

A SURVEY OF SELECTED OPERATIONS
OF THE LANSING SCHOOL DISTRICT

CITIZENS RESEARCH COUNCIL OF MICHIGAN

810 Farwell Building
Detroit 26, Michigan

204 Bauch Building
Lansing 23, Michigan

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June 22, 1959

The President and Members
Lansing Board of Education
Lansing, Michigan

Madame President and Members

I have the pleasure to transmit herewith the report requested by your Board on certain phases of management activity and functions of the Lansing school district.

During the course of the survey, the Board found it necessary and desirable to make changes in some of its management practices (the institution of machine records payroll accounting and of encumbrance accounting, and a records management survey are three major examples), and it also made certain organizational changes, notably in the business office and in the establishment of a new physical plant division.

The survey staff was notified and consulted as these changes were being considered, and the report reflects these recent innovations. While specific deficiencies that are noted in this report may already have been corrected or are on the verge of being corrected, largely as a result of these moves, it is believed that the report presents in substance the major management problems with which the Board must cope.

We stand ready to help the Board, as it sees fit, to implement what we believe to be the practical and realistic recommendations made here.

The attitude of the Board, both individually and collectively, and of all employees and officials of the school district was of distinct and material help to the efforts of the survey staff, and is gratefully acknowledged.

Very truly yours

/S/

Robert E. Pickup
Executive Director

REP:mc

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INTRODUCTION

A report of this nature must serve one primary purpose — the critical evaluation of facts. The reader should therefore bear in mind that the report concentrates on weaknesses and sore spots to the virtual exclusion of merits and strengths. This seeming bias and imbalance, however, serves the wholly useful end of detecting and correcting weaknesses before they cast undue reflection on what is basically a sound and well-operated service.

Among students of public administration, the business practices and procedures of school systems generally have not earned any glowing reputation for effectiveness of organization or efficiency of operations. This area of school activities has been too often and too long neglected or ignored by administrators and the public alike.

The recognition by the Lansing Board of Education of its management problems and the willingness of the Board to seek frank and public factual analysis of them are to be heartily commended. Those who would point with scorn to the weaknesses themselves are missing the essential strength of the Board's position — its acceptance of its public responsibility for seeking the best possible school service and maximum effectiveness from the public funds it expends. Bearing this in mind will enable one to appreciate the ultimate purpose which this report is designed to serve.

The Lansing School System – Background

During the past decade the Lansing school system has experienced an unprecedented period of expansion and growth both in numbers of students and in the extent of its total operation. To meet rising enrollments and the demand for additional educational services to students attending Lansing schools, the Board of Education and the central administrative staff have executed a continuing program of organizational improvement.

As background information, which points up the need for changes that have occurred during the past eight or ten years, certain growth factors need to be emphasized. In 1947, the school system employed 560 professional and 190 non-professional staff members; by 1958 this staff had grown to 1,090 professionals and 400 non-professionals. During the 1947-48 school year the school system consisted of three senior high schools (including the now-defunct Technical high school), three junior high schools, and 23 elementary buildings. At that time both junior high and elementary programs were conducted in the Walter French building, and the Larch and Thomas elementary schools were still in operation. Since that time extensive areas have been annexed to the city school district, and the city area has increased substantially from 15.3 square miles in 1950 to 20.6 square miles in 1959. Many school buildings in operation in 1947 have been enlarged through the addition of classrooms and are now serving many more students than they were 12 years ago.

Annexation of the Everett school district in 1950 and of the Pleasant Grove, Horsebrook, and Northwestern school districts in 1958-59 have kept school district growth in line with expansion of the actual limits of the municipality and have increased the student population of the school district from 14,210 in 1947 to 23,131 in 1959. Both enrollment figures include secondary school tuition pupils attending the Lansing public schools.

This increase of almost 9,000 students has caused the total school plant to expand to the present operation of three senior high schools, four junior high schools, and 35 elementary buildings. The Everett senior high school building (now being replaced with a larger structure) and six elementary school buildings were added to the total school plant through annexations. One junior high school and nine elementary schools, as well as numerous additions to existing buildings, and the actual replacement of two out-dated elementary schools, have been added to keep pace with Lansing's school population growth.

Other pertinent background information on the growth of the public schools and of the city since 1950 brings into sharp focus the need for an expansion of services and a re-examination of the schools' organizational structure. In the past eight years the city's population has grown to 115,000, an increase of 25 per cent and there are now estimated to be 9,160 more living units in the city than in 1950. Lansing's birth rate has increased 36 per cent, and its total school enrollment 42.7 per cent

(elementary 46 per cent, junior high school 32 per cent and senior high school 45 per cent) since 1950.

The system's growth during the post World War II years is somewhat reflected in the additions made to the central office staff, additions that also reflect the Board of Education's efforts to improve instructional services to students and to maintain an educational system in keeping with the times.

In 1947, the central staff was composed of the superintendent of schools, an assistant superintendent, a business manager and business office manager, a director of elementary instruction, and departmental directors in the following areas: art, home economics, industrial arts, music, physical education and health, audio-visual services, special education, adult education, guidance and placement, census and child accounting, on-the-job training, practical nurse center, and school libraries.

Since that time the expansion of the school district's operation has made it necessary to add to this staff. At the present time the superintendent of schools is assisted by a deputy superintendent (primarily responsible for building planning and instruction) and an assistant superintendent (for personnel). Major administrative areas are headed by divisional directors in pupil personnel, curriculum, adult education, department of physical plant, instruction (both elementary and secondary), and vocational education. Departmental directors have been added for psychological services, secondary school athletics and physical education, music, safety, science, cafeterias, home and family life education, and special services. The position of assistant director of pupil personnel has also been created to care for the increasing responsibilities of this department. In addition, the total educational program was expanded two years ago to include the two-year Lansing Community College which now offers college-level instruction in three technical areas, in liberal arts and business education, as well as many short-course and part-time programs for post-high school students and adults living in the Greater Lansing area.

It is important to observe that there has been steady progress, often unheralded, on the part of the school system in the improvement of the quality of its educational program at all levels of instruction with full regard for the wide range of abilities and interests existing among its several thousand pupils. Budgetary growth and the consequent increase in per pupil expenditures have contributed to an improved educational system for the sharply risen enrollment. Improved practices in recruitment of teacher personnel, curriculum development and research, and general instructional services, as well as improved guidance, counseling, and testing services, have been given full support by the Board of Education.

Against this background of growth in the size and scope of activities of the school system, the management and organizational problems discussed in this report should be viewed.

SUMMARY OF MAJOR FINDINGS AND RECOMMENDATIONS

Part I - Functional Activities in Business Management

1. There is a lack of a precise and well-defined system for preparing, considering, accepting and executing the district budget. (See Part I - A).
2. The budget document tends to be inconsistent and ambiguous and does not appear to be considered as the “financial law” of the district, an instrument for exerting control over district fiscal operations. (See Part I - A)
3. The accounting system is not an extension of or the tool by which to control the execution of the budgetary system. It is also not designed to facilitate the production or analysis of adequate management information (See Part I - A)
4. Revision and meshing of the budgetary and accounting systems will be necessary before the budget can be accurately guided in its application and enforced in its intended results (See Charts 5 and 6 - Appendix “E”, and “F”).
5. For specific recommendations on budgetary and accounting matters, see pages 6 - 10.
6. The purchasing, requisitioning, delivery and storage problems of the district require immediate and drastic overhaul. (See Part I - B, especially the recommendations, pages 17 - 19).
7. A survey of physical plant operations was postponed following the organizational change which made this activity a separate division. For comments, see pages 19 - 20.

8. Forms and forms control are currently under survey by a nationally recognized management consultant firm. For survey comment on this problem, see pages 20 - 21.

Part II – Organizational Problems and Recommendations

1. A loosely organized structure of top-level instructional, educational, and administrative services was found to exist.
2. Major points suggested to correct this situation are
 - a) A general re-vamping and re-grouping of related activities with consequent reduction in the span of control of top administrators and potential improvement in the provision, control, and direction of educational and administrative services (See Charts 1 and 2 — Appendix “A”, and “B”)
 - b) An administrative assistant for the superintendent (page 23).
 - c) A new position of assistant superintendent for instruction (page 24).
 - d) A re-organization of educational staff services (page 25 and Chart 3 — Appendix “C”).
 - e) A re-organization of business services (pages 26 - 28 and Chart 4 — Appendix “D”).
 - f) A suggested initial organization for the physical plant division (pages 28 - 30).

Part I - Functional Activities in Business Management

A. The Budgeting and Accounting System

Simply put, the budget should be the district's plan of operation for a given year expressed in dollars. As such, it is the primary, tangible instrument available for control and direction of the district's operations. A good budget is indispensable to sound management. Sound budgetary procedure recognizes three distinct steps, which, together with their purposes, are

- 1) Budget preparation — to gather into one document the best informed estimates of revenue and of operational needs (proposed expenditures), and to compare these data with themselves and with at least those of the prior year so as to indicate major fiscal trends and thus to give clues to major policy decisions required. Budget preparation is considered to be an executive (i.e., superintendent's) function, involving the uniform and specific collection and analysis of administrative data, its translation into fiscal equivalents, and its review and compilation in systematic, consistent and meaningful form.
- 2) Budget consideration and acceptance — to review the compiled tentative budget and after appropriate modification that reflects policy decisions, to adopt it as representing the soundest and most feasible fiscal plan that can be determined at that time for guiding the conduct of subsequent operations. This phase is normally undertaken by the chief policy body guiding the particular operation (a legislature, a board of education, etc.).

- 3) Execution of the accepted budget — to put the adopted fiscal plan into action in guiding and controlling operations, subject to such subsequent modification as, in this instance, the Board of Education may from time to time make on the basis of the definite and real needs for policy change as indicated by advice of its administrative officials or by contingencies outside of its control and unknown at the time of budget adoption. Budget execution is normally an administrative (not a Board) responsibility. The Board should concern itself with how well the execution of its policies is being carried on. To the extent that the original budget is soundly conceived and well planned, the need for major (or frequent) budgetary changes can be either eliminated or kept to a minimum for occasions of major or emergency importance.

The accounting system is essentially the tool by which the budget may be guided in its application and enforced in its intended results. The school district's accounting system serves only one purpose at present: to record accurately the revenues and expenditures of the district in fulfillment of legal requirements. That purpose, the audit reports and this survey indicate, it is doing well.

The accounting system appears to have two major deficiencies. First, it is not an extension of, and not the tool by which to control the execution of the budgetary system. Second, it is not designed to facilitate the production or analysis of adequate management information. For example, total and reliable costs of the various administrative units (schools and non-instructional staff offices) or of specific programs of instruction are not readily derived from the current system.

If the accounting system is not geared to a system of budgetary accounts, there is little real management purpose served by either the budgetary or accounting systems. The latter becomes then a sort of separate and indistinct operation, largely a fulfillment of certain legal requirements, and basically meaningless to the business needs of the district.

If the accounting system is not further designed to produce pertinent and relevant operational information, there is no practical way to determine desirable programs and operations, to detect and correct the undesirable, and to achieve the optimum level of operational economy and efficiency in the use of taxpayer funds.

A machine record payroll system has been instituted recently, on a contract basis, and appears to be operating well. This system has allowed the business office to undertake the initiation of an encumbrance system. The latter is essentially a system that recognizes charges (encumbrances) against an account when the official decision to spend from it is made, and not, as in many instances,

weeks or months later when the actual payment of a bill may occur. The flaw here is that the system is not complete. No charges of less than \$20.00 are encumbered. A true encumbrance system would encumber any operating account for any amount at the appropriate time. It would also involve establishing an accounts payable ledger.

The problem is, that while the partial encumbrance system is better than nothing, the only accurate figure under the present system is still the unexpended cash balance. The only meaningful figure, however, would be the unencumbered balance, which in the present system is an inaccurate figure. The encumbrance system must be complete to do the job it is intended to accomplish.

Current Weaknesses in Budgeting

The following were the major weaknesses found to exist in current budgeting practices:

- 1) The Board acts as its own budget division or budget officer, holding numerous hearings on detailed matters and acquiring a mass of specific detail with which it basically does not need to concern itself at this time.

Comment: The Board deliberately subjects itself to a concern with detail that it finds difficult, or at least trying, to assimilate and for the acquisition of which it hires a large number of competent persons ranging from principals to superintendent. Its time would be better occupied at this juncture with larger policy matters, while requiring its administrative staff to acquire, compile, and thrash out the preliminary budget data, submitting it to the Board in some consistent, orderly and intelligible fashion with adequate supporting justification for the Board's review, modification, and acceptance.

- 2) It is doubtful that those in lower levels and from whom the initiation of budget data must come, are informed in sufficient detail or sufficiently far in advance of key data that will affect their budget preparatory work. This comment applies also to the successive steps as the process of budget preparation goes up the administrative line for consolidation. At least, no established system for giving such information and incorporating it into the budget process seems to exist.

Comment: For example, knowledge of the next year's probable school census and student registration picture would seem necessary to the formulation of many budget elements. Information on new courses or abandoning old ones (which affect most directly the needs for equipment, textbooks and instructional materials) may or may not have come to attention forehandedly. There also appears to be incomplete coordination of existing inventories in schools and warehouses

with budgetary requests for supplies or equipment. Adequate repair and maintenance schedules should relieve individual school responsibility for their preparation, and budget preparation in this area would be the responsibility of the physical plant division, after consultation with principals.

- 3) In general there has been no policy established to create specific areas and levels of responsibility for budget preparation, and to define the scope of budgetary duties and responsibility.

Comment: The role of the subject area directors in budget preparation now seems in many instances either to overlap, to interfere with, or to bypass the role of the principals. More importantly, it is an evidence of uncertain and divided responsibility in a key matter which seems to belong to the principal.

- 4) The budget document itself tends to be inconsistent and ambiguous, omits important data while including detail of little merit, and does not result in an effective or consistent fiscal plan for the overall guidance of an \$8 million operation.

Comment: Extended comment is given here to document these points and to illustrate what are felt to be serious flaws in what is produced by the present budgetary process.

The first two items of the fiscal 1958-59 budget illustrate the thread of inconsistency found to run through most of the document. The first item is for "Salaries - 312. Superintendent and Assistants - \$43,500", which gives no indication of the number of assistants or their titles. The second item names specific individuals and their respective salaries. The listing of important positions by title with the salary of each given is generally desirable, but the budget is not a salary list, and names of persons occupying the positions should not be noted.

The next item is the salary of the director of physical plant, followed by two items for clerical salaries, neither of which relates to physical plant, and then by a third item which is related to physical plant. In one case the clerical positions are entitled "secretaries", in the next "individuals", and in the third case there is no title. The listing of accounts therefore, does not follow a logical sequence from which total appropriations for a particular division or activity can be easily ascertained.

Continuing down the budget, textbooks are classified in lump sum as "327.1 Textbooks - \$65,000". Sheet music comes next (in eight categories) totaling \$3,100. If there is a reason for listing \$3,100 of sheet music by individual schools, there might be an equally compelling reason to budget \$65,000 for text-

books by school. Or if \$65,000 is adequately budgeted by lump sum, why the detailed attention to less than 1/20th of that amount for sheet music?

The two classifications for the functions “operation” of school plant and “maintenance” of school plant are devoid of any really useful information. One does note that “Supply department supplies” (Account No. 339.10) are not listed under “Supplies”, and that “elevator repairs” (Account No. 339.7) are operational costs, while all other repairs are maintenance costs. Here again, the budget lacks a consistent, clear and informative classification of accounts.

The current operations budget contains the classification:

“Adult education - Other		
369.22	Unclassified	\$1,800
369.23	Capital Outlay	\$1,500
369.24	Supplies - (reimbursable)	\$6,000”

This leaves the budget reader with absolutely no idea how adult education planned to spend its non-salary funds, or why capital outlay for adult education is not in the regular capital outlay budget.

The capital outlay detail budget is characterized by accounts with no budgeted figures, a number of items labeled “undetermined”, and a wealth of unexplained detail. This section of the budget leaves the reader with two distinct impressions: first, that it constitutes sort of a contingency fund (which the statutes specifically prevent from being set up by that name) and second, that it serves more to record what is hoped to be done — a wishes and desires section — rather than being a serious attempt to budget within revenues for essential needs.

A comparison of the original expenditure budget figures with those in the column labeled “Budget” in the Report of Audit (for the year 1957—1958) shows numerous instances where the originally budgeted amounts were changed during the year, presumably when the amounts were found to be insufficient to meet actual disbursements and expenses. In fiscal 1958, disbursements for operation of school plant exceeded the original budget by \$64,000; for maintenance, the excess was \$30,000, and expenditures for one maintenance item (Account No. 343.3) were nearly 25 per cent in excess of the amount in the Budget column of the audit report. It appears that in many instances the original budget data are either lacking in preciseness or that the budgeted amount is not being employed to control the actual expenditure level — a major purpose of a budget, as previously noted.

- 5) In the past, the budget as originally adopted has not seemed to be considered by the Board to be the framework and expenditure guide for annual district operations.

Comment: Evidence to support this view was found in a number of points: 1) the constant need for transfers between accounts during the year; 2) in a few instances, the authorization for expenditure (having an originally unbudgeted figure) only at or near the year's end when money enough appeared to exist to cover the expenditure; 3) the use of money from one account for purposes related to a distinctly different purpose in another account; and 4) the use of money for purposes not originally in the budget at all. Instances were also said to have occurred where budgeted purchases (which are therefore presumably statements of Board policy as to what shall be done) had been ignored by administrative officials. Since the Board had allowed this to happen, it could be considered that it did not regard its budget as a firm statement of its policy, and without the assurance that budgeted items will be forthcoming it is difficult to see how those responsible for particular programs and activities can find a sound basis for planning and executing their responsibilities.

In short, the lack of a budget system prevents formulation of a meaningful budget; knowing this, or distrusting its own handiwork, the Board revises its budget constantly; and the consequence is that, except for tax allocation requirements, a great deal of time and effort could have been saved to produce the same result. Ample evidence of this is found in the annual audit report where the column headed "Budget" contains figures which are actually the final result of continuous revision by the Board throughout the year. These figures bear only an occasional resemblance to the original budget figures, and this column might more pertinently be labeled, "Final Board Expenditure Authorizations."

Recommendations

Any real changes in budget execution will have to be preceded by a revision of the district's accounting system. With this point in mind, the following recommendations respecting the budgetary and accounting affairs of the district are made:

Budget Preparation

- 1) That the Board, together with the superintendent and business manager establish the system of executive (superintendent's) compilation and initial preparation of the tentative budget. This process should be the direct responsibility of the superintendent with the business office acting as his agent in preparing and distributing budget data, budget schedules and forms, and information on policy

and programs, and in receiving, coordinating and compiling the data into the tentative budget document (budget request).

- 2) That specific individuals be designated by title as responsible for budget preparation at the various administrative levels in the system, and appropriate provisions be made for exchange and coordination of pertinent data on personnel, programs, instructional needs, probable enrollments, supplies and other necessary budget data and elements. In this connection, principals and the directors of system-wide activities and offices are believed to be the key responsible persons for budgetary matters. The subject area directors would be relieved of budgetary responsibility except as to supporting facts, advice and guidance on budget matters where pertinent or requested. (See Chart 2, Proposed District Organization, for designation of those persons here recommended.)
- 3) That each succeeding higher level be responsible for coordinating pertinent budget requests coming to it, eliminating contradictions and duplications, correcting errors, adding overlooked or additional information. (For example, the personnel office should review and compile budgetary data on personnel that comes to it; the business office should similarly act on all requests for supplies and materials; the physical plant division should review capital outlay requests and should prepare a budget for all maintenance and repair items.)
- 4) That the tentative budget request be then compiled by the superintendent with the aid of his staff. Staff conferences might well be held at this time for the elimination of conflicts and to allow as complete as possible a staff understanding of the nature and justification of the needs. It is the superintendent's responsibility to resolve the needs, and to develop the final form of the budget request. No Board action, except initially to reiterate or change board policy determinations, should be necessary up to this point.
- 5) That at the time of budget preparation, the business manager include in the budget as exact an estimate as possible of all anticipated revenues and receipts.
- 6) That the entire process of budget preparation proceed according to a fixed time schedule sufficient to ensure its being in the hands of the Board for review before final adoption.

Budget Adoption

- 1) That, as approved by the superintendent, the budget be submitted to the Board. At this time, and not before, the Board has (or should have) ample opportunity to review all programs, to question justifications, to hear differences of fact or opinion reconciled, and to make its own decisions.
- 2) That adoption by the Board be considered tentative at this time, pending final tax allocation board action. However, following that action, any necessary modifications should be possible without a virtually complete restart on budget-making.

Budget Execution

- 1) That the budget, once finally adopted, in effect become (and if carefully and properly drawn, can become) the fiscal operating law of the district. While modifications may be necessary, a sound budget preparation system and a little faith in its own plan can help stem undue or frequent change. Budget accounts should be considered, by and large, adequate authority for carrying out the transactions they envisage up to the allowable limit of the account. Budget accounts should become the basis of accounting system control ledgers for fiscal control of the applicable year.
- 2) That elimination of “undetermined” accounts from the budget will enhance the meshing of the budget execution with the accounting function. The establishment of a contingency account is forbidden by law, and the Board will therefore be well advised to set up its budget without large amounts of “undetermined” items that serve only to raise the suspicion that they are, in fact, contingent items.
- 3) That the Board authorize the institution of an appropriate allotment system, at least in the case of major items of expenditure, to provide for more effective control of expenditures in relation to the general revenue condition of the district at any given period. Allotment is the break-down to specific periods of appropriated funds on the basis of past spending experience or probable revenue conditions. It serves to provide timely warning of the trend of expenditures in relation to budgeted amounts and to the overall revenue condition. As an example, allotting \$3,000 for snow removal costs on a quarterly basis might well result in the following break-down: First

Quarter - July 1 - Sept. 30, allotment - \$0; Second Quarter — Oct. 1 - Dec. 31, allotment - \$500; Third Quarter -, Jan. 1 - March 31, allotment - \$2,450; Fourth Quarter — April 1 - June 30, allotment - \$100; Total allotment - \$3,000. By this means, if allotments are geared to known factors, actual expenditures can be periodically compared with budget allotments, and trouble spots in expenditure levels are able to be determined in timely fashion. Gearing allotments to the probable revenue condition of the district is also a major factor in the worthwhileness of such a system.

- 4) That the Board establish, after administrative recommendation, a system for seeing that approved budget information is transmitted back to the originators of the budget request. Frequent complaints, considered justified, were heard from various individuals that the Board action on specific requested items or groups thereof never became known to the persons originating the request. Proper planning and operation demand that those responsible for execution of the district's program have timely and accurate knowledge of what they may expect in the way of supplies, equipment, numbers and kinds of personnel, approved maintenance projects, and so forth.
- 5) That a complete encumbrance system be instituted and the district thereby adopt the accrual system of accounting for expenditures. (The cash system for revenue accounting could be continued.)
- 6) That a new system of integrated budgetary and accounting account numbers be adopted for both revenues and expenditures. Essentially, this system should classify receipts by Fund, Source, and Character; and expenditures by Function, Activity, Character, and Object. (See Appendix E and F for illustrative charts of accounts.) Careful planning and review with the help of competent accounting authority (for example, the district's firm of auditors) should precede decisions on and adoption of such an integrated system of accounts.
- 7) That the district consider establishing two common cash funds:
 - a) to record cash equities of all public monies in its possession:
 - b) to record custody of cash held by the district as trustee (e.g., student activity funds, such as athletic receipts).

Such a move is deemed advisable to give strict adherence to both accounting and legal concepts.

- 8) That the business manager develop, and in conjunction with the Board and the administrative staff there be promulgated a schedule of periodic reports of a fiscal and management nature to be provided the Board and other pertinent district officers in order that the results of the system be readily available for study, review, and action, if necessary.

B. The Purchasing and Supply Process

The subject of this section of the report is the current process of purchasing, storage, and distribution of equipment and supplies. Intentionally, the word system is not employed, but rather the less definable and precise word, process.

Purchasing Procedures

The district's purchasing functions are being executed by the business office (the business manager and assistant in charge of purchasing and business services) for all supplies and equipment with the following exceptions:

1) Library Books

The librarian purchases all library books. Books for school libraries are requested by the individual school librarians and approved for purchase by the librarian. The subject area directors as a committee select books for the public libraries. The librarian orders books through a jobber with whom she has previously "contracted." The "contract" is subject to cancellation at any time at the pleasure of the librarian if she considers the service unsatisfactory or that better service can be obtained elsewhere. The only part the business office plays in this purchasing process is accounting for the expenditures.

2) Cafeteria Supplies

The cafeteria director is currently functioning as an assistant to the business manager for the purchase of cafeteria supplies and equipment. On large items of equipment the cafeteria director often writes specifications and requests bids or quotations from suppliers after consultation with the business manager. Whether this will be done by the business manager or by the cafeteria director is determined by how busy the former is and how anxious the latter is to have the items requested. For all smaller items of equipment and for supplies, the cafeteria director writes specifications, and requests quotations. Except for foodstuffs, the quotations on these supplies and equipment

are reviewed by both the business manager and cafeteria director who reach agreement on which quotation or bid is to be accepted. Purchase orders are then written by cafeteria personnel and signed by the business manager. No such consultation normally takes place on the bids for nonperishable foodstuffs, although in these cases the business manager also signs the purchase order. Perishable foodstuffs (milk, bread, produce, etc.) are purchased entirely by the cafeteria managers of the individual schools. No written contracts or agreements are executed for perishables. The present procedure is one of spreading the purchases among local suppliers — (the local milk and bread suppliers determine among themselves a price for their products which they quote the district) — and thus the individual schools order from any of the three major milk suppliers or the two major bakeries. For other foodstuffs, such as potato chips, frozen-foods, and fresh produce, the cafeteria managers of the schools decide among themselves prior to the beginning of the school year which suppliers will be patronized on the basis of their past service, quality, and price. During the year the orders are usually confined to one or two major suppliers subject to change for reason by the individual school cafeteria managers.

3) New Special Instructional Equipment (exclusive of general furnishings) for New Schools.

While the business office is involved in the general process of drawing up specifications and reviewing bids for instruction equipment peculiar to special subject areas, presently the only exclusive function of that office is issuing the purchase order.

A policy for purchasing such new equipment is evolving. It has lately found expression in the selection of a Committee composed of district personnel concerned with the particular area of instruction who, together with the architect and manufacturer's representatives, agree upon the general type and specifications of equipment desired. The manufacturer's representatives then detail these specifications, and they are reviewed by the committee and business manager and a recommendation made to the Board. The Board (as a committee of the whole) reviews the bids and specifications with the administration and finally accepts a bid. While this process has been followed generally, it has as yet not been formalized as policy nor implemented by a standard operating procedure which might include standing committees for specific areas of instructional equipment.

Authorization to Buy

The budget as approved by the Board constitutes for the most part, the authority to purchase for general supply items and items of equipment listed on a line item basis. However, there are two major exceptions to this. First, when “budgeted” items show no expenditures authorized, the purchasing process is not initiated until the item is requisitioned. In many such instances the requisition must be treated as though it were a non-budgeted item (see following paragraph). Secondly, the Board often specifies that certain items of equipment, although listed on a line item basis in the approved budget, shall not be purchased until the Board reviews and approves their purchase again at a later time. Sometimes the Board has the administration suggest which purchases can be postponed.

There is no established system of authority for approving purchases not specifically provided for in the approved budget (non-budgeted items). These are usually in the nature of emergency needs. This situation is a natural outgrowth of the lack of a formal supply and requisition system. The result is that when requisitions for such items arrive at the business office, the business manager or his assistant must not only determine whether sufficient funds are available (a sizeable task itself without a fully operative encumbrance system and with outstanding “budgeted” items awaiting further Board approval at some unspecified time), but he must also consult with one or more of a number of administrators to determine whether or not the purchase should be made. It is not unusual that even after this process the Board itself will finally be approached for the approval of the purchase. In fact, this latter course generally requires less working time even though the purchase may be delayed longer. Under these circumstances, the Board is spending its time handling essentially ministerial matters simply because there is no other clear authority designated to act and no prescribed system for action.

Specifications

There is no policy concerning who is to write the specifications for routine supplies and equipment. In practice they are either stated by the person requesting the item or by the subject area director on the requisition, or eventually approved by them prior to purchase. Often requisitions fail to list sufficient general descriptions from which the business office can work to write specifications and request quotations. (For example, a request recently for a “pen” turned out to be a request for a special type of marking device with a felt nib.) This results in unnecessary delays and work while the information is being secured, or in the requisitioner receiving that which he does not want. Furthermore such items, by their very vagueness, usually receive a low priority for action.

There is also no clear policy as to who is responsible for writing specifications for general instructional equipment and furnishings for new buildings.

Specifications for specialized equipment are being arrived at through the committee system noted above. For the remaining furnishings there is no standard system or procedure. The business manager is now writing these specifications, frequently in the absence of stated preferences or adequate description. This is a serious weakness in equipping new schools, which again results in delays and confusion.

One of the major tasks of a purchasing system is the standardization of supply and equipment items wherever possible. As of now there are no standard lists of supply and equipment specifications. Catalog descriptions of the latest purchased items usually serve this purpose.

Securing Quotations and Bids

There is likewise no definite policy governing when quotations or bids shall be requested on supplies or equipment to be purchased. The business office considers the type, quantity, and immediacy of need in determining whether or not to request quotations of the items, but it has no standards by which to measure these factors. There are, however, specific times when bids are not requested. For instance, no quotations or bids are requested in "emergency" situations. An example of this occurred when Board action on the budget occurred too late in the year to allow time for obtaining quotations and purchasing before the beginning of the school year. Also, bids are not taken on small additional lots of supplies already purchased through the bid process. Agreements with successful bidders usually allow the district to purchase additional quantities at the same bid price. Additional equipment, especially furniture, is usually purchased from the company which supplied the original equipment, the idea being to keep this equipment standardized within individual classrooms and schools. In the event that requisitioned items in small lots have not been previously purchased, the business office may purchase from a successful bidder who is supplying similar items.

Summary and Recommendations

The major weaknesses of the purchasing process are the lack of clearly designated authorities for approval of purchases (even the budget fails to do this effectively by the way in which both equipment and maintenance items are listed in it); the lack of adequate standard supply specifications; the lack of a clear policy concerning who is responsible for supply and equipment specifications, especially for the non-specialized instructional equipment and furnishings in new schools; and the lack of a clear procedure for determining when to request bids and quotations and when not to.

The first two problems and many of their attendant difficulties would find solution in the recommendations stated for revision of the accounting and budget procedures (see pertinent sections of the report, above) and the supply distribution process (see recommendations, below). Some of the difficulties involved in securing specifications for many requisitioned items would also probably be

eliminated as the list of standard stock items was expanded. However, there should be some formalized system for determining specifications for specialized instructional equipment, especially in planning new school buildings. This could well be done by creating standing committees for this purpose from within the subject areas.

The problem of when to take bids and when not to is peculiar to the purchasing process. Usually the basis for such a policy takes the form of maximum dollar amounts beyond which quotations or bids are required. The determination of these amounts depends upon the peculiar expenses and characteristics of the system and as such should be the subject of some study by the purchasing authority in the business office. The lack of such a policy can mean not only possible loss to the district through failure to purchase at the best price, but also needless waste by securing quotations on items whose total cost does not justify the expenditure of the valuable administrative time required for the quotation and bid process.

One further comment seems appropriate. The recommended organizational structure outlined in Part II of the report indicates a separate purchasing section within the business office. It is intended that this section be responsible for all purchasing procedures including those presently being done outside of the business office. However, it must be emphasized that this responsibility need not require centralization of the entire purchasing process within the purchasing section, provided that the purchasing section can exercise controls over the process to insure conformity to the established purchasing standards and procedures.

The Supply and Distribution Process

The supply and requisition process results in the writing of an undue number of purchase orders — often several to a single vendor within a few days — and at the operational level, poses an annoying (not to say exasperating) situation for all concerned. A listing of several things noted in the course of the survey is perhaps the best description and documentation of existing conditions and highlights the major deficiencies that now exist in supply and distribution.

- 1) No consolidated inventories of major items of equipment were found to exist. Typewriters, office machines, and band instruments appear to be the only major equipment for which a complete inventory is attempted, but in this case comparison is seldom made with past inventories to determine the validity of the current count.
- 2) It is next to impossible to determine delineation of responsibility as to who could or who could not requisition, or why or why not. Authorization and denial of requisitions lies anywhere between the principals' clerks, and the delivery truck driver.

- 3) The flow of requisitions is equally mysterious. Some go through what might be considered a reasonably respectable “official” process. Some go to the driver of the supply truck. Some go to the warehouse superintendent. Some go to the subject area directors; some to the business office, and so forth, inexplicably.
- 4) Fulfilling requisitioned items is also an esoteric process. Some schools seem to experience little difficulty in getting needed supplies. A much more frequent complaint was that supplies and equipment were either not received at all or received in reduced amounts, and that no reasons were provided in these instances, nor did the requisitioner ever learn whether his items were on back order. Principals in particular find themselves unable to justify the lack of supplies to teachers and custodians, and find it difficult to learn whether the items have been back-ordered, are not in stock, have not received Board approval for purchase, or are simply not being delivered even though on hand.
- 5) No standards have been set for what a school may expect to have as normal equipment or supply. One junior high has a Mimeograph machine purchased by the district. Another junior high of the same size could get no action on its request and finally bought its own machine.
- 6) In-school procedures differ widely. In some, supplies are kept under lock and distributed under supervision; in others, a help-yourself system prevails. No “normal” supply levels appear to have been established, and thus one can only wonder whether 26,000 paper clips or 50,000 thumb tacks are too little or not enough to find on hand. Or why — unless the custodian rested too heavily on them — there was a need for a stock of 24 broom handles but only 2 broom heads. When mopping, the custodian was apparently not so careless and worked harder, for here the count was 12 mop handles and 24 mop heads.
- 7) Informal procedures for securing supplies are perforce resorted to. A written comment from a member of the survey team states, “The fact is that those requisitioning go to that person who can get them the most with the least difficulty.” Principals frankly acknowledge the need to disassemble (classifying an item as necessary for instruction or for safety reasons), and the purchase of equipment from internal cash funds (instances are reported as Mimeograph machine, air conditioner, warning bell, public address system console, and other substantially major items). On the other hand, seemingly normal and routine requisitions are frequently unfilled (pencil sharpeners and safety glasses for vocational education classes were two cited instances).

- 8) Requisition sheets differ in form depending largely, it seems, on the individual using them. This spirit of individualism has as its chief result the marked impeding of the make-up of purchase orders by the clerks in the business office.
- 9) A former Navy store-keeper who inspected the warehouse as a member of the survey team reported that the degree of cleanliness both of the building and its stored supplies could be materially improved. Exterior construction work going on at the time might have accounted for some of the conditions observed.
- 10) There is not available to the requisitioner from the warehouse a standard list of equipment or supplies from which he may requisition, nor is there any attempt to establish a maximum quantity for requisition. Their absence implies the possibility of waste or overstocking and the needless use of administrative time (requisitioning, the filling thereof excessive delivery activity, etc., etc.).
- 11) Many individuals appear to be involved in the sale or scrapping of warehouse materials. No one person seems to maintain control over this function. The undesirable results that might occur seem obvious.
- 12) Warehouse practices do not conform to good storage procedures (e.g., no consistent grouping of like items; canned goods, volley balls, and notebook covers were found stored together in one place on one floor); nor are inventory controls adequate (e.g., expendable items such as wax, crayons, and toilet paper are inventoried only annually, with no running inventory for estimation of periodic consumption and for subsequent purchase requirements).
- 13) The warehouse keeps account of the consumption of some 15 items of paper supply. This was the only running inventory count of any warehouse item that could either be found or was considered reliable. The fact is that, except for these 15 items, no one does know just how much of what actually is in the warehouse.
- 14) An annual requisition is required from all schools, together with an inventory of supplies on hand. This, it seems, is used for planning purchases, but it means, for instance, that the principal of a school is being required by December of 1958 to anticipate his supply and equipment needs for the 1960-61 school year (Sept. 1960). It also seems to mean that principals are thought to have a more accurate knowledge of consumption and probable future need than can be supplied centrally from the warehouse that controls issuance of supplies in the first place.

- 15) One afternoon, a survey member noted three separate requisitions within three hour's time being handed in by a central office director, each of which resulted in the writing of a separate purchase order. Upon inquiry as to this habit, it was stated by the staff member being interviewed that, "Yesterday he handed in five."

Recommendations

These examples and instances are cited in the belief that they constitute sufficient reason for stating that the purchasing, requisitioning, delivery and storage problems of the school district require immediate and drastic overhaul. The following recommendations are intended to accomplish that result. Organizational recommendations for the purchasing, warehousing and inventory control functions will be found in Part II of the report.

- 1) Definite and specific points of requisitioning authority should be established. With few exceptions, these might correspond with the pin-pointing of budget preparation responsibility mentioned in an earlier section of the report and noted in Appendix B, C, and D.
- 2) A standard list of equipment in stock at the warehouse should be prepared on the basis of experience as to types and quantities of required available items, and copies should be available to all persons with requisition authority.
- 3) Two types of requisitions only should be permitted. A "budget requisition" should cover all equipment and supply items included as a line item in the annual budget, and the adoption of the budget document should constitute adequate authority for the institution by the business office of purchase orders for the securing of the equipment and supply items contained therein. (To some extent this is now the case). All other requisitions (except in the case of emergencies) should consist of items in stock.
- 4) Requisitions should be on a standard form with like items grouped for ease of order filling, and submitted so that a copy constitutes the delivery slip, which in turn should note reasons for non-delivery of requested items, or exceptions to the ordered amounts.
- 5) All requisitions other than budget requisitions should have an established and invariable routing to the supply warehouse. Standard stock lists should exist; maximum withdrawal allowances should be established; and periodic requisition and delivery schedules should be set.

- 6) On the basis of past experience, maximum and minimum (or re-supply) levels of items in the warehouse should be established. A running inventory system will quickly indicate the needs for re-supply, and falling below resupply levels should be the immediate cause for initiation of the purchase process by the business office.
- 7) Issuance of purchase orders should be confined as far as possible to three situations:
 - a) Automatic purchasing of budgeted items (see number 3, above);
 - b) Purchases to replenish standard stock items according to the established re-supply level (see number 6, above);
 - c) “Emergency” purchases to meet supply contingencies (there should be no unanticipated supply contingencies), or to bail-out the one man who “forgot.”

Note: This system would materially reduce the number of purchase orders required by consolidating their use, and thus reduce the level of administrative work; would allow bulk (and seasonal) purchasing with its attendant price benefits; and is a necessity for any smooth-running and competent purchasing system.

- 8) The business office should establish and maintain controls over
 - a) major equipment (non-expendable) inventories;
 - b) sale of salvage and scrap material;
 - c) warehouse (expendable and non-expendable) inventory and supply;
 - d) any non-central purchasing activities deemed necessary to be allowed;
 - e) in-school stock supplies, on a spot-check basis.
- 9) The purchasing agent in the business office should maintain supply catalogues for his benefit and for the designated supply requisitioners in the school system; should screen requests for supplies; should be alert to “equivalents” in type, structure and performance for cost purposes; and should maintain vigilant control over purchasing practices, procedures, and systems.

- 10) The purchasing authority should NOT — and in emphasis, N O T — write the detailed specifications for equipment and supplies. This is properly the function of the person ordering the item, subject to critical review by the purchasing agent.

Note: The current writing of detailed specifications in the business office should cease forthwith, and the time being devoted to this practice should be spent on more pertinent problems of that office, of which this report indicates there are several.

- 11) All elements of purchasing, inventory control, warehousing, and storage and distribution of supplies should be under the control of individuals directly responsible to the purchasing function in the business office of the district. In this way only, will proper responsibility and coordination be able to be instituted and enforced over the various aspects of the supply and distribution problem.
- 12) The necessity for “informal” requisitioning procedures should not exist, and their use should be strictly discouraged.
- 13) The warehouse should stock a larger selection of supplies (e.g., a virtually complete range of staple and standard instructional and maintenance items) to take advantage of seasonal and bulk purchasing practices and to utilize available storage facilities more extensively.

Physical Plant Operations

Maintenance and operation of the school plant were recently separated from the business office and made directly responsible to the superintendent in a separate physical plant division. In view of this realignment it was felt that a more pertinent study could be made after the new division had had an opportunity to function. Detailed review of the operations of this function have therefore been postponed for the time being.

During the survey, one particular point bearing on operations came to the attention of the staff and is noted here. The chief weak point in this field up to now has been the inconsistent performance of the task of construction planning and oversight of actual construction and major renovation jobs. This task is the more necessary as a management aid in view of the major building program underway and contemplated. The task of coordinating site and construction programs, preparing equipment specifications for new buildings, and serving generally as the superintendent's and Board's liaison with architects and construction firms is one which, it is felt, the Board is well aware needs greater attention.

A specific instance of the potential dangers of failing to perform this function can be cited at a senior high school. No inspection by any physical plant personnel (or by anyone else from the Board's main office) was said to have been made of two major jobs: partitioning of study halls, or renovation of a chemistry laboratory. If this were the case, no one from the central office could really say whether the contract was being properly fulfilled. In fact, the principal himself claimed responsibility for preventing the radiators along one wall of the laboratory from being sealed in with no provision for gratings (by the simple process of checking the blueprints against work in process), and for securing the provision of metal baseboard stripping that had been contracted for, but which somehow had missed installation. The example is cited to underscore the necessity for the performance of these tasks by qualified representatives of the physical plant operation.

Further comments on this function at this time relate only to organizational suggestions and are deferred to Part II of the report.

D. Forms and Forms Control

While seeming to be relatively minor as a single, isolated matter, the problem of forms and their control underlies any attempt to establish sound procedural systems, whether in budgetary matters, purchasing and supply, or other fields. It is also a matter of the utmost importance to the problems of filing and storage of documents, and thus to questions of micro-filming, records retention and disposal, space and equipment needs, and so forth.

Any attempt to make detailed recommendations for a proper system of forms control, retention, disposal, storage etc., would have entailed a major study in itself, so thoroughly is the matter out of any semblance of control. A few observations to illustrate the nature of the problem may be made:

- 1) Official forms in the department make a pile of individual pieces of paper some four inches thick, comprising 250 different forms and admittedly incomplete. (Business office estimates of the number of forms ranged, with perhaps good reason, between 400 and 500.)
- 2) Unofficial forms in current usage would swell the pile considerably. The variances in requisition forms have already been noted as one instance of unofficial forms.
- 3) Three different form letters relating to employment of teachers (2 forms) or termination of employment (1 form) are an example of proliferation that could be combined into one form with ease (and they are not included in the book of "official" forms). In fact, it was stated by both the personnel and business offices that these forms are not even used now.

- 4) The district is harassed by forms to the extent that they are a serious storage problem and micro-filming is being considered. Before that, however, an analysis of the existing forms (their use, necessity, numbers, size, disposition, etc., etc.) is required.
- 5) The use of various sizes of forms impedes filing and reference work, and there is no consistency in the routing of forms by color or sequence (duplicate, triplicate etc.).

It would be futile to attempt to change a system or to institute new systems without also reviewing the forms and form control aspect of the problem, which is merely the visible and tangible evidence of a system. The problem of forms and their control, routing, filing, storage, retention, and disposal must be dealt with in any attempts to revise and improve systems and procedures in any of the areas covered by this study.

(Note: The Board recently retained a nationally recognized management consultant firm to make a preliminary study of its records and paper-work problems and needs. The information stemming from such a study should be of inestimable value in coping with this serious management problem.)

PART II - ORGANIZATIONAL PROBLEMS AND RECOMMENDATIONS

Reference to the chart of existing organization (Chart 1 - Appendix "A") illustrates several of the organizational problems that are dealt with in this part of the report. The chief organizational deficiencies are

- 1) The superintendent's span of control embraces 45 persons. Six to eight is the figure considered a reasonably normal span. Fortunately, 38 principals appear able to run their affairs without the necessity for frequent direct relations with the superintendent, but in that case there is no practical or theoretical need for the direct reporting that the chart indicates. Allowing the superintendent one hour for lunch each day, he could spend 10 minutes of each of the other seven hours in the workday with a different person now directly responsible to him and end the day having done nothing else at all — except to fail to see three of those persons. If, on the other hand, there is no necessity for his seeing a person for at least 10 minutes a day, on the average, why is that person thought to need a direct line of relationship to one who is the top administrator in the system?
- 2) The deputy superintendent is only slightly better off, with some 15 directors shown as reporting to him.
- 3) The large number of directors — some of special subjects (music, art, home economics), some of system-wide educational services (secondary instruction, elementary instruction), some of a staff nature (curriculum, pupil personnel) — are not grouped in a logical pattern for the most effective exercise of their services or for the most effective control and direction of their activities and functions.
- 4) In fact, the entire top-level control of instructional, educational, and administrative services is loosely organized.

Recommendations

Bearing these points in mind will aid in the understanding of the proposals made below. It is recommended that the Board consider a reorganization of its administrative staff along the lines indicated in Charts 2 - 4 (Appendix "B", "C", and "D"). A discussion of the proposals follows.

- 1) The superintendent would have seven people reporting directly to him: librarian, deputy superintendent, assistant superintendent for personnel, and the directors of the business and finance, and physical plant divisions. In addition, an administrative assistant to the superintendent is proposed, and the director of special services would continue to perform the duties of that office. This arrangement reduces the span of control to a reasonable number and still provides direct oversight of and contact with key services and management functions of the school district.
- 2) The position of administrative assistant to the superintendent is new. The position is in the nature of a direct, personal representative of the superintendent, familiar with all top-level problems, able to interpret his policies and wishes, and acting to relieve him of as much burdensome or routine detail as possible. As the superintendent's right-hand man and personal representative, the administrative assistant could accomplish much that now requires the personal attention of the superintendent, yet which actually places undue, and in many instances unreasonable demands on his time.
- 3) The deputy superintendent would have primary responsibility for and supervision over the educational and instructional services. As noted earlier, these services were not specific subjects of survey concern, and recommendations #3, #4, and #5 relating to these areas are made as an illustrative type of sound organization that is believed to offer a distinct improvement over the current relatively unorganized administration in these areas.

The position of deputy superintendent in the Lansing school system differs little from experience with the post elsewhere. It is a peculiar position, requiring the ability to perform the Janus-like job of facing two ways at once. By virtue of the word, deputy, the position demands an intimate acquaintance with all problems at the superintendent's level and demands instant and sometimes sustained performance of that job in the absence or illness of the superintendent. At the same time, substantial responsibilities are also

assigned the deputy position, requiring oversight and supervision of major operating segments of the school system. To perform both functions simultaneously and well demands a relatively brief span of control be assigned the deputy and a well-organized structure under his control. Only in this way can the deputy position have the time to perform adequately the top-level task as well as effectively supervising his overtiring responsibilities. The recommendations take these factors into account and result in a reduction from 15 persons to four persons in the span of control of the deputy position.

- 4) Chief features of the illustration for educational and instructional services to be organized under the deputy superintendent are four:
 - a) Creation of a new position of “assistant superintendent for instruction” to have direct charge, under the deputy superintendent, of the operating phases of the 12-grade instructional service. The size of the school system and the manifold problems of a non-instructional nature with which the current administrative staff must cope point strongly to the need for lodging specific operating responsibility for instructional services — the main end, after all, of the district’s existence — in the hands of one person. That person, for the same reasons, is entitled to the rank of assistant superintendent for instruction.
 - b) Placing under the new assistant superintendent, as a staff aid, the three current directors of elementary instruction, secondary instruction, and vocational education, as well as the directors of adult and special education. These five directors of system-wide instructional services would be logically organized in this manner for the most effective expression of their services and to provide optimum integration and coordination to the instructional function. (Principals of the schools would be in a direct line subordinate to the new assistant superintendent, and would have the staff aid of the five directors available to them. Principals would presumably have no more need for continuous contact with the new assistant superintendent than they now have with the superintendent.)

- c) Educational (or staff) services and student services to the entire instructional area would be grouped into two separate divisions, each headed by a director responsible to the deputy superintendent. The two divisions proposed are 1) a division of educational services (curriculum development, educational research services, audio-visual education, and special subject areas), and 2) a division of student services (child accounting and census, pupil personnel activities, guidance and counseling, health services, student placement, and so forth). Chart 3 - Appendix "C" - illustrates the proposed organization of educational services. These two divisions would logically group a number of system-wide services into manageable areas providing staff services to instructional areas and facilitating the overall effectiveness of the school service.
- d) The so-called "directors" of various subject areas would be entitled "supervisors" and would organizationally be part of the division of educational services. "Director" appears to be a misnomer for the function and service being performed by these people. The chart of current organization now shows, at the top level, 22 persons with titles of director out of 31 position titles shown. The term is misapplied, it is believed, when used to denote persons who are specialists in particular fields of knowledge by contrast with heads of staff and operating divisions. Recognizing the reluctance of persons to lose titles such as this, it is still felt that the term, director, should be restricted to operating division heads (e.g., physical plant division), to heads of major portions of system-wide programs (e.g., vocational education, secondary instruction), and to heads of major staff divisions (e.g., division of educational services and of student services).

- e) The Lansing Community College, headed by a Dean, is a distinct and separate instructional service, yet is both served by and can serve the ordinary 12-grade instructional service. As an operating agency of the district in the instructional field, and because of its close relationship with the functioning of the normal instructional program, the community college logically falls under the control of the deputy superintendent in an organizational sense.
- 5) The proposed organization of the division of business and finance is shown in detail in Chart 4 - Appendix "D". Comments on the proposal follow:
- a) The division is presently known as the "business office", and is supervised by a business manager. A position of assistant business manager is authorized in the budget but is presently unfilled. The pattern of organization at present includes an "assistant in accounting" and an "assistant in purchasing and business services."
 - b) The following organizational changes are recommended in the business office: First, that the office be called the business and finance division, with its administrator entitled director. This change is recommended for the purpose of creating a consistent unit and position nomenclature in the system. Second, that there be created four distinct sections within the divisions: 1) Financial Control Section, 2) Purchasing and Supply Section, 3) Business Services Section, and 4) Food Services Section, each under a supervisor (see Chart 4 - Appendix "D"). Third, that the authorized position of assistant business manager be discontinued with the removal of the physical plant function from the business office, there is deemed to be no need at the moment for an assistant.

- c) The principal functions of the director of business and finance should be overall supervision and coordination of the division's functions, with emphasis on review of the financial condition of the district, budgeting, and advising the superintendent and the Board on all business and financial matters. The division should receive all money payable to the school district and should make all disbursements approved by the Board. The division should provide accounting and control for the student activity funds of the various schools.

- d) In brief form, the four sections should have the following areas of activity:
 - (1) Financial Control Section, headed by a supervisor, should perform the accounting, payroll, and financial reporting functions, as well as acting as the central point for the collection and tabulation of budgetary information. Any data processing equipment which may be rented or purchased by the district should be operated and controlled by this section.

 - (2) Purchasing and Supply Section, headed by a supervisor, should prepare standard lists of stock and materials used by the district, receive all requisitions and issue all purchase orders, prepare all; orders for bids and receive all bids, establish and maintain perpetual inventory records of supplies and equipment, keep all personnel informed of new merchandise and materials, and maintain a warehousing and distribution system.

 - (3) Business Services Section, headed by a supervisor, should be responsible for property rental, telephone service, central stenographic and duplicating service, mail service, transportation, property insurance, and miscellaneous business services that may be assigned to the division. The supervisor should establish and maintain a records and forms management system for the district, and should

review all forms to eliminate duplication and promote standardization, and recommend storage locations and methods to the director. (All educational records should be under the control and custody of the director of the educational services division; the supervisor of business services, however, should be responsible for all matters relating to the management of records, including educational records, and the two persons should work closely together in the establishment of a sound records system and its efficient functioning.)

(4) Food Services Section, headed by a supervisor, should operate and manage all cafeterias and milk and lunch programs, While the cafeterias use student help in serving, they are essentially a business, not an instructional operation, and should be so treated for purposes of organization and management. The supervisor of food services should perform the duties of dietician and should supervise the individual cafeteria managers.

- 6) Organization of the physical plant division as proposed is described below. A logical functional organization for operation would provide for two operating sections, each headed by a supervisor:
 - a) A custodial section (headed by a supervisor or chief custodian) would be responsible for all routine building and grounds operations and would consist of the school custodians, groundsmen, pool attendants, firemen, etc. The supervisor would be responsible to the director of physical plant for the timely performance and quality of all custodial operations; for developing and enforcing work standards and schedules; for requisitioning and drawing custodial equipment and materials; and for preparing initial budget data relating to his area of responsibility.

- b) A building maintenance section (headed by a supervisor or chief fireman) would be responsible for all building maintenance operations and would consist of all employees. The supervisor would be responsible to the director for the timely performance and quality of all maintenance operations; for developing and enforcing work standards and schedules; for developing annual programs for building maintenance and repair in the several pertinent areas (e.g., a schedule for room and building painting or plastering, periodic replacement of equipment, etc.); for requisitioning and drawing maintenance equipment and supplies; and for initial budget preparation for this function. The supervisor would also act as the shop foreman for routine central repair and maintenance operations.
- c) The director of the physical plant division, besides responsibility for preparing initial budgetary data for the division, should play a key role in evaluating initial budget requests from all sources for custodial or maintenance improvement, repair, and change. If the physical plant division is to fulfill its maximum usefulness as a central agency for custodial and maintenance services, its advice and counsel should be heavily weighted in passing on budget requests in these areas. Schedules and priorities developed by the division and implemented by budgetary action can mean the difference between an efficient, sound, long-range maintenance program or a whimsical and spotty annual performance of ultimately much greater cost.
- d) Either the director or the assistant director of the division should have an engineering background in order best to provide technical assistance to the construction program and to guide the continuing performance of the custodial and maintenance tasks. An architectural background is deemed less appropriate for three reasons: First, to get competent architectural training would probably entail a salary level in excess of comparable management and instructional personnel at the director's level in the school system; second, architectural advice and services are assumed to be provided by firms retained for the planning and construction task;

third, it is deemed probable that far more of the trouble spots which the division might meet in its routine job would be of an engineering nature, and that such architectural advice as was needed had best be provided for specific occasions as they arise.

- e) There is some confusion now as to the status of the warehouse — whether it is a business office or physical plant responsibility. It has been previously suggested that the warehouse be considered an integral part of the purchasing and supply section in the division of business and finance. The physical plant division is not deemed an appropriate place for this activity.

This type of organization for the physical plant division offers a sound initial organization as the fledgling division begins its operations. The subsequent report of physical plant operations intended to be undertaken by the Research Council will contain any appropriate suggestions for revisions of the organization here suggested, which may then appear desirable.

- 7) Regarding the problems involved in its school building program, the following suggestion is advanced in the belief that it could materially aid Board problems:

That the principal of a new school be designated as early as possible in the educational planning of the building, and that responsibility for matters of school equipment and supply (including the initial preparation of specifications for such items) be delegated to the appointee, working in conjunction with any special committee that may be appointed (see Part I, B). As the person who will eventually be in charge of school operations, he (or she, for that matter) could render valuable assistance to the Board and to the physical plant division in the myriad tasks and problems that arise between ground-breaking and the ringing of the school bell.

- 8) Three recommendations in the area of personnel management are made. (The study excluded any detailed analysis of the operations of this function.)
 - a) It is recommended that the position title of the administrator be “assistant superintendent for personnel.” It is felt that the position should be filled by a person with

an educational background, primarily, with emphasis on school personnel administration. This is the case with the incumbent. The title change would distinguish between the two assistant superintendents which the system would have under the proposals made.

- b) It is recommended that the assistant superintendent for personnel be responsible for all personnel recruiting and records: instructional, administrative, maintenance, and business personnel. Records maintenance and screening procedures for all Board employees would be done by this office, with the actual appointment made by the superintendent (with Board concurrence, if desired, for given positions) on recommendation of the head of the division requiring the employee. It would be an unnecessary waste of technical skills to have the personnel office perform only a part of the total required personnel function.
 - c) Additional help for the assistant superintendent appears to be necessary. In some of the non-instructional areas, the personnel function now appears to have more of a perfunctory than an actual application. It is apparently intended that all personnel functions be performed in this office (in line with the above recommendation), but to make this an efficient operation will require additional clerical or other aid for the assistant superintendent for personnel.
- 9) It was considered sufficient for this survey to confine study of the library function to its proper place in the total organization. It is recommended that the librarian continue to be responsible to the superintendent, and that the public and school libraries continue under the direction of one librarian with an assistant for school libraries. This arrangement makes possible the maximum coordination of library services with the instructional and educational areas.

- 10) It will be noted that certain positions on Charts 2 - 4 (Appendix "B", "C", and "D") display an asterisk. This denotes the recommended structure and responsibility for the initiation and flow of budgetary preparation data (see Part I - A, for comments). The need for establishing similar responsibility regarding supplies requisitioning is noted in Part I - C, and these same individuals might easily serve this purpose in the institution of any system-wide control over the requisition-purchase process.

Appendices A - F

Note: In reading and interpreting the organization charts (Appendix “A” - “D”), the reader is cautioned that the relative position of the boxes above or below each other is not necessarily of any significance. What is important are the lines that run from the boxes to higher and lower levels of authority and responsibility. For example, in Appendix “C”, the two divisional directors shown are co-equal subordinates of the deputy superintendent, although space does not permit their portrayal on the same horizontal level.

CHART 1

LANSING SCHOOL SYSTEM - PRESENT ADMINISTRATIVE ORGANIZATION

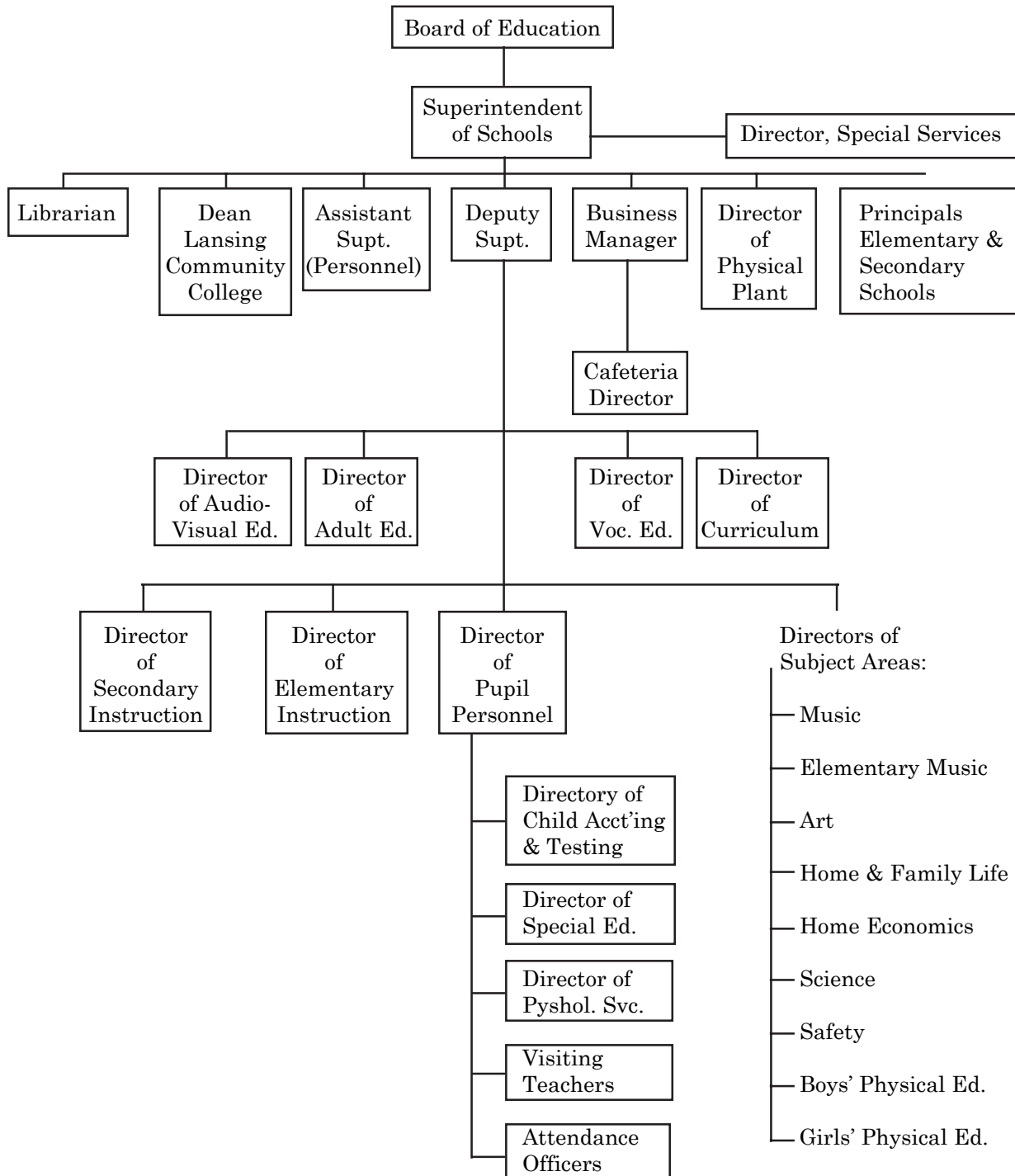
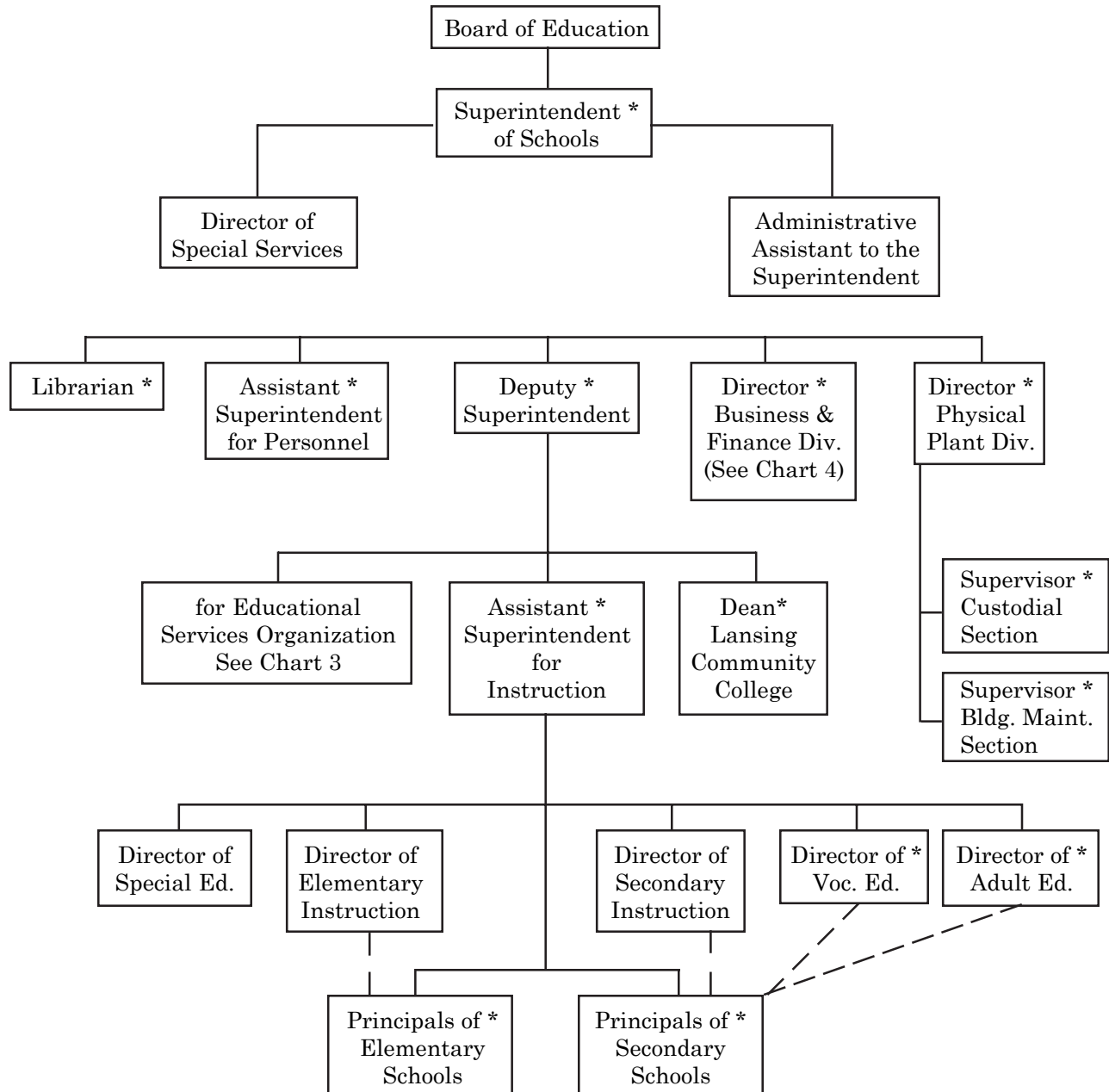


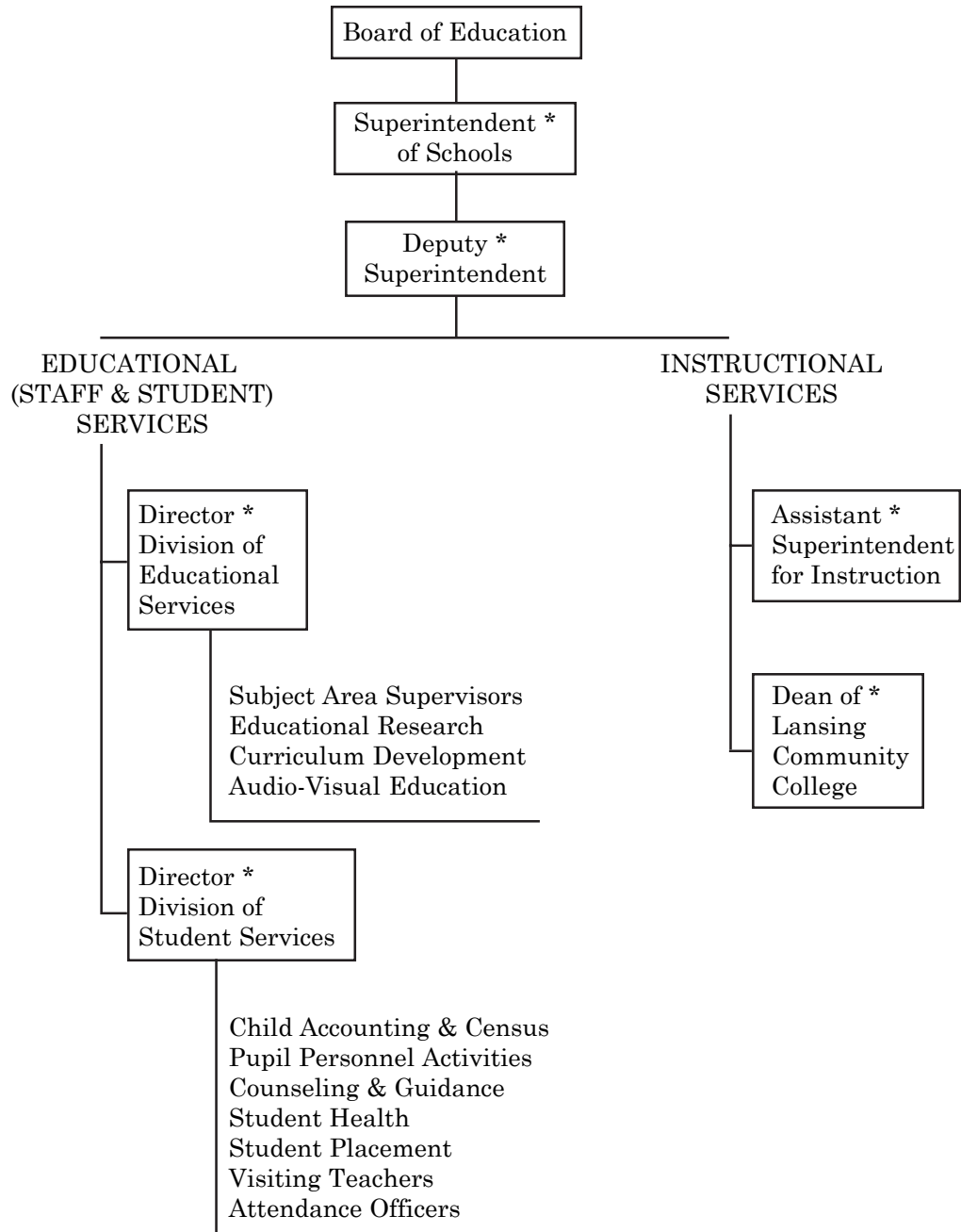
CHART 2

LANSING SCHOOL SYSTEM – PROPOSED ADMINISTRATIVE ORGANIZATION



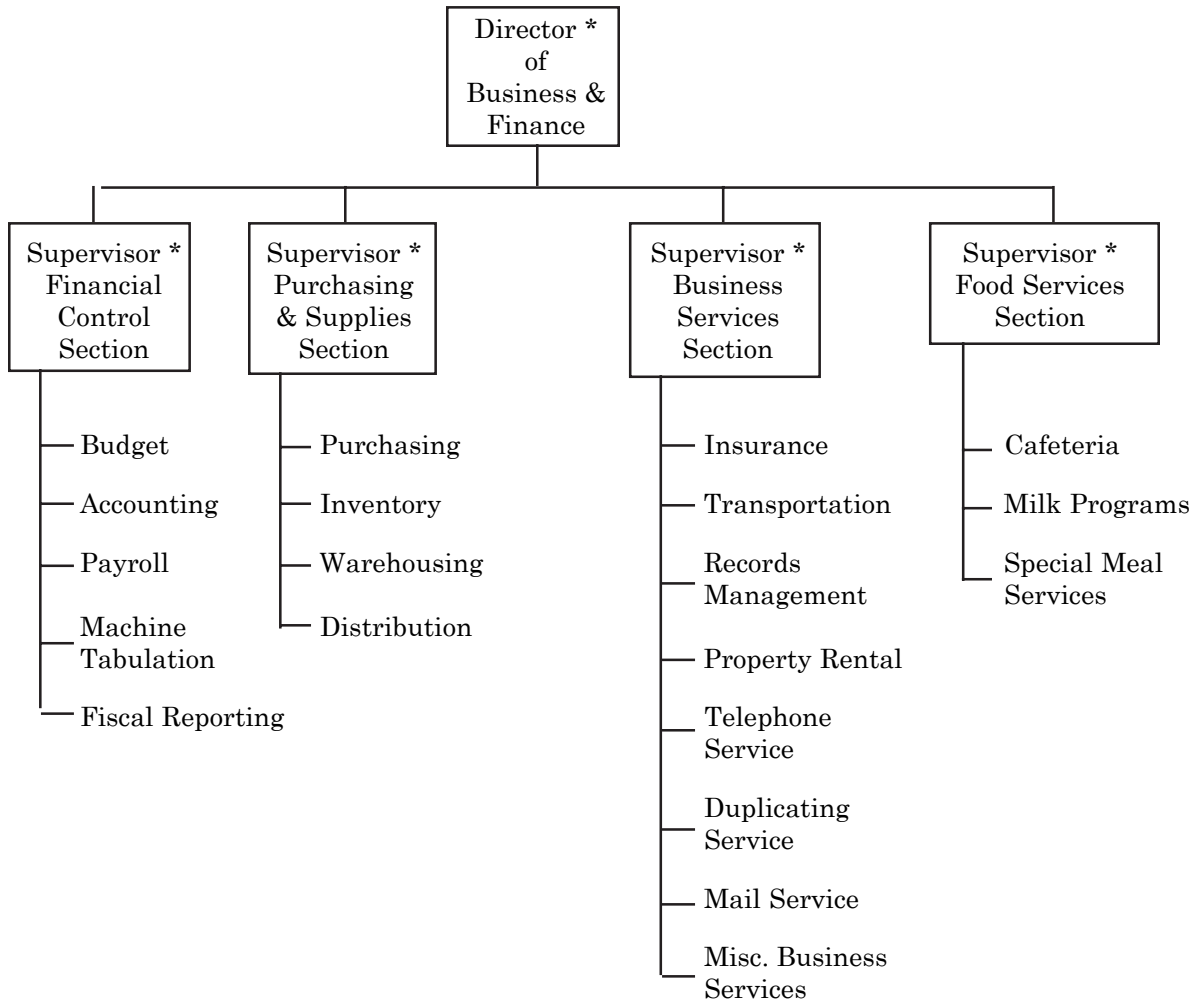
*Denotes recommended responsibility for initial budget preparation; see Part I-A, Recommendations. Individuals indicated might also serve as responsible persons in requisition and supply system.

CHART 3
LANSING SCHOOL SYSTEM
ILLUSTRATIVE ORGANIZATION FOR STAFF AND STUDENT SERVICES



*Denotes recommended responsibility for initial budget preparation; see Part I-A, Recommendations. Individuals indicated might also serve as responsible persons in requisition and supply system.

CHART 4
 PROPOSED DIVISION OF BUSINESS AND FINANCE
 (ORGANIZATIONAL CHART)



*Denotes recommended responsibility for initial budget preparation; see Part I-A, Recommendations. Individuals indicated might also serve as responsible persons in requisition and supply system.

ILLUSTRATIVE CHART OF FUND AND ACCOUNTS CODING SYSTEM

FOR USE BY LANSING SCHOOL DISTRICT

I. RECEIPTS

Account Number <u> Digits * </u>	<u>Designation</u>
<u>000-000-0000</u>	<u>FUND</u>
10 through 19	Operating
20 through 29	Revolving
30 through 49	Activity
50 through 59	Bond Redemption
60 through 69	Bond
70 through 79	Trust and Agency
90	Common Cash
93	Activities Common Cash
<u>000-000-0000</u>	<u>MAJOR SOURCE OF RECEIPT</u>
0	Taxes
1	State and Federal Aid
2	Library Penal Fines
3	Tuition
4	Fees
5	Earnings on Investments
7	Miscellaneous Revenue
8	Revenue from other operating funds
9	Non-Revenue receipts
<u>000-000-0000</u>	<u>INDIVIDUAL RECEIPT SOURCE</u>
<u>000-000-0000</u>	<u>CHARACTER OF RECEIPT</u>
0	General Purpose Revenue
3	Restricted Revenue
5	Direct non-revenue receipts
7	Non-revenue receipts - transferred from other funds
<u>000-000-0000</u>	<u>ACTIVITY FOR WHICH REVENUE MAY BE EXPENDED</u>
0000	No restriction placed on the use of receipt. In the case of restricted receipts, the activity and sub-activity code used for expenditures shall apply. Additional digits may be used in the case of activity funds to indicate the account within the activity.

* The coding system suggested here will facilitate transfer to a machine records processing system if and when that should become desirable.

ILLUSTRATIVE CHART OF FUND AND ACCOUNTS CODING SYSTEM
FOR USE BY LANSING SCHOOL DISTRICT

II. EXPENDITURE

Account Number

<u>Digits</u>	<u>Designation</u>
000-0000-0000	<u>FUND</u>
10 through 19	Operating (General Operating, Building and Site)
20 through 29	Revolving (Cafeteria)
30 through 49	Activity
50 through 59	Bond Redemption
60 through 69	Bond
70 through 79	Trust and Agency
90	Common Cash
93	Activities Common Cash
000-0000-0000	<u>FUNCTION</u>
0	General-Control Bd. of Ed., Supt., Bus. Office, Ed. Staff Service)
1	Instruction - Elementary
2	Instruction - Secondary, including Vocational
3	Instruction - Comm. College, Adult Ed., Special Ed., Special Prgms
4	Library
5	Maintenance & Operation of Physical Plant
6	Unassigned
7	Debt Service
8	Transfers to Other Funds
9	Non-Operating Expenditures
000-0000-0000	<u>MAJOR ACTIVITY</u>
	Major activities under each function; such as, Bd. of Ed., Supt. of Schools, Bus. & Fin. Div., etc.
000-0000-0000	<u>SUB-ACTIVITY OR UNIT</u>
	Specific Sections, such as Ed. Research, Child Accounting & Census, & the Individual Schools.
000-0000-0000	<u>CHARACTER OF EXPENDITURE</u>
0	Appropriation Account
1	Current Operations
2	Capital Outlay
3	Payments & Reimbursements to other Funds
4	Direct Non-Operating Expenditures
000-0000-0000	<u>OBJECT OF EXPENDITURE</u>
0	Appropriation Account not segregated
1	Personal Services
2	Contractual Services
3&4	Supplies & Materials
5	Other Current Charges
6	Equipment
7	Major Repairs to Buildings & Equipment
8	Site Acquisition & Improvement
9	New Building Construction
000-0000-0000	<u>SUB-CLASSIFICATION OF OBJECT</u>
	Additional digits may be-used to show work order number or purchase order number.

* The coding system suggested here will facilitate transfer to a machine records processing system if and when that should become desirable.