

OHIO AUDITOR OF STATE
KEITH FABER



Stow-Munroe Falls
City School District

Performance Audit

October 2022

OHIO AUDITOR OF STATE
KEITH FABER



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To the Stow-Munroe Falls City School District community,

The Auditor of State's Office recently completed a performance audit for the Stow-Munroe Falls City School District (the District). The District was selected for a performance audit based on its projected financial condition. This review was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. The performance audit has been provided at no cost to the District through state funds set aside to provide analyses for districts that meet certain criteria, including conditions that would lead to fiscal distress.

This performance audit report contains recommendations, supported by detailed analysis, to enhance the District's overall economy, efficiency, and/or effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management. The District has been encouraged to use the recommendations contained in the report and to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report.

This data-driven analysis of operations provides the District valuable information which can be used to make important financial decisions. Additional resources related to performance audits are available on the Ohio Auditor of State's website.

This performance audit report can be accessed online through the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

Keith Faber
Auditor of State
Columbus, Ohio

October 6, 2022

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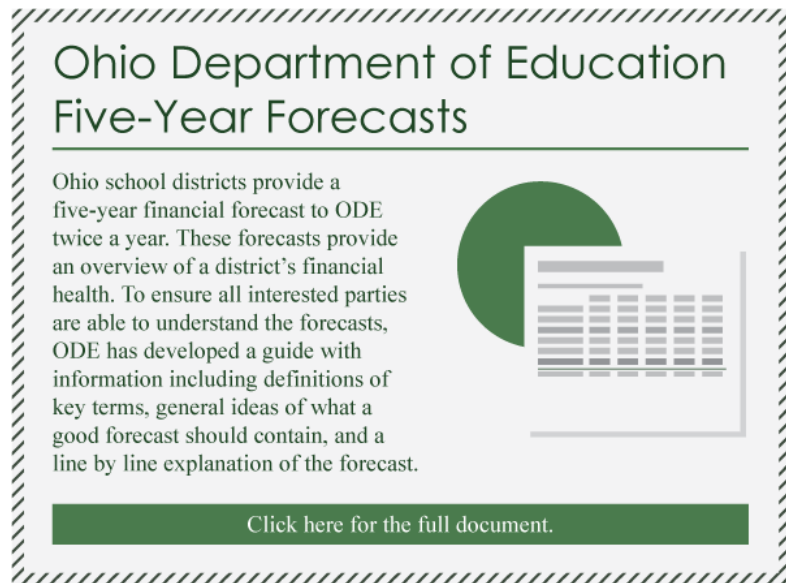
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Introduction

The public expects and deserves government entities to be good stewards of taxpayer dollars. School officials have a responsibility to maximize program outcomes and success while minimizing costs. Transparent management of taxpayer dollars promotes a good relationship with the constituents served by a school district. School districts in Ohio are required to submit budget forecasts to the Ohio Department of Education (ODE) annually in the fall, with updates to the forecast submitted in the spring.¹ These documents provide three years of historical financial data, as well as the projected revenues and expenses for a five-year period.



The graphic features the title "Ohio Department of Education Five-Year Forecasts" in a large, dark green font. Below the title, there is a block of text explaining that Ohio school districts provide a five-year financial forecast to ODE twice a year. It states that these forecasts provide an overview of a district's financial health and that ODE has developed a guide to help interested parties understand them. The guide includes definitions of key terms, general ideas of what a good forecast should contain, and a line-by-line explanation of the forecast. To the right of the text is a stylized graphic of a green circle partially overlapping a white document with a grid pattern. At the bottom of the graphic is a green button with the text "Click here for the full document."

The Ohio Auditor of State’s Office Ohio Performance Team (OPT) routinely reviews the submitted forecasts in order to identify districts which may benefit from a performance audit. These audits are designed to assist school districts that are struggling financially. We use data-driven analyses to produce and support recommendations that identify opportunities for improved operations, effectiveness, increased transparency and reductions in cost. While we have the authority to initiate a performance audit for school districts facing financial distress, any school district can request, and benefit from, an audit.²



NOTE TO REPORT USERS

Due to the COVID-19 pandemic, districts received federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The aid was provided through Elementary and Secondary School Emergency Relief (ESSER) funding. Nearly \$500 million was allocated to traditional public schools and community schools throughout Ohio. Districts are allowed to use this funding on a variety of expenditures, and it may, for a short time, impact the five-year forecasts.

¹ Ohio Rev. Code § 5705.391 and Ohio Admin. Code 3301-92-04.

² Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see [Appendix A](#) for more details.

Stow-Munroe Falls City School District

Stow-Munroe Falls City School District (SMFCSD or the District) is located primarily in Summit County. SMFCSD operates under an elected Board of Education, which consists of five members, and is responsible for providing public education to residents of the District. The District spans 21 square miles and has a median income of \$44,592. In FY 2021, the District had 5,112 students enrolled and 14.9 percent were students with disabilities.

SMFCSD has projected significant deficits in the near future. To address the current budget shortfall, the District has a proposed emergency tax levy on the November ballot. If passed, this levy would raise approximately \$8 million annually and be used for general operating expenses and collections would begin immediately with the first payment expected in January 2023. The levy would assess an additional 6.9 mills on residential properties, which is approximately \$242 for every \$100,000 in assessed property value. However, based on the most recent five-year forecast, this levy alone would not be sufficient to fully resolve the District's projected deficit by the end of the forecast period. It should be noted that the District has an existing emergency levy that will expire at the end of 2023, which currently raises \$7.3 million annually. In order to maintain existing revenue levels, the District will need to renew this levy and has indicated plans to put an issue on the May 2023 ballot.

Audit Methodology

Our audit focuses on identifying opportunities where expenditures may be reduced as the District administration has the ability to make decisions in these areas. The information, which was presented to District officials, is based on a combination of peer district comparisons, industry standards, and statewide requirements.

Two groups of peer districts were identified for the purpose of this audit. The first, local peers, are comprised of districts in the surrounding area and are used for labor market comparisons, such as salary schedules. The second peer group, primary peers, are districts located throughout Ohio and are chosen based on having a similar or better academic performance while maintaining relatively lower spending per pupil. Primary peer districts are used for financial comparisons and analyses regarding operations such as staffing levels. See [Appendix A](#) for a list of all districts used in our peer comparisons.

Where appropriate or necessary, industry standards and state minimum standards are also used for analysis purposes. While operating at state minimum standards may drastically change service levels within the District, SMFCSD must make necessary decisions to maintain positive fund balances.

Financial Condition

In November 2021, the District released its semi-annual five-year forecast which showed negative year-end fund balances in the forecast period beginning in FY 2024. A summary of this forecast is seen in the table on the following page. Due to the declining fiscal condition of the District, and in consultation with ODE, we chose to conduct a performance audit.

Financial Condition Overview (November 2021)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Revenue	\$60,179,339	\$59,763,705	\$56,544,721	\$53,449,390	\$53,533,540
Total Expenditures	\$63,768,951	\$67,765,359	\$71,587,460	\$73,267,490	\$75,076,421
Results of Operations	(\$3,589,612)	(\$8,001,654)	(\$15,042,739)	(\$19,818,100)	(\$21,542,881)
Beginning Cash Balance	\$13,112,440	\$9,522,828	\$1,521,174	(\$13,521,565)	(\$33,339,665)
Ending Cash Balance	\$9,522,828	\$1,521,174	(\$13,521,565)	(\$33,339,665)	(\$54,882,546)
Encumbrances	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$3,805,141	\$11,266,202	\$18,727,263
Ending Fund Balance	\$8,522,828	\$521,174	(\$10,716,424)	(\$23,073,463)	(\$37,155,283)

Source: ODE

In May 2022, the District released an updated forecast. The forecast, as summarized in the table below shows an improved financial condition, due in part to budget reductions and lower than expected benefit expenditures. While slightly improved, the District's May 2022 five-year forecast continues to project negative year-end fund balances beginning in FY 2024. This deficit is projected to grow to more than \$32 million by the end of the forecast period in FY 2026.

Financial Condition Overview (May 2022)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Revenue	\$60,594,648	\$59,969,375	\$56,661,336	\$53,557,651	\$53,639,415
Total Expenditures	\$63,403,140	\$66,106,000	\$71,013,475	\$72,639,231	\$74,411,242
Results of Operations	(\$2,808,492)	(\$6,136,625)	(\$14,352,139)	(\$19,081,580)	(\$20,771,827)
Beginning Cash Balance	\$13,112,440	\$10,303,948	\$4,167,323	(\$10,184,816)	(\$29,266,396)
Ending Cash Balance	\$10,303,948	\$4,167,323	(\$10,184,816)	(\$29,266,396)	(\$50,038,223)
Encumbrances	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$3,790,028	\$11,221,455	\$18,652,882
Ending Fund Balance	\$9,303,948	\$3,167,323	(\$7,394,788)	(\$19,044,941)	(\$32,385,341)

Source: ODE

In response to the projected deficits, the District submitted a plan to ODE in May of 2022 outlining steps that were planned to reduce expenditures. These included items such as reductions in the number of teachers beginning in FY 2023 and the reallocation of funds meant to be used for capital expenditures. These expenditure reductions were not included in the May 2022 forecast. After the plan was submitted to ODE, the District also negotiated a two percent raise for all employees in FY 2023. This increase in expenditures is also not included in the May 2022 forecast. Because the District did not forecast these changes and because the impact they will have on overall revenues and expenditures is not immediately known, we did not consider them for purposes of our analyses.³

The District's proposed new emergency levy is also not included in the summary above. This levy, which would be used to maintain daily operations such as teacher and staff salaries, would raise enough funds to postpone the District's negative fund balance, as projected in the May 2022 forecast, but will not eliminate the deficit at the end of the forecast period in FY 2026. This means that without additional revenues or spending cuts the District would continue to have an operational deficit, leading to declining fund balances during the forecast period.

School Funding

Historically, school funding in Ohio has been a partnership between the state and local districts. Local districts can raise funds through property and income taxes and the state provides funding primarily through a foundation formula, which is intended to ensure a basic level of education funding for all students. Districts may also receive some funding from other sources, such as federal grants. In FY 2021, of the approximately \$25.3 billion in reported revenue for public education in Ohio, nearly 84 percent, or \$21.2 billion, came from state and local sources.

State Funding

On June 30, 2021 House Bill 110 of the 134th General Assembly (the biennial budget bill) was signed by the Governor. This bill included changes to the state foundation funding formula, commonly referred to as the Fair School Funding Plan, which replaced the previous state funding allocation model. This new model establishes and implements a cost methodology using student-teacher ratios, minimum staffing levels, local property values, and district-level income data. Further, the legislation includes guarantees to ensure no school district receives less funding than it did in FY 2021.

The new model is planned to be phased-in over several years, which will impact the amount of state funding received under the new formula over the period of the phase-in. During the phase-in period, the amount of state funding received in any given year may be less than what would

³ In addition, the District has indicated future plans for a facilities bond levy to raise funds to address their aging facilities.

have been received if the formula were fully funded. ODE transitioned to the new funding model in January of 2022.

Local Funding

Local revenue can be raised through a combination of property and income taxes. While property taxes are assessed on both residential and business properties within a district, income tax is assessed only on residents⁴ – that is, individuals who work in a district but do not reside there would not be assessed an income tax on wages. Approximately one third of Ohio school districts currently have an income tax.

Property Tax

Property taxes levied in Ohio are subject to restrictions in the Ohio Constitution⁵ and the Ohio Revised Code (ORC).⁶ These restrictions limit the amount of tax that can be levied without voter approval to 10 mills⁷ or 1 percent of property value. While the Constitutional limitation is based on fair market value, the ORC sets a more restrictive limit based on taxable value which is defined as 35 percent of fair market value. These taxes are split between the various taxing districts that operate where a property is located.

The 10 mills allowed by the Constitution are typically referred to as inside, or un-voted mills. Inside mills for school districts varies. On average, school districts have approximately 4.7 inside mills, and the remainder of property tax revenue would come from voted, or outside millage.

School districts can obtain additional property tax revenue through voter approved bonds and levies. These taxes can have a variety of purposes that are defined in the authorizing language which are generally divided into three broad categories: general operations, permanent improvement, and construction.

Levies may be defined as either a fixed-rate or a fixed-sum. A fixed-rate levy identifies an amount of mills that will be assessed in order to raise revenues. If new construction occurs within the district, the rate would apply and the district would realize additional revenues. Current expense levies, used for general operations, and permanent improvement levies are typically fixed-rate. A fixed-sum levy identifies an amount that will be generated from the levy. While there may be an estimated millage rate, the actual rate will vary based on assessed property values. If new construction occurs within the district, there would be no new revenues

⁴ See <https://tax.ohio.gov/wps/portal/gov/tax/individual/school-district-income-tax>.

⁵ Ohio Const. Art. XII, Section 2.

⁶ Ohio Rev. Code § 5705.02.

⁷ A mill is defined as one-tenth of one percent or \$1 for every \$1,000 of taxable value.

for a fixed-sum levy. Emergency levies⁸ for general operations, and bond levies for the financing of new buildings, are typically fixed-sum levies.

Ohio has historically had laws which limit the impact rising property values can have on property taxes. The most recent version of these limitations was enacted in 1976 and requires that the amount collected on fixed-rate millage is frozen at the dollar value collected in its first year.⁹ In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.¹⁰ Instead, the outside mills are subject to reduction factors¹¹ which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.¹²

However, under state law, in order to receive state foundation funding, a district must collect a minimum of 20 mills in property taxes for general purposes, or current expenses.¹³ In order to prevent a district from failing to meet this minimum threshold, reduction factors stop being applied once a district reaches an effective rate of 20-mills colloquially known as the 20-mill floor. Practically speaking, this means that if a district's effective tax rate is reduced to 20 mills for current expenses, the amount of revenue generated from levies will increase with property values unless a new operating levy is approved by voters. It is important to note not all levies count toward the 20-mill floor.

Ultimately, the mixture of property taxes approved by voters can have a wide-ranging impact on both the revenues collected by a district and the amount of tax that individual property owners are required to pay on an annual basis.

Income Tax

A school district income tax is an alternative method of raising local revenue. Like property taxes, an income tax must be approved by voters and may be for either general use or specific purposes, such as bond repayment. Once approved, a tax becomes effective on January 1st of the following year. Unlike municipal income taxes which are generally levied on wages earned in the municipality by both residents and nonresidents, school district income taxes are levied on

⁸ Authorized by ORC §5705.194.

⁹ Am.Sub.H.B. No. 920, 136 Ohio Laws, Part II, 3182, 3194.

¹⁰ If property value decreased due to reappraisal, it is possible that a district would receive less revenue than originally intended.

¹¹ ORC § 319.301.

¹² We are providing this information for historical purposes only. The law which regulates collection of on outside millage has been amended since enacted in 1976. The District should consult with the most current version of the law for a clear understanding of how this process works today.

¹³ The term 'current expense' refers to revenue generated from levies that are not restricted in their use. It does not include bonds or levies that generate revenues for restricted funds, such as Permanent Improvement levies.

wages earned by residents of the district, regardless of where the resident may work. Businesses operating within the school district are not required to pay the income tax.

A school board, when determining that an income tax is necessary for additional revenue, must submit a resolution to the Ohio Tax Commissioner identifying the amount of revenue to be raised and the tax base to be used for calculations. A school district income tax can be assessed on either a traditional tax base or an earned income tax base. The traditional tax base uses the same income base as Ohio's income tax and the earned income tax base is only earned income from an employer or self-employment. Under the earned income tax base, income such as capital gains or pension payments is not taxable, though this type of income may be taxed under the traditional tax base. Once this information is received, the Tax Commissioner identifies the income tax rate and equivalent property tax millage for the district.

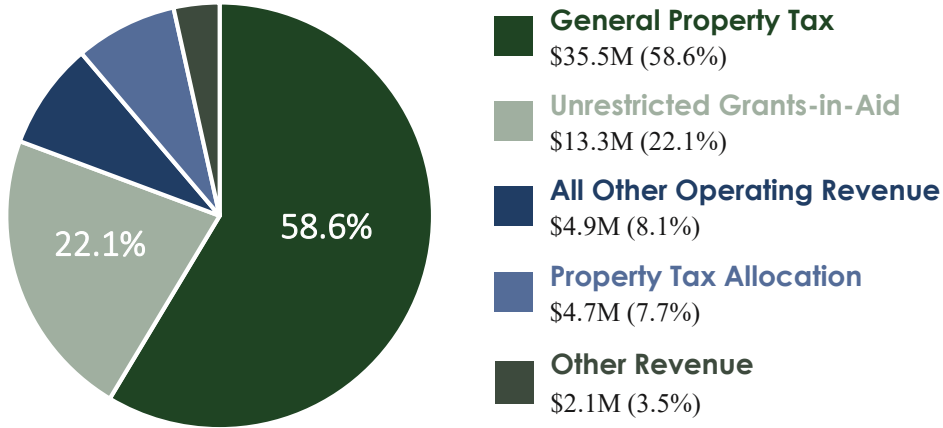
The Ohio Department of Taxation collects income tax through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as are currently used for state income taxes. Districts receive quarterly payments from the Department of Taxation and each payment is for the amount collected during the prior quarter. A district receives the total amount of revenue collected less a 1.5 percent fee retained by the state for administration purposes. The amount of revenue collected via income tax each year will vary based on the earnings of the district's residents.

SMFCSD Revenues

In FY 2021, the District's total General Fund revenue was approximately \$60.5 million. The District's primary sources of revenue are general property taxes and state foundation funding. The remaining revenue is comprised of a variety of sources as seen on the following page.

FY 2021 Total General Fund Revenue Composition

Total: \$60.5M



Source: ODE

Note: Other Revenue includes Tangible Personal Property Tax, Restricted Grants-in-Aid, and All Other Financing Sources.

Note: Unrestricted grants-in-aid is comprised primarily of state foundation funding.

In 2021, SMFCSD collected revenues on 38.83 mills of property tax for residential properties.¹⁴ This included 4.74 inside mills and 15.27 outside mills for current expenses. In addition to the 20.01 mills collected for current expenses, the District collects additional property tax revenue that does not count toward the 20-mill floor. In 2021, this additional millage totaled 18.82, with 16.56 mills from three separate emergency levies and 2.26 mills from permanent improvement levies.

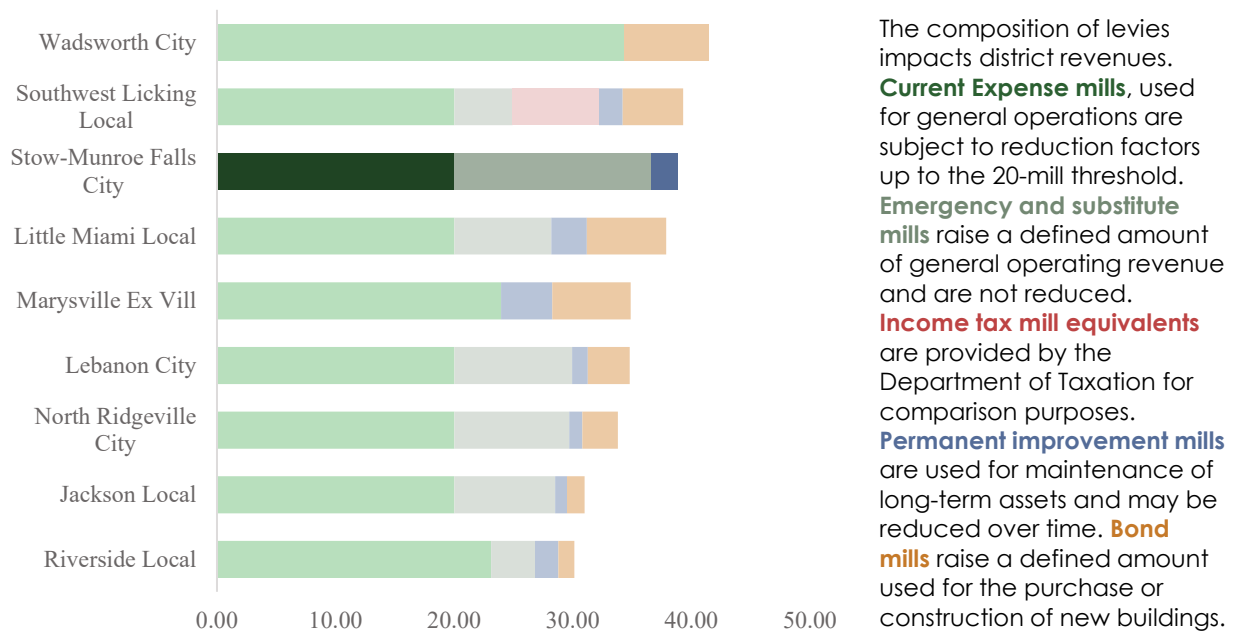
Because the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for SMFCSD to that of its primary peers. Primary peers are presented for comparison purposes as these districts have similar or better academic performance as SMFCSD while maintaining lower spending per pupil.

The millage rate for each of the peer districts can be used as a point of comparison in regards to revenue generation by the local community. This comparison is found in the following chart. The green portion of the bar represents the current expense millage rate where three of the peers, like the District, are on the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding. While SMFCSD does not have a school district

¹⁴ Residential and agricultural property is considered Class 1 real estate. Commercial Property is considered Class 2 real estate and subject to a different set of reduction factors. The effective millage rate for Class 2 property in 2021 was 41.01.

income tax, one primary peer does have revenue from income taxes. This revenue is converted to an estimated millage equivalent by the Department of Taxation and represented in pink.

2021 Millage and Millage Equivalents | Primary Peers



Source: Ohio Department of Taxation

Overall, the District’s effective millage rate of 38.83 is one of the highest compared to primary peers. Because the District is at the 20-mill floor, it will receive additional revenues as property values increase. Notably, many of the primary peers are also at the 20-mill floor, so they too would see increased revenue related to increases in property values. These peers would also likely see increased revenue from other property and income taxes as well.

It is important to understand that the revenue generated from bond and emergency levies will remain the same regardless of changes to property values as they are voted as a fixed-sum levy, these levies also expire after a set period of time. The revenue generated from current expense millage and permanent improvement millage also stay the same, until the 20-mill floor is hit for current expense taxes. At that point, a district on the floor would see additional revenues from increases in value to existing properties.

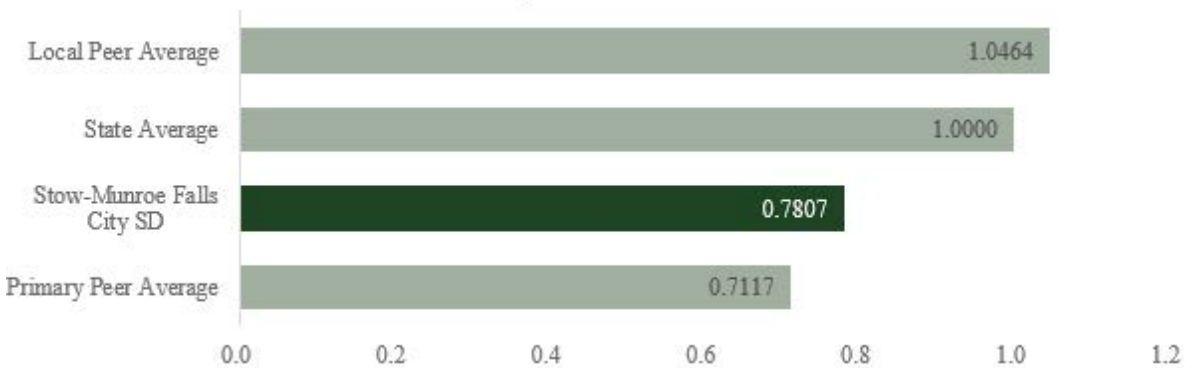
The District’s local peer millage comparison can be found in [Appendix B](#). At the local level, property taxes could be a determining factor in choosing where to live. However, the amount of revenue generated through local property and income taxes could vary greatly based on the overall wealth of each community.

Local Tax Effort

ODE uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents' abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education. This index uses median income data and provides context to better understand a community's tax burden, not only compared to other districts, but also as a function of the residents' ability to pay.

On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. The index is updated annually by ODE as part of its District Profile Reports, also known as the Cupp Report, to reflect changes in local conditions from year to year.

FY 2021 Local Tax Effort Comparison



Source: ODE

The District's local tax effort was compared to the local peers, primary peers, and the state average. The District has a local tax effort of 0.7807, which is lower than the state average. Out of 612 school districts, SMFCSD's local tax effort ranks 452nd in the state, which is approximately the 25th percentile of all districts. By comparison, the local peer average of 1.0464 would rank approximately 272nd out of all 612 districts, or the 55th percentile. SMFCSD's local tax effort could change as a result of the passage of any additional tax initiatives.

Revenue per Pupil

Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. Because our audit focuses on the projected deficit in the five-year

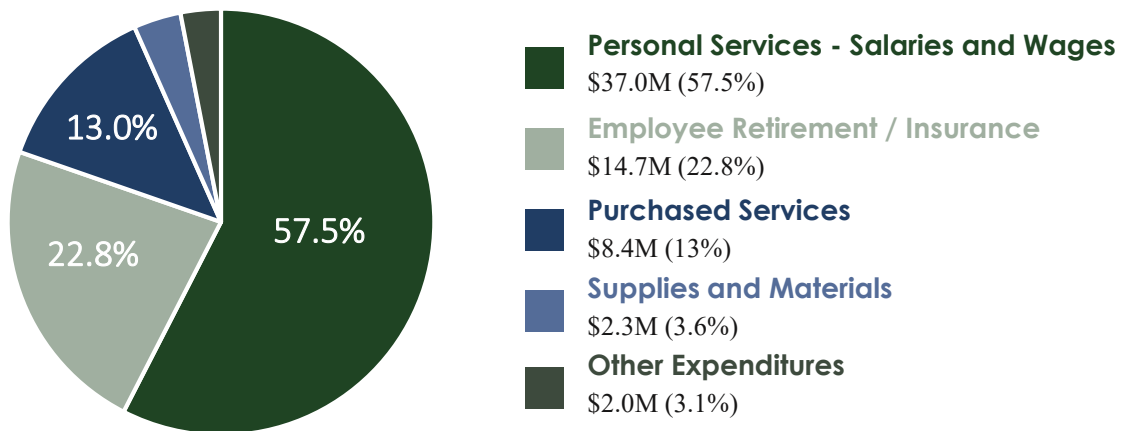
forecast, we reviewed only the forecasted fund revenues for this purpose.¹⁵ In FY 2021, the District received \$11,968 per pupil, with 58.3 percent, or approximately \$6,977, coming from local taxes.¹⁶ In FY 2021, the primary peer average was \$11,518 per pupil, with 57 percent, or \$6,568, coming from local taxes. The District’s local revenue was higher than the primary peer average in FY 2021.

Expenditures

In FY 2021, the District’s total expenditures were \$64.4 million. The largest source of expenditures was human resources, which includes salaries, wages, and benefits, followed by purchased services. The chart that follows provides additional detail regarding District expenditures.

FY 2021 Total General Fund Expenditure Composition

Total: \$64.4M



Source: ODE

Note: Other Expenditures includes Capital Outlay, Operating Transfers-Out, Principal on Loans, Interest & Fiscal Charges, and Other Objects.

¹⁵ Forecasted funds include the District’s General Fund and funds received from emergency levies.

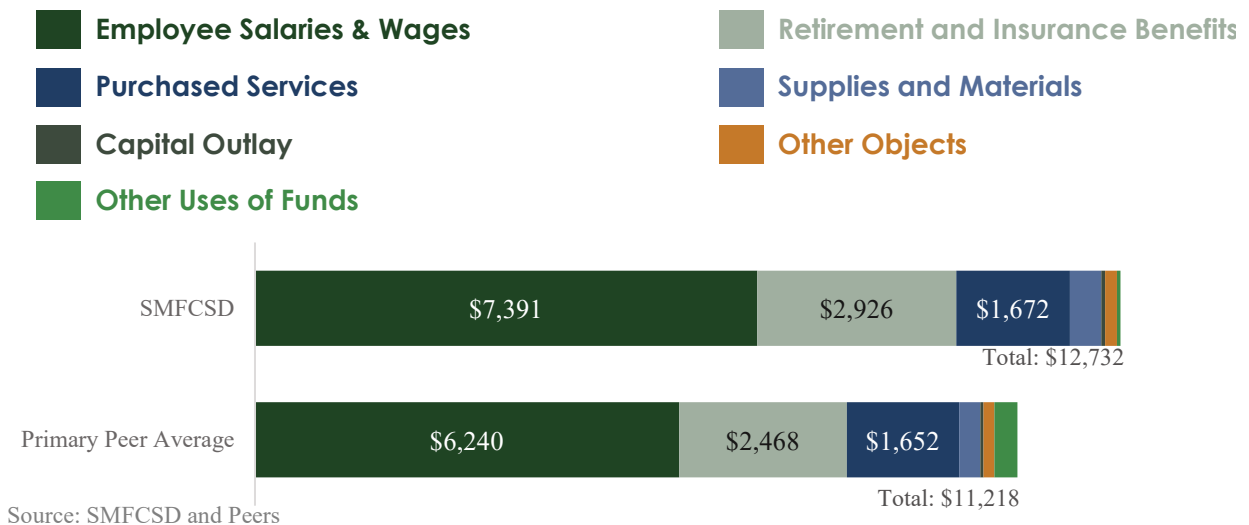
¹⁶ The Cupp Report, issued by ODE, provides information on all revenues received by a district. Because of this, the percentage of revenues from local revenues in the Cupp report may vary from the amount in our report due to the inclusion of additional revenues. This is particularly true when reviewing FY 2021 data as districts received federal funding for COVID-19 relief through ESSER grants.

Expenditures per Pupil

In FY 2021, SMFCSD spent \$12,732, or 13.5 percent more, per pupil when compared to the primary peer average of \$11,218 per pupil. The District spent more than the primary peer average on employee salaries and wages, employee benefits, purchased services, supplies and materials, capital outlay, and other objects. The District spent less than the primary peer average on other uses of funds.¹⁷

The chart that follows provides a graphic comparison of expenditures per pupil for SMFCSD and the primary peer average.

FY 2021 Total Expenditures Per Pupil



Results of the Audit

Based on an initial analysis of the District’s data as compared to its peer groups, the following scope areas were included for detailed review and further analyses: Financial Management, Human Resources, Facilities, Transportation, and Food Service. We identified six recommendations which would result in reduced expenses or an improvement in the District’s operational management based on industry standards and peer averages. These six

¹⁷ The category of “Other Objects” includes things such as interest on loans and other debt service payments dues and fees, and insurance. “Other Uses of Funds” mainly consists of transfers, contingencies, and payments to refunded bond escrow agent.

recommendations are referred to as **Tier I** recommendations in the audit. The table below provides a summary of the **Tier I** recommendations identified in this report.

Summary of Tier I Recommendations

Recommendations	Average Annual Savings
R.1 Eliminate 16.5 FTEs from Direct Student Education and Re-align 1.0 FTE Support Positions above the Peer Average	\$1,372,000
Eliminate 12.5 FTE Teachers	\$889,200
Eliminate 4.0 FTE K-8 Art/Music/PE teachers	\$427,800
Re-align 1.0 FTE Library Staff	\$55,000
R.2 Renegotiate Collective Bargaining Agreement Provisions	N/A
R.3 Align Certificated & Classified Salary Schedules with Local Peer Average	N/A
R.4 Align Employer Medical & Dental Insurance Costs with SERB Regional Average	\$623,800
R.5 Reduce 4.5 FTE Buildings & Grounds Staffing to Benchmark	\$275,800
R.6 Eliminate 7 Bus Route Driver Positions	\$183,800
Average Annual Cost Savings from Performance Audit Recommendations	\$2,455,400

Note: These estimated savings reflect the average annual savings that could be achieved in FY 2024 through the remainder of the forecast period.

Note: Numbers in this table are rounded down to the nearest \$100 to provide conservative estimates and for readability purposes.

The impact of this audit’s **Tier I** recommendations on the May 2022 five-year financial forecast is shown in the following table. This table reflects the cumulative financial impact of the implementation of these recommendations on the five-year-forecast.

Results of the Tier I Audit Recommendations

	FY 2023	FY 2024	FY 2025	FY 2026
Original Ending Fund Balance	\$3,167,323	(\$7,394,788)	(\$19,044,941)	(\$32,385,341)
Cumulative Balance of Tier I Recommendations	\$0	\$2,231,858	\$4,754,548	\$7,367,255
Revised Ending Fund Balance with Tier I Recommendations	\$3,167,323	(\$5,162,930)	(\$14,290,393)	(\$25,018,086)

Source: SMFCSD

The District’s current financial condition is such that implementation of these **Tier I** recommendations would not resolve the projected deficit fund balance in the most recent five-year forecast. Because of this, we identified additional recommendations that the District can consider that go beyond alignment with peer averages and industry standards. In the audit, **Tier II** recommendations are those that have potential for increased savings but do not include additional personnel reductions. **Tier III** recommendations are additional personnel reductions

identified on a case-by-case basis in areas where the District was staffed in-line with, or lower than, the respective peer averages. The potential cost savings associated with **Tier II** and **Tier III** recommendations are seen in the table below. These estimated savings reflect the average annual savings that could be achieved in FY 2024 through the remainder of the forecast period.

Additional Recommendations

Recommendations		Savings
Tier II	Eliminate General Fund Subsidy of Extracurricular Activities	\$828,900
Tier II	Implement Salary Freeze	\$1,547,100
Tier II	Eliminate Tuition Reimbursement Provision from CBAs	\$35,000
Tier III	Consider reducing Classroom Teachers to State Minimums	\$4,344,700
Tier III	Eliminate 1.0 FTE Building Administrator	\$126,500
Tier III	Eliminate 1.0 FTE Building Support Staff	\$74,100

Note: The cost savings associated with a salary freeze is based on current staffing levels. Actual savings may be less if staffing reductions in Tier I are made.

Note: Numbers in this table are rounded down to the nearest \$100 to provide conservative estimates and for readability purposes.

When considering implementation of either **Tier II** or **Tier III** recommendations, the District must consider the impact on overall operations. The recommendations identified in **Tier II** could require contract negotiations and may not be implemented immediately. Reducing the number of general education teachers in the District is something that officials are able to do without negotiations. However, doing so may result in SMFCSD operating at levels that would likely impact the level of services provided to the community. District officials may wish to consider implementing any of these additional recommendations, or some combination of them, based on the current financial condition of the District.

It should be noted that the implementation of the recommendations in this report would not fully address the District’s projected deficit. Further, the emergency levy on the November ballot on its own would not raise enough new revenue to fully address the District’s projected deficit in FY 2026. In addition, the SMFCSD has an emergency levy that expires in 2023. Unless this levy is renewed by voters, the District will lose \$7.5 million annually in revenue. Because of this, the District likely will need to achieve a combination of expenditure reductions and additional revenue. Officials from SMFCSD must make difficult decisions regarding District operations in order to regain fiscal stability. These decisions may require changes to service levels so that expenditures do not continue to exceed the revenues collected by the District. As mentioned previously, the District has identified steps it would take to reduce expenditures in FY 2023. The District expects to save approximately \$950,000 through a combination of staffing reductions and reallocation of funds. However, during the course of the audit, the District also negotiated a two percent pay raise for all employees in FY 2023, which will negate some of the identified savings.

Tier I Recommendations

Human Resources

Human resource (HR) expenditures are significant to both the operational and financial conditions within school districts. OPT reviewed SMFCSD’s staffing levels, salaries, CBA provisions, and insurance policies and compared them to peer districts. Certain staff, including Title I and Special Education staffing, were excluded from our analyses due to various legal and contractual requirements within these programs.

Recommendation 1: Eliminate Direct Student Education and Re-align Support Positions above the Peer Average

SMFCSD should consider eliminating direct student education and support positions above the primary peer average.

Impact

By reducing direct education and student support staff to be in line with the primary peer average, the District could save an average of approximately \$1,372,000 annually.

Background

Direct education and support positions perform functions that assist students in an educational setting directly in some manner. These positions may include a variety of professionals including teachers, educational support specialists, and counselors. We found that based on peer comparisons, SMFCSD could eliminate staffing positions in several categories.

Methodology/Analysis

Staffing levels for the District were identified and compared to primary peer averages on a normalized FTE per 1,000 student basis.¹⁸ Areas where SMFCSD could reduce direct student education and support staffing include:

- 12.5 FTE Teaching Staff;¹⁹

¹⁸ A Full-Time Equivalent (FTE) was used to identify staffing levels, based on ODE reporting guidelines.

¹⁹ The 12.5 FTE reduction in teaching staff includes general education, gifted and talented, and career-technical teachers.

- 0.5 FTE K-8 Art Teachers;
- 1.0 FTE K-8 Music Teachers; and,
- 2.5 FTE K-8 Physical Education Teachers; and,
- 1.0 FTE Library Staff.

Teaching Staff

SMFCSD employs 217.13 FTE general education teachers, 2.0 FTE gifted and talented teachers, and 8.0 FTE career-technical teachers. When examining these positions in total, the District is 12.73 FTEs above the primary peer average. Eliminating 12.5 FTEs in these teaching categories could save an average of approximately \$889,200 annually.

Art, Music, and Physical Education Teachers

SMFCSD employs 6.0 FTE K-8 art education, 8.37 FTE K-8 music education, and 8.0 FTE K-8 physical education teachers. The District is 0.77 FTE, 1.34 FTE, and 2.77 FTEs above the primary peer average in these categories, respectively.

Eliminating 0.5 FTE K-8 art education teachers, 1.0 FTE K-8 music education teacher, and 2.5 FTE K-8 physical education teachers could save an average of approximately \$427,800 annually.

Library Staff

SMFCSD employs 6.0 FTE library staff, which includes 3.0 FTE librarians and 3.0 FTE library aides. While the District is lower than the peer average for library staff generally, it employs 1.48 more FTE librarians than the peer districts and 1.68 fewer library aides than the peer districts. If the District replaced a librarian with a library aide, for a total of 2.0 FTE librarians and 4.0 FTE library aides, it would be more in line with the peer districts at both positions. Because librarians are more costly than library aides, the District would save an average of approximately \$55,000 annually by making this change.

Conclusion

SMFCSD should eliminate 16.5 FTE direct student education positions and replace 1.0 FTE librarian with a library aide. These changes could save an average of approximately \$1,372,000 annually and bring the District's baseline staffing ratio more in line with the primary peer average.

Recommendation 2: Renegotiate Collective Bargaining Agreement Provisions

SMFCSD should renegotiate and align its collective bargaining agreement (CBA) provisions with ORC/OAC requirements and local peer districts in order to reduce future expenditures and decrease the risk for future liabilities.

Impact

While there is no identified financial implication of this recommendation, the District's certificated and classified CBAs contain certain provisions which may increase future liabilities. Aligning these provisions with ORC minimums and local peer averages would reduce future expenditures.

Background

SMFCSD maintains two collective bargaining agreements:

- Stow-Munroe Falls Classified Employees' Association (SMFCEA), representing classified staff, effective through June 30, 2022; and
- Stow Teachers Association (STA), representing certificated staff, effective through June 30, 2022.²⁰

Methodology

The District's CBAs were obtained from the State Employment Relations Board (SERB). SMFCSD's CBAs were then analyzed and compared to ORC requirements and local peer districts' CBAs to highlight any overly generous provisions or potential opportunities to reduce costs or increase operational efficiency.

Analysis

Sick Leave Accumulation and Severance Payout: ORC § 124.39 requires that public employees must be paid one quarter of accrued sick leave at retirement, based on a maximum accrual of 120 days. Based on this requirement, employees are eligible for up to 30 days of severance pay. However, public entities may choose to provide severance pay in excess of ORC requirements.

²⁰ The District's certificated and classified CBAs were both set to expire at the end of FY 2020, but were extended through FY 2022. New certificated and classified CBAs were negotiated during the course of the audit.

According to the District’s CBAs, certificated and classified employees may receive up to 100 days in paid severance. This is more than triple the ORC requirement, and more than the local peer average.

Further, the District allows for unlimited sick leave accrual for certificated and classified employees. Of the seven peer districts, six also allowed for unlimited sick leave accrual for their certificated and classified staff. Excessive sick leave accrual increases the likelihood of severance payouts that are larger than required by state law, and can increase the cost associated with substitutes or overtime.

Certificated & Classified Tuition Reimbursement: The District allocates an average of \$30,000 in tuition reimbursement annually for its certificated staff, and \$5,000 for its classified staff. Local peer districts allocate an average of \$35,000 in tuition reimbursement annually for certificated staff, and only one peer District allocates a maximum of \$5,000 annually for classified staff who meet certain qualifications. The ORC does not specify tuition reimbursement requirements.

Life Insurance: SMFCSD offers certificated and classified staff Group Term Life Insurance for each employee in the amount of Fifty Thousand Dollars (\$50,000) plus an equal amount of Accidental Death and Dismemberment coverage. The District’s life insurance is more generous than the certificated local peer average of \$44,167, and classified local peer average of \$38,571.

Vacation Leave Allowance: Under the District’s classified CBA, employees are entitled to annual vacation accrual whereby they can earn 576 vacation days over the course of a 30-year career. This exceeds the statutory minimum of 460 days established for full-time employees under ORC § 3319.084. This also exceeds the local peer average of 529 vacation days. Providing employees with more vacation days could increase substitute and overtime costs and increase future liabilities. Direct savings from reducing the vacation schedule could not be quantified; however, this would serve to increase the number of available work hours, at no additional cost to the District.

Class Size Limits: The District’s certificated CBA requires that buildings maintain a student to teacher ratio of 24 to 1 in grades K-4, which is more restrictive than statewide minimum staffing requirements. Additionally, we found that no local peers have class size provisions similar to SMFCSD. Some local peer districts do have provisions that provide additional compensation for teachers when class sizes exceed a 28 to 1 student to teacher ratio, while others indicate they will make reasonable attempts to limit class size as space and financial conditions permit. The District’s class size requirement in the certificated CBA limits its ability to make management decisions based on educational and financial needs. Renegotiating this provision would allow the District to have more flexibility in making staffing decisions.

Conclusion

The District has negotiated CBA provisions that exceed ORC requirements and local peer averages. SMFCSD should consider renegotiating the provisions discussed above in order provide cost savings and reduce potential liabilities.

Recommendation 3: Align Salary Schedules

SMFCSD should align its certificated and classified salary schedules with the local peer average.

Impact

Aligning salary schedules with local peers will allow the District to improve its overall fiscal condition and reduce overall expenditures. The District does not include increases to base salaries in the five-year forecast. Because this is not included in the forecast, any savings achieved by aligning salaries to local peer averages cannot be applied to the forecast. While cost savings are not calculated for this recommendation, by bringing base salaries in-line with the local peer average, the District can reduce future expenses.

Background

The District has CBAs for both certificated and classified employees. Both CBAs were effective through June 30, 2020, and were extended through June 30, 2022. Under the negotiated CBAs, all employees received a two percent increase in base wage and salary for FY 2022. The District did not forecast additional increases in base pay in the most recent five-year forecast.

During the course of the audit, the District negotiated new CBAs for both classified and certificated employees. As a part of this new agreement, the District negotiated an additional two percent base salary and wage increase for all employees for FY 2023. Salaries and wages for FY 2024 and FY 2025 are subject to future negotiations.

Methodology

We used the District's CBAs and salary schedules which were in effect during FY 2022 for purposes of our analysis. The District's certificated and classified salaries over a 30-year career were reviewed and compared to the local peer averages ([See Appendix C](#)). A 30-year career was chosen since school district CBAs are generally structured around a 30-year period. Pay schedules from the CBAs were obtained from the SERB website. When updated contracts were unavailable from SERB, they were obtained directly from the districts.

Analysis

The following certificated categories were identified for salary comparison between the District and the local peers:

- BA;
- BA+30;
- MA; and,
- MA+15.

For all certificated salary schedules analyzed, SMFCSD has a higher average yearly salary and higher 30-year career compensation than the local peers. The District's career compensation ranges from approximately 2.8 percent to approximately 10.0 percent higher than the local peers.

The following classified categories were identified for salary comparison between the District and the local peers:

- Aides;
- Bus Drivers;
- Bus Mechanics;
- Cooks;
- Custodians;
- Maintenance; and,
- Secretaries.

For all of the above classified positions, SMFCSD has a higher average yearly salary and higher 30-year career compensation than the local peers. The District's career compensation ranges from approximately 3.4 percent to approximately 19.4 percent higher than the local peers, based on FY 2022 data.

Conclusion

The salary schedules contained in the District's certificated and classified CBAs, for all categories analyzed, are more generous than the local peer average. As a result, the District compensates their employees at a higher rate on both an average yearly salary and 30-year career compensation basis. To reduce future expenses, the District should renegotiate certificated and classified salaries to be more in line with the peers.

Recommendation 4: Align Employer Insurance Costs with SERB Regional Average

The District should align its employer costs for medical and dental insurance premiums with the SERB regional average for other school districts.

Impact

Aligning employer costs with the SERB regional average would reduce expenditures and result in average annual savings of approximately \$623,800. This could be accomplished by seeking out alternative insurance offerings or increasing the employee premium contributions.

Background

The District is a part of the Stark County Schools Council, an organization which provides insurance to participating members. SMFCSD offers one insurance program for medical and prescription coverage, a Preferred Provider Organization (PPO) plan, with an option for single or family coverage. In addition, the District offers one plan for dental coverage, with an option for single or family coverage. Both of these plans are obtained through the Stark County Schools Council, and the District does not have alternative coverage options available through the organization.

At the time of analysis, SMFCSD had 347 enrollees in the medical family plan and 142 enrollees in the medical single plan. Prescription coverage is included in the medical plan. The District also had 355 enrollees in the family dental plan and 137 enrollees in the single dental plan. The District does not offer vision insurance.

Methodology

We compared the District's medical and dental insurance provisions and costs to the SERB regional peer average for school districts. Due to recent changes in federal law, we were able to obtain the District's quoted premium amounts for FY 2023.²¹ Peer information was obtained through the FY 2022 SERB survey and was inflated to reflect expected changes for FY 2023 for purposes of comparison. This peer average excluded outlier districts whose plans were more than two standard deviations outside the mean. Using the District's assumptions for increases to insurance costs, we then projected the potential cost savings over the course of the forecast period.

²¹ The Transparency in Coverage mandate in the No Surprises Act/Transparency in Coverage Rule Under the Consolidated Appropriations Act, 2021, requires that insurers and group health plans make rate information publicly accessible starting July 2022.

Analysis

The District’s medical plan was compared to 23 regional peers and the dental plan was compared to 22 regional peers. For both plans, the District spends more than the SERB regional average on an employer cost and total cost basis.

Our review found that the insurance coverage and provisions, such as deductibles and copayments, are in-line with or below the regional peer group. However, the majority of regional peers also obtain insurance through the Stark County Schools Council and have the same insurance plans. Generally, this plan is generous to the employee and has no copayment for office visits and extremely low deductibles and out of pocket maximums.

Historically, the District has received insurance premium holidays from the Stark County Council of Schools. These holidays are instances where the insurer has collected revenue that exceeds actual insurance related expenditures in a given year. In FY 2022, the District received two premium holidays, which resulted in a reduction of approximately \$1.6 million in insurance expense for the District. In FY 2023, the District projected one premium holiday. These holidays are not guaranteed and were not projected in the May 2022 five-year forecast for FY 2024 through FY 2026. As such, we did not consider them in our analysis.

The District offers medical and prescription coverage for both full-time and part-time employees in its certificated and classified CBAs. The insurance premium is split between the District and the employee based on the level of employee. For employees that are designated as full-time, 85 percent of the premium is paid by the District and 15 percent of the premium is paid by the employee. For part-time employees that are considered at least 0.5 FTE, 50 percent of the premium is paid by the District and 50 percent of the premium is paid by the employee. Similarly, dental insurance is offered to certificated and classified employees by SMFCSD. The District splits the dental insurance premium with employees in the same manner it does for medical and prescription coverage. We found that for full-time employees, regional peers have a similar cost split for the insurance premiums. However, the overall monthly premium cost for both medical and dental insurance for SMFCSD is higher than the peers.

Under the current insurance plan, as seen in the table on the following page, both the District and the employee pay more for medical insurance on a monthly basis than the regional peer group. If the District were to maintain the current insurance plan, it would need an adjustment to shift a greater portion of the premium to employees to reduce insurance related expenditures. The results of this adjustment are calculated in the table on the following page, and would result in employees paying a higher percentage of the insurance premium compared to the regional peer average.

2023 Monthly Insurance Costs

		Stow-Munroe Falls CSD		Regional Peer Averages		Stow-Munroe Falls CSD Adjustment	
		Costs	% Share	Costs	% Share	Costs	% Share
Single Medical + Rx	District	\$783.08	85.0%	\$761.26	85.4%	\$761.26	82.6%
	Employee	\$138.19	15.0%	\$130.25	14.6%	\$160.01	17.4%
Family Medical + Rx	District	\$1,902.07	85.0%	\$1,826.37	85.2%	\$1,826.37	81.6%
	Employee	\$335.66	15.0%	\$316.66	14.8%	\$411.36	18.4%
Single Dental	District	\$82.68	85.0%	\$76.37	88.5%	\$76.37	78.5%
	Employee	\$14.59	15.0%	\$9.91	11.5%	\$20.90	21.5%
Family Dental	District	\$203.82	85.0%	\$186.30	88.4%	\$186.30	77.7%
	Employee	\$35.97	15.0%	\$24.36	11.6%	\$53.49	22.3%

Source: SMFCSD and SERB

Note: The peers FY 2022 premiums are inflated using a historical five-year rate of change for medical costs.

In order to lower the District’s insurance expenditures it would need to shift a greater portion of the current monthly premium to employees or seek out an alternative insurance policy that carried lower overall costs. Because the Stark County Schools Council offers only one medical and prescription insurance program and one dental insurance program, seeking out an alternative policy would require leaving the group.

Using the May 2022 forecast submitted by SMFCSD, we identified potential cost savings associated with bringing insurance costs in-line with the regional peer average. The District has projected a five percent increase annually for health insurance costs from FY 2024 through FY 2026. The District could save an average of \$623,800 annually in FY 2024 through FY 2026 by bringing medical insurance costs in-line with peers.

Conclusion

SMFCSD should work to bring its insurance premiums for medical and dental more in line with the SERB regional average. Doing so could result in average annual savings of approximately \$623,800. These savings can be realized by reducing District contributions towards premium costs and exploring cost sharing options.

Facilities

The changing landscape of education requires periodic reviews of facility usage and maintenance to ensure that a district is using limited resources wisely. We reviewed SMFCSD’s use of existing facilities in comparison to best practices and industry standards to determine if there were any areas for improvement.

Recommendation 5: Reduce Facilities Staffing

In order to achieve cost savings and align with staffing level benchmarks, SMFCSD should reduce its facilities staff by 4.5 FTEs.

Impact

A facilities staffing reduction of 4.5 FTEs will result in average annual savings of approximately \$275,800.

Background

SMFCSD currently employs 43.6 FTE facilities employees. Of that total, 32.0 FTEs are custodial employees, 8.4 FTEs are maintenance employees, and 3.2 FTEs are grounds employees. The facilities employees are responsible for all maintenance, grounds, and custodial work, and maintain 258.5 acres and approximately 728,000 square feet of the District’s property.

Methodology

Criteria from American School & University Magazine (AS&U) and the National Center for Education Statistics (NCES) was used to complete a staffing analysis to identify potential cost savings through staffing reductions.

Facilities employees generally may take on a variety of tasks related to custodial, grounds, or maintenance activities. Typically, individuals will be assigned primarily to one of these functional areas, however there is often crossover of duties between the areas and it may be possible to move between categories rather than hiring in new employees. Because of this, we combine all facilities staffing for purposes of analysis.

We reviewed staffing for each category of employee and compared them to industry benchmarks. Using these standards we determined if the District staffing was in-line with these benchmarks. Once that calculation was completed, we determined if the facilities staffing overall was higher or lower than industry standards.

Analysis

According to the AS&U, for grounds staffing, the benchmark is 40.2 acres per FTE employee. Using this metric, the District maintains more acreage per FTE than expected. The AS&U also states that the benchmark for maintenance employees is approximately 95,000 square feet per FTE employee. Using this benchmark, the District has slightly more maintenance staff than the benchmark.

The NCES identifies varying levels of cleaning benchmarks that can be used to guide facilities staffing. According to the NCES document *Planning Guide for Maintaining School Facilities*, Level 3 cleaning is the standard for most school facilities. According to the NCES, when adhering to a Level 3 standard of cleaning, a custodian can clean approximately 28,000 to 31,000 square feet in 8 hours. Based on this standard of cleaning, SMFCSD has more FTE custodial staff than the benchmark.

The following table shows the District’s facilities staffing levels in each category. Because facilities staff can take on a variety of tasks, we determined the number of staff that could be reduced based on the results of all three analyses.

Buildings & Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	3.2
Acreage Maintained	258.5
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	6.4
<hr/>	
Grounds FTEs Above/(Below) Benchmark	(3.2)
Custodial Staffing	
Custodial FTEs	32.0
Square Footage Cleaned	728,024
NCES Level 3 Cleaning Benchmark ¹ - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	24.7
<hr/>	
Custodial FTEs Above/(Below) Benchmark	7.3
Maintenance Staffing	
Maintenance FTEs	8.4
Square Footage Maintained	728,024
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	7.7
<hr/>	
Maintenance FTEs Above/(Below) Benchmark	0.7

Total Buildings & Grounds Staffing

Total FTEs Employed	43.6
Total Benchmarked Staffing Need	38.8
Total FTEs Above/(Below) Benchmark	4.8

Source: SMFCSD, AS&U, and NCES

¹ According to NCES, Level 3 cleaning is the norm for most school facilities. It is acceptable to most stakeholders and does not pose any health issues.

The District’s total facilities staffing is 4.8 FTEs above the benchmarks when considering all current facilities square footage and acreage maintained. The District could reduce 4.5 FTEs which would result in average annual savings of approximately \$275,800.

Conclusion

The District has a higher number of facilities staff than is necessary according to the benchmarks. Making a reduction of 4.5 FTEs could bring the District more in line with the benchmark standards and save approximately \$275,800 annually.

The District has indicated future plans to build new facilities and potentially eliminate some buildings. As this occurs, the District should be mindful of facilities staffing needs.

Transportation

Transportation of students is a critical function for school districts. Ensuring that busing services are provided in a safe and efficient manner is important for both the well-being of students and the fiscal health of the school district. We examined SMFCSD’s T-1 reporting policies and procedures as well as bus routing, and bus replacement practices in comparison to industry standards and best practices to determine areas for improvement.

Recommendation 6: Eliminate Bus Routes

SMFCSD should eliminate seven bus routes on each tier from its active bus fleet in order to improve routing efficiency and increase ridership per bus.

Impact

Eliminating seven bus routes could save an average of approximately \$183,800 in salaries and benefits in each year of implementation over the forecasted period.

Background

In FY 2022, SMFCSD operated with 46 active buses, 11 spares, and 7 out-of-service buses. In addition to its regular routes, which transport students to District schools, SMFCSD transports to several nonpublic schools. The District is responsible for providing transportation to all students in the area, including those that attend non-public schools. In FY 2022, SMFCSD transported approximately 2,600 students on a total of 105 routes.

The District uses a three-tier system for transportation. This means that the majority of buses run three routes in the morning and in the afternoon based on differing start and end times at schools. Tier I bus routes serve students at the District’s high school and middle school, Tier II routes serve students at the intermediate school, and Tier III routes serve students at the elementary schools. Once a bus is finished collecting and dropping off students on a Tier I route, it may then be used for transportation of students on Tier II routes. The same applies when transitioning from Tier II to Tier III routes.

ORC § 3327.01 establishes minimum transportation requirements, including an obligation to transport all resident K-8 students living two or more miles from their assigned schools, and an obligation to transport all non-public riders to their destinations if the location is within a 30-minute drive of the otherwise assigned resident school. State law does not cap bus ride times for students. SMFCSD has a formal Board policy to transport students living more than one mile from their assigned school and a formal policy to cap ride times at 60 minutes.

Methodology

Opportunities for improved efficiency were identified in order to bring all possible bus routes up to the goal of 80 percent capacity utilization, consistent with benchmark criteria from the American Association of School Administrators (AASA). According to the AASA (*Hidden Savings in Your Bus Budget, 2017*), “an effective pupil-to-bus ratio should average at least 100 pupils on a double-route, two-tier bus system. Actual capacity use must be measured with 80 percent of rated capacity as a goal.” The District’s ridership on each tier was compared to this industry benchmark.

Analysis

SMFCSD currently transports PK-12 students using three-tiered routes.²² In FY 2022, the District operated 78 regular education routes, 18 special education routes, 7 nonpublic routes, 1 community route, and 1 shuttle route. On the FY 2022 T-1 report submitted to ODE, the District reported transporting approximately 2,600 riders.

When evaluating opportunities for improved efficiency without significant changes to tiers, start times, and bell schedules, it is important to determine whether all routes that are underutilized can be reasonably improved. This determination can be problematic for special purpose routes and for that reason, special education, nonpublic, community, and shuttle routes have been excluded from our analysis.

The following table shows a baseline overview of utilization for the regular education routes in Tiers I, II, and III. For purposes of this analysis, we examined the routes used by the District and the number of riders reported in FY 2022. Based on the analysis, as seen in the table below, the baseline utilization for existing regular bus routes is well below the 80 percent benchmark, indicating that there is opportunity to reduce routes within the District.

FY 2022 Baseline Utilization by Tier

Tier	Total Routes	Average Capacity	Total Capacity	Peak Riders	Baseline Utilization
Tier I	33	66.1	2,181	972	44.6%
Tier II	19	66.2	1,257	580	46.1%
Tier III	26	66.4	1,726	866	50.2%

Source: SMFCSD and ODE

²² Under the new foundation funding formula, school districts will receive additional revenue for transporting high school students.

Once baseline utilization indicated there were opportunities for bus route reductions, we reviewed the utilization within each tier to identify the maximum number of routes that may be reduced without exceeding 80 percent capacity. The tables on the following page show a detailed review of Tier I, II, and III routes after accounting for and excluding those routes that were meeting or exceeding the 80 percent utilization goal. In addition, routes at or near the District’s 60 minute maximum ride time have also been excluded from analysis.²³ This review uses the average capacity on remaining routes to determine the total number of routes that could be eliminated on each Tier.

Tier I Routes Reviewed for Additional Efficiency Opportunity

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier I	31	66.1	2,049	885

Tier I Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	7	8	9	10
Capacity Eliminated	462.7	528.8	594.9	661.0
Adjusted Total Capacity	1,586	1,520	1,454	1,388
Adjusted Total Utilization	55.8%	58.2%	60.9%	63.8%

Source: SMFCSD and ODE

Tier II Routes Reviewed for Additional Efficiency Opportunity

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier II	15	66.5	998	421

Tier II Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	7	8	9	10
Capacity Eliminated	465.5	532.0	598.5	665.0
Adjusted Total Capacity	532	466	399	333
Adjusted Total Utilization	79.1%	90.3%	105.5%	126.4%

Source: SMFCSD and ODE

²³ The District’s 60 minute maximum ride time is not based on a requirement set by the state. As such, the District could consider routes that exceeded 60 minutes in length if necessary.

Tier III Routes Reviewed for Additional Efficiency Opportunity

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier III	22	66.1	1,454	696

Tier III Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	7	8	9	10
Capacity Eliminated	462.7	528.8	594.9	661.0
Adjusted Total Capacity	992	925	859	793
Adjusted Total Utilization	67.6%	75.2%	81.0%	87.8%

Source: SMFCSD and ODE

Under the current ridership for each Tier, SMFCSD could reduce a differing number of bus routes. Because the District must have enough buses to transport students for all Tiers, we based our recommendation on the Tier II, which had fewer routes than Tier I or Tier III and would not be able to manage as many route reductions. Using the available data, we determined that the District can reduce seven bus routes and remain within the 80 percent benchmark for all route Tiers.

Conclusion

The District’s bus fleet is not operating as efficiently as possible by operating more routes than necessary. Eliminating seven bus routes could save an average of approximately \$183,800 in salaries and benefits in each year of implementation.

During the course of the audit, the District indicated that two bus routes were reduced in FY 2023. While the new ridership numbers and updated routes were not tested for reliability or analyzed as a part of this audit, the District is demonstrating proactive attempts to improve the efficiency of its operations.

Tier II and Tier III Recommendations

As discussed in detail throughout the preceding sections of this report, SMFCSD could gain efficiencies by aligning its operations with the peer averages and industry standards and implementing the aforementioned baseline, or Tier I, recommendations. However, the recommendations identified previously in this report would not resolve the projected deficit in the most recent five-year forecast. The following recommendations are additional actions that District leadership may need to consider when addressing the current fiscal situation.

Implementing the following Tier II and Tier III actions could have a significant impact on the District's operations and instructional activities. However, without additional revenue, the District will need to consider the following recommendations. Further, even if all recommendations are implemented, the District would likely still have a deficit in FY 2026.

Tier II Recommendations

Eliminate the General Fund Subsidy for Extracurricular Activities

In FY 2022, SMFCSD spent more than \$1.6 million on student extracurricular activities, which included the salaries and benefits of directors and coaches, supplies and materials, transportation services, and other miscellaneous expenditures. A portion of these expenditures were offset by generating revenue of approximately \$725,500 for admissions and other extracurricular activity sources. The remaining expenditures relating to student activities were subsidized through revenue from the District's General Fund.

Because of the impact of the COVID-19 pandemic on ticket sales and other event related revenues, we reviewed the District's FY 2019 – FY 2022 extracurricular activities revenue and expenditure data. Overall, expenditures have remained fairly consistent. Revenues, however, dropped significantly from FY 2019 to FY 2021 due to the impact of COVID-19 and the loss of admissions, sales, and fees. The pandemic also impacted student participation in some activities, which reduced the revenue generated from participation fees. Our recommendation is based on the District's extracurricular subsidy expenditure in FY 2019 of approximately \$828,900.²⁴

While supporting extracurricular activities through the General Fund is common throughout Ohio, it is not required by law. SMFCSD's financial condition requires the District to consider making significant changes to operations in order to remain financially solvent. Because of the projected deficit fund balance, the District should eliminate the General Fund subsidy for all

²⁴ FY 2019 was chosen for purposes of this analysis as it reflects the most recent year of operations not impacted by the COVID-19 pandemic. Additionally, FY 2019 represented the District's most conservative General Fund subsidy.

extracurricular activities. In order to do so, the District should consider implementing one or more of the following options:

- Increase pay-to-participate fees;
- Increase admissions and sales;
- Increase booster club funding;
- Reduce the supplemental salary schedule; and/or
- Eliminate programs.

Implementing this recommendation may result in significant changes to the number of extracurricular activities offered at the District and the quality of those programs. This may result in the District maintaining fewer programs than other local peer districts. However, while SMFCSD may compare itself to other local districts in regards to their extracurricular activity programs, these districts likely do not face the same fiscal constraints that SMFCSD currently projects.²⁵

Based on our analysis, the District should eliminate the General Fund subsidy for extracurricular activities. Fully eliminating the General Fund Subsidy would save approximately \$828,900 annually, based on FY 2019 expenditure data.

Eliminate Tuition Reimbursement

Under the District’s CBA’s, it provides up to \$30,000 annually in tuition reimbursement for certificated employees and up to \$5,000 annually for classified employees. While the District is generally in line with the peer average for tuition reimbursement, this benefit is not required by the ORC or OAC.

Due to its financial condition, the District should consider eliminating tuition reimbursement for certificated and classified staff. Doing so would save the District approximately \$35,000 annually.

Implement a Salary Step Freeze

The District could consider implementing additional salary-related measures in order to achieve additional savings. The District’s certificated and classified career compensation is higher than the peer average ([See Recommendation 3](#)).

²⁵ In particular, the District pointed to a local peer, Hudson City School District, which were considered the most comparable in regards to extracurricular activities. It should be noted that this district is considered in good fiscal health. Further, the district doesn’t accept students through open enrollment, so families would need to physically move in order to have students transfer into this school district.

The District's five-year forecasts assumes no increases in base salaries from FY 2023 to FY 2026, however it does assume an average annual increase of 2.3 percent for step increases. If the District froze salaries at the FY 2023 forecast levels for FY 2024 through FY 2026 instead of implementing annual step increases, it could realize average annual savings of approximately \$1,547,100. These estimated savings reflect the average annual savings that can be achieved in FY 2024 through the remainder of the forecast period.²⁶

While SMFCSD did not forecast base salary increases for FY 2023 through FY 2026 in the most recent five-year forecast, it did negotiate a 2 percent raise for all employees in FY 2023. This will add to the District's financial stress during the forecast period. The impact of both base and step increases on expenditure levels should be considered during any future salary related negotiations.

Tier III Recommendations

Without additional revenue, the combination of Tier I and Tier II recommendations, if fully implemented, would not resolve the District's projected deficit. Because of this, the District would likely need to consider additional staffing reductions. While some additional staffing reductions may be made based on peer comparisons, the District will need to consider significant reductions in general education staffing based on statewide minimum standards. Potential areas for reduction are identified below.

Building Administrators

Building administrators, such as a principals, assistant principals, and deans of students, are responsible for the daily operations of a school building. SMFCSD employs 14.0 FTE building administrators which includes principals and assistant principals. The OAC requires that every school be provided with the services of a principal, but staffing is at the discretion of the district. While the District was lower than the peer average by 3.78 FTEs on a per building basis, the District was higher than the peer average by 0.61 FTE on a per 1,000 student basis. Eliminating 1.0 FTE building administrator could save the District an average of \$126,500 each year.

Building Office Support Staff

The District employs 20 FTE building office support staff. These are clerical employees who provide assistance to school building staff. While SMFCSD was lower than the peer average by 5.58 FTEs on a per building basis, the District was higher than the peer average by 0.87 FTE on

²⁶ The savings identified in this recommendation does not take into account recommended staffing reductions. If the District were to reduce staffing, actual savings would be reduced.

a per 1,000 student basis. Eliminating 1.0 FTE building office support staff could save SMFCSD an average of \$74,100 per year.

Classroom Teachers

State law requires that for every 25 students, districts employ at least one classroom teacher, for a student to teacher ratio of 25 to 1.²⁷ In FY 2022, the District had a student to teacher ratio of 18.74 to 1.

In addition to the previously identified reductions in teaching staffing in Recommendation 1, SMFCSD could eliminate up to 44.0 FTE additional classroom teachers²⁸ and remain in compliance with state minimum staffing requirements.²⁹ If this level of reduction becomes necessary, the District should work with ODE to ensure compliance with the state minimum requirement in OAC 3301-35-05 before reducing classroom teaching levels.

This reduction would represent the elimination of 19.6 percent of the District’s classroom teachers and would save SMFCSD an average of approximately \$4,344,700 annually. While this option would provide additional savings each year, it would drastically change service levels within the District. These estimated savings reflect the average annual savings that could be achieved in FY 2024 through the remainder of the forecast period.

²⁷ The student number used in this ratio represents the regular student population – a formula driven number that reflects students enrolled and educated within the district, excluding categories two through six of special education students. Classroom teachers include K-12 general education teachers as well as art, music, physical education, English language instructional program, and gifted and talented teachers. Preschool teachers, special education teachers and career-technical teachers are excluded from the ratio (*Source, ODE*).

²⁸ The 44.0 FTE classroom teacher reduction is the difference of the 60.5 FTE state minimum overage minus the 16.5 FTE Tier I reductions.

²⁹ Because the state staffing requirements are on a district-wide basis, SMFCSD can remain in compliance with its CBA provision requiring a 24 to one ratio in grades K through 4 by maintaining slightly higher ratios in grades 5 through 12.

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the District's official statement in regards to this performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When the District disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.

STOW-MUNROE FALLS CITY SCHOOLS

Administrative Offices 4350 Allen Road Stow, OH 44224-1032

Ph: 330.689.5445 Fax: 330.689.5448 www.smfschools.org

September 30, 2022

Mr. Keith Faber, Auditor
Office of the Auditor of State
88 E. Broad Street, 5th Floor
Columbus, Ohio 43215

Auditor Faber:

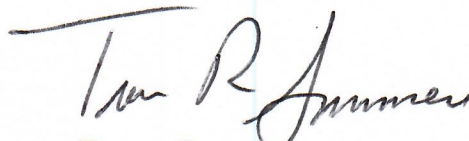
The Stow-Munroe Falls City School District is appreciative of the services rendered by your staff. The district level leadership team and the Stow-Munroe Falls Board of Education has reviewed the audit findings. The Stow-Munroe Falls School District is committed to identifying efficiencies in district operations, reducing operational costs where appropriate, and maximizing its resources for student achievement. The findings from this performance audit will assist us in ensuring that we are operating as fiscally responsible as possible, while also balancing that with maintaining an excellent educational experience for our students.

Although some progress has already been made in reducing bus routes since this report, reducing all operational budgets by 10% even in light of 8.3% inflationary costs, as well as progress towards aligning our staff to primary peers across the state, we hope that through attrition we will be able to make further progress towards these goals. The outside perspective insights gained through this process will help to drive some upcoming operational decisions in development by the district administrative staff, our employees, our strategic plan, our Stow-Munroe Falls Board of Education, and in line with our community values and expectations.

Sincerely,



Thomas Bratten
Superintendent



Trevor Gummere
Treasurer

District Vision: Providing inspiration to make a difference in the world.

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Generally accepted government auditing standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

In order to provide the District with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Audit Scope, Objectives, and Recommendations

Objective	Recommendation
Financial Management	
Are the District’s forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?	No Recommendation: We reviewed the District’s forecasting practices and found them to be in line with industry standards.
Are the District’s strategic and capital planning practices consistent with leading practices?	No Recommendation: We reviewed the District’s strategic and capital

	planning practices and found them to be in line with industry standards.
Is the District's General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District's financial condition?	Tier II
Human Resources	
Are the District's staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District's financial condition?	R.1, Tier III
Are the District's salaries and wages appropriate in comparison to local peers and the District's financial condition?	R.3, Tier II
Are the District's collective bargaining agreement provisions appropriate in comparison to local peers, minimums requirements, and the District's financial condition?	R.2, Tier II
Are the District's insurance costs appropriate in comparison to other governmental entities within the local market and the District's financial condition?	R.4
Facilities	
Are the District's facilities staffing levels appropriate in comparison to leading practices, industry standards, and the District's financial condition?	R.5
Is the District's building utilization appropriate in comparison to leading practices, industry standards, and the District's financial condition?	No Recommendation: The District's building utilization was assessed and determined to be appropriate based on industry standards.
Are the District's facilities non-regular labor expenditures appropriate in comparison to peers, leading practices, industry standards, and the District's financial condition?	No Recommendation: The District's non-regular labor costs as a percent of total salaries and wages is below the peer average.
Transportation	

Is the District’s fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District’s financial condition?	R.6
Are the District’s bus replacement practices consistent with leading practices?	No Recommendation: The District’s bus replacement practices are in-line with best practices.
Food Service	
Is the District’s food service program operated in a manner that is consistent with leading practices and industry standards and appropriate based on the District’s financial condition?	No Recommendation: The District’s food service operation is staffed appropriately and is consistent with leading practices.

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives³⁰:

- Control environment
 - We considered the District control of its EMIS system.
- Risk Assessment
 - We considered the District’s activities to assess fraud risks.
- Information and Communication
 - We considered the District’s use of quality information in relation to transportation data.
- Control Activities
 - We considered the District’s compliance with applicable laws and contracts.

Internal control deficiencies were not identified during the course of this audit.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

³⁰ We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G

- Peer Districts;
- Industry Standards;
- Leading Practices;
- Statutes; and,
- Policies and Procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and similar or better academic performance. A “Local Peers” set was selected for a comparison of compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. Finally, a “Transportation Peers” set was selected for operational comparisons related to the bus fleet. This peer set was selected from a pool that most closely reflected the geographic, rider density, and other factors affecting transportation operations in SMFCSD. The lists below show the Ohio school districts included in these peer groups.

Peer Group Districts

Primary Peers

- Jackson Local School District, Stark County
- Lebanon City School District, Warren County
- Little Miami Local School District, Warren County
- Marysville Exempted Village School District, Union County
- North Ridgeville City School District, Lorain County
- Riverside Local School District, Lake County
- Southwest Licking Local School District, Licking County
- Wadsworth City School District, Medina County

Local Peers (Compensation, Benefits, and Bargaining Agreements)

- Cuyahoga Falls City School District, Summit County
- Field Local School District, Portage County
- Hudson City School District, Summit County
- Kent City School District, Portage County
- Streetsboro City School District, Portage County
- Tallmadge City School District, Summit County
- Woodridge Local School District, Summit County

Transportation Peers

- Kings Local School District, Warren County
- North Ridgeville City School District, Lorain County
- Strongsville City School District, Cuyahoga County

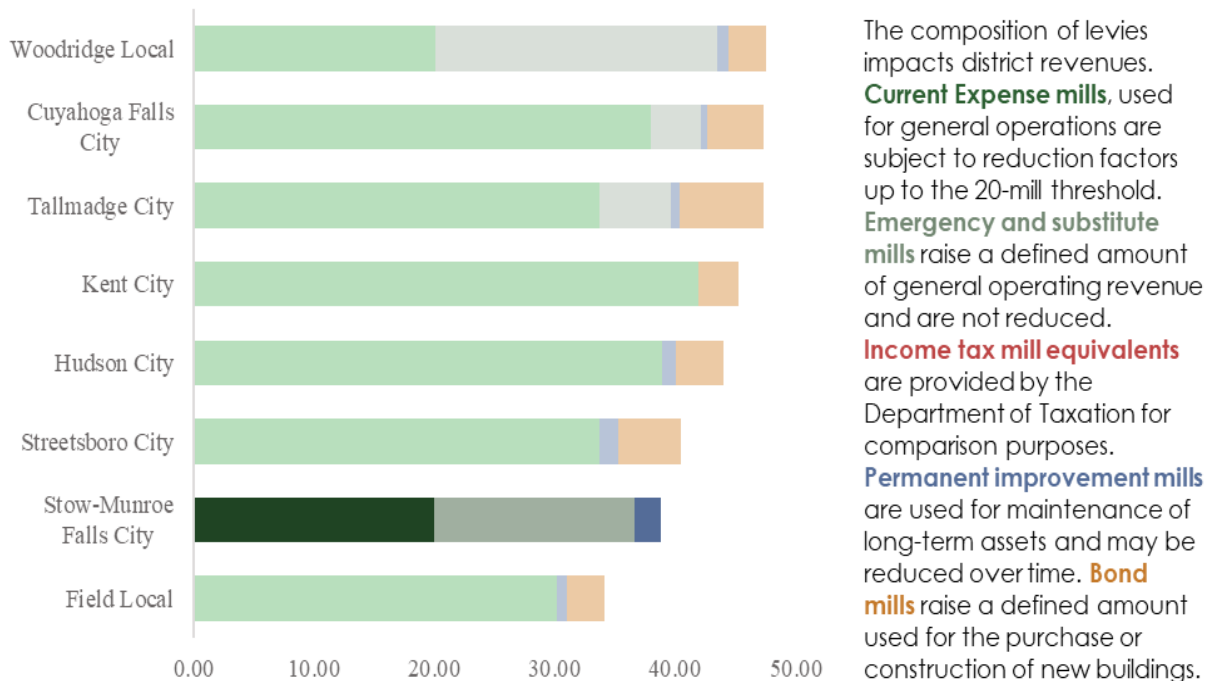
Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed. Each recommendation in this report describes the specific methodology and criteria used to reach our conclusions.

Appendix B: Financial Systems

The following charts provide the local tax effort for local peers, as well as the General Fund millage for local peers. The green portion of the bar represents the current expense millage rate, where one of the peers is on the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding.

Overall, the District’s effective millage rate of 38.83 is one of the lowest compared to local peers. Because the District is at the 20-mill floor, it will receive additional revenues as property values increase. Notably, many of the local peers are not at the 20-mill floor, so they would not see increased revenue related to increases in property values.

2021 Millage and Millage Equivalents | Local Peers



Source: Ohio Department of Taxation

The following table shows the income tax revenue for primary peer districts. Only one primary peer currently has an income tax. Further, none of the local peer districts have a school district income tax.

2021 Primary Peer Income Tax Revenue and Millage Equivalents

District	Tax Rate	Income Tax Revenue	Estimated Millage Equivalents
Southwest Licking Local SD	0.75%	\$6,742,973	7.2855
Jackson Local SD	0.00%	-	-
Lebanon City SD	0.00%	-	-
Little Miami Local SD	0.00%	-	-
Marysville Ex Vill SD	0.00%	-	-
North Ridgeville City SD	0.00%	-	-
Riverside Local SD	0.00%	-	-
Stow-Munroe Falls City SD	0.00%	-	-
Wadsworth City SD	0.00%	-	-

Source: Ohio Department of Taxation

The following tables show the local tax effort for both primary and local peer districts. Local tax effort is a metric identified by ODE as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents' abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education.

2021 Local Tax Effort Comparison | Primary Peers

	LTE	Rank	Percentile
Southwest Licking Local SD	0.9619	319	47.4%
Lebanon City SD	0.8130	423	30.2%
North Ridgeville City SD	0.7920	440	27.4%
Stow-Munroe Falls City SD	0.7807	452	74.6%
Riverside Local SD	0.7447	484	11.2%
Little Miami Local SD	0.6735	538	8.9%
Wadsworth City SD	0.6343	552	5.4%
Jackson Local SD	0.5756	573	2.5%
Marysville Ex Vill SD	0.4989	591	11.2%
Peer Average	0.7117	510	15.8%

Source: ODE

2021 Local Tax Effort Comparison | Local Peers

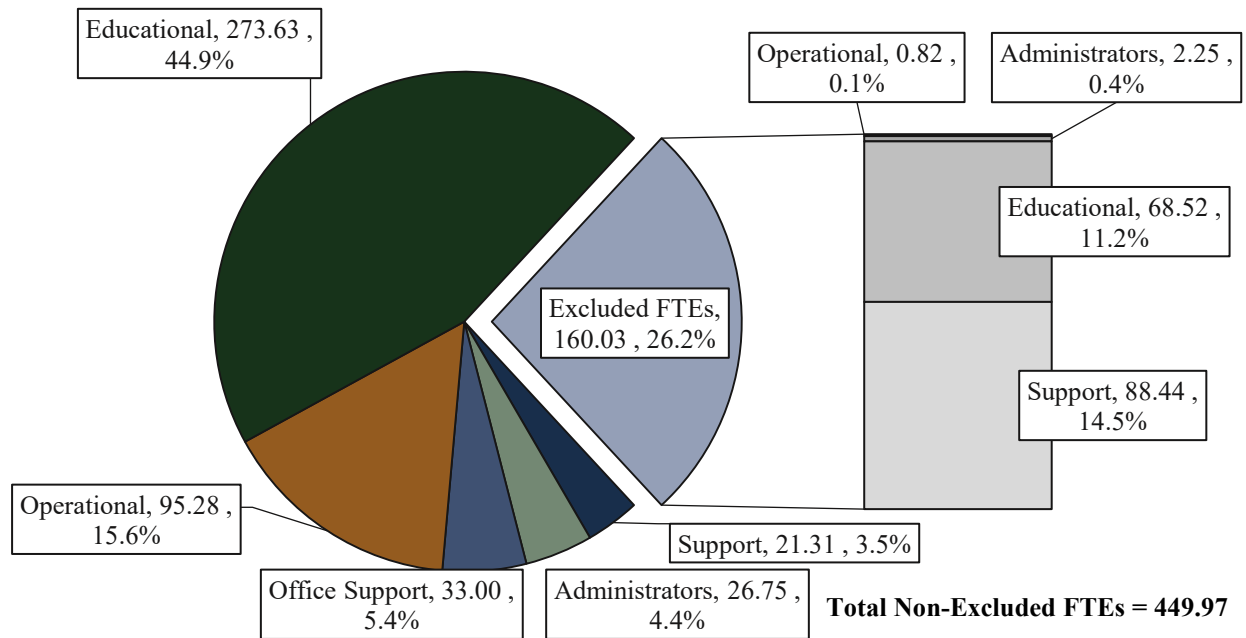
	LTE	Rank	Percentile
Kent City SD	1.5353	65	89.3%
Field Local SD	1.1040	223	63.2%
Cuyahoga Falls City SD	1.1018	224	63.0%
Tallmadge City SD	1.0955	227	62.5%
Woodridge Local SD	1.0641	248	59.1%
Streetsboro City SD	0.9603	321	47.0%
Stow-Munroe Falls City SD	0.7807	452	74.6%
Hudson City SD	0.4641	596	1.7%
Peer Average	1.0464	258	57.4%

Source: ODE

Appendix C: Human Resources

Personnel costs represent over 80 percent of the District’s spending. Due to this, we conduct several analyses relating to the expense associated with maintaining existing staffing levels. During the course of our analysis, we routinely excluded staff that are designated as Title 1 or Special Education as a result of specific rules relating to the funding of these individuals.

The following chart shows the breakdown of FTEs by category at SMFCSD.



We excluded 160.0 FTE District employees from our analysis since they are considered Special Education or Title 1 employees, such as supplemental service teachers, psychologists, occupational therapists, speech and language therapists, and educational interpreters. This represents 26.2 percent of all SMFCSD staff.

All non-excluded staff were then compared on a district-wide level to primary peer staffing levels. Staffing was analyzed using the District and peer district Education Management Information System (EMIS) reports. Data reliability testing for the District’s EMIS data was performed by comparing the EMIS report to payroll reports corresponding to the time of the report. Variances between EMIS and payroll were discussed with the District, with adjustments made as necessary. Adjustments were also made to the peer EMIS data in order to account for coding variations among SMFCSD and the peers. Following testing, the EMIS data was considered reliable use.

Staffing Comparison Tables

The following tables illustrate the District’s employee FTEs compared to the primary peer average. In order to allow for more precise comparison, employees were compared on an FTE per 1,000 student basis. These variances are then converted to FTEs for the client district. This calculation (shown below) allows a more accurate comparison between districts when student counts differ.

Adjusted Difference in FTEs Equation

$$\left[\frac{\text{Client FTE}}{\left(\frac{\text{Client Enrollment}}{1,000} \right)} \right] - \left[\frac{\text{Peer Avg FTE}}{\left(\frac{\text{Peer Avg Enrollment}}{1,000} \right)} \right] * \left(\frac{\text{Client Enrollment}}{1,000} \right)$$

Central Office Administrator Staff Comparison

	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students					
Students Educated		5,090	4,711	379	
Students Educated (Thousands)		5.090	4.711	0.379	
		FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Position	FTEs				
Assistant, Deputy/Associate Superintendent	0.75	0.15	0.16	(0.01)	(0.05)
Supervisor/Manager	0.00	0.00	0.67	(0.67)	(3.41)
Coordinator	0.00	0.00	0.47	(0.47)	(2.39)
Education Administrative Specialist	0.00	0.00	0.08	(0.08)	(0.41)
Director	10.00	1.96	0.94	1.02	5.19
Building Manager	0.00	0.00	0.03	(0.03)	(0.15)
Other Official/Administrative	0.00	0.00	0.18	(0.18)	(0.92)
Total	10.75	2.11	2.53	(0.42)	(2.14)

Source: SMFCSD and ODE

Building Office Administrator Staff Comparison

Students	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students Educated	5,090		4,711	379	
Students Educated (Thousands)	5.090		4.711	0.379	
Buildings	9.0		6.25	2.75	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Assistant Principal	5.00	0.98	1.17	(0.19)	(0.97)
Principal	9.00	1.77	1.33	0.44	2.24
Dean of Students	0.00	0.00	0.13	(0.13)	(0.66)
Total	14.00	2.75	2.63	0.12	0.61
Position	FTEs	FTEs per Building	FTEs per Building	Difference per Building	Adjusted Difference in FTEs
Assistant Principal	5.00	0.56	0.88	(0.32)	(2.88)
Principal	9.00	1.00	1.00	0.00	0.00
Dean of Students	0.00	0.00	0.10	(0.10)	(0.90)
Total	14.00	1.56	1.98	(0.42)	(3.78)

Source: SMFCSD and ODE

Teaching Staff Comparison

Students	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students Educated	5,090		4,711	379	
Students Educated (Thousands)	5.090		4.711	0.379	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
General Education	217.13	42.66	41.18	1.48	7.53
Gifted and Talented	2.00	0.39	0.13	0.26	1.32
Career-Technical Programs/Career Pathways	8.00	1.57	0.73	0.84	4.28
LEP Instructional Program	0.00	0.00	0.08	(0.08)	(0.41)
Total	227.13	44.62	42.12	2.50	12.73

Source: SMFCSD and ODE

K-8 Teaching Staff Comparison

	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students					
Students Educated		3,334	3,206	128	
Students Educated (Thousands)		3.334	3.206	0.128	
		FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Position	FTEs				
Art Education K-8	6.00	1.80	1.57	0.23	0.77
Music Education K-8	8.37	2.51	2.11	0.40	1.34
Physical Education K-8	8.00	2.40	1.57	0.83	2.77
Total	22.37	6.71	5.25	1.46	4.87

Source: SMFCSD and ODE

Non-Teaching Staff Comparison

	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students					
Students Educated		5,090	4,711	379	
Students Educated (Thousands)		5.090	4.711	0.379	
		FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Position	FTEs				
Curriculum Specialist	2.00	0.39	0.39	0.00	0.00
Counseling	11.00	2.16	2.13	0.03	0.15
Remedial Specialist	0.00	0.00	0.63	(0.63)	(3.21)
Tutor/Small Group Instructor	4.13	0.81	0.74	0.07	0.36
Audio-Visual Staff	0.00	0.00	0.08	(0.08)	(0.41)
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.03	(0.03)	(0.15)
Teacher Mentor/Evaluator	1.00	0.20	0.50	(0.30)	(1.53)
Other Educational	0.00	0.00	0.34	(0.34)	(1.73)
Total	18.13	3.56	4.84	(1.28)	(6.52)

Source: SMFCSD and ODE

Professional Staff Comparison

Students	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students Educated	5,090		4,711	379	
Students Educated (Thousands)	5.090		4.711	0.379	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Dietitian/Nutritionist	0.00	0.00	0.08	(0.08)	(0.41)
Psychologist	3.00	0.59	0.61	(0.02)	(0.10)
Publicity Relations	0.00	0.00	0.08	(0.08)	(0.41)
Social Work	0.00	0.00	0.05	(0.05)	(0.25)
Other Professional - Other	0.00	0.00	0.03	(0.03)	(0.15)

Source: SMFCSD and ODE

Technical Staff Comparison

Students	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students Educated	5,090		4,711	379	
Students Educated (Thousands)	5.090		4.711	0.379	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Computer Operating	0.00	0.00	0.40	(0.40)	(2.04)
Computer Programming	0.00	0.00	0.13	(0.13)	(0.66)
Other Technical	0.00	0.00	0.19	(0.19)	(0.97)

Source: SMFCSD and ODE

Central Office Support Staff Comparison

	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students					
Students Educated		5,090	4,711	379	
Students Educated (Thousands)		5.090	4.711	0.379	
		FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Position	FTEs				
Administrative Assistant	1.00	0.20	0.35	(0.15)	(0.76)
Accounting	0.00	0.00	0.32	(0.32)	(1.63)
Bookkeeping	2.00	0.39	0.36	0.03	0.15
Central Office Clerical	10.00	1.96	1.32	0.64	3.26
Telephone Operator	0.00	0.00	0.05	(0.05)	(0.25)
Other Office/Clerical	0.00	0.00	0.11	(0.11)	(0.56)
Total	13.00	2.55	2.51	0.04	0.20

Source: SMFCSD and ODE

Building Office Support Staff Comparison

	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students					
Students Educated		5,090	4,711	379	
Students Educated (Thousands)		5.090	4.711	0.379	
Buildings		9.0	6.25	2.75	
		FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Position	FTEs				
School Building Clerical	20.00	3.93	2.97	0.96	4.89
Bookkeeping	0.00	0.00	0.05	(0.05)	(0.25)
Records Managing	0.00	0.00	0.05	(0.05)	(0.25)
Other Office/Clerical	0.00	0.00	0.69	(0.69)	(3.51)
Total	20.00	3.93	3.76	0.17	0.87
		FTEs per Building	FTEs per Building	Difference per Building	Adjusted Difference in FTEs
Position	FTEs				
School Building Clerical	20.00	2.22	2.24	(0.02)	(0.18)
Bookkeeping	0.00	0.00	0.04	(0.04)	(0.36)
Records Managing	0.00	0.00	0.04	(0.04)	(0.36)
Other Office/Clerical	0.00	0.00	0.52	(0.52)	(4.68)
Total	20.00	2.22	2.84	(0.62)	(5.58)

Source: SMFCSD and ODE

Classroom Support Staff Comparison

	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students					
Students Educated		5,090	4,711	379	
Students Educated (Thousands)		5.090	4.711	0.379	
		FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Instructional Paraprofessional	0.00	0.00	0.25	(0.25)	(1.27)
Teaching Aide	11.00	2.16	3.06	(0.90)	(4.58)
Total	11.00	2.16	3.31	(1.15)	(5.85)

Source: SMFCSD and ODE

Other Support Staff Comparison

	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students					
Students Educated		5,090	4,711	379	
Students Educated (Thousands)		5.090	4.711	0.379	
		FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Attendance Officer	0.00	0.00	0.03	(0.03)	(0.15)
Guard/Watchman	0.00	0.00	0.07	(0.07)	(0.36)
Monitoring	7.31	1.44	2.03	(0.59)	(3.00)

Source: SMFCSD and ODE

Other Clerical Support Staff Comparison

	Stow-Munroe Falls City SD		Primary Peer Avg.	Difference	
Students					
Students Educated		5,090	4,711	379	
Students Educated (Thousands)		5.090	4.711	0.379	
		FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Messenger	0.00	0.00	0.05	(0.05)	(0.25)
Parent Mentor	0.00	0.00	0.01	(0.01)	(0.05)

Source: SMFCSD and ODE

Extra-Curricular / Intra-Curricular Staff Comparison

Students	Stow-Munroe Falls City SD	Primary Peer Avg.	Difference	
Students Educated	5,090	4,711	379	
Students Educated (Thousands)	5.090	4.711	0.379	
Position	FTEs	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Advisor	0.00	0.00	(0.03)	(0.15)

Source: SMFCSD and ODE

Salary Comparison Tables

In addition to comparing staffing levels we also reviewed FY 2022 salary schedules and compared the District's compensation to those of local peers. The following tables illustrate the District's employee career compensation compared to the local peer average.

Certificated Career Compensation Comparison

	Stow-Munroe Falls City SD	Local Peer Average	Difference	% Difference
BA	\$1,951,011	\$1,869,539	\$81,472	4.4%
BA+5	\$2,151,230	\$1,956,169	\$195,061	10.0%
MA	\$2,263,367	\$2,169,309	\$94,058	4.3%
MA+15	\$2,292,254	\$2,228,994	\$63,260	2.8%

Source: SMFCSD and SERB

Classified Career Compensation Comparison

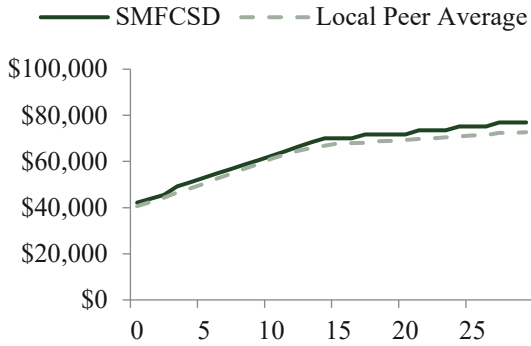
	Stow-Munroe Falls City SD	Local Peer Average	Difference	% Difference
Secretary	\$1,523,460	\$1,290,575	\$232,885	18.0%
Bus Drivers	\$1,092,103	\$991,293	\$100,810	10.2%
Mechanics	\$1,697,823	\$1,642,174	\$55,649	3.4%
Custodian	\$1,511,022	\$1,397,707	\$113,315	8.1%
Maintenance	\$1,542,074	\$1,484,634	\$57,440	3.9%
Cooks	\$849,459	\$788,975	\$60,485	7.7%
Aides	\$1,073,217	\$898,799	\$174,417	19.4%

Source: SMFCSD and SERB

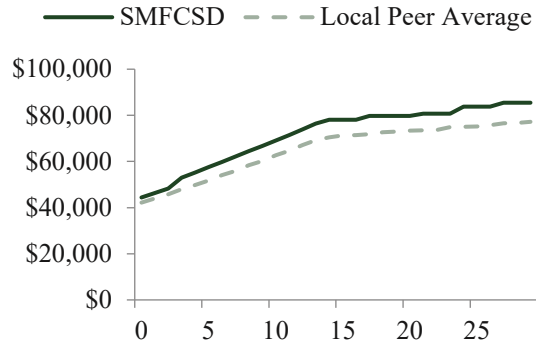
We also looked at annual salaries for all certificated employees and the hourly wage rates for various classified employee positions over the course of a career, as seen in the charts below.

Certified Annual Salary Comparisons

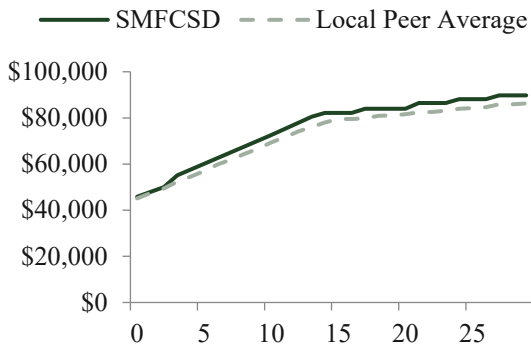
BA



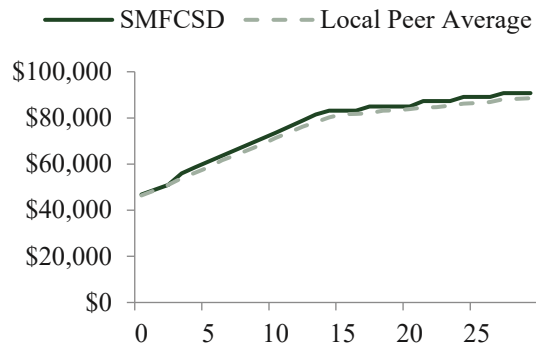
BA+30



MA

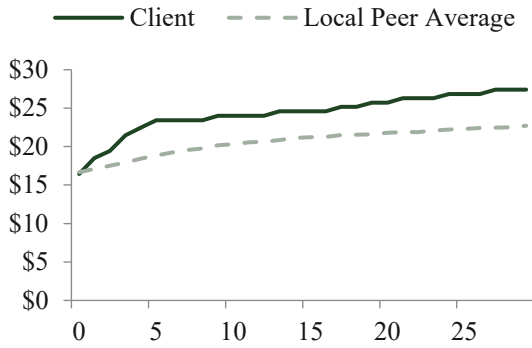


MA+15

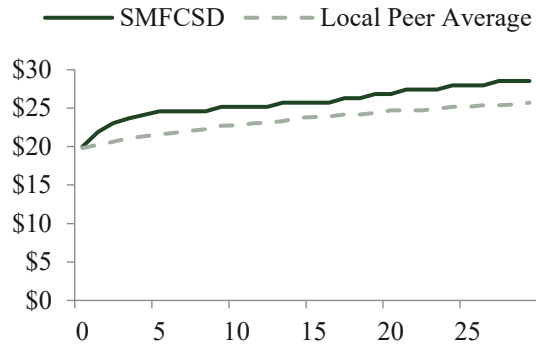


Classified Annual Salary Comparisons

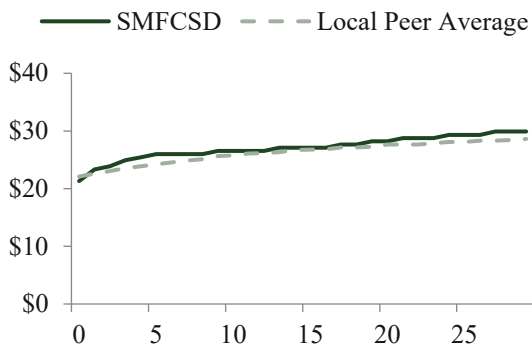
Secretary



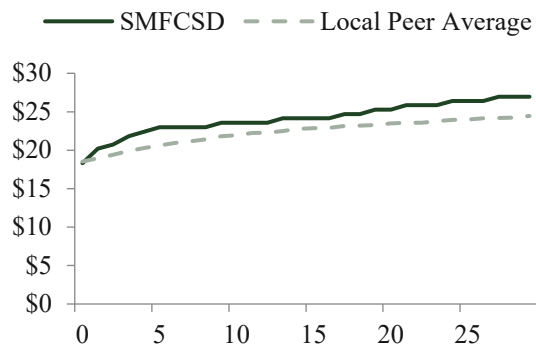
Bus Drivers



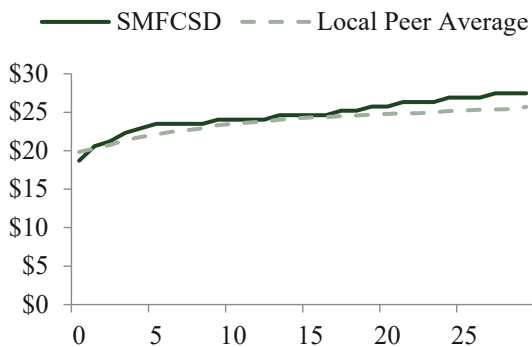
Mechanics



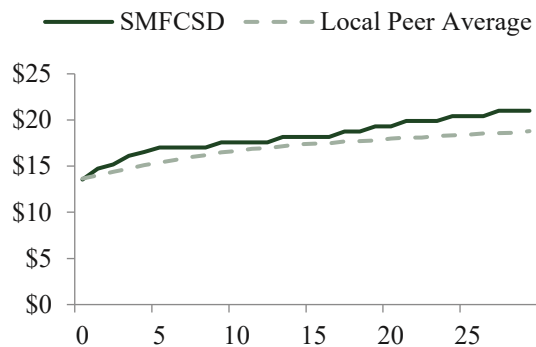
Custodian



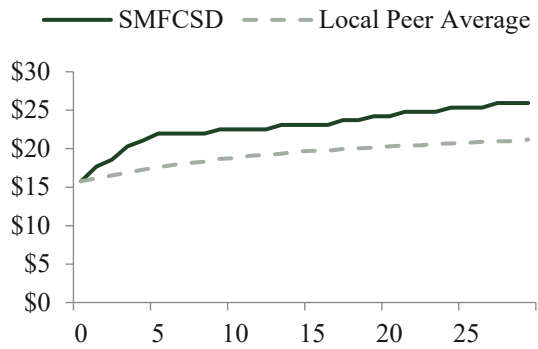
Maintenance



Cooks



Aides



OHIO AUDITOR OF STATE KEITH FABER



STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/6/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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