

At the Crossroads: Richmond Public School System Funding and Facilities

Presented to:

The Honorable L. Douglas Wilder

Prepared by:

John Gerner, City Administration's Consultant for School System Funding

March 7, 2007

Table of Contents

1 OPERATING EFFICIENCY	1
1.1 Background	1
1.2 Efficiency-Related Recommendations by Others	3
1.3 Additional Recommendations	3
2 SCHOOL FACILITIES	5
2.1 Background	5
2.2 Facility-Related Recommendations by Others	6
2.3 Additional Recommendations	6
3 CONCLUSIONS	7
APPENDIX A - CAPACITY ANALYSIS	8
APPENDIX B - CITY OF THE FUTURE SCHOOLS (JUNE 2006)	10

At the Crossroads: Richmond Public School System Funding and Facilities

This report begins and ends with Richmond's children. Although the focus is on financial resources and facility needs, the underlying goal is to provide City public school students a better future. The Education Advisory Committee concurred with this approach in their June 2006 report when they wrote that *"long-term improvement of the system requires a willingness to tackle a set of significant problems that have evolved over time and inhibit allocating resources and energy in a way that can best benefit the students."*

Investment, efficiency, and accountability are more than just words. These are tools that can greatly improve a child's future prospects in an increasingly more demanding marketplace. Words cannot replace dollars, and ultimately those that don't manage it well must answer the disappointment on a child's face. This is the challenge we face.

1 Operating Efficiency

The first subject is operating spending by the school system, which has been examined in many evaluations in recent years.

1.1 Background

The Education Advisory Committee reported last year that *"in a review of numerous state and local documents as well as through interviews of school and government personnel, the committee believes that the Richmond Public Schools (RPS) can operate far more efficiently than it currently does. Total spending per student in the Richmond Public Schools is approximately \$3,000 per student above the state average, or about \$71 million more per year than the statewide average. More importantly, it seems that two-thirds of the City's excess in expenditures is not directly related to classroom instruction."*

Richmond's City Auditor reported in February 2007 that Richmond Public Schools *"spent more resources to educate fewer pupils. Auditors found that RPS has used almost 33% (RPS \$12,201/ pupil, Commonwealth of Virginia average \$9,202/pupil) more resources in FY2005 to educate each student compared to the Commonwealth of Virginia's average. This means that RPS spent over \$70 million (\$2,999 x 23,384 students) more than the average amount spent by other Virginia school divisions for day school operations. RPS had the highest cost per pupil compared to its peers (the school divisions considered comparable by RPS)... It should be noted that per pupil costs in the peer group were consistent with that of the Commonwealth's average. However, RPS'*

costs were noticeably higher than comparable schools. In addition, RPS' per-pupil cost grew 26% compared to a 20% increase in its peer group. The higher cost per pupil is one of the concerns expressed by the Richmond City Council."

Although it was limited in scope, the City Auditor's report concluded that between \$16 and \$20 million could be saved annually if the school system spent funds in a more efficient and effective manner. Key spending categories were not included. Therefore, total potential annual savings likely lies between this range and the \$70 million amount noted above.

The first operating category not evaluated was central administration. Page 38 notes that *"other school districts are more efficient in using the administrative positions. If RPS could achieve their efficiencies by adjusting the number of positions in this category in the proportion of the positions employed by the other school divisions, it has the opportunity to reduce between 35 and 282 (positions)."* Only this range is provided, thus the potential savings in dollars is not estimated. Page 39 and 40 note that *"auditors requested that RPS analyze its clerical staff physically located at the schools against the Standards of Quality (SOQ) requirements... The analysis for just one job function resulted in large savings opportunities. RPS had a total of 648 administrative positions during FY2005. Therefore, a comprehensive study of all administrative positions could identify significantly more savings."*

The second key operating category not included in the recent City Auditor's report was teachers. Instructional staff is the single largest line item in the proposed school budget. The table on page 32 applies the State's Standards of Quality ratios to various school positions. No numbers are provided for teachers, only asterisks. The second footnote involves secondary school teachers and notes that *"RPS determined that it was overstaffed in comparison to the SOQ. However, auditors excluded teachers from this analysis in order to focus on non-teacher instructional positions."* No number or range is provided for how "overstaffed" Richmond's secondary schools are concerning its teachers. The Mayor's Education Advisory Committee pointed out that Richmond's pupil-to-teacher ratios for secondary schools are currently much lower than comparable standards.

The City Auditor's report also discussed past efforts to deal with ineffective spending. Page 3 notes that *"the inefficiencies and control weaknesses identified during this audit were either not identified previously by RPS Internal Audit function or the School Administration did not address these issues."* Page 23 notes that *"overall management of the School Division needs improvement. Several opportunities for cost containment and efficiency improvements were identified in the past. These opportunities were not pursued to the fullest extent to materialize the benefit."*

In February 2007, City Administration announced that it will embark upon conducting an independent, external audit of school system operations. This new evaluation will include the spending categories not included in the City Auditor's report. The City also notified the school system that funding would be made on a monthly basis rather than a quarterly distribution and asked the school administration to provide additional information at the time monthly funding requests are made. This will improve the City Administration's ability to determine that Richmond Public Schools is effectively spending local funds and should document progress towards accomplishing operational efficiencies as recommended by the City Auditor and requested by City Council.

1.2 Efficiency-Related Recommendations by Others

The Education Advisory Committee concluded in its June 2006 report that *"by reforming fiscal and administrative practices, RPS can save money and use it to improve facilities and directly impact the services provided to its students."* It recommended that:

- *"The City Administration should work with RPS to consolidate duplicated services immediately, especially in areas such as health services, security, information technology, procurement, centralized accounting, maintenance, school nurses, and custodial services."* This has not yet been done.
- *"The City Administration should be able to identify savings that can be realized through procurement reform and general business practices."* The February 2007 City Auditor's report identified savings in selected operating categories.
- *"Engage an independent firm to conduct a transaction audit and management review of the school division budget with reports submitted to the School Board, City Council, Mayor, and Superintendent. The study should focus on the use of school division resources."* The City of Richmond is currently in the process of engaging an independent firm to conduct a financial efficiency review of the school system, particularly those operating categories not examined in the City Auditor's report.

1.3 Additional Recommendations

In addition to the recommendations above, the following short-term options should also be considered. These layperson suggestions are contingent on accounting and legal standards that would allow them to be implemented.

The following recommendations are based on the urgent need to decisively address school spending issues now. A goal without a deadline is just a discussion. To continue to delay, given our current knowledge, would only reward procrastination.

- City Administration should significantly reduce the proposed operating category amounts in the upcoming Fiscal Year 2008 school system budget compared to last year. These major operating classifications are: 1) instruction; 2) administration, attendance and health; 3) pupil transportation; and 4) operation and maintenance. The proposed amounts should be based on reasonable objective standards, such as the per-pupil amounts spent by peer school districts.
- Conversely, funding should be increased in the "Debt and Fund Transfers" classification and placed in a capital reserve account. These funds could be used for targeted short-term capital improvement projects, such as repairing schools or ADA compliance. These funds could also be used towards long-term debt payments for future major capital improvement projects, such as renovating and building schools. Safeguards should be implemented to ensure these funds are only used for capital improvement or debt service, and could not be used for operating expenses.
- The total proposed budgeted amount from the City (combining operating and debt service-related categories) should approximately equal that provided by the City of Richmond during the last fiscal last year.
- During the budget review process, the specific amounts allocated for the major classifications could be adjusted. Any change, however, should be based on a "prove it or move it" approach. If one can't prove more money is needed in an operating spending category, then move it to the debt-service related category where it can be used for capital improvements and better serve Richmond's children. The recent City Auditor's report (plus possible additional examinations) and the upcoming independent evaluation of other spending categories will provide objective and impartial resources during the budget review period.
- After the budget review process is completed, all changes (if any) to the original amounts budgeted for each of the major classifications would be thoroughly documented. The reasons given for changes and the supporting analysis justifying these changes would be detailed. This report would be provided to the Mayor after City Council approves its school budget funding ordinance.
- If and when the school budget is finally approved by both City Council and the Mayor, the amount ultimately allocated for new debt service and capital improvement within the "Debt and Fund Transfers" classification could be matched by an equal amount in a supplemental funding ordinance, up to approximately \$4 million. This is the estimated amount of inflation for last year's school budget funding by the City of Richmond.

Although difficult, decisive action is now necessary. Richmond is not alone. One only has to turn to nearby Petersburg, which has a much smaller school system. The Times-Dispatch reported on January 18th of this year that "*Acting Schools Superintendent Edwin M. Betts Jr. is recommending that most suggestions of an efficiency review to*

save the system \$19 million over five years be implemented... As part of an agreement with the Virginia Board of Education, Petersburg must complete 40 percent of the recommendations by next January..." The news article also noted this observation by school board member Elsie R. Jarmon: "We are looking at how we can best benefit our children, not so much what we are not giving our children, but what we can give them if we are frugal in other ways."

We can take comfort that Richmond's public school system has risen to the challenge before in other ways. Two years ago, Richmond school officials signed an agreement with the Virginia Board of Education to implement a plan for improving academic performance. At that time, Superintendent Jewell-Sherman said "I've not waited until I was mandated to find solutions." This month, the school district was released from this review process after successfully implementing a corrective action plan. As the Superintendent said last week, "We, as a school division, don't believe that failure is an option for us." A similar proactive stance is now urgently needed concerning school funding and facilities. What needs to occur during the next eight weeks is now more pressing than what can occur during the next eight years until 2015.

2 School Facilities

The next subject involves Richmond's school facilities, and the need to reduce current excess capacity and provide significant future capital improvements.

2.1 Background

BCWH Architects and DeJong & Associates presented the Richmond City Public Schools Facility Master Plan in October 2002. It concluded that "*Many of the buildings have more square footage than needed for the enrollment in their schools and this plan needs to address efficiencies of school sizes as well as condition of facilities.*" This excess capacity is primarily due to decreasing student enrollment, which is expected to continue in the future.

Many of the school consolidation recommendations in the 2002 Facility Master Plan did not require a new school be built beforehand. If these recommendations were implemented, excess student capacity could be reduced by more than 3,000 or about 12% of total current capacity. Total building space would be reduced more than half a million square feet, or more than the size of two Wal-Mart Supercenters combined. This is about 11% of current total space. It is in addition to those schools that have previously been closed. There would still be about 3% excess capacity afterwards for Richmond's declining enrollment, with some excess capacity in each of the major categories (elementary, middle, and high school programs). About 12 buildings in total could be closed. School size and capacity is listed in Appendix A.

The school system's initial response was made on June, 19, 2006 in its "Update on the 15 Schools for the City of the Future Plan." It notes a number of schools that could be closed and consolidated. This list (shown in Appendix B) has been updated since then, but no specific timetable has yet been given.

Four schools are currently being considered, two of which are very small and one of which had already been previously closed. The combined size for those that had not been previously closed is approximately 75,000 square feet. This is only 15%, or about one-seventh, of the potential half-million square feet quantified above.

The recent City Auditor's report also did not include an evaluation of the number of schools needed. Page 23 notes that *"the number of facilities was not addressed in this audit as at the time of the audit, the City Administration was working with RPS to consolidate facilities."*

2.2 Facility-Related Recommendations by Others

The Education Advisory Committee concluded in its June 2006 report that *"capital improvement planning is critical to establishing a rationale for allocating public resources, ensuring accountability, and instilling hope for a better future to those families served by RPS."*

According to this committee, *"the Richmond Public Schools should identify each school that should be closed due to inadequate facilities or declining enrollments and create a plan for closings to include attendance zones and timelines. These recommendations should be included in the 2007-08 budgetary submission."* These have not yet been approved by the School Board.

2.3 Additional Recommendations

In addition to the above, the following short-term options should also be considered.

- The first step is for the school system to reduce excess school capacity; otherwise, capital improvement spending for new and renovated schools will simply magnify the current inefficiencies. This consolidation effort needs to be substantial and needs to occur this year so that the anticipated savings from this consolidation can begin to be invested in this budget cycle.
- Once this has been done, capital improvement spending for additional new and renovated schools should be placed in the capital improvement plan. The initial capital improvement efforts should focus on renovations needed to accommodate this short-term school consolidation. Most of the new and renovated schools proposed last year as part of the City of the Future plan are currently being set aside due to inaction by School Administration and the School Board.

- In addition to the renovations and new schools recommended by the School Board, the school system should consider expanding more elementary schools into K–8 schools. Research has shown this effort to be extensively successful elsewhere, often with higher student achievement and less developmental stress. Adding grades 6 to 8 to existing elementary schools would allow Richmond parents to keep their children in their familiar neighborhood schools for three additional years. In the Salt Lake City School District, parents at each local elementary school were recently allowed to decide if their school would expand to a K-8 program. These additional grades are often contained in a separate wing of the school, with additional recreational facilities provided. The City could financially encourage this effort, which should help strengthen neighborhood schools and increase public school student retention beyond the fifth grade.

3 Conclusions

We have the process in place to accomplish what needs to be done. Our goal should not be more or less spending for the Richmond school system. Our goal should be better spending. The school system is entitled to what it needs, and it needs what it can efficiently spend to benefit Richmond’s children. Let’s work together now to do what needs to be done for their sake.

Appendix A – Capacity Analysis

Present School Name	Building Size (sq. ft.)	2002 Program Capacity	Number of Students Attending	Excess Capacity
<i>Elementary Schools:</i>				
Bellevue	55,623	396	318	78
Blackwell + Annex	120,763	1,056	584	472
Broad Rock	43,279	330	337	-7
Carver	100,000	946	487	459
Cary	46,711	374	325	49
Chimborazo	75,370	572	548	24
Clark Springs	50,376	308	192	116
Fairfield Court	44,398	440	402	38
Fisher	44,222	396	426	-30
Fox	58,260	330	445	-115
Francis	56,954	462	552	-90
George Mason	67,048	528	385	143
Ginter Park + Annex	107,878	616	512	104
Greene	41,490	330	471	-141
Holton	80,548	594	503	91
Maymont	35,959	286	182	104
Miles Jones	80,548	594	502	92
Munford	64,468	462	514	-52
Norrell + Annex	60,742	462	219	243
Oak Grove + Annex	70,141	484	428	56
Overby-Sheppard	49,300	418	395	23
Patrick Henry	44,725	396	---	---
Redd	74,471	374	489	-115
Reid	64,964	594	601	-7
Southampton	56,521	506	427	79
Stuart	44,408	396	345	51
Summer Hill + Ruffin	48,672	418	492	-74
Swansboro	48,183	285	370	-85
Westover Hills	50,008	352	397	-45
Woodville	76,928	594	588	6
Subtotal	1,862,958	14,299	12,436	1,467

Present School Name	Building Size (sq. ft.)	2002 Program Capacity	Number of Students Attending	Excess Capacity
<i>Middle Schools:</i>				
Binford	98,013	572	540	32
Boushall	128,530	770	621	149
Brown	129,775	682	680	2
Chandler	110,638	550	437	113
Elkhardt	91,575	594	522	72
Henderson	188,131	990	529	461
Hill	81,152	638	464	174
King	201,042	1,078	696	382
Thompson	108,364	770	589	181
Subtotal	1,137,220	6,644	5,078	1,566
<i>High / Other Schools:</i>				
ACDC	80,643	---	425	---
Amelia Street	33,908	---	60	---
Armstrong	237,532	1,197	1,113	84
CCP - Baker Street Bldg	60,781	---	335	---
Huguenot	175,245	1,085	1,290	-205
Jefferson	179,993	1,234	825	409
Marshall	230,994	1,216	988	228
Minnis / Franklin Military	95,017	506	195	311
Open	18,699	168	170	-2
REAL	8,986	40	14	26
Richmond Community	62,210	505	220	285
Technical Center - North	49,939	---	---	---
Technical Center - South	187,425	---	---	---
Thirteen Acres	5,000	30	16	14
Wythe	243,114	1,272	1,139	133
Subtotal	1,669,486	7,253	6,790	1,283
TOTAL	4,669,664	28,196	24,304	4,316

Appendix B – Possible additions and/or changes to RPS CIP Budget 2007/11 City of the Future Schools (June 2006)

The current CIP Budget has eleven (11) schools identified for replacement or major renovation. The following possibilities for changes in those schools or additions to those schools were discussed by the Facilities Committee on May 9, 2006; June 1, 2006; and June 9, 2006. The potential chain of events is listed after each school as possibilities in an effort to reduce the number of schools RPS operates and thus reduce the per pupil cost in accordance with direction from the Mayor and the Educational Advisory Committee, appointed by the Mayor. The recommendations listed below identify 14 of the 15 schools in the City of the Future Plan. The CIP Budget currently identifies additional schools for renovation that would make up the extra one. The City of the Future Plan Stand-Up Committee timeline calls for identification of the 15 schools by the end of July.

- 1) Build a new elementary school in the Fulton area to serve population growth in the area and the students currently attending Bellevue and some from Chimbarazo.
 - a) Fulton ES would be built to accommodate approx. 950 students K-8.
 - b) Bellevue would be closed and become surplus to the City of Richmond
- 2) Close Maymont ES and tear it down.
 - a) Students from Maymont would be rezoned to Clark Springs ES and Cary ES.
- 3) Build new middle school large enough to accommodate students from Binford MS and Albert Hill MS on the Maymont site.
 - a) Binford would be closed and become surplus to the City.
 - b) Albert Hill would be closed and would be renovated to house both Open HS program and Richmond Community HS program.
- 4) Build a new middle school on site at Elkhardt (Note 1)
 - a) New Elkhardt school would be large enough to accommodate current Elkhardt population, some of the students from Brown MS district and all of Boushall students
 - b) Boushall MS would be renovated as necessary and become an elementary school to accommodate growth in Southside.
- 5) Build new Broad Rock ES on site large enough to accommodate current Broad Rock and Summer Hill ES students and allow for some potential growth.
- 6) Build new Green ES on site (?) large enough to accommodate current Green and Francis students and allow for some potential growth. (Note 2)

- 7) Build new elementary school to accommodate students from Norrell, Stuart and Overby Sheppard at Overby Sheppard or other site.
- 8) Renovate MLK MS to accommodate K-8.
- 9) Build new George Mason on site to accommodate Mason and remainder of Chimborazo and some MLK. School would be K-8.
- 10) Build new Woodville on site to accommodate Woodville and Fairfield. School would be K-8.
- 11) Build addition onto Holton (preferred site) to accommodate students from Thirteen Acres School.
- 12) Build addition onto Amelia Street to accommodate REAL School program.
- 13) Build new Huguenot HS on site with new specialty program
- 14) Major renovation to Oak Grove to accommodate programs in Bellemeade building.

Note 1: Item 4 is still being discussed.

Note 2: Item 6 is still being discussed in terms of space on site to build new Green ES.

Note 3: Discussion is to continue on Thompson MS in terms of renovate or replace at next meeting on June 16.

The above actions would allow for permanent closing of the following schools and transferring them to the City as surplus for sale/development. Total of 17 older facilities closed.

Bellevue Elementary School
 Maymont Elementary School
 Binford Middle School
 Summer Hill Elementary School
 Francis Elementary School
 Bellemeade
 Norrell
 Overby Sheppard
 Stuart
 George Mason
 Chimborazo
 Woodville
 Fairfield
 Thirteen Acres School
 REAL School
 Open High School
 Richmond Community High School (Westhampton Building)

Source: City of Richmond News Release, June 16, 2006.