

# **School Efficiency Review: City of Richmond Public School Division**

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**Commonwealth of Virginia  
Office of the Secretary of Finance**

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# Executive Summary

## Overview

In September 2003, Governor Mark Warner announced his intent to establish a pilot program to measure school efficiencies in three school divisions as part of his larger *Education for a Lifetime* initiative. The efficiency reviews consist of two components: 1) deploying auditors and management specialists to conduct intensive reviews of individual school systems, helping them realize greater efficiencies and identifying good practices that can be shared with other school divisions; and 2) conducting a statewide performance review to give parents, policymakers, and all taxpayers a clear picture of how their schools are performing. This report reflects efforts of the first component. Virginia spends over \$9 billion in state, federal and local money for K-12 education, approximately \$1,300 for every man, woman, and child in the Commonwealth. For this reason, Governor Warner wants to assist local school divisions in finding savings in non-instructional areas that can be redirected to classroom instruction.

The individual school system reviews are modeled after successful programs in Texas and Arizona. Since its inception in 1991, the Texas program has conducted nearly 100 audits of public school districts and recommended net savings totaling \$750 million. The goal of the reviews is to identify administrative savings that can be gained through best practices in organization, service delivery, human resources, facilities, finance, transportation, technology management, and other non-instructional expenditures, thereby allowing divisions to put administrative savings back into the classroom.

Richmond Public School Division (RPS) is one of three school divisions announced as part of the pilot program.<sup>1</sup> The Governor charged the Best Management Practices Division of the Virginia Department of Planning and Budget to identify ways RPS has already adopted best practices in several categories or functions in the hopes other school divisions could successfully replicate these practices. The Governor also directed the Best Management Practices Team (study team) to determine ways RPS could realize greater savings and efficiencies in non-instructional areas so as to redirect those savings to classroom activities. The study team, consisting of five analysts with extensive audit, management, and organizational expertise is being assisted by former Chesterfield County Public School Division Superintendent Thomas Fulghum for this pilot project. This report identifies RPS' exemplary operating practices and suggests concrete ways to improve division management and operations to increase efficiencies in non-instructional areas. If fully implemented, the recommendations contained herein could result in net savings of more than \$2,139,292 annually, or 4.5 percent of the 2003-04 non-personal services budget of \$46,772,894 million. To put the amount in perspective, the potential savings is equivalent to the starting salaries of 47 new teachers (with benefits).

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<sup>1</sup> The others are New Kent County and Roanoke County School Divisions. All three studies are now complete.

Virginia's local school divisions are independent entities, far removed and insulated from the orders and directives of the Executive Branch. Section 5 of the *Code of Virginia* acknowledges this independence in its case notes by stating, "The power to operate, maintain and supervise public schools in Virginia is, and has always been, within the exclusive jurisdiction of the local school boards and not within the jurisdiction of the State Board of Education."<sup>2</sup> It is within this framework that the pilot program is structured, relying on the completely voluntary participation and compliance of the school divisions.

### **Richmond City Public School Division**

Straddling the James River, Richmond City Public School division is located in the historic state capital of Richmond. Interstate 95 is the major north-south corridor that traverses the entire length of the city. According to the 2000 U.S Census data, 197,790 people live in Richmond. The public school system operates 63 schools and, in 2002-2003, educated 26,136 students. The student population fell six percent from 1995-1996 to 2002-2003<sup>3</sup>. The student body is over 91 percent African-American and seven percent white with the remaining three percent distributed among several racial/ethnic categories. The city is 60 square miles and has a population density of 3,292 people per square mile. The city's 2001 average per capita salary is \$32,184.

RPS employs 3,433 FTEs including 1,982.5 full-time instructional staff positions (i.e., teachers, aides, librarians, counselors, etc.) operates and maintains 63 schools, and operates at least 195 school buses daily on a 2003-04 budget of \$229,849,266. In 2003, the average RPS teacher salary was \$43,761.

### **Comparison Data**

Comparing data between school divisions is not an exact science. Though school divisions report massive amounts of data to the Virginia Department of Education (DOE) on standard reports ostensibly using standard definitions, direct comparisons can be at times a risky supposition. Most data is self-reported by the school division, thus the data is only as accurate as the interpretations of the staff reporting the data. That being said, the study team is confident that the cluster comparisons used for this report are valid and serve as an excellent medium to provide parents, school division officials, and policy makers the best environment for division comparisons.

In order to ensure that only similar school divisions are compared to each other, DOE contracted with Virginia Commonwealth University (VCU) to develop peer clusters. The peer clusters were developed using statistical analyses of four primary criteria for all school divisions in the state. The criteria used were population density, average daily student

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<sup>2</sup> Bradley v. School Bd., 462 F.2d 1058 (4th Cir. 1972), aff' d, 412 U.S. 92, 93 S. Ct. 1952, 36 L.Ed.2d 771 (1973).

<sup>3</sup> According to the DOE Fall Membership data the student population fell from 27,708 in 1995-1996 to 26,136 in 2002-2003.

membership, percentage of students eligible for free lunches, and the composite index. With additional statistical filters applied, the end-result was the creation of seven school division clusters. For this report, RPS is compared to nine peer school divisions for FY 2001-2002.

Of the ten expenditure categories analyzed on a per pupil basis, RPS ranks highest in the total dollars spent in seven categories, and ranks fifth, sixth, and seventh in the remaining categories (Technology, Debt Service and Transfers, and Facilities, respectively).<sup>4</sup>

RPS ranks highest among its peers in local revenues received per pupil. It ranks lowest and ninth highest for total state and federal revenues received, respectively. RPS spends a seemingly inordinate amount of funding on transportation in terms of both total dollars per student and total dollars. In 2001-2002, RPS spent \$475.20 per pupil for transportation. That is 32 percent higher than the second highest peer (Newport News Public Schools at \$359.11 per pupil). For administration spending, RPS is highest with \$345.18 per pupil and total spending of \$8.7 million. Only Petersburg City Public Schools spend more on administration as a percentage of the total budget.

RPS employs capable staff members in key positions who recognize the solvable problems and issues confronting RPS and who have already implemented or will soon be implementing strategies to improve the division's daily operations. The school board and top administrators are responsible for setting the tone and direction of the division and must ensure change is allowed to take root and blossom. The students, parents, and taxpayers deserve no less.

### **Best Practices**

RPS engages in several best practices that should be noted. For example, RPS has adopted an ingenious teacher recruitment strategy that actively uses the talents and resources of the local business, banking, and commerce communities. By attracting the best candidates and matching them with the most appropriate school and principal, RPS has dramatically lowered its first year teacher turnover rate from 25 percent to less than four percent between 1997 and 2003. RPS also drastically reduced costs by eliminating the pricey production and printing of teacher recruitment pamphlets and instead uses a more cost-effective CD ROM for the same purposes.

The IT Division of RPS has done a very good job recently in acquiring new or updated major software packages for very reasonable costs. The IT division staff should be commended for thinking creatively about how to solve problems and acquire useful new software without expending millions of dollars on development costs.

Most importantly, under Superintendent Deborah Jewell-Sherman, the division has made great strides toward achieving full accreditation for all its schools. This progress should be

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<sup>4</sup> The seven categories are Administration, Attendance and Health, Instruction, Operations and Maintenance, Special Education, Transportation, and Total Expenditures,



noted and celebrated. RPS faces many obstacles and challenges that other divisions in the area do not face – but the division is moving forward despite those challenges and not using them as an excuse for failure.

The study team has identified up to \$2,139,292 in potential savings for the school system. The table below illustrates the potential savings identified by the study team.

<b>Recommendation</b>	<b>Potential Savings</b>	<b>Frequency</b>	<b>Note</b>
Eliminate high bus driver overtime costs	\$1,200,000	Annual	RPS bus drivers were paid 49% of their base pay in overtime in the last school year. RPS could save money on driver overtime by consolidating driver roles or increase bus driver base salaries and work hours.
Purchase fuel directly from suppliers and not through the city	\$22,252	Annual	RPS pays a 4% surcharge on fuel for the city to manage the contract.
Use software to potentially eliminate unnecessary bus routes	\$103,198	Annual	The amount per route eliminated is \$51,599. This assumes a minimal 1% reduction in total routes.
Purchase selected items from state contract	\$18,400	Annual	Key item is white copy paper.
Purchase buses through a consortium	Varies	Annual	Estimated to be \$1,500 to \$2,000 per bus.
Work to collect additional reimbursement for lost or stolen textbooks	Varies	Annual	
Increase energy efficiency in school buildings	\$754,947	Annual	This represents 15% of the division' s annual utility costs, a conservative estimate.
Pay utility bills on time	\$5,255	Annual	This amount was the total of late charges paid on electric and gas bills in 2003.
Pay other bills on time	\$25,648	Annual	Other bills contained late fees, lost discounts for on-time payments, and sales taxes paid in error.
Stop paying taxes on utility bills	\$983	Annual	This number is the amount of taxes paid in 2003 that the division did not owe.
Change discipline process for classified employees	\$8,609	Annual	Assumes 3 years of data examined are typical.
<b>Total Savings</b>	<b>\$2,139,292</b>		

## **Combining Forces**

Several recommendations contained herein can only work if RPS combines its efforts with other school divisions. Combining efforts to leverage better pricing for goods and services (bus, fuel, and textbook purchases, to name a few) have been pursued before with some varying degrees of success. The previous efforts usually fell by the wayside after a year or two. There are two reasons for the spotty track record on combining efforts to leverage better prices through bulk purchasing: independent divisions with varying operating practices and no central entity with the command and authority to compel local divisions to combine purchasing efforts to maximize savings. If policy and lawmakers embraced the notion and benefits of school divisions combining their purchasing efforts, RPS could realize savings never before possible. Joining forces with some of the larger school divisions in the Commonwealth to purchase goods and services would go a long way in creating savings that could then be redirected to the classroom to the benefit of everyone. These savings have not been quantified or assumed in this report.

## **Commendations for Richmond Public Schools**

- RPS has adopted an ingenious teacher recruitment strategy that actively uses the talents and resources of the local business, banking, and commerce communities. By attracting the best candidates and matching them with the most appropriate school and principal, RPS has dramatically reduced its first year teacher turnover rate from 25 percent to less than four percent between 1997 and 2003.
- RPS also drastically reduced costs by eliminating the pricey production and printing of teacher recruitment pamphlets and instead uses a more cost-effective CD ROM for the same purposes.
- The IT Division of RPS has done a very good job recently in acquiring new or updated major software packages for very reasonable costs. The IT division staff should be commended for thinking creatively about how to solve problems and acquire useful new software without expending millions of dollars on development costs.
- The Richmond Public School Division is one of a limited number of school divisions that produces an individual Comprehensive Financial Annual Report separate from that of the locality. The school division's CAFR has been awarded Certificates of Achievement for Excellence in Financial Reporting both from the Government Finance Officers Association and the Association of School Business Officials.
- Most importantly, under Superintendent Deborah Jewell-Sherman, the division has made great strides toward achieving full accreditation for all its schools. This progress should be noted and celebrated. RPS faces many obstacles and challenges that other divisions in the area do not face – but the division is moving forward despite those challenges and not using them as an excuse for failure.
- RPS is to be commended for their impressive improvements in SOL results over the past two years. Along with the improvement in the schools' SOL performance, RPS has experienced a steady decline in its dropout rate. In 1996-97 the RPS dropout rate was 6.5 percent, almost double the statewide rate of 3.5 percent. The Richmond rate has fallen steadily, year by year since then. The rate for 2001-02 was 2.7 percent compared to the state rate of 2.0 percent.

- RPS is to be commended for including SOL results as one of the elements in teacher and principal performance evaluations.
- Richmond taxpayers and policy-makers should be commended in their determination to compensate classroom teachers competitively. RPS compares favorably to its neighbors and peers when measuring 2001 average teacher salary and county per capita income.
- RPS is to be commended for scanning and digitizing so many paper records. This process has saved the division money on paper, freed up floor space in City Hall, and improved the efficiency of some HR processes. Other school divisions that are struggling with thousands of paper records should consider RPS' process as a best practice to emulate.
- The Richmond Public School Division is to be commended for adopting a computerized technology that will strengthen management of the maintenance function and provide the data needed to adjust staff and processes, as needed.
- The Richmond Public School Division is to be commended for fostering a clean and orderly school environment and securing a well-trained custodial staff.
- The Richmond Public Schools Purchasing Division does an excellent job obtaining materials and supplies at low costs. RPS should be commended for ensuring that the most common items purchased are at a low cost, thus saving money for other essential areas.



# Accountability and Efficiency Reviews

As part of his *Education for a Lifetime* Initiative, Governor Warner proposed a comprehensive school efficiency review, to ensure that Virginia's education dollars are spent wisely and effectively.

Every year Virginia spends \$9 billion in state, federal and local money for elementary and secondary education - approximately \$1,300 for every man, woman, and child in the Commonwealth. Governor Warner is committed to directing as much of that funding as possible into the classroom.

## I. Introduction

The goal of the reviews is to identify administrative savings that can be gained through best practices and improved operations in organization, service delivery, human resources, facilities, finance, transportation, technology management and other non-instructional expenditures, thereby allowing divisions to return administrative savings to the classroom for an even greater investment in Virginia's children.

The emphasis of the reviews is to identify and generate savings through administrative and management best practices. This is not a review of classroom instruction or student achievement.

These reviews are a pilot project – designed to evaluate the feasibility of this concept in Virginia and to develop a review program and methodology that can be used in an ongoing program. Each pilot review has been slightly different – the process has been developed, tested, and refined along the way. Upon conclusion of the pilots, the review program itself will also be evaluated to maximize its effectiveness.

## Scope

The pilot study in the Richmond Public School Division included the following areas:

1. Division Leadership, Organization and Management
  - 1.A Division Management
  - 1.B Procedures
  - 1.C Campus Administration and Site-Based Decision-Making
  - 1.D Planning, Budgeting, and Evaluation
  - 1.E Review of Purchasing Process (eVA and VDC)

2. Educational Service Delivery
  - 2.A Organization and Management
  - 2.B Curriculum Policies and Management
  - 2.C Instructional and Administrative Technology
  - 2.D Staff Development
  - 2.E Special Education
3. Human Resources Management
  - 3.A Organization and Management
  - 3.B Policies and Procedures
  - 3.C Recruitment, Hiring, and Retention
  - 3.D Compensation and Classification Systems
4. Facilities Use and Management
  - 4.A Facilities Management and Operation
  - 4.B Plans, Policies, and Procedures
  - 4.C Maintenance Operations
  - 4.D Custodial Operations
  - 4.E Energy Management
5. Financial Management
  - 5.A Organization, Management, and Staffing
  - 5.B Financial Performance
  - 5.C Planning and Budgeting
  - 5.D Administrative Technology
6. Transportation
  - 6.A Organization and Staffing
  - 6.B Planning, Policies, and Procedures
  - 6.C Routing and Scheduling
  - 6.D State Reporting
  - 6.E Safety and Training
  - 6.F Vehicle Maintenance and Bus Replacement
7. Computers and Technology
  - 7.A Technology, Planning and Budgeting

Topics outside the scope of this review include student performance, facilities construction, community involvement, warehousing, food service, and student safety and security.

## **Methodology**

In conducting this review the study team:

- interviewed RPS staff;
- obtained and reviewed documents pertaining to the operation of RPS;
- compiled and analyzed data about the operations of RPS;
- interviewed professionals in other school divisions that are statistically similar to RPS;
- documented the processes and organizations of RPS;
- compared the expenditures and revenues of RPS with those of statistically similar school divisions;
- contacted other state agencies (the Department of Education, Department of General Services, Department of Human Resource Management, Department of Mines, Minerals and Energy, and the Joint Legislative Audit and Review Commission) for information pertinent to the study; and,
- Reviewed RPS policies and procedures in areas such as Administration, Human Resources, Facilities Use and Management, Transportation, and Information Technology.



## **About Richmond**

Richmond is the capital of Virginia and is located in eastern central Virginia at the intersection of interstates 64 and 95. The 2000 Census reported the population of the City of Richmond as 197,790. The city occupies 60 square miles of land and has a population density of 3,292 people per square mile.

In the cluster of ten school divisions that includes Richmond City, the city has the highest per capita income at \$31,279. In the division, a totally urban jurisdiction, the average housing value is \$87,300. The 2000 Census reported that 57 percent of the city population is African-American.

## **About Richmond Public Schools (RPS)**

Richmond public schools have a 2004 enrollment of 25,545 students.<sup>1</sup> The division has sixty-seven total buildings - 36 elementary schools, 10 middle schools, 8 high schools, 9 exceptional education centers, or vocational schools, and 4 other facilities including the Arthur Ashe Center. The student teacher ratios range from 18:1 in pre-kindergarten programs to 22:1 at the middle school and high school level. According to RPS 91 percent of the students in the division are African-American.

The RPS School Board is a nine member elected board that is a policymaking and oversight board for the school division. The school division has 3,433 employees (FTEs), including 1,982.5 licensed teachers, 142 school administrators, and 490 central administrators.

Improvements in RPS over the last several years are notable. Perhaps for the first time, all schools share a common vision and a written curriculum. In 2003 the number of schools with full accreditation doubled over the previous year. The school dropout rate has declined steadily from 1996-97 (6.5 percent) to 2001-02 (2.7 percent).

RPS is an urban school division and faces challenges that many other school divisions in the Commonwealth do not face. Sixty-five percent of Richmond Public Schools' students are eligible for free or reduced lunch. According to the 2000 Census, fifty-seven percent of the children in the city live in single parent households. Many of the schools also serve as neighborhood churches and community centers. By any measure, the City of Richmond has a much higher crime rate than surrounding localities, and this causes the school division to expend more time and resources dealing with security issues.

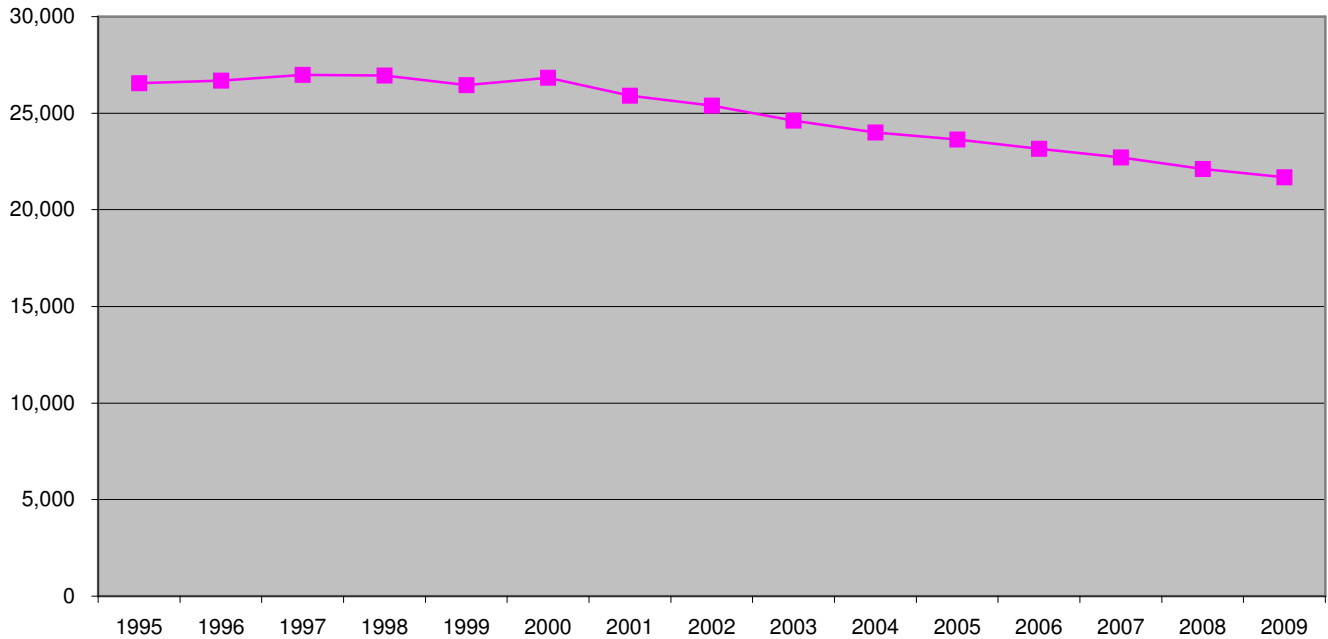
RPS is a school division with a declining enrollment. This impacts the division in several areas, particularly state funding (which is formula driven by enrollment) and

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<sup>1</sup> This enrollment figure is the September 30 enrollment from the DOE website.

in facilities planning. The graph below shows the change in enrollment from 1995 to the future projected enrollment in 2009.

**Figure 1: Richmond Public Schools ADM 1995-2009**



**Richmond Public School Division Budget**

RPS has a 2003-04 general fund budget of \$229,849,266.

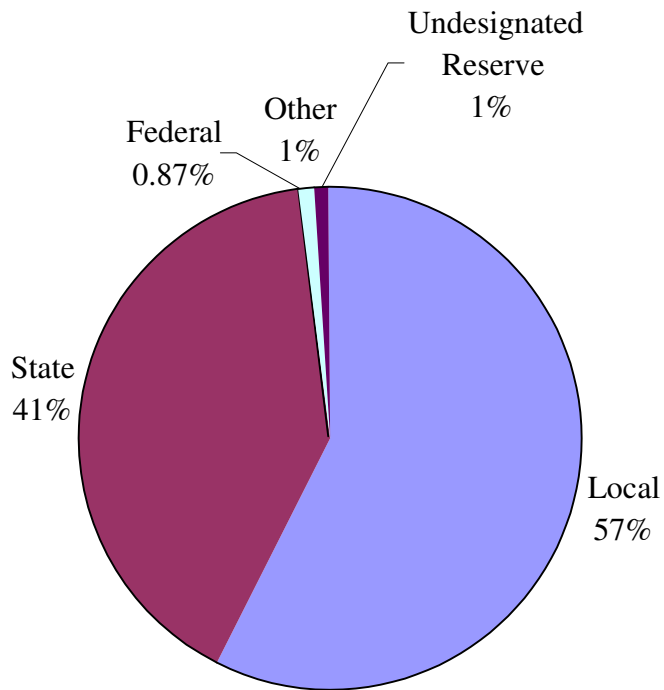
RPS breaks its general fund budget down into five primary sources of revenue. These are city funds, state funds, federal funds, undesignated reserves and tuition / other income. The following table shows the breakdown of these sources of revenue in the FY04 budget.

Federal revenue is relatively low in the general fund because most federal revenue is grant money received in the Special Revenue Fund. While the table makes it appear that City of Richmond does not receive much federal revenue, the division actually obtains more than \$28,000,000 in federal grants that are not included in this total.

The table below shows the relationship and percentage of each of these funding types.

<b>Table 1: General Fund Revenue</b>		
Local	\$131,762,289	57.32%
State	93,317,977	40.59
Federal	485,300	0.21
Undesignated Reserve	2,000,000	0.87
Other	2,283,700	0.99
<b>Total Revenue</b>	<b>\$229,849,266</b>	<b>100.00%</b>

**Figure 2: General Fund Revenue Sources**



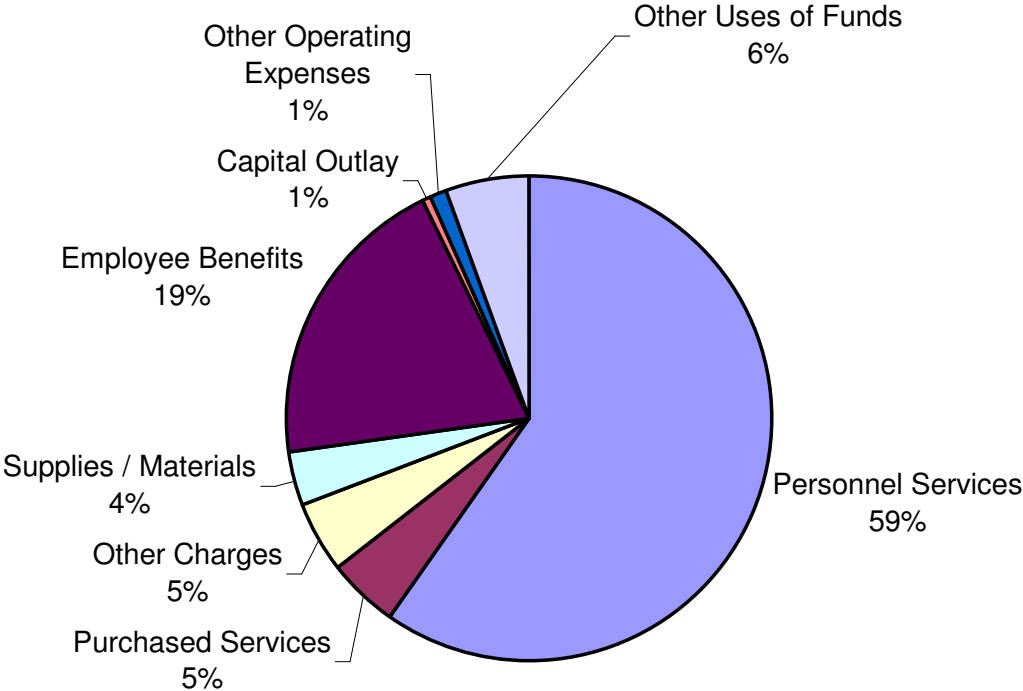
This general fund is expended in eight primary categories:

- personnel services (salary and benefit costs of classroom personnel, instructional and central office support staff, and school administration)
- purchased services
- other charges
- materials and supplies
- employee benefits
- capital outlay
- other uses of funds
- other operating expenses

The table and chart illustrate these expenditure categories.

Personnel Services	\$137,512,870	59.83%
Purchased Services	10,409,440	4.53
Other Charges	11,073,796	4.82
Supplies / Materials	8,448,775	3.67
Employee Benefits	45,563,502	19.82
Capital Outlay	1,752,217	0.76
Other Operating Expenses	2,227,301	0.97
Other Uses of Funds	12,861,365	5.60
<b>Total</b>	<b>\$229,849,266</b>	<b>100.00%</b>

Figure 3: General Fund Expenditure Categories



From the above chart it is clear that the largest single expenditure in the RPS budget is salaries, which is true in all school divisions. Salaries make up 59.83 percent of the total budget.

## II. School Division Clusters

When discussing school divisions it is sometimes useful to compare the various divisions to each other. School divisions vary greatly in size, resources, and the population base that they serve, however. There is not much to be gained, for example, from a straight comparison of many aspects of Fairfax County Schools and Accomack County Schools because of the great differences between the counties and their populations. Comparing school divisions that are similar, however, can present opportunities for insights into performance.

In order to develop comparable clusters of similar school divisions, the Department of Education contracted with Virginia Commonwealth University (VCU) to perform a statistical analysis of four primary criteria for all school divisions in the state. These criteria were population density, average daily membership, percent of students eligible for free lunch, and the composite index<sup>2</sup>. Data for every school division were compared against these four key criteria and then the data sets were further divided by separating urban, suburban, and rural school systems in some clusters.

The result of this analysis was seven clusters of school divisions. These clusters can be used to make some comparisons on performance of the divisions within the cluster.

A table showing each cluster and the divisions in it can be found in Appendix I.

The study team then created a database to analyze cluster-related data along with data from the DOE Superintendent's Annual Report for 2001-02. This data details expenditures in categories such as instruction, administration, transportation, etc. It also include data for state, local, and federal revenue received by the school divisions.

This information has a key limitation – it is all self-reported by the school divisions to DOE. Each school division uses a different accounting system and tracks expenditures differently. In order to compare them, DOE issues specific instructions about what is to be reported in each of these categories and then the school divisions sort their accounting data into DOE's categories. No one verifies that each division is submitting this data correctly, so it is very possible that school divisions are not accounting for expenditures in the same manner for this report, despite the DOE instructions.

One concern that several members of the RPS administration stated was that other school divisions received services from their local government, such as security, accounting or purchasing, that RPS had to conduct on its own. This difference would

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<sup>2</sup> The composite index is a number developed by DOE to measure the local government's ability to pay for schools.

cause RPS' expenditures to appear higher because it paid for the service while the other school division received it for free from its local government. The study team surveyed all the school divisions in the same cluster as RPS and also the localities surrounding Richmond and determined that none of those localities receive significant services directly from their local governments. A few divisions received minor services, such as printing checks, but no school division received major services such as security or accounting from its local government. While this practice does occur in Virginia, it does not occur in the school divisions discussed in this report.

By comparing the Richmond Public School Division's expenditure and revenue data to the other nine school divisions in its cluster, the study team was able to rank RPS in each expenditure or revenue category. The team attempted to discern why the division ranked as it did in each of these categories, especially in those categories in which it was an outlier one way or another.

The data in Table 3 show how RPS compares to the other divisions in its cluster. The designation of the 1<sup>st</sup> division indicates the one with the lowest expenditure per pupil in that category, whereas the 10<sup>th</sup> is the division with the highest per pupil expenditures in that category. The data are sorted on a per pupil basis to remove the distinctions between larger and smaller divisions within the cluster.

<b>Table 3: Richmond Compared to Its Cluster</b>		
<b>Category</b>	<b>Amount / Pupil</b>	<b>Rank (1 = lowest)</b>
Administration	\$345.18	10 <sup>th</sup> out of 10
Attendance and Health	\$227.69	10 <sup>th</sup> out of 10
Instruction	\$6,655.94	10 <sup>th</sup> out of 10
Debt Service and Transfers	\$290.57	6 <sup>th</sup> out of 10
Facilities	\$371.54	7 <sup>th</sup> out of 10
Technology	\$306.15	5 <sup>th</sup> out of 10
Ops and Maintenance	\$1,101.63	10 <sup>th</sup> out of 10
Special Education	\$1,181.20	10 <sup>th</sup> out of 10
Transportation	\$475.20	10 <sup>th</sup> out of 10
Regular Day School Expenditures	\$8,805.63	10 <sup>th</sup> out of 10
Local Revenue	\$4,935.61	10 <sup>th</sup> out of 10
State Revenue	\$3,745.53	1 <sup>st</sup> out of 10
Federal Revenue	\$1,030.18	9 <sup>th</sup> out of 10
In this table 1 <sup>st</sup> is the lowest in amount per pupil and 10 <sup>th</sup> is the highest. Note: "Regular Day School Expenditures" is the sum of Administration, Attendance and Health, Instruction, Transportation, and Operations and Maintenance		

It is important to note that comparing school division expenditure data often creates questions but not answers. This data cannot be used to draw definitive conclusions about any school division. Only by carefully examining the reasons for the expenditures can these questions be answered.

One factor that increases RPS expenditures when compared with other school divisions is the amount of ‘unfunded students’ in the division. These unfunded students are those students who are either too young or too old to receive basic state funding. According to RPS, 5.1 percent of its students were unfunded as of September 30, 2003. This number was significantly higher than the cluster average of 2.8 percent. It is also significantly higher than the counties surrounding Richmond, who all have levels of unfunded students below 1.3 percent of the total enrollment. The unfunded students in RPS are composed of 23 students under age five, 223 students over age 20, and 420 students for whom the division receives tuition from another school division. These 420 students are not a financial liability since the division receives tuition for them so they are not truly ‘unfunded.’ Therefore the number of truly unfunded students is not as high as it first appeared.

Below is a brief explanation of what each of these categories mean and why RPS falls where it does in that category.

#### A. Administration:

The Richmond Public School Division ranked 10<sup>th</sup> out of 10, or highest, among comparable school divisions in administrative spending per pupil. This category includes administrative staff salary and benefits and other functions such as board costs and division legal fees.

According to the Virginia Department of Education’s reporting guidelines, administration is defined as, “any activity concerned with establishing and administering policy for operating the [division].” These activities include board, executive administration, information, personnel, planning, fiscal, purchasing, and reprographics services. RPS expended \$345.18 in administrative costs for each attending student during the 2001-02 school year, ranking it highest among its peers. During the same fiscal year, RPS expended over \$8.7 million for administrative costs. When administrative spending is considered as a percentage of the entire school budget, RPS ranks second highest at 2.8 percent. Table 4 highlights the spending on administration.



<b>Table 4: Administrative Spending for 2001-02*</b>			
<b>Peer School Division</b>	<b>Administration Spending / Pupil</b>	<b>Administration Spending</b>	<b>Administration Spending as a Percent of Budget</b>
Lynchburg	\$107.75	\$962,650.40	1.3%
Newport News	\$110.14	\$3,452,998.00	1.3%
Portsmouth	\$130.83	\$2,194,093.50	1.7%
Roanoke City	\$148.76	\$1,944,143.11	1.5%
Hampton	\$202.35	\$4,631,174.81	2.7%
Danville	\$221.21	\$1,640,287.85	2.2%
Hopewell	\$222.75	\$878,966.44	2.1%
Norfolk	\$227.90	\$7,869,776.30	2.6%
Petersburg	\$249.25	\$1,428,924.39	3.0%
<b>Richmond</b>	<b>\$345.18</b>	<b>\$8,715,349.83</b>	<b>2.8%</b>
<b>Peer Average</b>	<b>\$196.61</b>	<b>\$3,371,836.46</b>	
* Last complete year for data SOURCES: DOE <i>Annual School Report</i> , Tables 13 & 15, FY2001-02			

The following table shows how RPS expended its Administration funds. For each category below the table shows the total amount expended, the amount per pupil and the percentage of the total Administration expenditure that was spent on that category. The third column shows RPS' rank within the cluster on per pupil expenditures in these categories.

Compared to the other school divisions in its cluster RPS expends the most money per student of any school division in the categories within Administration of Fiscal Services and Purchasing.

**Table 5: Administrative Expenditure Detail**

<b>Category</b>	<b>Amount</b>	<b>Rank in Cluster (1 = lowest, 10 = highest)</b>
<b>Board Services</b>	\$495,144.12	
Board Services per student	\$20	9 <sup>th</sup>
Board Services % of Admin	5.68%	
<b>Executive Administration</b>	\$1,255,536.08	
Exec Admin per student	\$49.73	7 <sup>th</sup>
Exec Admin % of Admin	14.41%	
<b>Information</b>	\$760,915.21	
Information per student	\$30	9 <sup>th</sup>
Information % of Admin	8.73%	
<b>Personnel</b>	\$1,685,537.20	
Personnel Per student	\$66.76	9 <sup>th</sup>
Personnel % of Admin	19.34%	
<b>Planning</b>	\$557,794.85	
Planning per student	\$22.09	9 <sup>th</sup>
Planning % of Admin	6.40%	
<b>Fiscal Services</b>	\$2,971,999.40	
Fiscal Services per student	\$117.71	10 <sup>th</sup>
Fiscal Services % of Admin	34.10%	
<b>Purchasing</b>	\$482,394.94	
Purchasing per student	\$19	10 <sup>th</sup>
Purchasing % of Admin	5.54%	
<b>Repro-Graphics</b>	\$506,028.03	
Repro-Graphics per student	\$20	9 <sup>th</sup>
Repro Graphics % of Admin	5.81%	

The table above shows that the high level of expenditures in the Administration category are primarily fueled by high per student expenditures in Fiscal Services.

**B. Attendance and Health:**

Richmond is ranked 10<sup>th</sup> out of 10 among comparable school divisions in attendance and health spending per pupil. This category includes salary and benefits for those employees assigned to track student attendance data and other health related employees – nurses, clinic aides, psychologists, etc.

The following table shows the breakdown of the school divisions in RPS' cluster and the amount expended per student in the categories that make up Attendance and Health. The levels of expenditure in attendance (which includes tracking student attendance data and truant officers) and health (primarily school nurses) are very high when compared to the other similar school divisions. RPS should carefully review these areas to determine if additional savings can be identified in these areas.

**Table 6: Attendance and Health Per Student Expenditures**

School Division	Attendance per student	Health per student	Psychological per student	Speech / Pathology per student
Danville Pblc Schs	\$15	\$41	\$40	\$0
Hampton Pblc Schs	\$12	\$101	\$59	\$0
Hopewell Pblc Schs	\$12	\$74	\$22	\$0
Lynchburg Pblc Schs	\$7	\$47	\$36	\$0
Newport News Pblc Schs	\$7	\$58	\$38	\$51
Norfolk Pblc Schs	\$23	\$2	\$68	\$0
Petersburg Pblc Schs	\$30	\$67	\$20	\$0
Portsmouth Pblc Schs	\$0	\$93	\$63	\$0
<b>Richmond Pblc Schs</b>	<b>\$51</b>	<b>\$117</b>	<b>\$54</b>	<b>\$6</b>
Roanoke City Pblc Schs	\$4	\$67	\$40	\$6
<b>RPS Rank (1 = lowest)</b>	<b>10th</b>	<b>10th</b>	<b>7th</b>	<b>7<sup>th</sup> (tie)</b>

Note: In the above table if the table cell reads \$0 it means that the division reported \$0 in expenditures in this category. It is likely that necessary expenditures are lumped into other categories.

### C. Transportation:

Compared to its nine peers, RPS ranks highest in the amount it spends per pupil for transportation (\$475). RPS expends 3.9 percent of its total budget on pupil transportation, the fourth highest percentage compared to its peers. What accounts for the higher costs at RPS? Besides the excess amounts of additional time and overtime, some officials cite accounting practices that need improvement.

For example, the summer school program routinely underestimates the costs for transportation during the summer months. The transportation department budget is then charged for the cost overrun. Last summer, for example, the summer school program budgeted \$300,000 for transportation services but actually incurred \$456,000 in transportation costs. The difference was charged against transportation's budget, not the summer school program's budget. When creating its transportation budget, the summer school program budgeted \$1.67 per mile for transportation services,

much lower than the going rate of \$2.83 per mile. This is perhaps due to an insufficient working relationship between the summer school program and the transportation department.

Also, RPS runs activity buses in the late afternoon to take home every child who attends after school activities including athletics, clubs, and after-school tutoring sessions. This extra run of buses is not duplicated by other school divisions in this area and makes RPS' transportation costs higher.

Transportation budgets the cost of nurses on board several special education buses when such costs should be properly charged against the special needs program. In 2003-04, the amount budgeted for bus nurses is \$39,000. In addition, drivers are paid to attend meetings. Overall, the team found that excessive overtime, three-tiered driver contracts, loose accounting practices, lack of accountability, and the costly practices in employee disciplinary actions all contribute to the inflated costs for student transportation. Table 7 illustrates RPS' transportation costs with its peers.

One note about Table 7 – only three of the school divisions on the list accounted for fuel in this expenditure category. Richmond Public Schools was one of those divisions.

In 2002-03, RPS recorded the second highest cost per mile compared to its peers for transporting both special needs students and all students at \$5.05 and \$2.83 per mile, respectively<sup>3</sup>. Also, for the same school year, RPS ranked the highest for maintenance cost per mile at 0.69¢ compared to the peer average of 0.48¢.

More detailed information on transportation costs can be found starting on page 75.

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<sup>3</sup> Based on documents submitted by all school divisions to the Virginia Department of Education for 2002-03, the latest complete year available for division comparisons.

<b>Table 7: Transportation Spending for School-Year 2001-02</b>			
<b>School Division</b>	<b>Cost per Pupil*</b>	<b>Transportation*</b>	<b>Transportation As a Percent of Total Budget</b>
Hopewell	\$147	\$578,789	1.4%
Portsmouth	\$232	\$3,894,732	3.0
Norfolk	\$274	\$9,445,921	3.1
Petersburg	\$293	\$1,678,760	3.5
Danville	\$295	\$2,188,181	2.9
Hampton	\$332	\$7,590,524	4.3
Roanoke City	\$338	\$4,416,454	3.5
Lynchburg	\$355	\$3,175,631	4.3
Newport News	\$359	\$11,258,163	4.1
<b>Richmond</b>	<b>\$475</b>	<b>\$11,998,226</b>	<b>3.9</b>
<b>Peer Average</b>	<b>\$310</b>	<b>\$5,622,538</b>	<b>3.4%</b>
* Figures rounded to nearest dollar SOURCE: VA DOE			

D. Instruction:

Richmond is ranked 10th out of 10 among comparable school divisions in instructional spending per pupil. This category refers to the direct costs of instruction, primarily teacher salaries. (The total used in this data is the sum of administrative, instructional, transportation, operations, maintenance, and attendance and health expenditures. DOE refers to this sum as “Regular Day School Operations.”)

<b>Table 8: Instructional Spending Comparison 2001-02*</b>			
<b>Peer School Division</b>	<b>Instruction Spending/ Pupil</b>	<b>Instruction Spending</b>	<b>Instruction Spending as a Percent of Budget</b>
Portsmouth	\$4,844.80	\$81,247,281.15	62.6%
Hampton	\$5,064.74	\$115,916,676.15	66.4
Petersburg	\$5,133.94	\$29,432,898.21	62.0
Newport News	\$5,203.50	\$163,129,795.00	59.8
Danville	\$5,432.12	\$40,279,203.29	54.1
Lynchburg	\$5,512.96	\$49,252,824.38	66.1
Hopewell	\$5,526.17	\$21,806,257.51	52.7
Norfolk	\$5,775.36	\$199,434,647.12	66.3
Roanoke City	\$6,003.55	\$78,460,367.38	61.4
<b>Richmond</b>	<b>\$6,655.94</b>	<b>\$168,055,801.46</b>	<b>53.9%</b>
<b>Peer Average</b>	<b>\$5,515.31</b>	<b>\$94,701,575.17</b>	
* Last complete year for data SOURCE: DOE <i>Annual School Report</i> , Tables 13 &15, FY2001-02			

E. Facilities:

Richmond Public School Division is ranked 7<sup>th</sup> out of 10 among comparable school divisions in facilities spending per pupil. This category is composed of acquiring land and buildings, remodeling and constructing buildings, and improving sites. This category does not include normal building maintenance.

The Virginia Department of Education’s specifications for the Superintendent’s Annual Report lists the following items to be included as facilities expenditures: (1) Site Acquisition, (2) Site Development, (3) Architecture, (4) Specifications, (5) Building Acquisition, and Building Additions & Improvements.

It appears that RPS has accounted for expenditures in this category that would be more properly accounted for under operations and maintenance. An example of this is painting school buildings. RPS included the cost of painting contractors under its facilities expenditures. Moving this type of expenditure will lower Richmond’s facilities expenditure total but will raise an already high operations and maintenance expenditure total.

F. Special Education:

Richmond is ranked highest among comparable school divisions in special education spending per pupil<sup>4</sup>. This category includes instructional and other costs related to the

<sup>4</sup> This figure is based on spending per total students, not just spending per special education student.

division's special education program. Some administrative costs are included in this figure.

For the 2002-2003 school year, the Richmond Public School Division identified 4,338<sup>5</sup> children with special education needs out of a student population of 26,136.

The Richmond Public School Division afforded some type of special education program for 16.75 percent of its student enrollment for the school year 2001-2002. The state average for enrollment in special education programs is around 13 percent. Among its peer cluster the division ranked in the top three for enrollment in special education programs and expended the most in special education spending per student (\$1,181) of its peer school divisions based on the 2001-2002 average daily membership of 25,249 students.

#### G. Debt Service and Transfers:

Richmond is ranked 6th out of 10 among comparable school divisions in debt service and transfer spending per pupil. This category includes debt service payments and transfers to other organizations, or transfers from one fund to another.

The school division is limited in what it can borrow by the city government's cap on total debt for all city government subdivisions. While the school division needs additional debt to renovate or replace many of its old school buildings, the city's self-imposed debt management policy (which is a prudent policy) limits the school division's ability to borrow money for needed infrastructure improvements.

See page 69 for a more detailed discussion of the debt service issue.

#### H. Operations and Maintenance:

In fiscal year 2001-02 the Richmond Public Schools reported \$27.8 million in spending on operations and maintenance activities. This level of spending placed RPS highest among divisions in the Richmond cluster. RPS spent \$1,102 per student for these activities. The spending for the other nine divisions in the cluster ranged from \$613 to \$957 per student. However, in some areas of maintenance and custodial services, RPS expenditures per student were considerably less than peer school divisions. RPS expenditures in maintenance management, grounds services, equipment services, and maintenance warehouse and distribution services were less than some other divisions. RPS was the highest of the ten cluster divisions in vehicle services and security services. However, RPS spent 84 percent of its maintenance funds on building services, the core mission of the Plant Services Division.

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<sup>5</sup> Provided by the Exceptional (Special) Education Section as of December 1, 2003.

One reason for the high operations and maintenance spending by RPS may be related to the age of the buildings in use throughout the division. Table 19 beginning on page 50 shows the years of construction and age of each school building. Some division staff stated that the average age of Richmond buildings is greater than that of other school divisions in the cluster. The study team contacted five of the larger divisions in the Richmond cluster to compare the average age of buildings in use and found that assertion to be true. The results are shown in Table 9.

<b>Table 9: Average Age of School Buildings</b>			
<b>Division</b>	<b>Year Oldest Bldg Opened</b>	<b>Age of Oldest Bldg</b>	<b>Average Age of All Buildings</b>
Hampton	1916	88 years	44.6 years
Newport News	Prior to 1950	5% are over 60 years	36 years
Norfolk	1910	94 years	43.8 years
Portsmouth	1946	58 years	37.7 years
<b>Richmond</b>	<b>1888</b>	<b>116 years</b>	<b>54.7 years</b>
Roanoke City	1915	89 years	36.7 years

Older buildings cost more to operate, both through higher maintenance costs and higher utility costs. RPS’ operations and maintenance programs do not appear to be inefficient. The high costs are the result of the buildings that the division must maintain and operate.

#### I. Technology:

Richmond is ranked 5<sup>th</sup> out of 10 among comparable school divisions in technology spending per pupil. This category includes technology-related expenditures and ongoing expenses such as Internet service providers.

It appears that Richmond accounted for some technology-related salary expenditures under Administration, thus increasing that category and decreasing technology expenditures.



### **III. Findings and Recommendations**

Note: A listing of all recommendations can be found in Appendix II.

#### **Administration**

##### **ORGANIZATION**

The division is led by Dr. Deborah Jewell-Sherman, Superintendent. Dr. Sherman took the helm in August 2002 and was the third new superintendent since 1996. Directly reporting to Dr. Sherman are an assistant superintendent for finance and operations, an associate superintendent for instruction and accountability, four executive directors for elementary education, secondary education, support services, and human resources, a chief of safety & security, one public information officer, and one community liaison specialist. This span of control is deemed appropriate and properly aligned, based on the size and scope of the division's mission.

There are 1,982.5 licensed teacher positions in the division. The division manages 36 elementary, 10 middle, and 8 high schools. The division also serves as the fiscal agent for the regional Governor' s School for Government and International Studies, located in the former Maggie Walker High School facility. This program serves students from throughout the surrounding area, and is funded by the local school divisions that send students to this program. Additionally, the division operates the Richmond Technical Center and the regional mathematics and science center.

Richmond's 2003 -04 enrollment is 25,545 children, down from 26,136 the previous year.

Across the division, 2001-02 data indicates teacher-student ratios of (Pre-K) 18:1, (grades K-2) 22:1, (grades 3-5) 24:1, and (grades 6-12) 22:1. These numbers vary widely by school and class, especially in the high schools.

Dr. Sherman took the helm under a contract that was aggressively laden with performance targets pertaining to school accreditation. In the first year she held the position, the division exceeded those targets. The results of the state's 2003 Standards of Learning (SOL) tests reflect tremendous progress in Richmond Public Schools. The number of fully accredited schools in the district now totals twenty-three, more than double the previous year's total of nine. The number of schools accredited with warning decreased from twenty in 2002 to nine. This would indicate

that there is intense focus on the core educational mission of the division, from the superintendent down to the individual schools.

### **Richmond School Board**

The board has nine members serving two-year terms. Six of the current members have been on the board for one term. The current chairman recently announced that after 6½ years on the board he has decided not to seek another term. While the two year term is in keeping with guidelines in the *Code of Virginia* that require school board elections to be held as frequently as those of the political subdivision's governing body, this restriction creates its own problems. Many issues facing Richmond are long term, and the election cycle introduces a tendency toward short-term remedies. Upon newly being elected to this office, a new board member faces a steep learning curve to understand and make decisions pertaining to the school division's operations, budget, and unique issues. With all board seats up for election – and possibly turning over – simultaneously every two years, this learning curve can become a problem.

It has been nearly universally stated that, to a person, the board is primarily motivated by and concerned for the educational success of Richmond's children. In some instances, however, it is obvious that either the board as a body or individual members of the board differ in their approach to attaining this goal. Observers from both inside and outside the division point to philosophical differences as to the role of the board, with some members attempting to function more like an administrative board than a policy board. This has resulted in communication failures between board members and the administration, with individual board members at times bypassing senior staff and involving themselves in situations in individual schools or in the central office. While this intense interest in instructional and administrative processes is laudable, it has led to both weakened functional authority and confusion within the administration. Staff members, teachers, and parents are as likely to call their local board member to resolve a problem, register a complaint, or seek exceptions to policy as they are to work within the administrative structure. Importantly, in some instances, board members encourage this approach and have on occasion acted to force a specific resolution rather than refer an issue back to the superintendent or appropriate principal. Since the board is deemed the final level of appeal for administrative, disciplinary, and personnel matters, early involvement by board members can jeopardize their ability to fairly adjudicate such appeals.

Principals are quick to point out that board inquiries are welcome about any aspect of operations or student issues, and that teachers and parents should feel free to contact board members with their concerns. They do hope, however, that teachers and parents feel comfortable trying to resolve issues with school administration or even the superintendent first rather than feeling it necessary to go directly to the board.

## **External Communication**

One area that RPS lags behind other school divisions is in external communication. Several examples were noted during this study of problems communicating with anyone outside the division. First, the division's web page contains a large amount of out-of-date information and does not contain useful information such as a contact list for every functional area of the school division (with telephone numbers and email addresses of key staff) or maps of school attendance zones.

Another example of an external communication problem is that most division staff lack voice mail. The previous superintendent had a policy against voice mail and demanded that telephones be answered by a live person within the first few rings. While this policy has merits, especially for an organization serving the public, voice mail has a useful role in large organizations. During the course of this review the Team called RPS staff members hundreds of times. Often, the employee was out of the office – in meetings or at a school, and if the receptionist in that area was busy or away from her desk the telephone went unanswered. Voice mail would allow employees who leave the central office to visit schools to have messages left for them. Also, voice mail would allow people to leave messages after normal business hours. Voice mail should never be used to dodge calls from parents or members of the public. The division should always have someone answering its primary telephone numbers. But voice mail would increase both productivity and communication.

## **Administration Findings and Recommendations**

### **Finding:**

Under Superintendent Sherman, the division has made great strides toward achieving full accreditation for its schools. This progress should be noted and celebrated. Most RPS employees encountered during the execution of this review were polite, affable, accommodating, and productive.

### **Finding:**

At times, school board members become more involved in the operational aspects of the school division than is necessary, leading to weakened perceived authority, reduced accountability, and role confusion among staff members.

### **Recommendation 1:**

The school board may wish to reaffirm its role and procedures in dealing with operational, disciplinary, and personnel matters within the schools and the central office. This will safeguard its role as final level of appeal and increase accountability

for proper operations within the administration. The board may also wish to revisit Virginia School Board Association (VSBA) provided training on board governance.

**Finding:**

RPS needs to improve its external communication. Areas that could be improved are the division's web site and the use of voice mail by staff members .

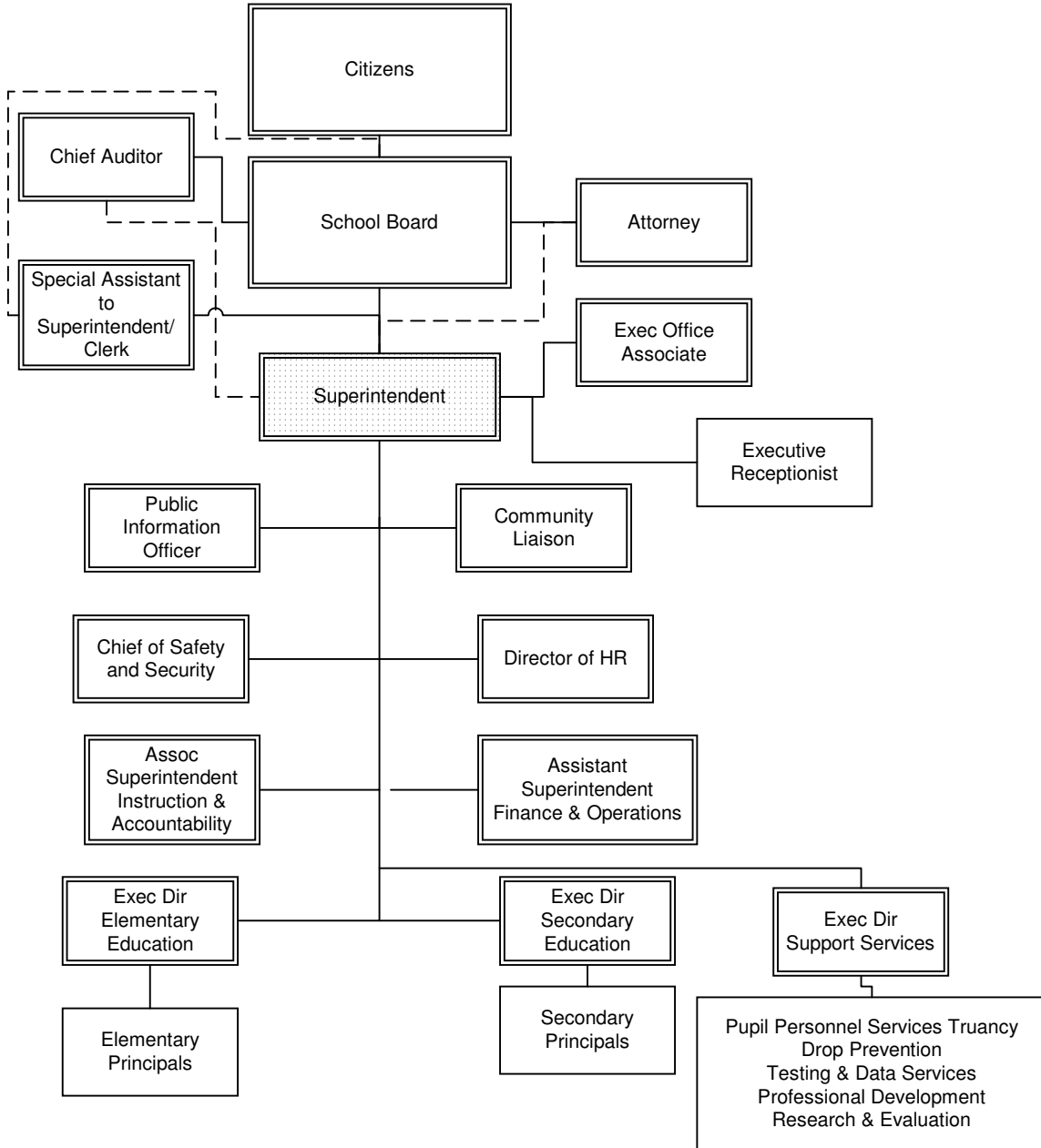
**Recommendation 2:**

RPS should work to improve its web site and to keep it updated on a daily basis. The division staff responsible for the web site should examine other major school division websites to see what types of content and formatting should be added to the RPS web site. In July RPS released a re-formatted website that improved many of these areas of concern, but not all.

**Recommendation 3:**

RPS should increase the use of voicemail among division staff. The division should create a clear policy about its use and discipline any staff member who uses voice mail to avoid parents or other members of the public.

Figure 4: Richmond Public Schools  
General Organizational Chart



## **Educational Service Delivery**

### **BACKGROUND**

Public schools are established to provide students with a wide range of instructional opportunities from the earliest and most basic, through mastery of increasingly difficult material that ultimately prepares the students for additional education and/or entry into the workplace. Schools also provide special educational services to students with physical, mental, or emotional disabilities, outstanding talents in academics or other areas, or temporary challenges, as is the case with immigrant children learning English as a second language. Schools also provide opportunities for participation in social, athletic, and community activities and often serve as the focus of the community's interest and involvement.

The Richmond Public School (RPS) Division provides educational services in 63 schools – 36 elementary, ten middle schools, eight high schools, and nine other schools including exceptional education schools, an alternative school, and vocational/technical schools. The enrollment of the division is largely homogenous – more than 91 percent of the members of the student body are African-American.

According to the 2000 U.S. Census, Richmond City is home to almost 200,000 residents. The school division provides services to more than 25,000 students in grades K-12 and spends 53.9 percent of the division budget on instruction, defined as teachers, substitute teachers, staff development, and the materials necessary for instruction. This places the division at bottom of the 10 schools in its clusters in terms of percent of budget expended on instruction. However, when comparing spending-per-pupil, RPS is the highest of the ten cluster divisions at \$6,556 per pupil. Some of the possible reasons for this level of expenditure will be discussed below.

### **EDUCATIONAL ACHIEVEMENT**

Over the past several years, RPS has demonstrated significant improvement in student achievement. Motivated by both the Commonwealth of Virginia's Standards of Learning (SOLs) and the federal No Child Left Behind (NCLB) legislation, the division has focused on identifying achievement weaknesses and implementing corrective actions. The results are evident in the data on the number of schools that have enhanced student performance and improved their evaluation on the state's standards for accreditation. Table 10 shows the changes over the past three years.

<b>Table 10: Richmond Public Schools Accreditation History Number of Schools*</b>			
<b>Year</b>	<b>Fully Accredited</b>	<b>Provisionally Accredited</b>	<b>Accredited with Warning</b>
2000-2001	5	18	28
2001-2002	9	22	20
2002-2003	23	23	9
*Excludes special purpose schools. Source: RPS Public Information Office			

**Finding:**

RPS is to be commended for their impressive improvements in SOL results over the past two years.

Along with the improvement in the schools’ SOL performance, RPS has experienced a steady decline in its dropout rate. In 1996-97 the RPS dropout rate was 6.5 percent, almost double the statewide rate of 3.5 percent. The Richmond rate has fallen steadily, year by year, since then. The rate for 2001-02 was 2.7 percent compared to the state rate of 2.0 percent.

**Current Challenges**

RPS has made a concerted effort over the past few years to pinpoint and remedy, system-wide and by individual school, practices and approaches which were adversely influencing achievement.

In 2003, the Council of the Great City Schools produced a report on RPS entitled *Charting a New Course for the Richmond Public Schools*. The report noted weaknesses in the division’s teaching methodologies and processes. The council’s report singled out the division’s fragmented efforts as a key reason for lack of achievement.

The division addressed this primary concern by developing a written curriculum for all grades to assure that the same goals are shared across the system and that teachers and principals know the objectives for which they are accountable. Teacher and principal performance evaluations now include their schools’ performance on the SOLs as an indication of individual professional effectiveness.

The division also instituted closer and more frequent contact between the schools and the division’s central management staff. Each school is visited twice a month by a central office staff member to mentor and coach principals and teachers. Middle and high school principals meet with the Executive Director for Secondary Education

once a month and participate in weekly conference calls with the Director. The division is also collecting and developing the use of data to review individual school and teacher and principal performance to catch problems or weaknesses early.

**Finding:**

RPS is to be commended for including SOL results as one of the elements in teacher and principal performance evaluations.

The Richmond Public School Division has some significant built-in factors that work against high SOL achievement scores and which demand strong efforts on the part of the division to overcome. In 2003 the Joint Legislative Audit and Review Commission (JLARC) released a report on the factors and practices associated with school performance in Virginia. The analysis revealed that poverty, race, and adult educational attainment in the community appear to have the strongest associations with SOL test scores.

Unfortunately, two of these demographic characteristics are present in the Richmond Public School Division. Richmond falls in the top third of a JLARC comparison of poverty concentration by school division. JLARC determined that if more than 47 percent of a division's students are eligible for free or reduced price lunch, that division is in the top third of poverty school divisions. In Richmond, the actual figure is that 65 percent of its students are eligible.

JLARC also ascertained that substantial disparities in teacher qualifications and experience exist between localities with a large proportion of black students and other localities. Divisions with a high percentage of African American pupils have

- a higher percentage of provisionally licensed teachers,
- a higher percentage of classes not taught by highly qualified teachers, and
- a higher percentage of inexperienced teachers.

These characteristics may help to explain why race has an association with SOL test scores. JLARC's findings indicate that in schools with a high percentage of African American students, on average, 12 percent of the teachers are provisionally licensed. This compares to schools with a low percentage of African American students where just six percent of teachers are provisionally licensed.

**Professional Development**

In Richmond, out of a total teacher complement of 2,323 teachers, 272 or 11.7 percent are provisionally licensed. Another 102 (4.3 percent) are conditionally licensed, indicating that they are pursuing endorsement in special education. Thus, 16 percent of Richmond teachers are not permanently licensed.



The relatively high number of teachers without permanent five-year licenses can be the result of a high level of turnover in the teacher cohort and the annual hiring of inexperienced teachers to fill vacancies. This has been true in the past in RPS but recent years have seen a significant decrease in the turnover rate, as is noted in another part of this report. Retention of teachers and a low turnover rate help to increase stability and experience in the classroom. Ongoing training or professional development is another means to strengthen teacher effectiveness and integrate new methods and knowledge into the curriculum.

Ongoing professional development for instructional personnel is a critical activity for all teachers. State law requires recertification every five years in order to continue as a licensed teacher. The requirement calls for at least 180 points that can be earned through a variety of activities, including coursework at accredited two- or four-year institutions of higher education. In addition, the teacher must have an endorsement to teach in a specific content. As of July 1, 2003, all instructional personnel were to have demonstrated technological proficiency in order to receive an initial license or to renew a license.

Richmond Public Schools supports the professional development of staff by annually allocating funds for development activities. For the current year, RPS allocated a total of \$380,000 to support these endeavors. Individual allocations were made to each school on the basis of FTEs employed at the site. Allocations to the schools totaled \$245,000. The remainder was allotted to system-wide operational areas such as human resources, information technology, and public information.

The division also provides substitutes to free teachers for training. RPS uses substitutes for approximately 3,000 hours annually to relieve individuals for professional development. Other training is provided through in-service activities conducted on days when school is not in session.

### **Finding**

A significant proportion of RPS teachers hold provisional or conditional licenses. It is vitally important for RPS to support ongoing professional development and permanent licensure for all of its teachers to assure that the division has highly qualified teachers in all grades and subjects.

### **Special Education and Pupil Personnel**

## **BACKGROUND AND ORGANIZATION**

*The (Virginia) Board of Education (Code of Virginia, § 22.1-214) is responsible for preparing and supervising the implementation by each school division of a program of special education designed to educate and train children with disabilities... The*

*program...shall be designed to ensure that all children with disabilities have available to them a free and appropriate education, including specially designed instruction to meet the unique needs of such children. The Virginia Administrative Code (8VAC20-80-60) further delineates that “a free appropriate public education shall be available to all children with disabilities who need special education and related services aged two to 21, inclusive...The Virginia Department of Education has a goal of providing full educational opportunity to all children with disabilities aged birth through 21, inclusive by 2010.*

Additionally, the Virginia General Assembly passed the Comprehensive Services Act (CSA) in 1992 with the intent to create a collaborative system of services and funding that is child-centered, family-focused and community-based when addressing the strengths and needs of troubled and at-risk youths and their families in the Commonwealth.

The Individuals with Disabilities Act (IDEA) (federal law) mandates a free and appropriate public education for all children, regardless of the severity of the disability. Additionally, this law requires school divisions to provide an education to students with disabilities in the least restrictive environment. Designed to protect children and parents in educational decision-making, this law requires school divisions to conduct non-discriminatory assessments and develop an Individual Education Plan (IEP) for each child with a disability.

IDEA was re-authorized in 1997 and included significant revisions. Among these revisions were requirements that the IEP be more clearly aligned with those students in general education and that it include general education teachers in the decision-making process. The 1997 law also requires including students with disabilities in state and division assessment programs and in setting and reporting performance goals.

In 1995, the Virginia Board of Education adopted the Standards of Learning (SOL) to emphasize the importance of instruction in four core subjects -- English, mathematics, science, and history and social science. The Standards of Learning are an important part of Virginia's efforts to provide challenging educational programs in the public schools. The standards are minimum requirements in each grade level, kindergarten through grade 12. The standards set reasonable targets and expectations as to what teachers need to teach and students need to learn.

Students with disabilities are expected to participate in the Standards of Learning tests based upon the student's individualized program and information from current and historical sources. The SOL testing of special education students must meet the requirements of the Individual Education Plan (IEP) of the student. For example, if the IEP of the student provides for using a calculator in order to master mathematical problems, then the student will be allowed to use a calculator when taking the SOL mathematics test. The Virginia Alternate Assessment Program (VAAP) provides

alternative testing if it is determined that a student's performance cannot be assessed appropriately using the SOL testing.

The Richmond Public School Division has elected to refer to its special education program as Exceptional Education. For this report, any reference to exceptional education programs equates to special education programs as described by Virginia Board of Education, IDEA, and the Virginia Department of Education. The school division hired a new director of its Exceptional Education Section in August 2003. The exceptional education director reports to the Associate Superintendent of Instruction and Accountability. With twenty-seven employees (see organizational chart), the exceptional education section is responsible for the overall management and direction of the exceptional education program. This includes the social workers, psychologists, jail program, speech therapists, occupational therapists, physical therapists, day and private placements, and the financial aspects of the program. RPS serves as a fiscal agent for the Virginia Treatment Center for Children, the Detention Center, and Hospital Education Program, but RPS does not control these facilities or their spending.

The exceptional education programs include multiple services with psychological and occupational/physical therapies, nursing services, vision and speech services, and transitional services. Additionally, the exceptional education program is responsible for federal and state compliance, development of the Annual Special Education Plan, dissemination of information, and the provision of certified and trained personnel. The Richmond Public School Division currently has over 650 positions that are delegated specifically to serving the needs of its exceptional education students.

Below is a breakdown of those positions:

<b>Table 11: Exceptional Education Staff</b>	
Special Education Teachers	370
Hearing/Audiologist/Interpreter	10
Vocational Assessors	2
Speech Therapists	33
Psychologists	20
Occupational therapists	5
Physical Therapists	2
Visiting Teachers/Social Workers	25
Vision Specialists	4
In-Take Pre-School	1
Home Based Pre-School	1
Homebound Teachers	4
Detention Home Teachers	4
Adaptive Physical Education	2
Instructional Assistant	174
<b>Total</b>	<b>657</b>

The division also has contracts that provide additional services in occupational and physical therapy, and speech-language skills. For the 2002-2003 school year, the Richmond Public School Division identified 4,338<sup>6</sup> children with special education needs out of a student population of 26,136. Following is a table that provides additional information by grade level and disability:

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<sup>6</sup> Provided by the Exceptional Education Section as of December 1, 2003.

Table 12: Exceptional Education Children by Type and Age															
Age	DD	MR	OHI	OI	SLD	SLI	VI	AUT	ED	HI	MD	SD	TBI	DB	TOTAL
1															0
2															0
3	64					1									65
4	61					4									65
5	60	3	4			30		1		3	1	2			104
6	100	6	2		2	72		5	1	2	3				193
7	110	16	5	1	15	64		7	7	1	2	2			230
8	58	28	19	1	49	72		5	24	3	2	3			264
9		54	25	1	117	58		5	30				1		291
10		92	25		191	49		7	45	4	3	2	1		419
11		120	35	3	163	51		2	56	2	3	1			436
12		96	17	2	179	19		4	39	2	4	1			363
13		99	17		187	20	1	5	52	3	2	2			388
14		116	10		152	18		5	61		2	4			368
15		111	9	1	144	10		5	76	1	1	2	1	1	362
16		91	4		150	9		2	63		3	4	1	1	328
17		95	4		117	5		4	43	1	3	4			276
18		42	4		51			4	16	3	2	1			123
19		22	1		7	1		6	4			1			42
20		5			3			1			1	1			11
21		5			1						1	1			8
22									1			1			2
	453	1001	181	9	1528	483	1	68	518	25	33	32	4	2	4338

The following list describes the abbreviations and the corresponding disability categories shown in the table:

AUT	Autism
DD	Developmental Delay
ED	Emotional Disturbance
HI	Hearing Impairment
MD	Multiple Disabilities
MR	Mental Retardation
OHI	Other Health Impairment
OI	Orthopedic Impairment
SD	Severe Disability
SLD	Specific Learning Disability
SLI	Speech & Language Impairment
VI	Visual Impairment
TBI	Traumatic Brain Injury
DB	Deaf and Blind

RPS' Exceptional Education programs promote and provide equal opportunities for educational excellence and social, emotional, and physical well being for students in RPS with special needs. The exceptional education program offers a variety of services by specialists who focus on education, behavioral, cognitive, sensory and social disabilities. The Richmond Public School Division afforded some type of special education program for 16.75 percent of its student enrollment for the school year 2001-2002. The state average for enrollment in special education programs is around thirteen percent. The division ranked in the top three for enrollment in special education programs within its peer school divisions and expended the most in special education spending per student (\$1,181) of its peer school divisions based on the 2001-2002 average daily membership of 25,249 students.

In December 2002, the Virginia Department of Education conducted an on-site review of exceptional (special) education program in the Richmond City School Division and released a report entitled: "Special Education Monitoring Report" dated February 14, 2003. The review process consisted of three phases: Phase I requires the school division to conduct a comprehensive self-assessment; Phase II includes an on-site review by DOE staff; and Phase III consists of follow up to ensure the prompt implementation of corrective actions. The DOE review determined that the school division had not corrected or fully corrected deficiencies relative to child find, referral for evaluation, evaluation, eligibility, and the Individual Education Plan (IEP).

**Finding:**

As identified by the school division's self-assessment and in the Special Education Monitoring Report<sup>7</sup>, the data suggests that the division will need to analyze the special education processes of referral, evaluation, eligibility determination, and placement.

**Finding:**

The school division has submitted a corrective action plan and with the hiring of the new director of the exceptional education program, the division is desirous of changes in the administration and delivery of the exceptional education program. The new director is experienced and appears to have the knowledge, skills, and the abilities to design, guide, and implement positive changes in the program. It is vital that the school division work together with exceptional education to support changes that will facilitate the exceptional education program meeting the requirements of the state and federal regulations, while meeting the needs of the students it serves.

**Finding:**

The Individual Education Plan (IEP) is critical to providing special education services. The *Education Act* specifies that a special educational program include a plan containing specific objectives and an outline of special education services that

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<sup>7</sup> Special Education Monitoring Report, Virginia Department of Education, February 14, 2003.

meet the needs of the exceptional educational student. The Richmond Public School Division's exceptional education program works to ensure a collaborative effort involving the general teachers, special education teachers and professionals, school psychologist, principal, parents, and the student in developing the IEP.

**Finding:**

The school division's exceptional education programs and activities involve general and special education teachers, professionals, parents, community organizations, and technology as well as the students in analyzing and providing the necessary services. The school division is currently in the process of implementing an online IEP, which the division feels will greatly improve its ability to meet the federal and state requirements relative to IEPs.

**Finding:**

While the school division's efforts to develop and implement an online IEP process are to be recognized, the school division has found issues such as missing data components, and lack of consistency in identifying or providing services, all required within the IEP. In the acquisition and implementation of the online IEP, the division failed to adequately develop an overall plan, assess the needs of users, and involve other sections (Information Technology) in the development and execution of the online IEP project.

**Recommendation 4:**

All sections within the school division, including the special education section, working as an inclusive team, have the ability to resolve issues. Project planning, project leadership and accountability, and project management are key factors to the success of a project. The division may wish to consider reviewing the status of the online IEP project and ensure that a project leader has been assigned, timelines developed, and other requirements met to ensure the success of the online IEP project.

**Finding:**

An internal audit and a compliance review of the exceptional education program at Richmond Public Schools have recently been completed. Both the audit and the compliance review revealed various issues. The school division has developed and is implementing corrective measures to address the issues outlined in both reports. Some of the major issues and recommendations of the internal audit report include:<sup>8</sup>

1. The practice of miscoding expenses must be corrected.
2. Perform review and analysis of exceptional (special) education budget.
3. Documentation and procedural problems must be addressed promptly.
4. Request appropriate reimbursement from the Department of Education for the cost of due process hearings.

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<sup>8</sup> Exceptional Education Report, Internal Audit, July 1, 1997 to June 30, 2003.

5. Cost to transport exceptional education students must be captured as part of exceptional education expenses.

The Findings of the *Special Education Monitoring Report*<sup>9</sup> identified deficiencies in the areas of staffing requirements, the provision of a free appropriate public education, individual education plan, least restrictive environment, eligibility, and discipline.

**Finding:**

The Exceptional Education program and the Richmond Public Schools are striving to implement the recommendations outlined in both reports. The division has established time frames for implementation of the corrective measures, which indicate that the majority of the recommendations will be addressed or a corrective plan will be developed by June 2004.

**Finding:**

The Richmond Public School Division participated in the Medicaid initiative that was designed to increase billing for special educational services and to allow schools to claim administrative expenses associated with the support of special education programs provided to Medicaid recipients. The division recently began to recoup these associated costs and collected \$157,491 for the period July 1, 2003 to September 30, 2003.

**Finding:**

The exceptional education section is working to identify dollars that will help the program meet the needs of its students. The division has assigned responsibility for the Medicaid reimbursements to a single individual. This will help ensure that the division receives all available Medicaid reimbursement funding.

## **Human Resource Management**

### **MISSION**

“The mission of the Human Resources Department of Richmond Public Schools is to establish an efficient and effective merit based system of resource management that meets the educational service needs of the students attending Richmond Public

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<sup>9</sup> Special Education Monitoring Report, Virginia Department of Education, February 14, 2003.



Schools, the program needs of the school division, and the educational, social, economic, and program needs of the citizens of the City.”<sup>10</sup>

## **ORGANIZATION**

The Human Resources (HR) office is comprised of one director, six coordinators (managers), four senior human resources associates, seven human resources associates, one license associate, and one service representative. An organization chart follows on the next page.

## **BUDGET**

The director is responsible for a \$2.9 million budget that includes some benefits but not all employee salaries, as instructional salaries are charged to the schools’ budgets. According to documents supplied by RPS, the school division employs 1,902 classroom teachers and 500 substitute teachers.

## **OPERATIONS**

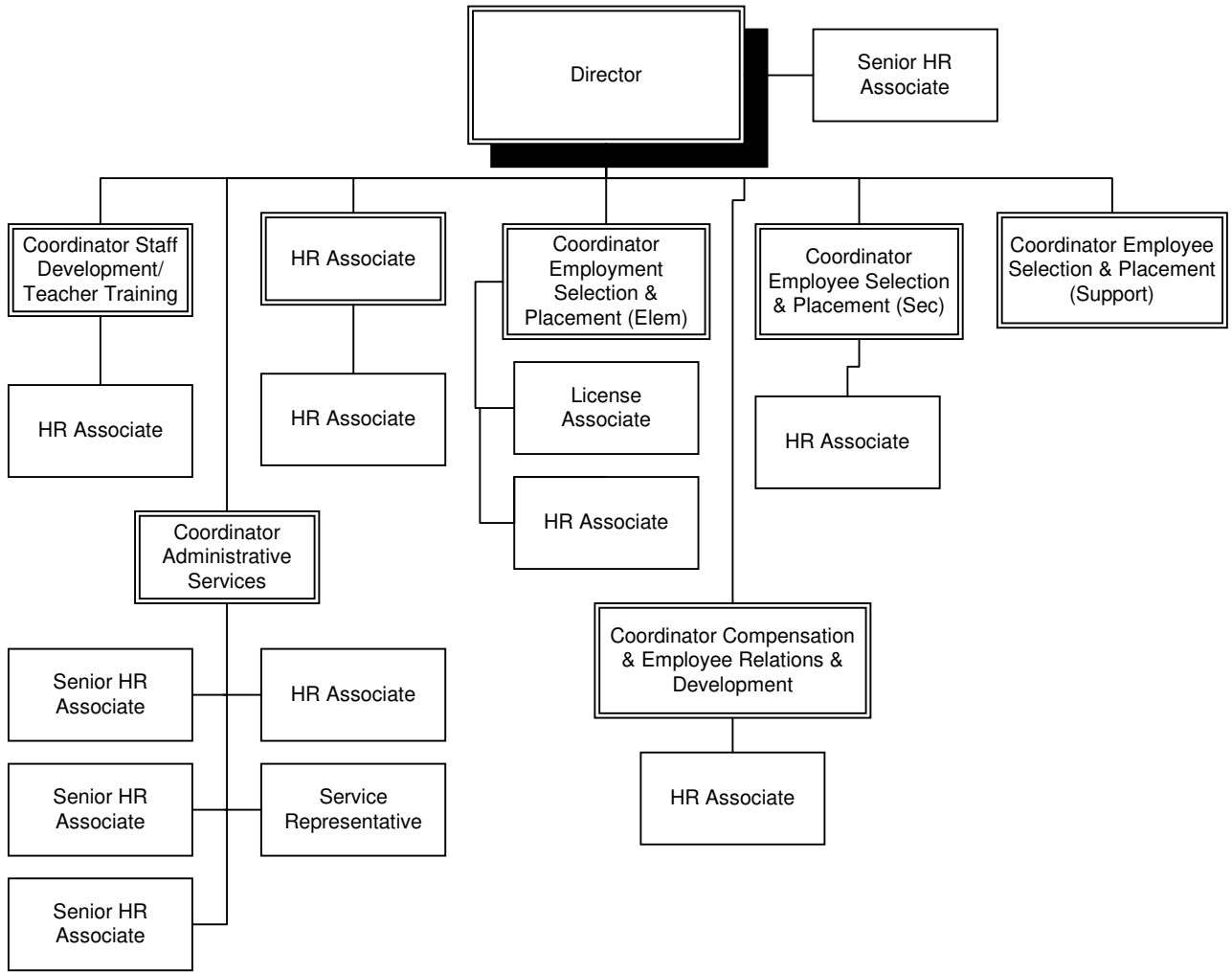
The Richmond Public School Division employs about 3,935 FTE; 1,902 are full-time classroom teachers, guidance counselors, librarians, other education-related employees, and central office professionals<sup>11</sup>. The average salary of all employees is \$37,520, with the range spanning \$6,715 to \$145,000. Over 400 teachers are age 55 years or older and are credited with at least 10 years with the division. The HR division is responsible for recruitment (for both teaching and non-teaching staff), compensation, mentoring, and enforcing HR policies and laws such as Americans with Disabilities Act and EEOC. The central office HR staff is involved in preliminary interviews for teachers at job fairs and vets the candidate-resumes eventually forwarded to the principals.

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<sup>10</sup> Richmond Public Schools Administrative Procedures, Code 1.03.

<sup>11</sup> Data from the 2004 school year, as reported by RPS.

Figure 5: Richmond Public Schools  
Human Resources Department



### Recruiting and Retaining Teachers

The preferred recruitment venue is the job fair. According to interviews with HR staff, the teacher turnover rate for first year teachers decreased to four percent from about 25 percent. The teacher interview process employed by RPS is modeled after that used by Disney Corporation. It consists of a three-tier interview process. The first interview involves meeting with the director of human resources and/or his recruiters. The second interview is held with content specialists (unless the teacher interviewed is a general education teacher, in which case this interview does not apply) and finally an interview with a principal. The division believes this method

improves teacher/school matches, thus reducing turnover rates. Table 13 illustrates the level of teaching experience for teachers for grades K-5.

<b>Table 13: Richmond Public Schools Years of Teaching Experience 2003-2004 School Year</b>						
<b>Grade</b>	<b>0-2 YRS</b>	<b>3-5 YRS</b>	<b>6-10 YRS</b>	<b>11-15 YRS</b>	<b>16-20 YRS</b>	<b>21+ YRS</b>
<b>K</b>	15%	16%	17%	26%	22%	32%
<b>1</b>	16%	17%	19%	18%	27%	10%
<b>2</b>	16%	20%	11%	13%	14%	19%
<b>3</b>	21%	16%	21%	13%	18%	10%
<b>4</b>	17%	15%	15%	13%	18%	17%
<b>5</b>	14%	17%	17%	16%	2%	13%
Source: RPS						

By policy, there are no official interviews conducted and no job contracts offered at job fairs. The school division works with an 18 member committee of the Richmond Renaissance Business Partnership to work the larger, more expensive, and candidate-rich recruiting events. Recruitment at these special events (which occur about four times annually) work this way:

The Richmond Renaissance Business Partnership flies some of the key human resource managers by corporate jet to the job fairs at no cost to the division. At the events, the businesspersons fan out across the convention floor and talk to any candidate willing to listen about how unique and fantastic living and working in Richmond can be. The businesspersons do not talk about teaching careers at all, as the HR staff is responsible for holding that discussion with candidates. The HR staff waits patiently for the businesspersons to physically bring candidates to the RPS exhibition display where they then talk with the candidates. If the HR recruiters are impressed with the candidates they are provided a CD ROM which shows the best of Richmond and allows them to link to the division website and to send electronically any resumes or questions. Overall there are 45 different recruitment sites including Pittsburgh, New York, Delaware, Boston, Minnesota, and Philadelphia. Recruiting is also conducted at Virginia colleges and universities.

Once applications are in, a 'by invitation only' event is held whereby candidates travel to Richmond at their own expense but are met by division staff at the airport and stay free at the Marriott Hotel while being wooed by the school system. Again the Partnership pays for everything including meals, hotel, sight seeing tours, etc. About 80 candidates show up in a given year (90 to 95 percent of the invitees). All three interviews (in the three tier process) are conducted that weekend. This year the

event was held from April 30 to May 1. This year the division had 73 applicants accept offers in this process.

The division spends about \$100,000 a year for recruiting, or about \$280 per teacher (this number does not include HR division staff salaries). The CD ROM, which can conveniently slip into someone's shirt pocket or pocketbook, costs only \$2.21 to produce, a bargain compared to the \$5.42 charge for a glossy brochure that is typically discarded by many candidates.

There are signing bonuses of \$2,000 for those certified teachers in special education, math, foreign language, and science. The State Board of Education approves a limit of \$20,000 annually for single year bonuses. At one time, a \$5,000 bonus was provided over three years. This bonus was the initiative of the DOE Board but this practice was quickly discontinued as an argument was made that the bonus was counterproductive since after three years (once the bonus was fully paid out) many teachers would resign from the division because the bonus was the primary reason for accepting their position with RPS in the first place.

A teacher working three years or less with the division must undergo three observation evaluations per year by a principal or assistant. More can be ordered if the need exists. After three years, there is one summative observation conducted and one formative observation conducted every three years. The year following re-licensing, teachers must undergo three observations a year. A tenured member must undergo one every five years.

Teachers earn one sick day per month (10 per year) and three personal days annually. If personal days are not used, they are converted to sick leave and carried over. Absenteeism is higher than the district is comfortable with, as they have a seven to eight percent absenteeism rate.

When teachers and non-teachers with more than five years with the division retire, they are paid \$36 a sick day for the first 100 sick days (which is half the daily salary of a substitute teacher). For anything over 100 days, they receive a full \$72 per sick day.

Teachers hold a contract between August and June. Contracts are signed annually for the first three years. After three years continuing contracts are offered. Prior to April 15, a teacher is notified if his or her contract will not be renewed. RPS pays for all criminal background checks. Urine and drug tests are conducted. If a teacher is suspected of drug abuse or drinking on the job a urine test can be demanded but only under the signatures of the superintendent and the HR director. Unless a teacher has already informed the division of his or her substance abuse problem they can be terminated. Rehabilitation is offered to those who admit their abuse prior to being suspected of substance abuse on the job.

## **Mentoring**

All new teachers and transitional teachers (such as those who worked in a private school and have no experience in a school division like Richmond) are assigned a mentor. The mentor programs cost the division about \$300,000 annually. Mentors are assigned for one year and are paid \$1,000 for their efforts. Since they began paying mentors, the division has their pick of excellent mentors. The mentors work in the same school as the new teachers. The division would like to extend mentors for a second and third year but the division lacks the funds. The division is working with Virginia Commonwealth University (VCU) on implementing a pilot program called the Santa Cruz Mentoring System whereby a teacher is paid his or her salary for one year not for teaching but for mentoring. Such teachers would be assigned five teachers at a time. VCU may provide a grant to the division to implement the pilot.

Principals are rotated out of their schools on five-year intervals unless the superintendent grants an exemption.

## **Training**

Lack of training does not appear to be a concern at RPS for several reasons. Most federal and state grants and other funds received by RPS specify a certain percentage of funds (sometimes as much as 20 percent) to be dedicated to teacher training. Also, RPS allows their teachers to take advantage of no-cost training offered by the Virginia Department of Education or other in-state services. RPS also trains teaching and non-teaching staff at the training center with such programs as the Superintendent's Leadership Institute coordinated by the Office of Professional Development, with assistance from various departments such as HR, and Finance and Operations.

## **Compensation**

For the 2003-04 school year, RPS' teacher salaries (for 9.5 month contract employees) range from \$33,924 for a teacher with a four year college education and no teaching experience to \$61,831 for a teacher with a master's degree plus 30 credits and 20 years of teaching experience.

<b>Table 14: 2003 Richmond Public Schools Average Teacher Salary vs. Peers</b>			
<b>Peer SD</b>	<b>2003 Avg Teacher Salary</b>	<b>Local SD</b>	<b>2003 Avg Teacher Salary</b>
<b>Richmond</b>	\$43,761	<b>Richmond</b>	\$43,761
Virginia Average	\$42,778	Goochland	\$41,728
Roanoke City	\$41,468	Henrico	\$41,685
Hopewell	\$40,790	Chesterfield	\$40,479
Norfolk	\$40,429	Hanover	\$38,911
Danville	\$37,932	Caroline	\$38,595
Hampton	\$37,905	Dinwiddie	\$38,246
Lynchburg	\$37,266	Powhatan	\$35,991
Portsmouth	\$35,535	New Kent	\$35,068
Petersburg	Not Reported		
Source: DOE 2002-2003 Classroom Teacher Salary Survey			

When compared to its eight cluster peers for 2003 (the latest complete data available), RPS ranks first in average teacher salary (the average teacher salary in Richmond also exceeds the Commonwealth average). When compared to its competition locally (where teachers leaving for higher salary would most likely end up working) RPS salaries are just as competitive. Straight salary comparisons often lack context, therefore a comparison to locality per capita income provides another perspective.

<b>Table 15: 2001 Average Teacher Salary vs. Per Capita Income</b>			
<b>Peer SD</b>	<b>2001 Avg Teacher Salary</b>	<b>2001 Per Capita Income</b>	<b>Factor</b>
Portsmouth	\$39,947	\$22,173	1.80
Hopewell	\$39,399	\$22,898	1.72
Danville	\$36,408	\$21,280	1.71
Norfolk	\$38,965	\$23,271	1.67
Hampton	\$35,541	\$22,444	1.58
Lynchburg	\$33,197	\$24,665	1.35
<b>Richmond</b>	\$41,415	\$32,184	1.29
Roanoke City	\$40,823	\$33,208	1.23
Petersburg	\$29,210	\$28,258	1.03
SOURCE: DOE 2002-2003 Classroom Teacher Salary Survey and 2001 Weldon-Cooper Center for Public Service			

When RPS 2001 average teacher salaries are compared with the 2001 peer average per capita salary, RPS' ranks seventh<sup>12</sup>. That is, RPS average teacher salaries are

<sup>12</sup> 2001 is the latest data available for county per capita income.

greater than the city's per capita salary by a factor of 1.29 (129 percent). When compared to geographical neighbors, RPS ranks third (See Table 16). In short, RPS teachers are doing well when compared to their non-teaching neighbors. RPS compares favorably to its neighbors and peers when measuring 2001 average teacher salary and county per capita income. According to one HR officer, Henrico County School division's teacher pay scale for the middle steps consistently exceeds Richmond's (as well as its peer's) middle pay steps (about 9-16 years of experience).

<b>Table 16: 2001 Average Teacher Salary vs. Per Capita Income for Local Divisions</b>			
<b>Local SD</b>	<b>2001 Avg Teacher Salary</b>	<b>2001 Per Capita Income</b>	<b>Factor</b>
Caroline	\$35,513	\$24,142	1.47
Powhatan	\$36,671	\$25,053	1.46
<b>Richmond</b>	<b>\$41,415</b>	<b>\$32,184</b>	<b>1.29</b>
Dinwiddie	\$35,984	\$28,258	1.27
New Kent	\$35,068	\$28,310	1.24
Henrico	\$42,021	\$34,534	1.22
Hanover	\$36,835	\$31,129	1.18
Chesterfield	\$38,329	\$34,086	1.12
Goochland	\$40,114	\$40,698	0.99
SOURCE: DOE 2002-2003 Classroom Teacher Salary Survey and 2001 Weldon-Cooper Center for Public Service (latest data available)			

### **Converting Paper Documents to Electronic Formats**

Several years ago the floor of part of the Richmond City Hall Building almost collapsed under the weight of all the paper documents kept by the Richmond Public Schools Division. The solution to this problem was to scan the documents and save them in electronic format on the division's computer network.

Two years ago the division began to eliminate as much paper as possible by scanning and digitizing documents. In addition to human resource records such as employee personnel files or applications, the division now has digitized all student data for students who have been out of the system for more than five years.

In addition to saving costs on paper and saving floor space that used to be occupied by paper files, the division uses the electronic records to create more efficient processes. For example, applications for teacher positions are routed electronically to the principals after the paper applications are scanned into the system.

## Employee Discipline Procedure

Across several functions and levels of management and line staff, frustrations were expressed at the perceived unfairness (to taxpayers and colleagues) of the employee disciplinary process which often times lead to suspended employees collecting pay for sometimes weeks at a time before a determination is made by the school board. This issue has broad implications as it leaves line supervisors and the HR director impotent in dealing with routine personnel matters. It also creates the perception that the discipline procedure rewards untoward behavior, hinders quick and decisive managerial decisions, and at best portrays the board as indifferent to behavior that would not be tolerated in most professional organizations. For example, two bus drivers caught fighting were suspended with pay for nine weeks, then were asked to return to work because the board, according to the source, never took the matter up and the transportation section needed drivers. A bus driver was suspended with pay, pending determination by a court, for a DUI arrest while driving her personal vehicle. However, her court appearance has been continuously postponed, thereby delaying a final determination. One employee filling his car with school division gasoline was caught doing so by his supervisor. He was promptly written up, yet no action was taken against him (this runs counter to section 12.02 of the Administrative Procedures in place which states, “misappropriation of funds or property” is grounds for discipline including dismissal).

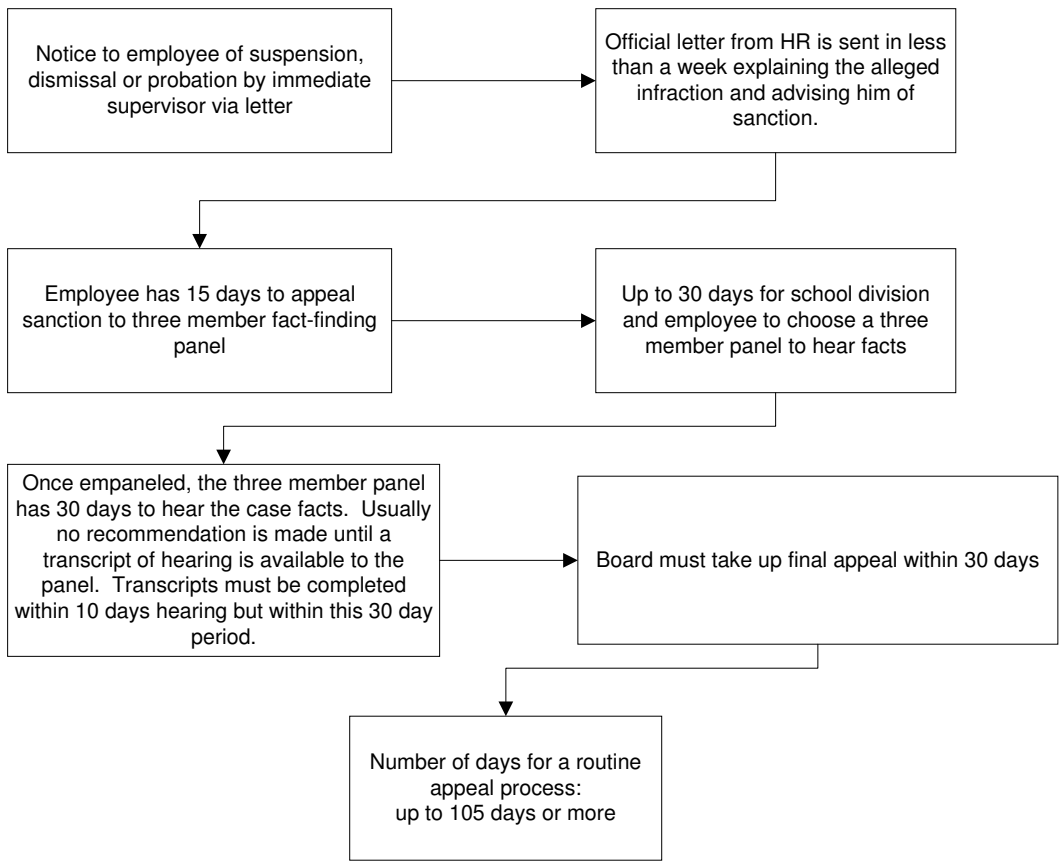
The study team has learned the reason for the seemingly endless delays in the discipline process is due in large part to actions by the Richmond Public School Board twenty years ago. In the mid 1980's the board elected to apply the *teacher* grievance procedures, rules, and regulations as outlined in §22.1-306 of the *Code of Virginia* to its classified (i.e., *non-teaching*) employees. The extension of the teacher grievance regulations to classified positions is unique in the Commonwealth. According to Richmond administrators, RPS may be the only school division to offer such extensive protection for its classified employees. While all disciplined non-teaching classified employees have the option to choose the more streamlined grievance procedure outlined in the Richmond Public Schools Administrative Procedures, almost all choose the extra protection afforded to teachers under the *Code*.

The *Code* affords extensive protections to tenured teachers, those with at least four years of service. A non-tenured teacher (three years of service or less) is not afforded the same protections under the regulations outlined in the *Code*. Non-tenured teachers can be dismissed (contract termination) or otherwise disciplined virtually at will. At RPS, classified employees who have successfully completed their six-month probation are eligible for the same employee protections as tenured teachers under the *Code*. It follows that at RPS, a teacher with three years of service is afforded less rights to grieve actions charged against him or her than the bus operator who has



been working at RPS for just seven months. More important, the protection afforded to classified employees has the unintended but real affect of being perceived as unfair, cumbersome, and inefficient. Figure 6 below outlines the procedures and time frames outlined in the *Code* to discipline a tenured teacher or classified employee.

**Figure 6: Appeals Process as Outlined in the Code of Virginia for Teachers**



The study team obtained figures from FY02 through FY04 (current year ending June 30, 2004) on the number of classified employees (non-teaching positions only) placed on indefinite suspension with pay until the board determined the outcome. Classified employees placed on suspension with no pay or a specific number of days suspended with pay were excluded from the analysis. In addition, any classified employee placed on any type of suspension for an infraction involving a student is

excluded since those cases usually involve Child Protective Services, which can add time indefinitely to an appeal case involving a child. Finally, teachers and teaching assistants are excluded from the analysis since the Virginia General Assembly has explicitly outlined the appeal process for *teachers* in the *Code*, (as outlined above.)

The distilled data shows that nine classified employees suspended with pay elected to use the appeal process originally created for teachers. This resulted in 643 paid suspended workdays (Monday through Friday), at \$910 dollars per day, for a total cost of \$59,085 in paid salaries while on paid suspension. If RPS had not allowed its classified staff to benefit from the teachers appeal process and instead use the appeal process intended for non-teaching staff, the number would have been reduced drastically. The primary reason for the reduction is that the appeal process set up by RPS for classified employees allows a maximum of 50 days from start to finish. It is a much more efficient system while maintaining adequate time for an appellant to prepare for his or her case. Applying that factor to the data results in 351 paid suspension workdays, at \$910 dollars per day, for a total cost of \$33,259<sup>13</sup>. This results in net savings of \$25,826 over this three year period or an average of \$8,609 per year. None of these estimates include the costs of RPS administrators and staff in preparing for the lengthy hearings. The table below illustrates the streamlined system approved by the RPS board in the 1980's for classified employees.

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<sup>13</sup> For this calculation, any appeal that was resolved in less than 50 days was not changed to 50 days. Any appeal lasting greater than 50 days was calculated using the 50-day maximum as set by the RPS Administrative Code.

<b>Table 17: Disciplinary Actions for Employees Not On The Teachers' Salary Schedule</b>				
<b>Procedure</b>	<b>Initiates Action</b>	<b>After Conferring With</b>	<b>Determines Final Action</b>	<b>Hears Appeal</b>
Reprimand (oral or written)	Supervisor/Principal	N/A	Supervisor/Principal	Director
Reduction in Pay	Principal/Director	Director of HR	Assistant or Associate Superintendent	Superintendent or Designee
Suspension: 1-10 Days	Principal/Director	Director of HR	Assistant or Associate Superintendent	Superintendent or Designee
Suspension: > 10 Days	Principal/Director	Director of HR	Assistant or Associate Superintendent	Superintendent or Designee
Disciplinary Probation	Principal/Director	Director of HR	Assistant or Associate Superintendent	Superintendent or Designee
Dismissal	Principal/Director	Director of HR	Assistant or Associate Superintendent	Superintendent or Designee
Source: Code 12.05.1, Richmond Public Schools Administrative Procedures				

Under the system outlined above the board has no direct role in the discipline or appeals process. This change should benefit the board since it will be able to spend less time dealing with personnel issues, affording more time to deal with policy issues.

### **Findings and Recommendations**

#### **Finding:**

RPS has honed its recruiting technique to the point where the business community actively participates in the recruitment of teacher candidates. Other recruitment strategies include hosting annual job fairs, disseminating recruiting discs, offering \$1,000 loans for applicants to relocate, and providing mentors for all new teachers.

**Finding:**

RPS administration should be commended for improving the recruitment and retention of its teachers over the course of the last few years. Decreasing the teacher turnover rate for first year teachers to four percent annually in 2003 down from 25 percent annually in 1997 is an achievement any division can be proud to publicize. By better matching candidates with the right school and principals, Richmond has improved its recruitment and retention strategies.

**Finding:**

Teacher candidates are provided with a miniature CD ROM that easily fits in a pocket or purse. The CD ROM consists of a presentation on the benefits of working and living in Richmond and its school system. It also allows interested candidates to link to the division's website for easy resume submission. The cost of each CD ROM is \$2.21 compared to the color brochures the division used to publish at \$5.42 each. Color brochures are expensive and often are discarded by teacher candidates before leaving the recruitment event. At one time, Richmond produced 2,000 brochures annually, at a cost of \$10,800. The CD ROMs cost \$4,400 to produce. This results in a savings of \$6,400 or 60 percent.

**Finding:**

RPS is to be commended for scanning and digitizing so many paper records. This process has saved the division money on paper, freed up floor space in City Hall, and improved the efficiency of some HR processes. Other school divisions that are struggling with thousands of paper records should consider RPS' process as a best practice to emulate.

**Finding:**

The grievance process originally intended for the Commonwealth's teacher corps has been expanded at RPS to include its classified, non-teaching, positions. The process creates the perception that the discipline procedure rewards unprofessional behavior, hinders quick and decisive managerial decisions, and at best portrays the board as indifferent to behavior that would not be tolerated in most professional organizations. The net cost of this practice over the last two years is \$33,259.

**Recommendation 5:**

The board should take immediate action to remove classified, non-teaching, employees from the appeals process intended for teachers. The parallel appeals process designed for classified employees is more than adequate to protect the rights of employees without causing endless delays at taxpayer expense. Furthermore, the appeals process for classified employees (section 12.05.9 of the RPS Administrative Procedures) does not require actions by the board on internal non-teacher personnel issues.

The school division employs professional human resource managers. There is no reason that the hiring and discipline of employees cannot be handled by the line supervisor, the HR office, and the assistant superintendent or superintendent. Waiting for the board to decide the fate of an employee’s work status is counterproductive. The board should recuse itself from all personnel matters involving classified employees unless the infractions rise to the nature and kind described in the *Code of Virginia* as requiring board action.

**Staffing:**

While the above areas discussed the handling of staff, the number of staff may also be an issue. Table 18 below shows the number of administrative staff positions per 1,000 students.

**Finding:**

Due to the large amount of administrative expenditures in the division, analysis of non-instructional staffing is useful. A comparison to divisions in the cluster provides some insight.

<b>Table 18: Administrative Positions Comparison</b>		
<b>School Division</b>	<b>Administrative Positions</b>	<b>Administrative Positions / 1,000 Pupils</b>
Lynchburg	12	1.4
Newport News	68	2.2
Portsmouth	39	2.3
Roanoke City	30	2.3
Danville	18	2.5
Norfolk	104	3.0
Hampton	71	3.1
<b>Richmond</b>	<b>105</b>	<b>4.2</b>
Hopewell	17	4.3
Petersburg	28	4.9

Source: DOE Superintendent’s Annual Report

Further analysis is necessary to determine if RPS non-instructional staffing ratios are appropriate.

**Recommendation 6:**

The division should implement, within the next two years, a division-wide personnel audit. This audit will match each person with a position and a clear position description and will examine the role of this position in the support of the educational mission of the division. The division can either use external consultants or a senior management team to conduct this review.

**Facilities Operations and Management****Background**

The Plant Services Division of the Richmond Public Schools is responsible for the upkeep, maintenance, repair, and custodial functions for 61 school buildings. The division maintains and operates 36 elementary schools, 10 middle schools, eight high schools, three exceptional education schools, four alternative/vocational facilities, and the Arthur Ashe Center. PSD has no responsibilities for the school division's administrative offices located in the Richmond City Hall.

Plant Services has a wide variety of responsibilities including electrical, mechanical, and structural maintenance, energy management, custodial, grounds services, and delivery and moving services. The division also executes small capital projects.

**Facility Condition**

The maintenance and upkeep of the school division's physical plant is significantly affected by the age and conditions of the buildings. About a third of the school buildings were built prior to 1930 and the division is using one school built in 1888. The average age of all school buildings in the RPS system is 54.7 years. The ages of Richmond public school buildings are shown in Table 19. A number of the buildings are not compliant with the Americans with Disabilities Act, lack central air conditioning, and have minimal fire alarm systems.

The condition of buildings and the need for renovation, replacement, or closure was studied in 2002 and a Facility Management Plan was developed to address all building needs in the district. The Master Plan proposed a 12-year program to address building needs and estimated the total cost at \$531.4 million. In addition to moderate or major renovations, the plan recommends closing 14 schools and building 13 new ones. A physical plant of such age and condition places great demands on the maintenance function to keep buildings open, operational, safe, and comfortable.

**Table 19: Age of School Buildings***Richmond Public Schools*

<b>Elementary</b>	<b>Year Built</b>	<b>Last Renovation</b>	<b>Age</b>
Bellevue	1914	1983	90
Bellmeade	1936	1986	68
Blackwell	1999		5
Blackwell Primary	1967		37
Broad Rock	1936	1989	68
Carver	1888	1992	116
John B. Cary	1953	1990	51
Chimborazo	1968		36
Clark Springs		1996	36
Fairfield Court	1957	1990	47
J.B. Fisher	1966	1969	38
Fox	1911	1922	93
Francis	1968	1996	36
Ginter Park (Mary Scott)	1952	1981	52
Ginter Park	1915	1981	89
E.S. H. Greene	1955	1969	49
Patrick Henry	1921	1985	83
Holton	1999		5
George Mason	1922	1980	82
Maymont	1957		47
Miles Jones	1999		5
Mary Munford	1950	1954	54
Norrell Annex	1954	1977	50
Norrell	1964		40
Oak Grove	1950	1986	54
Overby-Shepard	1976	1996	28
Elizabeth Redd	1951	1982	53
G.H. Reid	1958	1969	46
Ruffin Road	1965		39
Southhampton	1959	1982	45
J.E.B. Stuart	1921	1990	83
Summer Hill	1919	1986	85

<b>Elementary</b>	<b>Year Built</b>	<b>Last Renovation</b>	<b>Age</b>
Swansboro	1912	1982	92
Westover Hills	1955	1980	49
Whitcomb Court	1957	1962	47
Woodville	1954	1985	50
<b>Middle</b>			
Binford	1914	1926	90
Boushall	1986		18
Chandler	1925	1993	79
Elkhart	1941	1988	63
Henderson	1972		32
Albert Hill	1925		79
Lucille Brown	1997		5
Mosby	1962		42
Onslow Minnis	1928	1955	76
Thompson	1965		39
<b>High</b>			
Armstrong/Franklin Mil.	1951	1966	53
Huguenot	1961	1992	43
Thomas Jefferson	1929	1970	75
J.F. Kennedy	1968	1990	36
John Marshall	1959		45
Open	1911	1985	93
Community	1916	1990	88
George Wythe	1959	1989	45
<b>Exceptional Education</b>			
Amelia	1959	1991	45
REAL	1925		79
Thirteen Acres	1900		104



	<b>Year Built</b>	<b>Last Renovation</b>	<b>Age</b>
<b>Vocational/Alternative</b>			
AC/DC	1924	1983	80
Educare	1940		64
Richmond Tech Ctr-North	1971		33
Richmond Tech Ctr-South	1966		38

**Expenditures: Operations and Maintenance**

Although in its comparison cluster RPS does have the buildings with the oldest average age and this may partially account for its high per-pupil spending on operations and maintenance, other factors may be at work also. RPS has lacked the ability to collect and analyze detailed data on maintenance activities, e.g., labor and materials costs to complete tasks, the number and nature of priority vs. routine work orders, age of work requests and back logs, etc. Such information will now be generated by the newly installed software, FAMIS, which has recently been installed and implemented in the Plant Services Division. FAMIS is an Internet-enabled facilities management system. Work orders from RPS buildings will be submitted online instead of by hard copy, and supervisors will be better able to assign work by priority to specific workers or crews, track assignments, and assemble information on task time, materials, equipment and labor. FAMIS will also strengthen Plant Services' ability to identify frequently utilized materials and maintain inventory and inventory controls. FAMIS also has modules (to be implemented later) to manage space, custodial services, and capital improvement projects.

Initial costs for use of the FAMIS system included \$5,000 for production and training of RPS staff. Ongoing costs are a per-license fee depending on the number of primary users. At \$150 per-month per licensed user, RPS plans to spend \$30,600 annually.

**Finding:**

The Richmond Public Schools are to be commended for adopting a computerized technology that will strengthen management of the maintenance function and provide the data needed to adjust staff and processes, as needed.

**Finding:**

The Richmond Public Schools have a desire to solve their facilities problems in order to move forward. The 2002 Facility Master Plan provided them with a report on the current needs and future options for the school division's buildings. Clearly, maintaining so many old, energy inefficient buildings is not cost effective. (A full discussion of energy issues begins on page 55.)

**Recommendation 7:**

If the division and city are not able to afford the cost of implementing the renovation / building schedule in the Plan then they should work together to determine what level of renovation / new construction is affordable. The school division leadership should then submit to the board a list of projects, with associated costs, in priority order. The board should review this priority list, make any changes it deems necessary, and approve a realistic plan so that the division can move forward.

**Finding:**

One of the key factors preventing the division from moving forward with facility changes is resistance at the neighborhood level to changes related to the local school. School closures / mergers are always a case of ‘great in theory just don’t close mine’ ideas. This issue is a case where residents of the City of Richmond have two distinct choices: 1) Accept that the division spends a very large amount of money maintaining and operating very old facilities that are below capacity already and trending downward AND accept that their tax dollars will fund this system at a higher level than would otherwise be necessary; OR 2) accept the fact that changes need to be made in order to save money.

**Custodial Services**

Custodial services for all RPS buildings are provided by RPS employed staff managed by Plant Services and site-managed by school principals. Custodians are assigned to either morning/afternoon or afternoon/evening shifts in numbers reflective of the size of the school. The custodial services division employs 257 custodians and a handful of other workers, i.e., four building security technicians, two labor and trades crew leaders, and eleven maintenance workers.

Custodians provide services to 61 buildings with a total of 4,884,000 square feet of space. With the current staff the average square feet assignment per custodian is 19,000, in line with the industry standard of 18,000-20,000 per custodian. Substitute custodians are available to fill in for sick or absent workers but custodial managers try to limit the use of substitutes to buildings with three or fewer assigned custodians.

In conjunction with the Fairfax County School Division, RPS developed a yearlong training program for newly hired custodial staff. Training is provided one morning a week and instructs new employees on all phases of custodial work including work methods, tools and equipment, cleaning products, safety, and on-the-job procedures. At the completion of the training, custodians are certified in the knowledge and skills of the position. The managers strongly support the training and believe that this formal training increases efficiency and productivity.

**Finding:**

Richmond Public Schools are to be commended for fostering a clean and orderly school environment and securing a well-trained custodial staff.

## Accounting of Facilities Expenditures

Richmond Public School Division reported \$9,381,048 as facilities expenditures and \$27,815,110 as Maintenance and Operations costs on the Superintendent's Annual Report for the school year 2001-2002. The following table reveals a sample of items included as facilities expenditures:

<b>Table 20: Facilities Related Expenditures</b>		
<b>Vendor Name and Identification Number</b>	<b>Amount (\$)</b>	<b>Description</b>
#84,240 – CTL Communications Tele-video	1,184.70	Panasonic Color TV 20"
#54,601 – J.L. Francis School	29.97	Flowers
#32,980 – Adult Career Development	21.80	Air Conditioner Filters
#32,980 – Adult Career Development	43.19	Packing to move Teachers' room
# 975 – Garrett Painting Service	6,225.00	Paint exterior of George Wythe HS
#4352-National Environmental Services	11,424.00	Paint the interior of George Mason
#4352-National Environmental Services	12,000.00	Paint the interior of George Mason
#6360 Michael L. Cook Contractor	40,000.00	Paint the interior of J. L. Francis ES
#6360 Michael L. Cook Contractor	40,000.00	Paint the interior of J. L. Francis ES
#6360 Michael L. Cook Contractor	23,108.30	Paint the interior of J. L. Francis ES
#11,232 – All American Painting, Inc.	24,711.00	Paint the Interior of Stuart ES
#11,232	52,700.00	Paint the Interior of Stuart ES
#30,600 – A & G Painting Contractors	47,900.00	Paint the Interior of Binford Middle
#30,600 – A & G Painting Contractors	21,800.00	Paint the Interior of Binford MS
#102,125 – JP Painting Inc.	26,500.00	Paint the Exterior of Bindford MS
#102,125 – JP Painting Inc.	45,400.00	Paint the Exterior of Armstrong HS
#102,125 – JP Painting Inc.	48,700.00	Paint the Exterior of Richmond Community School
#105,001 – Schindler Elevator Corp.	420.00	Furnish Hydraulic Elevator Maintenance
<b>Total</b>	<b>\$402,167.96</b>	

Painting, hydraulic elevator maintenance, and air conditioner filters would usually be considered maintenance and operations while televisions, flowers, and packing a teacher's room for moving may be more appropriately classified according to the division's financial chart of accounts.

**Recommendation 8:**

The school division may wish to review and analyze the account coding and processing of invoices to ensure accuracy in the classification of expenditures not only in the Superintendent’s Annual Report but also in the division’s accounting records and financial statements.

**Finding:**

The school division maintains a Plant Services division including thirteen painters. The projected adjusted gross annual personnel service cost for the painters is \$401,542.<sup>14</sup> The annual cost for contractor painting in the table above is \$400,468.

**Recommendation 9:**

The school division may wish to analyze the business practice of employing painters and at the same time expending significant dollars for paint contractors.

**Maintenance: Energy Efficiency**

**Finding:**

RPS has budgeted \$5,032,980 for utilities in the FY03-04. These costs include electricity, water, and gas for sixty-nine total buildings.

With an average age of the school buildings of 55 years, the buildings are not very energy efficient. As part of this review, the U.S. Department of Energy’s Rebuild America Program was asked to assist in examining Richmond’s energy use patterns. The table below shows a sample of ten schools that were evaluated for their energy efficiency. This table shows the Energy Star rating for each school. An Energy Star rating above 75 is considered very good.

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<sup>14</sup> Information provided by the Payroll Department for the month of February 2004.

<b>Table 21: Richmond Public Schools - Energy Efficiency</b>					
<b>School</b>	<b>Year Built</b>	<b>Renovations</b>	<b>Square footage</b>	<b>Energy Cost per Sq. Foot</b>	<b>EnergyStar rating</b>
Lucille Brown M.S.	1998		129,275	\$0.98	5
Armstrong H.S.	1951	1966	156,148	\$1.21	11
G. Wythe H.S.	1959	1981	243,114	\$0.84	52
J.F. Kennedy H.S.	1968	1990	237,532	\$0.67	36
Mosby M.S.	1962		201,042	\$0.94	22
L. Holton E.S	1999		80,548	\$0.93	33
E.S.H. Greene E.S.	1955	1961, 1969	41,490	\$1.14	17
M. Jones E.S.	1999		80,548	\$0.97	33
Chandler M.S.	1925	1993	95,595	\$0.89	30
E. Redd E. S.	1951	1954,1969, 1982	74,741	\$0.89	79

RPS could benefit from participating in Rebuild America. This federal program is a network of hundreds of community-based partnerships across the nation that are dedicated to saving energy, improving energy performance and enhancing the quality of life through energy efficiency and renewable energy technologies. The program was created by the United States Department of Energy in 1994. Most importantly, the program is free to local school divisions – the costs are paid by the federal government.

RPS should benefit from the following services the program offers:

- Analysis of utility bills and energy consumption.
- Technical Guidance (program staff will visit the schools and suggest changes that can save energy immediately. They also offer the full technical expertise of U.S. DOE facilities such as Oak Ridge National Laboratory or Lawrence Livermore National Laboratory to answer questions on which building or maintenance materials are the most energy efficient for use in the Virginia climate).
- Review of architect or engineering drawings for the planned renovation of two of City of Richmond’s schools to suggest changes that will save on energy costs after construction is complete.
- Meeting with division staff and faculty to discuss how changing habits of energy usage could save the division 10-15 percent on utility bills.
- Access to projects that worked in other school divisions (project details and exactly how much the division saved on energy).

- Student education programs on energy usage and efficiency. (A curriculum that complies with and supports the SOLs has already been developed and used in other divisions with positive results).

Nine Virginia school divisions are currently partners in this program. These divisions are Arlington, Chesapeake, Covington City, Fairfax County, and Falls Church, Harrisonburg City, New Kent County, Roanoke County, and Virginia Beach City Schools. Roanoke County schools reported savings of \$1.3 million on its utility bills since joining this program several years ago.

**Recommendation 10:**

RPS should strongly consider forming a Rebuild America partnership. The officials from this program estimate the City of Richmond should be able to save as much as 25 percent based on the age and condition of some of the schools. A conservative estimate would be savings of 10-20 percent, based on changes in behavior, changes to current settings at the schools, and implementation of suggestions for all the schools including the renovations.

RPS has sixty-seven total buildings, and the average age of the sixty-three school buildings is 54.7 years. Over much of the lifespan of these buildings RPS has not had enough money to perform the renovations or maintenance that would make the buildings highly energy efficient today. But changes can be made to save the school division a large amount of money on its utility costs. Using a very conservative 15 percent savings assumption, this creates potential annual savings in utility costs of \$754,947 (although Rebuild America suggests the annual savings could reasonably be as high as \$1,258,000.)

**Textbooks**

Each year the students of RPS lose or damage many thousands of dollars in textbooks. Due to the accounting system for textbooks in the division it is difficult to determine exactly how many books are lost or damaged each year. In 2003 the division purchased \$805,356 worth of textbooks to replace books that were either lost or damaged, or the books were purchased as the result of increased enrollment in certain classes. None of these textbooks were “new issues” (every six years the division replaces every book in a subject area such as math or English.). It is possible that certain subjects had increases in enrollment and required additional textbooks (an example would be more students signing up for Spanish than in past years.) Since the overall enrollment of the division declined by 768 students from 2002 to 2003 it seems unlikely that the purchases were made due to increased enrollment.

The division purchased \$2.7 million total worth of textbooks in 2003.

School principals are responsible for recovering money from students and their parents for lost or damaged textbooks. Due to the high number of low-income

families in Richmond, most principals (who are incredibly busy dealing with educational issues) do not make a strong effort to collect this charge.

In the 2002-03 school year principals in RPS collected \$13,246.79 and sent that money to the central office where it was deposited into the general fund. Only 22 schools turned in money – the rest collected no money at all from lost or damaged textbooks. This collection represents 1.64 percent of the \$805,356 in textbooks that were purchased to replace lost or damaged textbooks (or due to increased enrollment) in 2003.

The Constitution of Virginia states:

Article VIII, Section 3. Compulsory education; free textbooks.

*The General Assembly shall provide for the compulsory elementary and secondary education of every eligible child of appropriate age, such eligibility and age to be determined by law. It shall ensure that textbooks are provided at no cost to each child attending public school whose parent or guardian is financially unable to furnish them. [Emphasis added]*

State Board of Education regulations governing fees and charges say, in 8 VAC 20-370-10:

*"No fees or charges as noted below may be levied on any pupil by any school board unless authorized by the Board of Education; further, no pupils' scholastic report card or diploma shall be withheld because of nonpayment of any such fee or charge...Deposits may be required when return of the item used results in a return of the fees deposited."*

What then can school divisions do to collect money for lost or damaged textbooks? The answer is that school divisions have very little leverage to collect this money. According to DOE, local school divisions cannot charge a fee or deposit for textbooks at the start of the school year. And local divisions do not have the authority to hold report cards or diplomas in the event a student fails to pay for textbooks that were lost or damaged.

**Finding:**

The amount collected from students and their parents represents a small fraction of the amount lost each year. If no effort at all is made to collect money then students are allowed to move through the school division without accountability for their actions.

**Recommendation 11:**

RPS staff should make a good faith effort to collect as much as possible for lost or damaged textbooks. Students who are unable to pay cannot be compelled to do so. However, students who habitually lose books and are unable to pay should be required to perform public service at the schools as compensation. (In the same way that students who damage other school property are made to pay.)

**Recommendation 12:**

The Department of Education reports that the Board of Education is considering opening the regulations related to this issue so that they can be updated and revised. If the board edits these regulations, thought should be given to the value of textbooks lost or damaged statewide on an annual basis and the lack of means that a school division has to deal with this issue. While children who cannot afford a book cannot be made to pay, some options are available that could help solve the problem.

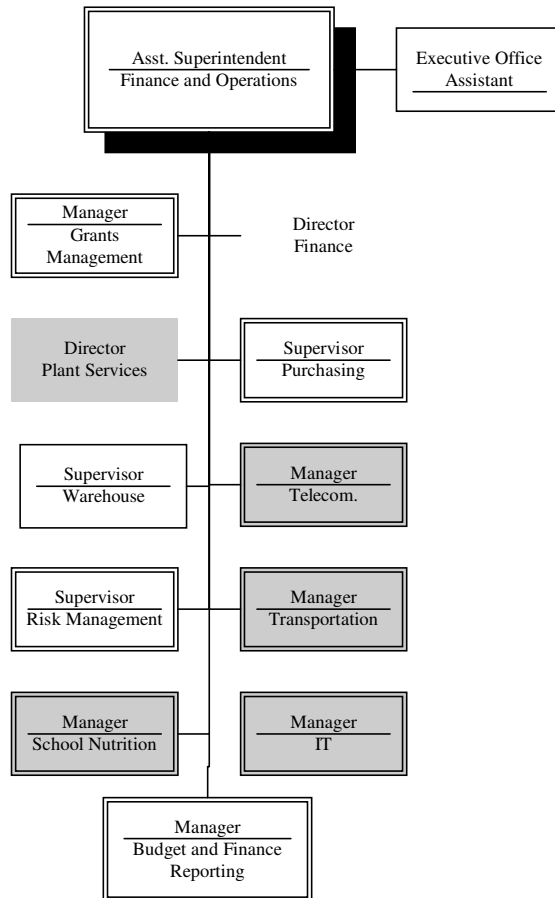
**Financial Management**

The RPS Division of Finance and Operations consists of eleven sections that bear responsibility for various financial and operational functional areas. The Assistant Superintendent of Finance and Operations, who reports directly to the Superintendent for the Richmond Public School Division, provides guidance for each of the eleven financial and operational sections. The division consists of over 1,100 employees including bus drivers, bus monitors, food service assistants, cashiers, and cooks. There are twelve direct reports including an executive office assistant to the Assistant Superintendent for Finance and Operations. Following are descriptions of the eleven sections, their activities, and the organizational chart:



**Figure 7: Finance and Operations Organizational Chart**

**Richmond Public Schools  
Finance and Operations**



Note: Shaded sections in the figure above are discussed in other sections (Plant Services in the Maintenance section on page 49, Transportation on page 75, IT and Telecommunications on page 87) or they were outside the scope of this review (School Nutrition).

- **Budget and Financial Reporting Section** – is responsible for planning and developing the annual school division budget and has six employees. The section publishes an annual budget development calendar and prepares and distributes the budget development packages. The section ensures the equitable allocation of funding and monitors the expenditures relative to the adopted budget. It develops budget presentations and publishes the budget document. The section conducts

financial and management analysis for the division. The section is responsible for the division's Comprehensive Annual Financial Report (CAFR), the Superintendent's Annual Report, the Special Education Plan, the Comparative Cost Report, Medicaid Claim Reimbursements (administrative) and most of the financial information that is transmitted to DOE.

- **Finance Section** – is responsible for all accounting and financial transactions and includes the following units:
  - Accounts Payable – disburses all vendor payments for the school division according to the established budget. The goal is to process payments within 30 days following state guidelines, but in reality, vendor invoices are usually paid between 30 and 45 days. The school division uses two types of purchase orders: (1) Those \$500 and greater, which are initiated and keyed at the schools but must be reviewed and approved by the school division's central purchasing department before approved and (2) Those \$499 or less, which are charged directly against the school's budget line. Small purchase orders make up about 70 percent of the annual estimated 13,500 purchase orders. These are created among the 63 schools and 20 departments. There must be a three-way match within the accounting system (purchase order, receiver, and invoice) before a check can be cut for a vendor payment. All invoices are paid through the central office and invoices are paid twice weekly. For all invoices other than payroll, a request for the funds is submitted to the city for the batch total and the city transfers funds into the division's bank holding account to cover the invoices. The unit consists of a supervisor and four staff.
  - General Ledger Unit – revenue accounting including building rental revenue, review of reconciliations for thirty-four school activity funds (Internal Audit performs the annual audit of the activity funds and provides training on financial policies and procedures to the finance section). KPMG performs an audit of the reconciliations of bank statements, payroll, accounts payables, food service, fixed assets, and all entries and functions of the general ledger. The unit consists of the supervisor and two full-time employees.
  - Grants Fiscal Management Unit – this unit is responsible for reimbursements under the terms and conditions for any awarded grant; serves as the liaison between the federal government and the school division. The grant reporting and tracking system is entirely automated. The school division currently administers over 220 grants including—Title I, Title II, Title III, Title IV and Head Start and Early Head Start. The unit has four employees including the supervisor.
  - Payroll – this unit is responsible for processing the semi-monthly (15<sup>th</sup> and last day of month) payroll for approximately 4,900 active employees and monthly payroll for 100 early retirees.<sup>15</sup> The school divisions' payroll batch total is

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<sup>15</sup> Early Retiree Program—employee works 175 days over five years and receives 20 percent of their salary as a supplement to their VRS retirement over a five-year period.

transmitted to the city, which then deposits the funds into the school division account to cover payroll expenditures. About 70 percent of the school division employees are on direct deposit and checks are only mailed to substitute teachers. All other checks are delivered to the department or school for distribution. Though automated, the division's payroll is time consuming with a significant number of payroll transactions for garnishments, liens, and other legal actions and a noted increase in the employee turnover rate. The supervisor has investigated the use of pay-cards (similar to a credit card with a credit balance or gift card that can be used for purchases, pay other bills, etc.). However, this would require a change in the *Code of Virginia* because the *Code* specifies the means of pay as cash, check, or direct deposit.

The unit consists of the payroll supervisor and six staff, who process all payroll tax deposits & transmission, deductions, third party vendor checks, W-2 information, and other payroll reports. The payroll system is automated with 80 percent of time and attendance captured through automated system. Employee Management System is the payroll module of the school division's overall computer system—Comprehensive Information Management for Schools. A product of National Computer System, CIMS has several modules, such as accounts payables, procurement, and position control. The school division also has two other systems that are separate from CIMS—one being Substitute Employment Management System (SEMS) and the other TSSI/CIMS, which is an Interface System between SEMS and CIMS. The school division's payroll for the month of February 2004 was \$13,694,524 for 4,910 employees. (includes seasonal and part time employees.)

- **Property Management** – serves as the central receiving area for the school division, the Mini-Store (office supplies and janitorial supplies), and the receipt and the distribution of all textbooks. The unit has fourteen employees and one supervisor. The department is responsible for all furniture and equipment from the time of purchase until disposal. Furniture and equipment valued over \$5,000 is a fixed asset and receives a property tag. Any theft-sensitive items such as computers, digital cameras, and printers receive property tags.

The department sends out property lists to each school or department and the manager/principal does a self-inventory of everything on the property list. If the inventory of a particular site is a concern, then a complete inventory is performed. The department maintains a “surplus property bay” from which principals or other department heads can select items. Once per year the division holds a “Surplus Property Sale.” They advertise in the *Richmond Times-Dispatch* and send notices to all the buyers who normally come to the sale. The proceeds are deposited into the school division's general fund unless the program that provided the item requests the funds.

- **Purchasing** – is responsible for all school division procurement of goods and services and has six employees and a supervisor. Buyers are organized so that each has an area or type of goods or service that they are responsible for purchasing. (IT, transportation, textbooks, construction contracts, etc.)
  
- **Risk Management** – is responsible for employee (active and retirees) health insurance benefits — negotiating the contract and serving as plan administrator for this self-funded health care program, and serving as plan administrator for the self-funded workers’ compensation program. The department also has oversight for the benefit contract 3<sup>rd</sup> party administrator, FIC Financial Group. Other areas of responsibility include regulations relative to the Health Insurance Portability and Accountability Act of 1996, safety audits of all schools, environmental activities such as asbestos abatement, radon, emissions, and to a minimal degree student safety. The department handles all other types of insurance for the division also – including property insurance and insurance on the school buses. Additionally, the department is responsible tax deferred annuities for employees and retirees. The unit is divided into two areas: Benefits and Risk Management. The unit has four employees and a manager.

**Finding:**

The Budget Planning staff works with each of the schools in developing, implementing, and monitoring the funds and in transferring funds and in preparing any accounting entries necessary to ensure that the funds are properly recorded and reported. The Assistant Superintendent of Finance and Operations prepares and presents monthly budget and financial status reports to the Richmond Public School Board as well as providing financial management information on a daily routine basis to the board and other interested parties. A summary of the adopted general fund operating revenue for 2003-04 is provided below:

<b>Table 22: General Fund Revenue Sources</b>	
<b>Fund</b>	<b>Budget 2003-04</b>
City Appropriation (General Fund)	\$ 131,762,289
State Funds	\$ 93,317,977
Federal Funds	\$ 485,300
Tuition & Other	\$ 2,283,700
Prior year fund balance	\$ 2,000,000
<b>Total Funds</b>	<b>\$229,851,266</b>

The following table shows the adopted general fund operational budget distributed by function:

<b>Table 23: General Fund Revenue Expenditure Categories</b>	
<b>Function Description</b>	<b>Adopted Budgeted 2003-04</b>
Instruction Services	\$ 164,322,874
Administration	6,798,638
Attendance & Health	4,557,757
Pupil Transportation	10,837,256
Operations & Maintenance	28,823,712
Facilities & Debt	9,492,588
Technology	5,016,441
<b>Total</b>	<b>\$ 229,851,266</b>

**Finding:**

The budget development, approval, and implementation process of the school division demonstrates an efficient and effective model. Sharing the school division financial information with the city promotes understanding and the development of relationships that can be instrumental in meeting the goals of both the school division and the city. Also, the budget calendar is an excellent tool in monitoring progress and establishing accountability over the budget process.

Richmond Public School Division does not have a fund balance policy. However, the division has a contingency reserve fund.

**Finding:**

The Richmond Public School Division presents its annual adopted budget each year in a structured bound document that outlines revenues and expenditures for the coming year. The document leads off with a budget development calendar, organizational chart, and the superintendent’s budget message followed by general fund operating revenue and general fund operating expenditures. All of this information is within the first 12 or so pages of the 275-page (plus or minus) document. However, for all intents and purposes the reader must turn to page 111 to see that the school division receives another \$50,612,651 in special revenue. The special revenue consists of grants and is shown below along with general fund operating budget:

<b>Table 24: Total Budget Revenue</b>	
Federal	\$28,302,821
State	\$9,319,573
Local	\$3,858,220
Other	\$7,053,870
In-Kind	\$2,078,167
Total Special Funds	\$50,612,651
General Fund Operating Budget	\$229,851,266
<b>Grand Total</b>	<b>\$331,076,568</b>

**Recommendation 13:**

The school division may wish to present a summary schedule of all budget funds available including the special funds within the first ten pages of the budget document. Adding an “executive summary” section to the division’s budget document will provide the reader a condensed version of the budget’s content and the major issues of the budget. The intent of an executive summary is to provide the significant issues to the reader in a concise form. The school division may wish to review as examples the budget formats of the Norfolk City School Budget and the Roanoke County School Budget, both of which use executive summaries, in which the reader will find a complete breakdown of all funds available to the school division within the first 10 pages.

**Finding:**

The school division prepares its own Comprehensive Annual Financial report (CAFR); the audit of the school division is included in the contract for the financial audit of the City of Richmond. The city contracts with a certified public accounting firm for the audit of its financial records; as a component unit of this audit, the school division has received an unqualified opinion (no material findings) for the past three years.

**Finding:**

The Richmond Public School Division is one of a limited number of school divisions that produces an individual Comprehensive Annual Financial Report separate from that of the locality. The school division’s CAFR has been awarded Certificates of Achievement for Excellence in Financial Reporting both from the Government Finance Officers Association and the Association of School Business Officials.

**Finding:**

The *Code of Virginia* outlines the following requirements for payment of goods and services:

*2.2-4352. Prompt payment of bills by localities. Every agency of local government that acquires goods or services, or conducts any other type of contractual business with a nongovernmental, privately owned enterprise, shall promptly pay for the completed delivered goods or services by the required payment date. The required payment date shall be either: (i) the date on which payment is due under the terms of the contract for the provision of the goods or services; or (ii) if a date is not established by contract, not more than forty-five days after goods or services are received or not more than forty-five days after the invoice is rendered, whichever is later.*

The Commonwealth tracks agency and institution payment statistics and The *Code of Virginia*, Section 11.62.1, requires State agencies and institutions to pay **100 percent** of their invoices subject to the Prompt Payment Act by the "required" payment due date. Higher education institutions subject to state management standards are considered to be in compliance with the prompt payment standard if they have achieved at least a 95 percent prompt payment rate for a calendar year period. Agencies and institutions that do not achieve at least 95 percent compliance may be targeted for assistance and/or preparation of a work plan to improve compliance.

The school division's goal is to remit payments within a 30 -45 day period after the later of the invoice date or the receipt of the goods. The school division does not track late charges, penalties, or any prompt pay statistics, and any penalty or late fee would be charged to the account code of the goods or service. Vendors occasionally withhold orders until previous past due invoices are satisfied.

One cause of the prompt pay problem is that the accounts payable process is very decentralized. When someone at a school purchases something they are responsible for sending the invoice and verification that the purchased item was received to the accounts payable section. If this information is not sent in a timely manner then it is not possible for the accounts payable section to quickly process the check.

It is difficult to understand how well or how poorly the division is doing in its accounts payable practices. The team attempted to extract data from the division's accounting and information system to determine a basis for computing accounts payable statistics. The information relative to receiving dates was not readily available; comparing and matching receiving dates, invoice dates, and check dates with purchases orders was not feasible. However, the team was able to gather information using only the invoice date as compared to the check date. The following

table shows that the school division is experiencing some problems in meeting the 45-day requirement of the Code of Virginia. The receiving information may change the statistics somewhat.

<b>Table 25: Prompt Pay Statistics</b>			
<b>Data</b>	<b>FY02</b>	<b>FY03</b>	<b>FY04</b>
Average Days Until Paid	38.09	36.34	24.95
Number of Payments More than 45 days after receipt	9,525	10,562	8,344
Percentage of Total Payments that were more than 45 days	23.71%	26.29%	20.77%

The team reviewed every invoice paid by RPS during March 2004. March was chosen because it was a normal month – no major holiday periods or major events (start of the school year, end of the fiscal year, etc.) These invoices revealed that the division’s failure to pay bills on time is creating additional costs. These costs included discounts lost due to late payment of invoices (annual cost \$5,153.04), late fees charged for late payment of invoices (annual cost \$17,028.24) and sales tax paid in error (annual cost \$3,466.80). These annual costs were determined by taking the costs from the March 2004 invoices and multiplying them by twelve. The total annual cost of this failure to pay invoices on time is \$25,648.

**Recommendation 14:**

The division should comply with The *Code of Virginia* for requirements for payment of goods and services (2.2-4352. Prompt payment of bills by localities). The division should develop procedures that provide the required information to demonstrate compliance with prompt pay and the division should design and produce reports that track the prompt payment statistics, perhaps on a monthly basis.

Once a tracking mechanism has been implemented the division should report its prompt pay percentage to the superintendent each month and to the board on an annual basis. The school division should set a target goal for prompt pay; a suggested target would be to pay 95% of invoices within 30 days of receipt of the good or service.

Once a goal has been established the division should compare its prompt pay percentage to the goal each month and then look for ways to reach that goal. The division should perform an analysis of its current accounts payable processing procedures, identifying problem areas, developing, or revising procedures to improve compliance, designating staff responsibility and accountability for implementing the procedures, and establishing a reasonable timeframe for implementation.



**Finding:**

In 2003 RPS paid late fees on both electric and gas bills on a regular basis. Thirty different electric bills were paid late and late fees on those bills totaled \$1,865.82. Gas bills were paid late and late fees on gas bills totaled \$3,389.47. The gas bills were paid late to the City Public Utilities Department – which is located in the same building as RPS.

**Recommendation 15:**

RPS should change its accounts payable process so that it is able to pay all of its bills on time. If the division cannot ensure that its payments will be on time then it needs to work with its utilities and other creditors to explain the situation and possibly have its deadline lengthened or late fees waived.

**Finding:**

The team also discovered that the school division paid taxes on electric bills 46 times totaling \$983.35 during calendar year 2003. The school division is tax exempt and is due a refund.

**Recommendation 16:**

The division may wish to verify and update its tax-exempt status and provide the necessary documentation to its vendors so that the vendors will not include taxes on invoices. Further, the division may wish to provide updated training to its staff as to the tax-exempt status of the division.

**Finding:**

In reviewing the agency documentation submitted as facilities expenditures for the 2001-2002 Superintendent's Annual Report, it appears that the division miscoded \$1,699 (a color television, flowers, air conditioner filters, packing a teachers room, hydraulic elevator maintenance) as facilities expenditures. Additionally, \$400,468 was reported as painting expenditures under facilities. The Virginia Department of Education provides the following guidelines as to costs to be included as facilities expenditures: site acquisition, site development, architecture, specifications, building acquisitions, building additions & improvements. Generally painting of buildings and structures is considered a current operational maintenance expense. Finally, the division employs thirteen painters at estimated total annual salary cost of \$401,542.

**Recommendation 17:**

The division may wish to review its accounting policies and procedures. The division may find it helpful to perform a position audit and perform a functional analysis. A workflow assessment may also provide insight as to the overall organizational structure and demonstrate areas of efficiencies to be obtained through reorganization of the Financial & Operations division.

**Finding:**

The City and the school division are currently cooperation on a project to review similar functions of both organizations to determine if opportunities to combine or share duties can be created.

**Recommendation 18:**

The division may wish to consider consolidation of certain financial and operational functions with the City of Richmond. The teamwork and relationship between the school division and the city will help eliminate duplicative efforts while augmenting efficiencies and generating the value-added benefits of participating in a joint effort. Joint financial systems are recognized as best practices by the Joint Legislative Audit and Review Commission (JLARC) on its website: [School Division Best Practices for Support Services](#).

**Debt Service**

Typically, school divisions in the Commonwealth either use bonds or loans to finance projects that are too large and long-term to be funded through regular operations. School divisions are considered a component unit of the local government. Some local governments appropriate operating dollars to the local school divisions and the appropriations include amounts specified as debt service payments, while other local governments handle the debt payments for its component units. The outlays of government funds associated with these obligations are accounted for as debt service payments (principal and interest) along with certain transfers of monies from one fund to another fund.

States and school districts were first authorized to use Qualified Zone Academy Bonds (QZAB) as part of the Taxpayer Relief Act of 1997 to help schools raise funds to (1) renovate and repair buildings, (2) invest in equipment and up to date technology, (3) develop challenging curricula, and (4) train quality teachers. QZABs encourage schools and business to cooperate in innovative ways that enhance the students' learning opportunities and help schools prepare students with the skills that employers and our nation need to compete in the global economy. QZAB Bonds are interest free.

The QZAB bonds require that the school division work with local business to secure a contribution of not less than 10 percent of the net present value of the proceeds of the bond. This contribution may take the form of cash, services, (including help developing curriculum or using technology) and internships or field trips that provide opportunities for students to learn outside a traditional classroom setting. QZABs also require that at least 35 percent of the schools students are eligible for free or reduced-price lunch. As of the school year 2002-2003, the Richmond Public School Division reported 65.42 percent of the student population qualified for the free or reduced-priced lunch program.

Norfolk Public Schools secured over \$8 million in QZAB funds. The Richmond Public School Division recently received notification (March 2, 2004) that it has secured \$1,065,167 for calendar year 2002, and \$1,077,000 for calendar year 2003 in QZAB funds. The U.S. Congress has not passed the bill extending the QZAB program for 2004. The city advised that it probably had not pursued these QZAB funds as feverishly as other school divisions, such as Norfolk Public Schools.

**Finding:**

The Richmond Public School Division recently received notification (March 2, 2004) that it has been approved for \$1, 065,167 for calendar year 2002, and \$1,077,000 for calendar year 2003 in QZAB funds. The funds may be used to renovate and repair buildings, to invest in equipment and up to date technology, to develop challenging curricula, and to train quality teachers. By using these funds instead of bonds from the City the division saved \$757,050 in interest payments over the 15 year repayment period.

**Recommendation 19:**

The school division may wish to follow-up with the city and the website for the Qualified Zone Academy Bonds to help ensure that the Richmond Public Schools has the opportunity to secure additional QZAB funds if and when they are authorized by Congress.

The school division's Debt Service and Transfers costs (\$9,836,249) as reported in the Superintendent's Annual Report (2001 -2002) are in the middle of school divisions within its peer grouping. The City of Richmond makes all debt service payments including those incurred for the Richmond Public School Division. Additionally, the city contracts with a financial advisor and retains two legal firms as bond counsel.

Below is a table that provides additional information as to the debt service of the Richmond Public School Division as compared to selected school divisions in the same peer group:

<b>Table 26: Debt Service for Selected School Divisions</b>				
<b>School Division</b>	<b>Debt Service Payments at June 30, 2003</b>	<b>Outstanding Debt on June 30, 2003</b>	<b>Reason for Debt</b>	<b>Type</b>
Richmond	\$ 7,512,919	\$ 78,567,166	School construction, additions, renovations	Virginia Public School Authority (VPSA) Bonds, General Obligation Bonds
Norfolk (City pays all bonds for the division)	\$ 9,147,896	\$109,327,851	School construction, additions, renovations	General Obligation Bonds, VPSA, Qualified Zone Academy Bonds (Federal Program)
Roanoke City (on behalf of the school division)	\$ 2,450,066	\$ 24,868,966	Primarily school renovations	General Obligation Bonds Literary Loans, VPSA bonds, QZAB Bonds
Roanoke City Schools	\$ 4,174,221	\$ 37,095,052		
Newport News <sup>16</sup>	\$13,927,545	\$113,994,344	School construction, additions, renovations, buses, technology & VRS early retirement <sup>17</sup>	General Obligation Bonds Literary Loans, VPSA bonds

The Virginia Constitution (Article VII, Section 10. Debt, subsection a) specifies *that no city or town shall issue any bonds or other interest-bearing obligations which, including existing indebtedness, shall at any time exceed ten percent of the assessed valuation of the real estate in the city or town subject to taxation, as shown by the last preceding assessment for taxes.*

<sup>16</sup> The City of Newport News appropriates the funds to the school division who remits the payments to the City for debt service obligations.

<sup>17</sup> The payments for buses, technology, and VRS were as follows: Buses - \$1,621,568; Technology - \$2,345,645 and VRS - \$1,125,457.

In 1982, the City of Richmond adopted a debt policy that has become an integral part of the city's capital budgeting process. The policy states: (1) The amount of General Fund supported debt service will not exceed 10 percent of total General Fund budgeted revenue, (2) per capita General Fund supported debt will not exceed 7 percent of per capita income, (3) total outstanding general obligation debt will not exceed 7.5 percent of taxable real estate value, (4) General Fund supported debt will not exceed the useful life of the project to be funded, with a maximum maturity of 30 years, and (5) General Fund supported debt will be structured in a manner such that not less than 60 percent of the outstanding debt will be retired within 10 years.

**Finding:**

The school division hired BCWH Architecture, Planning, and Consulting to perform a study of the division facilities. The three-volume Facilities Master Plan study was transmitted to the superintendent and the school board on October 28, 2002 and included "detailed recommendations for the closure, renovation, or replacement of all the division's facilities over the next ten years in a prioritized order of implementation." The school division submitted the Facilities Master Plan, identifying \$531.4 million in capital improvements needs over a twelve-year period to the city for budget consideration. The City Capital Improvement Plan outlines a \$23.3 million commitment to the school division over the next five years. Clearly this allocation does not line up with the division's Master Plan.

The school division reported that the city's debt policy severely limits the division's ability to improve current infrastructure and to construct new schools before 2008 and thus the division will be unable to implement the recommendations within the Facilities Master Plan.

**Recommendation 20:**

The city indicated that its debt policy is based on sound financial management and helps ensure that the city maintains its financial credit rating. While the city should be praised for having a fiscally responsible debt policy, it is important for all parties to understand that policy's impact on RPS. The school division has very large infrastructure improvement needs and these cannot be met with the current level of debt allocated to the school division under the city's policy. Since the school division appears unlikely to receive additional debt authorization, the division's leadership must prioritize what capital projects are most critical.

The school division may wish to further prioritize the recommendations of the Facilities Master Plan and to work jointly with the city to resolve the needs of the school division while meeting the constraints of the city's debt policy and capacity.

**Finding:**

The Richmond Public School Division is continuously seeking ways that expand the educational opportunities of its students. These endeavors include remodeling and

modernization of school buildings, purchasing equipment, developing curricula, and/or training school personnel.

## **Purchasing**

The Purchasing Division of Richmond Public Schools makes purchasing decisions for the school division. The purchasing procedures include authority levels similar to the State's Procurement Process. The Purchasing Division complies with all federal, state, and county regulations and laws pertaining to public procurement.

### **RPS Works with State Purchasing Officials**

The Virginia Distribution Center (VDC) is the Commonwealth's distribution center located in central Virginia. The VDC purchases and distributes about \$30 million worth of food and custodial supplies annually to over 1,200 customers statewide. With savings on average of 34 percent compared to market prices, the VDC combines purchases of items consumed in large quantities by public agencies into single purchases, obtaining better pricing than individual agency purchases through leveraged buying power.

With RPS' assistance, the study team forwarded to DGS commonly purchased school division items such as technology, custodial supplies, office supplies, and paper. DGS compared RPS 2003 purchase prices of several commodities with VDC current prices.

DGS compared prices for the top fifty-five items purchased by the RPS (by volume and total price.) Of the items on the top fifty-five list, thirty-two could be purchased through the state contract. The other twenty-three items out of the top fifty-five on the list were either design-build, sole source, or proprietary items not on state contracts.

Of the thirty-two comparable items, seventeen were available from the VDC for prices less than those currently being paid by RPS. If the school division purchased these seventeen items from the VDC the total savings would be \$18,400. (See Table 27 below). The largest savings is in white copy paper, where the school division could save \$14,611.

The other fifteen items that were comparable were being purchased by RPS at prices at or below those available through the state contracts. The school division should be commended for acquiring needed materials at excellent prices. For these fifteen items the school division purchased them for \$8,329 less than the VDC could have purchased the same items. (See Table 28 below)

**Table 27: Items Purchased More Cheaply by Commonwealth of Virginia (COVA)**

<u>Description</u>	<u>RPS Price</u>	<u>Qty.</u>	<u>RPS Amount Sold</u>	<u>COVA Unit Price</u>	<u>COVA Extended Total</u>	<u>Potential Savings</u>
Bleach, disinfectant, 5%, 6gal/cse	\$5.85	382	\$2,234.70	\$5.78	\$2,207.96	\$26.74
Flag,va. State, outdoor, 5X8	\$57.40	20	\$1,148.00	\$56.88	\$1,137.60	\$10.40
Liner,trash can, 33 gal.,250/cse	\$6.74	148	\$997.52	\$5.65	\$836.20	\$161.32
Liner,trash can, 56 gal, 43x48	\$12.14	1,304	\$15,830.56	\$12.00	\$15,648.00	\$182.56
Stripper,baseboard,ammoniated, 23 oz	\$3.19	369	\$1,177.11	\$2.70	\$996.30	\$180.81
Towel,paper,single fold,5-1/4 x 10-1/4	\$10.75	112	\$1,204.00	\$10.68	\$1,196.16	\$7.84
Paper,drawing,white, 18x24, 70#	\$19.41	60	\$1,164.60	\$13.46	\$807.60	\$357.00
Paper, 8-1/2 x 11, Green	\$2.61	1,250	\$3,262.50	\$2.47	\$3,087.50	\$175.00
Paper, 8-1/2 x 11, Blue	\$2.61	1,069	\$2,790.09	\$2.47	\$2,640.43	\$149.66
Paper, 8-1/2 x 11, Canary	\$2.61	1,937	\$5,055.57	\$2.47	\$4,784.39	\$271.18
Paper, 8-1/2 x 11, Pink	\$2.61	1,333	\$3,479.13	\$2.47	\$3,292.51	\$186.62
Paper, 8-1/2 x 11, White	\$2.20	58,446	\$128,581.20	\$1.95	\$113,969.70	\$14,611.50
Cartridge, Epson 800,850N, Black Ink	\$20.95	50	\$1,047.50	\$17.04	\$852.00	\$195.50
Cartridge, Ink, Color, for Hp C6578DN	\$28.80	251	\$7,228.80	\$26.38	\$6,621.38	\$607.42
Cartridge, Ink, Black, HP 840C	\$23.20	113	\$2,621.60	\$22.21	\$2,509.73	\$111.87
Cartridge, for HP 2100SE	\$82.40	39	\$3,213.60	\$73.34	\$2,860.26	\$353.34
Cartridge, for HP 51645A	\$24.50	327	\$8,011.50	\$22.02	\$7,200.54	\$810.96
<b>Total</b>			<b>\$189,047.98</b>			<b>\$18,399.72</b>

<b>Table 28: Items Purchased More Cheaply by RPS</b>						
<u>Description</u>	<u>Price</u>	<u>Qty.</u>	<u>Amount Sold</u>	<u>COVA Unit Price</u>	<u>COVA Extended Total</u>	<u>Savings</u>
Cleanser, skin, liquid, antimicrobial, 12/800	\$26.64	156	\$4,155.84	\$26.66	\$4,158.96	\$3.12
Gloves, latex, examining, non-sterile, medium	\$4.27	322	\$1,374.94	\$4.58	\$1,474.76	\$99.82
Gloves, latex, examining, non-sterile, large	\$4.27	663	\$2,831.01	\$4.58	\$3,036.54	\$205.53
Soap, refill, hand lotion, 12/800ml	\$21.95	369	\$8,099.55	\$22.88	\$8,442.72	\$343.17
Crayon, 24 asst. color, standard,	\$0.48	2151	\$1,032.48	\$1.19	\$2,559.69	\$1,527.21
Paper, art, 24x60, flame red	\$4.99	224	\$1,117.76	\$6.94	\$1,554.56	\$436.80
Paper, art, 24x60, Nile green	\$4.99	227	\$1,132.73	\$6.94	\$1,575.38	\$442.65
Paper, art, 24x60, rich blue	\$4.99	317	\$1,581.83	\$6.94	\$2,199.98	\$618.15
Paper, art, 24x60, violet	\$4.99	195	\$973.05	\$6.94	\$1,353.30	\$380.25
Paper, art, 24X60, canary yellow	\$4.99	409	\$2,040.91	\$6.94	\$2,838.46	\$797.55
Paper, const, asst. color, 12X18	\$1.18	1432	\$1,689.76	\$1.79	\$2,563.28	\$873.52
Paper, const, asst. color, 18X24	\$2.47	650	\$1,605.50	\$4.49	\$2,918.50	\$1,313.00
Paper, drawing, white, 12x18, 70#	\$8.83	172	\$1,518.76	\$12.14	\$2,088.08	\$569.32
Tape, masking, 1"x60 yd.	\$0.78	1600	\$1,248.00	\$1.14	\$1,824.00	\$576.00
Cartridge, Ink, Color, for Hp 840C	\$22.50	75	\$1,687.50	\$24.40	\$1,830.00	\$142.50
<b>Total</b>			<b>\$32,089.62</b>			<b>\$8,328.59</b>

**Finding:**

The Richmond Public Schools Purchasing Division does an excellent job obtaining materials and supplies at low costs. RPS should be commended for ensuring that the most common items purchased are at a low cost, thus saving money for other essential areas.

**Recommendation 21:**

The Purchasing Division should review the items that DGS suggests might be less expensive to obtain through the state contract and change the source for those items where savings might be obtained. The total possible annual savings if RPS purchased



every item possible off state contract is \$18,400, based on 203 purchases. However, RPS should continually review its prices against those available on state contracts.

## **TRANSPORTATION**

### **MISSION**

‘The mission of the Transportation Department is to provide student transportation during the regular school year and summer sessions, between students’ homes and schools within the Richmond Public Schools (RPS) system.’<sup>18</sup>

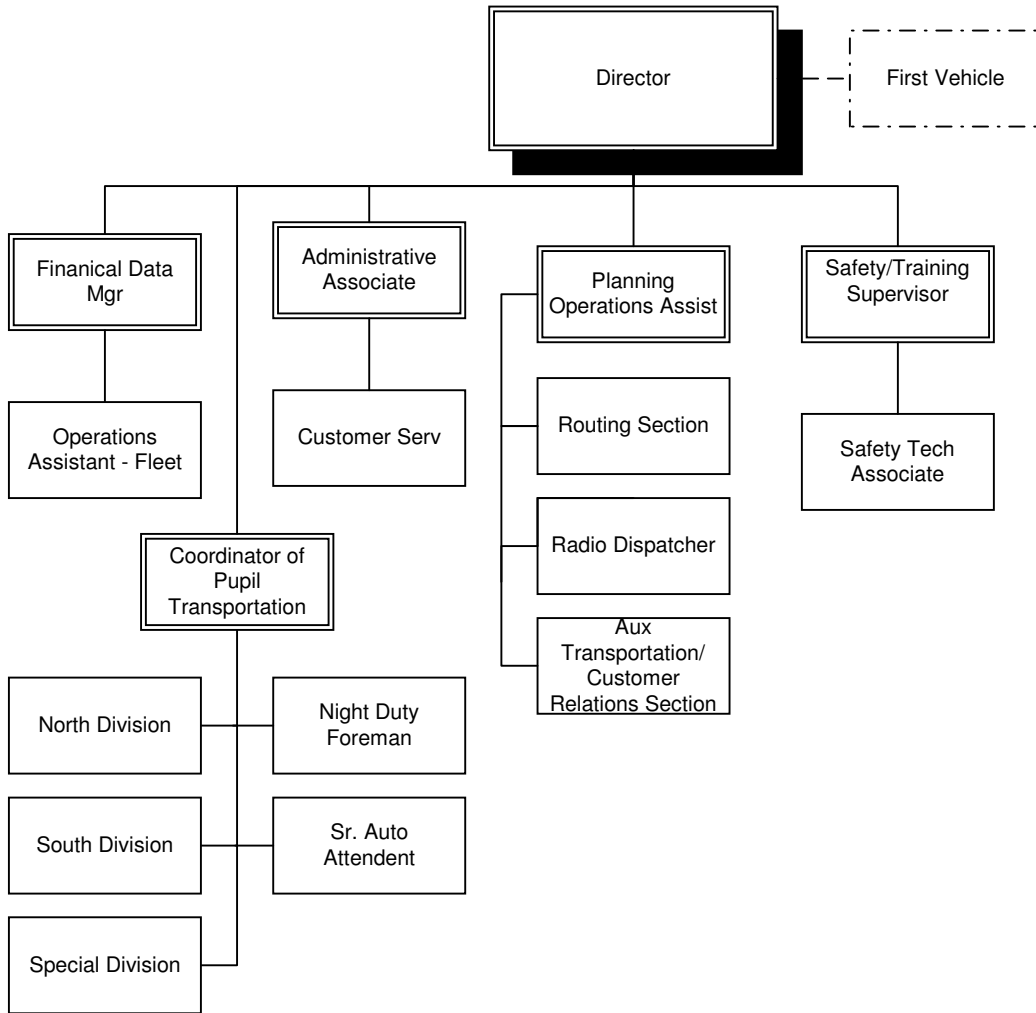
### **ORGANIZATION**

The RPS transportation function is organized under the Director of Transportation. Five supervisors report directly to the director. First Vehicle, the private company charged with maintaining and repairing the buses, are shown as indirect reports. The organization chart is illustrated on the following page.

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<sup>18</sup> Richmond Public Schools Department of Pupil Transportation Rules & Regulations, I. Introduction

Figure 8: Richmond Public Schools  
Transportation Department



**BUDGET**

The adopted transportation budget for 2003-04 amounts to \$10.4 million. This is an increase of 7.7 percent over the 2002-03 adopted budget. For 2003-04, just over 75 percent of the transportation budget was directed to personal services. The fuel contract is awarded by and through the city. The city charges RPS a four percent surcharge on the fuel it uses.

On average, each bus route costs the school division about \$51,599 in salary, fuel, and supplies. Highlights of the transportation budget are found on the last page of this section. RPS contracts with a company called First Vehicle for \$1.3 million annually

to perform vehicle maintenance. An additional \$780,000 is spent on fuel and commercial repair that First Vehicle does not or cannot handle. The city garage receives from the school division \$151,000 for commercial repairs for school division plant vehicles. About \$600,000 is budgeted for overtime costs.

## **OPERATIONS**

Richmond is home to the 11th largest public school division in the Commonwealth. The city's population decreased 2.6 percent between 1990 and 2000 (from 203,096 to 197,790). With its boundaries encompassing 60 square miles and a population density of 3,292 per square mile, RPS transportation services deliver and return about 62 percent of its 25,545 students to and from its 31 elementary schools, 10 middle schools, eight high schools, and nine other schools including exceptional education centers and vocational education centers<sup>19</sup>.

The RPS owns 280 buses but about 195 are used daily to cover 201 routes (150 regular bus routes plus 51 special education routes). In 1993, over 250 buses were used to cover routes. The buses travel a total of 2.97 million miles a year. According to documents submitted to the Virginia Department of Education, RPS spends about \$2.83 per mile for transporting regular students to and from school and daily activities, second only to its Portsmouth Public School Division peer. RPS also pays a private taxi service \$65,000 to \$70,000 annually to drive seven students to classes via taxi. According to staff these students are either too disruptive for safe transport by bus or live in areas so dangerous they cannot walk safely to a bus stop.

RPS bought Mapnet software by Trapeze, Inc to help facilitate bus routing but does not use the software effectively. Yard supervisors use hand written notes to keep track of changes in bus routes during the course of the year. One yard supervisor had no computer access to Mapnet due to a computer malfunction. Echoing the study team's observations and concerns, a report conducted by the Council of the Great City Schools notes that, "there is no systematic effort to reroute or analyze the annual routing plan with the goal of reducing or eliminating unnecessary routes. Any annual adjustments to the routing plan are minor in nature and are not focused on the elimination of unnecessary trips."<sup>20</sup>

There are two depots where buses are stationed: Overbrook Road for routes north and Hopkins Road for routes south of the river. The transportation administrative office is located on Overbrook Road, but separate from the north bus depot. The city is planning to sell the Overbrook facility at the end of the school year. RPS officials would ultimately like one facility and not the three campuses they operate now. While RPS owns 280 school buses, the director is trying to eliminate some to reduce

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<sup>19</sup> The average daily ridership in 2002-03 was 15,650.

<sup>20</sup> *A Review of the Transportation Operations of the Richmond Public Schools*, Council of the Great City Schools, page 9, June 2003

risk and perhaps generate savings from a sale. RPS employs 202 drivers, about 20 of which are part-timers. Bus drivers are contracted for six, seven, or eight hour days and when any work a field trip or special activity during that span of hours they are paid extra for their services. Paid training for new bus drivers is mandatory and conducted at the Overbrook building. Training consists of one week of classroom work and about two weeks of road training. Like all school divisions, RPS schedules morning and afternoon runs; the morning runs begin at 5:30AM.

Buses are maintained on a 30-day or 2,500 mile preventive maintenance schedule. All vehicles are maintained by the private contractor First Vehicle. There are two yard mechanics (school division employees) who service very minor problems such as changing bulbs on buses.

According to Department of Education documents, RPS purchased 40 new school buses from 2000-01 to 2001-02. No new buses were purchased during the 2002-03 school year. For 2004-05, RPS budgeted \$1 million for bus purchases. RPS does not join consortia to purchase buses. Buses are typically purchased through the state contract for about \$50,000 each. In the past, RPS has auctioned older buses but there were no available figures to determine the success of this strategy. The director is considering the sale of obsolete buses back to the manufacturer for a price break on new bus purchases.

Some students do not receive bus service per division policy. Walk zones have been established so that a high school student can walk (or drive in a private vehicle) up to 1.5 miles to school. A 1.0 mile walk zone is established for elementary school children. There are exceptions to this rule. Buses carry one age group (ES, MS, HS) per bus; there is no age mixing. On average 30-40 students are transported on any given bus. Division policy states the maximum ride time for all three regular education levels is 40 minutes, and 60 minutes for special education and open enrollment students.<sup>21</sup> Some special needs students do ride on regular buses on occasion (where appropriate and with parental consent) but no regular students ride on special needs buses.

Each bus driver is given an electronic card for fuel purchase. James River Petroleum operates several (no one that our team spoke to knew exactly how many) fuel depots throughout the city. This card system does have its flaws as many claim that bus drivers will often share their cards with other drivers (who may have lost or misplaced their own cards). The result is that one bus is electronically shown to have fueled up with more fuel than any one school bus can possibly carry. This common practice skews individual bus maintenance records and prevents tracking the cost of operation of each individual bus.

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<sup>21</sup> RPS Department of Pupil Transportation Rules and Regulations, Number 607

RPS attributes its relatively high transportation costs to inaccurate accounting practices. Activity costs for Head Start, as one example provided, are inadvertently charged to the transportation budget when they should be charged to the Head Start program. ROTC activities and sports activities are routinely charged to the transportation budget and not the individual schools. Hence, these accounting practices drive up the apparent transportation cost per mile.

RCPSD has a “turn key operation” regarding maintenance and keeps no spare parts on hand and has no inventory costs.

Per *Code of Virginia* 22.1-182, RPS does not allow its buses to be used by private and non-profit groups.

### ***Driver Contracts and Overtime***

By many accounts from both inside and outside RPS, driver overtime is excessive and unnecessary. According to one school official, some drivers yield 80 hours of overtime in a two-week pay period. Some of this can be explained through employee work rules. Currently, drivers can decide whether they wish to work overtime. Many prefer not to work overtime, thus overtime duty shifts to few drivers. One supervisor stated that of the 65 drivers she manages, 28 (43 percent) refuse extra time or overtime duty. It is not uncommon for the department to pay as much as 2,000 hours in driver overtime pay in one two-week pay period.

An internal audit submitted in February 2002 for the period of July 1, 1998 through June 30, 2001 stated that, “Overtime is an inherent part of transportation due to the nature of the auxiliary services; however, unnecessary overtime should be eliminated.” The audit also noted that additional and overtime pay for bus drivers was \$1.1 million greater than the \$2.6 million contracted base amount, a difference of 44 percent.<sup>22</sup> Another report in June 2003 conducted by the Council of the Great City Schools noted that, “the transportation department of the Richmond schools requires an almost complete overhaul.” It cited the department for being “poorly organized,” “not cost-effective,” and operating “a very inefficient routing system.” Regarding the issue of overtime, the same report noted, “the extraordinarily high amounts of additional compensation are difficult to reconcile.”<sup>23</sup>

While overtime has since been eliminated for exempt employees (yard supervisors and the night foreman) as recommended by the aforementioned internal audit, overtime remains a problem for the department. For a two-week period ending March 7, 2004, transportation drivers earned 1,853.25 hours in overtime. During that period, one driver earned 46.5 overtime hours and other earned 36.75 overtime hours.

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<sup>22</sup> Richmond Public Schools, Internal Audit Services, Audit of Student Transportation, page 12, February 4, 2002.

<sup>23</sup> *A Review of the Transportation Operations of the Richmond Public Schools*, Council of the Great City Schools, June 2003

Another school division document shows that from July 1, 2003 to March 15, 2004, the department incurred \$298,382 in overtime costs; this translates into a projected overtime cost of \$419,348 for FY04 (ending June 30, 2004). However, an April 21, 2004 memo from the Transportation Financial Manager to the Assistant Superintendent notes that through March 31, 2004, ‘personnel expenditures are \$233,221 greater than the same period last year, which represents an approximate increases for the year of 5 percent.’ The manager states, ‘Overtime continues to average around 1,800 hours every two weeks...I am projecting a personnel budget shortfall of \$95,493.’

There are also safety concerns with bus drivers using so much overtime. CFR Title 49, Chapter 3 Part 395.5 forbids commercial carrier drivers carrying passengers from driving more than 10 hours per day. This law does not contain an exemption for school bus drivers.

While overtime costs have declined over the last several years, additional hours are projected to exceed those expended in FY 2003. Table 28 illustrates the costs of additional and overtime paid to bus drivers and monitors.

<b>Fiscal Year</b>	<b>Contracted Pay</b>	<b>Additional Hours Pay</b>	<b>Overtime Pay</b>	<b>Total Pay</b>
FY 2001	\$3,169,285	\$1,318,759	\$817,480	\$5,305,524
FY 2002	\$3,463,124	\$1,382,727	\$775,118	\$5,620,969
FY 2003	\$3,516,009	\$1,235,149	\$425,675	\$5,176,833
FY 2004*	\$3,461,973	\$1,280,324	\$419,348	\$5,161,645
<small>Estimated 2004 expenditure based on actual expenditures from 7/1/03 through 3/15/04 (37 weeks).            Source: RPS documents, reflects payments made to bus operators and monitors (summer school and regular school), substitute bus drivers, and substitute monitors.</small>				

Special needs bus drivers continue to account for the lion’s share of the overtime pay. RPS documents show that from October 2003 through March 2004, special needs drivers accounted for 61 percent of the overtime hours (11,611.50 overtime hours) compared to the South and North compound drivers (3,747.25 overtime hours or 19.6 percent and 2,946 overtime hours or 15.41 percent, respectively). Again, most special needs drivers work under a seven-hour/day contract. Projected out for 42 weeks (the average school year length) the total overtime hours will be about 34,907 hours. That amount is equal to the average number of hours worked by 28 six-hour contract drivers, 24 seven-hour contract drivers, or 21 eight-hour contract hours.

RPS contracts with drivers through six, seven, or eight-hour day contracts. Seven hour drivers are assigned to the special needs section. All new drivers are hired as substitutes with no benefits and are paid \$9.50/hr with six hours guaranteed per day. For six-hour employees, the first 10 hours above contracted hours are paid at straight

time; anything greater is paid at overtime rates. Seven-hour employees are paid straight hourly wages for five (5) hours over regular hours before receiving overtime. For eight hour drivers, any hours worked above eight hours is considered overtime. Drivers are free to return home after dropping off students unless they are assigned to a field trip (for which they are paid additional time).

On average around 30-40 drivers are absent each day. With 178 drivers, this equates to an absentee rate between 16 percent and 22 percent each day. According to our review of documents and interviews, institutional accountability is lacking at the department. For example, if a driver does not call in and misses five (5) consecutive days of work he is suspended (with pay). Several drivers work the system where they neglect to call in for four consecutive days, then show up for the fifth day to work with impunity. In another example, two bus drivers caught fighting were placed on paid suspension. The paid suspension lasted for nine weeks pending board review. In frustration, the department asked the two drivers to return but not before one driver resigned after receiving nine weeks of pay. Finally, one driver was charged with DUI in her private vehicle and suspended with pay. With the employee's court date endlessly postponed, her paid suspension has been extended repeatedly.

Driver evaluations are poorly designed. The evaluation form for drivers includes categories such as written expression but fails to include anything about safe driving on-time delivery of the children, or problems with principals or parents. Additionally, the process requires supervisors to provide extra documentation for any driver who does not receive a "meets expectations" rating. (This appears to have led to supervisors lumping almost all drivers into the "meets expectations" category.)

**Table 30: Richmond Public Schools Transportation Budget  
2001-02 to 2003-04**

<b>Areas</b>	<b>01-02+</b>	<b>02-03 ++</b>	<b>03-04 ++</b>
<b>Salaries</b>			
Administration	-	-	76,853
Other Professionals	310,253	344,685	198,165
Technical	339,212	390,886	418,623
Clerical	156,736	97,353	103,978
Support & Crafts	119,690	95,118	99,596
Drivers	4,762,490	4,339,416	4,551,185
Monitors	809,110	871,129	850,979
<b>Benefits</b>			
FICA	477,485	295,217	303,408
VRS Life Insurance	23,322	-	-
Health Ins	721,172	730,302	809,927
Retirement	334,452	302,883	330,163
<b>Personal Services **</b>	<b>8,053,922</b>	<b>7,466,989</b>	<b>7,742,877</b>
Garage Services *	1,111,546	1,021,350	1,002,037
Equipment Replcmt	1,183,678	11,622	1,000,000
Field trip refunds	(942,271)	(456,835)	(956,835)
First Vehicle Contract	1,242,870	1,265,000	1,265,000
<b>Nonpersonal services **</b>	<b>2,886,697</b>	<b>2,162,685</b>	<b>2,628,607</b>
<b>TOTAL</b>	<b>10,940,619</b>	<b>9,629,674</b>	<b>10,371,484</b>
+ Actual expenditures			
++ Adopted budget			
* Fuel and oil			
** Do not add as this chart only highlights certain itemizations			

***Findings and Recommendations:***

**Finding:**

To its credit, the board has not been reluctant to spend funds to improve the well being of its students. For example, the division provides transportation for students following after-school activities by conducting another bus run. The expense of this additional service is not inconsequential. Nonetheless, the board and the administration agree that this practice is in the best interest of student safety and student participation. This policy decision increases overall transportation costs and may create the impression to an observer merely reviewing the expenditures that Richmond is less efficient in its transportation spending management. As this example illustrates, it is necessary to understand the context of overall spending before drawing conclusions.

**Finding:**

The culture at the transportation department reflects a staff that appears jaded and skeptical with the consultants and organization experts that have reviewed their operations in recent years, professing plans for a better and more efficient department



but ultimately resulting in the continuation of the status quo. Recommendations made in previous reports (many that will be repeated in this report) are often not implemented due to bureaucratic inertia.

**Recommendation 22:**

The current Transportation Director has proposed a number of reforms (see below for more details.) The board and superintendent should work together to encourage change in the way things are done in the transportation department. The phased reforms proposed by the Transportation Director can help solve many of the department's problems, but they will require the support of the school division's leadership to make them reality.

**Finding:**

Like many school divisions, RPS purchases new school buses as a single buyer; thereby forgoing any potential savings realized through multi-school division leveraged purchasing. According to data compiled by the Virginia Department of Education as reported by school divisions, fifteen central Virginia school divisions in Region 1 spent \$24.9 million for 401 new buses between 1999-00 through 2001-02<sup>24</sup>. Several larger school divisions (e.g., Chesterfield and Hanover) submit RFPs to three of Virginia's bus manufacturer representatives (Blue Bird, International, and Thomas) and realize savings due to their higher volume in both units purchased and funds expended.

**Recommendation 23:**

Under the new state contract for the purchase of school buses, school divisions are allowed to combine their orders (as long as they are for buses by the same manufacturer) to receive volume discounts in the contract. A group of school divisions in the Tidewater area is currently preparing to combine efforts to place a large volume order through this contract. This volume price break will result in savings of \$2,500 per bus for these school divisions. RPS should explore the option of combining efforts with other Region I members – or any school divisions in Virginia that seek to purchase the same make of school buses that RPS seeks to purchase. In the last three years, RPS purchased 40 new school buses. If purchased in bulk with other Region 1 members, RPS may have yielded savings of \$100,000.

This recommendation could be taken one step further into other related areas such as tire and fuel purchases. The potential savings realized through leveraged buying can be abundant if a concerted effort is made by all school divisions to be willing to combine efforts as one entity when purchasing goods and services.

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<sup>24</sup> Region 1 Study Group as described by the Virginia Department of Education includes Charles City County, Chesterfield, Colonial Heights City, Dinwiddie, Goochland, Hanover, Henrico, Hopewell City, New Kent, Petersburg City, Powhatan, Prince George, City of Richmond, Surry, and Sussex.

**Finding:**

The study team acknowledges that barring new legislation or regulations, school divisions in Virginia cannot be compelled to cooperate with neighboring school divisions when purchasing buses. As such, if cooperation with other school divisions is not practical, RPS should explore the option of leasing or lease-purchasing buses rather than purchasing buses outright. One report estimates that, “75 percent of the school districts in New Jersey now use lease-purchase programs to procure their school buses.”<sup>25</sup> Leasing or lease-purchasing buses would provide RPS with more flexibility in budget development and execution, while maintaining their current bus life-cycle schedule and maintenance and operations. While this option may not yield actual savings, it can be considered as a cash flow management tool since it defers payment for assets over time.

The Virginia Pupil Transportation Association takes no formal position on this issue, but one former VPTA official noted that savings could range from several hundreds to several thousands of dollars per bus depending on options ordered, when properly negotiated. There are at least three RPS peers that lease purchase school buses: Hampton, Lynchburg, and Petersburg.

While the team does not recommend entering into lease purchase agreements at this time, RPS should continually evaluate whether leasing buses is an appropriate option to pursue when cash flow management warrants. According to the City of Richmond staff the leasing of buses would not impact the debt capacity of the city.

**Finding:**

Mapnet, the software RPS purchased to assist in electronic school bus route planning, is largely ignored and under-utilized by management and compound supervisors. One compound supervisor admitted her computer that allows her to access Mapnet had been inoperable for some time and found her paper system was just as efficient as Mapnet.

**Recommendation 24:**

As the report from the Council of Great City Schools recommended in 2003, “the control of the driver payroll and benefit costs, which are the major expenditures in any student transportation system, begins with the effective planning and routing systems in the department.” With each route costing about \$51,599, Mapnet may create savings for the division. Even if only one percent of the routes were eliminated, the division could realize a savings of up to \$103,000.

Mapnet can offer much more than savings, such as pre-budget planning and situation-based scenarios. For example, Newport News Public School (NNPS) division uses EduLog to run various “what if” scenarios. This past winter, NNPS was asked by the board to determine the impact on bus schedules and after-school activities if the

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<sup>25</sup> “Tight Budgets Force Fleets to Look at Bus Purchase Options” Steve Hirano, School Bus Fleet. March 2002.

school day were increased by one half-hour to make up for snow days. Also, the transportation division runs pre-budget scenarios.

**Finding:**

Related to the above issue, the department recognizes the need and importance of better planning, better management of business practices, and better customer service. The new department director is in the process of making overdue changes.

The study team supports the efforts of the department director in eliminating the Vehicle Maintenance Specialist position that was vacated due to a retirement earlier this year. The position was reclassified and filled as an assistant director (Coordinator of Pupil Transportation). The director has also requested funding for two new positions, one to oversee strategic planning, and the second position to improve customer service. The proposed strategic planning position would, among other duties, assume the responsibilities to develop and successfully implement the Mapnet software system for the school division. The customer service position would supervise all facets of public relations and transportation information with parents, the community, and school board.

In addition, the director plans to eliminate the regular driver and special education driver classifications. He hopes to provide training for all drivers so everyone has the skills and knowledge to drive on both the regular and special needs bus routes. This should help reduce overtime and allow for greater flexibility in planning bus routes and managing available human resources better.

These reforms proposed by the Transportation Director can dramatically improve the efficiency and effectiveness of the department and could result in large amounts of savings through more efficient use of driver's time and the dramatic reduction of overtime.

According to an RPS compensation data run, January 25, 2004, there are 199 bus operators and monitors. Based on 12-month projections for FY04, that translates into an average base salary of \$17,397<sup>26</sup>. With additional and overtime pay, that average total salary increases 49 percent to \$25,938.

The cost of additional and overtime pay must be controlled by RPS. While the department should be commended for reducing the total cost of additional and overtime hours from \$2.2 million in FY02 to \$1.7 million in FY04, the cost is still too high when compared to the base salary cost or the amount expended on overtime by other school divisions.

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<sup>26</sup> Based on estimation created in Table 27: Additional and Overtime Pay for Transportation Division

Both Newport News and Portsmouth Public School Divisions employ 5.5 hour/day contracts while holding overtime to a minimum<sup>27</sup>. If at the end of the week, a driver averages less than 5.5 hours a day but refuses to drive students on field trips or athletic events, he or she is paid the actual hours worked and not 27.5 hours/week. This keeps overtime in check. Newport News will often use central office transportation staff (all CDL certified) to fill in when no drivers can be found. No overtime or additional pay is provided for these central office employees.

One method for reducing overtime cost would be to eliminate the multiple contracts (six, seven, and eight hours/day) for bus drivers and monitors. If the RPS were to increase the average base salary of its drivers and monitors to \$20,000 and extend the contracts to reflect eight-hour days then it could use the additional regular work hours to cover the hours that are now overtime hours (which are paid at time and a half).

These additional hours would allow the department to virtually eliminate future additional and overtime pay and to include field trips and athletic events as part of the base job activities. The department would raise the annual base salary to \$3,980,000 and could save an estimated \$1.2 million annually in additional and overtime pay.

Of course, in order for this savings to be generated, RPS must have in place managers who can effectively manage drivers, combine or eliminate inefficient bus routes, create more efficient remaining routes, work with schools to schedule events at times that allow for a greater pool of available drivers, charge schools promptly for field trips and athletic events, and require all drivers, as part of their job description, to work a full 40 hour work week. For drivers who cannot or will not commit to eight hour a day contracts, he or she would be ineligible for additional time or overtime.

**Recommendation 25:**

The preceding discussion presents two possible ways for the department to control and reduce the excessive bus driver overtime costs it now incurs every year – steps the department director is already undertaking and by issuing more 8-hour contracts. The team believes that both of these approaches present reasonable steps that could lead to dramatic reductions in the amount of money expended on bus driver additional time and overtime each year. These combined approaches, if fully implemented and well managed, could result in savings of up to \$1.2 million annually. The team attempted to more precisely quantify the overtime costs that might be eliminated. With key data unavailable to us within the time constraints of this study period, it is impossible to determine how much of the \$1.2 million spent on overtime each year may be avoidable. The division may wish to perform its own ongoing analysis to assess its future performance in this area.

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<sup>27</sup> Portsmouth will begin the 5.5 hr/day contract on July 1, 2004.

**Finding:**

In 2001-02, RPS spent \$585,569 on fuel. That amount exceeds that of Petersburg, Danville, and Hampton City.<sup>28</sup> The City of Richmond charges RPS a four percent surcharge on fuel. For 2001-02, the surcharge added \$22,522 to the fuel costs.

**Recommendation 26:**

RPS could see a reduction in fuel costs if it sought its own fuel contract separate from the city, or partnered with another area school division to purchase fuel in bulk. True fuel savings cannot be achieved with the application of a four percent fuel surcharge.

**Finding:**

Two different bus compound supervisors on two separate occasions were witnessed by the team watching network television during the day. This is not the only time this issue has been brought to the attention of RPS administrators. The Council of the Great City Schools reported that, "several staff members watching television throughout the day, was noted numerous times."<sup>29</sup> The study team believes this is symptomatic of the attitude at the compounds and must not be tolerated at any facility funded by the taxpayer. This matter should have been corrected immediately after the Council report was released last year.

**Recommendation 27:**

Remove immediately all televisions from bus compound work sites. There is no purpose, necessity, or rationale for watching television on publicly funded time. If deemed appropriate, televisions could be placed in a break room or other non-work area.

## **Information Technology**

**MISSION**

The mission of the Information Technology section is to support the educational and administrative functions by providing information technology. The IT section does not directly teach IT courses, but assists teachers in the use of technology in the classroom and in curriculum development.

**ORGANIZATION**

The Manager of Information Technology reports to the Assistant Superintendent for Finance and Operations. The Manager has eight positions reporting directly to him

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<sup>28</sup> These are the only other division peers that accounted for fuel in subobject code 6008 (DOE). All other peer divisions failed to report any fuel purchase whatsoever in this designated object account.

<sup>29</sup> *A Review of the Transportation Operations of the Richmond Public Schools*, Council of the Great City Schools, p. 8, June 2003

and 26 staff (not including the Manager) in the Information Technology Division. This staff includes:

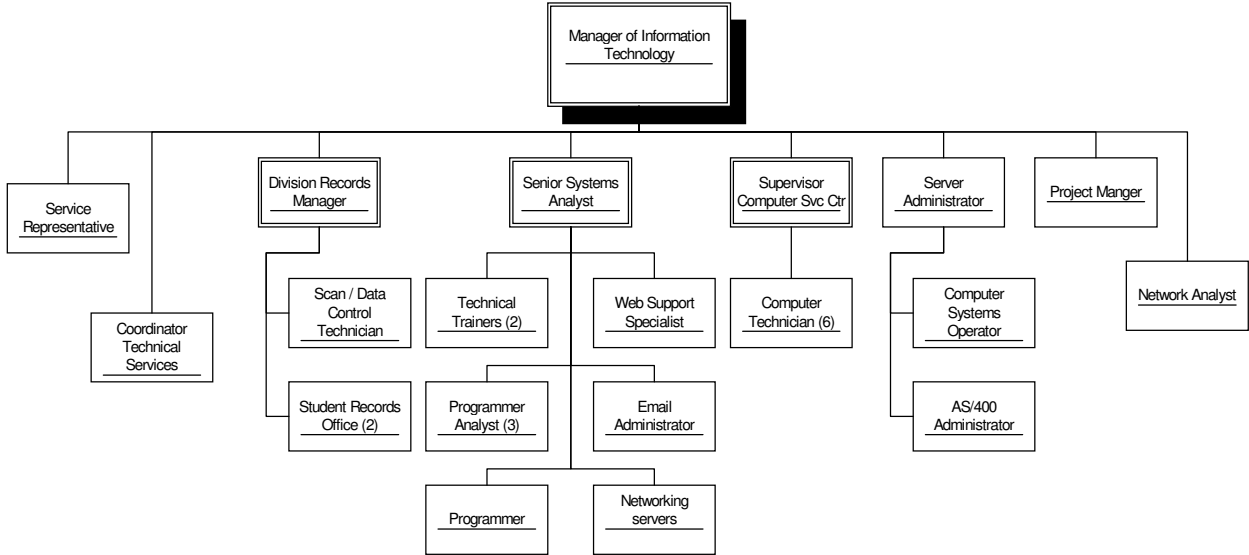
- Division Records Manager and staff for scanning records and managing student records
- Server Administrator
- Computer Service Center Manager and six technicians
- Senior Systems Analyst manages two trainers and five programmers
- Project Manager
- Network Analyst
- Service Representative
- Coordinator of Technical Services
- Secretary

RPS does not have technical staff located at the schools. The division does not allow non-IT staff to install software or make changes to PCs. Only IT staff and contractors are allowed to install software, hardware or make changes to PCs. The reason for this control is that the division has 9,500 computers and only 6 technicians. The manager is very concerned about people installing pirated software or downloading software that might contain viruses. Therefore a very tight control is kept on the PCs in terms of software. Also, the IT staff recognizes the importance of the network to RPS' instruction and operations. Any hardware or software that is incorrectly installed could have a major impact on the network and impact everything from Algebra Readiness programs to payroll, media centers, purchasing or online SOL testing.

RPS used to have a program where teachers were named "technical points of contact" and were responsible for being the first line technical support at 3-4 schools each. Each of the teachers in the program got a pay supplement. The problem with the program was that the teachers did not go to the other schools, only their own. So the division stopped paying the money and will use it to bring in another contract technician for the service department. This decision saved about \$48,000.

**Figure 9: Information Technology Staff**

**Richmond Public Schools  
Information Technology Division**



**BUDGET**

Revenue

The Information Technology section has several sources of revenue. The primary source of revenue is the school division budget. The IT section also applies for and manages several technology-related grants.

Revenue from the general school division budget is used to pay salaries, purchase equipment and supplies, hire contractors, pay for software licenses and staff training.

There are four special revenue categories for the IT Section:

- 1) The Virginia Standards of Learning Technology Initiative is a large-scale project funded by the Commonwealth of Virginia beginning in the year 1994 to assist school divisions in improving student achievement with statewide, web-based computer resources. The initiative, currently focused on Virginia's high schools, includes funding that is targeted to achieve the following three goals:

- Provide a ratio of one computer for every five students.

- Create Internet-ready local area network capability in every school.
- Assure high-speed, high-bandwidth capabilities for instructional, remedial, and testing needs.

Funding is based on grants of \$26,000 per school and \$50,000 per division. RPS received \$1,636,000 per year in 2002-03 and 2003-04 under this initiative.

- 2) The Technology Literacy Challenge Grant - DOE also issued a competitive technology grant and told the school divisions to form consortiums to spend the grant. The consortium receives \$250,000 / year for five years. In 2001-02 the division received \$58,900 under this program.
- 3) E-Rate is a federal program created by the Telecommunications Act of 1996. The purpose of the program is to have telecommunications services provided to local school divisions at a discounted rate. The program is administered by a non-profit corporation created by the FCC for that purpose. School divisions apply for reimbursement each year for expenses such as telephone service and Internet service. The average reimbursement amount for RPS is \$1,692,085 over the last three years. The reimbursement process for E-Rate is handled by the Telecommunications section of RPS and not by the IT section.
- 4) The Ed-Tech Grant is a federal grant which is formula driven from the No Child Left Behind Act. The funding rate is based on the number of free and reduced price lunches in the division. The division received \$263,667 in FY02 for this grant.

### Expenditures

The primary expenditures for the IT section are personnel services, new equipment, purchased services, and replacement of old equipment. Purchased services include software licenses and the cost of the division's Internet Service Provider – MCI. The division uses both MCI and Verizon to supply Internet service to each school (each company has half the lines going into each school.) This split in service is done in order to prevent an outage at one company from disrupting all network service in the division. It also helps to have the two companies 'compete' against each other for service.



<b>Table 31: Special IT Revenue</b>			
<b>Areas</b>	<b>01-02</b>	<b>02-03</b>	<b>03-04</b>
SOL Online Initiative	\$1,636,000	\$1,636,000	\$1,636,000
Technology Literacy Challenge Grant	\$34,700		
Ed-Tech Grant		\$263,667	\$252,357
E-Rate	\$1,623,865	\$1,338,557	\$2,113,835
<b>Total Technology Grant Revenue</b>	<b>\$3,294,565</b>	<b>\$3,238,224</b>	<b>\$4,002,192</b>

## **OPERATIONS**

The Technology Division is responsible for the following:

- 1) The Manager of Information Technology is the manager of the technology budget that includes education technology grants, hardware, software, technology supplies, equipment needs, etc.
- 2) The IT Division is responsible for maintaining, updating, and training for the entire major software systems of the school division.
- 3) The Manager of Information Technology reviews all technology related purchases. (Whether they come out of the IT budget or the school's budget, the Manager of Information Technology is to review all requests for IT purchases.)
- 4) The IT Division works with the instructional staff to incorporate PCs in the classroom.
- 5) The IT Division sets up, repairs, maintains, and updates all PCs and networks in the school division.

### **Finding:**

The IT Division of RPS has done a very good job recently in acquiring new or updated major software packages for very reasonable costs. The IT division staff should be commended for thinking creatively about how to solve problems and acquire useful new software without expending millions of dollars on development costs.

The primary software package used for finance, accounting, purchasing, human resources, and other functions is called CIMS. RPS belongs to a CIMS users group along with other school divisions across the nation. The users group costs an annual fee of \$25,000 but allows Richmond access to any software improvements or upgrades developed by or for any of the other divisions in the group. RPS will be able to obtain a completely new upgrade for CIMS (which will make the user front

end easier to use, while keeping the ‘back end’ of the system the same) for no cost beyond the annual users group fee. By comparison, other school divisions or state agencies of this size have spent millions of dollars upgrading these types of software packages.

Another example is the online grading system. While implementing this system in mid-year presented a lot of challenges for teachers and principals, the system will allow easier and cheaper collation of grade data. Before this on-line system, teachers filled out student grades on paper forms (which were pre-printed for each class) and then scanned to input the grade data into the computer system. The IT Division believes that this change will create annual savings of \$45,000 to \$50,000 on paper and printing costs associated with the grading process.

**Finding:**

The division is solving the challenge of working with 9,500 PCs by employing web-based software for almost all division-wide applications. The use of web-based software means that technicians do not have to go around the division and install new software and updates on each of the 9,500 PCs manually. And web-based software allows older PCs to run the applications, since they do not have to be able to store the application and run it alone.

## **IV. Summary and Report Conclusions**

The primary theme found in this study is that local school divisions must make policy decisions based on the challenges they face – and the challenges each division faces are different. The Richmond Public School Division is often compared to its neighboring county school divisions – but these other divisions do not face the same challenges that RPS does and therefore do not make the same policy decisions. The result of these policy decisions impacts the cost of operating the school division. The best example of this type of decision in Richmond is the division’s decision to provide after-school activity busing to every student who wants it. Some other school divisions have after school activity buses for a few athletes or other students who have after school activities. But RPS decided that every student should be given the opportunity to stay after school and participate in after school tutoring or extra curricular activities. These students are then given a ride home on the school bus. The school board and the division leadership made this policy decision because they believed (and still do) that providing the after school activity buses are in the best interest of the children of Richmond. The result of that decision is higher transportation costs than other school divisions in the peer cluster who do not offer similar programs. This is a case where higher costs are not always the result of inefficiency or waste but of a conscious decision to offer more services to students who need them. When school divisions in Virginia are compared, these types of policy decisions must be kept in mind.

RPS has been hampered by a very high turnover rate among superintendents. The average tenure for superintendents over the past fourteen years is 2.3 years. With so much turnover at the top of the organization the division has had trouble sustaining momentum in moving forward. Based on interviews with division staff and external stakeholders, Dr. Sherman appears to have done an excellent job of focusing the entire division on a goal – achieving accreditation under the SOLs – and moving the division towards that goal. The principals have measurable targets that are reviewed several times per year in a meeting with the senior instructional staff of the division.

In 2002 only nine schools were fully accredited. After Dr. Sherman’s first year that number increased to twenty-three. In 2002 twenty schools were accredited with warning, but in 2003 that number decreased to nine. These numbers indicate the progress that has been made in the division under Dr. Sherman’s direction. While RPS still has a long way to go to achieve all the division’s goals, it is clear from these numbers that they are moving in the right direction.

RPS is often compared to the neighboring suburban school divisions. But those school divisions do not face the same challenges that the Richmond Public School Division faces. Those divisions have newer school buildings and more affluent families to name just two advantages. RPS also seems to encounter more political

resistance to any of its decisions or plans than any other school division in the area. And while the division has problems (some of which are detailed in this report), the majority of the teachers, staff, and leaders are working hard to do the best they can for the children of Richmond every day.

**Table 32: Richmond Public School Division Efficiency Report  
Recommended Savings Summary**

<b>Recommendation</b>	<b>Potential Savings</b>	<b>Frequency</b>	<b>Note</b>
Eliminate high bus driver overtime costs	\$1,200,000	Annual	RPS bus drivers were paid 49% of their base pay in overtime in the last school year. RPS could save money on driver overtime by consolidating driver roles or increase bus driver base salaries and work hours.
Purchase fuel directly from suppliers and not through the city	\$22,252	Annual	RPS pays a 4% surcharge on fuel for the city to manage the contract.
Use software to potentially eliminate bus routes	\$103,198	Annual	The amount per route eliminated is \$51,599. This assumes a minimal 1% reduction in total routes.
Purchase items from state contract	\$18,400	Annual	Key item is white copy paper.
Purchase buses through a consortium	Varies	Annual	Estimated to be \$1,500 to \$2,000 per bus
Work to collect additional reimbursement for lost or stolen textbooks	Varies	Annual	
Increase energy efficiency in school buildings	\$754,947	Annual	This represents 15% of the division' s annual utility costs, a conservative estimate.
Pay utility bills on time	\$5,255	Annual	This amount was the total of late charges on electric and gas bills in 2003.
Pay other bills on time	\$25,648	Annual	Other bills contained late fees, lost discounts for on-time payments and sales tax paid in error.
Stop paying taxes on utility bills	\$983	Annual	This number is the amount of taxes paid in 2003 that the division did not owe.
Change discipline process for classified employees	\$8,609	Annual	Assumes 3 years of data examined are typical.
<b>Total Savings</b>	<b>\$2,139,292</b>		

## Appendix I: Cluster Data

### List of Rankings in Comparison to its Cluster (total of 10 divisions)

These rankings are based on per-pupil expenditures and revenue.  
The data is taken from Tables 13 and 15 of the 2001-02 Annual School Report from DOE.

<b>Richmond Compared to Its Cluster</b>		
<b>Category</b>	<b>Amount / Pupil</b>	<b>Rank (1 = lowest)</b>
Administration	\$345.18	10 <sup>th</sup> out of 10
Attendance and Health	\$227.69	10 <sup>th</sup> out of 10
Instruction	\$6,655.94	10 <sup>th</sup> out of 10
Debt Service and Transfers	\$290.57	6 <sup>th</sup> out of 10
Facilities	\$371.54	7 <sup>th</sup> out of 10
Technology	\$306.15	5 <sup>th</sup> out of 10
Ops and Maintenance	\$1,101.63	10 <sup>th</sup> out of 10
Special Education	\$1,181.20	10 <sup>th</sup> out of 10
Transportation	\$475.20	10 <sup>th</sup> out of 10
Regular Day School Expenditures	\$8,805.63	10 <sup>th</sup> out of 10
Local Revenue	\$2,599.89	8 <sup>th</sup> out of 10
State Revenue	\$3,791.19	2 <sup>nd</sup> out of 10
Federal Revenue	\$544.66	3 <sup>rd</sup> out of 10
In this table 1 <sup>st</sup> is the lowest in amount per pupil and 10 <sup>th</sup> is the highest. Note: "Regular Day School Expenditures" is the sum of Administration, Attendance and Health, Instruction, Transportation, and Operations and Maintenance		

Each of the following pages shows a list of expenditures or revenue sorted by school division. The data is sorted by expenditures (or revenue) per pupil. The table also includes total expenditures (or revenue) and expenditures as a percentage of the total budget.

Note that these data are self-reported and unverified, and are known to contain variations in expenditure classification.

### Instruction Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget

School Division	Cluster	Instruction / Pupil	Instruction	Instruction %
Portsmouth Pblc Schs	1	\$4,844.80	\$81,247,281.15	62.6%
Hampton Pblc Schs	1	\$5,064.74	\$115,916,676.15	66.4%
Petersburg Pblc Schs	1	\$5,133.94	\$29,432,898.21	62.0%
Newport News Pblc Schs	1	\$5,203.50	\$163,129,795.00	59.8%
Danville Pblc Schs	1	\$5,432.12	\$40,279,203.29	54.1%
Lynchburg Pblc Schs	1	\$5,512.96	\$49,252,824.38	66.1%
Hopewell Pblc Schs	1	\$5,526.17	\$21,806,257.51	52.7%
Norfolk Pblc Schs	1	\$5,775.36	\$199,434,647.12	66.3%
Roanoke City Pblc Schs	1	\$6,003.55	\$78,460,367.38	61.4%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$6,655.94</b>	<b>\$168,055,801.46</b>	<b>53.9%</b>

### Administration Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget

School Division	Cluster	Administration / Pupil	Administration	Administration %
Lynchburg Pblc Schs	1	\$107.75	\$962,650.40	1.3%
Newport News Pblc Schs	1	\$110.14	\$3,452,998.00	1.3%
Portsmouth Pblc Schs	1	\$130.83	\$2,194,093.50	1.7%
Roanoke City Pblc Schs	1	\$148.76	\$1,944,143.11	1.5%
Hampton Pblc Schs	1	\$202.35	\$4,631,174.81	2.7%
Danville Pblc Schs	1	\$221.21	\$1,640,287.85	2.2%
Hopewell Pblc Schs	1	\$222.75	\$878,966.44	2.1%
Norfolk Pblc Schs	1	\$227.90	\$7,869,776.30	2.6%
Petersburg Pblc Schs	1	\$249.25	\$1,428,924.39	3.0%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$345.18</b>	<b>\$8,715,349.83</b>	<b>2.8%</b>

**Attendance and Health Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget**

School Division	Cluster	Atten & Health / Pupil	Attendance & Health	Atten & Health %
Lynchburg Pblc Schs	1	\$89.28	\$797,655.92	1.1%
Norfolk Pblc Schs	1	\$93.03	\$3,212,418.88	1.1%
Danville Pblc Schs	1	\$95.74	\$709,900.79	1.0%
Hopewell Pblc Schs	1	\$108.13	\$426,661.29	1.0%
Roanoke City Pblc Schs	1	\$116.81	\$1,526,626.33	1.2%
Petersburg Pblc Schs	1	\$117.58	\$674,065.23	1.4%
Newport News Pblc Schs	1	\$154.11	\$4,831,424.00	1.8%
Portsmouth Pblc Schs	1	\$156.11	\$2,618,045.00	2.0%
Hampton Pblc Schs	1	\$172.13	\$3,939,631.76	2.3%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$227.69</b>	<b>\$5,748,886.02</b>	<b>1.8%</b>

**Transportation Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget**

School Division	Cluster	Trans/Pupil	Transportation	Transportation %
Hopewell Pblc Schs	1	\$146.68	\$578,789.27	1.4%
Portsmouth Pblc Schs	1	\$232.24	\$3,894,732.00	3.0%
Norfolk Pblc Schs	1	\$273.54	\$9,445,920.57	3.1%
Petersburg Pblc Schs	1	\$292.82	\$1,678,759.70	3.5%
Danville y Pblc Schs	1	\$295.10	\$2,188,180.72	2.9%
Hampton Pblc Schs	1	\$331.65	\$7,590,524.16	4.3%
Roanoke City Pblc Schs	1	\$337.93	\$4,416,453.84	3.5%
Lynchburg Pblc Schs	1	\$355.45	\$3,175,630.55	4.3%
Newport News Pblc Schs	1	\$359.11	\$11,258,163.00	4.1%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$475.20</b>	<b>\$11,998,226.09</b>	<b>3.9%</b>



## Facilities Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget

School Division	Cluster	Facilities / Pupil	Facilities	Facilities %
Norfolk Pblc Schs	1	\$79.54	\$2,746,694.02	0.9%
Lynchburg Pblc Schs	1	\$121.83	\$1,088,421.91	1.5%
Hampton Pblc Schs	1	\$135.08	\$3,091,663.79	1.8%
Portsmouth Pblc Schs	1	\$144.56	\$2,424,213.75	1.9%
Petersburg Pblc Schs	1	\$162.28	\$930,334.82	2.0%
Roanoke City Pblc Schs	1	\$204.26	\$2,669,419.38	2.1%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$371.54</b>	<b>\$9,381,048.46</b>	<b>3.0%</b>
Newport News Pblc Schs	1	\$468.51	\$14,687,933.00	5.4%
Hopewell Pblc Schs	1	\$1,396.16	\$5,509,236.64	13.3%
Danville Pblc Schs	1	\$1,728.62	\$12,817,720.88	17.2%

## Special Education Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget

School Division	Cluster	Special Ed / Student	Special Ed Total
Danville Pblc Schs	1	\$682.12	\$5,057,888
Petersburg Pblc Schs	1	\$712.40	\$4,084,170
Newport News Schs	1	\$921.99	\$28,904,249
Hampton Pblc Schs	1	\$943.04	\$21,583,450
Hopewell Pblc Schs	1	\$952.73	\$3,759,484
Lynchburg Pblc Schs	1	\$997.97	\$8,915,891
Roanoke City Pblc Schs	1	\$1,064.23	\$13,908,446
Norfolk Pblc Schs	1	\$1,072.13	\$37,022,636
Portsmouth Pblc Schs	1	\$1,086.37	\$18,218,456
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$1,181.20</b>	<b>\$29,824,006</b>

Source: The special education expenditure data does not come from The DOE Superintendent's Annual Report Table 13 but from DOE data on special education expenditures. The "total expenditure" column includes state, federal, local and Medicaid – Comprehensive Services expenditures. Because this data did not come from Table 13 it is not comparable to the total expenditure category from that report. Therefore no "Percentage of Total Expenditures" column appears on this table.

### Debt Service and Transfers: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget

School Division	Cluster	Debt Svc / Pupil	Debt Service & Transfers	Debt Svc %
Hampton Pblc Schs	1	\$42.00	\$961,202.71	0.6%
Portsmouth Pblc Schs	1	\$71.11	\$1,192,444.47	0.9%
Petersburg Pblc Schs	1	\$90.77	\$520,399.00	1.1%
Danville Pblc Schs	1	\$101.25	\$750,774.90	1.0%
Norfolk Pblc Schs	1	\$284.84	\$9,836,249.00	3.3%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$290.57</b>	<b>\$7,336,511.57</b>	<b>2.4%</b>
Hopewell Pblc Schs	1	\$423.38	\$1,670,661.78	4.0%
Lynchburg Pblc Schs	1	\$447.62	\$3,999,052.44	5.4%
Roanoke City Pblc Schs	1	\$493.37	\$6,447,866.21	5.0%
Newport News Pblc Schs	1	\$495.98	\$15,549,076.00	5.7%

### Operations and Maintenance Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget

School Division	Cluster	Ops / Pupil	Ops and Maintenance	Ops %
Danville Pblc Schs	1	\$613.24	\$4,547,143.62	6.1%
Hampton Pblc Schs	1	\$629.18	\$14,399,948.87	8.2%
Newport News Pblc Schs	1	\$739.05	\$23,169,246.00	8.5%
Lynchburg Pblc Schs	1	\$750.52	\$6,705,124.62	9.0%
Petersburg Pblc Schs	1	\$781.15	\$4,478,333.69	9.4%
Norfolk Pblc Schs	1	\$805.38	\$27,811,507.62	9.2%
Roanoke City Pblc Schs	1	\$808.62	\$10,567,820.21	8.3%
Portsmouth Pblc Schs	1	\$914.20	\$15,331,171.25	11.8%
Hopewell Pblc Schs	1	\$956.88	\$3,775,855.23	9.1%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$1,101.63</b>	<b>\$27,815,110.81</b>	<b>8.9%</b>

**Technology Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget**

School Division	Cluster	Technology / Pupil	Technology	Technology %
Roanoke City Pblc Schs	1	\$138.09	\$1,804,692.10	1.4%
Petersburg Pblc Schs	1	\$178.98	\$1,026,070.10	2.2%
Hopewell Pblc Schs	1	\$250.34	\$987,831.38	2.4%
Norfolk Pblc Schs	1	\$287.99	\$9,944,814.45	3.3%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$306.15</b>	<b>\$7,730,032.40</b>	<b>2.5%</b>
Danville Pblc Schs	1	\$307.31	\$2,278,722.43	3.1%
Portsmouth Pblc Schs	1	\$308.22	\$5,168,767.75	4.0%
Hampton Pblc Schs	1	\$343.97	\$7,872,404.18	4.5%
Lynchburg Pblc Schs	1	\$352.40	\$3,148,316.68	4.2%
Newport News Pblc Schs	1	\$374.70	\$11,746,893.00	4.3%

**Total Regular School Expenditures: Per-Pupil, Total Expenditures and as a Percentage of the Total Budget**

School Division	Cluster	Total Per Pupil Expenditure	Regular Day School
Portsmouth Pblc Schs	1	\$6,278.19	\$105,285,322.90
Hampton Pblc Schs	1	\$6,400.05	\$146,477,955.75
Newport News Pblc Schs	1	\$6,565.92	\$205,841,626.00
Petersburg Pblc Schs	1	\$6,574.74	\$37,692,981.22
Danville Pblc Schs	1	\$6,657.41	\$49,364,716.27
Lynchburg Pblc Schs	1	\$6,815.97	\$60,893,885.87
Hopewell Pblc Schs	1	\$6,960.60	\$27,466,529.74
Norfolk Pblc Schs	1	\$7,175.21	\$247,774,270.49
Roanoke City Pblc Schs	1	\$7,415.67	\$96,915,410.87
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$8,805.63</b>	<b>\$222,333,374.21</b>

## Local Revenue: Per-Pupil and Total Amount

School Division	Cluster	Local Revenue Per Pupil	Local % of Total
Petersburg Pblc Schs	1	\$1,234.73	17.40%
Portsmouth Pblc Schs	1	\$1,775.45	25.20%
Norfolk Pblc Schs	1	\$2,187.96	28.12%
Newport News Pblc Schs	1	\$2,348.34	33.07%
Hampton Pblc Schs	1	\$2,367.82	33.79%
Hopewell Pblc Schs	1	\$2,418.01	31.59%
Danville Pblc Schs	1	\$2,449.34	33.42%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$2,599.89</b>	<b>37.49%</b>
Lynchburg Pblc Schs	1	\$3,078.05	39.97%
Roanoke City Pblc Schs	1	\$3,704.19	50.37%

## State Revenue: Per-Pupil and Total Amount

School Division	Cluster	State Revenue Per Pupil	State % of Total
Roanoke City Pblc Schs	1	\$3,364.32	45.75%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$3,791.19</b>	<b>54.66%</b>
Danville Pblc Schs	1	\$3,880.49	52.94%
Lynchburg Pblc Schs	1	\$3,899.33	50.63%
Newport News Pblc Schs	1	\$3,979.16	56.04%
Hampton Pblc Schs	1	\$4,099.65	58.51%
Hopewell Pblc Schs	1	\$4,264.40	55.70%
Portsmouth Pblc Schs	1	\$4,403.79	62.50%
Norfolk Pblc Schs	1	\$4,435.21	57.00%
Petersburg Pblc Schs	1	\$4,948.60	69.75%

## Federal Revenue: Per-Pupil and Total Amount

School Division	Cluster	Federal Revenue per Pupil	Federal % of Total
Roanoke City Pblc Schs	1	\$285.10	3.88%
Hampton Pblc Schs	1	\$539.43	7.70%
<b>Richmond Pblc Schs</b>	<b>1</b>	<b>\$544.66</b>	<b>7.85%</b>
Lynchburg Pblc Schs	1	\$723.98	9.40%
Newport News Pblc Schs	1	\$773.21	10.89%
Portsmouth Pblc Schs	1	\$867.23	12.31%
Petersburg Pblc Schs	1	\$911.84	12.85%
Hopewell Pblc Schs	1	\$973.01	12.71%
Danville Pblc Schs	1	\$999.97	13.64%
Norfolk Pblc Schs	1	\$1,157.68	14.88%

## **Appendix II: Report Recommendations**

### **Recommendation 1:**

The school board may wish to reaffirm its role and procedures in dealing with operational, disciplinary, and personnel matters within the schools and the central office. This will safeguard its role as final level of appeal and increase accountability for proper operations within the administration. The board may also wish to revisit VSBA-provided training on board governance.

### **Recommendation 2:**

RPS should work to improve its web site and to keep it updated on a daily basis. The division staff responsible for the web site should examine other major school division websites to see what types of content and formatting should be added to the RPS web site. In July RPS released a re-formatted website that improved many of these areas of concern, but not all.

### **Recommendation 3:**

RPS should increase the use of voicemail among division staff. The division should create a clear policy about its use and discipline any staff member who uses voice mail to avoid parents or other members of the public.

### **Recommendation 4:**

All sections within the school division including the special education section working as an inclusive team have the ability to resolve issues and elevate the efficiency of the school division. Project planning, project leadership and accountability, and project management are key factors to the success of a project. The division may wish to consider reviewing the status of the online IEP project and ensure that a project leader has been assigned, timelines developed and other requirements met to ensure the success of the online IEP project.

### **Recommendation 5:**

The board should take immediate action to remove classified employees from the appeals process intended for teachers. The parallel appeals process designed for classified employees is more than adequate to protect the rights of employees without causing endless delays at taxpayer expense. Furthermore, the appeals process for classified employees (section 12.05.9 of the RPS Administrative Procedures) does not require actions by the board on internal non-teacher personnel issues.

### **Recommendation 6:**

The division should implement, within the next two years, a division-wide personnel audit. This audit will match each person with a position and a clear position

description and will examine the role of this position in the support of the educational mission of the division. The division can either use external consultants or a senior management team to conduct this review.

**Recommendation 7:**

If the division and city are not able to afford the cost of implementing the renovation / building schedule in the Plan then they should work together to determine what level of renovation / new construction is affordable. The school division leadership should then submit to the board a list of projects, with associated costs, in priority order. The board should review this priority list, make any changes it deems necessary, and approve a realistic plan so that the division can move forward.

**Recommendation 8:**

The school division may wish to review and analyze the account coding and processing of invoices to ensure accuracy in the classification of expenditures not only in the Superintendent's Annual Report but also in the division's accounting records and financial statements.

**Recommendation 9:**

The school division may wish to analyze the business practice of employing painters and at the same time expending significant dollars for paint contractors.

**Recommendation 10:**

The RPS should strongly consider forming a Rebuild America partnership. The officials from this program estimate that RPS should be able to save as much as 25 percent of utility costs based on the age and condition of some of the schools. A conservative estimate would be savings of 10-20 percent, based on changes to behavior, changes to current settings at the schools, and implementation of suggestions for all the schools including the renovations. Using a very conservative 15% savings assumption, this creates potential annual savings in utility costs of \$754,947 (although Rebuild America suggests the annual savings could reasonable be as high as \$1,258,000.)

**Recommendation 11:**

RPS staff should make a good faith effort to collect as much as possible for lost or damaged textbooks. Students who are unable to pay cannot be compelled to do so. However, students who habitually lose books and are unable to pay should be required to perform public service at the schools as compensation. In the same way that students who damage other school property are made to pay.

**Recommendation 12:**

The Department of Education reports that the Board of Education is considering opening the regulations related to the recovery of lost textbooks so that they can be updated and revised. If the board edits these regulations, then thought should be

given to the value of textbooks lost or damaged statewide on an annual basis and the lack of means that a school division has to deal with this issue. While children who cannot afford a book cannot be made to pay, some options are available that could help solve the problem.

**Recommendation 13:**

The school division may wish to present a summary schedule of all budget funds available including the special funds within the first ten pages of the budget document. Adding an “executive summary” section to the division’s budget document will provide the reader a condensed version of the budget’s content and the major issues of the budget. The intent of an executive summary is to provide the significant issues to the reader. The school division may wish to review as examples the budget formats of the Norfolk City School Budget and the Roanoke County School Budget, both of which use executive summaries, and in which the reader will find a complete breakdown of all funds available to the school division within the first 10 pages.

**Recommendation 14:**

The division should comply with The *Code of Virginia* for requirements for payment of goods and services (2.2-4352. Prompt payment of bills by localities). The division should develop procedures that provide the required information to demonstrate compliance with prompt pay and the division should design and produce reports that track the prompt payment statistics, perhaps on a monthly basis.

Once a tracking mechanism has been implemented the division should report its prompt pay percentage to the Superintendent each month and to the Board on an annual basis. The school division should set a target goal for prompt pay; an example would be to pay 95% of invoices within 30 days of receipt of the good or service.

Once a goal has been established the division should compare its prompt pay percentage to the goal each month and then look for ways to reach that goal. The division should perform an analysis of its current accounts payable processing procedures, identifying problem areas, developing, or revising procedures to improve compliance, designating staff responsibility and accountability for implementing the procedures, and establishing a reasonable timeframe for implementation.

**Recommendation 15:**

RPS should change its accounts payable process so that it is able to pay all of its bills on time. The division should seek to have late payments refunded by the City Public Works office. If the division cannot ensure that its payments will be on time then it



needs to work with its utilities and other creditors to explain the situation and possible have its deadline lengthened or late fees waived.

**Recommendation 16:**

The division may wish to verify and update its tax-exempt status and provide the necessary documentation to its vendors so that the vendors will not include taxes on invoices. Further, the division may wish to provide updated training as to the tax-exempt status of the division to its staff.

**Recommendation 17:**

The division may wish to review its accounting policies and procedures. The division may find it helpful to perform a position audit and perform a functional analysis. A workflow assessment may also provide insight as to the overall organizational structure and demonstrate areas of efficiencies to be obtained through reorganization of the Financial & Operations division.

**Recommendation 18:**

The division may wish to also consider consolidation of certain financial and operational functions with the City of Richmond. The teamwork and relationship between the school division and the city will help eliminate duplicative efforts while augmenting efficiencies and generating the value-added benefits of participating in a joint effort. Joint financial systems are recognized as best practices by the Joint Legislative Audit and Review Commission (JLARC) on its website: [School Division Best Practices for Support Services](#).

**Recommendation 19:**

The school division may wish to follow-up with the city and the website for the Qualified Zone Academy Bonds to help ensure that the Richmond Public Schools has the opportunity to secure additional QZAB funds if and when they are authorized by Congress.

**Recommendation 20:**

The city indicated that its debt policy is based on sound financial management and helps ensure that the city maintains its financial credit rating. While the city should be praised for having a fiscally responsible debt policy, it is important for all parties to understand that policy's impact on RPS. The school division has very large infrastructure improvement needs and these cannot be met with the current level of debt allocated to the school division under the city's policy. Since the school division appears unlikely to receive additional debt authorization, the division's leadership must prioritize what capital projects are most critical.

The school division may wish to further prioritize the recommendations of the Facilities Master Plan and to work jointly with the city to resolve the needs of the school division while meeting the constraints of the city's debt policy and capacity.

**Recommendation 21:**

The Purchasing Division should review the items that DGS suggests might be less expensive to obtain through the state contract and change the source for those items where savings might be obtained. The total possible annual savings if RPS purchased every item possible off state contract is \$18,400, based on 203 purchases. However, RPS should continually review its prices against those available on state contracts.

**Recommendation 22:**

The current Transportation Director has proposed a number of reforms. The Board and Superintendent should work together to encourage change in the way things are done in the transportation department. The phased reforms proposed by the Transportation Director can help solve many of the department's problems, but they will require the support of the school division's leadership to make them reality.

**Recommendation 23:**

Under the new state contract for the purchase of school buses, school divisions are allowed to combine their orders (as long as they are for buses by the same manufacturer) to receive volume discounts in the contract. A group of school divisions in the Tidewater area is currently preparing to combine efforts to place a large volume order through this contract. This volume price break will result in savings of \$2,500 per bus for these school divisions. RPS should explore the option of combining efforts with other Region I members – or any school divisions in Virginia that seek to purchase the same make of school buses that RPS seeks to purchase. In the last three years, RPS purchased 40 new school buses. If purchased in bulk with other Region 1 members, RPS may have yielded savings of \$100,000.

This recommendation could be taken one step further into other related areas such as tire and fuel purchases. The potential savings realized through leveraged buying can be abundant if a concerted effort is made by all school divisions to be willing to combine efforts as one entity when purchasing goods and services.

**Recommendation 24:**

As the report from the Council of Great City Schools recommended in 2003, “the control of the driver payroll and benefit costs, which are the major expenditures in any student transportation system, begins with the effective planning and routing systems in the department.” With each route costing about \$51,599, Mapnet may create savings for the division. Even if only one percent of the routes were eliminated, the division could realize a savings of up to \$103,000. Mapnet can offer

much more than savings, such as pre-budget planning and situation-based scenarios. (See report for full discussion.)

**Recommendation 25:**

The preceding discussion presents two possible ways for the department to control and reduce the excessive bus driver overtime costs it now incurs every year – steps the department director is already undertaking and issuing more 8-hour contracts. The team believes that both of these approaches present reasonable steps that could lead to dramatic reductions in the amount of money expended on bus driver additional time and overtime each year. These combined approaches, if fully implemented and well managed, could result in savings of up to \$1.2 million annually. The team attempted to more precisely quantify the overtime costs that might be eliminated. With key data unavailable to us within the time constraints of this study period, it is impossible to determine how much of the \$1.2 million spent on overtime each year may be avoidable. The division may wish to perform its own ongoing analysis to assess its future performance in this area.

**Recommendation 26:**

RPS could see a reduction in fuel costs if it sought its own fuel contract separate from the city, or partnered with another area school division to purchase fuel in bulk. True fuel savings cannot be achieved with the application of a four percent fuel surcharge.

**Recommendation 27:**

Remove immediately all televisions from bus compound work sites. There is no purpose, necessity, or rationale for watching television on publicly funded time. If deemed appropriate, televisions could be placed in a break room or other non-work area.

## Appendix III: Commendations

### Commendations for Richmond Public Schools

- RPS has adopted an ingenious teacher recruitment strategy that actively uses the talents and resources of the local business, banking, and commerce communities. By attracting the best candidates and matching them with the most appropriate school and principal, RPS has dramatically reduced its first year teacher turnover rate from 25 percent to less than four percent between 1997 and 2003.
- RPS also drastically reduced costs by eliminating the pricey production and printing of teacher recruitment pamphlets and instead uses a more cost-effective CD ROM for the same purposes.
- The IT Division of RPS has done a very good job recently in acquiring new or updated major software packages for very reasonable costs. The IT division staff should be commended for thinking creatively for how to solve problems and acquire useful new software without expending millions of dollars on development costs.
- The Richmond Public School Division is one of a limited number of school divisions that produces an individual Comprehensive Financial Annual Report separate from that of the locality. The school division's CAFR has been awarded Certificates of Achievement for Excellence in Financial Reporting both from the Government Finance Officers Association and the Association of School Business Officials.
- Most importantly, under Superintendent Deborah Jewell-Sherman, the Division has made great strides toward achieving full accreditation for all its schools. This progress should be noted and celebrated. RPS faces many obstacles and challenges that other divisions in the area do not face – but the division is moving forward despite those challenges and not using them as an excuse for failure.
- RPS is to be commended for their impressive improvements in SOL results over the past two years. Along with the improvement in the schools' SOL performance, RPS has experienced a steady decline in its dropout rate. In 1996-97 the RPS dropout rate was 6.5 percent, almost double the statewide rate of 3.5 percent. The Richmond rate has fallen steadily, year by year since then. The rate for 2001-02 was 2.7 percent compared to the state rate of 2.0 percent.

- RPS is to be commended for including SOL results as one of the elements in teacher and principal performance evaluations.
- Richmond taxpayers and policy-makers should be commended in their determination to attract and retain the best teachers in their classrooms. RPS compares favorably to its neighbors and peers when measuring 2001 average teacher salary and county per capita income.
- RPS is to be commended for scanning and digitizing so many paper records. This process has saved the division money on paper, freed up floor space in City Hall, and improved the efficiency of some HR processes. Other school divisions that are struggling with thousands of paper records should consider RPS' process as a best practice to emulate.
- The Richmond Public School Division is to be commended for adopting a computerized technology that will strengthen management of the maintenance function and provide the data needed to adjust staff and processes, as needed.
- The Richmond Public School Division is are to be commended for fostering a clean and orderly school environment and securing a well-trained custodial staff.
- The Richmond Public Schools Purchasing Division does an excellent job obtaining materials and supplies at low costs. RPS should be commended for ensuring that the most common items purchased are at a low cost, thus saving money for other essential areas.