

Section 5 -
Education and Staffing -
Organization and Staffing
of
Department of Public Instruction

KPMG Peat Marwick
Government Services Management Consulting
for
North Carolina General Assembly
Government Performance Audit Committee
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Issue Statement

This issue paper examines the organization and staffing of the Department of Public Instruction (DPI). Specific issues evaluated include:

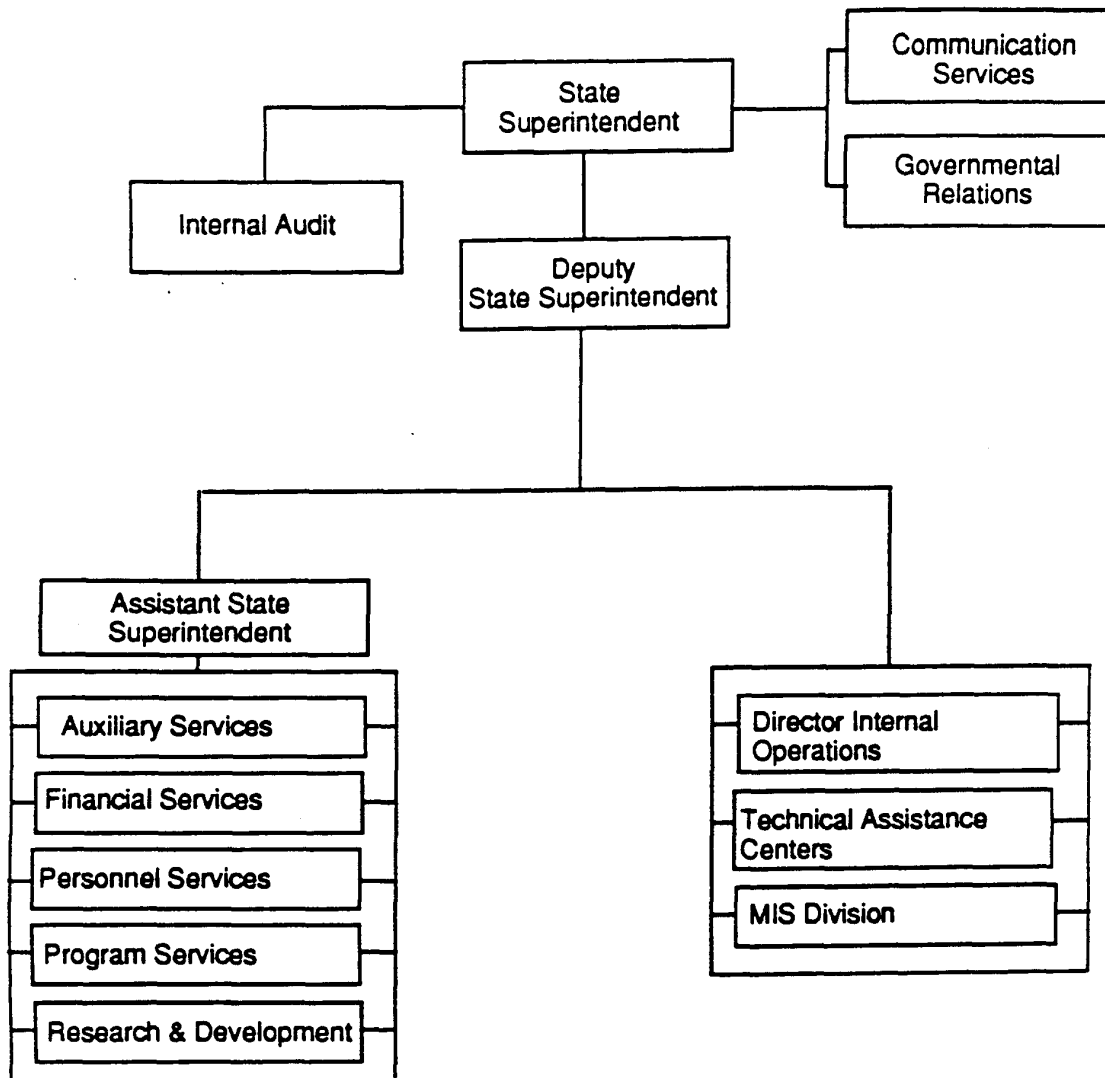
- How should the Department of Public Instruction be structured and staffed to effectively perform a leadership role in improving student performance?
- Does DPI have the right mix of managerial, professional, and clerical staff?
- Are functional areas properly placed in the organization to achieve maximum results?

Background

As shown in Exhibit 1, the major components of the Department include the State Superintendent's Office, the Deputy State Superintendent's Office, Auxiliary Services, Financial Services, Personnel Services, Program Services and Research and Development Services.

- **Superintendent's Office:** The Division of Communication Services and the Division of Governmental Relations report directly to the Superintendent. Communication Services produces DPI's publications and media presentations and provides information to the public and other external organization. Governmental Relations acts as a liaison between DPI and the State Legislature, Federal Government, and other external organizations. The Internal Auditor and the Deputy Superintendent also report to the Superintendent.
- **Deputy Superintendent:** The Deputy oversees Auxiliary Services, Program Services, Personnel Services, Financial Services and Research & Development. Internal Operations (purchasing, personnel, mail room), MIS, and the Technical Assistance Centers also fall under the responsibility of the Deputy.
- **Personnel Services:** The Division of Teacher Education Services and the Division of LEA Personnel Services are in Personnel Services. Teacher Education is responsible for certifying new teachers and for updating certificate qualifications of existing teachers. This group also approves teacher education curriculum offered at state colleges and administers state funds dedicated to teaching scholarships. LEA Personnel Services assists LEA's with questions relating to personnel issues, including salary and benefit. Staff Development consultants and the N.C. Assessment Center in LEA Personnel Services design, coordinate, and provide training for principals.
- **Auxiliary Services:** The Division of School Services and the Division of School Facility Services are located in Auxiliary Services. School Services monitors and provides assistance for transportation, child nutrition, student safety, and desegregation issues. Facility Services helps school districts with school planning and operational concerns. Facility Services also handles insurance for schools and workers' compensation for DPI and LEA employees.

Exhibit 1
Department of Public Instruction
Current Organization Structure



- **Financial Services:** The Division of State Accounting Services, the Division of School Business Services, and the Division of Fiscal Control Services are located in Financial Services. The Division of State Accounting Services is responsible for basic accounting functions, including accounts receivable/payable, financial statements, cash management, and grant accounting. The Division of School Business Services sets budgets for individual school districts, audits child nutrition programs, audits LEA expenditures, runs the state textbook warehouse, and provides support for the Student Information Management Systems (SIMS). The Division of Fiscal Control Services manages state and federal funds allocated to public education.
- **Research & Development:** The Division of Accountability Services and the Division of Development Services are located in Research & Development. Accountability is responsible for coordinating the development of student assessment tools. Accountability is also responsible for monitoring student and school performance. Development Services evaluates, plans, and administers funds for programs that are designed to improve student and school performance.
- **Program Services:** The Division of Curriculum and Instruction, the Division of Vocational Technical Education, the Division of Media and Technology, the Division of Student Services, and the Division of Exceptional Children's Services are located in Programs Services. Curriculum and Instruction is responsible for developing and coordinating academic subject programs. Vocational Technical Education develops and coordinates vocational programs. Media and Technology supports instructional services that utilize technology, communications, and other media resources. Student Services coordinates counseling programs, school nurses, dropout prevention programs, child abuse prevention programs, and alcohol and drug abuse programs. Exceptional Children's Services coordinates programs for special student populations, including students with handicaps, gifted and talented students, and students in Willie M. programs.

DPI currently has 840 staff under the direction of the State Superintendent. DPI has reduced its staff by 175 positions or 17 percent over four years. For example, DPI eliminated a division in the Department that was responsible for evaluating teacher performance. This represented approximately 46 positions. DPI also reduced the number of centers that provided regional support to school districts from eight to six when DPI converted from a Regional Center system to a Technical Assistance Center system. This represented approximately 20 positions.

DPI's current employees are located in the following functional units:

Superintendent's Office	46
Deputy Superintendent's Office	99
Regional Centers	112
Auxiliary Services	103
Program Services	264
Personnel Services	70
Financial Services	108
Research & Development	38
	<hr/> 840

Finding 1: DPI performs similar functions as education departments in other states but uses more staff.

In this project, we examined the structure and functional responsibilities of ten other states. These states were selected for comparison because they had similar student population, had high educational performance, or were known for innovative reform.

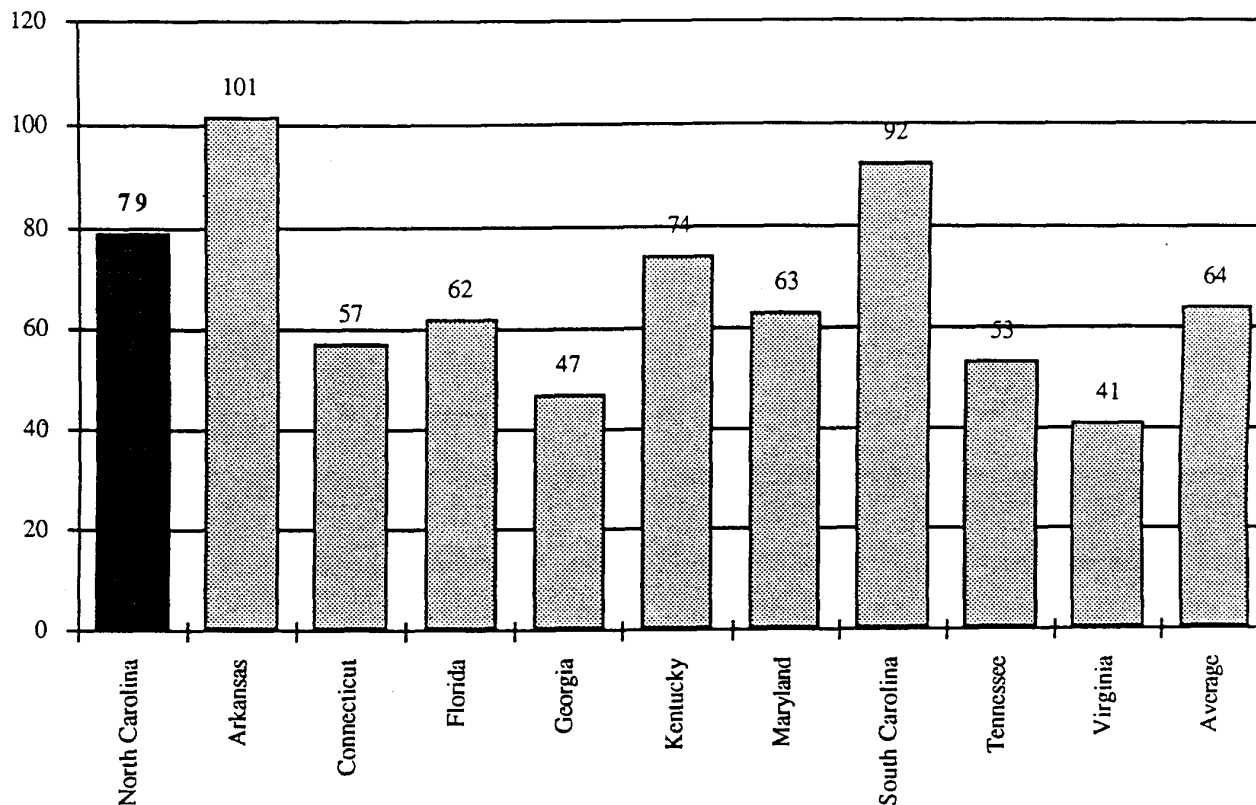
Most of the functions performed by North Carolina's education department were also identified in the other states. The level of service and the number of employees assigned to each function, however, differs among the states. For example, most states had a School Planning function, but few provided the extensive technical assistance that North Carolina provides to individual school districts. In addition, some states had functional responsibilities that were not found in North Carolina such as oversight for the blind/deaf school, public libraries, and correctional education.

Our study of education departments also showed that other states had staffing levels that were significantly lower. Exhibit 2 shows the staffing levels for the ten states and North Carolina. Exhibit 2 only reflects employee numbers associated with functions performed in North Carolina. Employees in other states that are assigned to functions not performed in North Carolina have been excluded to facilitate an "apples to apples" comparison.

Finding 1.1: Narrow spans of control exist in parts of DPI's management structure which indicate underutilization of staff.

We identified a number of management positions with narrow spans of control which were defined as fewer than six people. In a number of cases there were clusters of management positions with relatively little staff reporting to them. Listed below is each underutilized position and the professional positions that report to this manager and the number of professional positions that report to the management layer below the supervisor. In many of these cases, an activity analysis study completed for this report showed that individuals in these management positions are spending at least 40 to 50 percent of their time on supervision or managerial responsibilities. Given the significant amount of time spent on supervision and the small numbers of staff supervised, there appears to be excess management staffing.

EXHIBIT 2
Department of Education Staffing per 100,000 Students



Source: Digest of Education Statistics and KPMG Peat Marwick Survey

Note 1: Number of students per 100,000 is based upon estimated Average Daily Membership (ADM) for latest available year.

Note 2: Staffing for functions not performed in North Carolina has been excluded. These include running Schools for the Blind, correctional education facilities, vocational schools and public libraries.

- Assistant Supervisor of Auxiliary Services: Director of School Services and Director of School Facilities. Directors currently have a total of eight professionals reporting directly to them. With changes recommended in other parts of this issue, four professionals will report to the Directors.
- Fiscal Control Services Division Director in Financial Services: Budget Management Chief Consultant and Financial Review Chief Consultant. Chief consultants currently have a total of seven professionals reporting directly to them.
- Assistant Superintendent of Personnel Services: Teacher Education Services Division Director and LEA Personnel Services Division Director. Directors currently have a total of 14 professionals reporting directly to them. With changes recommended in other parts of this paper, four professionals will report to the Directors.
- Management Information Systems Director - Management Information Systems Assistant Director and Transportation Information Management Systems Project Manager. Six professionals report to the Assistant Director.
- Internal Operations Director - Personnel Management Chief Consultant and Agency Services Chief Consultant. Chief Consultants have a total of four professionals reporting directly to them.

Recommendation 1: DPI should eliminate duplicative layers of management to reduce narrow spans of control in the management structure.

When two tiers of management in a specific area of DPI both have a limited number of professionals reporting to them, the second tier of management should be eliminated. This will expand the spans of control of some positions from two or three employees to six to eight employees. A total of 16 positions should be eliminated.

- Eliminate the Director of School Services and Director of School Facilities positions and three associated clerical positions.
- Eliminate the Budget Management Chief Consultant and Financial Review Chief Consultant positions.
- Eliminate the Teacher Education Services Division Director and LEA Personnel Services Division Director positions and two associated clerical positions.
- Eliminate the Management Information Systems Assistant Director position. Move the Transportation Management Information System Project Manager to report to the SIMS Application Development Manager.
- Eliminate the Personnel Management Chief Consultant and the Agency Services Chief Consultant positions and two associated clerical positions.

Finding 2: Positions throughout DPI appear to be underutilized and can be consolidated with other positions.

We identified a number of positions which appear to be underutilized based upon the amount of time spent on primary activities. There appear to be opportunities to consolidate the activities of these positions to achieve cost savings.

Recommendation 2: Eliminate 13.5 positions and transfer their duties to other positions.

- Eliminate the Sports Medicine Director position in Auxiliary Services and one associated clerical position. Move responsibilities to Healthful Living in Curriculum & Instruction area of Program Services.
- Eliminate two Desegregation Assistant positions in Auxiliary Services and one associated clerical position. Move responsibilities to Student Services area of Program Services.
- Eliminate Education Planning & Development Consultant in the Teacher Education area of Personnel Services. This position coordinates activities of the Professional Practices Commission created in 1987 by the Task Force on the Preparation of Teachers. Move responsibilities to other employees in Teacher Education or assign responsibilities to member(s) of the Commission.
- Eliminate Education Consultant position in Personnel Relations area of Personnel Services that handles the contract for the teacher fringe benefit package plan. Move responsibilities to the Salary Administration group in Personnel Services.
- Eliminate Education Consultant position in Personnel Relations area of Personnel Services that works on LEA budget allocations for personnel resources. Move responsibilities to the School Budget group in Financial Services.
- Eliminate four Education Consultant positions and two associated clerical positions in Personnel Relations area of Personnel Services. The primary responsibility of these consultants is to provide technical assistance to school districts regarding personnel policies.

DPI has a responsibility to inform and to distribute information to school districts regarding personnel policies and procedures and to help with personnel decisions that are an exception to established policies and procedures. One Education Consultant will remain in Personnel Relations to fulfill this responsibility.

- Eliminate two full-time and one part-time Consultant positions and one associated clerical position in the Management & Planning group in Internal Operations. These consultants coordinate DPI facility plans, DPI social occasions, and other special projects. Move responsibilities to the Superintendent's three clerical support positions.

Finding 3: Certain functional groups in DPI are not logically grouped which results in unnecessary management positions and resources spent needlessly on coordination of activities.

The Deputy Superintendent has a span of control of eight which is excessive. Based on our first finding, the actual reporting responsibility is to the State Superintendent. The current structure appears to inject a unnecessary layer of management between the State Superintendent and his most key senior managers.

We also identified opportunities to logically group a number of positions in functional groups.

Recommendation 3: DPI should be reorganized into three major functions to provide improved coordination and service delivery.

DPI's organization structure should be streamlined from the top. The eight major areas (Auxiliary Services, Personnel Services, Program Services, Financial Services, Research & Development, Management Information Systems, Internal Operations, and Technical Assistance Center) that report to the Deputy Superintendent should be consolidated into three functions. All of these functions should be supported by a separate MIS unit. Exhibit 3 on the following page summarizes the proposed organization structure.

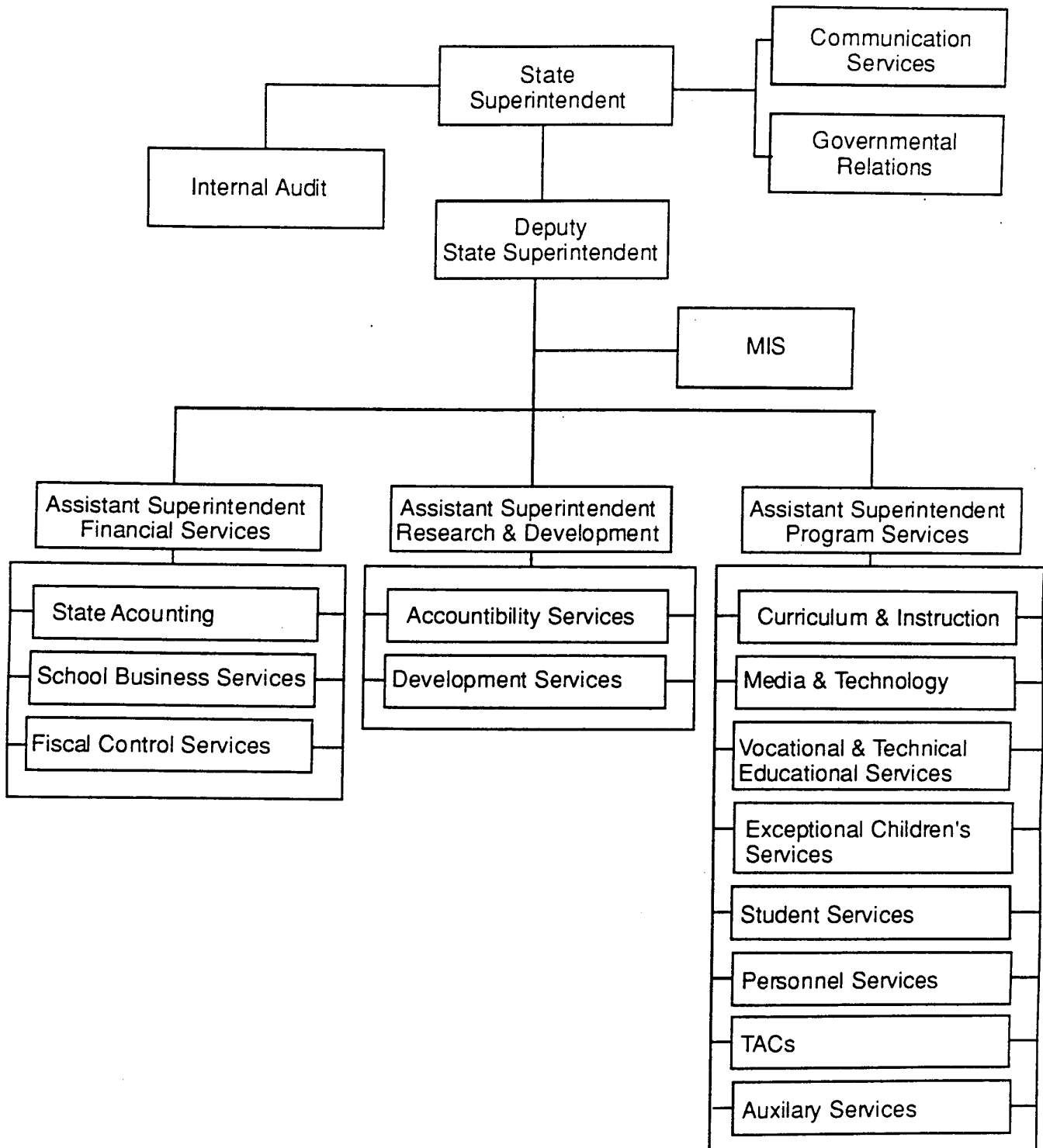
- **Program and Teacher Service:** This group should include responsibilities that are currently under Program Services (Curriculum & Instruction, Vocational Education, Media Services, Student Services, and Exceptional Children), Transportation, Child Nutrition, School Planning, and Plant Operations in Auxiliary Services should be moved to this group. Teacher Education, Teacher Certification, and Personnel Relations in Personnel Services should be moved to this group. Supervision of the Technical Assistance Centers should also be included in this group.

This consolidation will increase coordination between the many consultant groups in DPI that deliver service to the school districts. This structure will also help to support the transformation of service delivery addressed in a separate issue paper. In addition, by including teacher support services in the function, a link is established between the desired quality in programs and the people (teachers) that deliver programs to students.

Under this new structure, the current Assistant Superintendent positions that oversee Auxiliary Services and Personnel Services should be reassigned to new executive director level positions at the same salary level.

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EXHIBIT 3
Department of Public Instruction
Recommended Organization Structure



To reduce the number of professionals that will report directly to the Assistant Superintendent over this group, the Elementary, Middle Grades, High School, and Administration Consultants that currently report to the Assistant Superintendent should be transferred to the Curriculum and Instruction area.

- Financial and Internal Support Services: This area will include the three groups (State Accounting Services, School Business Services, and Fiscal Control Services) that currently are in Financial Services. Internal Operations in the Deputy Superintendent's Office should be transferred to this group.

Financial Services already handles the internal accounting and financial responsibilities of DPI. By moving the personnel, purchasing, and mailroom responsibilities to this new group, all internal DPI support services will be consolidated.

- The third group will consist of the current Research & Development group. This group should remain separate to focus attention on student and LEA performance standards and improvement.
- Management Information Services (MIS) should be organized as a separate unit reporting to the Deputy State Superintendent. By placing the function at this level in the organization, MIS should be able to effectively provide services across DPI. The benefits for this placement should be improved organizational access to information technology and more valuable uses of information technology will be found for more programs.

Functional areas throughout DPI can be streamlined.

- Transfer Public School Insurance group in Auxiliary Services to Financial Services. This group manages an insurance fund for public school facilities and processes worker compensation claims for the public school employees. Both of these are financial functions and should be located in Financial Services.
- Transfer three Child Nutrition Auditor positions in the Child Nutrition group in Auxiliary Services to the Child Nutrition Audit group of Financial Reporting/Audit in the School Business Services area of Financial Services. This will consolidate and increase coordination of the Child Nutrition programmatic and financial audit functions.
- Transfer two ADM Auditors in the Student Information Management area of Financial Services to the School Budgets group in Financial Services. The two Auditors will report to the School Budgets Chief Consultant. School budget preparation is highly dependent upon ADM information. By grouping the functions together there should be better coordination of information timing and flow.
- Transfer two Exceptional Children ADM Auditors in the Student Information Management area of Financial Services to the Exceptional Children group in Program Services. These two positions will report to the Director of Exceptional Children. Exceptional Children Consultants deal with exceptional children concerns on a daily basis and should be able to provide valuable information to the ADM Auditors.

- Transfer the Citizen Affairs Director position in Internal Operations to the Communications group in the Superintendent's Office.
- Strengthen the user support function in MIS for LEA users by grouping all employees in DPI that provide system support to LEA users in MIS.

Transfer Applications Programmer and Information Systems Coordinator in Personnel Relations area of Personnel Services to Management Information Services. These two positions provide user support for the system that provides human resource data on LEA employees.

Transfer SIMS group in the Student Information Management area of Financial Services to Management Information Systems. A SIMS Special Project Manager, five SIMS User Support positions, and one associated clerical position will be moved. These employees provide user support for the Student Information Management System.

With movement of all functions in Student Information Management including the SIMS group to other groups, there is no longer a need for the Student Information Management Chief Consultant. Eliminate the Student Information Management Chief Consultant position and one associated clerical position. A total of two positions should be eliminated if the above recommendations are implemented.

- Transfer the Information Center Unit to Financial Services. The personnel in this unit provide statistical analysis which is most appropriately located in Finance.

Finding 4: DPI has too many clerical positions.

For the purposes of this study, we defined clerical positions as any nonprofessional positions that provide secretarial or administrative support to other employees. This includes Secretary, Administrative Assistant, and Clerk/Typist positions. Positions that are clerical in nature, but have specific functional responsibilities (i.e., personnel assistant and accounting clerk positions) are not included. All positions not classified as clerical are considered professional positions except where noted.

In 1989, a management audit of DPI conducted by the State Auditor's Office recommended that the ratio of professional positions to clerical positions be 1:3. Today, few areas in DPI have obtained this ratio. In reviews of other service organizations that are similar to DPI, clerical:professional ratios of 1:5 to 1:8 are common. This ratio is reasonable given the increased availability and usage of personal computers in the work place. Most professionals now draft, type and edit most of their correspondence, reports, and other presentation materials.

Recommendation 4: Reduce the number of clerical positions by 90.5 positions and adopt clerical to professional position ratio.

Except in areas where unusual demands are placed on clerical support positions, for example where large volumes of forms are processed, a 1:5 ratio of clerical to professional positions should be followed throughout DPI. An exception to our 1:5 guideline has been made for Assistant Superintendent positions and Director positions that report directly to

the Assistant Superintendents. These positions should each have one clerical support person.

Exhibit 4 identifies areas in DPI that currently do not have a 1:5 clerical to professional ratio. The exhibit shows the current ratio and the number of positions to be eliminated.

In conjunction with the elimination of many clerical positions, word processing and related computer training classes for remaining clerical and professional positions should be conducted by MIS.

Finding 5: Teacher Certification is processing applications that should not be processed.

A review of application processing statistics and interviews with employees in Teacher Certification revealed that DPI processes applications for individuals that do not have jobs or offers for a job from North Carolina schools. From information received from Teacher Certification, an estimated 20 percent of employee time is spent processing and answering questions related to these applications.

For example, Teacher Certification processes numerous applications for out-of-state residents that do not have a job or job offer from North Carolina schools. While an actual certificate is not issued to these out-of-state residents, their application is still processed to a point where future certification potential is determined.

Recommendation 5: Applications should be processed only for individuals that have jobs or job offers from North Carolina schools.

By eliminating the number of application categories to be processed, the workload of the Teacher Certification area should be reduced. One Teacher Certification position and one application processing clerk position should be eliminated as a result of this workload reduction.

Finding 6: Productivity in Teacher Certification has dropped.

A review of application statistics revealed that application backlogs have been reduced an average of 40 percent of the first seven months of 1992 when compared to corresponding statistics of 1991. During this same time, however, application processing rate have dropped an average of 20 percent.

The current system used in Teacher Certification does not provide detailed statistical information that would be helpful in determining why productivity is dropping at the same time workload demands are dropping.

Recommendation 6: The current Teacher Certification system should be modified to improve information needed for staff management.

To understand why productivity rates have declined and to make better day-to-day operational decision, the current certification system should be modified to produce more detailed and meaningful statistics. This recommendation was made in April 1990 by the Office of Administrative Analysis in the Department of Administration after reviewing operations in Teacher Certification, but has not been implemented to date.

With detailed staffing information, management and utilization of employee time could be improved. The information generated from the system may also serve as basis for justifying additional staffing reductions in this group.

Finding 7: DPI has a weak internal audit function.

Only one person in DPI's Superintendents Office currently performs internal audits. This employee is also responsible for Equal Employment Opportunity issues, making the internal audit role a part-time responsibility. To date, most internal audits have addressed minor issues (ex. misuse of postage) and have required only a few days of investigation. The Internal Auditor is trying to expand efforts of this function to include performance reviews of different areas in the DPI. Longer term performance audits that are underway are being conducted at the request of the areas being reviewed.

Recommendation 7: DPI should strengthen its internal audit function.

DPI should add two additional auditor positions or contract with the private sector. The internal audit group should serve as operational as well as financial control functions for the State Superintendent. The State Superintendent should utilize this group to obtain performance information and to address performance concerns.

Finding 8: The primary focus of Staff Development in the Division of LEA Personnel Services is to coordinate staff development opportunities for principals.

This staff development group is responsible for coordinating training programs for principals, including the Principal Assessment Center. One Chief Consultant, eight Education Consultants and five associated clerical positions are included in this group. Three "Principals of the Year" on loan from school districts also work on principal programs. Administrators and principals from school districts are recruited by DPI to teach these training courses. The role of Staff Development is primarily limited to coordination.

All resources in this area are dedicated to principal staff development activities. Staff Development does not coordinate staff development activities offered to teachers and administrators by other areas in DPI. No group in DPI is responsible for coordinating all staff development opportunities offered to the school districts in North Carolina.

Recommendation 8: Restructure the Staff Development unit to coordinate all staff development activities for all divisions of DPI.

The effectiveness of having a group in DPI solely dedicated to principal training is questionable considering that:

- Many principal training opportunities are provided to individuals that do not currently hold principal positions or are not expected to hold principal positions in the near future.
- Principal turnover is relatively low now and not expected to increase for five years when many principals will reach retirement age. Therefore, the immediate need for trained prospective principal is not a pressing need.

- The process for selecting potential principals for training may not identify the best individuals for future openings. Participants for training classes are currently nominated by the individual school districts.
- Other independent organizations in the state, like the Leadership Institute for Administrators, also provide training for principals and may do a better a job of teaching classes than those currently offered by DPI.

We recommend that the current Staff Development function be eliminated. Staff Development should be restructured to coordinate all staff development activities offered to school districts. The restructured Staff Development area should be staffed by one professional position and one clerical position. These positions should be filled by employees that currently perform staff development activities in other areas of DPI.

We also recommend that DPI encourage and develop a better working relationship with outside organizations that can provide courses to meet training needs in areas such a principal development.

Implications

Staffing Implications: 142 positions (33.5 professional and 108.5 clerical) are recommended for elimination. Exhibit 5 summarizes these recommendations. Only two positions should be added to DPI and these are in the Internal Audit function. The eliminated positions will bring DPI nearly to the average staffing for the departments of education surveyed. Most of the positions eliminated are management and clerical positions which will not impact directly on service delivery.

Over \$6 million will be saved by eliminating the above positions. Exhibit 6 summarizes the salary dollars associated with the positions. The addition of two Internal Auditors or privatized services could cost DPI approximately \$90,000 annually.

EXHIBIT 4

DPI clerical positions

<u>DPI GROUP</u>	<u>Current ratio</u>	<u>Positions eliminated</u>
Superintendent's Office:		
Communication Services (excludes Duplicating Center)	8:17	4
Deputy Superintendent's Office:		
Deputy Superintendent	2:1	1
TAC - Raleigh *	5:13	
TAC - NE *	6:16	1
TAC - SE *	6.5:14	2
TAC - NW *	7:16	2
TAC - SW *	7:17	2
TAC - W *	6.5:15	2
* TAC numbers include TAC personnel and Child Nutrition, Dropout Prevention and Willie M. employees located at TACS		
Auxiliary:		
Public Insurance (excludes 3 clerical WC claim processors)	4:9	2
School Planning	4:13	3
Child Nutrition (excludes positions in Tacs and Govt Auditing group)	9:13	8
R & D:		
Assistant Superintendent	2:1	1
Accountability Services	4:17	1
Program Services:		
Grade School Consultants	1.5:4	0.5
Curriculum & Instruction:		
Curriculum & Instruction (excludes Compensatory Education)	19:33	15
Compensatory Education	6:12	4
Student Services:		
Director	2:1	1
Pupil Personnel	3:5	2
Student Services (excludes Pupil Personnel)	9:21	5
Exceptional Children:		
Director	2:1	1
Exceptional Children	13:24	8
Vocational Education:		
Director	2:1	1
Vocational Education	24:36	20
Personnel Services:		
Assistant Superintendent	2:1	1
Teacher Education (excludes Administrative Asst that processes scholarships)	4:6	3
Total		<hr/> 90.5

EXHIBIT 5

Summary of DPI positions recommended for elimination

<u>POSITIONS</u>	<u>PROFESSIONAL EMPLOYEES</u>	<u>CLERICAL POSITIONS</u>
Director of School Services	1	3
Director of School Facilities	1	

	2	
Budget Mgmt Chief Consultant	1	
Financial Review Chief Consultant	1	

	2	
Teacher Education Services Div Dir	1	2
LEA Personnel Services Div Dir	1	

	2	
Mgmt Info Systems Asst Dir	1	
Personnel Mgmt Chief Consultant	1	2
Agency Services Chief Consultant	1	

	2	
Sports Medicine Director	1	1
Desegregation Assistants	2	1
Ed. Plan & Development Consultant	1	
Education Consultant (Teacher Benefits)	1	
Education Consultant (LEA Budget)	1	
Education Consultant (Personnel Relations)	4	2
Mgmt & Planning (Internal Operations)	2.5	1

	12.5	
Extra Clerical Positions		90.5
Student Info Mgmt Chief Consultant	1	1
Staff Development (Chief Consultant)	1	5
Staff Development (Education Consultants)	8	

	9	
Teacher Certification Specialist	1	
Teacher Certification Clerk	1	

	2	
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TOTAL	33.5	108.5

EXHIBIT 6
Estimated annual savings in restructuring DPI

	Fiscal Year ending June 30 (\$ in millions)							
	1994	1995	1996	1997	1998	2000	2001	2002
Operating costs	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09
Savings	6.12	6.12	6.12	6.12	6.12	6.12	6.12	
Investments								
Net savings/costs	\$ -6.03	\$ -6.03	\$ -6.03	\$ -6.03	\$ -6.03	\$ -6.03	\$ -6.03	\$ 0.09
Cumulative savings/costs	\$ -6.03	\$ -12.07	\$ -18.10	\$ -24.14	\$ -30.17	\$ -36.20	\$ -42.24	\$ -42.15