

# **Update on School Efficiency Review Program:**

## **A Briefing for the Senate Finance Education Subcommittee**

January 27, 2012



**Office of the Secretary of Finance  
Department of Planning and Budget**

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# The Goal of the Reviews

- The goal of the school efficiency review program is to ensure that non-instructional functions are running efficiently so that as much funding as needed goes directly into the classroom.

# Areas Examined in Reviews

The following are the subject areas covered by school efficiency reviews:

- ✓ Division Administration
- ✓ Human Resources
- ✓ Finance
- ✓ Purchasing
- ✓ Educational service delivery costs
- ✓ Special education
- ✓ Facilities
- ✓ Transportation
- ✓ Technology Management
- ✓ Food Service

# 37 Completed Reviews

## 2004

1. New Kent
2. Roanoke County
3. Richmond City

## 2005

4. Stafford
5. Portsmouth
6. Surry
7. Spotsylvania
8. Williamsburg/James  
City County
9. Campbell

## 2006

10. Smyth
11. Lancaster
12. Dinwiddie
13. Winchester
14. York
15. Isle of Wight
16. Culpeper
17. Louisa
18. Bath
19. Clarke

## 2007

20. Petersburg
21. Alleghany
22. Covington
23. Montgomery
24. Roanoke City
25. Mecklenburg
26. Prince William
27. Alexandria
28. Prince Edward

## 2008

29. Franklin County
30. Loudoun
31. Norfolk
32. Rappahannock

## 2009

33. Charlottesville
34. Hampton

## 2010

35. Martinsville
36. Chesterfield

## 2011

37. Hanover

# 2011-12 Review Underway

<b>School Division</b>	<b>Average Daily Membership</b>
Arlington	19,267

Note: Enrollment data is from 2009-2010 Average Daily Membership, Virginia Department of Education

# Results Summary

- Program-identified savings: \$62.5 million in annually recurring savings identified in 37 reviews to date -- more money that is now available to be used in the classroom without increasing state support beyond the initial investments to complete the studies.
- Net annual cost of \$22.3 million.
- Net annual savings: \$40.2 million.

# Recommended Annual Savings

(Presented in order of completion)

Division	Average Net Annual Savings	Division	Average Net Annual Savings	Division	Average Net Annual Savings	Division	Average Net Annual Savings
New Kent	\$238,768	Smyth	\$9,356	Clarke	(\$60,441)	Prince Edward	\$382,854
Roanoke County	\$294,816	Lancaster	(\$4,152)	Petersburg	\$3,887,477	Rappahannock	(\$72,443)
Richmond City	\$2,139,292	Dinwiddie	\$1,582,806	Alleghany*	\$878,892	Norfolk	\$2,555,680
Stafford	\$865,298	Winchester	\$68,361	Covington*	\$428,155	Loudoun	\$447,678
Portsmouth	\$2,204,954	York	\$324,998	Montgomery	\$734,511	Charlottesville	\$3,376,508
Surry	\$327,218	Isle of Wight	(\$432,491)	Roanoke City	\$1,842,945	Hampton	\$8,570,476
Spotsylvania	\$1,392,764	Culpeper	\$352,154	Mecklenburg	\$1,029,206	Martinsville	\$801,676
Williamsburg	(\$284,590)	Louisa	\$686,287	Alexandria	(\$554,768)	Chesterfield	\$4,563,384
Campbell	\$350,199	Bath	\$461,366	Prince William	\$244,443	Hanover	\$535,796

\*A portion of these net savings are shared between Alleghany and Covington.

- Negative numbers indicate that the efficiency review contained net costs to implement all the suggested recommendations.
- These reviews include many savings opportunities as well.
- Since the purpose of the reviews is school efficiency, there are instances where recommendations suggest school divisions spend money in order to become more efficient and effective in delivering services.

Total Net Savings = **\$40,169,434**      Average Net Savings = **\$1,115,818**

# Are the Divisions Implementing Recommendations?

On average, school divisions are implementing **91.26%** of recommendations.

Division	Implementation %	Division	Implementation %	Division	Implementation %	Division	Implementation %
New Kent	86.96%	Smyth	95.40%	Clarke	98.92%	Prince Edward	96.61%
Roanoke County	81.25%	Lancaster	94.44%	Petersburg	98.90%	Rappahannock	90.67%
Richmond City	85.19%	Dinwiddie	91.82%	Alleghany	78.00%	Norfolk	92.31%
Stafford	96.77%	Winchester	90.91%	Covington	87.50%	Loudoun	86.67%
Portsmouth	90.00%	York	92.68%	Montgomery	87.06%	Charlottesville	90.32%
Surry	96.67%	Isle of Wight	93.68%	Roanoke City	93.00%	Hampton	91.92%
Spotsylvania	98.55%	Culpeper	90.43%	Mecklenburg	97.46%	Martinsville	98.91%
Williamsburg	88.89%	Louisa	90.67%	Alexandria	88.73%	Chesterfield	92.21%
Campbell	91.03%	Bath	80.52%	Prince William	84.62%	Hanover	95.83%

# Cost Sharing by Divisions

- Budget language and legislative action increased the local share of payment for this program from 25 percent to 37.5 percent in 2012. Divisions participating are now required to pay 37.5 percent of the cost of the study, plus an additional 25 percent if certain implementation targets are not met.
- All divisions have paid their respective costs.
- Local financial obligation has resulted in some localities seeking more local control of the process, protocols, and selection of consultants.

# Cost Sharing by Divisions

<b>Fiscal Year of Review</b>	<b>Amount Paid</b>
2007	\$192,592.68
2008	\$109,954.78
2009	\$63,634.60
2010	\$50,858.47
2011	\$34,005.53
<b>Grand Total</b>	<b>\$451,046.06</b>

# What We've Learned

- While the challenges facing school divisions as they attempt to fulfill their core mission are very similar, there are enough differences in funding, community issues, and history to support the assertion that there can be no “one size fits all” solution to these challenges.
- School efficiency reviews can also help reassure school boards or governing boards that the school division is committed to being efficient with its funding.
- This program is gaining widespread attention as a “best practice.” Other states are now modeling programs on Virginia’s approach:
  - Minnesota, Kansas, Oklahoma, Utah, and New York programs under development or recently launched
  - Quebec and Ohio have called for program information.

# School Review Database

- Tracks requests for school efficiency reviews
- Monitors receipt of consultant invoices
- Produces school division invoices based on review costs
- Tracks the implementation of school review recommendations
- Tracks the submission of recommendation update reports
- Monitors the progress of active reviews – kick-off date, completion of onsite review, date of final report, etc.
- Collects data on all school divisions – contact information, cluster data, etc.
- Collects recommendations data
  - 2,975 total recommendations
  - Recommendations text
  - Five year savings and costs
  - One time savings and costs
  - Subject area: administration, finance, transportation, IT, etc.

# School Review Recommendations

<b>Review Area</b>	<b>Recommendation Total</b>	<b>Percent</b>
Division administration	396	13.3%
Educational service delivery costs	390	13.1%
Facilities	304	10.2%
Financial Management/Purchasing	483	16.2%
Food Service	234	7.9%
Human resources	379	12.7%
Purchasing	66	2.2%
Shared Services	43	1.4%
Special education	61	2.1%
Technology Management	284	9.5%
Transportation	335	11.3%
<b>Grand Total</b>	<b>2975</b>	

# School Review Database

- Current Work:
  - Analyzing each recommendation to determine its best practice type and key terms
  - Identifying trends by shortening the recommendation text for each recommendation and grouping common recommendations i.e. improving energy efficiency
  - Determining the average and total annual recommended savings for fiscal impact recommendations with savings
- What will the data provide?
  - The average/total savings/costs and total reviews by:
    - Area
    - Best practice type
    - Recommendation
    - Key words
  - Identification of commonly used recommendations
  - The ability to share overall best practice recommendation data with school divisions (participating and non-participating).

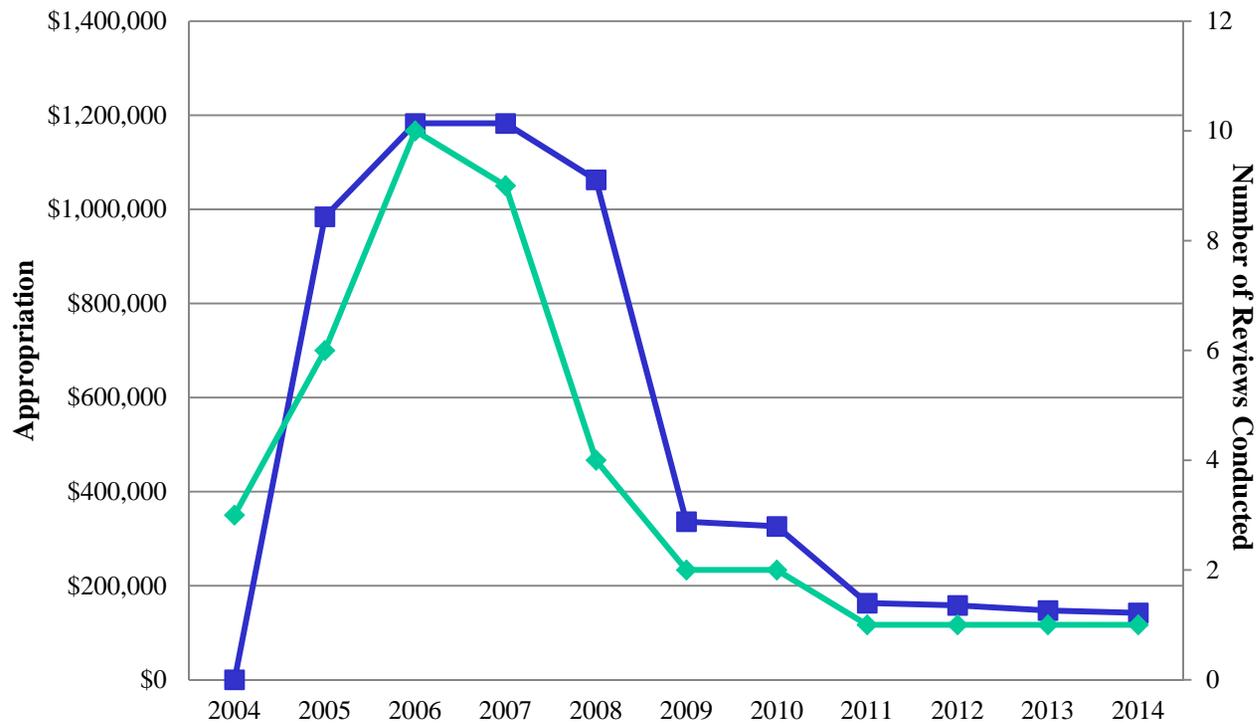
# Common Fiscal Impact Recommendations

#	Recommendation	Average Recommended Savings	Number of Divisions with these Recommendations
1	Reorganize the central office staff	\$376,927	5
2	Increase Medicaid and FAMIS Reimbursements	\$89,873	6
3	Implement an energy management program	\$198,789	14
4	Review custodial staffing levels and adjust levels as needed	\$196,060	4
5	Increase meal participation	\$54,146	10
6	Review the meals-per-labor hour (MPLH) rates and adjust labor hours accordingly	\$122,873	8
7	Charge all appropriate direct and indirect costs to the school nutrition fund	\$122,098	5
8	Pursue sharing services arrangement for health insurance	\$94,270	4
9	Use or improve use of bus routing software	\$136,540	11

# Budget Reductions

- Budget reductions for FY 2009 totaled \$726,553 or 68.4% of the overall school efficiency review program budget.
- Prior to reductions, the FY 2009 budget supported seven reviews.
- In FY 2009, DPB was able to:
  - conduct two of the seven school efficiency reviews
  - update cluster groups through contract with Virginia Commonwealth University's Survey and Evaluation Research Laboratory
  - report on the status of fiscal impact recommendations for Petersburg Public Schools through contract with MGT of America, Inc

# Budget and Number of Reviews



# Budget Reductions

- Budget reductions for FY 2010 totaled \$812,500 or 76.5% of the overall school efficiency review program budget.
- Although eight school divisions volunteered for reviews in FY10, two reviews were conducted due to budget constraints.

# Waiting List

- Six school divisions are on the waiting list for a FY 2013 review.
  - Washington County – on waiting list since 2008 but has not been able to participate due to the local share
  - Fairfax City – on waiting list since 2009 but has not been able to participate due to the school review program's budget constraints
  - Fluvanna County – on waiting list since 2010 but has not been able to participate due to the school review program's budget constraints
  - Pulaski County – on waiting list since 2010 but has not been able to participate due to the school review program's budget constraints
  - Halifax County – on waiting list since 2010 but has not been able to participate due to the school review program's budget constraints
  - Bedford County – submitted formal request in 2011