

# A Penny Saved

How Schools and Districts Can Tighten  
Their Belts While Serving Students Better

American Enterprise Institute

Thomas B. Fordham Institute

January 11, 2010

The collected papers from this conference are available online at  
[www.aei.org/event/100164](http://www.aei.org/event/100164).



# Managing for Results in America's Great City Schools

**Presentation to "A Penny Saved Conference"  
by the  
Council of the Great City Schools  
January 11, 2010**

# Initiatives by the Council of the Great City Schools to Improve Urban Public Education

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- Trial Urban District Assessment of NAEP
- Key Performance Indicators
- Beating the Odds state-test data by city
- Research on fast and slow improving urban districts
- Technical assistance to low-achieving cities
- Support for national academic standards and advocacy for accountability and performance

# Goals of the Key Performance Indicators

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- Improve management and operational efficiencies
- Save money
- Redeploy more resources into the classroom

# KPI Project Design

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- Measure operational performance in big city schools
- Compare performance across city school systems
- Identify and inventory management and operational practices in top performing districts
- Make better decisions

# Process of Developing Indicators

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- Developing and testing of prototype indicators
- Brainstorming which indicators added value to the efficiency of the organization
- Researching indicators in the private sector
- Developing performance measures for each indicator
- Designing methodologies for defining, quantifying, and aggregating data on each indicator using Six Sigma

# Scope of Indicators

		Performance Measures	Power Indicators
Business Operations	Food Services	18	4
	Maintenance & Operations	10	5
	Procurement	32	10
	Safety & Security	16	9
	Transportation	21	4
	<b>TOTAL</b>	<b>97</b>	<b>32</b>
Finance	Accounts Payable	13	6
	Cash Management	7	
	Compensation	16	4
	Financial Management	13	5
	Grants Management	6	3
	Risk Management	2	1
	<b>TOTAL</b>	<b>57</b>	<b>19</b>
Human Resources	Employee Relations & Services	10	4
	Human Resources Development	12	
	Operations & School Support	12	6
	Recruitment & Staffing	12	6
	<b>TOTAL</b>	<b>46</b>	<b>16</b>
Information Technology	Applications	5	1
	General Technology Information	4	3
	Help Desk	7	2
	Network Operations	9	3
	Information Technology Security	2	1
	<b>TOTAL</b>	<b>27</b>	<b>10</b>
		<b>227</b>	<b>77</b>

# Hierarchy of Indicators

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## ■ Power Indicators

Indicators a School Board and Superintendent would use to review district performance in non-instructional areas.

## ■ Performance Measures

Measures management teams and technical staff would use to assess operational performance within their respective areas.

# Example: Transportation Indicators

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- **Leadership:** Urban districts have the responsibility to ensure that students are able to get to school at a reasonable cost.

- **Power Indicators (examples):**

- Numbers of students transported*

- Daily cost per student*

- Efficiency of bus use*

- Percent of general fund spent on transportation*

- **Management and Technical Staff:** Senior managers design the transportation program and ensure students have access to it.

- **Performance Measures (examples):**

- *Age of fleet*

- *Daily ride time*

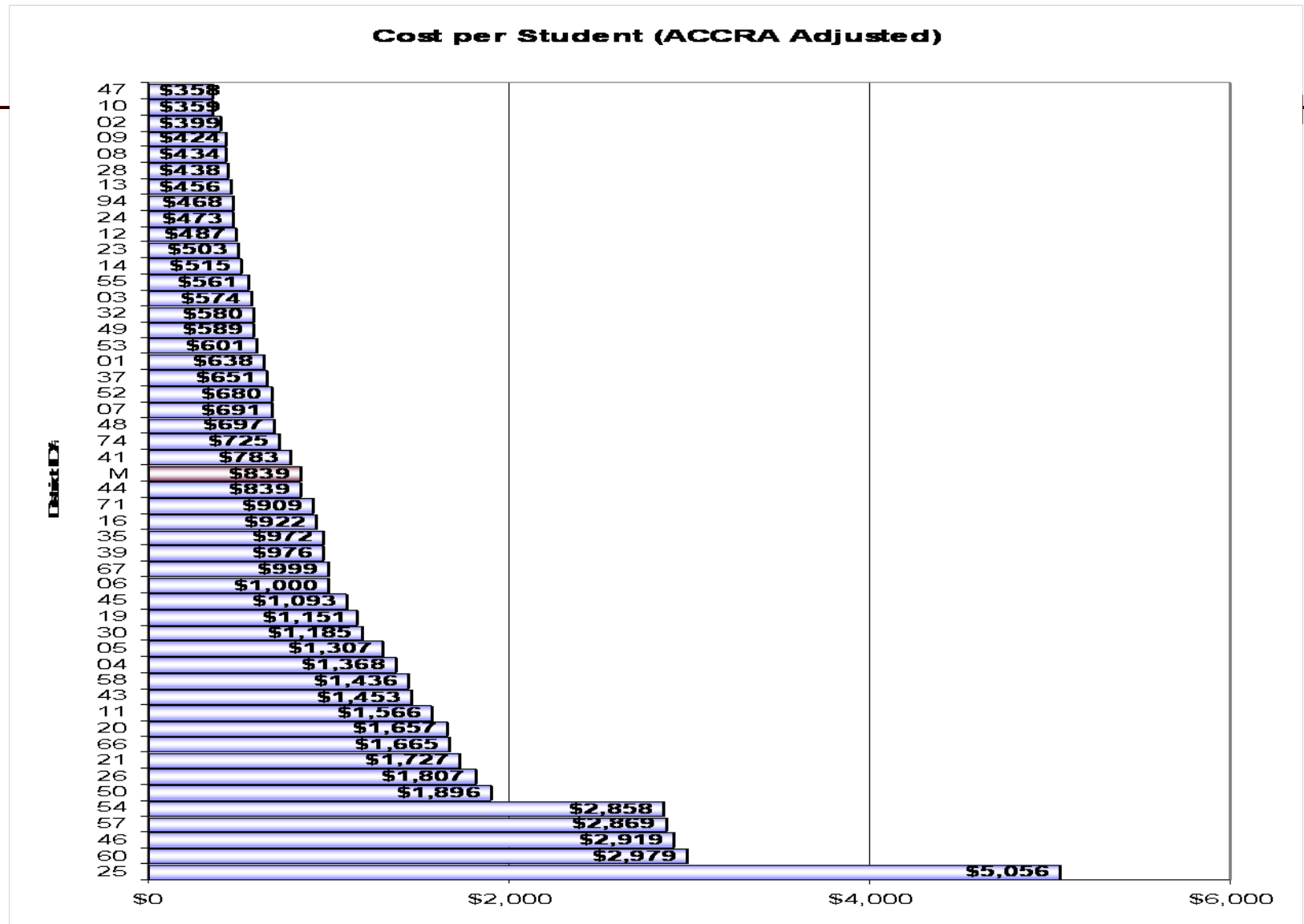
- *Cost per mile*

- *On time arrivals*

- *Dead-head miles*

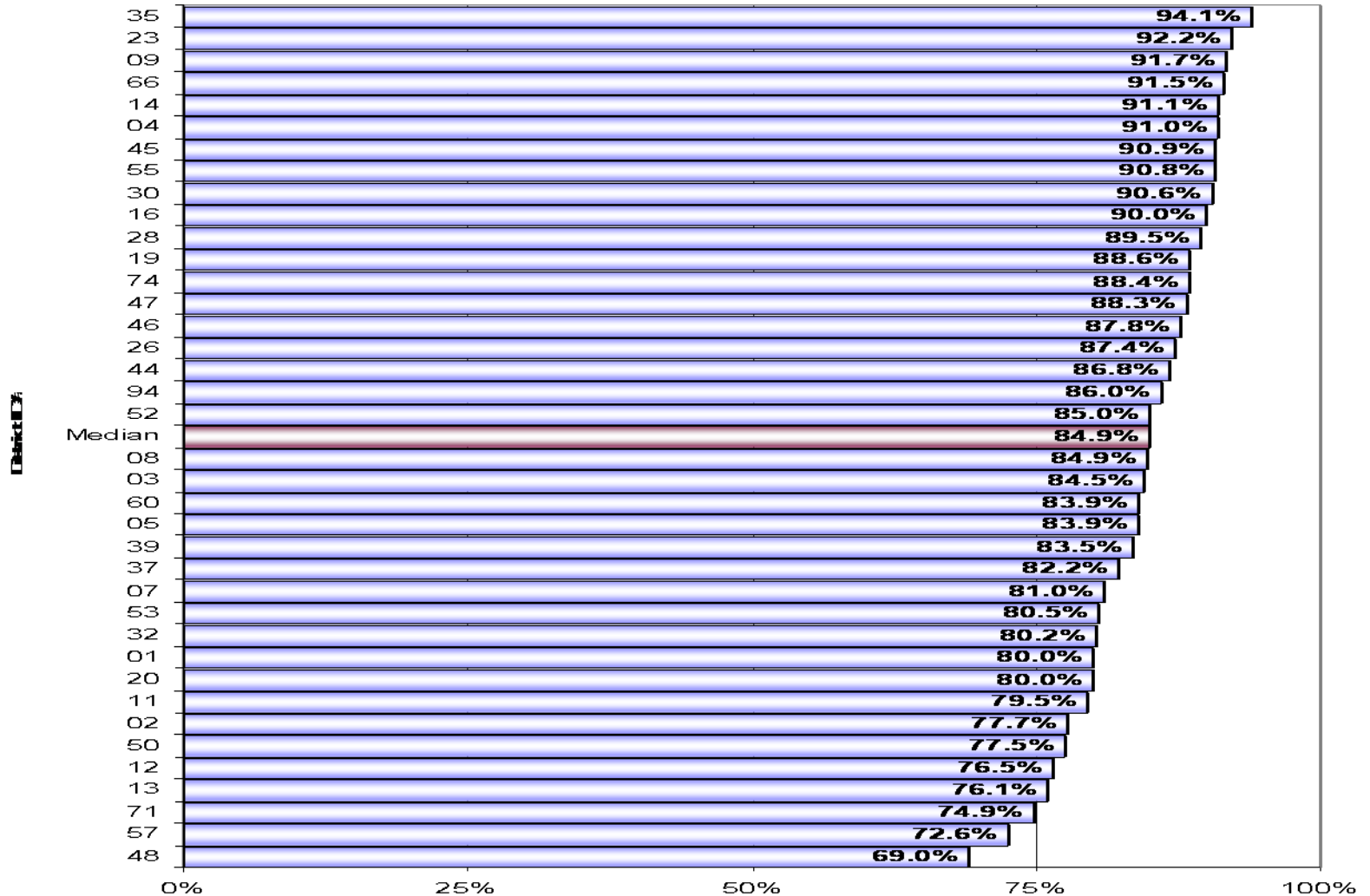
- *Mechanics per bus*

# Sample Transportation Indicator on Pupil Costs



# Sample Transportation Indicator on Bus Fleet

Daily Buses as Percent of Total Buses



# Moving the Needle on Transportation Costs

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- *Indicator*: Percent of Buses in Daily Use
- *Definition*: Number of daily buses *divided by* total number of buses.
- *Importance*: The goal of a well-run transportation department is to procure only the buses needed on a daily basis plus spares.
- *Cost savings*: If a district had 100 buses and only 69% were in operation on any given day, it might be able to sell 16 (in order to align with the median) at the expected depreciation rate and save \$320,000—enough to hire five extra teachers.

# Example: Finance Indicators

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- **Leadership:** Urban districts have the responsibility to ensure that they use tax-payer resources well.

## ***Power Indicators (examples):***

*General fund revenue and expenditure efficiency*

*General fund balance*

*Invoices processed*

- **Management and Technical:** Senior and technical officers are accountable for the financial operations and efficiency of the organization.

## ***Performance Measures (examples):***

- *Frequency of check runs*

- *Payroll errors*

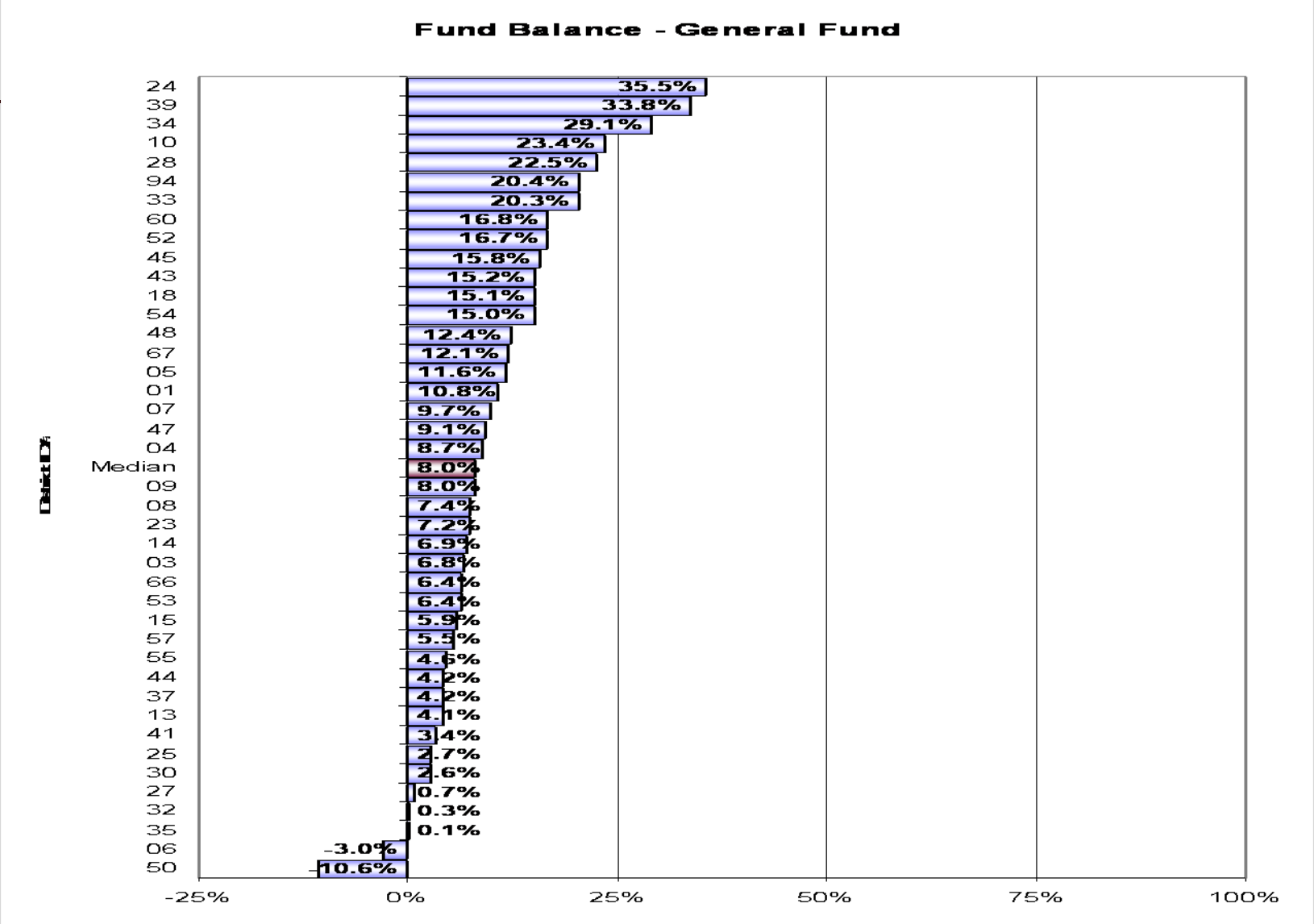
- *Investment benchmarks*

- *Timely access to grant funds*

- *District level of automation*

- *Direct deposits*

# Sample Finance Indicator on General Funds



# Moving the Needle on Financial Costs

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- *Indicator:* General fund balance
- *Definition:* Actual unreserved general fund balance on the General Fund Balance Sheet of the annual Comprehensive Annual Financial Report (CAFR) *divided by* total general fund expenditures.
- *Importance:* Ability to handle unforeseen contingencies.
- *Cost savings:* A district with a fund balance of 35.5 percent could save \$79 million by reducing the balance to the 8 percent median.

# Example: Human Resource Indicators

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- **Leadership:** Urban districts have the responsibility to ensure that every classroom is staffed each day with a highly qualified teacher .

***Power Indicator (examples):***

*Teacher positions vacant on first day of school*

*Time to hire new teachers*

*Teacher retention rates*

- **Management and Technical Staff:** Senior officers are responsible for designing programs to attract and retain highly qualified teachers.

***Performance Measures (examples):***

- *% of highly qualified candidates in pool*

- *Teacher absenteeism rates*

- *Grievances filed*

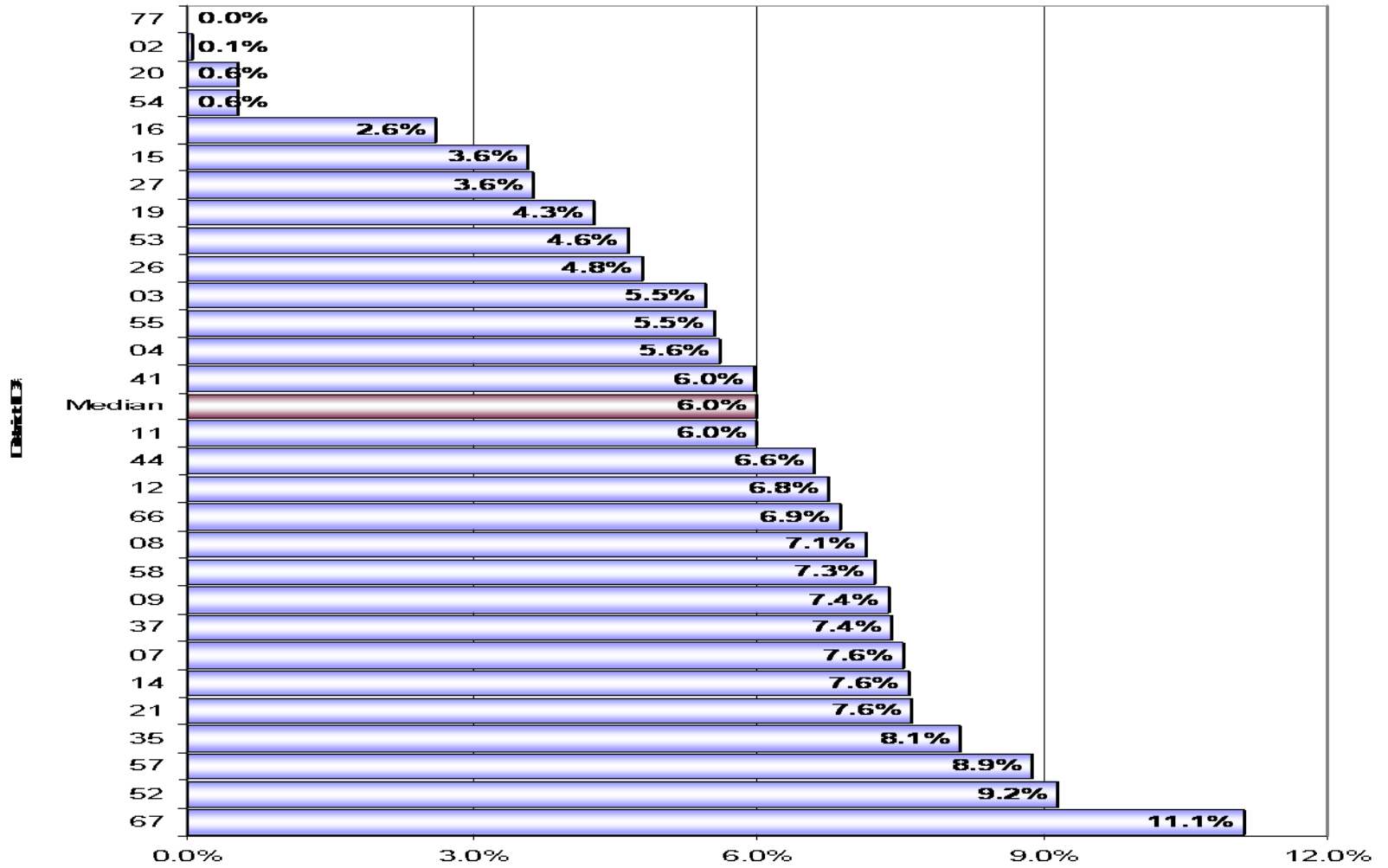
- *% of teachers retained after one, three and five years*

- *Percent of staff rated as satisfactory*

- *Time to complete personnel actions*

# Sample HR Indicator on Teacher Absenteeism

**Percent of Lost Instructional Days Due to Teacher Absences**



# Moving the Needle on Human Resource Costs

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- *Indicator*: Instructional days lost to teacher absenteeism
- *Definition*: Number of student attendance days that classroom teachers were absent *divided by* (number of annual attendance days *times* number of teachers).
- *Importance*: Instruction cannot take place without a qualified educator in the classroom.
- *Cost savings*: A district with 10,000 teachers and absenteeism rate of 11.1% could save \$230,000 by lowering rate to 6%.

# What's Next?

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- Finalize automation of collecting and analyzing all measures
- Establish electronic dashboards and scorecards, and allow district queries of high and low performance
- Establish standards along with medians
- Conduct analyses of trends in data
- Conduct case studies to identify effective management practices on power indicators
- Develop a framework for a strategic management model to drive results

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