

## Key Points for Program Evaluation Division Report on DPI Business Functions

JLPEOC – April 16, 2014

Overall, the PED report outlines savings to the State without recognizing the cost-savings and added value that the services provide. Largely, these savings come at the expense of the schools:

	Amount	Revenue or Savings?
Transportation Formula (R)	\$ (19,260,085)	Cut to Schools' Transportation Funding – Transferred to Locals
Sale of Spare Buses (NR)	\$ 4,100,000	Sales Revenue to NC (Amount overstated)
Reduction of Bus Parts Inventory (NR)	\$ 2,980,000	One-time Cut to Transportation (not equal across the State; amount overstated)
Textbook Staff (R)	\$ (254,459)	Reduction to Receipts-based operational funding. No savings to State budget.

### Recommendation 1:

- Change transportation budget rating formula buffer
  - Response: 10% buffer acknowledges that no formula can account for all unique circumstances (e.g. extreme geography, school assignments, etc.). Reducing this buffer means that some of these counties may be underfunded
- Sell unnecessary spare buses
  - Response: inventory sample was misleading; less than 1.5% of fleet is considered to be excess spares; but, DPI supports the selling of excess buses
- Reduce bus replacement part inventories (stock levels too high)
  - Response: Agree that *some* LEAs have too much stock. DPI plans to increase training in this area
  - Response: Lower stock levels could yield additional expense (e.g. fixed shipping costs for multiple shipments) and extended bus out-of-service time due to shipping delays
- Require term contract for bus replacement parts with high sales volumes when practical/economical
  - Response: Agree that LEAs should purchase parts from state term contract when practicable
  - Response: Savings amount is overestimated since it does not take into account the 1.75% required eProcurement fee

### Recommendation 2:

- Improve DPI oversight over local bus maintenance operations
  - Response: Agree. Currently do oversight by sampling. Additional staff would allow more comprehensive oversight. Agreed with the use of data to prioritize inspections as recommended in the report

### Recommendation 3:

- Eliminate six positions and reallocate space in Textbook Warehouse
  - Response: Agree that decline in textbook funding has meant decline in Textbook Warehouse activity and State textbook purchases
  - Response: Anticipate increase in Textbook Warehouse activity with anticipated increase in textbook funding and utilization of warehouse and staff in support of digital learning initiatives

### Recommendation 4:

- DPI should justify Plant Operation and School Planning sections
  - Response: 74% of LEAs utilize Plant Operations at an estimated net savings to the State of over \$43,000

- Response: School Planning performs professional review for plans and designs of school buildings as required by G.S. 115C-521, administers the Facility Needs Survey, and maintains the state clearinghouse of prototypical school designs, in addition to administering the portion of the Lottery funds allocated for school construction. Only a few very small projects between 2008 and 2012 were completed without DPI review/input. Reviews save LEAs money and maintenance time due to examination of safety, efficiency and many other features

Recommendation 5:

- DPI should develop model injury prevention and return-to-work programs and require LEAs to implement programs
  - Response: DPI agrees and will develop model loss prevention for LEAs to follow
  - Response: DPI has already created a model return-to-work policy and has initiated a procedure to get feedback from third-party administrators for school resistance to allow employees to return to work
  - Response: DPI would need additional staff to conduct individual district assessments as recommended in the report

Recommendation 6:

- SBE should develop strategic goals and DPI should develop performance management system
  - Response: SBE has created and maintained strategic goals since mid-2000s and is currently getting feedback on the newest version (adopted by the State Board at their April 2014 meeting)
  - Response: DPI has used the Performance Navigator to monitor performance since 2008

Moreover, DPI shared with the PED team some feedback that was not incorporated into the final report:

- Textbook Warehouse
  - A 2003 study demonstrated the receipt-supported warehouse to be more cost-effective than a private depository or direct-to-school shipment of textbooks
  - The warehouse is anticipated to play a major role in the General Assembly meeting its goal of digital textbooks by 2017 (Session Law 2013-12)
- Performance Management
  - A 2011 audit by the State Auditor found that DPI's "key agency indicators are meaningful measures of its performance" and that DPI "has established policies and procedures necessary to ensure that key agency indicator data is accurate, complete, and consistent"