

# **Update on School Efficiency Review Program**

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

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# Overview: Purpose of the Program

- The current budget includes about \$14 billion in state, federal and local money for the operations of public elementary and secondary schools. The goal of the school efficiency review program is to ensure that non-instructional functions are running efficiently so that as much of this funding as possible goes directly into the classroom.

# Timeline

- Concept Development May-June 2003, three pilot reviews completed in FY 2004.
- Code language promulgated and money appropriated in 2005 Session. Budget action introduces 25% penalty for any division not acting upon recommendations.
- Twenty reviews completed. Seven more reviews in progress.
- Legislative action requires additional 25% cost sharing for all participating divisions (unless required to participate as part of a state-mandated Academic Review.)
- All participating divisions are volunteers.

# Areas Examined in Review

The following are the subject areas that are covered by the reviews:

- ✓ Division Leadership, Organization, and Management
- ✓ Education Service Delivery
- ✓ Human Resources Management
- ✓ Facilities
- ✓ Financial Management
- ✓ Transportation
- ✓ Computers and Technology Acquisition
- ✓ Food Service

# 20 Completed Reviews

Division	Final Report Date	Division	Final Report Date
New Kent County	1/6/04	Lancaster County	3/17/06
Roanoke County	4/22/04	Dinwiddie County	3/23/06
City of Richmond	8/23/04	York County	3/24/06
Stafford County	1/11/05	City of Winchester	3/24/06
Portsmouth	4/4/05	Isle of Wight County	6/6/06
Surry County	4/12/05	Culpepper County	6/12/06
Spotsylvania County	4/28/05	Clarke County	6/15/06
Williamsburg / James City County	6/23/05	Louisa County	6/20/06
Campbell County	10/28/05	Bath County	6/22/06
Smyth County	3/16/06	City of Petersburg	1/10/07

# Current Reviews

Division	Enrollment*
Alleghany County	2,921
City of Covington	830
City of Alexandria	10,530
Prince William County	64,323
Montgomery County	9,335
Mecklenburg County	4,813
City of Roanoke	12,730

Note: Enrollment data is from March 31, 2005 Average Daily Attendance data from DOE

# Recommended Annual Savings

Division	Savings
New Kent	\$238,800
Roanoke County	\$294,816
Richmond City	\$2,139,047
Spotsylvania	\$3,949,407
Surry	\$327,638
Stafford	\$3,000,000
Williamsburg-James City	(\$195,890)
Portsmouth	\$2,123,821
Campbell	\$350,199
City of Winchester	\$134,103
Smyth County	\$45,026
Lancaster County	\$18,928
Dinwiddie County	\$1,604,706
York County	\$325,538
Isle of Wight	(\$432,490)
Culpeper County	\$352,154
Bath County	\$461,366
Louisa County	\$686,286
Clarke County	(\$60,440)
City of Petersburg	3,885,197
Total	\$19,248,212

# Results Summary

- Program-identified savings: \$19.9 million in annually recurring savings identified in seventeen reviews -- more money that is now available to be used in the classroom without increasing state support.
- Three divisions with a net annual cost of \$628,000.
- Net annual savings: \$19.2 million.

# What We've Learned

- Local school divisions may find that not all recommendations can be implemented for a variety of reasons. The reports are intended to generate options for the consideration of locally elected and divisional administration officials.
- School divisions are required to implement at least 50 percent of the recommendations or achieve 50 percent of the recommended savings or face reimbursement to the state.
- Some savings are not immediately achievable:
  - Sometimes an initial investment is required to create the savings (e.g., HVAC replacement)
  - Some recommendations require phased action over several years
  - Some recommendations require budget action at the local level
  - Some HR recommendations are dealt with through attrition

# 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.
- This program is gaining national 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 has called for program information
  - National Association of State Budget Officers communicating details to other interested states

# Are the Divisions Implementing Recommendations?

School Division	Total	Implemented	Implemented by Substitute	In Process	Pending	Considered and Rejected
New Kent County	23	18	2	4	1	3
Roanoke County	16	9	2	1	1	3
City of Richmond	27	17	2	2	2	4
Stafford County	63	40	2	15	3	2
City of Portsmouth	30	15	3	7	3	2
Surry County	60	13	1	32	9	5
Spotsylvania County	68	38	0	23	5	2
WJCC County	81	22	11	34	7	7
Campbell County	145	30	17	45	29	25

This data represents the most current update from each division.

# Are the Divisions Implementing Recommendations?

School Division	Total	Implemented	Implemented by Substitute	In Process	Pending	Considered and Rejected
Smyth County	86	21	3	30	29	5
Lancaster County	56	20	2	19	11	4
York County	82	26	1	36	14	5
Dinwiddie County	110	17	1	81	2	9
City of Winchester	110	38	2	26	38	6
Culpeper County	94	TBD	TBD	TBD	TBD	TBD
Clarke County	94	TBD	TBD	TBD	TBD	TBD
Isle of Wight County	97	TBD	TBD	TBD	TBD	TBD
Louisa County	76	TBD	TBD	TBD	TBD	TBD
Bath County	78	TBD	TBD	TBD	TBD	TBD
<b>Relevant Totals</b>	<b>957</b>	<b>324</b>	<b>49</b>	<b>355</b>	<b>154</b>	<b>82</b>
<b>Totals</b>	<b>1396</b>	<b>324</b>	<b>49</b>	<b>355</b>	<b>154</b>	<b>82</b>

This data represents the most current update from each division.

# Schedule for Updates

Division	Report Completed	6 Month Update	1 Year Update	2 year Update
New Kent County	January 6, 2004	Complete	Complete	Complete
Roanoke County	April 22, 2004	Complete	Complete	Complete
City of Richmond	August 23, 2004	Complete	Complete	Complete
Stafford County	January 11, 2005	Complete	Complete	In process
City of Portsmouth	April 4, 2005	Complete	Complete	due 4/4/07
Surry County	April 12, 2005	Complete	Complete	due 4/12/07
Spotsylvania County	April 28, 2005	Complete	Complete	due 4/28/07
Williamsburg-James City	June 23, 2005	Complete	Complete	due 6/23/07
Campbell County	October 28, 2005	Complete	Complete	due 10/18/07
Smyth County	March 16, 2006	Complete	due 3/16/07	due 3/16/08
Lancaster County	March 17, 2006	Complete	due 3/17/07	due 3/17/08
York County	March 24, 2006	Complete	due 3/24/07	due 3/24/08
Dinwiddie County	May 30, 2006	Complete	due 5/30/07	due 5/30/08
City of Winchester	March 24, 2006	Complete	due 3/24/07	due 3/24/08
Culpepper County	August 3, 2006	In process	due 8/3/07	due 8/3/08
Clarke County	August 21, 2006	In process	due 8/21/07	due 8/21/08
Isle of Wight County	July 13, 2006	In process	due 7/13/07	due 7/13/08
Bath County	August 1, 2006	In process	due 8/1/07	due 8/1/08
Louisa County	August 1, 2006	In process	due 8/1/07	due 8/1/08

# Cost Sharing by Divisions

Division	Total Cost of Study	25% of that total	Date Report Due
Alleghany County	\$123,000.00	\$15,375	Mar-07
City of Covington	*	\$15,375	Mar-07
Montgomery	\$104,875.00	\$26,218.75	Mar-07
Alexandria	\$118,565.00	\$29,641.25	May-07
Prince William	\$94,718.00	\$23,679.50	May-07
Mecklenburg	\$98,950.00	\$24,737.50	Jun-07
Roanoke City	\$108,397.00	\$27,099.25	Jun-07
<b>Totals</b>		<b>\$162,126.25</b>	

\*Alleghany and Covington are paired together under one total cost and both will share in the 25% total cost.

These totals do not include DPB's overhead cost.

# Cost Sharing by Divisions

- Budget language and legislative action now have increased the local share of payment for this program. Studies require 25 percent of the cost of the study plus 25 percent of internal direct costs to be reimbursed, plus 25 percent of each if certain implementation targets are not met.
- All divisions who owe a cost share of their studies have been notified of the amount due and the date.
- Local financial obligation has resulted in some localities seeking more local control of the process, protocols, and selection of consultants.
- Three school divisions have opted not to participate this year as planned due to the increased local cost share. (Radford, King and Queen, King William). Other divisions put off doing reviews until future years.

# Recent Events

- Studies for Alleghany, Covington, Roanoke City and Montgomery schools are under way. Studies in Alexandria, Prince William, and Mecklenburg are preparing to start.
- All reports are available on DOE's website at <http://www.pen.k12.va.us/VDOE/efficiencyreview.html>