

Audit & Finance Committee
Review of Central Administration Levels

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Duggan Harman, Executive Director of Finance



Excellence For All

Every student achieving, everyone accountable.



Executive Summary

- **Seattle Public Schools is committed to making continuous improvements in operations to focus maximum resources on instruction**
- **Detailed analysis shows that Seattle Public Schools Central Administration Costs are at 6% - in line with other districts**
- **Central Administration costs are flat, comparing 1998 to 2009**
- **Errors have been made on the coding of job functions to specific categories and budget book categories did not align with OSPI**
- **Moving forward:**
 - **New budget policy means reporting will be consistent with OSPI reporting structure**
 - **Continued analysis of job coding to ensure all positions are categorized correctly**
 - **SPS continues to examine all functions and programs to ensure that maximum funds are directed to instruction and the budget development process prioritizes academics and Excellence for All initiatives**

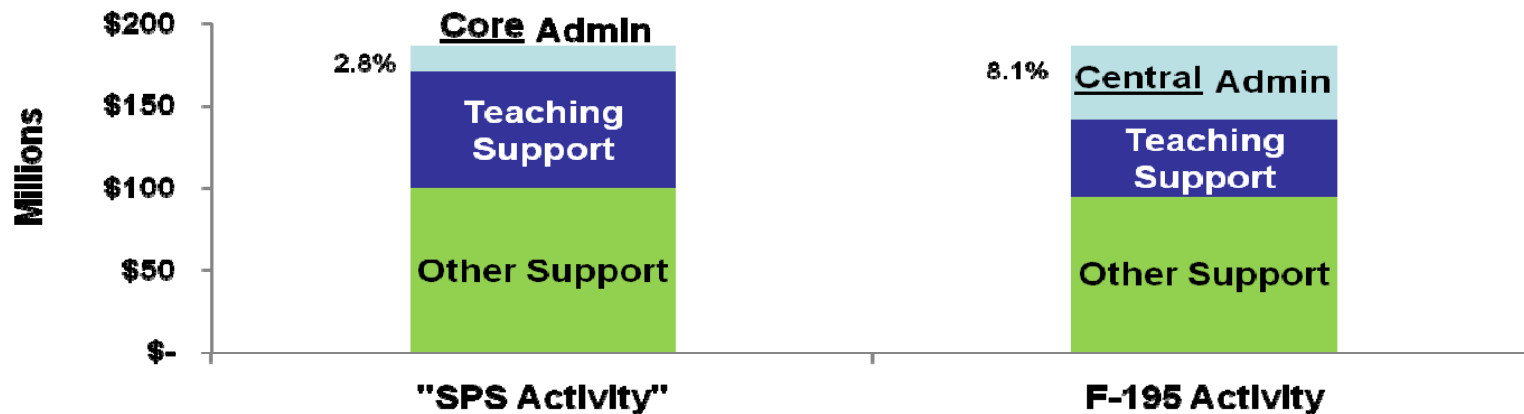
Review of Findings

- **Identification of Errors in Reporting**
- **Actions to Correct the Errors**
- **Impact of the Corrections**
- **Next Steps**
- **Executive Summary**

Core Administration and Teaching Support

Although totals for the 2008-09 Seattle Budget Book and that year's state F-195 budget report are identical, the SPS budget book differentiates *core administration*; a Seattle term designed to call out traditional business administrative costs. (board of directors, superintendent's office, business offices, human resources and public relations)

**Core Administration With Management for Support Activities
(SPS Budget Book v. Combined Administration (F-195))**



Revised Policy and Procedure

New Budget Policy Introduced Last Month

A new Superintendent's Procedure (G 01.00 SP) accompanies the revised budget policy introduced at the October 21st Board meeting.

This procedure calls for the adopted budget to be *“reported in a form consistent with the reporting structure required by the Office of the Superintendent of Public Instruction (OSPI)”*

2008-2009 Central Administration: Errors in Coding

Analysis by SPS reveals past practice of coding some functions to supervision (Activity 21), instead of teaching (Activity 27).

This practice resulted in reporting to OSPI of \$45.1 M in Central Administration Costs – this number was overstated by \$11.7 M.

Items miscoded to Central Administration include:

- 111.5 FTE of instructional coaches for \$10.3M, and

- A \$1.46 million contract for Special Education service to eligible pre-school students

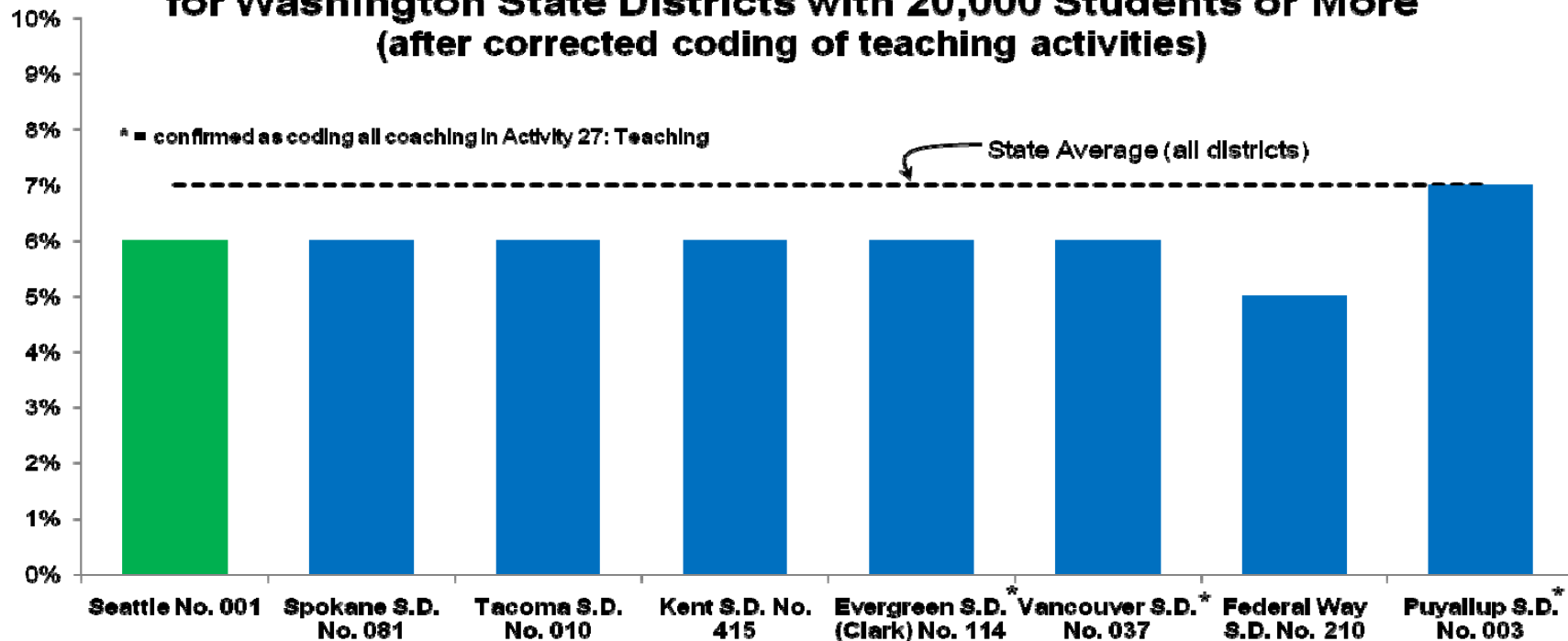
Total Central Administration FTE reported to OSPI = 395.5

After adjusting for miscoding, Total Central Administration FTE = 284

Revised Central Administration Total = \$33.4M

Central Administration Costs Below State Average

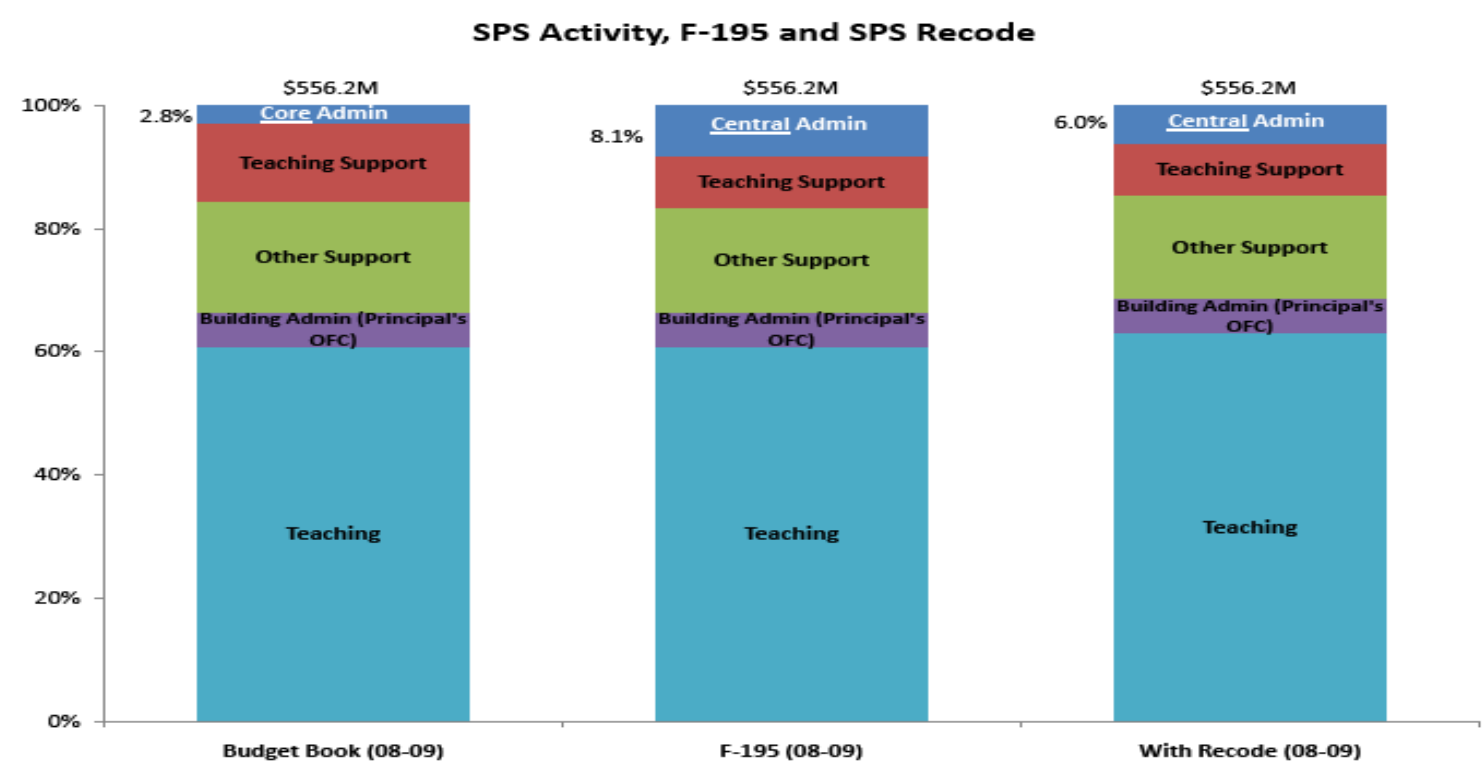
**Central Administration Costs as a % of Operating Budget
for Washington State Districts with 20,000 Students or More
(after corrected coding of teaching activities)**



source: <http://reportcard.ospi.k12.wa.us/Summary.aspx?groupLevel=District&schoolId=1&reportLevel=State&year=2008-09>

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Result of Correctly Coding Appropriate Staff to Teaching Activity (Code 27)



Budget Book Administrative Costs (Past Practice)

“Core” v. “Central”

To distinguish “core” central administration from the management of services, SPS reported in its Budget Book the cost of managing services as part of those services.

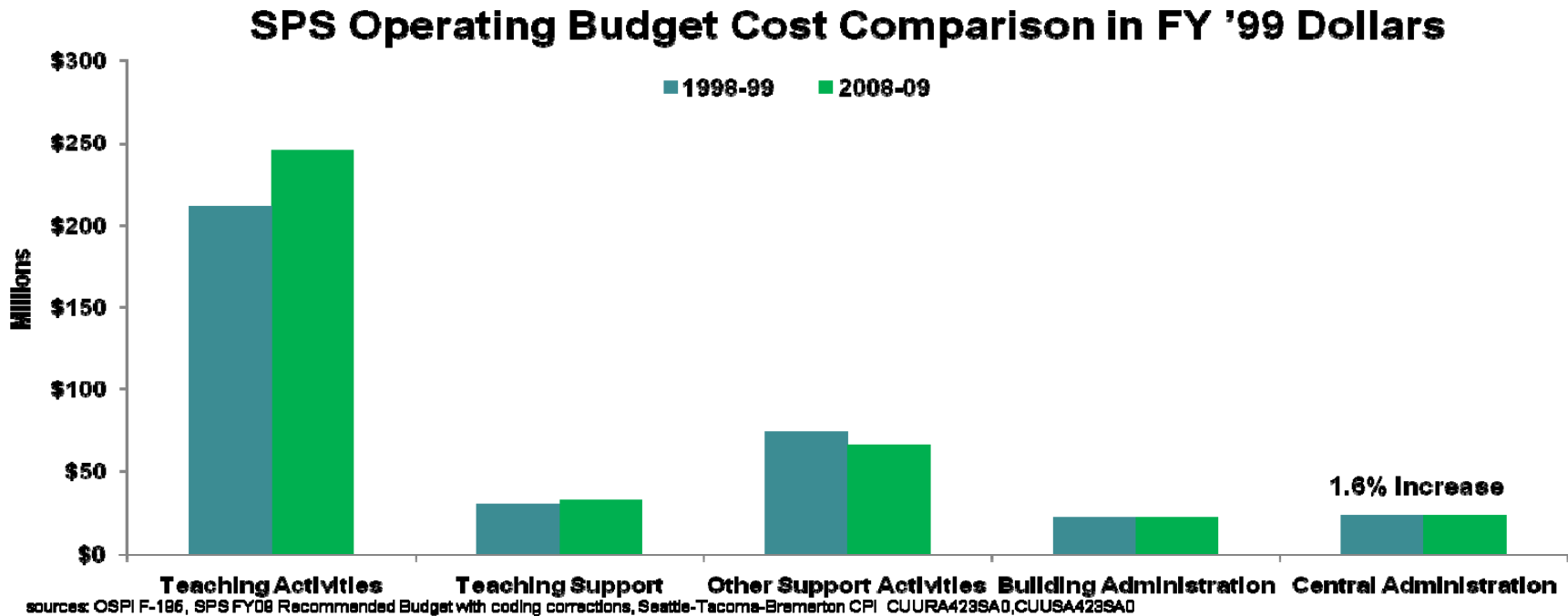
Example: Transportation Manager reported in Transportation rather than Central Administration

As per the Superintendent’s Procedure (addressed in slide 4), SPS’ 2010 – 2011 Budget Book will identify these costs as central administration consistent with the State’s F-195 report.

Central Administration FTE FY 1998 compared with FY 2009

Once the adjustments are made by correctly coding appropriate staff to Teaching Activity (refer slide 5), Central Administration FTEs have increased by 6 FTE or 2.0% over this period.

Increase in Central Administration: Dollars (adjusted for inflation)



SPS Executive/Managerial/Supervisory Ratios

Non-Supervisory Staff Were Incorrectly Coded

An October internal review found a number of staff were incorrectly coded as supervisors (state duty code 990). These positions have since been recoded in the district database and will be reflected accurately in all future state reporting.

This correction reduced the number of supervisors cited in the State's 2008 Performance Audit Report by 29 FTE or over 30%.

Examples of positions coded incorrectly include:

Applications Developer, Webmaster, Business Analyst

National Comparison

Seattle is currently participating in a Council of the Great City Schools survey designed to provide a consistent measure of administrative costs across districts.

Council membership includes the 100 largest districts in the nation.

The results of this survey are expected to be released after the first of the year.

Going Forward: SPS Reporting

Future F-195 Reports

FY2009 - 2010

The soon to be released 2009 – 2010 F195 report was prepared and submitted using the methodology of coding classroom support to administration instead of teaching. This report also shows the initial budgeting of Federal Stimulus Funds in administration instead of reporting where the funds will be transferred to (used) once fully programmed.

FY2010 - 2011

For the 2010 – 2011 F-195 report, SPS' will be reporting all teaching activities correctly and show where the Federal Stimulus Funds will be used (instead of transfers from central reserves)

Review of Findings

- **Errors in Reporting Identified**
 - Core v. Central Admin – Inconsistency with OSPI
 - Miscoding of Teaching Support on F-195 (\$11.7M)
 - Positions misclassified as supervisors (29 FTE)
- **What is Being Done to Correct the Errors**
 - New Superintendent's Procedure
 - Recoding of supervisor FTE
 - Changes to FY 11 Budget Development System

Review of Findings cont.

- **Impact of Corrections**
 - Central Administration costs at 6%, in-line with other districts
 - Over time, Central Administration costs have been flat
- **Next Steps**
 - Participating in national survey (CGCS)
 - Redesign of Budget Book
 - Continued Improvements in Reporting

Questions and Discussion



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