreadsheets (called Bud-X) that were developed by the NCESD's prior Executive Director of Fiscal Services and was enhanced by the current Executive Director. The spreadsheets contain linked worksheets that roll up to form the District's complete budget. The Bud-X not only serves as a tool to create the budget, it helps the superintendent, executive directors and department managers monitor their revenues and spending throughout the year.

Budget development also depends on forecasting and estimates of revenues and spending by department heads based on their program/department planning. Staff believes the Bud-X tool has helped them cut the budget preparation time in half over the prior process.

Once the budget is completed in Bud-X and approved by the Board of Directors, it is loaded into WISE (the ESD's accounting software), which is used in this and other ESDs and schools in Washington. Although WISE tracks spending as well, it is not user-friendly, and although Bud-X and WISE are both used for budgeting and monitoring spending and revenues, it was not considered a "second set of books" by anyone interviewed. It is a valued resource that facilitates planning and provides detailed monitoring.

The Bud-X budgeting and monitor tool is a tremendous asset for department heads and program managers to assist in budget development with a full understanding of the spending for salaries and support needed to provide the desired level of services based on revenue forecasts and other assumptions.

The NCESD is commended for developing and enhancing a budget development and monitoring tool, Bud-X, which enables all users including department managers and program directors to develop and track their budget throughout the year with more understanding of the financial condition than under the NCESD official accounting system, WISE. Bud-X helps all who participate in the budget process actually understand the development process and watch how and when revenues are earned and funds are spent to support their program and deliver the services to participating member schools and internal ESD departments.

The budget is not however developed according to a fully developed strategic plan with goals and measurable objectives.

COMMENDATION

The NCESD is commended for developing and maintaining an excellent budget development and monitoring tool.

Recommendation 4-2:

Link budgeting to ESD 171's Strategic Plan as the budget is being developed; develop goals and objective measures to help ensure funds are spent in support of ESD's programs in the most effective and efficient way.

Strategic Planning is covered in Chapter 3.0 of this report.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. Executive Director of Fiscal Services obtains training on performance measures and how budgets may be linked to the measurable outcomes presented in the District Strategic Plan. | September 2007 |
| 2. Executive Director of Fiscal Services conducts training on performance measures and how budgets may be linked to the measurable outcomes presented in the District Strategic Plan. | January 2008 |
| 3. Department and program heads establish measures and how they may be used for the 2008-2009 budget development cycle. | March 2008 |

FISCAL IMPACT

This recommendation can be implemented with existing ESD resources.

4.2 Internal Controls, Including Internal Audit

ESD 171 has no internal auditor, but has developed numerous checks and balances to help monitor and control spending throughout the ESD. The Fiscal Services division exhibits an organized and logical system of separation of duties among accounting division staff to help ensure work is performed efficiently with appropriate oversight and accountability.

FINDING

ESD 171, like most organizations rely on spreadsheets as an important tool in their financial reporting, tracking, monitoring, analysis, and operational processes. It has data, analysis, and reports of all kinds maintained by the business office and by fiscal services staff. Every business office and fiscal services staff interviewed used spreadsheets extensively. This included payroll for grant time and effort accounting and numerous other tracking and analyses purposes. As a result, spreadsheets are an integral and essential part of the information framework for the ESD.

Because of their ease of use and flexibility, spreadsheets are ubiquitous and unfortunately in most organizations unsecured, undocumented and contain errors in data and/or formulas. ESD 171 does a good job when it comes to security and backing up the data. All spreadsheets observed in the business office were stored only on the network, which is backed-up.

The audit team only noted the usage of spreadsheets. It did not conduct any accuracy tests, request documentation, or review security procedures. This finding is meant only as a general observation. According to a recent study by PricewaterhouseCoopers, the use of spreadsheets and more importantly the lack of controls over spreadsheets, has been a contributing factor to financial reporting errors at a number of companies. Recent federal legislation, the Sarbanes-Oxley Act of 2002, although not targeted at government organizations, increased the focus on an organization's internal controls. Section 404 of that legislation discusses controls related to the development and maintenance of spreadsheets

Recommendation 4-3:

Adopt simple and practical steps recommended by PricewaterhouseCoopers for the evaluation of spreadsheet controls.

Ensure all spreadsheets are maintained on a secure network, that backups are routinely conducted, and that there is an off-site storage program. Also, consideration should be given to addressing the need to password protect sensitive files to enhance security of this information from unauthorized disclosure. Sensitive information would include Social

Security numbers, address and phone numbers of staff and students (if collected), and any medical/injury related information.

PricewaterhouseCoopers recommends five high-level steps for spreadsheets:

1. Inventory spreadsheets.
2. Evaluate the use and complexity of spreadsheets.
3. Determine the necessary level of controls for key spreadsheets.
4. Evaluate existing (as is) controls for each spreadsheet.
5. Develop action plans for remediation of control deficiencies.

Source: PricewaterhouseCoopers, "The Use of Spreadsheets: Considerations for Section 404 of the Sarbanes-Oxley Act, July 2004.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. ESD 171 Executive Director of Fiscal Services, Managing Director of Internal Business Operations and the Technology department head should review internal controls over data maintain in the ESD's computers and servers. June 2007
2. Technology department head and Managing Director of Internal Business Operations should at a minimum consider PricewaterhouseCoopers steps for controls over spreadsheet usage and back-up. July 2007

FISCAL IMPACT

These steps could be performed by existing Fiscal Services and Information Technology staff and would require no additional financial resources.

4.3 Resource Utilization

FINDING

Staff throughout the Fiscal Service division are cross-trained in numerous tasks throughout the division. Cross-training coupled with the limited number of staff in Fiscal Services may be contributing to high turnover in certain departments in fiscal services. Cross-training is a benefit to the department and should serve an employee by making him or her more valuable over time. Nevertheless, there were concerns expressed by some and observed by the audit team that too much cross-training and too early cross-training may lead to job dissatisfaction and hinder the necessary learning of the primary duties and responsibilities, which can lead to employee turnover.

Recommendation 4-4:

Ensure employee training and cross-training programs are achieving the desired results.

Ensure new staff is not being cross-trained before they feel competent with their primary duties. Adults, like children, learn at different rates and can only absorb so much information in a given time-period. Moving too fast can cause job dissatisfaction and lead to stress and eventually loss of an employee. If they are good employees and their loss would not benefit the ESD, ensure they have learned all necessary competencies before beginning cross-training.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. Supervisors should observe and review training and cross-training of new and incumbent employees to ensure they are learn at an appropriate rate and not being overloaded with new information beyond what they can assimilate. | July 2007 |
| 2. Supervisors and Human Resources should review training documents and other internal staff development tools and programs on an ongoing basis. | Ongoing |

FISCAL IMPACT

This recommendation can be implemented with existing ESD Resources.

4.4 Cooperative Services

ESD 171 offers a wide assortment of cooperative programs in many areas including fiscal services. Information on programs is provided annually to districts in a Cooperative Book prepared by the ESD.

ESD 171 operates three cooperative trust services or pools, the Unemployment Compensation Trust, the Workers' Compensation Trust, and the recently created Compensated Absences Liability Pool. These pools are run under the direction of the Fiscal Services executive director and by a qualified and highly motivated program manager who spends a significant number of hours in the field with clients to help provide safety and other risk management training sessions, answering questions, providing guidance to schools, and offering ESD products and services.

FINDING

The Workers' Compensation Trust is evaluated yearly by an actuary to determine the financial stability and to set appropriate rates. The Trust is considered one of the best in the state for having a high confidence level (94%) and has one of the lowest administrative costs to administer the program.

The purpose of the Unemployment Cooperative is to self-insure unemployment compensation benefits in lieu of payment of the unemployment tax. Each district maintains a separate account balance from which benefits and administrative costs are paid. Twenty-nine school districts and NCESD are members of this cooperative.

In addition, Fiscal Services provides many financial services to member schools from part-time business managers to payroll and payables processing through its Business Management Contract Services program. The Business Management Contract Services provides a range of business management services meeting short-term or long-term needs. Rural school districts often report difficulty in finding local personnel with the training and experience to serve as school business managers. Business manager services provide superintendents with another alternative. Through the business manager services, ESD 171 staff can help districts transition during business manager turnover, or can offer long-term solutions by becoming the district's business manager. Services are tailored to the needs of the individual school district. ESD 171 provides financial services such as payroll, accounts payable and even entire business office management to requesting school districts. Small districts often lack the personnel and resources needed to efficiently perform all required business functions. In addition, others may have the staff, but due to their size, staff may be underutilized. ESD 171 has developed numerous shared services opportunities using one school district's staff part-time or for certain services for other school districts.

The cooperative programs offered by NCESD received positive support in the surveys conducted by the audit team and in ESD's own customer satisfaction survey conducted in March 2006. The District estimates that for this fiscal year services of its full-time staff on a part-time basis to school districts as business managers is expected to save the three districts a total of \$87,000 over what a district business manager would have cost.

Interviews with fiscal services staff provided no clear-cut method to establishing rates that are being charged school districts for its services. Some charges were based on a percentage of the workweek staff worked at/for the school and others were based on what the district was previously paying.

COMMENDATION

ESD 171 is commended for providing and brokering many shared services arrangements and cooperative programs for the school districts it serves.

Nevertheless, more could be done in sharing the services of the fiscal management team at ESD 171. There may be other school districts that could benefit either from the services or by using excess staff capacity in one school district to share with other schools to help both schools reduce their costs.

Recommendation 4-5:

Study costs associated with providing business manager services so that rate setting can be uniform; help ensure all direct and indirect costs are considered in the established rate

Rates charged school districts vary and there has been little if any analysis of the costs associated with the services being provided.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The Executive Director of Fiscal Services should conduct cost study. | July 2007 |
| 2. The Executive Director of Fiscal Services should use the cost study to establish rates in a uniform and consistent manner. | July 2007 |

FISCAL IMPACT

This recommendation can be implemented within existing ESD resources.

FINDING

In 2003 ESD 171 started a Compensated Absences Liability pool, a type of pool not as common as workers' compensation or unemployment compensation pools, which are found in almost all ESDs. This liability pool is designed to help school districts better prepare for compensating employees upon retirement, disability, death or other situations where an employee will be "cashing out" of accrued sick and/or annual leave.

The pool provides a service to participating school districts by enabling them (jointly) to accumulate financial resources to reimburse a district at a later date when an employee leaves the district and obligates the district to "cash out leave." This pay-as-you go program reduces the burden of cash outs by accumulating funds in advance. At the time of this study, 12 of the 29 school districts in the region were participating in this pool.

There is an additional benefit of the program to districts with employees assigned to grants. The district can charge monthly payroll costs of the pool to the grants, whereas retirement payouts cannot be charged because they are not liabilities created in the current period.

COMMENDATION

ESD 171 is commended for developing, sustaining, and expanding the Compensated Absence Liability Pool and is encouraged to expand the pool to all schools in its district and to schools outside of its service area where no such pools are provided by their ESDs.

4.5 Cooperative Purchasing

The purchasing and contract management function is critical to helping to ensure goods and services are acquired to support NCESD operations. NCESD does not directly manage any cooperative purchasing programs for the schools in its district, nor does it actively participate in any of the statewide purchasing programs such as the state of Washington or the King County Directors' Association (KCDA). Critical to managing scarce resources is some assurance that the goods and services being acquired are obtained at competitive prices.

The state of Washington and the ESD established competitive purchasing requirements at rather high levels. This statute only applies to school districts. ESDs are not required to follow it unless purchases are for a purchasing cooperative that includes school districts. Nevertheless according to ESD staff, ESD 171's purchasing policy is intended to mirror state law. **Exhibit 4-3** shows current bidding and quotation requirements according to state law for school districts as amended in 2005.

EXHIBIT 4-3
RCW 28A.335.190
COMPETITIVE BIDDING THRESHOLDS FOR
FURNITURE, EQUIPMENT OR SUPPLIES (EXCEPT BOOKS)

EXPENDITURE THRESHOLD	APPROPRIATE ACQUISITION PROCEDURE
Expenditure greater than \$40,000 and Less than \$75,000	Telephone and/or written quotations from three sources
Expenditures of \$75,000 or more	Formal Bids

Source: Superintendent of Public Schools, Memorandum No. 033-05M School District Bid Law, July 25, 2005.

FINDING

The NCESD buys most of its supplies and equipment locally rather than leveraging its spending power with others in the statewide purchasing cooperatives. The audit team noted several purchases over \$15,000 that, although conforming to the OSPI memorandum in **Exhibit 4-3**, do not conform with the current administrative procedure (4200 P-1) as indicated in **Exhibit 4-4**. This may or may not be cost-effective, but there is no support to determine if money could be saved by investigating alternative purchasing opportunities.

Recommendation 4-6:

Establish a comparison shopping program.

On a periodic basis, compare prices paid for a sample of goods purchased regularly to determine if they are being obtained at a reasonable prices, or if there are significant differences between local prices and what can be obtained using statewide purchasing contracts such as the KCDA.

Buying locally may or may not be best for the ESD and certainly at best may only be marginally beneficial to nearby local districts in the immediate area, not necessarily the entire region served by the ESD. A comparison shopping program can be easily accomplished over the internet by comparing about a dozen items typically purchased by the district such as paper, envelopes, pens, printers, etc. This is especially important because state and district formal bidding and quotations requirements for purchasing goods and equipment are so high. Essentially purchases up to \$40,000 may be made sole source without any quotes from potential vendors. Most jurisdictions the audit team has familiarity with have much lower thresholds. Certainly this makes purchasing more efficient, but there should be some way to help ensure the ESD is not overpaying.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The Managing Director should establish a comparison shopping program. | July 2007 |
| 2. Internal Business Operations staff should conduct a comparison shopping exercise on a periodic basis at least once per year. | Ongoing |

FISCAL IMPACT

A comparison shopping program can be implemented with existing resources and may result in significant savings to the district. Savings cannot be estimated.

4.6 Purchasing Automation and Paper Flow

The purchasing process is well controlled and monitored by a process that requires requisitions and purchases to be prepared and approved for all purchases. The District has purchasing policies and administrative procedures that provide guidelines to staff on the purchases of goods and services they make to maintain operations of all departments.

Desk manuals have been prepared to provide user-friendly assistance and examples for forms, policies, and procedures that must be followed. These manuals serve to help train staff and to provide staff with step-by-step guidance as they process their work.

The guidelines provided in the NCESD Administrative Procedure number 4200 P-1 and in the purchasing guidelines established in the desk manual are shown in **Exhibit 4-4**.

**EXHIBIT 4-4
NORTH CENTRAL EDUCATIONAL SERVICE DISTRICT
ADMINISTRATIVE PROCEDURE
PURCHASING: BIDS AND CONTRACTS
(ACQUISITION FURNITURE AND EQUIPMENT OR SUPPLIES)**

EXPENDITURE THRESHOLD	APPROPRIATE ACQUISITION PROCEDURE
Estimated amount of expenditure in excess of \$50,000	Formal Competitive bid
Expenditures between \$15,000 and \$50,000	Obtain three written or telephoned and recorded quotations. Award to lowest responsible bidder

Source: NCESD Administrative Procedure no. 4200 P-1, 2006.

FINDING

The administrative procedure for purchasing as provided to the performance audit team is not consistent with state law for school districts (which was changed in 2005 by the State Legislature). The Legislature in HB1719 increased the competitive bidding threshold for school district purchases and public works projects under RCW

28A.225.190. Basically formal bids are now required at \$75,000 or more and quotations from three sources are required between \$40,000 and \$75,000. According to staff, ESD 171 follows RCW 28A, but has not yet updated its administrative procedures.

Recommendation 4-7:

Update the board policy, administrative procedures, and the desk manuals to reflect current law if that is what the district is adopting.

Procedures and policies should be updated periodically to reflect current law and board policy.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|--|-----------|
| 1. The Managing Director of Internal Business Operations should assign staff members to review all administrative procedures for consistency with current law and or board policy. | June 2007 |
| 2. Internal Business Operations staff should develop drafts of updated procedures and submit for approval by the Executive Director of Fiscal Services. | July 2007 |

FISCAL IMPACT

The implementation of this recommendation can be achieved with current ESD resources.

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter presents findings and recommendations relating to the program delivery functions performed by staff at North Central Educational Service District (NCESD or ESD 171).

CHAPTER SUMMARY

The Division of Educational Services is the largest of three divisions in ESD 171. The Division has five project areas with multiple components within each, as shown in **Exhibit 5-1**. These five project areas include staff expertise in:

- School and district improvement;
- Reading, math, writing, science, social studies;
- Special education;
- Safe and civil schools;
- Crisis response planning;
- Re-tooling high schools;
- Assessment and grade level expectations;
- Differentiating instruction; and
- Classroom-based assessments (CBA's).

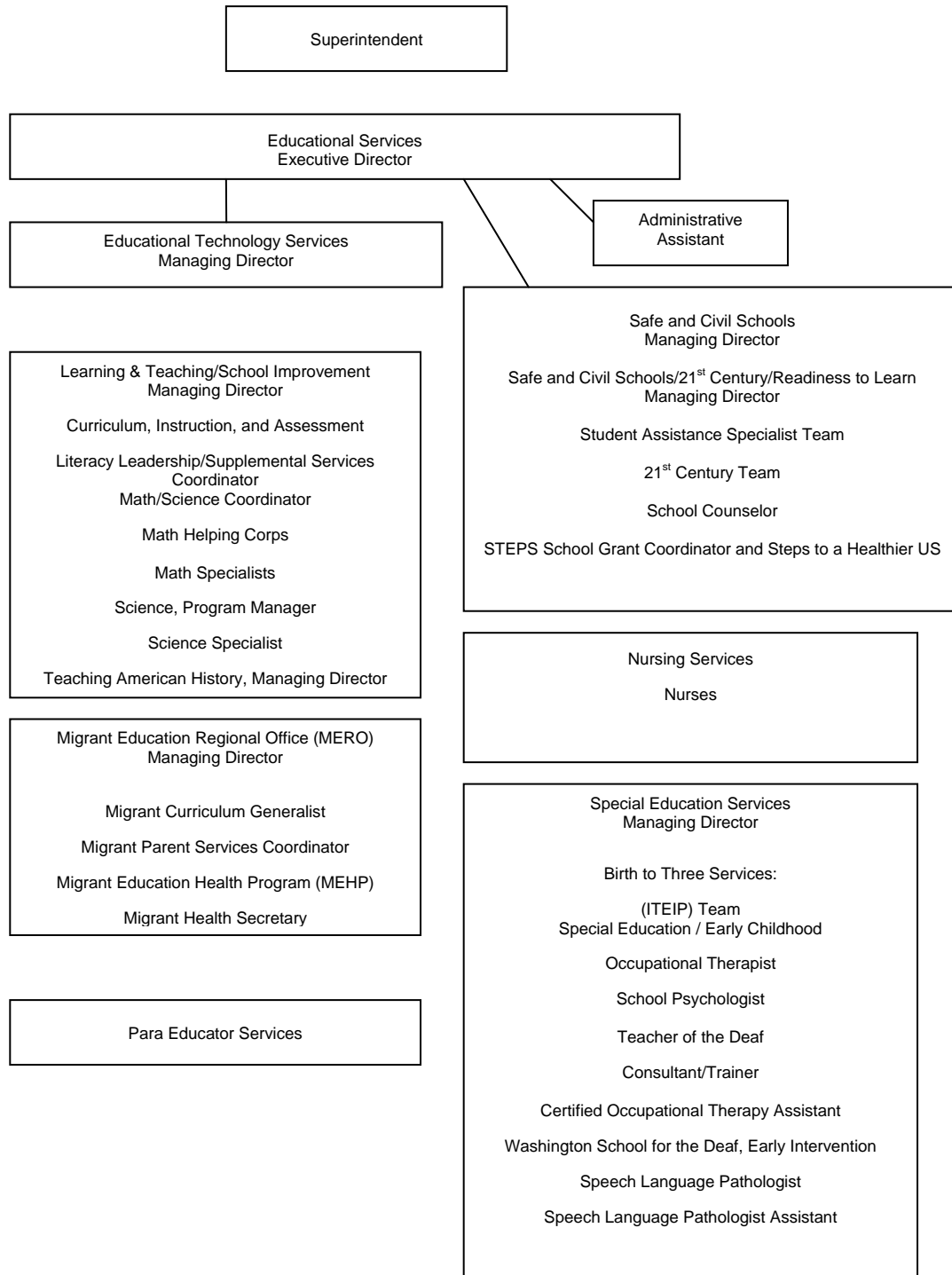
**EXHIBIT 5-1
ESD 171 PROJECT AREAS**

PROJECT AREAS	COMPONENT AREAS
Birth to Three Services	Chelan Douglas Early Intervention Program
Learning and Teaching	Math Services Science Services School Improvement Teaching American History
Professional Development	Inservice Classes Registrar
Student Support Services	Disability Services Migrant Educational regional Office Safe & Civil Schools School Nurse Corp Special Education Washington Sensory Disability Services
Technology	Educational Technology Media Services Network Services Interactive Videoconferencing

Source: NCESC Division of Educational Services, 2006.

The Director of the Division of Educational Services manages at least 70 staff members, as shown in **Exhibit 5-2**, and approximately 56 budgets. The director is also a member of the NCESD Management Team. In addition to the management responsibilities, the director currently serves as interim superintendent of a client school district.

EXHIBIT 5-2 EDUCATIONAL SERVICES FOR ESD 171



Source: NCESD Organizational Chart, 2006.

The mission of these programs and services, as stated by NCESD, is to “. . . lead with innovative and effective solutions, adaptability, advocacy, and a commitment to deliver exceptional service to students.”

ESD 171 superintendents indicate a high level of satisfaction with educational services both in individual interviews and on the MGT survey.

In the eight items (shown in **Exhibit 5-3**) related to satisfaction with instructional delivery, at least 90 percent of the superintendents responded strongly agree or agree.

**EXHIBIT 5-3
SUPERINTENDENT SURVEY RESULTS
ESD 171**

STATEMENT	% SA*	% A*	TOTAL
Our school district frequently uses services provided by our ESD.	84%	16%	100%
The services provided by our ESD are critical to the success of our district's programs and operations.	88%	8%	96%
The ESD in our region is highly responsive to service needs of our school district.	80%	20%	100%
The ESD in our region provides quality services.	80%	20%	100%
The ESD in our region is highly efficient and effective	84%	16%	100%
The ESD in our region is responsive to complaints.	80%	16%	96%
The ESD in our region is responsive to requests for services.	68%	32%	100%
The ESD in our region listens and tries to meet the needs of the school district.	84%	16%	100%

Source: MGT of America survey, 2006.

*Indicates percent of individuals who responded *Strongly Agree* and *Agree*. *Neutral*, *Don't Know*, *Disagree*, and *Strongly Disagree* responses have been omitted.

Key recommendations in this chapter include:

- Continue use of the strategic planning process to include the development of a model evaluation plan for the program delivery effort. (**Recommendation 5-1**)
- Use the current strategic planning process to design a systemic programmatic focus on school improvement and the state reform efforts. (**Recommendation 5-2**)
- Design and implement a plan for comprehensive on-line/distance learning opportunities for both meetings and trainings. (**Recommendation 5-3**)

FINDING

ESD 171 does not show evidence of a comprehensive planning process for program delivery for evaluating program effectiveness.

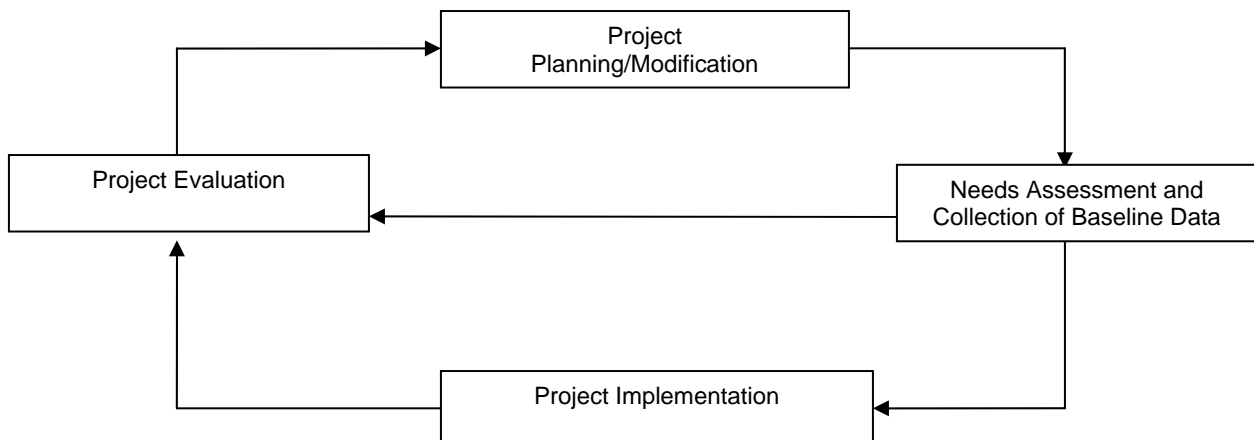
The North Central Educational Service District 171 Envisioned Future & Strategic Plan identifies “Process Improvement” as a “Mega Issue.” It further states:

We need a better system for identifying weaknesses, seeking solutions, and implementing improvements. This could be used for both internal and external processes. We also need to develop a filter that the ESD and districts agree on for those areas to be improved and how they are improved.

While the strategic plan acknowledges this need, requests for documentation, interviews with staff (including the superintendent and assistant superintendent), and interviews with school district superintendents indicate that there is no consistent process for determining need/success for the individual projects within the delivery program. Staff consistently reported that there is no formal planning/evaluation process. Those interviewed state that program/project need and success is determined informally through close association and discussion with clients individually, through some steering committees and the perception that clients would not participate if the project did not meet its needs.

The National Science Foundation (NSF) recommends, as a best practice, a four step design cycle that includes a needs assessment which drives the project design, project implementation, project evaluation, and project planning/modification (**Exhibit 5-4**).

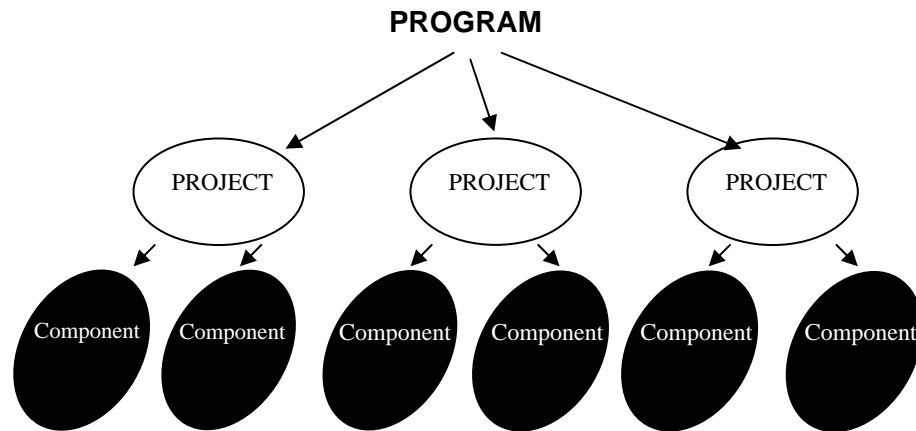
EXHIBIT 5-4 THE PROJECT DEVELOPMENT/EVALUATION CYCLE



Source: National Science Foundation, *User Friendly Handbook*, 2002.

NSF further recommends that the evaluation include examination of specific critical components within the projects of the overall program (**Exhibit 5-5**).

**EXHIBIT 5-5
EXAMINATION OF SPECIFIC CRITICAL COMPONENTS**



Source: National Science Foundation, *User Friendly Handbook*, 2002.

Recommendation 5-1:

Continue and complete the current strategic planning process to include a comprehensive needs assessment for program delivery.

NCESD 171 should link each program and service, including state and federal programs, to data tied to measurable performance outcomes for students and teachers. This process should include all project offerings/components and a plan to address/modify the offerings and to evaluate the result of the modified/new projects. A specific strand of the overall strategic plan should focus on each project in program delivery. The National Science Foundation recommends that a model program/project evaluation include:

- Needs assessment and collection of baseline data
 - In the case of ESD 171 assessment should include identification and analysis of the following: campus and district WASL results, campus report cards, annual program evaluations, workshop evaluations, campus plans, on-site visits, advisory group input, teacher performance and practices and other pertinent data at the program delivery level
- Project design and implementation
 - The plan should be specific by project and include goals, objectives, activities designed to achieve objectives, resources, timelines and specific objectives
- Project evaluation
- Project planning modification

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|----------------------------|
| 1. The ESD Superintendent should work with ESD staff and client district superintendents to begin the annual review of strategic plan. | June 2007 |
| 2. The ESD Superintendent, ESD staff and client superintendents should continue to work with existing representative groups i.e., Learning and Teaching Advisory, Title I directors, LASER Steering Committee to design the program delivery needs assessment and evaluation plan. | December 2007 |
| 3. The ESD staff should conduct needs assessment based on design. | September 2007 |
| 4. The ESD Superintendent, staff and client district superintendents should identify stakeholders to develop goals and measurable outcomes (based on results of needs assessment). | March 2008 |
| 5. The ESD staff should evaluate as required in evaluation component. | September 2008 |
| 6. The ESD staff should implement offerings. | August 2008 –
July 2009 |
| 7. The ESD staff should include findings in 2008-2009 planning design. | August 2008 –
July 2009 |

FISCAL IMPACT

The ESD should be able to implement this recommendation with existing resources.

FINDING

ESD 171 does not have a single, proactive articulated plan to address the state reform movement (WASL) requirements nor is there a partnership with OSPI and other ESDs toward this end.

RCW 28A.310.010 states that a mission of the Educational Service Districts is to “Assist the Superintendent of Public Instruction and the State Board of Education in the performance of their respective statutory or constitutional duties.”

Requests for documents and interviews with staff and superintendents indicate that while there are a variety of trainings and customized services offered by ESD 171 to support the state reform movement, there is no proactive systemic program plan in place to address the needs across testing/curriculum areas nor across grade levels to ensure success with the reform. Staff indicated that as a foundation for school improvement efforts a major approach is the facilitation of the development of professional learning

communities and the development of campus leadership coaches. This approach, combined with a planned, systemic leadership academy focusing on the school reform movement would be an effective and comprehensive approach to ensuring state reform success.

During the initial state reform movement in Texas, Education Service Center Region 20 addressed priority needs for Texas district principals, assistant principals and central office staff by developing a training academy for its school administrators titled *Navigating the Course of Change*. The effort evolved into a collaboration with the Texas Education Agency (TEA) and the other 19 education regions in Texas. As a part of the statewide initiative each region received a complete set of training materials (CD-based materials, Web-based resources; and relevant supplemental materials) to be used with the districts within their regions. One unique component of the program was the reliance upon school district and campus leadership to ensure success of reform and the preparation of all materials needed by the administrators to replicate the training at the campus/district level.

Recommendation 5-2:

Use the current strategic planning process to design a system that extends the focus on school improvement and the state reform efforts.

In October 2004 and March 2005, ESD 171 management team in collaboration with the ESD Board of Directors and NCESD school district superintendents developed the *Envisioned Future & Strategic Plan*. The plan defines the District's core ideology, envisioned future, and its clear strategic direction for the next five years. This planning process should be used to design and extend the current focus on school improvement and the state reform efforts.

As a part of this effort ESD staff and its client districts are studying four guiding questions which focus on student and school reform. The questions include:

- What do we expect all students to learn?
- How will we know they have learned it?
- What must we do to support the learners who fail to achieve success?
- What will we offer students who exceed our learning expectations?

These questions should be included in a program delivery system designed to ensure state reform success. The decision of the program delivery system should include, but not be limited to:

- Campus (school building) level disaggregated testing data focusing on areas in need of improvement.
- Answers to the following campus (school building) questions which reflect the four guiding questions mentioned above:

- Where are our weaknesses and are we addressing them?
- What do we need to know to be successful?
- Specifically what is changing due to reform?
- What do we need to do to assist our students in preparation for reforms?
- What resources are currently available (especially the resources available through OSPI and other ESDs)?
- What resources are we missing?
- How will we know that we are moving in the right direction?
- The following delivery methodology:
 - ESDs provide training of trainers to administrators and teacher leaders.
 - Provide administrators/teacher leaders a presentation format (CD and web-based PowerPoint presentations, videos, etc) for administrators to use with campus staff.
 - Provide administrators/teachers face-to-face training at ESDs and/or other convenient locations including distance learning opportunities.

IMPLEMENTATION STRATEGIES AND TIMELINES

- | | |
|---|------------|
| 1. The ESD Superintendent should work with strategic planning committee to ensure recommendation is included in the strategic planning process | April 2007 |
| 2. The ESD 171 Superintendent should initiate a meeting with the State Superintendent of Public Instruction to agree upon a collaboration effort and identify a taskforce of appropriate OSPI and ESD staff to plan a training model and timeline using criteria outlined in the recommendation section of this finding | June 2007 |
| 3. The Task Force should design a series of modules (using criteria outlined in the recommendation section of this finding) the first of which should be ready for implementation in late July 2007. | June 2007 |
| 4. The ESD 171 and OSPI should invite appropriate representatives from each ESD for a training of trainers. During this session the complete design should be presented and the trainer of trainers materials for the first module. | July 2007 |

- | | |
|--|-------------|
| 5. Each ESD in attendance should replicate the session with its principals and provide materials for the replication of the session by the principal at each campus. | August 2007 |
| 6. This design should be used annually to ensure school district educators are aware of all state reform efforts and have access to supportive materials. | Ongoing |

FISCAL IMPACT

The ESD should be able to implement this recommendation with existing resources.

FINDING

ESD 171 does not provide comprehensive on-line/distance learning options for meetings and delivery of training for teachers and administrators to ensure cost efficiency to clients.

While the NCESD strategic plan states that Initiative 2 of the 5 key strategic initiatives is to "...collaboratively develop the right technology solutions for and with all school districts" requests for documentation, interviews with staff and school district superintendents indicate a need for innovative electronic delivery options. Cost in time and dollars, as well as unnecessary teacher time away from students exists as a result of the need to travel to the ESD 171 site.

Interviews revealed that staff, in general, realize the need for additional delivery options and that the equipment is available; however, at this point those options are not being extensively pursued. The Technology Department offers the majority of its training online. A review of course offerings on the NCESD website evidenced 100 percent of technology offerings are available on-line. However, of the 25 general curriculum offerings listed, none were currently being offered on-line. Staff indicated that less than 7 percent of trainings are provided via distance learning and that those trainings are sponsored by OSPI.

Region Education Service Center 2 in Corpus Christi, Texas uses technology to provide cost-effective learning opportunities to a large audience resulting in reducing lost time due to traveling to conference sites and expanding learning and training opportunities. Applications include both distance learning and online professional development. Meetings, workshops, courses, and special activities are offered via video broadcast and allow the teachers, administrators, board members and other educators the opportunity to participate at a low cost and at their convenience.

Recommendation 5-3:

Design and implement a plan for increased on-line/distance learning opportunities for both meetings and trainings.

Review of the above needs should be included in the annual review of the strategic plan. The design should be based upon a needs assessment developed with input from school district staff. This assessment should be conducted online to ensure cost

efficiency and as an indicator of the commitment to use the distance learning system. A representative steering committee of school district, OSPI, and ESD staff should be created to study options and make recommendations for offerings. The marketing plan for the offerings should include any electronic sessions being offered by OSPI.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The ESD Superintendent should meet with client district superintendents to identify which training topics and meetings should be developed into video conferencing/K-20 network meetings/sessions. An understanding should be reached that client district superintendents will support the effort with district staff. | July 2007 |
| 2. The ESD Superintendent should ensure use of and pricing of electronic delivery is included in the planning process. | July 2007 |
| 3. The ESD staff should identify and develop sessions for electronic delivery. | August – October 2007 |
| 4. The ESD should develop a logo and positive language to use as a part of introducing the emphasis on electronic delivery. | August 2007 |
| 5. The ESD staff should market sessions. | September 2007 – May 2008 |
| 6. The ESD Superintendent should meet with the OSPI staff to discuss extending the design to a statewide collaborative to include OSPI and other ESDs. | May 2008 and Ongoing |

FISCAL IMPACT

The ESD should be able to implement this recommendation with existing resources. The electronic capacity currently exists in the system. There may be anticipated savings for school districts due to decreased travel costs. If a cooperative is developed there may be anticipated savings resulting from OSPI/ESD decrease in duplication of efforts.

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

This chapter reviews the personnel and human resources management functions of the North Central Educational Service District (NCESD or, ESD 171).

CHAPTER SUMMARY

The areas of review included:

- 6.1 Policies, Procedures, and Practices
- 6.2 Staff Involvement in the Hiring Process
- 6.3 Performance Evaluation
- 6.4 Employee Compensation
- 6.5 Staff Development Program (Internal) for Professional and Support Personnel
- 6.6 Efficiency of Operations

The audit team examined a wide variety of documentation including but not limited to policy and procedural handbooks, personnel records, staff training and development records, departmental financial data, employment contracts, departmental forms, informational brochures, the ESD's strategic plan, and the human resources Web site. In addition, interviews were conducted with the personnel in the human resources department, as well as the superintendent and other selected staff. These activities provided insight into the operational routines of the department, and allowed the audit team to make recommendations and note commendations regarding human resources practices and procedures.

ESD 171 has a Human Resources (HR) staff that is committed to maintaining and improving the efficiency of operations within the department. The department consists of an executive director for administrative services who assumes the role of human resources director, a .20 FTE program coordinator for the worker compensation program, and a certification specialist, all of which have specific roles in the department. The department uses practices that reflect either industry standards or accepted best practices. These practices include:

- maintaining human resources policies and procedures;
- having a well organized and efficiently managed department;
- maintaining a comprehensive employee orientation program and guide; and
- using shared decision-making by involving rank and file employees in the development of the HR goals, objectives, and strategies of the strategic plan.

In addition to the areas of commendation, there are other operational areas of the department that need improvement. Key recommendations and commendations contained in this chapter include:

Key commendations in this chapter include:

- ESD 171 is commended for having a position control mechanism in place to safeguard the integrity of the district's budget, and to minimize the risk of excessive spending beyond budgeted amounts for personnel hiring.
- ESD 171 is commended for developing and using a systematic procedure for staff acquisition, and for using current ESD staff during the hiring process in a decision-making capacity.
- ESD 171 is commended for implementing a performance appraisal system that assesses employee job performance based on an established set of core agency values and competencies.
- ESD 171 is commended for having a competitive salary schedule for compensation of its employees. The ESD also is commended for continuously monitoring the market and surveying the other ESDs to ascertain salary information to be used to ensure that salaries remain comparable and competitive with other ESDs in the state.
- ESD 171 is commended for seeking broad input prior to the development of its strategic plan.

Key recommendations in this chapter include:

- Update all position descriptions that are outdated to conform to the current format used by ESD 171. (**Recommendation 6-1**)
- Revise and expand the ESD's performance evaluation system so that it provides quantifiable appraisal information that can be used as a basis for merit compensation. (**Recommendation 6-2**)
- Conduct a study to determine the feasibility of converting the HR functions from a paper-pencil system to a paperless digitized system. (**Recommendation 6-3**)

6.1 Policies, Procedures, and Practices

An effective and efficiently managed human resources program should consist of a well-structured and adequately staffed department that adheres to clearly defined policies and procedures to guide its day to day operations.

The audit team examined the services provided by the human resources department. Those services included:

Internal Human Resources

- Directing the human resource functions of all ESD 171 departments, to include recruitment, selection, orientation, assignment, transfer, evaluation, and discipline/termination.
- Providing leadership and expertise to other administrators in dealing with staff evaluation, improvement plans, and recommendations for termination or non-renewal.
- Counseling with administrators, managers, supervisors, and employees regarding personnel policy interpretation, employee relations, and problem resolution as necessary.
- Conducting annual salary survey in coordination with other Washington State ESDs.
- Preparing a variety of reports and correspondence and directing the establishment and maintenance of files and records.
- Assuring a fair and equal opportunity for all applicants and employees in all areas of recruitment, salary administration, promotion, and discipline.
- Providing Pacific Institute training for Imagine 21 to all NCESD staff.
- Assisting in the maintenance of all personnel records by ensuring all files, both database and paper-based, are kept current and within legal compliance.
- Providing job posting, advertisement, interview facilitation, and applicant decline contact to agency supervisors and administrators.
- Providing confidentiality to superintendent regarding personnel issues.
- Preparing for on-site school district human resources services.

External Human Resources

- Providing labor relations and negotiations services to member and non-member school districts as contracted.
- Providing conflict resolution/team building services in school districts as requested, for both individuals and groups.
- Leading Substitute Placement Consortium for participating member districts; maintaining Aesop system; training district administrators, staff, and substitutes.

- Providing Pacific Institute training for 21 Keys for High Performance Teaching and Learning to school district staff/buildings as contracted.
- Providing Human Resource Management services to participating member districts as contracted in all areas of K-12 human resources management.

The NCESD uses policies and procedures that govern the practices of the human resources department. Some position descriptions are in place with elements that provide pertinent information regarding jobs in the district. These elements are:

- Position Title
- Supervisor
- Division/Department
- Salary Information
- Conditions of Work
- Qualifications
- Locations (Job Site)
- General description of the position
- Responsibilities
- Professional Growth and Responsibilities
- Physical Demands

FINDING

Some position descriptions do not contain all of the above elements because those descriptions have not been updated to conform to the current format and content of position descriptions being used by the ESD.

It is industry standard for position descriptions to provide American's With Disabilities (ADA) information that identifies the physical requirements or demands for the job. It was noted that the position descriptions in need of revisions do not provide ADA information. This is critical to the application process so that potential applicants for a position with the ESD will know whether or not they can meet the physical requirements or demands needed for the job.

Lastly, the position descriptions do not clearly address or reference performance evaluation protocol.

Recommendation 6-1:

Update all position descriptions that are outdated to conform to the current format used by ESD 171.

Care should be given to the review of the descriptions so that they reflect current duties and responsibilities as some have no doubt changed since the last job description revision. The descriptions should clearly reference/address performance evaluation criteria and procedures used to evaluate job performance. Implementing this recommendation will provide the organization with clearly defined, comprehensive

position descriptions with responsibilities that correlate to the performance evaluation criteria.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The HR department should review all position descriptions and determine which need revisions. | July 2008 |
| 2. The HR department should determine the current duties and responsibilities and the physical requirements for each position. | July 2008 |
| 3. The HR department should revise each position description based upon the industry elements and suggested evaluation element. | August 2008 |
| 4. The HR department should submit to the governing board for approval. | September 2008 |
| 5. The HR department should update all appropriate documents and website with revised position descriptions. | October 2008 |

FISCAL IMPACT

Existing resources could be used to implement this recommendation.

FINDING

The NCESD has a well-structured system of practices for the selection of personnel. The ESD has a position control mechanism in place on its Employment Requisition Form. The requisition has a section that requires the position to be attached to budget(s) showing the percent of the salary that will be derived from the specified budget. The position is advertised only after being cleared and signed by the supervisor of the position, position's department director, the finance department, and the human resources director.

The selection process includes the collection of written information on candidates including but not limited to an official application, reference checks, and documentation of educational attainment, work experience, and security clearance, if required. Once the application process closes, the applications are compiled and internal HR recordkeeping is completed. Screening at this phase reduces the pool to the number that will be recommended for an interview.

COMMENDATION

ESD 171 is commended for having a position control mechanism in place to safeguard the integrity of the district's budget, and to minimize the risk of excessive spending beyond budgeted amounts for personnel hiring.

6.2 Staff Involvement in the Hiring Process

Staff members are involved in the hiring process. The applicable supervisor/director selects an interview committee that comprises staff members, and conducts an interview with the applicant. The interview process uses a standard set of questions that are generated by staff members.

The induction process includes formal notification of hiring, paperwork completion, orientation, and introduction to the agency. New employee workshops are also provided by staff and are held as needed.

COMMENDATION

ESD 171 is commended for developing and using a systematic procedure for staff acquisition, and for using current ESD staff during the hiring process in a decision-making capacity.

6.3 Performance Evaluation

The purpose of a performance evaluation system is to promote continuous employee and organizational improvement, increase productivity, and accomplish both in an effective and efficient manner. A quality performance evaluation system has two major dimensions: the first spans the employee's entire career and is designed to provide growth and development and support for increased performance, the second provides a systems approach to continual organizational growth and development.

FINDING

ESD 171's recently revised Performance Evaluation system is a comprehensive system for appraising non-certificated employee performance. Its components are goal setting, employee self-assessment, and supervisor evaluation. The self-assessment process seeks employee responses in the areas of significant accomplishments, strengths and contributions to the job, improvement needs, and support needed to maximize effectiveness and goals for the coming year. The goal setting meeting involves a discussion between the employee and supervisor where they both agree, in writing, upon four goals that are attainable for the coming year and identify areas in need of improvement if needed. At the performance evaluation meeting the employee is rated either as exceeding expectation, meeting expectation, or performing below expectation in each of the following competencies:

- Competence – attains and uses required skills and knowledge to perform job
- Quality of Work – creates quality products according to set standards within the job description
- Quantity of Work – produces established quantity of work

- Attitude – displays an attitude that adds to a positive team environment
- Attendance/Punctuality – reliably reports to work, from breaks and lunches, and is ready to fulfill job requirements
- Flexibility and Innovation – responds and adapts to change; provides creative solutions
- Initiative – finds workable solutions to situations independently
- Cooperation with Supervisor/Director – supports administrative decisions and complies with policies/procedures
- Cooperation with Peers – supports individuals within and outside of own work group to accomplish overall organization objectives
- Demonstration of Agency Values – Integrity, candor, honesty, prudence, consistency, vision, value, teamwork, compassion, responsiveness

The employee may make written comments on the form; however, the evaluator is required to make written comments. Signatures of the employee and the evaluator are required.

COMMENDATION

ESD 171 is commended for implementing a performance appraisal system that assesses employee job performance based on an established set of core agency values and competencies.

6.4 Employee Compensation

One of the most important aspects of an organization is a fair, equitable, and competitive remuneration system; one in which employees are compensated comparable to their peers in the industry who perform similar work and one that does not compensate employees in a significantly excessive manner that is incomparable to their peers in the industry who perform similar work under similar conditions. A fair and equitable compensation system is important to the recruitment, hiring, and retention of high quality personnel.

FINDING

ESD 171 uses a single salary schedule for employee compensation with Step 1 being the minimum salary and Step 5 being the maximum. Employees move up one step each year until they reach Step 5. The initial placement of a position on the salary schedule is determined by the superintendent and is based on a recommendation from the HR director. Other factors considered include comparative data from the other ESDs statewide and marketplace data for similar positions. An employee's initial placement on

the salary schedule is generally at Step 1. However, the superintendent, based on input from the HR director, may place the employee at a higher step. Again, the factors impacting the decision on where a position is placed have been stated earlier. A review of the salary comparisons reveals the competitiveness and comparability of ESD salaries to other ESDs in the state.

COMMENDATION

ESD 171 is commended for having a competitive salary schedule for compensation of its employees. The ESD also is commended for continuously monitoring the market and surveying the other ESDs to ascertain salary information to be used to ensure that salaries remain comparable and competitive with other ESDs in the state.

FINDING

ESD 171 has no policy in place that provides salary increases based on merit/performance.

Employees of the ESD could benefit financially from a system designed to provide additional compensation based upon their job performance. A comprehensive performance evaluation system with a component that links the results of an employee's performance evaluation to merit/performance is an excellent objective way of providing for additional compensation, increasing employee productivity, and if carefully designed, it could generate additional revenue for the ESD.

Recommendation 6-2:

Revise and expand the ESD's performance evaluation system so that it provides quantifiable appraisal information that can be used as a basis for merit compensation.

Implement a merit/performance compensation policy and plan that have at their cores, the procurement of additional financial resources for the ESD through entrepreneurial initiatives, to the extent permitted by Washington State statutes. Implementing this recommendation will add another layer of incentives that can be used to increase employee productivity and possibly generate additional revenue through increased entrepreneurial efforts by employees.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The ESD should establish a merit/performance pay advisory council or committee whose responsibility will be to oversee the development of a merit/performance compensation plan for the ESD. The committee should at a minimum consist of the superintendent, executive director of business services, human resources director, business partner, board member, a non-administrative employee, and a curriculum-related employee.

July 2007

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| 2. The committee should then research and review other models and successful merit/performance compensation systems; select a model that best meets the needs of the ESD and replicate or modify as needed; consideration should be given to selecting a model where participation is optional for employees. | September 2007 |
| 3. The ESD should develop policies and procedures for the plan. | October 2007 |
| 4. The ESD should pilot the plan and revise if needed. | 2007-2008 |
| 5. The ESD should submit the proposed plan to the board for approval. | June 2008 |
| 6. The ESD should implement the plan. | July 2008 |

FISCAL IMPACT

The merit/performance compensation plan can be developed using the current resources of the ESD.

6.5 Staff Development Program (Internal) for Professional and Support Personnel

Staff development is the term that educators use to describe the continuing education of teachers, administrators, and other employees. Internal staff development as used herein refers to the continuing education of all employees of the ESD and not staff development services provided to clients.

FINDING

In its strategic plan, the ESD cites staff training and development as one of its overriding mega issues of strategic importance that cuts across multiple outcome areas. In preparation for the development of the plan, the ESD administered a strategic planning survey in 2005. Data collection from the survey of employees led to an internal analysis of strengths, weaknesses, opportunities, and potential threats that may impede progress of the district as it pursues its mission.

The following statement typifies the feeling of employees relative to staff development: "The commitment to provide . . . training to all staff members is admirable. Training . . . gives the agency a common focus and language." Employees likewise constructively identified weaknesses of the staff development program. The following statements reflect the feeling and attitude of some of the employees: "The staff we have needs to train the rest of us constantly; not just when the needs arise." "We should ALL be sharing ALL we know about our different departments and co-ops." "ESD staff could use a little more training in the orientation of the ESD." While addressing the opportunities, the employees made statements such as, "Assist staff in better understanding our vision for the future and how they fit into or [are] a part of the future"; "Put process in place to enable staff to learn how to use the technology tools that we currently have available"; and "There is room for improvement around recruitment and orientation of new staff."

This is no indictment of the HR folks; they are working at peak capacity . . . and essential to my work. They've helped me through many scrapes." In response to identifying threats to the organization, some employees expressed the feeling that ". . . if sufficient [HR] resources and support are not available . . . it could become more difficult to attract and retain employees"; "An HR department without enough resources may not be able to prevent our exposure to potentially libelous and damaging predicaments with staff"; "ESD staff needs on-going training to be able to help our districts"; and "The lack of skills to use what we have prevent us from reaching our potential."

Consistent with, and in response in part to the identification of the issues and concerns stated above, the ESD lists six prioritized objectives. Among them is: To "Create world-class recruiting and training process to build a staff of the best and the brightest to support delivery of services." Supporting that position is an identified need to cross-train staff to help them understand what the ESD offers so that programs can be applied more effectively and the staff can cross-sell all programs and services.

The NCESD internal staff development program uses three fundamental beliefs when addressing staff development needs and expectations for the ESD's employees. When hired, individuals should come equipped with the basic skills necessary to perform successfully; enhancements to their skills are identified by the immediate supervisor and fit into district identified core standards for computers and software; and exceptional (those not classified as being basic or enhanced) training requirements are identified by the director. For the professional/technical support staff, staff development identifies computer/software core standards that each should bring to the position and provides training to advance them to a second level of proficiency in those standards. These core standards for computer/software skills include PC experience in word processing, spreadsheets, desktop publishing, email, presentations, and databases. When addressing staff development for frontline administrators, coordinators and directors, the core standards are evaluation, discipline/discharge, coaching, Family Medical Leave Act/Americans with Disabilities Act, Fair Standards Labor Act (FSLA), and Sexual Harassment.

The ESD indicates that its "goal is to attract the most qualified candidates to our organization who have standard computer/software skills necessary to perform their duties." The district ultimately believes that enhancement of staff skills will lead to increased productivity as well as increase an employee's readiness to move and/or be promoted within the organization as related to computer skills.

A review of the staff training/development opportunities over the last three years reveals a variety of offerings for the administrative and support staff that are consistent with the identified needs and the strategic plan objective.

COMMENDATION

ESD 171 is commended for seeking broad input prior to the development of its strategic plan.

The ESD is specifically cited for seeking employee input regarding human resource functions prior to determining the goals, objectives and strategies for the HR department. The document is highly reflective of the input received from its stakeholders.

6.6 Efficiency of Operations

One of the hallmarks of any enterprising organization is its ability to operate within the confines of its resources in the most effective and efficient manner possible. Such an organization continuously seeks ways to minimize cost and improve the quality of goods or services it provides.

FINDING

The department consists of an executive director for administrative services who assumes the role of human resources director, a .20 FTE program coordinator for the workers' compensation program, and a certification specialist, all of which have specific roles for the department. The ESD has a total internal staff of 68 employees which translates to a very efficient HR staff to employee ratio of 1:31.

Applying for a position with the ESD is a paper-pencil process. The application forms can be retrieved from the NCESD web site but must be manually submitted. Personnel records of the division are likewise still a paper system. The payroll functions of the department are computerized; however, there are no current plans to convert to a digitized record-keeping system. Conversion to an electronic hiring process and digitizing records will require significant financial resources. Converting to a paperless system is a national trend and is worthy of consideration for efficiency purposes.

A review of the division's personnel record-keeping system likewise finds a paper system for maintaining records with no electronic archival storage and retrieval system in use for personnel records.

Recommendation 6-3:

Conduct a study to determine the feasibility of converting the HR functions from a paper-pencil system to a paperless digitized system.

The implementation of this recommendation would provide the information needed to determine the financial impact of converting to a paperless HR department as well as the ability for such a system to be successful for the ESD. The efficacy of the conversion will bring about greater efficiency in records processing, storage and retrieval of documents, and in the use of physical space.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The HR department should determine whether the ESD would prefer to digitize all HR paper historical records or develop a phased-in approach where it would begin with 2009 fiscal year and digitize records from that point on into the future. Records prior to the 2008 year would continue to be paper until such time the ESD decides to digitize those records. The IT department should have major involvement in this process. | March 2008 |
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|---|-----------|
| 2. The ESD should develop a Request for Proposals (RFP) that contains all specification needed to make the conversion including hardware, software, licensing and maintenance cost. Specify in the RFP that the ESD wants proposals for total conversion or phased-in approach as described above. The ESD may wish to add approaches to implementation other than full or phased-in. | May 2008 |
| 3. The ESD should advertise the RFP. | June 2008 |
| 4. The ESD should review the proposals to determine the feasibility of converting to a digitized system. | June 2008 |

FISCAL IMPACT

There should be no significant impact for the development of the RFP. The recommendation calls for conducting a feasibility study to determine the utility and ability of the ESD to convert HR to a paperless system. The development of the RFP can be accomplished using the existing staff. If, after conducting the study, the ESD decides to pursue the digitizing of its record-keeping system, the ESD will have the necessary information on hand to make that decision.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter summarizes the facilities use and management systems review of Educational Service District (ESD) 171.

CHAPTER SUMMARY

Over the past year, facilities management and planning in ESD 171 has centered on the logistics of moving to a new facility. The existing facility had limited space for meetings and staff training to occur, as well as cramped quarters for staff offices. The administration and board reviewed options for solving these facility issues. The decision, based on both program and cost factors, was to move to a new facility and site. The new facility fully meets the current space needs with the exception of 3,500 square feet of warehouse space leased at the Wenatchee airport. Priorities for ESD 171 facilities and maintenance, in light of the recent move, will be to develop and implement policies that will ensure the best use of its facility and allow for appropriate preventive maintenance and planning.

The following area merits commendation and is discussed later in this chapter:

- ESD 171 is commended for making use of the existing facility as a conference center, for establishing equitable usage rates, and involving local districts in the decision-making process. All indications are that this facility will be extensively used and will provide both a source of revenue for the ESD and a cost-effective facility for clients.

Key recommendations in this chapter include:

- Develop a facilities master plan to address the immediate space usage, future space needs, facilities use, capacities, building conditions, and projections. **(Recommendation 7-1)**
- Adopt cleanliness standards for custodial services to guide the custodial staff in their work. **(Recommendation 7-2)**
- ESD 171 should contract immediately for supplemental custodial services, on a once-a-week (weekend) basis, and study the cost effectiveness of contracting all custodial services. **(Recommendation 7-3)**
- Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion. **(Recommendation 7-4)**

FINDING

ESD 171 recently moved to a new facility previously used by an aerospace company that has provided expanded and more modern space, staff parking, office space, and

training facilities that were inadequate at the old building. The decision to purchase the new facility was based on:

- An ongoing need that had been the focus of staff discussions for many years.
- Board/superintendent annual goal of obtaining additional and modernized facilities.
- The availability of resources through the existing capital fund and the sale of the existing facility.
- The availability of the building at a reasonable cost.
- The desire of local school districts for up-to-date meeting space as indicated through interviews with district superintendents.
- The availability of parking, resulting in a savings of \$8,400 per year, that was necessary at the existing facility.

Now that the ESD has fully moved to the new facility, the facility plan in place previously for the old site is no longer applicable. As the usage of the new facility becomes better known there will be a need to update the long-range plan in light of the new circumstances.

Recommendation 7-1:

Develop a facilities master plan to address the immediate space usage, future space needs, facilities use, capacities, building conditions, and projections.

The engagement of all ESD stakeholders in a comprehensive, data-driven, thoroughly-researched, and well documented facility study will provide the ESD with the information and support that will be necessary to implement meaningful facility use policies and improvements. In addition to an analysis of need, the study will need to engage staff and clients in establishing facilities priorities, particularly in regard to the use of the new space.

IMPLEMENTATION STRATEGIES AND TIMELINE

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|--|----------------------------|
| 1. The ESD 171 Superintendent should direct the assistant superintendent to prepare a facilities plan. | September 2007 |
| 2. The assistant superintendent should form a stakeholders committee to develop the facilities use plan. | October 2007 |
| 3. Once the plan is fully developed, the superintendent should present the plan to the board for approval. | January 2008 |
| 4. Once approved by the board, the assistant superintendent should begin implementation of the plan. | February 2008
(ongoing) |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The new facility includes space on the upper floor that was used by the previous owner as an upscale residence. Rather than eliminating this space, the board and administration of ESD 171 elected to convert this space for usage as a retreat center for school district boards, administrator conferences, etc.

A comparison of conference room rates in effect at local establishments was conducted and is provided in the “conference room comparables” document. These data, with input from local districts, were used to establish rental rates and policies for use of this facility. While the new facility has been open only a few months and records of usage are not available, interviews with board members and district administrators indicate that this facility is highly desirable and will be used a great deal.

COMMENDATION

ESD 171 is commended for making use of the existing facility as a conference center, for establishing equitable usage rates, and involving local districts in the decision-making process. All indications are that this facility will be extensively used and will provide both a source of revenue for the ESD and a cost-effective facility for clients.

FINDING

ESD 171 does not appear to have custodial cleaning standards to guide the level of custodial services, and the levels of cleanliness do not appear to be defined. Because there are multiple types of spaces in the building there is potential for unsuitable and inequitable levels of cleanliness. Because this issue may not be uncommon in buildings, the Association of Physical Plant Administrators (APPA) has developed industry standards to guide building administrators. There are three major components of the standards identified by the Association of Physical Plant Administrators (APPA). These components are:

1. Appearance Levels must be defined and described in some detail. (See **Exhibit 7-1** below.)
2. Standard Spaces must be identified to ensure that the difference in the types of spaces and the cleaning effort required of those spaces is clearly distinguished. (The APPA handbooks identify 33 different types of spaces.)
3. Cleanable Square Feet (CSF) is an industry standard that is used to measure and compare data.

There are also five levels of cleanliness that have been identified by APPA (see **Exhibit 7-1**). Educational building administrators commonly adopt Level 2 as their target level of cleanliness. This level seems to have the best balance of cleanliness and cost.

**EXHIBIT 7-1
APPA CLEANLINESS SCALE**

Level 1: Ordinary Spotlessness – Only small amounts of litter and ashes in containers. Floor coverings are kept bright and clean at all times. No dust accumulation on vertical surfaces, very little on horizontal surfaces. All glass, light fixtures, mirrors, and washbasins are kept clean. Only small amounts of spots visible.
Level 2: Ordinary Tidiness – Only small amounts of litter and ashes in containers. Floor coverings show periods of peaks and valleys in appearance. Dusting is maintained at a high level. All glass, light fixtures, mirrors, and washbasins show evidence of spots and dust.
Level 3: Casual Inattention – Only small amounts of litter and ashes in containers. Floor coverings show periods of peaks and valleys in appearance. Dust accumulation on vents, vertical, and horizontal surfaces. All glass, light fixtures, mirrors, and washbasins show accumulations of dust, spots, and prints.
Level 4: Moderate dinginess – Waste containers are full and overflowing. Floor coverings are normally dull, marked and spotted with infrequent peaks. Dusting is infrequent and dust balls accumulate. All glass, light fixtures, mirrors, and washbasins are dirty and spotted.
Level 5: Unkempt Neglect – No trash pickup. Occupants of building are responsible. Regular floor care is eliminated. Dusting is eliminated. All glass, light fixtures, mirrors, and washbasins are very dirty.

Source: APPA: The Association of Higher Education Facilities Officers, 1998.

Recommendation 7-2:

Adopt cleanliness standards for custodial services to guide the custodial staff in their work.

Once adopted, these cleanliness standards will help guide the custodial staff to provide suitable and equitable levels of cleanliness across the different types of spaces in the ESD buildings.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The ESD Superintendent should direct the assistant superintendent to prepare a draft policy regarding the establishment of standards for custodial services. | September 2007 |
| 2. Upon receipt of the draft policy, the superintendent should forward draft policy of the standards to the board for their review. | December 2007 |
| 3. Upon board approval, the standards should be used to guide cleanliness levels for custodians. | February 2008 |

4. The superintendent should report back to the board on the effect of cleanliness standards.

March 2008
(ongoing)

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

There is currently one custodian for the new facility which encompasses over 28,000 square feet, 10,000 feet of which is not used on a regular basis. Best practice studies across numerous school facilities identify appropriate coverage at 17,000 – 20,000 square feet per custodian. While the current practice indicates a cost savings, accepted standards of cleanliness are not being met. This is substantiated through interviews with staff, examination of the cleanliness of the facility, particularly the wet areas, and the fact that ESD administrators often come in on weekends to clean. Continuing to follow this practice could result in deterioration of the facility and the inability to meet custodial standards as indicated above.

Recommendation 7-3:

ESD 171 should contract immediately for supplemental custodial services, on a once-a-week (weekend) basis when the building is scheduled for weekend usage. ESD 171 should further study the cost effectiveness of contracting all custodial, grounds or other supplementary facility services.

Supplementing the existing staff with weekend help to provide a weekly service for the most critical areas will provide immediate assistance to the staff and will allow for a long term study of the desirability and cost/benefits of contracting out all custodial services.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The superintendent should direct the assistant superintendent to draft an RFP for once a week custodial services. September 2007
2. The assistant superintendent should develop the RFP and solicit bids. October 2007
3. The assistant superintendent should recommend the successful bidder to the board. November 2007
4. The assistant superintendent should evaluate the services and the cost/benefit of contracting all services. January – June 2008
5. Based on the result of the cost/benefit analysis the decision for future action should be determined by the ESD administration. July 2008

FISCAL IMPACT

This development of the RFP and cost/benefit analysis can be implemented with existing resources.

FINDING

ESD 171 does not currently appear to have a written, systematic preventive maintenance process. With the move to the new facility it will become important to implement a preventive maintenance program in order to maintain the high level of the current facility. Although many preventive maintenance activities occur, the lack of a system to track the activities may result in a “hit-and-miss” schedule and under-maintained equipment. A systematic preventive maintenance process can anticipate wear, tear, and change on facilities and equipment and prompt the maintenance department to take corrective actions before a failure to ensure efficiency and minimize costly repairs.

An effective program involves systematic inspection, adjustment, lubrication, and replacement of components, as well as performance testing and analysis. As a result, the preventive maintenance program extends the life of the facilities and equipment, and minimizes unscheduled downtime. Some preventive maintenance programs are highly computerized and expensive systems while others are simple to use. **Exhibit 7-2** shows an example of a simple system that the ESD could use.

Recommendation 7-4:

Implement a preventive maintenance program with a simple written plan that both prompts the activity and documents its completion.

Once fully implemented, the preventive maintenance program could extend the life of the facilities and equipment, and minimize unscheduled downtime. In addition, to the extent that systems and equipment are monitored through this process, better budgeting for upcoming equipment or systems replacement may be expected.

EXHIBIT 7-2 MONTHLY PREVENTIVE MAINTENANCE SCHEDULE

ESD 171

NAME:

DATE:

MAINTENANCE MONTHLY ROUNDS:	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Measure fuel and send Fuel Reports and fax in												
Send in Water Sample and fax in												
Complete Generator Report and fax in												
AIR HANDLING UNITS:												
Inspect and clean air filters or replace												
Check all controls- at proper setting?												
Check fan motor & belt tension should have 1/2 to 1" play												
GENERATORS:												
Test glycol ADD GLYCOL												
Start generator and run with full load for 4 hours or more												
FIRE ALARM SYSTEM:												
Notify Administrator, test Fire Alarm												
Turn over fire extinguishers and shake to loosen powder												
Inspect all fire extinguishers for proper operation												
FURNACE:												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect photo cell-clean as needed												
WATER HEATER: (GUN FIRED)												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect burner assembly-clean as needed												
Inspect photo cell-clean as needed												
Test pressure relief valve												
Drain accumulated rust from bottom of water tank												
BOILERS:												
Test flame for proper combustion-adjust as needed												
Inspect combustion chamber for cracks-repair as needed												
Inspect burner assembly-clean as needed												
Test boiler relief valve												
Blow down low water cut -off control												

Source: MGT of America, Inc., 2006.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The assistant superintendent should develop a written comprehensive list of preventive maintenance activities and a schedule for their completion. September 2007
2. The assistant superintendent should submit the comprehensive list and schedule to the superintendent for review and approval. September 2007
3. Upon approval by the superintendent, the assistant superintendent should fully implement the use of the written schedule. October 2007
4. The assistant superintendent should update the list periodically and monitor its implementation. December 2007 (ongoing)

FISCAL IMPACT

This recommendation can be implemented with existing resources.

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter summarizes the management information systems (MIS) systems review of Educational Service District (ESD) 171. The review examines the technology infrastructure, processes, and organization of the technology that supports business operations, teaching, and learning. Within the context of the elements of I-900, this review examines how ESD 171 plans, organizes, staffs, leads, directs, coordinates, and controls the resources and activities associated with ESD technology used to support business operations and instructional goals.

CHAPTER SUMMARY

ESD 171 provides a variety of technology related services to regional school districts. Services include providing data center service and help desk support of the Washington School Information Processing Cooperative (WSIPC) and the Washington K-20 Education Network. The regional Educational Technology Support Center (ETSC) supports professional development and curricular activities using technology. ESD 171, WSPIC, K-20 Education Network, and the regional ETSC work in concert to narrow the gaps between small and large school districts, reduce the geographical distance between school agencies, offer cost-effective options for technology procurements, professional development, and provide a structure for technology planning. ESD 171 also offers online curriculum through its Columbia River Center for Online Learning.

The following area merits commendation and is discussed later in this chapter:

- ESD 171 is commended for the partnerships with public utilities districts to acquire use of 10 Mbps fiber optics telecommunications for the district's schools.

Key recommendations in this chapter include:

- Examine the feasibility of installing Web page publishing software that allows the distribution of Web work to program staff. **(Recommendation 8-1)**
- Develop and implement a strategy for increasing E-rate participation by ESD 171 region school districts and increasing E-rate commitments per student received by regional school districts. **(Recommendation 8-2)**
- Develop, document, and implement a disaster recovery plan based on best industry practices. **(Recommendation 8-3)**

FINDING

ESD 171 maintains a Web site and an intranet site, on which there is at least one broken link and outdated information. These are symptoms of a need for a better method for maintaining the Web sites.

A review of the Web site found broken links and information that needed updating. The responsibility for managing and maintaining the Web site and intranet are the responsibility of the Public Relations Specialist and the Education Technology Director. DreamWeaver is the software to create the Web pages. ESD program staff does not update the Web site for their respective programs. There is a \$630 consultant contract for Web services to provide Web services as needed.

The ESD 171 Public Relations Specialist is responsible for the management and maintenance of the agency's Web site. The Public Relations Specialist estimated that she spends 20 percent of her work day on Web work. With the number of Web pages on the ESD 171 Web site, the resources needed to keep the Web site information current is a large task for one person allocating 20 percent of her time for Web work. The result of focusing Web responsibilities on one person, who has other responsibilities as well, is that information can get old and Web links can change and become broken.

The password protected intranet is managed and maintained by the Education Technology Director who allocates only a small percentage of time for managing the intranet. In the past, a program assistant provided much of the support for the intranet. Currently, the program assistant position is vacant.

The Interagency Committee on Government Information produced a best practices checklist for managing governmental Web sites. Best practices for government Web sites can be found at:

http://www.firstgov.gov/webcontent/regs_bestpractices/best_practices.shtml
http://www.firstgov.gov/webcontent/regs_bestpractices/checklist/long.pdf
<http://www.seattle.gov/pan/commstrategy.htm>

Given the staff resources allocated to Web work, and to effectively maintain the Web site and intranet, the Web site should be a dynamic portal to information about ESD 171's programs and services. The Web site information needs to be accurate, current, and attractively displayed. The City of Seattle uses Webteam to manage its site and suggests a distributed strategy for Web site development and management.

Recommendation 8-1:

Examine the feasibility of installing Web-page publishing software that allows the distribution of Web work to program staff.

Web page publishing software is an application used for creating and managing Web sites and Web content. The Web publishing software must be easy to use and provides for approval of Web pages prior to posting of Web page updates. By distributing the process for maintaining Web pages and making the process easier, the ESD 171 Web pages can be more current and useful.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The ESD should evaluate and select Web publishing software. July – August 2007
2. The ESD should procure software. September 2007
3. The ESD should install software. September 2007
4. The ESD should train technology and program staff. October – November 2007
5. The ESD should update Web site and maintain pages. Ongoing

FISCAL IMPACT

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-22
Implement Web publishing software	(\$1,053)	(\$393)	\$267	\$927	\$1,587

Web Page Publishing Software Implementation (Using Adobe Contribute as an example, http://www.adobe.com/products/contribute/productinfo/pricing/)	
Item	Cost
Software	\$149
Licenses (Contribute Publishing Server)	6 @ \$89 each = \$534
Training	\$700
Total Software Cost	\$1,383
Reduction of Public Relations Specialist Web site management time by 50%	$(\$53,200 \times 0.2) \times 0.5 = \$5,320$ savings
Addition of Program Assistant Web support time to upload Web pages	$(\$40,000 \times 0.1) \times 0.5 = \$2,000$ cost
Addition of content reviews and software support costs	$(\$53,200 \times .05) = \$2,660$
Net annual savings	$\$5,320 - (\$2,660 + \$2,000) = \660
Return on Investment	$\$1,383$ total cost / $\$660$ estimated net savings = 2.1 years
Assumptions: <ul style="list-style-type: none"> ■ 20% of Public Relations Specialist time is spent on Web work ■ 50% of Public Relations Specialist Web time can be assigned to program assistant(s) ■ 5% additional for Web page review and approval ■ No net change for the intranet management ■ 6 user licenses ■ Training time includes vendor online training 	

FINDING

ESD 171 school districts are connected to the Washington Education K-20 network via 10 Mbps fiber optics. The fiber optics telecommunication bandwidth provides increased capabilities for video conferencing and access to electronic instructional resources. ESD 171 partnered with local public utilities districts to secure optical fiber telecommunications capacity for the ESD and school districts in the region. Connecting schools and resources via a fiber optics network gives both rural and city schools similar telecommunications capacity to access educational resources for increasing student achievement and improving schools. The increased telecommunications bandwidth, rated at 10 Mbps, did not increase the telecommunications costs for the ESD or school districts.

ESD 171 identified opportunities to partner with public utilities districts to lease fiber telecommunications bandwidth to support regional school districts. Multiple streaming video and video conferencing sessions are two applications possible with the bandwidth that fiber optics provides.

COMMENDATION

ESD 171 is commended for the partnerships with public utilities districts to acquire use of 10 Mbps fiber optics telecommunications for the district's schools.

As the public utilities districts in other regions install fiber optics telecommunications networks, the partnerships of ESD 171 can serve as a model.

FINDING

The ESD 171 school districts receive \$9.23 in E-rate discounts per student, but the ESD does not apply for E-rate discounts for eligible services and equipment.

ESD 171 does not apply for E-rate discounts on telecommunications costs; the E-rate commitments per student for the region are well below the national and state averages. Seventy-six percent of ESD 171 region school districts received E-rate commitments in 2005 and the region averaged \$9.23 of E-rate commitments per student. When compared to estimated E-rate dollars per student for the nation and for Washington State, there appears to be a significant opportunity to reduce annual telecommunications for ESD 171 and school districts in the region.

The Universal Service Fund E-rate program provides discounts to eligible telecommunications services.

Looking at E-rate data for all states, there appears to be a correlation between states that receive more than an average amount of E-rate funding and states that have strong E-rate leaders. Noting that Washington State received about \$15 E-rate/student, it can be concluded that Washington schools could benefit from stronger state and regional E-rate support. The ESD 171 region could save \$13,000-\$1,000,000 per year if the E-rate program were more fully supported and utilized. In 2005, 24 percent of the region's school districts did not receive E-rate commitments for funding.

Entity	Estimated 2005 E-rate Commitments per Student
ESD 171 schools	\$9.23 (actual)
Washington State schools*	\$15 (estimated)
National E-rate*	\$30 (estimated)

*Based on data from the USAC Schools and Libraries Division, Web site <http://www.universalservice.org/sl/tools/search-tools/data-retrieval-tool.aspx>, data from the Washington October P-223 data (<http://www.k12.wa.us/DataAdmin/>), and the National Center for Education Statistics (http://nces.ed.gov/programs/digest/d05/tables/dt05_033.asp).

Recommendation 8-2:

Develop and implement a strategy for increasing E-rate participation by ESD 171 region school districts and increasing E-rate commitments per student received by regional school districts.

The strategy for increasing the amount of E-rate discounts received by regional school districts should include support for school districts through the entire E-rate application process (i.e., technology plans, application, follow up, appeals, and audits).

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The ESD should prepare and obtain approval for the ESD 171 E-rate applications. E-rate applications, Form 470, are submitted in the year prior to the funding year and the Form 471 is typically submitted November-February prior to the funding year which begins in July (e.g. November 2007-February 2008 for funding Year 2008). November 2007 – February 2008
2. For non-participating school districts, the ESD should provide guidance for developing technology plans that meet E-rate criteria. A technology plan must include all five required E-rate elements. July 2008
3. The ESD should develop support for school district E-rate applications, post-application communications, appeals, and audits. Ongoing activities include: training, E-rate application support, post-application support, appeals, audits, and distributing E-rate program information updates. Support options include using ESD staff resources \$80,000 (salary and benefits) or, contract with private E-rate consultant (\$40/hour). Ongoing

FISCAL IMPACT for ESD 171

ESD 171's implementation of this recommendation could result in a large variance of fiscal benefit. If ESD 171 received E-rate discounts just for basic phone service, the ESD could save an estimated \$13,000. This estimate assumes a 60 percent discount and using 20 hours of E-rate consultant time at \$40/hour. If ESD 171 received discounts for other telecommunications services and internet access, that savings could increase to an even larger amount based upon the current cost for those services.

Recommendation	2008-09	2009-10	2010-11	2011-12	2012-13
Estimated E-rate participation for ESD 171	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000

FISCAL IMPACT for ESD 171 School Districts

If the ESD 171 region is able to increase E-rate commitments more on par with the national level, the region could receive as much as \$1,220,000 in additional E-rate funding.

Recommendation	2008-09	2009-10	2010-11	2011-12	2012-13
Estimated increased E-rate utilization for ESD 171 regional school districts	\$1,222,400	\$1,222,400	\$1,222,400	\$1,222,400	\$1,222,400
Estimated E-rate consultant fees (ESD school districts)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)	(\$2,400)
Net increase in E-rate	\$1,220,000	\$1,220,000	\$1,220,000	\$1,220,000	\$1,220,000

Assumptions:

- Based on the national average of \$30, there is potential for ESD 171 to increase E-rate funding over the 2005 level.
- This recommendation includes an increase of ESD 171 regional E-rate funding to the national average. This represents the highest potential level of funding. Actual awards may vary.
- This estimate assumes using 60 hours of E-rate consultant time at \$40/hour.

ESD 171 Savings Calculations	Data
2005 ESD 171 Region E-rate\$/Student	\$9.23
Percent of ESD 171 region school districts not receiving E-rate commitments in 2005	24%
Total number of ESD 171 students	40,746
Number of ESD 171 students in school districts not receiving E-rate	3,169
Assumptions: <ul style="list-style-type: none"> ■ Washington Office of the Superintendent of Public Instruction, Education Telecommunication approves technology plans for ESDs. No additional costs to develop a technology plan for E-rate. ■ ETSC responsibility currently approves technology plans. ■ Negligible cost increases to approve technology plans for E-rate. ■ The Washington State potential for receiving E-rate funding approximates the national average. 	

FINDING

The ESD 171 disaster recovery process lacks comprehensive and detailed documentation for recovery of systems in the event of a disaster or disruption of service. The ESD 171 disaster recovery plan does not address a systematic recovery of data and system operations. For example, each business system should be identified, its recovery needs assessed, and a priority for the recovery process should be defined. The storage of data backup tapes is not fire or waterproof and data are at risk in the event of a disaster.

The audit team toured the North Central Regional Data Center, discussed the schedule, and inspected the building where tapes are stored. The ESD 171 disaster recovery plan does not clearly and completely describe a process for returning the data center to an operational level needed to meet business and instructional needs. Some backup tapes are taken offsite to an ESD technician's home. Other data backup tapes are stored in a file cabinet in the offsite storage building which is adjacent to the ESD 171 facility. The file cabinet is not fire and waterproof.

A disaster recovery plan focuses on the recovery of electronic data systems and documents procedures for Network Services staff to follow when re-establishing business and instructional systems functions after an outage. Business and instructional applications must be cataloged, recovery needs assessed and documented, and the relative importance of the applications to the ESD and school district organizations quantified to enable Network Services staff to prioritize the recovery process. Planning for operational recovery is an organization-wide procedure to ensure that essential business processes continue following a disaster. In case of a disaster-caused outage, the disaster recovery plan takes into account the need for alternate facilities (WSIPC, other data centers, school districts, etc.) if the ESD 171 data center becomes inoperable.

Often disaster recovery planning is not a priority until a disaster event occurs. Even though a WSIPC reciprocal agreement states that cooperative regional data centers will support

other data centers in the event of disaster, this agreement is only one component of a multifaceted business continuity or resumption plan. The absence of a complete and tested data backup and recovery process, and an operational recovery system puts the data center's operation and school district data at risk.

Recommendation 8-3:

Develop, document, and implement a disaster recovery plan based on best industry practices.

The disaster recovery plan should include data backup and recovery, secure storage of backup media, availability of backup servers and network equipment, and time required for system restart to meet processing needs.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD should obtain management commitment. | July 2007 |
| 2. The ESD should establish a planning committee. | August 2007 |
| 3. The ESD should perform a risk assessment. | September 2007 |
| 4. The ESD should establish processing priorities. | October 2007 |
| 5. The ESD should establish recovery strategies. | November 2007 |
| 6. The ESD should document and implement recovery plan. | January 2008 |

FISCAL IMPACT

The development of the ESD 171 disaster recovery plan should be integrated into the ongoing technology planning process. Costs of developing the disaster recovery plan can only be determined after the disaster recovery planning objectives (e.g. recovery point and recovery time objectives), recovery process, and specific disaster recovery deliverables are defined.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-22
Tape backup devices	\$0	\$0	\$0	\$0	0
Tape storage vault	(\$4,000)	\$0	\$0	\$0	\$0
Disaster recovery planning staff or consultant	(\$0-\$10,000)	\$0	\$0	\$0	\$0

Assumptions:

- Return on investment for disaster recovery calculation is the difference between the recovery costs and the costs of developing and implementing the recovery solution. The return on investment is not realized if a disaster condition never occurs.
- Data tape backup devices are already in place at ESD 171.
- A portion of the disaster recovery can be incorporated into the existing technology planning process.

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 171 WENATCHEE EMPLOYEES' SURVEY RESULTS (n=75)

EXHIBIT A-1 GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	64	27	4	3	0	3
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	72	24	1	0	1	1
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	4	11	24	51	11
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	1	1	5	36	53	3
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	1	1	4	35	52	7
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	3	1	8	32	41	15
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	60	31	1	1	1	5
8. Our ESD is highly efficient and effective.	44	45	9	0	1	0
9. The ESD role in providing services to school districts should be expanded.	39	47	11	0	0	4
10. Our ESD is highly responsive to the service needs of member school districts.	65	28	3	0	1	3
11. Our ESD provides quality services.	72	25	1	0	1	0
12. There are adequate channels of communication with school districts in our region.	20	53	16	3	1	7
13. Our ESD is responsive to complaints.	44	37	8	1	1	8
14. Our ESD is responsive to requests for services.	55	37	3	0	1	4
15. Our ESD listens and tries to meet the needs of the school districts.	68	25	1	0	1	4

**EXHIBIT A-2
ESD 171 EMPLOYEE RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	4	17	21	39	11	8
2. Each ESD should hold each school district in its region responsible for student performance within the district.	8	27	19	28	9	8
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	24	54	8	5	3	5
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	12	34	19	22	5	8
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	24	47	12	12	0	4
6. Under the current governance structure, the ESDs are accountable primarily to:	38	30	19	3	1	9
■ the school districts within each region						
■ the State Superintendent of Public Instruction	18	43	19	7	1	12
■ both the school districts and the State Superintendent of Public Instruction	27	47	8	7	0	11

**EXHIBIT A-3
ESD 171 EMPLOYEE RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	23	16	18	18	12	14
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	53	34	7	0	1	5
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	11	16	22	22	9	20
4. The ESDs should be totally independent of OSPI.	8	8	23	34	9	18
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	11	27	14	20	11	18
6. The current number of ESD Board of Director members is appropriate.	20	36	14	0	0	30
7. The current number of 9 ESDs should be:	7	10	32	22	16	14
■ expanded						
■ left as is	43	27	15	4	1	9
■ reduced	0	0	14	22	59	5
8. All ESDs should be abolished.	1	0	0	7	89	3

**EXHIBIT A-4
ESD 171 EMPLOYEE RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	8	32	16	19	9	15
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	8	24	16	26	12	14
3. School districts understand the governance and oversight structure of our ESD.	5	36	14	20	4	20
4. There are appropriate levels of oversight for our ESD.	18	39	20	5	0	18
5. ESDs should continue to be funded by the state.	58	35	3	0	1	3
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	30	32	9	3	3	23
7. School districts have the funding to purchase the services they need from our ESD.	3	14	16	31	14	23

**EXHIBIT A-5
ESD 171 EMPLOYEE RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	16	22	16	3	3	41
2. Mathematics	34	30	8	3	3	23
3. Social Studies	11	16	20	4	1	47
4. Science	30	31	8	3	3	26
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	30	35	12	1	1	20
6. At-risk and compensatory education	16	32	9	5	1	35
7. Bilingual Education and ESL	26	31	9	4	0	30
8. Advanced academics (gifted and talented, AP)	5	14	20	14	3	45
ESD TRAINING						
9. Training and assistance for campus planning	5	24	19	3	1	47
10. Training and support for Washington Assessment of Student Learning (WASL)	18	34	19	1	3	26
11. Training and support for aligning the curriculum and instruction with WASL	18	32	18	3	3	27
12. Leadership training and development programs and services	30	30	12	4	1	23
13. Training and assistance to help improve student performance	27	32	20	1	1	18
14. Training and assistance in using new teaching methods and strategies	18	43	14	3	1	22
15. Training and assistance in the use of technology	27	35	15	1	4	18
16. Training and assistance in discipline management and conflict resolution	12	22	22	5	3	36
17. School board training services	8	11	20	4	1	55
18. Teacher certification	20	30	12	3	1	34
19. Professional/Para-Professional certifications	27	35	7	0	1	30
ESD SERVICES						
20. Computer network and telecommunication services	41	34	7	1	0	18
21. Purchasing cooperatives	9	27	19	1	0	43
22. Services and support for Educational Data Systems (EDS)	24	34	5	1	0	35
23. On-line/Distance Learning classes	7	20	22	4	1	46
24. On-site technical assistance	27	42	7	4	1	19
25. Video Conferencing	32	39	5	1	3	19
26. Lending Library	38	35	7	0	1	19
27. Best Practices Information	26	31	18	0	1	24
28. Organizational Links	19	27	12	0	1	41
29. Demonstrations and Equipment	18	26	12	1	1	42

**EXHIBIT A-6
ESD 171 EMPLOYEE RESPONSES
WORK ENVIRONMENT**

Percentage of agreement or disagreement with each statement.

SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree; DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	51	36	5	3	1	3
2. ESD officials enforce high work standards.	55	34	7	1	0	3
3. ESD employees who do not meet expected work standards are disciplined.	20	26	24	3	3	24
4. I feel that I have the authority to adequately perform my job responsibilities.	50	36	8	4	0	1
5. I have an up to date and comprehensive job description.	38	34	16	11	0	1
6. I have adequate facilities in which to conduct my work.	51	27	7	11	3	1
7. I have adequate equipment and computer support to conduct my work.	55	32	3	7	1	1
8. No one knows or cares about the amount or quality of work that I perform.	0	8	4	32	54	1
9. I am very satisfied with my job.	43	38	14	3	3	0
10. I plan to continue my career in my ESD.	50	28	11	5	3	3
11. I am actively looking for a job outside of my ESD.	4	5	8	31	50	1
12. Salary levels at my ESD are competitive.	26	34	9	15	8	8
13. I feel that my work is appreciated by my supervisor(s).	53	35	7	3	3	0
14. I feel that I am an integral part of the ESD team.	42	30	16	5	5	1
15. I feel that there is no future for me at the ESD.	3	3	14	27	50	4
16. My salary level is adequate for my level of work and experience.	26	31	15	18	11	0
17. Most administrative practices in the ESD are highly effective and efficient.	27	43	15	5	5	4
18. Administrative decisions are made promptly and decisively.	22	43	15	11	4	5
19. My ESD administrators are easily accessible and open to input.	41	28	18	7	4	3
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	4	4	15	38	30	9
21. My ESD has too many layers of administrators.	5	12	7	39	27	9
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	39	45	8	3	3	3

GENERAL QUESTION

1. How would you rate your ESD facilities?

51%	Exceptional
31%	Above average
11%	Adequate
3%	Needs improvement
4%	Don't Know

**ESD 171 WENATCHEE
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=75)**

**EXHIBIT A-7
INFORMATION ABOUT YOUR SCHOOL DISTRICT**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Average Daily Attendance (n=23)	2	77923	4386.09
2. Number of Schools (n=24)	1	13	3.50
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=22)	1	8	1.55
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=24)	3	140	64.50
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=14)	15	140	69.79

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	84	16	0	0	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	88	8	4	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	16	76	8
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	8	80	12
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	4	4	12	68	12
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	0	28	68	4
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	84	12	0	0	4	0
8. The ESD in our region is highly efficient and effective.	84	16	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	56	28	16	0	0	0
10. The ESD in our region is highly responsive to the service needs of our school district.	80	20	0	0	0	0
11. The ESD in our region provides quality services.	80	20	0	0	0	0
12. There are adequate channels of communication with the ESD in our region.	80	20	0	0	0	0
13. The ESD in our region is responsive to complaints.	80	16	0	0	0	4
14. The ESD in our region is responsive to requests for services.	68	32	0	0	0	0
15. The ESD in our region listens and tries to meet the needs of the school district.	84	16	0	0	0	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents, and the response rate was 50 percent for these two sections.

Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	20	0	80	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	40	10	50	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	70	30	0	0	0	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	30	30	10	10	20	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	30	40	20	10	0	0
6. Under the current governance structure, the ESDs are primarily accountable to:	40	60	0	0	0	0
■ the school districts within each region						
■ the State Superintendent of Public Instruction	20	40	30	0	10	0
■ both the school districts and the State Superintendent of Public Instruction	50	30	20	0	0	0

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	40	16	8	28	8	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	68	28	0	4	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	8	8	28	28	16	12
4. The ESDs should be totally independent of OSPI.	16	8	20	48	4	4
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	16	16	8	36	16	8
6. The current number of ESD Board of Director members is appropriate.	40	32	20	4	0	4
7. The current number of 9 ESDs should be:						
■ expanded	16	8	24	36	12	4
■ left as is	48	28	4	12	4	4
■ reduced	4	0	8	16	68	4
8. All ESDs should be abolished.	4	0	0	0	92	4

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

**Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know**

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	8	28	0	44	20	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	20	28	8	36	8	0
3. We understand the governance and oversight structure of the ESD in our region.	44	44	4	8	0	0
4. There are appropriate levels of oversight for the ESD in our region.	36	52	4	0	0	8
5. ESDs should continue to be funded by the state.	84	16	0	0	0	0
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	36	36	12	16	0	0
7. Our school district has the funding to purchase the services it needs from an ESD.	0	20	0	64	16	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage of satisfaction with the following services provided by your home Educational Service District.
VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	52	32	8	4	0	4
2. Mathematics	36	32	16	8	0	8
3. Social Studies	12	28	48	4	0	8
4. Science	44	36	12	4	0	4
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	36	48	0	16	0	0
6. At-risk and compensatory education	24	28	36	8	0	4
7. Bilingual Education and ESL	44	28	16	0	0	12
8. Advanced academics (gifted and talented, AP)	12	16	48	8	0	16
ESD TRAINING						
9. Training and assistance for campus planning	16	36	20	0	0	28
10. Training and support for Washington Assessment of Student Learning (WASL)	36	44	16	4	0	0
11. Training and support for aligning the curriculum and instruction with WASL	40	44	8	8	0	0
12. Leadership training and development programs and services	52	32	8	0	0	8
13. Training and assistance to help improve student performance	28	68	0	0	0	4
14. Training and assistance in using new teaching methods and strategies	40	52	4	0	0	4
15. Training and assistance in the use of technology	52	28	12	0	0	8
16. Training and assistance in discipline management and conflict resolution	16	40	24	0	0	20
17. School board training services	36	40	12	8	0	4
18. Teacher Certification	36	24	28	8	0	4
19. Professional/Para-Professional Certifications	40	40	16	0	0	4
ESD SERVICES						
20. Computer network and telecommunication services	80	12	4	0	0	4
21. Purchasing cooperatives	20	40	12	4	0	24
22. Services and support for Educational Data Systems (EDS)	60	28	8	0	0	4
23. On-line/Distance Learning classes	16	20	28	8	0	28
24. On-site technical assistance	44	40	8	0	0	8
25. Video Conferencing	28	44	20	4	0	4
26. Lending Library	24	40	16	0	4	16
27. Best Practices Information	44	24	24	4	0	4
28. Organizational Links	32	40	20	0	0	8
29. Demonstrations and Equipment	28	40	20	4	0	8

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

80%	Exceptional
20%	Above average
0%	Adequate
0%	Needs improvement

**ESD 171 WENATCHEE
SURVEY RESULTS OF ESD SUPERINTENDENTS
(n=9)**

**EXHIBIT A-13
INFORMATION ABOUT YOUR REGION**

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

EXHIBIT A-14
ESD SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region	0	56	11	33	0	0
■ the State Superintendent of Public Instruction	0	67	0	33	0	0
■ both the school districts and the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	0	0	44	44	11	0
■ left as is	89	0	11	0	0	0
■ reduced	0	0	11	22	67	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS	22	67	0	11	0	0
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS	33	44	0	22	0	0
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING	0	22	44	0	0	33
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES	33	56	11	0	0	0
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***

April 27, 2007

Amended: August 25, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
State Auditors Office
Olympia, WA

Re: Amended Performance Audit Report Response

Dear Ms. Adams,

Thank you in advance for the opportunity for an amended final response to the Performance Audit for North Central Educational Service District and for including this response as part of the final audit report. We are appreciative of the additional time and effort provided by MGT America and the State Auditor's Office in reviewing our audit report and offer the following clarifications and responses to the recommendations offered in our final report.

Re: Recommendations 3-2 and 3-3 which provided for: *(3-2) Establishment of a new organization structure and create a job classification matrix that aligns job functions, titles and salaries to a fair and objective workload distribution plan.*

(3-3) Reduce the number of executive directors by one, through re-assignment, attrition, and/or hiring freeze. Eliminate at least two administrative tiers, re-classify administrators to professional specialists and increase the administrator to staff ration to a minimum of 1:5 from the ratio of 1:2.5.

Our Response: We would share that in the internal interviews conducted with agency staff, nor in the exit interviews were there any discussions pertaining specifically to this recommendation or the potential costs savings associated with this recommendation.

It would have been important for the audit team to have received clarification that several of our "director level" positions are grant-driven programs and in actuality are a "department of one" in which the State or Federal grant they oversee requires a grant director. Even more important would have been the understanding that if we were to eliminate that director position, then the accompanying grant funding would also be reduced/eliminated as well as a reduction or elimination of the services to districts. It is also important to note that in light of this important data there would be a significant reduction, if not an elimination of most of the projected "cost-savings" accompanying this recommendation.

It would have also been critical for the audit team to understand that many of our director and Executive directors, unlike many typical organizations, also provide direct service and support to district clients as opposed to just providing supervisory or oversight responsibilities.

We would have also been able to share with the audit team the realities of “titles and salaries” and their importance to us in attracting and retaining the high quality service staff that the superintendent survey data notes as highly important (80% agreeing)...especially in more rural area such as ours.

More importantly however, we are in specific disagreement with two of MGT’s assertions which dramatically inflate the purported audit savings.

1) MGT asserts that there are 29 administrative positions (page 3-12 paragraph 8) as part of our organizational structure. This assertion is clearly in error.

In actuality, see Attachment A Column 1 (yellow), there exists only 16 administrative positions in the ESD organizational structure. Each of the 11 positions noted in the white portion of column 1 are not administrative positions, i.e. they have no employees under their supervision or control, they conduct no evaluations and have no budget approval or program revision authority. Column 2 represents a correct depiction of the 16 actual administrative positions at the time of the MGT audit.

2) We take exception with MGT’s assessment that 48 or the agency’s 128 staff are housed in local school districts and therefore supervised by the school district and not the ESD (pages 3-9 last paragraph and 3-10 first paragraph) with the remaining 70 ESD staff in the main office supervised by 29 administrators. (We would first suggest that subtracting the 70 from 128 leaves “58” staff, not the 48 noted by MGT.)

MGT’s assertion that these 48 staff should be excluded from the administrative/staff ratio calculation is clearly in error and inaccurate. The work schedule of these 48 staff members are determined by the ESD, and the staff members are evaluated, supervised and paid by NC ESD. The claim that these staff are somehow supervised by the local district and not by the ESD administration is clearly in error. Again, as you can see from Attachment A column 2 (light green) when you correctly use 16 administrators and the correct number of employees (128), the agency clearly exceeds the 1:5 administrator to staff ratio recommended by MGT.

Interestingly, if one were to make the compromise argument that the 48 staff (58 actually) in the above example were “jointly supervised” by the ESD and the local district (Attachment A Column 3 light blue)...counting them as 24 staff total for purposes of calculation, you can see that by using the corrected 16 administrators, NC ESD exceed the recommended 1:5 ratio.

By way of comparison, the last column 4 (beige) on Attachment A indicates that for 2007-08 we not only exceed MGT’s recommended number of administrators (13.23), we also exceed the recommended ratio by nearly two-fold (1:9.7) when the correct number of staff and administrators are used.

In our follow-up discussions with MGT we were sadly unsuccessful in clarifying either of the above two points. Again, as noted earlier we feel it is important to note that with the above corrections there would be a significant reduction, **if not an elimination** of most of the projected “cost-savings” accompanying this recommendation.

We also took special note of the comment by the audit team on page 3-10 of the report which noted that: *School district Superintendents interviewed indicate a concern with the organizational structure.* Again, we could find no accompanying data or survey comments to support this comment, nor was it the topic of internal discussions or at the exit conference with the Audit team. Without the accompanying data, we have no idea whether this was representative of one Superintendent interviewed or twenty-one superintendents. We believe it would be important to know.

We did note, however, that in the Performance Audit Survey (Superintendent Survey Highlights page 2-2) Superintendents shared:

“The ESD in our region is highly efficient and effective (84%) strongly agree.”

“The ESD in our region is highly responsive to the service needs of our school district (80%) strongly agree.

“The ESD in our region provides quality services (80%).”

We believe this data, from the Performance Audit Survey is in direct conflict with the comment that there are concerns with the agency’s organizational structure that would warrant it’s mention in a Performance Audit report.

Regarding recommendation 8-2 pertaining to: *Develop and implement a strategy for increasing E-Rate participation by ESD 171 region school districts and increasing E-Rate commitments received by regional school districts.*

Our Response: We concur with the recommendation to work toward maximization of the E-Rate participation and funding to our regions’ schools. Again, we would take exception only to the characterization of this increased participation and funding as “cost-savings” in the context of the Performance Audit of North Central ESD.

We believe that these increased participation dollars are more appropriately identified as “opportunity dollars or value-added dollars” that would flow directly to the local school district as opposed to being characterized as “money already being spent today that would be saved” with increased participation.

In summary, Thank you for the opportunity to provide this clarification and response to the Final Performance Audit. We are appreciative of the overall process and offer in the spirit of refinement, that the Exit Conferences with the Performance Audit teams provide for the opportunity to review the proposed findings and recommendations, as well as the accompanying data, or lack thereof of, supporting those findings or recommendations. This would allow, in our opinion for a much clearer representation to our taxpayers and customers the true performance refinements or opportunities that may exist.

With warmest regards,

Dr. Rich McBride and Colleagues

Attachment A	Column 1	Column 2	Column 3	Column 4
	MGT Considers as Administrators	Actual NCESD Administrators-06/07	Dist/ESD split 48 staff	2007-08 Actual
Superintendent	1	1	1	1
Executive Director – Educational Services	1	1	1	1
Executive Director- Admin. Svcs. Fiscal	1	1	1	1
Executive Director – Admin. Svcs. HR	1	1	1	0
Learning and Teaching School Improvement	2	1	1	0.23
Teaching American History	1	1	1	0
Migrant Educ (MERO)	2	1	1	1
Internal Business	1	1	1	1
Special Education	1	1	1	1
Network Services	1	1	1	1
Educational Tech	1	1	1	1
Safe & Civil Schools	1	1	1	1
Safe & Civil Schools/21 st Century	1	1	1	1
WA Sensory Disab	1	1	1	1
Science	1	1	1	1
Data Processing Cooperative	1	1	1	1
Curriculum Instruction and Assessment	0.5	0	0	0
Math/Science	0.5	0	0	0
Migrant Parent Services	1	0	0	0
STEPS School Grant	1	0	0	0
Internal Business Ops	1	0	0	0
External Fiscal	1	0	0	0
2 - Fiscal Records	2	0	0	0
2 - Student Records	2	0	0	0
Workers Comp/Unemp.	1	0	0	0
Media Center	1	0	0	0
Total Coordinators	11	0	0	0
Administrators (15 is recommended by MGT)	29	16	16	13.23
Number of Employees	70	128	94	128
Ratio (1:5 recomb by MGT)	1:2.5	1 to 8	1 to 5.8	1 to 9.7
Total Savings	\$ 822,220 /year	\$58,730	\$0	\$0

MGT's Assumptions

*All Coordinators listed above in the white colored area are Administrators--11 total

*All ESD field-based itinerants are not considered ESD employees for purposes of ratio

*Cost Savings are based upon elimination of positions or retitle

APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***

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THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 171

To provide clarity and perspective, we are commenting on ESD 171 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report. The ESD was given the opportunity to review the complete draft report and was required to identify any errors or inaccuracies in the data. The ESD provided suggested wording changes in several areas, most of which were accepted by the auditor. However, during the formal response period, nothing was provided to challenge MGT's data or conclusions reached. Subsequently, the ESD provided correspondence to question the fiscal impact of one of the recommendations. However, the data provided by ESD 171 did not contain sufficient and compelling evidence to dispel the information contained in the report.

Below, we have inserted MGT's response to the issues identified in the ESD 171 formal response letter.



April 27, 2007
Amended: August 25, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
State Auditors Office
Olympia, WA

Re: Amended Performance Audit Report Response

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(3-3) Reduce the number of executive directors by one, through re-assignment, attrition, and/or hiring freeze. Eliminate at least two administrative tiers, re-classify administrators to professional specialists and increase the administrator to staff ration to a minimum of 1:5 from the ratio of 1:2.5.

Our Response: We would share that in the internal interviews conducted with agency staff, nor in the exit interviews were there any discussions pertaining specifically to this recommendation or the potential costs savings associated with this recommendation.

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It would have also been critical for the audit team to understand that many of our director and Executive directors, unlike many typical organizations, also provide direct service and support to district clients as opposed to just providing supervisory or oversight responsibilities.

We would have also been able to share with the audit team the realities of “titles and salaries” and their importance to us in attracting and retaining the high quality service staff that the superintendent survey data notes as highly important (80% agreeing)...especially in more rural area such as ours.

More importantly however, we are in specific disagreement with two of MGT’s assertions which dramatically inflate the purported audit savings.

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2) We take exception with MGT’s assessment that 48 or the agency’s 128 staff are housed in local school districts and therefore supervised by the school district and not the ESD (pages 3-9 last paragraph and 3-10 first paragraph) with the remaining 70 ESD staff in the main office supervised by 29 administrators. (We would first suggest that subtracting the 70 from 128 leaves “58” staff, not the 48 noted by MGT.)

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Interestingly, if one were to make the compromise argument that the 48 staff (58 actually) in the above example were "jointly supervised" by the ESD and the local district (Attachment A Column 3 light blue)...counting them as 24 staff total for purposes of calculation, you can see that by using the corrected 16 administrators, NC ESD exceed the recommended 1:5 ratio.

By way of comparison, the last column 4 (beige) on Attachment A indicates that for 2007-08 we not only exceed MGT's recommended number of administrators (13.23), we also exceed the recommended ratio by nearly two-fold (1:9.7) when the correct number of staff and administrators are used.

In our follow-up discussions with MGT we were sadly unsuccessful in clarifying either of the above two points. Again, as noted earlier we feel it is important to note that with the above corrections there would be a significant reduction, **if not an elimination** of most of the projected "cost-savings" accompanying this recommendation.

We also took special note of the comment by the audit team on page 3-10 of the report which noted that: *School district Superintendents interviewed indicate a concern with the organizational structure.* Again, we could find no accompanying data or survey comments to support this comment, nor was it the topic of internal discussions or at the exit conference with the Audit team. Without the accompanying data, we have no idea whether this was representative of one Superintendent interviewed or twenty-one superintendents. We believe it would be important to know.

We did note, however, that in the Performance Audit Survey (Superintendent Survey Highlights page 2-2) Superintendents shared:

"The ESD in our region is highly efficient and effective (84%) strongly agree."

"The ESD in our region is highly responsive to the service needs of our school district (80%) strongly agree.

"The ESD in our region provides quality services (80%)."

We believe this data, from the Performance Audit Survey is in direct conflict with the comment that there are concerns with the agency's organizational structure that would warrant it's mention in a Performance Audit report.

MGT's Response

While the majority of comments received were positive regarding the ESD's services, the audit team felt that there was enough concern expressed by a minority of districts to warrant the comment regarding the organizational structure and the attention of the ESD. Through on-site interviews and observation, the audit team also identified the potential organizational issues that resulted in team members drilling further into the areas of concern, resulting in the recommendation to establish a new organizational structure and create a job classification matrix.

Although the ESD disputes the number of administrative positions referenced in the finding pertaining to Recommendations 3-2 and 3-3, it did not provide sufficient evidence to support its assertions. During our audit fieldwork, we identified the ESD's administrators and staff by reviewing documentation provided by the ESD and conducting interviews at the ESD and school districts. During its initial review of the finding and recommendations, the ESD did not question the numbers reported.

However, in its subsequent formal response to the audit report, the ESD challenged the totals used in the administrator to staff ratio. We reviewed the ESD's response and accompanying material but did not find any compelling support for changing our report. Most notably, the ESD asserted that several positions were not administrators, even though the job descriptions of some of these positions did, in fact, reference supervisory and administrator responsibilities. Moreover, our interviews and observations at the ESD led us to conclude on the appropriateness of excluding staff located at the school districts from the ratio, and no information was provided by the ESD to change our conclusion other than statements that these staff were supervised by ESD staff. Accordingly, we stand by our findings. .

The Fiscal Impact section of this finding states that it will take time to implement the recommendation and the fiscal impact is intended to illustrate the propensity of cost savings should a supervisor to staff ratio of 1:5 be achieved. We are aware that it may not be possible to achieve the specified staffing ratio due to certain conditions. Nevertheless, the recommendation must be implemented through the development of a job classification matrix before determining the optimal staffing ratio that should be targeted.

The need for a job classification matrix was derived from the information obtained from the ESD. The audit team reviewed job titles and job descriptions and identified particular job titles with varying degrees of administrative, supervisory, and non-supervisory duties. From a taxpayer standpoint and following the directive of I-900, the audit team questioned the wide use of *coordinator* and *director* titles when the job activities associated with those positions appeared to relate more to technician duties for some and supervisory duties for others. The development of a job classification matrix would address those issues and clearly identify by title and job duties those positions that are supervisory and those that are staff. The ESD's formal response appears to indicate that the ESD has started to review its positions and initially implement the recommendation. Additional implementation steps need to include creating the job classification matrix and assigning titles commensurate with position duties.

MGT stands by its audit procedures, analysis, findings and recommendations.

Regarding recommendation 8-2 pertaining to: *Develop and implement a strategy for increasing E-Rate participation by ESD 171 region school districts and increasing E-Rate commitments received by regional school districts.*

Our Response: We concur with the recommendation to work toward maximization of the E-Rate participation and funding to our regions' schools. Again, we would take exception only to the characterization of this increased participation and funding as "cost-savings" in the context of the Performance Audit of North Central ESD.

We believe that these increased participation dollars are more appropriately identified as "opportunity dollars or value-added dollars" that would flow directly to the local school district as opposed to being characterized as "money already being spent today that would be saved" with increased participation.

MGT's Response:

The audit team looked at cost savings as just that. Cost savings passed on to the local districts was treated as such.

In summary, Thank you for the opportunity to provide this clarification and response to the Final Performance Audit. We are appreciative of the overall process and offer in the spirit of refinement, that the Exit Conferences with the Performance Audit teams provide for the opportunity to review the proposed findings and recommendations, as well as the accompanying data, or lack thereof of, supporting those findings or recommendations. This would allow, in our opinion for a much clearer representation to our taxpayers and customers the true performance refinements or opportunities that may exist.

With warmest regards,

Dr. Rich McBride and Colleagues

PERFORMANCE AUDIT OF WASHINGTON'S EDUCATIONAL SERVICE DISTRICTS – ESD 189

Final Report

Presented to:

The Washington State Auditor's Office

Submitted by:



**711 Capitol Way, Suite 608
Olympia, Washington 98501**

April 30, 2007

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1.0 INTRODUCTION

1.0 INTRODUCTION

The Washington State Auditor's Office (SAO) contracted with MGT of America, Inc. (MGT) to conduct a performance audit of Educational Service District 189 (ESD 189), as well as the other eight ESDs in the state, under the mandate of Initiative 900 (RCW 43.09.470).

After conducting training in October 2006, the audit team conducted a diagnostic review of the ESD. Based on the results of the diagnostic report, SAO authorized a full performance audit be conducted. The ESD supplied a substantial amount of documents based on an audit team document request list. Audit teams then scheduled and conducted on-site interviews during the November – December 2006 timeframe. The audit team also conducted an electronic survey of ESD staff and school district staff. After reviewing the results of the on-site interviews and electronic survey data and analyzing the documents provided by the ESD, audit team members drafted the performance audit report. The draft report was reviewed by MGT's quality control team to ensure the report followed generally accepted government accounting standards (Yellow Book standards) before being reviewed by SAO and the ESD.

Based on their review of the draft document, the performance audit report was finalized. Along with reports from the other eight ESDs and a global report that reflected issues for all ESDs, the final performance audit report for ESD 189 was provided to SAO, reflecting areas of strength and areas needing improvement.

This chapter presents an introduction to the Northwest Educational Service District (ESD 189) located in Anacortes, Washington.

ESD 189 at Anacortes is one of nine such organizations in the state of Washington. ESD 189 serves 35 school districts enrolling approximately 164,000 students. **Exhibit 1-1** shows ESD comparison data. The exhibit shows that ESD 189:

- at 164,523 students has the second largest student enrollment within its member school districts;
- with 35 member school districts is exceeded in the number of school districts served only by ESD 101 and ESD 113, both of which serve lower student populations than ESD 189; and
- has the third smallest employee population at 78 with two other ESDs (123 and 171) having slightly fewer employees but significantly smaller student populations.

**EXHIBIT 1-1
COMPARISON OF ESDs:
NUMBER OF DISTRICTS AND STUDENTS SERVED
AND NUMBER OF STAFF
OCTOBER 2006**

ESD	DISTRICT OFFICE	SCHOOL DISTRICTS SERVED	STUDENTS SERVED (2004-05)	NUMBER OF STAFF
101	Spokane	59	89,340	169
105	Yakima	25	58,090	80
112	Vancouver	30	96,515	300
113	Olympia	45	71,381	110
114	Bremerton	15	52,055	175
121	Renton	35	389,335	345
123	Pasco	23	59,576	75
171	Wenatchee	29	40,687	75
189	Anacortes	35	164,523	78
Total		296	1,021,502	1,407

Source: Prepared by SAO Auditors from MGT of America preliminary data for SAO Audit, October 2006.

Washington's nine regional Educational Service Districts have evolved over the past 26 years from 39 regulatory, county superintendent offices to its current nine regional, service-based agencies.

Beginning in 1854, Washington's counties were responsible for meeting the needs of local school districts. In 1960, the State Legislature recommended establishment of 39 regional service areas to replace the county offices.

A few years later, in 1969, the legislature required the State Board of Education to create a statewide system of 14 intermediate school districts (ISDs) to replace the 39 county offices. In 1972, the number of regional offices was reduced to 12 by the State Board and in 1975 their names were changed to Educational Service Districts (ESDs). At that time in 1975, the service area now identified as ESD 189 was served by ESDs 108 and 109 with the ESD 108 main office housed in Bellingham and the ESD 109 main office located in Everett. By 1977, ESD 189 had been formed by combining ESD 108 and ESD 109 in a new office located in Mt. Vernon.

During the period of 1977 through 2006, ESD 189 has had five superintendents. Dr. Jerry Jenkins is the current superintendent, serving since 2000. In 2003 the main office was relocated from Mt. Vernon to Anacortes.

Services provided to client school districts are shown in **Exhibit 1-2**. As can be seen, services are categorized within ten major areas with a major focus on teaching and learning support systems.

**EXHIBIT 1-2
ESD 189 SERVICES**

SERVICE AREA	SERVICE
Administration	Superintendent/District School Board Support Board/Superintendent Workshops Teacher Certification Regional Committee on School District Organization Legal Services Cooperative Citizen Complaints/Referrals Clock Hour Approvals/Management Traffic Safety Education Professional Development Coordinating Council Resources Development Teacher of the Year Construction Management
Fiscal Services	District Business Office Staff Support District/OSP I/County liaison services Enrollment Reporting Personnel Reporting Apportionment Election Data Budgeting Financial Reporting Business Management Services Unemployment Cooperative Pool Bidding and Purchasing Cooperative Workers Compensation Trust Compensated Absences Pool
Teaching and Learning	Liaison with Office of Superintendent of Public Instruction School Improvement Planning Study Team Facilitation Curriculum and Assessment Support Reading Support Washington Reading Corps Support Math Helping Corps and Cadre Classroom-Based Assessment Cooperative Student Learning Plan And School Improvement Plan Web-Based Tool Training And Support Paraeducator Training Professional Development Offerings Science Materials Center Cooperative Science Education Reform Professional Development Support (Laser) Regional Knowledge Bowl Coordination Student Leadership Conference Young Authors Conference
Northwest Regional Data Center (NWRDC)	WESPaC Student Management System Support WESPaC Financial Management System Support WESPaC Finance Preparation, Training, Support WESPaC Conversion Services Legacy Management System Support Operations Support for NWRDC Members

EXHIBIT 1-2 (Continued)
ESD 189 SERVICES

SERVICE AREA	SERVICE
Information Systems Support Center	Computer Desktop Hardware Support Services Data and Video Network Design and Implementation Services Data Management Consulting District LAN/WAN Network Support, Monitoring, and Diagnostics Information Systems Support for NWESD189 Programs and for Public Schools Cooperative K-20 Network Support Services for Public Schools and for Public Libraries Novanet Online Curriculum Purchasing and Support for Public School Cooperative OSPI Core Student Records System Support For Public Schools Professional Development For Public School Information Systems Technicians Technology Assessment and Review Services Web Applications Development Services Web Hosting and Support Services
Learning Resource Cooperative	Access to 18,000 High-Quality Print and Non-Print Media Materials Video and Audio Duplication of Non-Copyrighted Materials Online Databases for Research Purposes United Streaming – digitized media
Special Programs And Services	P-12 Professional Development and School Improvement for Special Education School Nursing Corps Special Education Consultation and Technical Assistance Services Autism Outreach Project Early Childhood Program Support and Coordination Special Education Cooperatives: <ul style="list-style-type: none"> ○ Deaf/Hard of Hearing ○ Interpreters for the Deaf ○ Northwest Regional Learning Center ○ Adjudicated Youth ○ Emotionally/Behaviorally Disabled ○ Detention School Programs ○ Whatcom 45-Day Alternative Placement ○ Secret Harbor School

EXHIBIT 1-2 (Continued)
ESD 189 SERVICES

SERVICE AREA	SERVICE
Prevention Center	Safe and Drug Free Schools and Communities Tobacco Prevention and Control Program Emergency Response Crisis Management Safe Schools/Healthy Students Pacific Institute and Research (PIRE) Tobacco Prevention Resource Center (TPRC) Carol White (PEP) Grant Trainings on a variety of prevention related topics (15 – 20 per year) for staff, parents, and students Student Safety Assessment Project School Safety Helpline Project Natural Helpers Program Technical assistance and administrative support Lending Library – curriculum, videos, DVDs, books Grant writing Participation and collaboration with numerous community partners
Migrant Education Regional Office	Migrant Education Regional Office Program Planning and Design Technical Assistance/Program Compliance Parent Involvement Instructional Workshops: <ul style="list-style-type: none"> ○ Making Content Comprehensible for English Language Learners (SIOP) ○ English Language Acquisition ○ ASPIRE: Paraprofessionals Working with English Language Learners ○ Civil Rights and the English Language Learner ○ Introduction to Dual Language Instructional Models ○ Acculturation ○ Mobility : The Life of the Migrant Student ○ Content Area Reading for Secondary English Language Learners ○ Reading Strategies for Elementary ELLs ○ Math and the English Language Learner ○ High School Migrant Issues ○ Welcoming Migrant Students into the School Community ○ Facilitating Literacy at Home ○ Migrant Parent Leadership Training ○ Why Don't Migrant Parents Get Involved in Their Child's Education?
Technology Leadership Center	Educational Technology Support Center Teacher Leadership Project Software Evaluation and Purchasing Programs Technology Roundtable Meetings Professional Development Classes District Technology Planning Assistance On-Site Staff Development Teaching and Technology Coaching Initiative

Source: Prepared by SAO Auditors from ESD 189, G-1 Data Request List, January 2007.

Key commendations for ESD 189 include:

- ESD 189 has taken an innovative approach to assisting school districts with their business operations through the hiring of a fiscal

services manager assigned exclusively to assist school districts on a fee-for-service basis.

- ESD 189 is commended for maintaining a high standard of facility cleanliness while staffing for services at a level significantly lower than the industry standard.

Key recommendations for ESD 189 include:

- Amend RCW 28A.310.260 to eliminate the ESD Superintendents' regulatory function for investigating Code of Conduct violations. **(Recommendation 3-1)**
- Modify the controlling statutory language to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes. **(Recommendation 3-2)**
- Maximize the recovery of personnel costs pertaining to fiscal management services provided to school districts. **(Recommendation 4-1)**
- Create a process for expanding current cost/benefit analysis to include more qualitative data than are currently available in selected programs to drive programmatic decisions. **(Recommendation 5-1)**
- Expand opportunities for staff collaboration by implementing a strategic process for cross-department work in planning, implementing, and evaluating services to clients. **(Recommendation 5-2)**
- Ensure training across projects and cross-sharing of best practices (those validated by research findings) within the ESD and between ESDs. **(Recommendation 5-3)**
- Implement the new marketing plan and expand marketing efforts within the school districts and broader communities. **(Recommendation 5-4)**
- Conduct a study to identify opportunities to expand technology and distance learning for delivery of services and design a plan to implement high yield opportunities. **(Recommendation 5-5)**
- Restructure the organization and the reporting responsibilities to define and accommodate workflow within and among functions and to establish optimum groupings of functions and skills. **(Recommendation 6-1)**
- Develop and implement a minor maintenance and preventive maintenance program and checklist to organize planned tasks. **(Recommendation 7-1)**

- Identify additional specific sites at remote locations for ESD sponsored meetings to reduce travel and lost time for outlying school district personnel and more fully use telecommunication capabilities. (**Recommendation 7-2**)
- Develop a formal survey process to determine client satisfaction as well as client needs at the level of delivery. (**Recommendation 8-1**)
- Implement standards for hardware and software procurement and operations used within the ESD. (**Recommendation 8-2**)
- Re-organize the multiple technology-related departments into a single division under the direction of a single Chief Information Officer. (**Recommendation 8-3**)
- Expand online course offerings for professional development to include topics related to instruction in the core academic areas. (**Recommendation 8-4**)
- Develop a plan to consolidate the seven data centers into two data centers, strategically located across the state. (**Recommendation 8-5**)

SUMMARY OF POTENTIAL SAVINGS AND COSTS

Exhibit 1-3 shows the total estimated cost savings for the recommendations represented in the report for ESD 189. As shown, the total estimated savings (should MGT's recommendations be implemented) is estimated at a total of \$55,820.

EXHIBIT 1-3 SUMMARY OF ANNUAL SAVINGS (COSTS)

CATEGORY	YEARS					TOTAL FIVE-YEAR SAVINGS (COSTS)
	2007-08	2008-09	2009-10	2010-11	2011-12	
TOTAL SAVINGS	\$11,214	\$11,214	\$11,214	\$11,214	\$11,214	\$56,070
TOTAL (COSTS)	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL NET SAVINGS (COSTS)	\$11,214	\$11,214	\$11,214	\$11,214	\$11,214	\$56,070
TOTAL ONE-TIME SAVINGS (COSTS)						(\$250)
TOTAL FIVE-YEAR SAVINGS (COSTS) INCLUDING ONE-TIME SAVINGS (COSTS)						\$55,820

2.0 SURVEY RESULTS SUMMARY

2.0 SURVEY RESULTS SUMMARY

Note: For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A.

In November 2006, employees in ESD 189, school district superintendents within the ESD 189 region, and the nine ESD Superintendents were invited to participate in an online survey. The following sections contain highlights of the survey results for:

- ESD 189 Anacortes employees
- School district superintendents within ESD 189 Anacortes; and
- Nine ESD Superintendents.

Details for all survey items are found immediately after the highlights.

2.1 **ESD 189 Anacortes Employee Survey Highlights**

At least 50 percent of ESD employees strongly agree with the following:

- Our ESD provides quality services (54%).
- Our ESD listens and tries to meet the needs of the school districts (50%).
- I feel that my work is appreciated by my supervisor(s) (56%).

At least 50 percent of ESD employees strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (50%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (50%).
- All ESDs should be abolished (77%).
- No one knows or cares about the amount or quality of work that I perform (57%).
- I am actively looking for a job outside of my ESD (58%).
- I feel that there is no future for me at the ESD (56%).

2.2 ESD 189 Anacortes School District Superintendent Survey Highlights

At least 50 percent of school district superintendents strongly agree with the following:

- Our school district frequently utilizes services provided by our ESD (56%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (63%).
- The ESD in our region is highly responsive to the service needs of our school district (56%).
- The ESD in our region provides quality services (63%).
- There are adequate channels of communication with the ESD in our region (59%).
- The ESD in our region is responsive to complaints (63%).
- The ESD in our region is responsive to requests for services (67%).
- The ESD in our region listens and tries to meet the needs of the school district (70%).
- ESDs should continue to be funded by the state (56%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (64%).

At least 50 percent of school district superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (56%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (52%).
- All ESDs should be abolished (85%).

2.3 ESD Superintendents Survey Highlights

At least 50 percent of ESD Superintendents strongly agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (89%).

- The services provided by our ESD are critical to the success of our school districts' programs and operations (78%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (78%).
- Our ESD is highly efficient and effective (78%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (89%).
- Our ESD provides quality services (78%).
- Our ESD is responsive to complaints (89%).
- Our ESD is responsive to requests for services (89%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (67%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (67%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (89%).
- The current number of ESD Board of Director members is appropriate (67%).
- The current number of 9 ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (67%).
- ESDs should continue to be funded by the state (89%).

At least 50 percent of ESD Superintendents are very satisfied with the following:

- Teacher Certification (67%).

At least 50 percent of ESD Superintendents strongly disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (78%).

- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (67%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (78%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (67%).
- The current number of 9 ESDs should be reduced (67%).
- All ESDs should be abolished (89%).

3.0 GOVERNANCE AND MANAGEMENT

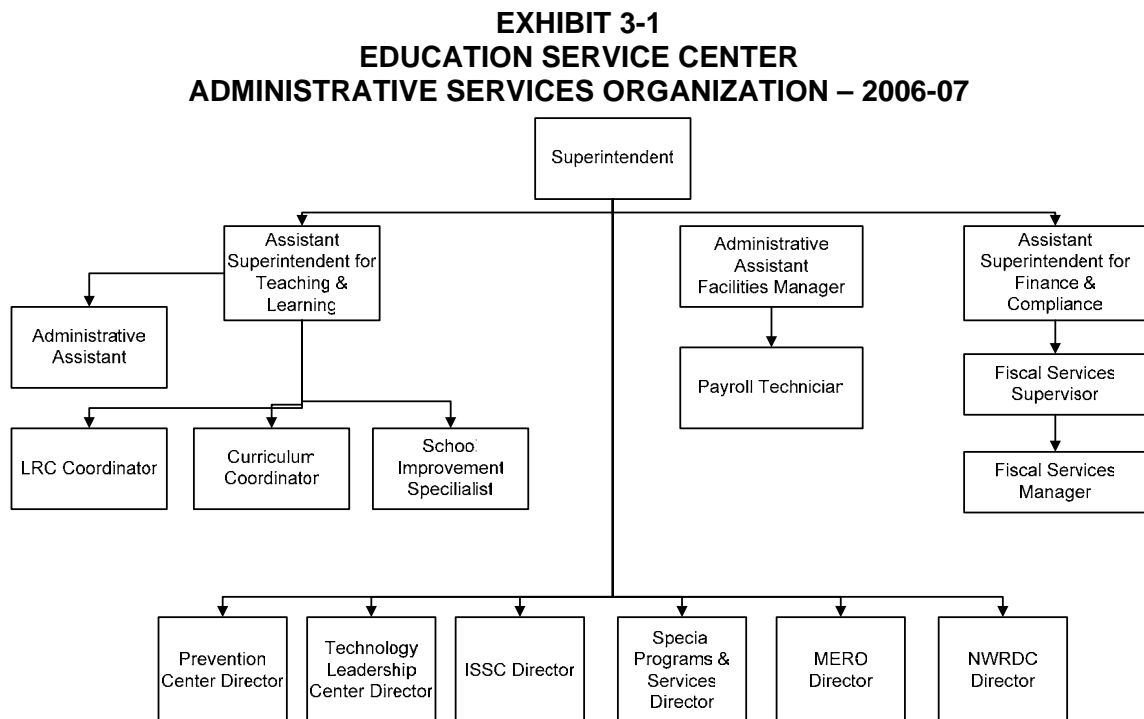
3.0 GOVERNANCE AND MANAGEMENT

This chapter presents information relating to governance and management of the NWESD 189 at Anacortes.

CHAPTER SUMMARY

A performance audit of ESD 189's governance and management was conducted on November 13-15, 2006. The audit was comprised of nine (9) interviews (including ESD Superintendent, ESD staff, and district superintendents), a policy and procedure review, and analysis of state statutes (e.g., RCW 28A.310.260 and RCW 28A.315.055). A thorough review of ESD 189's policy and procedures (including board procedures, workload management, regional governance structure, communication hierarchy, and evaluation) reveals that the policies and procedures are up-to-date, complete, and clearly articulated to staff, member districts, and board members. Similarly, in reviewing ESD 189's organizational chart and staffing patterns at the ESD administrative level, as well as comparing the staffing patterns of other comparable service centers, the staffing at ESD 189 is generally appropriate and necessary to meet their mission, goals, and objectives.

Exhibit 3-1 shows the organization of administrative services for ESD 189. As is shown, the superintendent has nine (9) direct reports.



Source: Data provided by ESD 189, 2006.

There are two areas that are recommended to be addressed at the state level to increase the effectiveness of the management of ESD 189, as well as ESDs throughout the state. These issues will require statutory language changes regarding code of

conduct (RCW 28A.310.260) and resolving boundary disputes (RCW 28A.315.055). With these changes, it is estimated that the ESD 189 Superintendent and staff will have more time and effort to address established goals and the needs of member school districts.

Key recommendations in this chapter include:

- Amend RCW 28A.310.260 to eliminate the ESD Superintendents' regulatory function with regard to the Code of Conduct violations. **(Recommendation 3-1)**
- Modify the controlling statutory language RCW 28A.315.055 to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes. **(Recommendation 3-2)**

FINDING

According to statute RCW 28A.310.260, the ESD 189 Superintendent is charged with the investigation of Code of Conduct violations by certificated personnel employed by school districts in ESD 189's region. This regulatory requirement is inconsistent with the primary mission of the ESD to provide quality support and services.

RCW 28A.310.260 restricts the ESD in its mission to provide the necessary support at all school district levels due to the regulatory mandate to deal with disciplinary issues. This is a regulatory function that seems to be more appropriately addressed at the school district level in collaboration with OSPI. The statute is inconsistent with the mission of ESD 189's Superintendent Advisory Board in targeting student achievement and learning in the ESD 189 region.

Regulatory functions on behalf of ESD 189 appear to conflict with the role of the ESD Superintendent to create and implement equitable, effective, and efficient services within the ESD 189 region. ESD Superintendents spend a considerable amount of time conducting informal and formal investigations. According to Anacortes ESD Superintendent, requests for investigations are time consuming for ESD staff and superintendent.

This issue is not unique to ESD 189. All ESD Superintendents conduct informal and formal investigations under RCW 28A.310.260. According to the Puget Sound ESD 121 Superintendent, requests throughout the state for investigations are increasing annually.

Recommendation 3-1:

Amend RCW 28A.310.260 to eliminate the ESD Superintendents' regulatory function for investigating Code of Conduct violations.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

Implementation of this recommendation should result in assigning this regulatory role to the local education agency, the new state education ombudsman's office, and/or to the

Office of Superintendent of Public Instruction. This would be a cost savings to the ESD with regard to time and effort. By not having to perform this function, ESD 189 can more readily create positive links with all consortium school districts favorable to student success and research based instructional practices.

Implementation of this recommendation can also contribute to more focused leadership of ESD 189 administration by improving governance and leadership capacity throughout the entire ESD 189 region. This will establish a credible accountability system based on the concepts of ESD leadership, support, best practices, and value added service, as well as produce a savings of time and effort on the part of the ESD Superintendent and administrative staff.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|--|
| 1. The ESD 189 Superintendent should collaborate with other ESD Superintendents and legislators to revise the wording of statute RCW 28A.310.260. | Prior to or at the beginning of Legislative Session 2008 |
| 2. The ESD 189 Superintendent along with other ESD Superintendents and legislators should draft a bill to amend the above statute. | Legislative Session 2008 |

FISCAL IMPACT

ESD 189 may accrue some cost savings, but accurate estimates cannot be made since there are no baseline data. However, it is estimated that this will provide the ESD 189 Superintendent more time and effort in establishing ESD 189's mission and goals in working collaboratively with the Superintendent Advisory Board, which has been very effective and efficient.

Implementation of this recommendation could result in long-term savings for ESD 189, but these savings cannot be quantified at this time.

FINDING

According to RCW 28A.315.055, Northwest ESD 189 is mandated to resolve local school district boundary disputes. This responsibility appears to be detrimental to providing quality support and service to those districts due to the ESD's predominate support role to member school districts.

RCW 28A.310.140 states that "every school district must be included entirely within a single educational service district. If the boundaries of any school district within an educational service district are changed in any manner so as to extend the school district beyond the boundaries of that educational service district, the superintendent of public instruction shall change the boundaries of the educational service districts so affected in a manner consistent with the purposes of RCW 28A.310.010 and this section."

The current statute appears to hamper relationships that the ESD has established with the professional learning community through its Superintendent Advisory Board. It is imperative that the ESD 189 Superintendent continues to build relationships, provide

support, technical assistance, and value added service, through a collaborative process. ESD 189 Superintendent and staff stated that they spend considerable amounts of time and effort in mediation of this process. According to the superintendent, this statute affects partnership-building between the local districts and the ESD directly affecting ESD 189's effectiveness in meeting their established goals.

Recommendation 3-2:

Modify the controlling statutory language to eliminate the Boundary Committees and the ESD Superintendents' role in resolving boundary disputes.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

As part of their annual political agenda, the ESD Superintendents should recommend to the legislature revisions to the administrative rule regarding the requirements for addressing boundary disputes to clarify the ESD's responsibility. Implementation of this recommendation can result in improved services to member districts, clarification of roles and responsibilities to be consistent with other regulatory statutes, and savings of time and effort on the part of the ESD Superintendent and administrative staff.

This recommendation could result in assigning the responsibility for resolving school district boundaries to an authoritative body, such as OSPI or the Attorney General's Office. The oversight authority can then send its findings pertaining to territory transfers and the creation of new school districts to the county legislative authority within the thirty-day time frame (RCW 28A.315.055). The oversight authority, in collaboration with the Superintendent Advisory Councils from each region, can consult, review and decision-make this process.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--|
| 1. The ESD 189 Superintendent should collaborate with other ESD Superintendents and legislators to revise the wording of the Washington Statute RCW 28A.315.055. | Prior to or at the beginning of Legislative Session 2008 |
| 2. The ESD 189 Superintendent, along with other ESD Superintendents, and legislators should draft a bill to amend the above statute. | Legislative Session 2008 |

FISCAL IMPACT

This recommendation should result in some cost savings but accurate estimates cannot be made since there are no baseline data; however, it is estimated that there will be cost savings for ESD 189 due to time and effort that is expended using the current system.

4.0 FINANCIAL MANAGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

4.0 FINANCIAL MANGEMENT, PURCHASING, AND CONTRACT MANAGEMENT

This chapter presents findings and recommendations relating to the financial management and budgeting processes and the purchasing and contract management processes of the Northwest Educational Service District 189 (ESD 189).

CHAPTER SUMMARY

The primary methodologies used to review ESD 189's financial management, budgeting, purchasing, and contract management processes addressed in this chapter include:

- Interviews of key ESD financial and budgeting staff, including the assistant superintendent for Finance and Compliance, the fiscal services supervisor, and other accounting staff.
- Review of the ESD's board policies regarding financial management and budgeting.
- Review of the ESD's budgets for the prior three fiscal years, including presentations made to the board.
- Review of the ESD's audited financial statements for the past five years.
- Review of the ESD's purchase and contract management procedures, including actual processes used by ESD staff and board issued policies or directives.
- Review of contracts and cooperative agreements maintained by or participated in by the ESD.
- Review of other reports and documents as needed.

ESD 189 has effective internal controls over its financial management, budgeting, purchasing, and contract management operations. Staff members are knowledgeable about their responsibilities and have good working relationships with one another. The ESD also has sufficient infrastructure for review and supervision over the processing of financial transactions. In addition, the ESD has comprehensive policies and procedures to address its financial operations and procurement activities.

Findings and recommendations in this chapter focus on areas in which the ESD can enhance the value of its financial and purchasing services. ESD 189 recently began offering business management services to school districts on a fee-for-service basis and has opportunities for expanding these services. The ESD also has the potential to increase its use of purchasing cooperatives to provide greater cost savings from its acquisitions.

A key commendation in this chapter includes:

- ESD 189 is commended for its innovative approach to assisting school districts with their business operations through the establishment of a designated fiscal services manager.

A key recommendation in this chapter includes:

- Maximize the recovery of personnel costs pertaining to fiscal management services provided to school districts.
(Recommendation 4-1)

BACKGROUND

In fiscal year 2006-07, ESD 189 employed 142.4 full time equivalent classified staff and 37 certificated staff who administered \$24.7 million in programs. ESD 189's financial management and budgeting functions are handled by a team of seven staff members, led by the assistant superintendent for Finance and Compliance. The team is responsible for performing key functions to support the ESD's fiscal operations, including accounting for financial activities, preparing fiscal reports, developing and monitoring the ESD's budget, processing payable and receivable transactions, and managing assets. The ESD also provides business management services to school districts on a fee-for-service basis. Key responsibilities of staff members are as follows:

- Assistant Superintendent – responsible for managing the overall financial operations, approving transactions and acquisitions, developing the ESD's budget, and preparing financial statements.
- Fiscal Services Supervisor – responsible for overseeing school districts' financial reporting and managing the ESD's fiscal cooperatives.
- Fiscal Services Manager – responsible for providing business management services at school districts.
- Fiscal Technician – responsible for managing grants, assisting with budget development, and accounting for the unemployment pool and the compensated absences pool.
- Accounts Payable Technician – responsible for processing accounts payable and administering purchase orders.
- Fiscal Assistant – responsible for assisting with accounts payable transactions, preparing journal vouchers, and performing other general accounting functions.
- Administrative Assistant – responsible for processing accounts receivable transactions and performing other general accounting functions.

In addition to the finance staff, the ESD has two other staff members that process the monthly payroll for all employees. These individuals report to the superintendent.

The ESD does not have a purchasing department or a contract management department and does not own a warehouse. Procurement responsibilities have been delegated to the managers and staff of the ESD's program areas. The programs have the authority to purchase goods and services within their budget authority and subject to applicable laws and regulations. In general, the programs use existing statewide purchasing cooperatives and draw upon past experiences to seek favorable pricing for their acquisitions. The assistant superintendent for Finance and Compliance has overall authority for approving purchases and authorizing contracts.

ESD 189 is the first ESD in the state to convert to the Washington State Information Processing Cooperative Enhanced Skyward Point and Click (WESPaC) system. The WESPaC system is the new financial reporting and budgeting system for use by ESDs and school districts throughout the state. ESD 189 served as a pilot agency for the implementation. The WESPaC system provides new and upgraded features to enhance the efficiency of financial operations. For instance, program managers are able to prepare their purchase requisitions online through the system and identify whether they have available budget authority for the acquisition.

The ESD's budget process typically occurs between March and June of each year. The Assistant Superintendent for Finance and Compliance works with program managers to develop the budget, which is approved by the ESD Board. The OSPI has final review and approval of the budget.

The Washington State Auditor's Office reviews the ESD's internal controls as part of its annual financial and compliance audits. During the past five years, the State Auditor did not report any material weaknesses in internal controls, although it did identify some areas in which ESD 189's controls could be improved. The audit team's limited review of internal controls at the ESD did not disclose any other issues that resulted in a recommendation or commendation.

In Washington State, the OSPI and state laws and regulations require that ESDs compile financial and budgetary information and submit it to the OSPI for review and approval on a set schedule each year. These documents include the F-206, which is a report of the ESD's current year revenues and expenditures, as well as its approved budget for the upcoming fiscal year. The Washington State Auditor's Office uses this report as its basis for conducting the financial and compliance audit of the ESD each year. The ESD also is required to submit reports based on the grant programs it participates in at a local, state, and federal level. The audit team's review of ESD 189 did not identify any items that resulted in a recommendation or commendation related to reporting requirements.

FINDING

ESD 189 recently established a program to provide business management services to school districts requiring the resources of an experienced school business manager. In September 2006, the ESD hired a fiscal services manager to help school districts run

their business operations. The manager is available on a fee-for-service basis, either through an annual agreement or as needed by a school district.

The ESD currently has formal agreements with two school districts, San Juan Island School District and Orcas Island School District, to provide business management services. These agreements specify that the fiscal services manager will serve as the school district's de facto business manager. The manager's responsibilities include the following tasks:

- Preparing required OSPI forms, such as the report of annual budget expenditures and estimates, the annual statement of financial position, and the annual personnel report.
- Preparing financial and personnel reports for the school district's use.
- Complying with federal and state requirements for grant funds.
- Managing grants and submitting claims for reimbursement.
- Supervising the processing of district payroll.
- Supervising the accounts payable function and processing of warrants.

Although all ESDs perform fiscal monitoring services for school districts, ESD 189 provides hands-on management of school district business operations. This assistance is particularly valuable for smaller school districts, which often experience difficulties in hiring and retaining qualified staff to perform these duties.

COMMENDATION

ESD 189 has taken an innovative approach to assisting school districts with their business operations through the hiring of a fiscal services manager assigned exclusively to assist school districts on a fee-for-service basis.

Recommendation 4-1:

Maximize the recovery of personnel costs pertaining to fiscal management services provided to school districts.

The ESD should continuously monitor the amount of work performed by the fiscal services manager on behalf of the two school districts currently under contract and identify opportunities to leverage his remaining available time to assist other school districts. In particular, the ESD should maintain ongoing communications with school districts and promote its business management services to those school districts that could benefit from this specialized expertise. In addition to the two school districts with formal agreements, the fiscal services manager has provided limited assistance to two other school districts, which indicates the potential for expanding these services.

Since the ESD is now incurring additional costs for the salary and benefits of the new position, it should attempt to maximize recovery of these costs by offering services to

other school districts whenever possible. Any portion of the manager's time that is spent on tasks that cannot be attributed to these services will ultimately have to be paid directly by the ESD.

ESD management stated that a goal of the business management services program is to provide a cost-effective alternative for school districts while being cost neutral to the ESD. During this initial year of the program, the ESD identified various nonrecurring start-up costs that would not be passed on to the school districts. However, in subsequent years, the ESD intends to recover 100 percent of its costs. According to ESD management, the ESD has already begun to implement cost recovery strategies. In February 2007, it developed a budget for business management services to be made available during 2007-08. It also met with representatives of the two school districts that currently have agreements to determine their requirements for services in the upcoming year. After obtaining firm commitments from these districts, the ESD will assess its remaining capacity and will contact other districts to identify their service needs. If these additional needs exceed the ESD's expected capacity, the ESD will consider augmenting its staff resources.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The assistant superintendent for Finance and Compliance and the Fiscal Services supervisor should finalize the proposed agreements with school districts for services in the upcoming year and develop agreements with other districts who have requested services. | June 2007 |
| 2. The assistant superintendent for Finance and Compliance and the Fiscal Services supervisor should ensure that the ESD's cost recovery strategies for the business management services program continue to be employed in subsequent years. | Ongoing |

FISCAL IMPACT

Based on the standard rate of \$66.75 per hour and a fixed commitment of 1,632 hours established in the fiscal year 2006-07 agreements, using the available capacity of the fiscal services manager could generate additional cost recoveries of up to \$11,214 per year, assuming a billable capacity of 1,800 hours. This amount could fluctuate depending on the extent to which the school districts with agreements vary in their need for business management services.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Ensure that the Costs of the Fiscal Services Manager are Fully Recoverable	\$11,214	\$11,214	\$11,214	\$11,214	\$11,214

5.0 PROGRAM DELIVERY

5.0 PROGRAM DELIVERY

This chapter presents information relating to the Program Delivery of the NWESD (ESD 189 at Anacortes).

CHAPTER SUMMARY

NWESD is given the responsibility for providing services to each school district and campus within its assigned boundaries. Districts may elect to receive services, provide their own services or seek other vendors. The major types of program services include: special education, staff development, educational technology, substance abuse, data processing, risk management, early childhood and other instructional and school related services.

The auditor examined the processes used to determine programs and services offered to member districts and when programs or services should be discontinued; examined the ESD's role and responsibility in remediating low-performing schools and districts; and evaluated the delivery system to determine process appropriateness, efficiency and effectiveness and meeting the needs of the intended customers. The auditor also examined data related to the program areas offered by the ESD, reviewed the processes used to determine the efficacy of obtaining private sector services, and inquired into impediments to delivery efficiency and effectiveness.

Key recommendations in this chapter include:

- Create a process for expanding current cost/benefit analysis to include more qualitative data than are currently available in selected programs to drive programmatic decisions. (**Recommendation 5-1**)
- Expand opportunities for staff collaboration by implementing a strategic process for cross-departmental work in planning, implementing, and evaluating services to clients. (**Recommendation 5-2**)
- Ensure training across projects and cross-sharing of best practices (those validated by research findings) within the ESD and between ESDs. (**Recommendation 5-3**)
- Implement the new marketing plan and expand marketing efforts within the school districts and broader communities. (**Recommendation 5-4**)
- Conduct a study to identify opportunities to expand technology and distance learning for delivery of services and design a plan to implement high yield opportunities. (**Recommendation 5-5**)

FINDING

Educational Service District 189 does not show evidence of a comprehensive planning process for the delivery and evaluation of programs and services beyond market driven cost/benefit analysis. This results in a need for more qualitative data than are currently available in selected programs upon which to base program delivery and services decisions.

The NWESD regularly collects and uses customer perception data and does analyze and respond to the information. Lacking is a program delivery plan linked to member school district strategic plans, school campus improvement plans, anticipated performance outcomes for students and prioritization based on federal and state resources. The current evaluation data, in concert with collecting measurable performance data, will assist in targeting needed programs, providing better training methods, and developing new methodologies or vendors for program delivery.

Recommendation 5-1:

Create a process for expanding current cost/benefit analysis to include more qualitative data than are currently available in selected programs to drive programmatic decisions.

ESD 189 should link each program and service to data tied to measurable performance outcomes for students and teachers. Best practices in program delivery (National Staff Development Council) promote a system of programs that are sustainable, ongoing, measurable, data-driven and research based. Priority should be given to identification and analysis of the following data: student achievement data (by school campus, school district and WASL objective), school campus report cards, annual program evaluations, workshop evaluations, campus plans, on-site visits, advisory group input, teacher performance and practices, and other pertinent data such as private sector opportunities at the program delivery level.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The superintendent should work with selected staff to identify strategies to move the organization to tying programs to measurable student and district staff outcomes. | July 2007 |
| 2. The superintendent and Leadership Council should identify a cross section of ESD and school district staff to form a task force to design a plan for tying ESD 189 program delivery to measurable, data-driven outcomes. | July –
September 2007 |
| 3. The superintendent should work with the Leadership Council or designated group to gather broad-based client input on plan's goals and measurable outcomes. | Fall 2007 |
| 4. The superintendent should work with the board to integrate measurable outcomes into the evaluation process for all programs offered by the ESD 189. | Spring 2008 |

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| 5. The superintendent should work with staff to integrate this plan into its strategic plan and the program delivery planning process. | Spring 2008 |
| 6. The superintendent should provide for systematic evaluation and progress. | Ongoing |

FISCAL IMPACT

No direct fiscal impact is anticipated; however, the comprehensive plan is likely to result in expansion of both services and participation by clients. Implementation of this recommendation could result in long-term savings, but these savings cannot be quantified at this time.

FINDING

ESD 189 does not have a systematic process for effective collaboration between and among staff nor is there a system to tap into and sustain the expertise of personnel. This results in the potential for duplication and/or gaps in services and inefficiency in employee efforts.

Staff interviews clearly noted that a growth area is the need to coordinate and collaborate. Discussions across departments have been difficult, often due to funding sources that can present barriers. Integrating the former Professional Development Program was an initial attempt to support more effective collaboration.

Recommendation 5-2:

Expand opportunities for staff collaboration by implementing a strategic process for cross-department work in planning, implementing, and evaluating services to clients.

Expansion of collaboration increases the potential for a strategic program/service delivery system. Interviews with NWESD staff indicated that collaboration across departments has been initiated, but should be expanded and institutionalized. Continued efforts to ensure internal collaboration will improve services to clients and avoid duplication of effort.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The superintendent should instruct the Leadership Council to appoint an internal task force to provide a strategic plan for implementation of this recommendation. | July 2007 |
| 2. The Leadership Council should participate actively in assisting staff in the training, understanding and implementation of the plan. | July – September 2007 |
| 3. The superintendent should assist the Leadership Council in monitoring and continuously modifying the plan. | Ongoing |

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| 4. The superintendent should incorporate this plan into the ESD's overall strategic plan. | February 2008 |
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FISCAL IMPACT

No direct fiscal impact is anticipated; the internal study and resulting plan can result in a decrease in duplication of efforts and streamlined program/service delivery. Implementation of this recommendation could result in long-term savings and/or increased revenue, but these savings cannot be quantified at this time.

Recommendation 5-3:

Ensure training across projects and cross-sharing of best practices (those validated by research findings) within the ESD and between ESDs.

The ESD staff is a group of talented, professional educators with a variety of expertise and experience. An organization's ability to ensure superior outcomes depends largely on its capacity to collaborate on program delivery and support. Consideration for maximizing the expertise within the ESD is dependent on opportunities for cross-training and building on skills and experience. The ESDs in Washington State share a common mission and improved collaboration between ESDs will improve services to school district clients and avoid duplication of efforts.

Cross-training personnel in complementary positions can improve organizational effectiveness and positively impact service delivery projects. Cross-training ensures that routine and essential responsibilities and functions are carried out in the event of the absence of personnel and expertise can be used across projects. Furthermore, this training allows administration to prepare personnel to fill other positions in the event of untimely vacancies that may occur. This recommendation should be implemented with existing personnel.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The superintendent should instruct the Leadership Council to combine the work of the internal task force to provide a strategic plan for implementation of this recommendation. | July 2007 |
| 2. The Leadership Council should participate actively in assisting staff in the training, understanding, and implementation of the plan. | July – September 2007 |
| 3. The superintendent should assist the Leadership Council in monitoring and continuously modifying the plan. | Ongoing |
| 4. The superintendent should incorporate this plan into the ESD's overall strategic plan. | February 2008 |

FISCAL IMPACT

No direct fiscal impact is anticipated; training across programs can result in streamlined program/service delivery. Implementation of this recommendation could result in long-term savings and/or increased revenue, but these savings cannot be quantified at this time.

FINDING

ESD 189 has not yet implemented and has only recently developed a marketing plan for districts and the taxpaying public ensuring broad understanding of its programs and services.

In its role as a non-profit service organization, the NWESD is in a unique position to offer quality educational services at a reduced cost to school districts within the region; however, some school districts do not use the services available, and district employees do not know of all of the services available to them.

A review of the contracts for services indicates opportunities to attract school district business and opportunities to expand services with existing school district clients. Interviews with NWESD staff indicate some lack of knowledge within the school districts of services currently and potentially offered by the NWESD.

Related to this issue is the concern, voiced through staff interviews and survey data, that local communities do not have accurate knowledge of the mission and services of the NWESD resulting in stakeholders being unaware of the potential impact the NWESD could have with the school districts.

Recommendation 5-4:

Implement the new marketing plan and expand marketing efforts within the school districts and broader communities.

Implementing an effective marketing plan will provide an opportunity to increase revenue in the NWESD and expand services provided to school districts. All should be performed within the ultimate goal of improving student performance and ensuring ongoing viability and sustainability of the NWESD.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The superintendent has instructed the marketing staff and identified ESD staff to form a marketing task force to develop a marketing plan. | Recently implemented |
| 2. The marketing task force should identify existing marketing activities and conduct a survey of staff and clients for potential marketing opportunities. | July – September 2007 |
| 3. The marketing task force should collaborate with other ESD's to identify successful initiatives and identify marketing practices aligned with the mission of the ESDs. | October 2007 |
| 4. The marketing task force should submit a marketing plan that includes: targeted audiences, timing of marketing, and media to be used. | November 2007 |
| 5. The superintendent should re-write job descriptions of current marketing staff to include targeted marketing efforts. | December 2007 |

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| 6. The superintendent should work with staff to incorporate the marketing plan into the ESD's overall strategic plan. | February 2008 |
| 7. The superintendent, board, and cabinet should monitor the plan and provide input for modifications as needed. | Ongoing |

FISCAL IMPACT

No direct fiscal impact is anticipated; however, the marketing plan is likely to result in expansion of both services and participation by clients. Implementation of this recommendation could result in a long-term increase in participation but cannot be quantified at this time.

FINDING

ESD 189 does not maximize technology and distance learning for delivery of services resulting in unnecessary travel costs and lost work time.

Survey data and employee interviews indicated the need to consider using teleconferencing and expanding online courses for professional development. Identifying and expanding opportunities to use technology effectively will result in improved services and client satisfaction as well as provide more planning and evaluation time for ESD staff.

Recommendation 5-5:

Conduct a study to identify opportunities to expand technology and distance learning for delivery of services and design a plan to implement high yield opportunities.

Effective distance education programs begin with careful planning and a focused understanding of course requirements and client needs. Appropriate technology can only be selected once these elements are understood in detail. Successful distance education programs rely on the consistent and integrated efforts of the providers.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The superintendent should instruct the Leadership Council to use a model that uses data to drive program decisions, such as their SIPTAP (School Improvement Planning Technical Assistance Project) and/or Teacher Leadership Project (TLP) models to develop a plan for implementation of this recommendation. | July 2007 |
| 2. The Leadership Council should participate actively in assisting staff in the training, understanding and implementation of the plan. A review of the literature on evaluating success of distance education as well as measures of success of distance education should be included. | July – September 2007 |

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| 3. The superintendent should assist the Leadership Council in monitoring and continuously modifying the plan. | Ongoing |
| 4. The superintendent should incorporate this plan into the ESD's overall strategic plan. | February 2008 |

FISCAL IMPACT

No direct fiscal impact is anticipated if this recommendation is implemented in concert with other established activities and existing technology and distance learning is used to facilitate the study and planning phases. Implementation of the recommendation will result in long-term travel and time savings, but savings cannot be estimated until the plan is developed and implemented.

6.0 HUMAN RESOURCES MANAGEMENT

6.0 HUMAN RESOURCES MANAGEMENT

This chapter presents information relating to the Human Resources Management of the NWESD (ESD 189 at Anacortes).

The primary methodologies used to review ESD 189's human resources management operations in this chapter include interviews with key HR staff and analyses of:

- personnel policies and procedures;
- recruiting, hiring, and assignment of personnel practices;
- job descriptions and qualifications information;
- use of information technology to support payroll and personnel functions;
- salary and staffing structures (salary schedules);
- documents that describe the automated and non-automated record keeping procedures;
- policy and practices governing confidentiality of records;
- fringe benefits;
- compensation rates and job classification;
- consistency of job descriptions with work to be done;
- policy and procedure governing compensable/non-compensable extra duty;
- employee turnover; and
- currency of job descriptions.

CHAPTER SUMMARY

The NWESD 189 Human Resource Department (HR) consists of five full time employee positions that are responsible for: personnel services (including recruitment), professional orientation programs, staff development programs, wage and salary management practices, retirements, certifications and employee records. In addition, this unit is assigned administrative responsibility for payroll functions.

Exhibit 6-1 shows full time positions at NWESD based on FTE allocation.

**EXHIBIT 6-1
NWESD 189 FULL TIME POSITIONS**

HR POSITIONS FOR ESD 189	FTE
Payroll/Personnel Administrator	1.00
Payroll Technician	1.00
Administrative Assistant	0.50
Certification Specialist	1.00
Development Officer	1.00
Communication Specialist	0.25
Certification Assistant	0.25
Total FTE Positions	5.00

Source: NWESD 189 HR Department, November 2006.

The following HR services are provided by NWESD:

- Teacher certification
- Professional development
- E-Rate
- Finger printing
- Recruitment
- Benefit administration
- Web application services

ESD 189 has comprehensive policies and internal controls in place to address HR functions. The HR staff members are knowledgeable about their responsibilities and understand how to access HR information from the ESD 189 website.

ESD 189 provided evidence of commendable personnel practices including ongoing staff training, new hire orientation packets that included handouts on employee policy and procedure, benefits, sample job descriptions, certification, job postings, salary schedules, and evaluation processes.

Findings and recommendations in this chapter focused on the alignment of HR staff on ESD 189's organization chart and the administrative position responsible for oversight of the HR department.

Key recommendations in this chapter include:

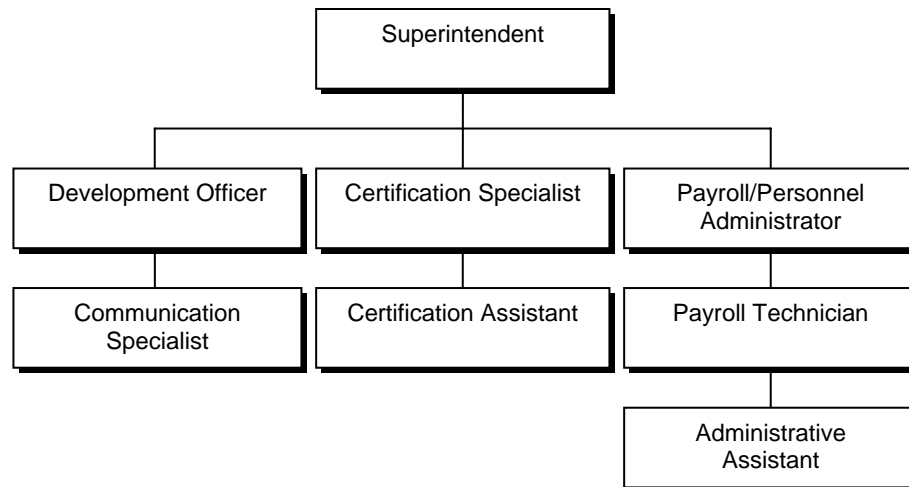
- Restructure the organization and the reporting responsibilities to define and accommodate workflow within and among functions and to establish optimum groupings of functions and skills. (**Recommendation 6-1**)

FINDING

Due to the elimination of an assistant superintendent position at NWESD 189, Human Resource Management report directly to ESD Superintendent. The superintendent, however, is already too burdened to assume line responsibilities for these functions (see **Exhibit 6-2**). With this notable exception, NWESD employees have well defined

responsibilities, focus their efforts to support client school district objectives, and have appropriate workloads and, for the most part, positions' responsibilities do not overlap.

**EXHIBIT 6-2
ESD 189 HR DEPARTMENT ORGANIZATION
NOVEMBER 2006**



Source: NWESD HR Department, November 2006.

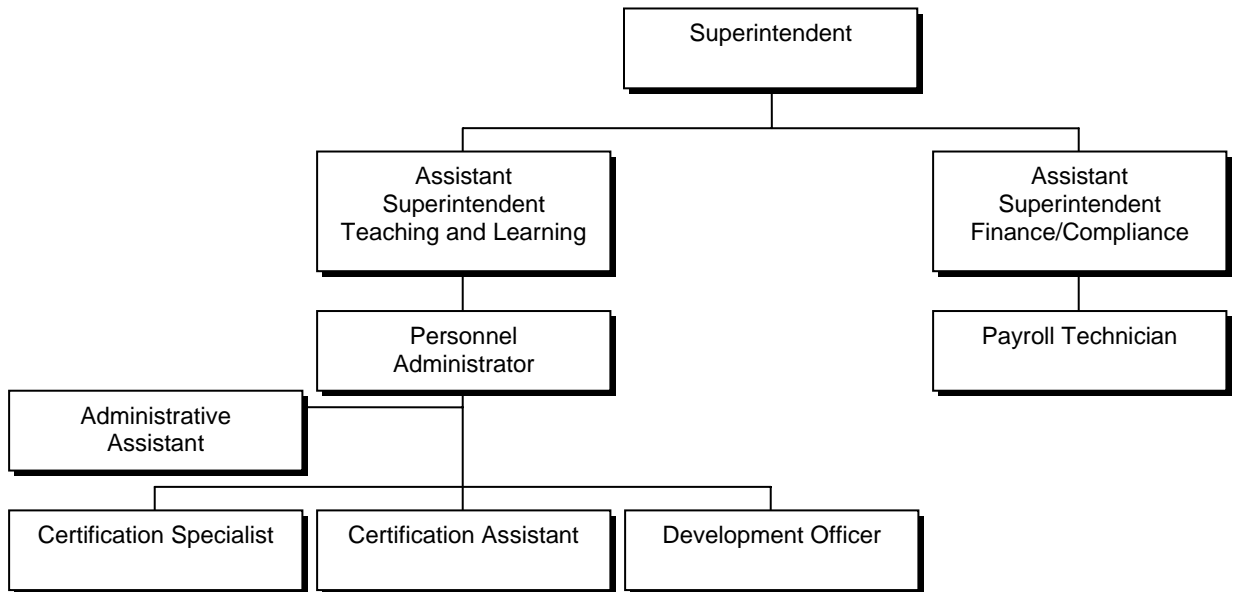
Recommendation 6-1:

Restructure the organization and the reporting responsibilities to define and accommodate workflow within and among functions and to establish optimum groupings of functions and skills.

Modify the NWESD HR organizational structure to reduce the ESD Superintendents' span of control and line responsibility by assigning the HR function to the teaching and learning assistant superintendent and the payroll technician position to the assistant superintendent for finance and compliance. The assistant superintendent for finance and compliance should establish clear guidelines for the payroll position to ensure proper internal control and segregation of duties for payroll functions.

Exhibit 6-3 below shows the proposed organization chart. As can be seen, primary HR personnel are reassigned to other administrative positions in the ESD. Implementation of this recommendation should result in realignment of HR responsibilities.

**EXHIBIT 6-3
RECOMMENDED NWESD 189 HR DEPARTMENT
ORGANIZATION**



Source: Created by SAO Auditor, November 2006.

Implementation of this recommendation should result in these primary actions:

- A discussion with ESD HR staff, Teaching and Learning assistant superintendent, assistant superintendent for Finance and Compliance regarding the benefits of realigning the 2006-07 organization chart to free up time for superintendent to invest in his primary responsibilities;
- Reviewing current HR functions and appropriately assign to Teaching and Learning or Finance /Compliance assistants;
- Adjustment of the organization chart to enhance the delivery of services to client districts; and
- Reviewing the role and responsibility of the development officer function relative to HR.

The development of this information should form the basis for an overall plan to:

- Establish spans of control that makes the most effective use of managerial talents;
- Coordinate staff development activities by the teaching and learning department and the HR function;
- Consolidate closely related functions under common direction to avoid duplicated and fragmented effort;

- Establish clear lines of accountability and authority; and
- Encourage the efficient use of staff resources.

IMPLEMENTATION STRATEGIES AND TIMELINE

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| 1. The ESD 189 Superintendent should instruct the assistant superintendents for Teaching and Learning and Finance/Compliance, and the HR staff to design an organization chart that achieves the recommendation. | July 2007 |
| 2. The ESD assistant superintendents should appropriately assign HR functions/staff to the revised 2006-07 organizational chart. | August 2007 |
| 3. The assistant superintendents for Teaching and Learning and Finance/Compliance should formulate a plan that includes human resource management in all departmental functions such as but not limited to; budgeting, meetings, planning, establishing goals, performance evaluation, and cross training. | August 2007 |
| 4. The ESD 189 Superintendent should review the new organization plan, make changes if needed and cause it to be implemented. | September 2007 |
| 5. The ESD 189 Superintendent and the assistant superintendents should monitor the plan and if necessary recommend additional changes to the ESD 189 Superintendent. | Ongoing |

FISCAL IMPACT

Because this recommendation involves reassigning existing HR staff/functions to a different department within ESD 189, no additional cost is anticipated because of this change. However, freeing up additional time for the ESD Superintendent may have a net effect of creating opportunity for expanded services/revenue that cannot be quantified at this time.

7.0 FACILITIES USE AND MANAGEMENT

7.0 FACILITIES USE AND MANAGEMENT

This chapter presents information relating to the Facilities Use and Management of the NWESD (ESD 189 at Anacortes).

METHODOLOGY

The primary methodologies used to review facilities use and management and related practices addressed in this chapter include:

- Interviews of key ESD and Board personnel using pre-developed questions designed for the specific areas of review;
- Triangulation of identified issues by seeking documents, conducting observations, and supporting/contradicting interviews as a means of substantiation of findings;
- Analysis of documents including cost data, peer comparison data, and other related data;
- Review of reports from participants in on-line surveys; and
- Comparison of ESD practices with best practices.

CHAPTER SUMMARY

ESD 189 at Anacortes is one of nine such organizations in the state of Washington and serves 35 school districts enrolling approximately 164,523 students. In 1975, the area now identified as ESD 189 was served by ESDs 108 and 109 with the ESD 108 main office housed in Bellingham and the ESD 109 main office located in Everett. In 1977, ESD 189 was created by combining ESD 108 and ESD 109. Since that time, ESD 189 has been led by five individuals, with Dr. Jerry Jenkins, the current superintendent, serving since 2000. In 2003 the main office was relocated from Bellingham to Anacortes.

In addition to the Anacortes facility ESD 189 leases space for two Discover Centers, one in Snohomish (7,200 sq. ft.) and one in Whatcom (6,360 sq. ft.) districts. There is a third lease at Northwest Regional Literacy Resource Center in Everett (4,052 sq. ft.), however, the ESD will cease to be its fiscal agent in June 2007. These three facilities are managed by the districts and NWRLC, respectively.

Overall facilities are appropriately maintained in very good condition and in an excellent state of cleanliness. Grounds are adequately landscaped with low maintenance plants and maintained appropriately. Eighty-five percent of the ESD employees surveyed reported that they have adequate facilities in which to work and the inspection document created by risk management was reviewed and reported the facility as in safe condition.

The facilities function is administered by the administrative assistant to the ESD Superintendent, who is responsible for supervising 1.0 FTE custodial position. The administrative assistant is also responsible for overseeing the outsourced maintenance services and supplies acquisition. The HVAC systems maintenance agreement document was reviewed and found to be satisfactory and to provide for necessary conservation

actions. Depending on which is more economical, supplies are purchased from either local sources or the King County Purchasing Coop (this was confirmed by the auditors). A facilities/construction manager reporting to the ESD Superintendent provides construction consultation and construction management to school districts. This management function is coordinated through a collaborative agreement between ESD 189 and ESD 112 and its construction management program and was serving the Stevens School District during the on-site audit process.

Facilities expenditures for a three-year period were reviewed. No unusual expenditures were noted.

Facility use policies, procedures, and fees along with other tasks and processes have been revised and are current and appropriate. The Anacortes facility provides adequate space for all operations and has additional space that is leased out under the terms of the agreement for purchasing the building in 2003. This arrangement reduces the cost of the facility to the ESD and should provide space to meet future demands.

Auditors observed during the diagnostic review of October 23-24 and on-site review of November 13-15, 2006 the full use of conference and meeting space at the Anacortes facility. Sample schedules of use were examined with extensive use noted.

A key commendation in this chapter includes:

- ESD 189 is commended for maintaining a high standard of facility cleanliness while staffing for janitorial services at a level significantly lower than the industry standard.

Key recommendations in this chapter include:

- Develop and implement a minor maintenance and preventive maintenance program and checklist to guide planned tasks. **(Recommendation 7-1)**
- Identify additional specific sites at remote locations for ESD sponsored meetings to reduce travel and lost time for outlying school district personnel and make better use of telecommunication capabilities. **(Recommendation 7-2)**

FINDING

ESD 189's preventive maintenance or minor maintenance program, designed to reduce facility costs and ensure long-term usefulness of the facility, is not comprehensive. However, the custodian does conduct some minor maintenance functions (for example, experiments are being conducted with preservative paints to protect metal surfaces from corrosion), and the ESD has maintenance contracts for the elevator and HVAC systems.

The ESD maintenance function is managed by the administrative assistant to the superintendent who is also responsible for executive secretarial functions, facilities scheduling, related purchasing, vehicle maintenance and security/fire callout.

The majority of maintenance work is completed by private sector vendors including electricians, plumbers, technicians, and other trades representatives, as needed. The administrative assistant to the superintendent reports, confirmed by the superintendent and the custodian, that training to complete more minor and preventive maintenance functions by the custodian is occurring. However, the existing schedule can be improved by including a checklist of preventive maintenance and minor maintenance items developed with specific tasks for the custodian. The auditor provided the administrative assistant to the superintendent with a sample preventive maintenance checklist that has been developed by MGT of America (see **Exhibit 7-1**).

Recommendation 7-1:

Develop and implement a minor maintenance and preventive maintenance program and checklist to organize planned tasks.

The ESD should develop and implement a minor maintenance and preventive maintenance program checklist for use by the staff to better organize planned custodial tasks. Implementation of a routine minor maintenance and preventive maintenance program should ultimately reduce the need for regular maintenance personnel to respond to minor repair needs. The preventive maintenance program should ensure the long life of facilities and equipment and serve to reduce expensive maintenance over time. Such a program could be established by organized training and involving the assigned custodial staff member in specific, routine preventive maintenance and minor maintenance activity.

Some school districts and other organizations have trained selected building custodians in minor maintenance repairs and preventive maintenance activity such as replacing light ballasts, tightening bolts and screws on furniture, doors, and other equipment (as is currently done by the custodian), servicing air conditioning and heating equipment filters, and other minor maintenance/preventive maintenance tasks. The organization typically provides each trained employee the necessary tools and a secured location for storing tools and other necessary components.

Exhibit 7-1 provides a sample preventive maintenance program and checklist and its primary elements and can be used to supplement the ESD Facility Maintenance Schedule that was updated July 2006. Additionally, **Exhibit 7-2** shows a second example of a comprehensive monthly schedule.

**EXHIBIT 7-1
A SAMPLE PREVENTIVE MAINTENANCE PROGRAM AND CHECKLIST**

AREA	COMPONENT	INSPECTION AND REPAIR (3-6 MONTH INTERVALS)	INSPECTION AND REPAIR (ANNUALLY)	INSPECTION AND REPAIR (2-5 YEAR INTERVALS)	INSPECTION AND REPLACEMENT (7-10 YEAR INTERVALS)	INSPECTION AND REPLACEMENT (12-15 YEARS)
Exterior	Roof		X	X		X
	Roof Drainage		X	X		
	Windows and Glass		X	X	X	
	Masonry		X	X		
	Foundations		X			X
	Joints and Sealants		X		X	
Equipment	Belts and Filters	X				
	Motors and Fans	X		X		X
	Pipes and Fittings	X			X	
	Ductwork		X		X	
	Electrical Controls		X		X	
	Heating Equipment	X			X	
	Air Conditioning Equipment	X			X	
Interior	Doors and Hardware		X			X
	Wall Finishes		X			X
	Floor Finishes		X		X	
Site	Parking and Walks		X	X		
	Drainage		X	X		
	Landscaping	X			X	
	Play Equipment		X		X	

Source: MGT of America, November 2006.

EXHIBIT 7-2 MONTHLY PREVENTIVE SAMPLE MAINTENANCE SCHEDULE

MAINTENANCE MONTHLY ROUNDS:	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE
Measure fuel and send Fuel Reports and fax in												
Send in Water Sample and fax in												
Complete Generator Report and fax in												
AIR HANDLING UNITS:												
Inspect and clean air filters or replace												
Check all controls—at proper setting?												
Check fan motor and belt tension—should have 1/2 to 1" play												
GENERATORS:												
Test glycol ADD GLYCOL												
Start generator and run with full load for 4 hours or more												
FIRE ALARM SYSTEM:												
Notify Principal, test Fire Alarm												
Turn over fire extinguishers and shake to loosen powder												
Inspect all fire extinguishers for proper operation												
FURNACE:												
Test flame for proper combustion; adjust as needed												
Inspect combustion chamber for cracks; repair as needed												
Inspect photo cell;-clean as needed												
WATER HEATER: (GUN FIRED)												
Test flame for proper combustion; adjust as needed												
Inspect combustion chamber for cracks; repair as needed												
Inspect burner assembly; clean as needed												
Inspect photo cell; clean as needed												
Test pressure relief valve												
Drain accumulated rust from bottom of water tank												
BOILERS:												
Test flame for proper combustion; adjust as needed												
Inspect combustion chamber for cracks; repair as needed												
Inspect burner assembly; clean as needed												
Test boiler relief valve												
Blow down low water cut-off control												

Source: MGT of America, 2005.

These sample schedules can be adapted to meet the needs of ESD 189 and further refine existing documents.

IMPLEMENTATION STRATEGIES AND TIMELINE

1. The ESD 189 Superintendent should instruct the administrative assistant to coordinate with the ESD construction manager to implement the recommended action.

July 2007

2. The administrative assistant and the ESD Construction Manager should review the sample preventive maintenance checklist and modify to conform with ESD 189's facility and equipment configuration. August – October 2007
3. The administrative assistant and the ESD Construction Manager should purchase the required tools and initiate the training of the custodian. August – October 2007
4. The custodial staff should begin implementation of the system. November 2007
5. The administrative assistant should monitor the implementation of the preventive and minor maintenance system and modify as appropriate. November 2007 (ongoing)

FISCAL IMPACT

This recommendation can be implemented at a one-time estimated cost of \$250 for the custodial employee training and assignment of minor maintenance/preventive maintenance responsibilities. This cost is based on an estimated \$250 for tools based on auditor's past experience. Training can be completed on-the-job by the current administrative assistant and construction management personnel at no additional cost to the ESD.

Implementation of this recommendation could result in improvements to the efficiency and effectiveness of the ESD's maintenance activities, which could result in long-term savings due to equipment issues being fixed when the repairs needed are minor (rather than after problems have escalated to the point where the equipment needs to be completely replaced). However, these savings cannot be quantified at this time.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Purchase Preventive Maintenance Tools	(\$250)	\$0	\$0	\$0	\$0

FINDING

The facility that ESD 189 acquired in 2002 is approximately 20 miles farther west than the former ESD location in Bellingham. The current location creates distances in excess of 50 miles (one-way) for the majority of school districts to attend scheduled meetings and training sessions. The distances are particularly problematic for the personnel from school districts in the extreme southeastern and southern areas of the region. The result for those distant school districts is increased travel costs and lost work time.

Several of the district superintendents surveyed cited travel times and distances as factors that have limited employee participation whenever meetings have been scheduled for Anacortes.

The ESD does schedule some meetings in other parts of the region; however, not all of the cited needs of the member school districts are met. For example, in order to

overcome some of these barriers, the risk management pool uses teleconferencing technology for their training where feasible.

These time/distance training issues can be addressed by increasing the use of the teleconferencing capacity of the ESD and by the systematic location and contracting for use of excess space for meetings and training that may be available in remote school districts.

Use of space in these areas can be compensated with in-kind services provided by the ESD. Additionally, for training that benefits personnel of the southernmost school districts adjoining both ESD 189 and ESD 121 (Puget Sound), NWESD 189 and ESD 121 could establish a "joint use" of space in those school districts.

Recommendation 7-2:

Identify additional specific sites at remote locations for ESD sponsored meetings to reduce travel and lost time for outlying school district personnel and make better use of telecommunication capabilities.

Implementation of this recommendation should result in these primary actions:

- A survey of remotely located school districts to identify space that may be used for meetings and training.
- A review of training and meetings that could more readily be conducted through the existing telecommunications system to school district personnel at their sites.
- A discussion with ESD 121 Superintendent and staff regarding joint use options that could meet the needs of personnel who are located in outlying school districts.

The development of this information should form the basis for an overall plan that will contribute to more efficient and cost effective meeting and training.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--------------------------|
| 1. The ESD 189 Superintendent should instruct appropriate staff to survey remote school districts in an effort to identify space that could be used for meetings and training. | July 2007 |
| 2. These responsible staff should survey distant school districts to identify additional space that could be used for meetings and training and negotiate potential in-kind compensation schedules and identify additional uses for the teleconferencing capabilities. | July –
September 2007 |

- | | |
|---|---------------|
| 3. These responsible staff should present their findings and recommendations to the ESD 189 Superintendent for review, amendment, and approval. | October 2007 |
| 4. The ESD 189 Superintendent should review, amend, and approve the plan and affect its implementation. | November 2007 |
| 5. The ESD 189 Superintendent and appropriate assigned staff should monitor the plan and modify as needed. | Ongoing |

FISCAL IMPACT

Until the overall plan is developed, a specific cost analysis cannot be completed. However, contracting for use of excess space in remote school districts can be compensated with in-kind services provided by the ESD. Thus no direct cost increases can be expected since travel expenses for ESD personnel can be absorbed through existing operating budgets. The additional use of the telecommunication capacity can be offset by reducing the travel and time commitment of ESD and school district personnel. Potential savings cannot be estimated until the availability of potential excess space for meetings and training sessions is identified. Additionally, complicating any attempt to estimate potential savings is the rate at which carpooling is used (often the means for transporting employees to off-campus or out-of-district training and meetings). Any estimates provided could clearly be subject to dispute.

FINDING

One full-time custodian serves 40,000 square feet of facility, significantly lower than all national standards when compared with the Association of Physical Plant Administrators (APPA) standard of one custodian to approximately 18,000 to 20,000 square feet in an eight-hour period.

Additionally, cleanliness standards, based on auditors' observations, meet the industry standard of Level 1, *Ordinary Spotlessness*.

Exhibit 7-3 shows the industry standard as developed by APPA.

**EXHIBIT 7-3
APPA CLEANLINESS SCALE**

Level 1:	Ordinary Spotlessness - Only small amounts of litter and ashes in containers. Floor coverings are kept bright and clean at all times. No dust accumulation on vertical surfaces, very little on horizontal surfaces. All glass, light fixtures, mirrors, and washbasins are kept clean. Only small amounts of spots visible.
Level 2	Ordinary Tidiness - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dusting is maintained at a high level. All glass, light fixtures, mirrors, and washbasins show evidence of spots and dust.
Level 3:	Casual Inattention - Only small amounts of litter and ashes in containers. Floor coverings show periods of peak and valleys in appearance. Dust accumulation on vents, vertical, and horizontal surfaces. All glass, light fixtures, mirrors, and washbasins show accumulations of dust, spots, and prints.
Level 4:	Moderate dinginess - Waste containers are full and overflowing. Floor coverings are normally dull, marked, and spotted with infrequent peaks. Dusting is infrequent and dust balls accumulate. All glass, light fixtures, mirrors, and washbasins are dirty and spotted.
Level 5:	Unkempt Neglect - No trash pickup. Occupants of building are responsible. Regular floor care is eliminated. Dusting is eliminated. All glass, light fixtures, mirrors, and washbasins are very dirty.

Source: APPA: The Association of Higher Education Facilities Officers, 1998.

COMMENDATION

ESD 189 is commended for maintaining a high standard of facility cleanliness while staffing for janitorial services at a level significantly lower than the industry standard.

8.0 MANAGEMENT INFORMATION SYSTEMS

8.0 MANAGEMENT INFORMATION SYSTEMS

This chapter presents information relating to Management Information Systems (MIS) in the Northwest Educational Service District (NWESD), also referred to as ESD 189. The audit reviews hardware and software, technology infrastructure, processes, and organization of the technology that supports business operations, teaching, and learning activities of the ESD. Within the context of the elements of I-900, this audit examines how ESD 189 plans, organizes, staffs, leads, directs, trains, coordinates, and controls the resources and activities associated with acquiring, deploying, and supporting technology in the agency's business operations, its teaching environment, and the classrooms of the school districts it supports.

CHAPTER SUMMARY

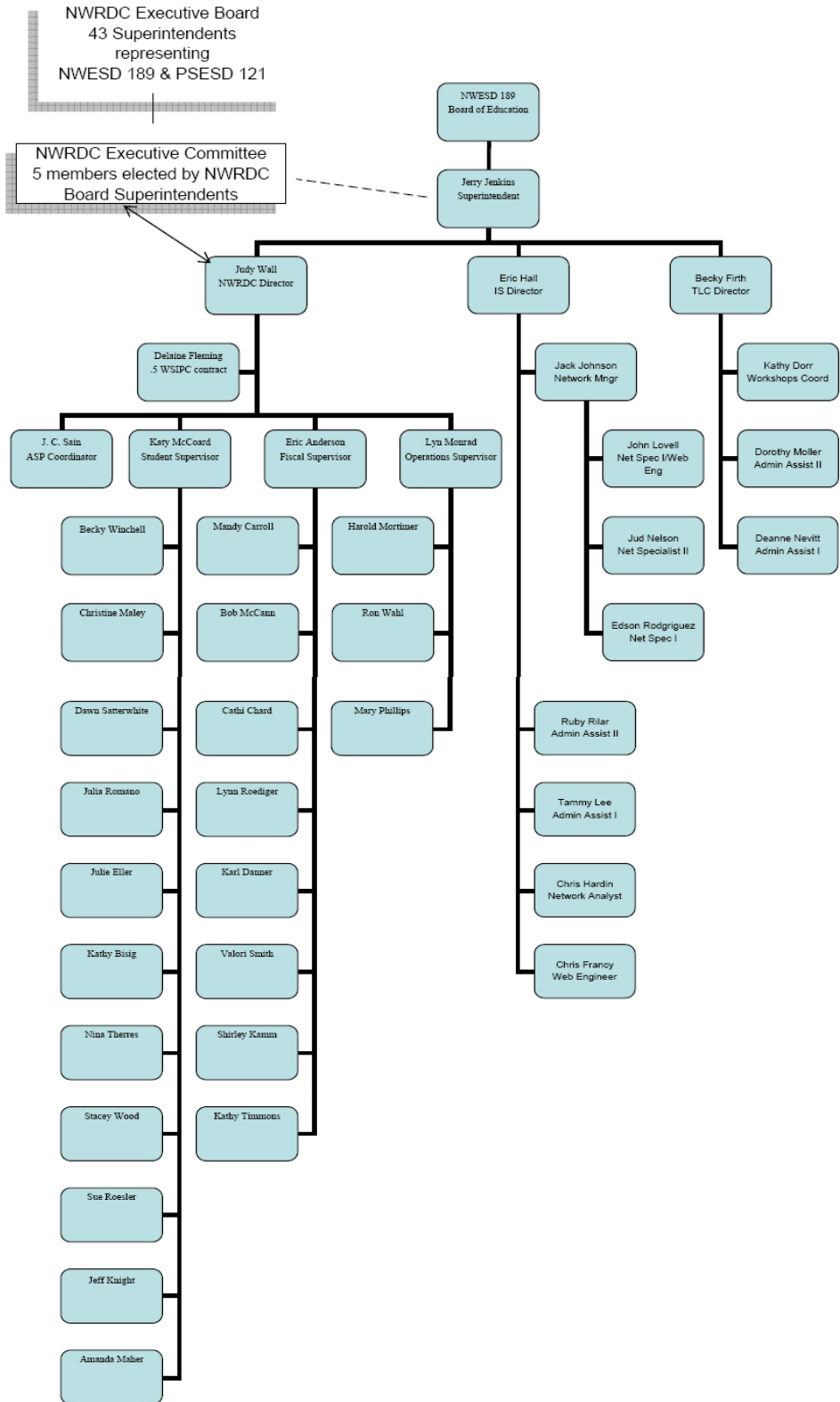
The MIS departments of ESD 189 provide an extensive level of programs and support for the ESD and the school districts served by the ESD. The services provided are essential to the effective and efficient operation of both the ESD and the school districts served. The MIS function requires significant planning, commitment to retaining highly-skilled personnel, and the ability to provide support for, at least, the following:

- Business and student accounting software
- Integration of technology with instruction
- Technology-related hardware
- Networking
- Video-conferencing and online delivery

According to the MIS organizational chart shown as **Exhibit 8-1**, there are three departments that support technology-related applications. The Information Systems Support Center (ISSC), Northwest Regional Data Center (NWRDC), and the Technology Leadership Center (TLC) combine to provide technological support for the ESD and the school districts served by the ESD. MIS services are critical to the region's schools and the ESD as they support communications, business functions, data processing, data analysis, and technology applications essential to providing quality data and reliable applications. Effective decision making is dependent upon the quality and timeliness of data.

This review of the MIS departments of ESD 189 concluded that the departments effectively and efficiently support their respective technology-related activities in the ESD and in the school districts served. The major expenditures in the departments are for personnel, with only minimal funding remaining for travel, supplies and equipment. The major obstacle to the enhancement of services provided is found in the limitations on funding. Additional efficiencies in ESD operations could be realized through the implementation of procedures affecting organization, communications, and operational standards.

EXHIBIT 8-1
ESD 189 MIS ORGANIZATION CHART



Key recommendations in this chapter include:

- Develop a formal survey process to determine client satisfaction as well as client needs at the level of delivery. **(Recommendation 8-1)**
- Implement standards for hardware and software procurement and operations used within the ESD. **(Recommendation 8-2)**
- Re-organize the multiple technology-related departments into a single division under the direction of a single Chief Information Officer. **(Recommendation 8-3)**
- Expand online course offerings for professional development to include topics related to instruction in the core academic areas. **(Recommendation 8-4)**
- Develop a plan to consolidate the seven data centers into two data centers, strategically located across the state. **(Recommendation 8-5)**

FINDING

ESD 189's MIS Departments have no formal process by which to assess client satisfaction and client needs. Consequently, the departments do not have access to client feedback essential to a comprehensive assessment of services.

Currently, the MIS departments rely on a combination of department specific surveys, the broadly-defined ESD survey, and informal discussions. Detailed information from clients with regard to specific services is very important to the development of consistent analysis of quality of services and relevance to the needs of the clients.

The MIS departments provide a wide variety of services to school districts. As noted on the ESD 189 website, ISSC supports the K20 network with bandwidth management, IP addresses, and a problem escalation procedures guideline. ISSC also supports web design, networks, e-mail, network capacity planning, desktop hardware, E-rate filing, and provides an open source software resource guide. The NWRDC provides business and student software support, and the TLC provides distance learning support for instruction and staff development.

These services are very important to the school districts. The superintendent survey, conducted as part of this performance audit, verifies a very high level of satisfaction with the technology-related services provided by ESD 189. The services are timely and reduce the personnel requirements among the schools served.

Recommendation 8-1:

Develop a formal survey process to determine client satisfaction as well as client needs at the level of delivery.

The implementation of this recommendation should result in collaboration among technology-related departments within the ESD and among other ESDs to develop an

instrument to gather specific input from those individuals in the school districts that use the services provided.

Implementation of the process should provide detailed information regarding client satisfaction and needs, which will provide the guidance needed by the MIS departments to modify procedures as well as delivery models to more efficiently and effectively meet the needs of the individual school districts in its service area.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|--------------|
| 1. The ESD 189 Superintendent should identify appropriate staff to facilitate an assessment of ESD technology-related services client satisfaction and establish placement of the assessment in the overall ESD calendar to minimize overlapping survey projects with the schools. | July 2007 |
| 2. The identified staff should request the ESD Superintendent's assistance in obtaining the cooperation of all internal technology-related departments to participate in the development of the survey instrument. | July 2007 |
| 3. The identified staff should seek collaboration from MIS counterparts in other ESDs to assist in the development of the survey instrument. | July 2007 |
| 4. The identified staff should establish timelines with the group to allow for delivery of the survey to school districts during the 2007–08 fiscal year. | August 2007 |
| 5. Upon completion, the identified staff should seek ESD Superintendent approval of the instrument as well as its addition to the official ESD calendar of activities related to gathering client information. | January 2008 |
| 6. The instrument should be reviewed annually by the development team for modification and adjustment. | January 2009 |

FISCAL IMPACT

The collaborative nature of the plan should require minimal additional financial investment, mostly in the form of time, effort, and travel. Until the detailed plan for implementation of this recommendation is developed by the ESD, no firm cost can be established. However, the resulting information should lead the ESD to a greater level of efficiency and responsiveness to client needs, thereby enhancing the ESD's ability to generate revenue.

FINDING

There is no standardization of technology equipment or software between the ESD and its eight special education satellite offices. As a consequence, there is no consistent control of the costs for equipment and software.

Currently, the special education offices individually select and purchase hardware and software. Standards for software and equipment procurement and service are important in controlling the costs and life cycles of the equipment and software. The eight satellite offices should collaborate with the Information Services Support Center (ISSC) director to determine specifications required for hardware, software, and networking

Recommendation 8-2:

Implement standards for hardware and software procurement and operations used within the ESD.

Implementation of these standards would align the satellite programs to the internal ESD standards. Implementation should also provide for longer life cycles on hardware and software, thereby reducing costs of operations.

The ISSC manages the purchase and utilization of equipment and software within the ESD. By standardizing to a client-server environment, the life cycle of the equipment has been greatly extended, thereby reducing the annual replacement costs across the ESD

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ISSC director should work with the special education directors to establish specifications for the equipment and software required to complete their goals and objectives. | July 2007 |
| 2. The ISSC director should proceed with implementing the client-server arrangement as soon as practical. | August 2007 |
| 3. The ISSC director should develop a new replacement schedule for the equipment and the software to be used. | September 2007 |
| 4. The ISSC director should work with the special education directors to monitor and adjust the standards used. | September 2008 |

FISCAL IMPACT

The audit team believes that expansion of existing ESD technology standards to satellite special education offices should result in an overall long-term savings due to reduced costs from discounts on group purchases of high-dollar equipment. The team also believes that the resulting arrangement should lead to cost savings due to the extended life cycle of the equipment and software. However, the team was unable to quantify the costs or the savings for the ESD and its offices based on the limited data available at this time.

FINDING

ESD 189 has multiple technology-related departments without centralized oversight other than the ESD Superintendent. The lack of common operational oversight by a single director or chief information officer results in no standardization of operations as well as no coordination in setting and achieving goals and objectives in the service of the school districts in the ESD service area.

The Organizational Chart in **Exhibit 8-1** shows the existence of a Technology Leadership Center, the Information Services Support Center, and the Northwest Regional Data Center. Currently, each department has a director and operates independently.

The ISSC provides a wide variety of services to school districts, including support of the K20 network, web design, network planning and operations, desktop hardware, E-rate filing, and an open source software guide. The Northwest Regional Data Center (NWRDC) provides support for the Washington School Information Processing Cooperative (WSIPC) software, including WESPac, as well as the hardware and networks used in the school districts to operate the software. The Technology Leadership Center provides professional development classes, online courses, links to teacher resources, and hosts technology roundtable discussions to gather input from school personnel.

These resources are widely used by school districts across the ESD. The superintendent's survey, conducted as part of this performance audit, verifies satisfaction with these NWESD services among a majority of the schools.

Recommendation 8-3:

Re-organize the multiple technology-related departments into a single division under the direction of a single Chief Information Officer.

The ESD Superintendent should work with the three Technology Department directors to develop a Technology Division that would maintain the integrity of the current departments and directors, with one of the existing directors taking on the additional task of Chief Information Officer (CIO).

Implementation of the re-organization should result in coordination of the planning, goal setting, assessment, and operations of the departments. Assessment of the new organization should include a complete review of staffing, delivery models, acquisition procedures, and general operations.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|----------------|
| 1. The ESD Superintendent should coordinate planning sessions with the directors of the ISSC, NWRDC, and TLC to facilitate open discussions regarding the benefits and barriers to the re-organization. | September 2007 |
|---|----------------|

- | | |
|--|---------------|
| 2. The ESD Superintendent and the directors, noted hereafter as the "study group", should review organizational charts of the other ESDs to gain insight into the possible variations of such a re-organization. | October 2007 |
| 3. The study group should develop a process to obtain stakeholder input and identify costs and benefits related to such a re-organization. | November 2007 |
| 4. The study group should develop preliminary operations guidelines for the new division, including the standardization or merging of as many departments processes as possible. | January 2008 |
| 5. The study group should develop the CIO job description and qualifications. | March 2008 |
| 6. The ESD Superintendent should post the position of CIO of the new division internally and interview qualified applicants. | April 2008 |

FISCAL IMPACT

Given the expertise of existing ESD personnel, the only fiscal impact should be the additional payroll associated with a promotion to CIO, or approximately \$6,245. However, the consolidation of the three departments into a single division should create operational efficiencies of at least \$6,245, which would offset the additional payroll costs associated with the re-organization. Consequently, there could be no increase in costs to the ESD.

Recommendation	2007-08	2008-09	2009-10	2010-11	2011-12
Establish a CIO for Technology Services	(\$6,245)	(\$6,245)	(\$6,245)	(\$6,245)	(\$6,245)
Increased Operational Efficiencies	\$6,245	\$6,245	\$6,245	\$6,245	\$6,245
Total	\$0	\$0	\$0	\$0	\$0

FINDING

The NWESD professional development department relies heavily upon face-to-face delivery at the Anacortes site. Currently, the school districts in the ESD 189 service area are facing financial difficulties that have led them to cut their budgets for professional development, travel, and substitutes. Consequently, many scheduled workshops at the Anacortes location have been cancelled due to lack of enrollment.

The Professional Development Center currently offers courses face-to-face. The online offerings are limited to those offered by the Technology Leadership Center and these are related to technology applications. Professional development in the academic areas

is not offered online according to the Horizons Catalog on the ESD 189 website. Inconsistencies in the technical levels in the school districts in terms of expertise and connectivity, as well as lack of accessibility, render the video conference option ineffective.

Recommendation 8-4:

Expand online course offerings for professional development to include topics related to instruction in the core academic areas.

The Professional Development Center should work with the Technology Leadership Center to collaborate with the other ESDs in the development of quality online courses. Implementation of the new online courses should provide expanded support of the teachers, para-educators, and administrators throughout the ESD service area and across the state. These options will allow educators in schools whose budgets are limited to continue their professional development and increase their effectiveness in the service of the children of the state. Also, see the recommendation in **Chapter Seven (Facilities Use and Management)** for ESD 189 that addresses off-site staff development training sites.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|--|---------------|
| 1. The directors of the Professional Development Center and the Technology Leadership Center should work with the ESD Superintendent to establish a cohort with their counterparts from the other ESDs to identify the subject areas that could be served most effectively via online courses. | October 2007 |
| 2. The ESD Superintendent should work with counterparts to establish investment funding in support of the cohort and course development. The group also should develop investment recovery and revenue sharing models. | November 2007 |
| 3. The cohort should survey existing sources of online courses to determine availability and seek to acquire access to the courses as a statewide group. | February 2008 |
| 4. The cohort should survey existing resources for unique course development to address prioritized topics not currently available. | March 2008 |
| 5. New online courses should be made available to clients on a fee basis designed to recover development costs along with cohort costs. | August 2008 |

FISCAL IMPACT

The collaborative nature of the plan should require minimal additional financial support, primarily in the areas of time, effort, and travel. The costs associated with course development should be recovered through management of the release of new courses

to coincide with the development of additional new courses. Therefore, the investment in the first year can be controlled and expeditiously recovered.

FINDING

Support to school districts for the Washington School Information Processing Cooperative software is duplicated across the state in seven separate data processing centers located in Educational Service Districts. Consequently, there is duplication of effort as well as ownership and maintenance of equipment.

Currently, the seven data processing centers affiliated with ESDs each house mainframe computers, high-capacity printers, and support staff to serve their local school districts. Northwest Regional Data Center is located in the Washington School Information Processing Cooperative facility in Everett, Washington. NWRDC serves schools in both the ESD 189 and the ESD 121 service areas. One of seven data centers associated with ESDs across the state, NWRDC is the only data center that was administered by WSIPC under contract with an ESD. All other data centers are either administered by ESDs or by individual school districts. Two years ago management of the NWRDC per contract with WSIPC was terminated, thereby returning the management function to NWESD 189. NWRDC continues to support districts in the ESD 189 and 121 service areas. Additionally, there are eleven data centers affiliated with individual school districts across the state.

Recommendation 8-5:

Develop a plan to consolidate the seven data centers into two data centers, strategically located across the state.

[Note: Please refer to Volume I, the Global Report, to see more findings related to this recommendation.]

The ESD Superintendent should collaborate with his ESD Superintendent counterparts to plan the consolidation of the location of equipment at only two sites in the state. Furthermore, consideration should be given to prioritizing the remaining data center functions in terms of their effective service to school districts and the implications of the location of these services.

Implementation of this selective consolidation should provide economy of scale efficiencies with regard to the number and size of computer systems required to serve the school districts across the state. The consolidation should not include services such as technical support and printing which are most effective when in the proximity of the school districts. These services should remain at the ESDs.

IMPLEMENTATION STRATEGIES AND TIMELINE

- | | |
|---|-----------|
| 1. The ESD Superintendent should collaborate with his counterparts in the other ESDs to review the costs and the effectiveness of the seven data centers affiliated with ESDs across the state. | July 2007 |
|---|-----------|

- | | |
|---|----------------|
| 2. The ESD Superintendents should review the services specifically offered by the data centers and prioritize the services as to their effectiveness based upon proximity to schools districts served. | September 2007 |
| 3. The ESD Superintendents should review models that strategically place two data centers in the state to supply computer equipment, and also place the printing and technical support services in locations proximal to the school districts. The ESDs should continue to serve as the location for these types of services. | November 2007 |
| 4. The ESD Superintendents should develop a transition plan that would complete the re-organization of data centers to begin the 2008-09 school year. | March 2008 |

FISCAL IMPACT

The fiscal impact for NWESD 189 would include a reduction in payroll costs associated with the personnel operating the mainframe equipment at the data center. The exact impact can only be determined after establishing the number of personnel required to operate the mainframes in the two remaining locations and the proportional cost for each ESD. Also, there may be cost savings due to the consolidation from the number of computer systems in the seven data centers to the number of mainframe computers in the remaining two sites. Again, the exact fiscal impact can only be determined after establishing the equipment requirement to support the software across the state from only two sites.

APPENDICES

APPENDIX A:
DETAILED SURVEY RESULTS

APPENDIX A DETAILED SURVEY RESULTS

ESD 189 ANACORTES EMPLOYEES' SURVEY RESULTS (n=133)

EXHIBIT A-1 GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDS) ESD 189 EMPLOYEE RESPONSES

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	32	50	5	3	0	10
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	49	38	7	3	0	4
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	2	5	8	20	50	17
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	1	2	5	29	50	14
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	3	7	29	47	14
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	1	6	26	43	25
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	45	41	5	2	1	6
8. Our ESD is highly efficient and effective.	30	47	11	5	3	4
9. The ESD role in providing services to school districts should be expanded.	21	40	23	7	0	9
10. Our ESD is highly responsive to the service needs of member school districts.	48	31	9	2	2	8
11. Our ESD provides quality services.	54	38	3	2	1	3
12. There are adequate channels of communication with school districts in our region.	23	45	12	4	2	14
13. Our ESD is responsive to complaints.	31	40	7	7	2	14
14. Our ESD is responsive to requests for services.	37	43	6	3	2	10
15. Our ESD listens and tries to meet the needs of the school districts.	50	32	7	2	2	8

**EXHIBIT A-2
ESD 189 EMPLOYEE RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	1	11	13	40	26	10
2. Each ESD should hold each school district in its region responsible for student performance within the district.	5	25	18	28	15	10
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	26	51	13	3	0	7
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	14	38	19	15	6	8
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	15	53	14	8	5	5
6. Under the current governance structure, the ESDs are accountable primarily to:	22	38	8	7	2	24
■ the school districts within each region	11	36	9	13	5	26
■ the State Superintendent of Public Instruction	17	37	8	10	3	26

**EXHIBIT A-3
ESD 189 EMPLOYEE RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	12	22	14	20	7	26
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	25	35	17	8	4	12
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	4	14	30	23	12	18
4. The ESDs should be totally independent of OSPI.	9	12	27	29	5	18
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	2	20	24	21	11	23
6. The current number of ESD Board of Director members is appropriate.	6	34	24	1	0	35
7. The current number of 9 ESDs should be:	7	8	28	30	9	18
■ expanded	20	8	20	4	3	15
■ left as is	1	2	15	28	37	17
■ reduced	1	0	5	11	77	8
8. All ESDs should be abolished.	1	0	5	11	77	8

**EXHIBIT A-4
ESD 189 EMPLOYEE RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	5	29	13	20	8	26
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	3	23	17	21	14	22
3. School districts understand the governance and oversight structure of our ESD.	2	20	15	23	5	35
4. There are appropriate levels of oversight for our ESD.	13	35	16	7	3	27
5. ESDs should continue to be funded by the state.	36	44	9	0	2	9
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	15	26	14	7	5	34
7. School districts have the funding to purchase the services they need from our ESD.	2	13	17	27	11	31

**EXHIBIT A-5
ESD 189 EMPLOYEE RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS	13	26	6	4	0	51
1. Reading and Language Arts						
2. Mathematics	9	24	9	5	1	52
3. Social Studies	6	18	11	6	1	58
4. Science	10	23	11	4	0	53
SUPPORT FOR SPECIAL POPULATION PROGRAMS	24	32	8	2	1	33
5. Special Education						
6. At-risk and compensatory education	23	30	8	5	0	33
7. Bilingual Education and ESL	13	25	12	5	0	45
8. Advanced academics (gifted and talented, AP)	5	10	16	6	2	62
ESD TRAINING	8	24	9	3	2	54
9. Training and assistance for campus planning						
10. Training and support for Washington Assessment of Student Learning (WASL)	12	38	13	4	2	32
11. Training and support for aligning the curriculum and instruction with WASL	14	32	14	5	2	33
12. Leadership training and development programs and services	20	35	10	4	2	29
13. Training and assistance to help improve student performance	17	38	8	5	2	30
14. Training and assistance in using new teaching methods and strategies	12	35	10	6	2	35
15. Training and assistance in the use of technology	20	38	6	5	2	30
16. Training and assistance in discipline management and conflict resolution	13	32	10	4	1	41
17. School board training services	5	13	11	2	2	68
18. Teacher certification	28	23	9	2	0	38
19. Professional/Para-Professional certifications	17	29	8	2	1	44
ESD SERVICES	17	38	7	5	3	30
20. Computer network and telecommunication services						
21. Purchasing cooperatives	10	30	10	5	1	44
22. Services and support for Educational Data Systems (EDS)	12	26	8	3	1	50
23. On-line/Distance Learning classes	6	12	16	5	1	61
24. On-site technical assistance	17	34	9	5	2	34
25. Video Conferencing	15	30	11	2	0	42
26. Lending Library	18	32	7	5	5	35
27. Best Practices Information	13	35	6	4	3	39
28. Organizational Links	8	29	11	2	0	50
29. Demonstrations and Equipment	8	26	12	2	1	51

**EXHIBIT A-6
ESD 189 EMPLOYEE RESPONSES
WORK ENVIRONMENT**

Percentage of agreement or disagreement with each statement.

SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree; DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. I find my ESD to be an exciting, challenging place to work.	43	41	8	6	2	1
2. ESD officials enforce high work standards.	44	44	5	4	2	1
3. ESD employees who do not meet expected work standards are disciplined.	13	38	16	5	4	25
4. I feel that I have the authority to adequately perform my job responsibilities.	45	44	5	5	2	0
5. I have an up to date and comprehensive job description.	37	47	6	7	2	2
6. I have adequate facilities in which to conduct my work.	40	45	4	7	5	0
7. I have adequate equipment and computer support to conduct my work.	44	38	5	10	3	1
8. No one knows or cares about the amount or quality of work that I perform.	3	5	6	29	57	0
9. I am very satisfied with my job.	46	38	9	5	2	0
10. I plan to continue my career in my ESD.	47	28	14	4	2	5
11. I am actively looking for a job outside of my ESD.	1	6	13	22	58	1
12. Salary levels at my ESD are competitive.	7	35	19	22	9	8
13. I feel that my work is appreciated by my supervisor(s).	56	28	5	5	5	1
14. I feel that I am an integral part of the ESD team.	46	32	11	7	5	0
15. I feel that there is no future for me at the ESD.	3	6	16	20	56	0
16. My salary level is adequate for my level of work and experience.	7	32	23	29	11	0
17. Most administrative practices in the ESD are highly effective and efficient.	16	44	18	8	8	6
18. Administrative decisions are made promptly and decisively.	15	43	18	8	8	8
19. My ESD administrators are easily accessible and open to input.	36	39	8	7	9	1
20. Major bottlenecks exist in many administrative processes which cause unnecessary time delays.	8	11	18	38	15	10
21. My ESD has too many layers of administrators.	9	7	21	37	17	9
22. Most of ESD administrative processes (e.g., purchasing, travel requests, leave applications, personnel, etc.) are highly efficient and responsive.	22	39	17	14	5	2

GENERAL QUESTION

1. How would you rate your ESD facilities?

42%	Exceptional
34%	Above average
11%	Adequate
8%	Needs improvement
5%	Don't Know

**ESD 189 ANACORTES
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESULTS
(n=27)**

**EXHIBIT A-7
INFORMATION ABOUT YOUR SCHOOL DISTRICT
SCHOOL DISTRICT SUPERINTENDENTS' SURVEY RESPONSES**

STATEMENT	MINIMUM	MAXIMUM	MEAN
1. 2004-05 Average Daily Attendance (n=25)	250	18000	4035.96
2. Number of Schools (n=27)	1	25	8.04
3. (a) Number of the Education Service District area (geographic boundary) that surrounds your school district (e.g., 101, 105, 112, etc.).			
(b) Total count of number of Educational Service Districts that your district purchases services from annually. (n=27)	1	3	1.44
4. (a) Approximate distance from your school district office to the ESD noted in your answer to Question 3(a). (n=26)	1	80	40.65
(b) Approximate distance from your school district to the closest satellite office to the ESD noted in your answer to Question 3(a) if exists. (n=13)	1	80	38.00

**EXHIBIT A-8
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GENERAL PERCEPTIONS ABOUT SERVICES
PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Our school district frequently utilizes services provided by our ESD.	56	30	4	11	0	0
2. The services provided by our ESD are critical to the success of our district's programs and operations.	41	44	11	4	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	7	33	56	4
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	7	37	52	4
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	15	41	41	4
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	4	48	44	4
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	63	30	7	0	0	0
8. The ESD in our region is highly efficient and effective.	48	33	7	4	0	7
9. The ESD role in providing services to school districts should be expanded.	19	41	30	11	0	0
10. The ESD in our region is highly responsive to the service needs of our school district.	56	33	7	4	0	0
11. The ESD in our region provides quality services.	63	33	4	0	0	0
12. There are adequate channels of communication with the ESD in our region.	59	33	7	0	0	0
13. The ESD in our region is responsive to complaints.	63	30	4	0	0	4
14. The ESD in our region is responsive to requests for services.	67	30	4	0	0	0
15. The ESD in our region listens and tries to meet the needs of the school district.	70	26	4	0	0	0

**EXHIBIT A-9
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Due to a technical error, data for **Part C: Accountability** and comments in **Part D: Ideas for improving the cost-effectiveness of services provided by the Educational Service Districts (ESDs) to school districts** were lost from the original survey data. The surveys were returned to the responding superintendents and MGT received 50 percent response for these two sections.

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	7	14	57	21	0
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	7	14	50	29	0
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	64	36	0	0	0	0
4. Under the concept of site-based management, only the school districts and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services upon demand but not be held accountable.	21	36	7	36	0	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	14	64	7	7	0	7
6. Under the current governance structure, the ESDs are primarily accountable to:	7	71	0	7	0	14
■ the school districts within each region	0	43	0	29	14	14
■ the State Superintendent of Public Instruction	14	36	7	21	7	14

**EXHIBIT A-10
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	11	30	7	30	22	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	30	44	19	4	4	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	15	22	33	22	7
4. The ESDs should be totally independent of OSPI.	11	15	26	41	4	4
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	33	15	33	19	0
6. The current number of ESD Board of Director members is appropriate.	7	59	11	0	0	22
7. The current number of 9 ESDs should be:						
■ expanded	4	7	19	52	19	0
■ left as is	22	56	22	0	0	0
■ reduced	0	0	19	52	30	0
8. All ESDs should be abolished.	0	0	0	11	85	4

**EXHIBIT A-11
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	7	26	22	33	7	4
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services it needs from an ESD or other sources.	11	15	19	48	7	0
3. We understand the governance and oversight structure of the ESD in our region.	22	52	15	11	0	0
4. There are appropriate levels of oversight for the ESD in our region.	19	56	7	0	0	19
5. ESDs should continue to be funded by the state.	56	44	0	0	0	0
6. The amount charged to our school district by the ESDs is appropriate for the quality and amount of services provided.	19	59	11	4	4	4
7. Our school district has the funding to purchase the services it needs from an ESD.	4	22	11	41	22	0

**EXHIBIT A-12
SCHOOL DISTRICT SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage of satisfaction with the following services provided by your home Educational Service District.
VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	41	33	19	0	0	7
2. Mathematics	22	41	19	11	0	7
3. Social Studies	4	37	41	4	0	15
4. Science	15	52	26	4	0	4
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	30	67	4	0	0	0
6. At-risk and compensatory education	22	44	22	4	0	7
7. Bilingual Education and ESL	11	44	30	4	0	11
8. Advanced academics (gifted and talented, AP)	4	30	48	4	0	15
ESD TRAINING						
9. Training and assistance for campus planning	19	30	11	0	0	41
10. Training and support for Washington Assessment of Student Learning (WASL)	37	41	7	7	0	7
ESD TRAINING, CONTINUED						
11. Training and support for aligning the curriculum and instruction with WASL	41	33	11	7	0	7
12. Leadership training and development programs and services	41	33	19	0	4	4
13. Training and assistance to help improve student performance	44	30	19	0	0	7
14. Training and assistance in using new teaching methods and strategies	22	48	15	4	4	7
15. Training and assistance in the use of technology	26	48	15	0	0	11
16. Training and assistance in discipline management and conflict resolution	19	22	33	4	0	22
17. School board training services	15	26	30	7	0	22
18. Teacher Certification	41	52	4	0	0	4
19. Professional/Para-Professional Certifications	37	44	15	0	0	4
ESD SERVICES						
20. Computer network and telecommunication services	26	56	7	4	0	7
21. Purchasing cooperatives	33	41	22	0	0	4
22. Services and support for Educational Data Systems (EDS)	30	52	11	0	0	7
23. On-line/Distance Learning classes	19	22	33	4	0	22
24. On-site technical assistance	22	41	22	0	0	15
25. Video Conferencing	19	37	30	4	4	7
26. Lending Library	15	41	22	7	0	15
27. Best Practices Information	44	33	7	4	4	7
28. Organizational Links	37	37	19	0	0	7
29. Demonstrations and Equipment	19	22	41	0	0	19

GENERAL QUESTION

1. How would you rate the facilities of the ESD in your region?

78%	Exceptional
15%	Above average
7%	Adequate
0%	Needs improvement

SURVEY RESULTS OF ESD SUPERINTENDENTS (n=9)

EXHIBIT A-13 INFORMATION ABOUT YOUR REGION ESD SUPERINTENDENT RESPONSES

STATEMENT	Minimum	Maximum	Mean
1. 2004-05 Total Average Daily Attendance of all School Districts in your Region (n=7)	38,500	364,588	118,248
2. Number of School Districts in your ESD geographic area (n=8)	15	59	33.88
3. Number of School Districts using your ESD services			
(a) in your geographic area (n=9)	15	59	32.89
(b) outside your geographic area (n=6)	1	132	27.33

EXHIBIT A-14 ESD SUPERINTENDENT RESPONSES GENERAL PERCEPTIONS ABOUT SERVICES PROVIDED BY THE EDUCATIONAL SERVICE DISTRICTS (ESDs)

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. Most school districts in our region frequently utilize services provided by our ESD.	89	11	0	0	0	0
2. The services provided by our ESD are critical to the success of our school districts' programs and operations.	78	22	0	0	0	0
3. Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI.	0	0	0	22	78	0
4. Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors.	0	0	0	33	67	0
5. Sources other than ESDs could more efficiently and economically provide many of the school district's services.	0	0	11	0	78	11
6. Many of the current ESD services to school districts duplicate services provided by OSPI.	0	0	11	22	67	0
7. Many of the services offered by ESDs around the state are critical to the success of many school districts.	78	22	0	0	0	0
8. Our ESD is highly efficient and effective.	78	22	0	0	0	0
9. The ESD role in providing services to school districts should be expanded.	89	0	11	0	0	0
10. Our ESD is highly responsive to the service needs of member school districts.	89	11	0	0	0	0
11. Our ESD provides quality services.	78	22	0	0	0	0
12. There are adequate channels of communication with school districts in our region.	44	44	0	11	0	0
13. Our ESD is responsive to complaints.	89	11	0	0	0	0
14. Our ESD is responsive to requests for services.	89	11	0	0	0	0
15. Our ESD listens and tries to meet the needs of the school districts.	100	0	0	0	0	0

**EXHIBIT A-15
ESD SUPERINTENDENT RESPONSES
ACCOUNTABILITY**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. OSPI should hold each ESD responsible for student performance in all school districts within its region.	0	0	22	33	0	44
2. Each ESD should hold each school district in its region responsible for student performance within the district.	0	0	11	44	22	22
3. Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school.	67	22	0	11	0	0
4. Under the concept of site-based management, only the school district and each school in the district should be held accountable for student performance; the ESDs and OSPI should provide services on demand but not be held accountable.	0	22	22	44	11	0
5. Each ESD should be held accountable by the school districts for providing needed services but not for student performance.	33	33	22	0	0	11
6. Under the current governance structure, the ESDs are accountable primarily to:	67	33	0	0	0	0
■ the school districts within each region	0	56	11	33	0	0
■ the State Superintendent of Public Instruction	0	67	0	33	0	0

**EXHIBIT A-16
ESD SUPERINTENDENT RESPONSES
STATEWIDE ORGANIZATIONAL STRUCTURE**

Percentage of agreement or disagreement with the following statements.

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. In order to effectively execute its responsibilities, the OSPI needs regional offices.	33	22	11	33	0	0
2. The ESDs should be the regional structure used by OSPI to provide services to school districts.	89	11	0	0	0	0
3. The ESDs should become more directly linked with OSPI and subject to OSPI regulations.	0	0	11	56	22	11
4. The ESDs should be totally independent of OSPI.	0	11	11	67	0	11
5. The ESDs should be the regional structure used by OSPI to enforce OSPI rules and regulations.	0	0	33	33	33	0
6. The current number of ESD Board of Director members is appropriate.	67	33	0	0	0	0
7. The current number of 9 ESDs should be:	0	0	44	44	11	0
■ expanded	89	0	11	0	0	0
■ left as is	0	0	11	22	67	0
■ reduced	0	0	11	0	89	0
8. All ESDs should be abolished.	0	0	11	0	89	0

**EXHIBIT A-17
ESD SUPERINTENDENT RESPONSES
GOVERNANCE AND FUNDING**

Percentage of agreement or disagreement with the following statements.
SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree, and DK = Don't Know

STATEMENT	SA	A	N	D	SD	DK
1. The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts.	0	11	0	56	33	0
2. All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources.	0	0	11	67	22	0
3. School districts understand the governance and oversight structure of our ESD.	11	67	0	11	11	0
4. There are appropriate levels of oversight for our ESD.	67	22	0	11	0	0
5. ESDs should continue to be funded by the state.	89	11	0	0	0	0
6. The amount charged to each school district by our ESD is appropriate for the quality and amount of services provided.	44	33	0	11	0	11
7. School districts have the funding to purchase the services they need from our ESD.	0	0	0	44	44	11

**EXHIBIT A-18
ESD SUPERINTENDENT RESPONSES
SPECIFIC SERVICES**

Percentage indicating the school districts' satisfaction level with the following services provided by your Educational Service District.

VS = Very Satisfied, S = Satisfied, N = Neutral, D = Dissatisfied, VD = Very Dissatisfied, and NA = Not Applicable

STATEMENT	VS	S	N	D	VD	NA
SUPPORT FOR REGULAR EDUCATION PROGRAMS						
1. Reading and Language Arts	22	67	0	11	0	0
2. Mathematics	22	44	33	0	0	0
3. Social Studies	0	22	33	22	0	22
4. Science	22	56	0	11	0	11
SUPPORT FOR SPECIAL POPULATION PROGRAMS						
5. Special Education	33	44	0	22	0	0
6. At-risk and compensatory education	22	44	11	22	0	0
7. Bilingual Education and ESL	0	56	22	22	0	0
8. Advanced academics (gifted and talented, AP)	0	11	44	22	11	11
ESD TRAINING						
9. Training and assistance for campus planning	0	22	44	0	0	33
10. Training and support for Washington Assessment of Student Learning (WASL)	11	89	0	0	0	0
11. Training and support for aligning the curriculum and instruction with WASL	22	78	0	0	0	0
12. Leadership training and development programs and services	44	44	0	0	0	11
13. Training and assistance to help improve student performance	11	89	0	0	0	0
14. Training and assistance in using new teaching methods and strategies	22	78	0	0	0	0
15. Training and assistance in the use of technology	33	67	0	0	0	0
16. Training and assistance in discipline management and conflict resolution	22	11	56	11	0	0
17. School board training services	11	44	33	0	0	11
18. Teacher Certification	67	33	0	0	0	0
19. Professional/Para-Professional Certifications	44	44	0	11	0	0
ESD SERVICES						
20. Computer network and telecommunication services	33	56	11	0	0	0
21. Purchasing cooperatives	11	33	33	0	0	22
22. Services and support for Educational Data Systems (EDS)	11	89	0	0	0	0
23. On-line/Distance Learning classes	0	67	22	0	0	11
24. On-site technical assistance	44	56	0	0	0	0
25. Video Conferencing	22	67	0	0	0	11
26. Lending Library	0	44	44	0	0	11
27. Best Practices Information	22	22	44	0	0	11
28. Organizational Links	0	22	56	11	0	11
29. Demonstrations and Equipment	22	11	56	0	0	11

GENERAL QUESTION

1. How would you rate your ESD facilities?

33%	Exceptional
22%	Above average
22%	Adequate
22%	Needs improvement

APPENDIX B:

***ESD FORMAL RESPONSE TO
AUDIT REPORT***



**1601 R Avenue
Anacortes, WA 98221**

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April 27, 2007

Ms. Lou Adams, CPA
Performance Audit Manager, School Programs
P.O. Box 40031
Olympia, WA 98504

Dear Ms. Adams:

Please accept this as the Northwest Educational Service District (NWESD) response to its 2007 Performance Audit. It is our understanding this will be included as an attachment following the NWESD report. While the tight timeline provided has not yet permitted review with the NWESD Board of Directors, we respectfully submit the following clarifications and comments:

Regarding Chapter 2.0 (pages 2-1 through 2-4)

The bulleted highlights are factual, but misleading. While the complete survey data are presented in Appendix A, a summary that presents only the "strongly agree" and "strongly disagree" percentages is misleading. The survey summary is more accurately reflected by:

2.1 ESD 189 Anacortes Employee Survey Highlights

At least 80 percent of ESD employees strongly agree or agree with the following:

- Most school districts in our region frequently utilize services provided by our ESD (82%).
- The services provided by our ESD are critical to the success of our school districts' programs and operations (87%).
- Many of the services offered by ESDs around the state are critical to the success of many school districts (86%).
- Our ESD provides quality services (92%).
- Our ESD is responsive to requests for services (80%).
- Our ESD listens and tries to meet the needs of the school districts (82%).
- I find my ESD to be an exciting, challenging place to work (84%).
- ESD officials enforce high work standards (88%).
- I feel that I have the authority to adequately perform my job responsibilities (89%).
- I have an up to date and comprehensive job description (84%).
- I have adequate facilities in which to conduct my work (85%).
- I have adequate equipment and computer support to conduct my work (82%).
- I am very satisfied with my job (84%).
- I feel that my work is appreciated by my supervisor(s) (84%).

At least 80 percent of ESD employees strongly disagree or disagree with the following:

- All ESDs should be abolished (88%).
- No one knows or cares about the amount or quality of work that I perform (86%).
- I am actively looking for a job outside of my ESD (80%).

2.2 ESD 189 Anacortes School District Superintendent Survey Highlights

At least 80 percent of school district superintendents strongly agree or agree with the following:

- Our school district frequently utilizes services provided by our ESD (86%).
- The services provided by our ESD are critical to the success of our district's programs and operations (85%).

- Many of the services offered by ESDs around the state are critical to the success of many school districts (93%).
- The ESD in our region is highly efficient and effective (81%).
- The ESD in our region is highly responsive to the service needs of our school district (89%).
- The ESD in our region provides quality services (96%).
- There are adequate channels of communication with the ESD in our region (92%).
- The ESD in our region is responsive to complaints (93%).
- The ESD in our region is responsive to requests for services (97%).
- The ESD in our region listens and tries to meet the needs of the school district (96%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (100%).
- ESDs should continue to be funded by the state (100%).

At least 80 percent of school district superintendents strongly disagree or disagree with the following:

- Many of the current ESD services to school districts could be more efficiently and/or effectively provided by OSPI (89%).
- Many of the current ESD services could be more efficiently and/or effectively provided by other sources such as universities or private vendors (89%).
- Sources other than ESDs could more efficiently and economically provide many of the school district's services (82%).
- Many of the current ESD services to school districts duplicate services provided by OSPI (92%).
- The current number of 9 ESDs should be reduced (82%).
- All ESDs should be abolished (96%).

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At least 80 percent of ESD Superintendents strongly agree or agree with the following:

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- Our ESD is highly efficient and effective (100%).
- The ESD role in providing services to school districts should be expanded (89%).
- Our ESD is highly responsive to the service needs of member school districts (100%).
- Our ESD provides quality services (100%).
- There are adequate channels of communication with school districts in our region (88%).
- Our ESD is responsive to complaints (100%).
- Our ESD is responsive to requests for services (100%).
- Our ESD listens and tries to meet the needs of the school districts (100%).
- Each school district Board/Superintendent should hold each school within the district responsible for student performance within the school (89%).
- Under the current governance structure, the ESDs are accountable primarily to the school districts within each region (100%).
- The ESDs should be the regional structure used by OSPI to provide services to school districts (100%).
- The current number of ESD Board of Director members is appropriate (100%).
- The current number of 9 ESDs should be left as is (89%).
- There are appropriate levels of oversight for our ESD (89%).
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- The current number of 9 ESDs should be reduced (89%).
- All ESDs should be abolished (89%).
- The current method of funding the ESDs to provide services to school districts and allowing each ESD to charge the districts for other services is highly effective in meeting the needs of the districts (89%).
- All funds for services to school districts should be allocated to the districts and allow each district to purchase those services that it needs from an ESD or other sources (89%).
- School districts have the funding to purchase the services they need from our ESD (88%).

Regarding Chapter 3.0 (pages 3-1 through 3-4)

We agree with the Recommendation 3-1 and 3-2 to eliminate regulatory functions related to the *Code of Conduct* and school district boundaries. However, amendment of the Washington Administrative Code (WAC) and Revised Code of Washington (RCW) is beyond the authority provided NWESD. As such, this would not be a prudent use of our limited time and energy.

Regarding Chapter 4.0 (pages 4-1 through 4-8)

Recommendation 4-1 (page 4-4) is misleading in that it had already been considered and addressed when the program was first implemented two months prior to the arrival of the performance audit team. As was related to the auditors during the course of the audit, NWESD had already been using the recommended strategies based upon a much more aggressive timeline than proposed. NWESD always seriously considers relative costs and benefits of each program prior to and during its operation. We appreciate the audit team's reference to our strategies that were underway prior to their arrival and will continue to be implemented as long as this program operates. However, we are uncertain why they made a recommendation regarding activity that is already taking place. We also disagree with the noted fiscal impact as, as the strategies were already in place and costs are expected to be fully recovered.

The finding (page 4-6) is misleading although it is correct in its assertion the "ESD does not have a purchasing department or a contract management department..." (page 4-3, second paragraph). NWESD participates in several purchasing cooperatives that perform the same or similar functions at a lower cost than a purchasing department. The system of ESDs' Washington School Information Processing Cooperative (WSIPC) already has several technology purchasing agreements in place and last year all nine ESDs formed a statewide purchasing cooperative entitled Washington Learning Source (WLS), which can be accessed at: <http://walearningsource.org>.

Regarding Chapter 5.0 (pages 5-1 through 5-7)

We agree with the Recommendation 5-3 (page 5-4) to ensure training across projects and ESDs. However, absent additional funding our focus must begin with the NWESD as opposed to between ESDs.

We agree with Recommendation 5-4's assertion (page 5-5) that a marketing plan is vital to NWESD's successful operation. However, we differ in our opinion as to how it should be implemented and what parties it should involve. It is inconceivable and unrealistic to assert that Recommendation 5-4's implementation of a marketing plan within school districts and broader communities can be implemented with "no direct fiscal impact" (page 5-6). Further, ESDs have no statutory authority to provide services "into broader communities." As such, this would not be a prudent use of our limited time and energy.

Regarding Chapter 6.0 (pages 6-1 through 6-5)

We agree with the intent of Recommendation 6-1 (page 6-3) to reduce the superintendents' span of control and line responsibility. However, we find the assignment of specific responsibilities to specific individuals, to be too prescriptive. We believe the duties should be assigned based upon the individual's skills and experience aligned with the NWESD's needs..

Regarding Chapter 7.0 (pages 7-1 through 7-9)

No comments. Recommendations 7-1 and 7-2 will be considered at the public hearing.

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We see merit in the thoughtful exploration of Recommendation 8-3 (page 8-6). However, the *Implementation Strategies and Timeline* (page 8-7) would be strengthened by including steps that identify/clarify the benefits and costs, their evaluation, consideration of client input, and then a determination of whether such a re-organization makes sense based upon these data. The strategies and timeline presented provides for obtaining stakeholder input, but predetermines what this input will be by outlining the development of a CIO of a new division. We look forward to constituent feedback at the public hearing to Recommendation 8-3.

However, it is unrealistic to assert that Recommendation 8-3's estimated \$6,245 cost can be offset by "operational efficiencies" (page 8-7), which presumes a reduction of program FTE or salary reductions.

It is important to keep in mind this represents a preliminary response. All of the findings and recommendations contained in the *NWESD Performance Audit Report* and this response will be presented to our constituents at a public hearing upon receipt of the official final report. The NWESD Board and its response/priorities will most certainly be influenced through that process.

Sincerely,



Gerald W. Jenkins, Ed. D.
Superintendent

c: Ms. Carol Browder, NWESD Assistant Superintendent for Finance and Compliance
NWESD Board of Directors

APPENDIX C:

***MGT'S RESPONSE TO ESD
FORMAL RESPONSE TO AUDIT
REPORT***

THE AUDIT TEAM'S COMMENTS ON THE RESPONSE FROM ESD 189

To provide clarity and perspective, we are commenting on ESD 189 formal response to the audit.

The audit team believes that the tone of the audit is fair and reasonable based on the facts and findings presented and we stand behind our findings and recommendations in the final report.

Below, we have inserted MGT's response to the issues identified in the ESD 189 formal response letter.



April 27, 2007

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MGT's Response:

In the survey chapter, we provide a note to the reader that stated, "For the summary of survey results in this chapter, MGT chose to highlight those survey items that either strongly agreed or strongly disagreed. The reader can find the full results with other responses items (i.e., agree or disagree) in Appendix A". We do not believe our survey summaries are misleading; the reader can view full results in the appendices.

Regarding Chapter 3.0 (pages 3.1 through 3-4)

We agree with the Recommendation 3-1 and 3-2 to eliminate regulatory functions related to the *Code of Conduct* and school district boundaries. However, amendment of the Washington Administrative Code (WAC) and Revised Code of Washington (RCW) is beyond the authority provided NWESD. As such, this would not be a prudent use of our limited time and energy.

MGT's Response:

It is important to note that MGT and SAO agreed to keep the recommendations related to regulatory functions in the ESD individual reports to allow readers to know the issue(s) exist. The same issues and recommendations appear in the global report as well.

Regarding Chapter 4.0 (pages 4-1 through 4-8)

Recommendation 4-1 (page 4-4) is misleading in that it had already been considered and addressed when the program was first implemented two months prior to the arrival of the performance audit team. As was related to the auditors during the course of the audit, NWESD had already been using the recommended strategies based upon a much more aggressive timeline than proposed. NWESD always seriously considers relative costs and benefits of each program prior to and during its operation. We appreciate the audit team's reference to our strategies that were underway prior to their arrival and will continue to be implemented as long as this program operates. However, we are uncertain why they made a recommendation regarding activity that is already taking place. We also disagree with the noted fiscal impact as, as the strategies were already in place and costs are expected to be fully recovered.

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MGT's Response:

Although it is true that the ESD has undertaken steps to recover the costs of its business management services, the program is still in its first year of operation and it is premature to conclude on whether the ESD has maximized its cost recovery. Our recommendation is reflective of the need to continuously monitor the program's costs and identify sources of funding.

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MGT's Response:

The ESD should develop long range plans to implement the recommendation as permitted by Washington statutes; we stand behind our findings and recommendations for 5-3 and 5-4,

Regarding Chapter 6.0 (pages 6-1 through 6-5)

We agree with the intent of Recommendation 6-1 (page 6-3) to reduce the superintendents' span of control and line responsibility. However, we find the assignment of specific responsibilities to specific individuals, to be too prescriptive. We believe the duties should be assigned based upon the individual's skills and experience aligned with the NWESD's needs.

MGT's Response:

Given the fact that there are anticipated retirements, the audit team believes that the recommendation can only address assignment of responsibilities in alignment with official job descriptions.

Regarding Chapter 7.0 (pages 7-1 through 7-9)

No comments. Recommendations 7-1 and 7-2 will be considered at the public hearing.

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It is important to keep in mind this represents a preliminary response. All of the findings and recommendations contained in the *NWESD Performance Audit Report* and this response will be presented to our constituents at a public hearing upon receipt of the official final report. The NWESD Board and its response/priorities will most certainly be influenced through that process.

MGT's Response:

The information provided by 189 personnel confirmed that their efforts were informal and did not represent a comprehensive approach for conducting formal ongoing client satisfaction and needs assessments. The audit team's finding and recommendation stands.

Sincerely,

Gerald W. Jenkins, Ed.D.
Superintendent

c: Ms. Carol Browder, NWESD Assistant Superintendent for Finance and Compliance NWESD Board of Directors

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