

1.0 INTRODUCTION

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In September 2005, the Commonwealth of Virginia contracted with MGT of America, Inc., to conduct a School Division Efficiency Review of Bath County Public Schools (BCPS). The review focused on the financial, organizational, and operational effectiveness of Bath County Public Schools. Exhibit 1-1 shows an overview of MGT's work plan and Exhibit 1-2 provides the timeline for the project activities.

1.1 Overview of Bath County Public Schools

Bath County is rural and sparsely populated. More than 50 percent of the land in Bath County is designated as George Washington National Forest, and thus unavailable for development. Bath County offers a wide variety of activities for nature lovers and outdoor sports enthusiasts.

Bath County Public Schools is a small, rural school division located in the mountains of western Virginia - west of Staunton and north of Roanoke. It is the mission of BCPS to meet the educational needs of the diverse student population with the highest standards possible and to be the schools of choice for Bath County citizens. The division consists of one high school and two elementary schools and has approximately 100 instructional staff. The schools offer a wide range of academic programs and athletic/extracurricular activities to less than 800 students. Overall, school facilities are well maintained and provide a safe teaching and learning environment. All schools remain fully accredited. Each school and the division has met adequate yearly progress (AYP) for the past three years, in compliance with the requirements of No Child Left Behind.

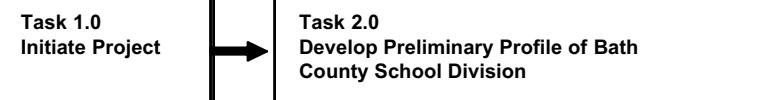
1.2 Methodology

The methodology MGT used to prepare for and conduct the Bath County Public Schools Efficiency Review is described in this section. Throughout our practice we have discovered that to be successful, an efficiency review of a school division must:

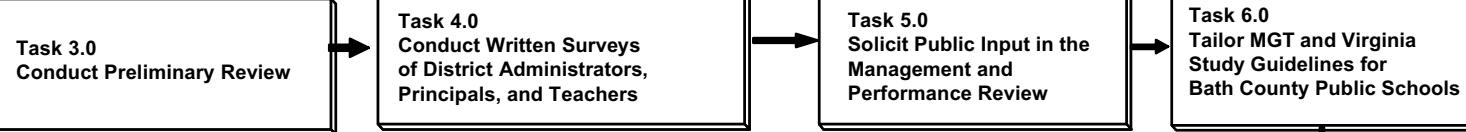
- be based upon a very detailed work plan and time schedule;
- specifically take into account the unique student body and environment within which the school division operates;
- obtain input from board members, administrators, staff, and the community;
- identify the existence, appropriateness, and use of specific educational objectives;
- contain comparisons to other similar school divisions to provide a reference point;

EXHIBIT 1-1
OVERVIEW OF THE WORK PLAN FOR THE EFFICIENCY REVIEW
OF BATH COUNTY PUBLIC SCHOOLS

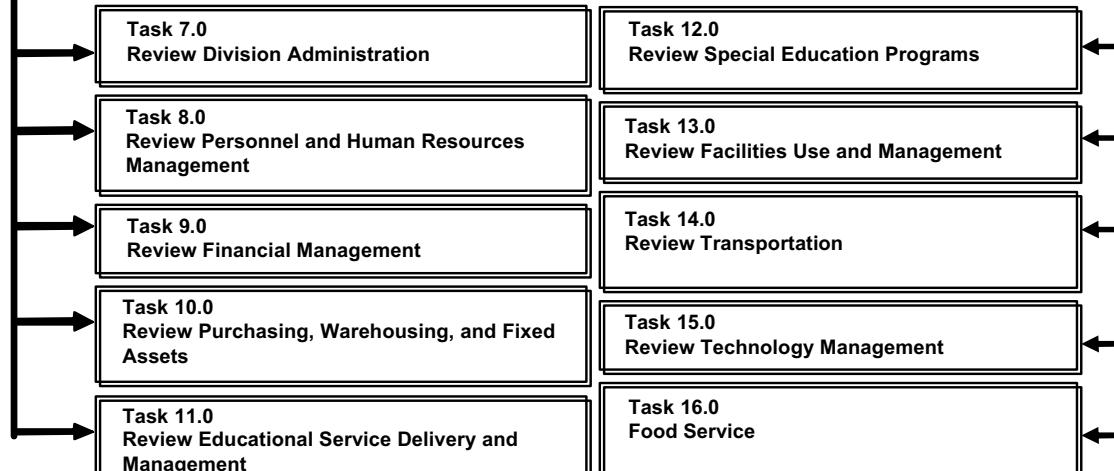
PHASE I - PROJECT INITIATION



PHASE II - STAKEHOLDER INVOLVEMENT AND DIAGNOSTIC REVIEW



PHASE III - IN-DEPTH EFFICIENCY STUDY



**PHASE V -
PROJECT REPORTING**



**PHASE IV -
COMPARISON TO OTHER
SCHOOL DIVISIONS**



EXHIBIT 1-2
TIMELINE FOR THE EFFICIENCY REVIEW OF
BATH COUNTY PUBLIC SCHOOLS

TIME FRAME	ACTIVITY
September 2005	<ul style="list-style-type: none">■ Finalized contract with the Commonwealth of Virginia.■ Designed tailor-made, written surveys for central office administrators, principals, and teachers.
January 2006	Conducted on-line surveys for administrators and teachers.
March 2006	<ul style="list-style-type: none">■ Collected and analyzed existing and comparative data available from the school division.■ Produced profile tables of Bath County Public Schools.
April 4-5, 2006	Visited with Bath County Public Schools. <ul style="list-style-type: none">■ Conducted diagnostic review.■ Collected data.■ Interviewed school board members and county officials.■ Interviewed central office administrators.■ Interviewed business and community leaders.
April 2006	Analyzed data and information which were collected.
April 2006	Tailored review guidelines and trained MGT team members using findings from the above analyses.
April 17-21, 2006	Conducted formal on-site review, including school visits.
May 2006	Requested additional data from the school division and analyzed data.
May 2006	Prepared Draft Final Report.
June 2006	Submitted Draft Final Report.
June 2006	Sought division feedback on Draft Final Report.
June 2006	Made changes to the Draft Final Report.
June 2006	Submitted Final Report.

- follow a common set of guidelines tailored specifically to the division being reviewed;
- include analyses of the efficiency of work practices;
- identify the level and effectiveness of externally imposed work tasks and procedures;
- identify both exemplary programs and practices as well as needed improvements;
- document all findings; and
- present straightforward and practical recommendations for improvements.

With this in mind, our methodology primarily involved a focused use of Virginia review guidelines as well as MGT's audit guidelines following the analysis of both existing data and new information obtained through various means of employee input. Each of the strategies we used is described below.

Review of Existing Records and Data Sources

During the period between project initiation and beginning our on-site review, we simultaneously conducted many activities. Among these activities were the identification and collection of existing reports and data sources that provided us with recent information related to the various administrative functions and operations we would review in Bath County Public Schools.

More than 100 documents were requested from BCPS. Examples of materials MGT requested included, but were not limited, to the following:

- school board policies and administrative procedures;
- organizational charts;
- program and compliance reports;
- technology plan;
- annual performance reports;
- independent financial audits;
- plans for curriculum and instruction;
- annual budget and expenditure reports;
- job descriptions;
- salary schedules; and
- personnel handbooks.

Data were analyzed from each of these sources and the information was used as a starting point for collecting additional data during our on-site visit.

Diagnostic Review

A diagnostic review of Bath County Public Schools was conducted on April 3 through 5, 2006. An MGT consultant interviewed central office administrators, community leaders,

school board members, and county board of supervisors concerning the management and operations of Bath County Public Schools.

Employee Surveys

To secure the involvement of central office administrators, principals/assistant principals, and teachers in the focus and scope of the efficiency review, two on-line surveys were prepared and conducted in January 2006. Central office administrators and principals/assistant principals were combined due to the low number of staff in each group. Through the use of anonymous surveys, division staff were given the opportunity to express their views about the management and operations of Bath County Public Schools. These surveys were similar in format and content to provide a database for determining how the opinions and perceptions of central office administrators, principals/assistant principals, and teachers vary.

BCPS staff were given from January 23, 2006 through February 13, 2006 to respond. The BCPS response rates for the surveys were good. Sixty-seven (67) percent of the administrator group returned a survey as did 71 percent of teachers. MGT compared all survey responses between the two employee groups and compared all BCPS administrators and teachers to those in the more than 30 districts where MGT has conducted similar surveys.

Complete survey results are found in Appendix A. Specific survey items pertinent to findings in the functional areas MGT reviewed are presented within each chapter.

Conducting the Formal On-Site Review

A team of nine consultants conducted the formal on-site review of Bath County Public Schools during the week of April 17, 2006. As part of our on-site review, we examined the following BCPS systems and operations:

- Division Administration
- Personnel and Human Resources Management
- Financial Management
- Purchasing, Warehousing, and Fixed Assets
- Education Service Delivery and Management
- Facilities Use and Management
- Transportation
- Technology Management
- Food Services

Prior to the on-site review, each team member was provided with an extensive set of information about BCPS operations. During the on-site work, team members conducted detailed reviews of the structure and operations of Bath County Public Schools in their assigned functional areas. All BCPS schools were visited at least once, and each of the three schools were visited more than once.

Our systematic assessment of Bath County Public Schools included the use of MGT's *Guidelines for Conducting Management and Performance Audits of School Districts*. In addition, the Commonwealth of Virginia school efficiency review guidelines were used. Following our collection and analysis of existing data and new information, we tailored

our guidelines to reflect local policies and administrative procedures; the unique conditions of Bath County Public Schools, and the input of administrators in the school division. Our on-site review included meetings with appropriate central office and school-level staff as well as Bath County officials, and reviews of documentation provided by these individuals.

1.3 Comparisons to Other School Divisions

To effectively facilitate ongoing, systemic improvement and to overcome the continual challenges of a changing environmental and fiscal landscape, a school division must have a clear understanding of the status of its internal systems and processes. One way to achieve this understanding is to compare the operations of one school division to others with similar characteristics. MGT has found that such comparisons with other school divisions yield valuable insights and often form a basis for determining efficient and effective practices for a school division interested in making improvements. For these comparisons to be meaningful, however, the comparison school divisions must be chosen carefully. Ideally, a school division should be compared with others that are not only similar in size and demographics, but also similar in operations and funding.

The practice of benchmarking is often used to make such comparisons between and among school divisions. Benchmarking refers to the use of commonly held organizational characteristics in making concrete statistical or descriptive comparisons of organizational systems and processes. It is also a performance measurement tool used in conjunction with improvement initiatives to measure comparative operating performance and identify best practices.

With this in mind, MGT initiated a benchmarking comparison of the Bath County Public Schools to provide a common foundation from which to compare systems and processes within the school division with those of other similar systems. It is important for readers to keep in mind that when comparisons are made across more than one division, the data are not as reliable, as different school divisions have different operational definitions and self-reported data by peer school divisions can be non-comparable.

The Virginia Department of Education has developed a cluster code to identify similar school divisions for comparison purposes. Cluster identifiers were created by using data including, but not limited to the cost per student for each major area, major drivers of costs, and ranking of costs. Bath County Public Schools is identified in Cluster 2. For that reason, MGT in conjunction with the Governor's Office and the BCPS leadership, selected a set of school divisions from Cluster two to try to capture the characteristics of comparable county school divisions. The Virginia public school divisions chosen for comparison were:

- Bland County Public Schools Division;
- Craig County Public Schools Division;
- Mathews County Public Schools Division;
- Rappahannock County Public Schools Division;
- Richmond County Public Schools Division; and,
- Surry County Public Schools Division.

Exhibit 1-3 illustrates how the comparison school divisions compare to the Bath County Public Schools in terms of enrollment, number of schools, and percent of students that are economically disadvantaged. As can be seen:

- BCPS (788) has 231 fewer students than the peer division average student population of 1,019;
- With 158 students per 1,000 people in the general population, BCPS has the second-highest student to general population ratio compared to the peer divisions;
- BCPS's percent of economically disadvantaged students (31.7%) is slightly lower than the peer division average (34.0%); and,
- BCPS has the average number of schools among the school divisions.

EXHIBIT 1-3
OVERVIEW OF PEER PUBLIC SCHOOL DIVISIONS
2004-05 SCHOOL YEAR

SCHOOL DIVISION	CLUSTER IDENTIFICATION	TOTAL STUDENT POPULATION	STUDENT POPULATION PER 1,000 GENERAL POPULATION	PERCENT ECONOMICALLY DISADVANTAGED	TOTAL NUMBER OF SCHOOLS
Bath County	2	788	158	31.7	3
Bland County	2	919	131	32.3	4
Craig County	2	713	139	27.6	2
Mathews County	2	1,298	141	23.4	3
Rappahannock County	2	1,041	145	13.7	2
Richmond County	2	1,230	137	56.8	3
Surry County	2	1,142	167	52.3	3
Division Average	N/A	1,019	145	34.0	3

Source: Virginia Department of Education, Web site, 2006,
United States Census Bureau, 2000 Census Data,
www.schoolmatters.com.

Exhibit 1-4 offers a comparison of classroom teachers per 1,000 students among the comparison school divisions. As shown in the exhibit:

- at 107.77, BCPS has the second-highest number of teachers per 1,000 students of its peer divisions;
- in grades K through 7, BCPS has a ratio of 9.9 students per classroom teaching position, which is lower than the peer divisions average (11.36); and
- in grades 8 through 12, BCPS has a ratio of 8.4 students per classroom teaching position, the lowest of all the peer divisions.

EXHIBIT 1-4
TEACHER STAFFING LEVELS AND PUPIL: TEACHER RATIOS
PEER SCHOOL DIVISIONS
2003-04 SCHOOL YEAR

SCHOOL DIVISION	TOTAL TEACHERS PER 1,000 STUDENTS	RATIO OF PUPILS TO CLASSROOM TEACHING POSITIONS FOR GRADES K-7**	RATIO OF PUPILS TO CLASSROOM TEACHING POSITIONS FOR GRADES 8-12
Bath County	107.77	9.9	8.4
Bland County	88.75	11.7	10.6
Craig County	87.34	11.9	10.8
Mathews County	81.80	12.4	12.0
Rappahannock County	88.39	12.2	10.3
Richmond County	75.98	13.2	13.1
Surry County	110.30	8.2	10.7
Division Average	91.48	11.36	10.84

Source: 2003 *Superintendent's Annual Report for Virginia*, Virginia Department of Education, Web site, 2006.

*Ratios based on End-of-Year enrollments.

**Pupil/teacher ratios for elementary and secondary may vary because of the reporting of teaching positions for middle school grades 6 - 8.

Exhibit 1-5 displays revenue percentages by federal, state, local, and other funding sources. As is shown, BCPS received:

- a lower percentage of its funds, 11.57 percent, from state sources than the peer division average of 31.04 percent;
- the second highest percentage of funds from local sources, 72.83 percent, compared to the peer divisions, and was higher than the peer division average of 51.31 percent; and
- a slightly higher percentage of federal funds than the division average, 7.49 percent compared to the average of 7.24 percent.

EXHIBIT 1-5
RECEIPTS BY FUND SOURCE
PEER SCHOOL DIVISIONS
2004 FISCAL YEAR

SCHOOL DIVISION	SALES AND USE TAX	STATE FUNDS	FEDERAL FUNDS	LOCAL FUNDS	OTHER FUNDS	LOANS, BONDS, ETC.
Bath County	5.99%	11.57%	7.49%	72.83%	2.12%	0.00%
Bland County	7.64%	53.04%	7.78%	24.05%	7.35%	0.14%
Craig County	9.35%	44.79%	9.04%	32.20%	4.62%	0.00%
Mathews County	8.18%	34.88%	6.95%	49.46%	0.53%	0.00%
Rappahannock County	8.92%	18.17%	5.28%	63.56%	4.07%	0.00%
Richmond County	8.51%	44.30%	7.99%	38.97%	0.23%	0.00%
Surry County	4.97%	10.53%	6.11%	78.07%	0.32%	0.00%
Division Average	7.65%	31.04%	7.24%	51.31%	2.75%	0.02%

Source: 2004 *Superintendent's Annual Report for Virginia*, Virginia Department of Education, Web site, 2006.

Exhibit 1-6 displays the operating and administrative disbursements per pupil for a regular school day. As is shown:

- On regular operating-related items, BCPS spent \$7,415 per student, which was more than the peer division average of \$6,234, and the second-highest of the comparison divisions.
- On administration-related items, BCPS spent \$323 per student, which was less than the peer division average of \$350.

EXHIBIT 1-6
DISBURSEMENTS PER PUPIL FOR
INSTRUCTION AND ADMINISTRATION
PEER SCHOOL DIVISIONS
2004 FISCAL YEAR

SCHOOL DIVISION	INSTRUCTION PER PUPIL ¹	ADMINISTRATION PER PUPIL ²
Bath County	\$7,414.67	\$323.13
Bland County	\$5,414.79	\$341.98
Craig County	\$5,642.21	\$279.17
Mathews County	\$5,205.47	\$224.48
Rappahannock County	\$6,529.18	\$390.94
Richmond County	\$5,331.99	\$310.49
Surry County	\$8,102.18	\$584.20
Division Average	\$6,234.35	\$350.63

Source: *2004 Superintendent's Annual Report for Virginia*, Virginia Department of Education, Web site, 2006.

¹ Represents expenditures for classroom instruction, guidance services, social work services, homebound instruction, improvement of instruction, media services, and office of the principal. This column does not include expenditures for technology instruction, summer school, or adult education, which are reported in separate columns within this table. This column also excludes local tuition revenues received for divisions 001 - 207, and prorates the deduction of these revenues across administration, instruction, attendance and health, pupil transportation, and operations and maintenance categories. Local tuition is reported in the expenditures of the school division paying tuition.

² Represents expenditures for activities related to establishing and administering policy for division operations including board services, executive administration, information services, personnel, planning services, fiscal services, purchasing, and reprographics.

1.4 Overview of Final Report

MGT's final report is organized into 10 chapters. Chapters 2 through 9 present the results of the School Division Efficiency Review of Bath County Public Schools. Findings, commendations, and recommendations are presented for each of the operational areas of the school division which we were required to review. In each chapter, we analyze each function within the school division based on the current organizational structure. The following data on each component are included:

- description of the current situation in Bath County Public Schools;
- a summary of our study findings;

- findings from report and data sources which we obtained
- a summary of our on-site findings;
- MGT's commendations and recommendations for each finding;
- implementation strategies and a completion timeline for each recommendation; and
- a five-year fiscal impact for recommended costs or cost savings.

We conclude this report with a summary of the fiscal impact of our study recommendations in Chapter 10.