

**MCOECN under Contract with the Ohio Department of Education**

SITE REVIEW OF

Stark/Portage Area Computer Consortium ITC

**SPARCC**

**March 11 – 13, 2015**

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### **Opening Remarks**

Members of the review team commend the Chairperson (and ITC Fiscal Agent Superintendent) of the Stark/Portage Area Computer Consortium (SPARCC) Information Technology Center (ITC) Governing Board, and the members of the governing board for participating in this review. The review team extends its sincere appreciation to both the SPARRC staff and the member school district personnel who took the time to provide input. The team commends the SPARCC Governing Board for requesting an on-site review during the transition of the Fiscal Agent Superintendent and ITC Administration. The team thanks the SPARCC and member districts for participating in the on-site review to assess the current operations and services this ITC provides to its member districts. Finally, the team appreciates contributions made by the SPARCC Director of Operations as well as the Stark County Educational Service Center Board in its role as the SPARCC Fiscal Agent.

### **Governance**

ITCs are locally owned and operated government entities. They may be formed as a Council of Governments (COG) under Chapter 167 of the Ohio Revised Code or as a consortium of cooperating school districts under Ohio Revised Code Section 3313.92. Under both organizational models, the ITC is owned and governed by its owner-member school districts. It is the responsibility of the governing body (as specified in the governance documents creating the ITC), to oversee the operation of the organization, to ensure that it is performing as desired by the majority of the owner-members, and that it is funded and staffed appropriately to meet the desires of the owner-members. While the Ohio Department of Education (ODE) has limited oversight of ITCs, the owner-members must assume full responsibility for the governance and operation of an ITC. SPARCC is currently one of seven ITCs that continue to operate as a consortium of cooperating school districts. The governing body may want to review the advantages of both types of governance structures.

While some may want this review team to recommend specific actions relative to the future configuration and operations of SPARCC, that is not within its purview. It would not be prudent for this review team to be permitted to provide such counsel. We are on-site for a very short time and would not have to live with the consequences of any suggested specific actions. It is the function of this review team to provide information and alternatives, which may be useful to the owner-members in determining the destiny of the organization.

The review team pointed out that the agreement document for SPARCC has not been revised since 1990 and has some terms that are no longer applicable and some procedures that are not followed. This document needs to be updated to reflect the operational practices of the organization. When meeting with the current and next board chair/fiscal agent superintendent, the document was reviewed and specific items were identified. They agreed to make this a

priority and will start working on revising this document for consideration by the assembly for ratification.

## **Finance**

For the purpose of this site review, the review team will focus its attention on fiscal policy, revenue/expenditure trends and financial stability. Our only task is to review trend data and projections to determine negative/positive trends of the ITC's finances and make recommendations based upon the trend data. Obviously, the review team is only on site for a very short period of time and has no prior knowledge of the fiscal condition of the ITC, other than financial data provided to us prior to and during the review. Therefore, we are only looking to identify potential risks and any threats to the ITC's financial stability, as well as recognize good business practices. It is not the charge of the review team to conduct a comprehensive fiscal audit.

The review committee commends SPARCC for their commitment to fiscal management through the creation of a financial forecast. If used, this process and plan would enable SPARCC to monitor the organization's cash flow, while also helping the administrative team and board to be knowledgeable and proactive in monitoring spending and revenue trends for purposes of planning.

After reviewing the SPARCC forecast, it was noted that in fiscal years 2015 through 2019 of the forecast, revenue remains flat, no increases or decreases. It was also noted there were only small increases in expenditures over the same period of time, and only for salary and benefits. For the forecast to be effectively used to monitor cash flow, as well as other financial trends and fees, it would best serve the organization to accurately project items such as annual increases to vendor contracts as well as other revenue impacting decreases or increases.

The existing forecast is projecting a year-end cash balance on June 30, 2019 of \$753,085.51. This results in a 23.1% decrease in projected cash balance over the FY15 projected year-end balance of \$978,708.38. In each of the last three years of the forecast, expenditures are projected to exceed revenue, if only by a modest amount of less than 2% each year. However, this should be monitored for further declining trends and utilization of cash reserve.

If the organization uses the forecast for planning purposes, to set fees, and make staffing decisions, it is recommended that projections be updated annually and include all known increases/decreases, as well as future purchases of equipment and other planning costs. It is also recommended that the forecast include a notes section as supporting documentation of the projections; without an explanation of assumptions, it is difficult to accurately assess all

financial trends. A notes section would be a valuable planning tool, as well as an important part of a succession plan as staff transitions within the organization.

NOTE: The fee structure was updated while the review team was on-site and is not reflected in the forecast comments. The five-year forecast may need to be revised to reflect this change.

Although language in the Ohio Administrative Code requiring ITCs to have “the greater of an average of thirty days expenditures from the past twelve months or anticipated expenditures for the next sixty days” no longer exists in law, the review team recommends this as a “best practice” and policy to help ensure financial stability. The financial data presented to the review team demonstrates a projected general fund cash carryover balance at fiscal year-end, for each of 2012, 2013, and 2014, which exceeds the recommended 30 days of operating expenditures. SPARCC’s data is indicative of utilizing this best practice, and they are commended by the review team.

Understanding the funding sources of all revenue is an important element of the total financial well-being of an organization. Knowing from where the revenue flows will help to effectively plan, more so in the event one or more revenue streams are eliminated or reduced. In FY14, SPARCC received approximately 82% of its total funding from local fees; 6% from State sources; and the remaining 12% are from a combination of federal funds (7%) and transfers and advances (5%). The Federal funds in FY14 were down 9% over the FY13 percentage. This was due to a change made in the way SPARCC billed USAC (Universal Service Administration - E-rate). It is expected that in FY15 the federal funding will be nearer to 28% of total funding and will reflect a more accurate depiction of the total funding sources. These percentages are similar to what the team has observed at other ITCs. Monitoring these percentages for change is advised to effectively evaluate the impact any future increases or reductions may have on the local share.

### **Administration**

The review team feels that SPARCC is at a critical point as management looks to the future. The owner-members should accept ownership of the consortium and work cooperatively with the SPARCC staff to establish a vision of future activities and a mechanism for continuing support. The SPARCC staff maintains day-to-day operations but needs information and feedback from the districts to optimize the delivery of needed services. The review team feels that the administration of SPARCC is successful in providing leadership to the organization. With upcoming changes to leadership, it is very important to the SPARCC staff that all staff members have clearly defined roles and lines of communication. This is an excellent time to analyze the effectiveness of the current organizational structure.

SPARCC has enjoyed a long history of being a leader in the use and development of education technology. The owner-members are looking to SPARCC for direction and vision in education technology and the use of this technology in the classroom. SPARCC should invest some time and resources into the marketing of the services provided, such as their efforts in technology integration, which is a leading example in the state.

The review team commends the administration for its efforts to serve and support member districts in consideration of the economic difficulties found in this region. The annual visits to member districts have been well received and are an important piece in gathering customer feedback. In addition to the visits, the review team recommends the implementation of an online customer satisfaction survey that would enable anonymous feedback from its customers.

The review team recommends a comprehensive evaluation of the SPARCC service fees. An opportunity to generate additional revenue for the organization can occur with the development of a fee schedule reflecting actual costs. Fees can be created for services in which a select number of schools want to participate. This will enable the organization to grow both services and revenues while being responsive to the specific requests and needs of its owner-members.

Best practices dictate a periodic evaluation of the SPARCC administration. The board is responsible for determining the success of the administration in meeting the goals established by the board through an annual performance evaluation. The board, in formulating its position concerning the performance of the administration shall rely, whenever possible, on the objective outcomes of its evaluation.

The review team recognizes a positive and productive relationship with the Stark County ESC, as their fiscal agent. Unique opportunities for stronger partnerships in the area of educational technology, instruction,, and curriculum are enabled by this relationship. SPARCC administration must also ensure that the same service levels are maintained for all members.

We recommend that SPARCC staff accurately track earned CEU credits as well as an annual staff professional development plan. Written evidence that the staff met minimum CEU requirements for FY14 was not found for some staff members. The Ohio Administrative Code section 3301-3-07(5)(d) states that as a term of employment, "All information technology center staff whose job assignments are related to the support of technology or technology services shall engage in an ongoing program of in-service relative to their area of assignment. Each staff member shall earn a minimum of two CEUs per year."

The SPARCC FY2014 Continuous Improvement Plan is posted on the SPARCC website. Districts are encouraged to review these documents to gain a better understanding and appreciation for the operation. Other options for inclusion on the website would be SPARCC governance documents, financial audit report, and the most recent SOC-1 Audit report.

### **Personnel**

Users in all service areas commended the SPARCC support staff for being truly customer-driven. They were praised for their on-going assistance and dedicated service, with many going beyond the call of duty to provide for the needs of SPARCC users. Employees are extremely dedicated and expressed a genuinely positive attitude regarding their work at SPARCC.

There was a general consensus among end users that current EMIS/student and fiscal support staff levels are inadequate. However, customers commended the SPARCC staff for the level of support they are given. These same customers felt the overall depth, availability, support for migration to new software, and hands-on nature of support could be enhanced with additional staffing.

The review team recognizes that tight financial times require a careful balance between staff size, the cost to deliver services, and the available financial resources of the ITC. It is not within the scope of this review to recommend specific remedies regarding this issue, but continuing attention by the ITC administration and ITC Governing Board is advised.

It is also the review team's opinion that, for the long-term sustainability of the organization, SPARCC should give serious consideration to the creation of a succession plan, supported by a strong financial plan. Such a plan would help to ensure the quality of staff, operations, and services when staff turnover occurs, technology changes, or economic conditions create financial pressures on the districts or organization. A succession plan provides a pro-active, constructive, practical approach through this transition period. SPARCC is encouraged to make an ongoing formative evaluation of the transition plan to ensure it continues to meet the needs of districts as changes unfold. Particular attention should be paid to recruiting personnel who have previous district experience using services and who are familiar with SPARCC operations. This may be particularly necessary as attrition at the ITC reduces the pool of experienced staff.

### **Staff Development**

Staff recognizes that they have CEU requirements. They expressed their desire to continue with an education tool to get the continuing education they are required to have.

Staff also look to remain current on software capabilities by attending software release meetings, vendor sponsored webinars, user group meetings and technical round tables.

Technical staff would like additional professional development activities including tech conferences, formal training sessions, and networking with fellow ITC staff.

### **Physical Facilities**

The physical facility, used by SPARCC, is a co-located building shared with and owned by the Stark County ESC. The structure provides for adequate office space for both entities, as well as sufficient parking for staff and visitors.

While the building provides a number of meeting spaces, SPARCC staff indicated they are often not able to schedule the facilities on short notice. There is also a vacant Area Media Center room that could be converted into additional meeting or training space.

The facility is served by a single, overhead electrical feed, and is supported by both an uninterruptible power supply (UPS), and a natural gas generator. The UPS and generator provides sufficient capacity to ensure continued operation of all critical operations, including telecommunications, Internet access, data center operations, payroll processing, etc. By being a natural gas generator, concerns about refueling efforts during an extended outage are eliminated. SPARCC staff performs regularly scheduled tests of the UPS and generator functions to ensure readiness and operation should an emergency occur.

The facility does not employ any form of electronic surveillance, and the general public has open access to the building during normal operating hours. Access to the building during off-hours is controlled through physical key security. There were concerns raised by staff members about the lack of physical security for the building and the idea that anyone “off the street” could just walk into the building. There have been incidents of stolen property, including purses, reported during the last several years. It was also mentioned that some exterior doors do not close properly, especially during inclement weather, and at times these doors have been found to be ajar after business hours.

It is recommended by this team that site security protocols and measures be reviewed. Where economically feasible, consider installing electronic surveillance equipment as well as electronic access (key fob, card readers, etc...) devices to ensure continued safety of both staff and equipment.

The computer room is secured at all times, and access is obtained through the use of a key. The room is of adequate size to accommodate existing equipment as well as considerable growth for future requirements. The computer room is cooled by a Leibert air conditioning unit of sufficient size to handle the cooling needs of the room. One concern raised by the review team is that the Leibert unit is not tied into the building generator. During an extended electrical outage, the Leibert unit will not operate and could result in core equipment failure,



and the disruption of service. It was also noted that the computer room has no form of fire suppression. It is recommended that SPARCC consider implementing changes necessary to remedy or mitigate these concerns.

### **Hardware and Network Infrastructure**

The current computing hardware being utilized appears to be adequate for the current needs of the organization. SPARCC should be commended for the updates to the network infrastructure, including a new router and firewall. These recent changes have allowed SPARCC to take advantage of the new 10 gig Middle Mile connection. The review team recommends that SPARCC continue to monitor performance levels to ensure that the equipment is sufficient to meet the needs of its users. VMware is used for server virtualization. Server virtualization is the model recommended for ITCs to adopt.

SPARCC currently uses WhatsUp Gold network monitoring tools and provides technology coordinators access to these tools. SPARCC staff is participating in state-wide efforts to identify strategies for mitigating Distributed Denial of Service (DDOS) attacks.

There is no equipment rotation and/or replacement schedule. ITCs are encouraged to have pre-established equipment rotation and/or replacement schedules to assist their organizations in planning budgetary needs for this purpose. The plan for the organization provides for adequate budgeting and time allocation to implement new functions and/or services.

The disaster recovery plan, updated February, 2015, is comprehensive. It is recommended that the restoration of district network services be included.

### **Software**

SPARCC is in the process of transitioning to new student software. Users are pleased with the collaborative evaluation process SPARCC used to review and select new student software. Fiscal software users expressed the need for an updated, more comprehensive fiscal package. They are looking forward to working with SPARCC in evaluating new fiscal software.

SPARCC staff and users expressed concern about software maintenance and updates being performed in a timely manner.

### **User Professional Development**

The users expressed appreciation for the quality of professional development. EMIS users expressed appreciation with receiving updates from the weekly ODE/EMIS ITC calls.

Technology Coordinators expressed appreciation for SPARCC facilitating monthly network manager meetings.

SPARCC is to be commended for the success of their annual technology conference. SPARCC staff are also commended for summer Google boot camps.

The review team recommends scheduling additional popular training programs for users that were unable to attend training due to capacity level.

### **Closing**

The review team would like to leave this group with the understanding that this ITC is felt to be of exceptional quality. The review team commends the long-term service of the director of operations. SPARCC is at a critical juncture with the changes in administrative personnel and preparing for the future. This vital service organization, run by its owner-members, is making decisions about increased support for education and learning.

The members of the review team recognize that advice from “outsiders” is both good and bad. The “good” is that fresh insights can be offered by people not caught up in the daily operations. The “bad” is that our exposure is only fragmentary. Our visit allowed a “snapshot” of an active, ongoing operation. Perhaps we may not have grasped enough of the “insider’s” perspective to understand why things are the way they are. We felt it our responsibility to provide some reactions that, upon close examination by the owner-members, might challenge their thinking and generate cooperative discussions and decisions that will improve operations of this ITC. We are pleased to have been able to share in your growth.

## General Recommendations to ITCs

The items below are “food for thought” and are provided only as reference. SPARCC is working on some of these suggestions:

1. Identify and implement services that enable increasing financial and operational efficiencies for districts. Examples might include virtual hosting; centralized backup; fiscal support, EMIS services, or technical staff augmentation; and business intelligence tools.
2. Expand services supporting educational technology in the classroom through means such as hosted wireless, classroom management software, wide area networking, and online educational resources.
3. Seek additional ways of improving the operational and financial efficiency of the ITC through shared services with other governmental entities and by participating in centralized services and resource programs of the MCOECN.
4. Expand partnerships with the Ohio Department of Education for statewide projects and initiatives. Examples would include Roster Verification, eTranscript, and the Instruction Improvement System (IIS).
5. Being ever mindful that service to your membership is paramount, continually strengthen the ITC’s ability to provide the highest level of customer service to schools.

It must be noted that implementation of any of the above concepts proposed herein may require additional financial and/or staff resources be provided.

## **REVIEW TEAM MEMBERS**

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