

Executive Summary

Overview of the Project

Deer Valley Unified School District (District) engaged Heinfeld & Meech Co, P.C., (HM) in December 2017 to conduct an efficiency review of the District operational areas. The timeline included reviewing the data collection approach, gathering data from comparison district, compiling and analyzing the data and preparing the presented report. The report was issued in May 2018.

Scope of Work

The Governing Board established the scope of work and the identified functional areas. The scope of work was to conduct an efficiency review to analyze the districts performance as well as staffing levels to determine their adequacy, efficiency and effectiveness as compared to comparison districts. This included comparing staffing levels in identified operational areas and compensation factors to determine the competitiveness of the compensation structure, including starting salary ranges, work calendars and employer paid benefits. The intention of this project was to provide a review of various functional areas to allow the District administration to dig deeper into the information and the District operations.

Comparison Districts

As part of the analysis, it was important to compare the District financial, staffing and organizational structure to comparison districts. Typically, large districts are found to be more efficient than smaller districts by a simple economy of scale concept. Because of this concept, HM felt it was important to look at like size districts for the comparison. Data was requested from a number of comparison districts including Chandler Unified School District, Dysart Unified School District, Gilbert Public Schools, Paradise Valley Unified School District, Scottsdale Unified School District and Chandler Unified School District. Comparison districts were identified based on the grades served and the enrollment. The districts who ultimately participated in the analysis included:

District Name	2016-17 Enrollment Average Daily Membership*	Grades Served
Peoria Unified	35,070	K-12
Gilbert Unified	33,678	K-12
Deer Valley Unified	32,325	K-12
Paradise Valley Unified	30,562	K-12

*Source: FY17 ADMS 46-1 Report as of April 2018

Methodology

The analysis of these districts included data collection crossing the majority of functional areas of the districts. The data collection included gathering enrollment, staffing, and function benchmark data. The data request included the following content areas:

- General district staffing
- Campus level staffing
- Public Information
- Financial Operations
- Fixed Assets
- Special Education
- Transportation
- Health Services

- Payroll
- Human Resources
- Purchasing
- Accounts Payable
- Technology
- Accounts Receivable
- Warehouse
- Print Shop

General Ledger Analysis

Arizona school districts are required to follow the Uniform System of Financial Records chart of accounts. This chart of accounts is established to create a uniform, comprehensive, minimum chart of accounts state-wide to improve financial data collection, reporting, transmission, accuracy, and comparability among Arizona districts. This efficiency review included an analysis of district expenditures in various functional areas. Comparison districts provided a copy of their 2017 general ledger which included actual expenditures. The following two elements of the account code structure were included in this analysis.

Function—Describes the activity for which a service or material is acquired. The function classifications are Instruction, Support Services, Operation of Noninstructional Services, Facilities Acquisition and Construction, Debt Service, and Other Financing Uses.

Object—Describes the service or material obtained as the result of a specific expenditure. The object classifications are Personal Services—Salaries, Personal Services—Employee Benefits, Purchased Professional and Technical Services, Purchased Property Services, Other Purchased Services, Supplies, Property, and Debt Service and Miscellaneous. Other Financing Uses and Other Items are also coded here.

Staffing Levels

To examine staffing levels, the comparative analysis included comparing staffing levels and staff-to-supervisor ratios, educational staffing and other support area staffing. This review included an evaluation of the number and composition of positions for identified areas compared with comparable school districts.

Compensation Factors

The comparative analysis of the District's compensation structure for Certified, Classified and Administrative staff including but not limited to current salary placement structure, current salary ranges for the positions under study, work calendars, working conditions such as class size, benefits offered, and the employee agreements.

Employee salaries and benefits represent a significant portion of the District's budget. Annually approximately 75-80% of the District's general fund is used for employee compensation. While this study addresses the employee rate of pay, total compensation includes employee pay as well as paid benefits, leave time and other employment factors.

It is important to note the limited availability of data used in this study. While seven districts were contacted and requested to share information, as this was a voluntary response, only three districts provided data. The data shared is self-reported by the responding districts. State issued reports may present the data differently due to comparing different factors.

Organization of Report

Throughout the report, the data is presented to demonstrate if there is a variance between the DVUSD and the comparison districts. This variance is presented in multiple formats. The report includes tables which provide the data provided by the comparison districts and the DVUSD data and if the DVUSD was more favorable, then the DVUSD data is highlighted in green. If it is less favorable, then the DVUSD data is highlighted in red. In other tables, a positive or negative calculation is presented. A positive percentage demonstrates that DVUSD is higher than the average. A negative percentage demonstrates that DVUSD is lower than the average.

Further, it should be noted that the report data does inherently have some limitations. When comparing staffing models, position allocations, it is important to understand that position titles can have different meanings between districts. This study did not include a formal analysis of the position responsibilities or district determination of the implementation of the account code structure. All information included is self-reported data from the comparison districts.

The report is organized in three sections. The *District Budget Comparison Overview* presents an overview of funding and an analysis of instructional vs non-instructional expenditures. The *Functional Area Comparison Data* presents the operational areas of the District and how it compares to the identified districts. In addition to staffing levels, financial expenditures by operational area were reviewed. The final section of the report includes the *Compensation Data* review. This section of the report compared the District entry salary and hourly rate of pay compared to the comparison districts. It further identified other factors such as number of work days per year and number of years of experience credited at hire. District paid benefits such as paid health insurance and retiree health insurance costs were included in the comparison.

District Budget Comparison Overview

The table below shows two measures of efficiency related to school district spending as reported by the Arizona Office of the Auditor General in its most recent report to the legislature (2017): the percentage of dollars spent on direct instructional activities and the percentage of dollars spent on non-instructional expenses. The chart demonstrates that Deer Valley Unified School District spends a higher percentage of dollars on instructional activities in comparison to its peer average.

Instructional and Non-Instructional Costs

District Name	Instructional Dollars %	Non-Instructional Dollars %
Peoria Unified	56.9%	43.1%
Paradise Valley Unified	57.0%	43.0%
Deer Valley Unified	60.0%	40.0%
Gilbert Unified	60.1%	39.9%
Peer Average	56.4%	43.6%

Administrative Costs

The table below shows three measures of efficiency for district administration as reported by the Arizona Office of the Auditor General in its most recent report to the legislature (2017): the percentage of administration cost to total operating expenditures; administration cost per pupil; and students per administrator. Administration costs include salaries and benefits for superintendents, principals, business managers, department managers, and clerical staff. Compared to its Arizona peer districts, Deer Valley Unified School District has an above average percentage of administration costs, as well as spending on a per pupil basis and has more students per administrator compared to most comparison districts and peer districts. However, the number of students per administrator demonstrates a more efficient model. DVUSD has more students per administrator. A contributing factor to the higher administrative cost is the post-retirement health insurance provided by DVUSD which is considered an administrative expense.

Administrative Costs

District Name	Percentage of Administration	Administration Cost per Pupil	Students Per Administrator
Deer Valley Unified	9.8%	\$ 733	86
Peoria Unified	9.6%	\$ 723	91
Gilbert Unified	8.5%	\$ 628	85
Paradise Valley Unified	8.2%	\$ 651	74
Peer Average	8.9%	\$ 680	80
State Average	10.4%	\$ 844	67

Functional Area Comparison Data Overview

The following are highlights from the functional area analysis.

- The District has *fewer* FTE funded in the general administration function than the responding districts.
- The District has *more* campus based administrative FTE than the average responding districts.
- The District has *more* classified staff FTE than the average responding districts, however a *lower* ADM per FTE for classified staff.
- The District has *more* certified staff FTE than the average responding districts, however a *lower* ADM per FTE for certified staff.
- The District has a certified substitute ratio to certified teacher of 30% compared to the average of 23% from responding districts.
- The District averages 770 students per health staff member compared to the average of 795 of the responding districts.
- The District has 10 FTE in the payroll department which averages 442 employees per payroll staff member. This is *lower* than the average of 574 staff members per payroll staff member at the responding districts.
- The District has 16 FTE in the human resources department which averages 57 new hires per human resources staff member. This is higher than the average 53 new hires per human resources staff member at the responding districts.

- The District processes approximately 2.5 purchase orders for every one employee, this is slightly *lower* than the average of 3.0 from responding districts.
- The District processes approximately 4,600 invoices for every one student in the District. This is *lower* than the average of 5,985 invoices on average from the responding districts.
- The District has approximately .5 computers for every one student and .75 tablets or cromebooks for every student. This is a *higher* average than the reported .42 and .73 from the responding districts.
- The District has approximately 49 students for each bus route compared to 55 students on each bus route from the responding districts.

Compensation Study Overview

The results of the study identified how the District compared to comparison districts at the posted entry rate, the actual average and the actual high hourly rate schedule. Since there were differences noted for some positions' number of work calendar days, FLSA exemption categorization, and hours per day worked, these positions were adjusted to an hourly pay rate for comparison purposes.

The results of the study identified how the District compared to comparison districts at the entry, midpoint and high end of the certified salary schedule. One comparison district only provided the posted entry data. Certified teachers are typically placed on the salary schedule based on their education level and their years of experience.

The results of the study identified how the District compared to comparison districts at the actual salary, the published entry and the published high end of the administrative salary schedule. Administrators are typically placed on the salary schedule based on their education level and their years of experience or at a negotiated rate. These positions were also identified for the published entry and published maximum salary. Districts were also asked to provide the average actual salary for the identified positions.

Appendix A provides a summary of each functional area and the data requested.