

Lee District Budget Advisory Group's  
Report for Supervisor Jeff C. McKay

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## **Fairfax County FY 2015 Budget**

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**EXECUTIVE SUMMARY** This is the Lee District Budget Group's sixth year providing budget advice to Supervisor Jeff McKay. As we finish our deliberations on the FY 2015 Advertised Budget, our primary focus remains sustaining a local government which is affordable while meeting the needs of the citizenry. Critical funding choices must be made for services which contribute to the high quality of life so valued by Fairfax County residents. While we find ourselves in a slightly more stable economy, citizens must understand that years of sustained cuts to core programs have placed a strain on critical services. It is within this environment that the public debate continues over how we can best allocate tax payer dollars to sustain County government.

In general, the FY 2015 Advertised Budget held no surprises. We support the County Executive's proposed two percent increase in funding to the schools and keeping the tax rate at the current level. We also applaud the commitment to not use one-time balances in FY 2015 to address structural imbalances in the budget. We understand that a significant gap exists between what the Fairfax County Public Schools (FCPS) has requested and what is proposed. Since the presentation of the Advertised Budget, the Board of Supervisors has advertised a tax rate increase of two cents over the current rate and also requested the County Executive submit a list of reductions to County services to total \$20.8 million. We assume these are potential strategies to facilitate additional funding to the FCPS beyond the proposed two percent increase. If employed, we strongly recommend fairness – economic hardship is felt equally by all. Additional revenues, if any, should be allocated between FCPS and County programs.

The General Fund support to our schools represents the County's single largest expenditure. Thus again a large portion of our report is devoted to FCPS. Our commitment to education as the top County priority means real and significant tradeoffs are being made in other critical core services such as public safety, human services safety net, transportation, economic development, parks and recreation, libraries and infrastructure. The public discourse this year over funding priorities specific to the FCPS appears to be more difficult and strained than previous years. We believe opportunities exist for improving how we determine what our schools should realistically cost. We also believe the processes for setting funding priorities for both the County side and the FCPS can be improved.

In our report, we offer two strategic long-term recommendations to address setting funding priorities and better engaging citizens. For the Capital Improvement Program, we offer a recommendation aimed at improving the contracting process for both County and FCPS projects. While we do not recommend any increases to police patrol capacity, we make suggestions for ways to improve the police presence in our communities. Finally, we offer FCPS-specific recommendations for expanding the role of internal auditor to be truly independent, broadening the scope of the existing program review office, and improving processes of the Capital Improvement Program.

As always, we are grateful to County leadership and staff for their hard work and efforts in keeping our government fiscally sound while continuing to provide the much needed services that maintain our high quality of life.

**INTRODUCTION** For the past six years, the Lee District Budget Advisory Group has been providing its recommendations on the County’s Advertised budget to Supervisor Jeff McKay. In our deliberations each year, one word is a constant – sustainability. The County’s biggest challenge is and will be maintaining a sustainable and affordable level of core services and programs for its citizenry. While a certain level of stability has returned to the County’s economy, the reality is that we will continue to face tighter budget constraints. Future budget strategies will be impacted by many environmental factors to include financial trends and shifting demographics and we must be positioned to make strategic funding choices. This reality serves as the foundation of the group’s recommendations for FY 2015 and beyond.

There were no big surprises in the County Executive’s FY 2015 Advertised Budget. The slow but steady growth in both the national and local economies has provided stability for the FY 2015 budget environment and the multi-year budgeting process has been helpful in shaping expectations. In general, we support the County Executive’s FY 2015 Advertised Budget with its proposed 2 percent increase in funding to the schools and no proposed increase to the current tax rate. In this report, we provide a discussion on a wide-range of issues analyzed along with both long-range strategies and program specific recommendations. Because the transfer to the Fairfax County Public Schools (FCPS) represents the largest slice of our budget pie, we again devote a considerable portion of our report to FCPS funding.

**GUIDING PRINCIPLES** As we have done each year, we began our deliberations by reviewing and affirming a set of guiding principles. These principles provide the framework for our deliberations of the 2015 Advertised Budget.

1. The budget must provide for good government—a government that is effective, efficient, sustainable, affordable, measurable and responsive to the needs of its residents.
2. With changing times and future uncertainties, the County’s budget and strategic vision should be aligned to help build resiliency into the economic base in preparation for myriad alternative future conditions and continued financial turmoil.
3. Programs or services that are not cost effective or that could be fulfilled elsewhere should be curtailed or terminated while other programs must be examined in light of changing realities and expectations.
4. As the Fairfax County Public School (FCPS) system accounts for more than 52 percent of the County expenditures, it must be subject to the same good government principles and practices as the County. There must be more accountability and transparency in the FCPS budget so that County residents can understand the true cost of the school system and the impact of the decisions made by FCPS and the School Board in using County funds.
5. Budget balancing reductions must take into account the value of the County’s workforce in bringing the County to the position it enjoys as a top rated place to live and do business.
6. All avenues of revenue enhancements must be rigorously explored and pursued.

**THE 2015 ADVERTISED BUDGET** In the advertised budget, FY 2015 General Fund revenues are projected to be \$3,707,705,268, an increase of \$123.3 million or 3.44 percent over FY 2014. FY 2015 General Fund disbursements are \$3,704,394,576, an increase of \$118 million or 3.29 percent over the FY 2014 Adopted Budget Plan. The proposed County transfer to the Fairfax County Public Schools – the General Fund’s largest disbursement at 52.1 percent-- totals \$1.93 billion, an increase of \$39,113,302, or 2.07 percent, over the FY 2014 Adopted Budget Plan. We note that, in addition to the General Fund transfer, the County provides additional support for the Schools in the amount of \$72.6 million for programs such as Head Start, School Health, School Resource Officers, School Crossing Guards, after school programming, field maintenance and recreational programs, among others. No real estate tax rate increase is proposed and the proposed budget leaves a \$10.6 million balance for the Board of Supervisors’ consideration. In general, the group supports the County Executive’s FY 2015 Advertised Budget with its proposed transfer to the FCPS and recommendation for no increase to the current tax rate. We offer the following guidance for consideration by the Board of Supervisors during the budget adoption process.

In his February 25 presentation of the Advertised Budget, the County Executive proposed a 2 percent increase in funding for FCPS. The request from FCPS was for a 5.7 percent increase in funding from the County. On March 14, the County Executive, in response to a request from the Board of Supervisors, presented a list of further potential reductions to County operations to total \$20.8 million and 79 positions. The list of reductions includes but is not limited to those in public safety, human services, parks, libraries and economic development. Closing the gap between the funding requested by the FCPS and that recommended by the County Executive in the FY 2015 Advertised Budget might very well mean adopting these additional reductions. The questions for the Board of Supervisors and our citizens would be – are these tradeoffs necessary and do they reflect our true funding priorities?

No increase in the tax rate does not mean no tax impact to citizens. Given the increase in residential values and real estate assessments, the County Executive predicts that a “typical” household would experience an increase in real estate taxes of \$331.67 over FY 2014. However, there are many households where the tax burden will be considerably higher than this predicted average. On March 4, the Board of Supervisors approved an advertised tax rate of \$1.105 per \$100 of assessed value, an increase of two cents over the current rate. We understand that this advertised rate provides flexibility for the Board of Supervisors by setting the ceiling for any potential increase in the tax rate and that it is not an adoption of a tax rate. We do not support an increase to the tax rate. We strongly believe, however, that if the Board of Supervisors chooses to increase the tax rate, the resulting revenues must be split between FCPS and County programs. While we understand that there is a significant gap between the funding requested by the FCPS and that provided in the Advertised Budget, the significant sacrifices made on the County side in its core programs and services must also be addressed. Similarly, there should be equity in any level of compensation increases between County and FCPS employees as the effects of a tighter economy are felt by all equally.

**LONG TERM STRATEGIES** The key funding “battle” each year necessarily centers on what we pay for our school system. This is understandable as the School transfer is the largest General Fund expenditure. And, while there is no question that education is the County’s top

priority, the reality is that funding for our schools directly impacts all other County services. With FCPS funding, difficult trade-offs are being made in other County services that also contribute to our high quality of life such as public safety, human services, parks, recreation, libraries and infrastructure. This year, public debate about FCPS funding seems to be more heated and we are discouraged by the tone of discourse. There are strong and passionate voices on either side of the debate about school funding. We believe this happens because: not all residents feel directly vested in the FCPS; citizens are becoming aware of the tradeoffs made in other County services; and the FCPS budget process – though improved -- continues to lack the transparency and accountability necessary for citizens to feel assured that the level of funding is appropriate. Building on the first point and looking to the future, consideration will need to be given to how changing demographics should or could impact our funding priorities. Up to 73 percent of the taxpayer population in the County currently does not have children in the public school system. Additionally, there are incontrovertible shifts toward an aging population as the baby boomers move into retirement age. By 2030, statistics show a 15 percent increase in the percentage of those over age 65 with the over-80 age group being the fastest growing. Indications are that these citizens are more likely to age in place rather than move out of the area because of proximity to quality healthcare and other reasons. The percentage of the population under age 19 is projected to decrease 2 percent over that same period.

Another factor impacting the County's fiscal environment is the change in Federal and State funding for some core services. Funding streams in both of these areas have been reduced over the past five years and have a direct impact to the County's ability to provide services. State and Federal funding reductions do not necessarily correspond to commensurate reductions in services. This places more burden on the County's General Fund to maintain a system already straining to meet the needs of some of the County's most vulnerable populations. For example, the Community Services Board, the agency that provides critical safety net services for citizens with mental illness, substance abuse and intellectual disabilities, receives federal and state funding in addition to funding from the County. In FY 2010, 18 percent of CSB funding came from federal and state sources, 68.3 percent from the General Fund and the remainder primarily from fees. In the FY 2015 budget, federal and state funding is 11 percent of the total CSB funding while General Fund contribution now makes up 74.4 percent of total funding.

Our long-term concerns about the County's budget are with sustainability and our ability to adequately address the many factors that impact our fiscal and budget environment. Engaging, educating and managing citizen expectations about what services and service levels are considered to be core is critical. We recommend the following.

**ENABLE MORE STRATEGIC FUNDING CHOICES.** While there are numerous strategic plans for individual County agencies, there is no overarching County-wide strategic plan that lays out how the individual agency plans fit into an overall set of rank ordered County goals and objectives. There are well designed and widely disseminated County vision elements, but these are general statements in no particular order that lack operational definition. A strategic plan with an accompanying budget strategy provides a process for defining what services are considered “core” and the priorities for where and how resources will be allocated.

Recommendation: Develop a County-wide long-term strategic plan to facilitate funding decisions. The Plan would clearly define and prioritize core programs/services as well as required levels of services.

**BETTER EDUCATE CITIZENS ON FISCAL REALITIES AND MORE FULLY ENGAGE CITIZENS IN THE BUDGET PROCESS.** The residents of Fairfax County have come to expect top line County services in all areas and many believe that this level of service will continue despite the changing fiscal environment. While our County does a good job with its citizen engagement process for the budget, we believe the process can be improved. Local governments throughout the country have been facing similar difficult fiscal environments and best practices are starting to emerge. For example, the city of Hampton, Virginia initiated a citizen engagement initiative called “I Value” which blended some of the best traditional citizen-outreach practices, such as face-to-face community discussions, with an array of Internet-based engagement tools, including live online chats and electronic polling. Much of the “I Value” campaign involved asking citizens to rate what city services they value in terms of “needs” and “wants,” as well as engaging in deeper discussions. At many of the community meetings, city staff distributed hand-held electronic keypads that gave citizens an efficient way to rank city services. Hampton received awards from the International City/County Management Association and the White House for this effort.

Recommendation: Expand current citizen engagement efforts. Start by benchmarking against other successful local government efforts for citizen engagement.

**COUNTY CAPITAL IMPROVEMENT PROGRAM** This year, our analysis also included examination of the capital improvement program for both the County and FCPS projects. FCPS-specific recommendations are presented later in this report.

Fairfax County construction contracting authority is currently spread among several County agencies as noted below in a response received to one our questions to the County:

“In addition to the County Purchasing Agent, the Fairfax County Purchasing Resolution provides construction contracting authority to several County agencies including the Department of Public Works and Environmental Services (DPWES), Fairfax County Public Schools (FCPS), the Fairfax County Park Authority (FCPA), the Department of Housing and Community Development (HCD), and the Department of Transportation (FCDOT). The Fairfax County Purchasing Resolution also specifically states that the FCPA, HCD, and FCDOT may delegate construction authority to DPWES.”

It is certainly important for each agency/division to have input in determining its need for a construction project as well as the components, and functional and operational requirements for each construction or renovation project to ensure agency needs are met. However, we question the necessity and duplication of effort in having multiple design and construction contracting authorities and multiple design and engineering units to support County programs.

There are many examples in the industry where centralizing these specialized talents and areas of expertise deliver efficiencies and cost savings. Consolidating construction contracting authority and the design and engineering under a single department/agency serving multiple customers, can lead to savings through reduced management and personnel costs. Importantly, a consolidated organization with robust staffing should be able to better accommodate peaks and valleys of workload across the customer base compared to multiple smaller units with full time staff that are either over or under staffed for variations in workload. We note in the County's response, that hiring is initiated in each of the agencies when workload is anticipated but didn't see any discussion of downsizing when workload is less. In addition to potential personnel savings, one would expect savings and benefits in other ways such as greater sharing of current and new design and construction expertise and practices along with sharing technical and administrative resources that may not be apparent when working in separate agencies.

In a centralized scenario, each agency would be responsible for its standards (which may include those imposed from outside organizations) and requirements. A part of each construction/renovation project would be the coordination of these requirements and negotiation between the requesting agency and the centralized design and construction unit aimed at achieving the best, most cost effective outcome.

As the centralized design and construction unit gains proficiency with each type of project, the permitting process should be reviewed and streamlined to respond to the increased technical capabilities of the new agency. The County may find that separate permitting for County projects is not necessary, particularly if there is a strong review process during the design development. This is quite common in federal construction agencies where local zoning and construction permitting is not applicable or required beyond the technical responsibilities inherent in the federal construction agents.

Recommendation:

The Board of Supervisors direct a study of short-term and long-term costs and benefits of consolidating all County design and construction contracting authority and execution under a single County entity.

**POLICE PATROL** Crime affects every citizen and thus the topic of police patrol remains an important focus area for our group. Although we are pleased to see some increased attention to overall public safety again in this year's advertised budget (\$14.23 million), we are concerned that there are no increases in the budget for expanded police patrol. We acknowledge that the Fairfax County Police are effective as evidenced by the County's crime statistics, but we again urge the Board of Supervisors to consider ways to strengthen the police patrol force. Specialized police units, like the gang unit have prevented a lot of crime and solved a lot of cases. However, citizens are reassured when they see visible patrolling and so a balance must be maintained between strategic policing and general patrol. In that spirit, we offer some potential ideas for increasing the police force's capacity for more visible patrolling.

**PARKING ENFORCEMENT** Parking enforcement involves at least one dedicated unit at each substation and patrol units as they encounter violations. In a May 2012, Office of Financial and Program Audit report on “Parking Enforcement Review,” the auditor suggested opportunities to enhance parking enforcement activities to include expanding the use of volunteers. Virginia Code § 46.2-1242 allows volunteers to issue citations for accessible parking space violations. Although the Police Department has established a volunteer program to assist with regular police duties (including writing parking tickets), the department has not established a dedicated unit of volunteers for parking enforcement. Other counties and local jurisdictions throughout the country have established volunteer parking enforcement programs and many of these programs focus on accessible parking space violations (a \$500 fine in Fairfax County). Since the issuance of the report, citizens’ use of smart phones continues to proliferate. Using crowdsourcing by developing a smart phone app that could photograph, geo-locate and timely report violations that citizens encounter may be a positive way to implement this recommendation. Dispatch would only send units nearby and otherwise not on a call. The use of volunteers in this manner would not only make better use of existing resources, but could potentially increase parking fine revenues which could be funneled back into the police budget. We urge that the Board of Supervisors revisit the recommendation in the Office of Financial and Program Audit report on “Parking Enforcement Review” to expand the use of volunteers for parking enforcement activities.

**TRAVEL TIME TO LORTON** No additional funds are in the FY 2015 budget for a full substation in Lorton. Patrol units travel through some of the worst traffic in the County to get to assigned areas in the south end of the County. Patrol time spent in transit is neither an efficient nor effective use of valuable police resources. Although a station has been in the plans, we believe the time has come to place a higher priority on this substation in the Capital Improvement Program and actively seek co-location opportunities.

**CROSSING GUARDS** Child safety is extremely important, but when a replacement for a crossing guard is required, patrol units are often tasked with this duty. The use of patrol resources should be the choice of last resort. Schools have resources including assigned school resource officers. As well, administrative staff from the schools could be trained for this duty. We urge that policies be explored for schools to supply existing personnel as crossing guards when this need arises. Patrol units should be requested only in emergencies.

**SHERIFF** The sheriff’s responsibilities have changed from sole law enforcement official for a mostly rural area of Northern Virginia. When the police department was formed in 1940, it assumed patrol, investigative, crime fighting, and transportation safety responsibilities. Since then, the Sheriff’s Office has provided three main areas of service to the community—managing the Adult Detention Center, providing security in the courthouses, and serving civil law process. We have no recommendation for courthouse security and the jail. However the service of summons is performed via the US Postal Service in many jurisdictions. This succeeds because the Postal Service is very successful in finding people who move. We urge the Sheriff to undertake a study of alternative methods to do process service. High on this list should be process by mail with personal delivery only when that is not successful. Reductions in process service would allow the Sheriff to augment Fairfax County Police patrols.

**THE FAIRFAX COUNTY PUBLIC SCHOOLS** Beginning with our first report for the FY2010 budget, our analysis and recommendations have maintained that Fairfax County must acknowledge the "new normal" of our economic reality. It is no longer new, but the principle of sustainable government services, and their accompanying expenditures, remains. We have urged school leaders to consider various methods for developing long-term strategic plans that directly tie spending to meaningful, measurable, sustainable outcomes for students. We are optimistic about FCPS's recent decision to employ a contractor to oversee development of the FCPS Strategic Plan. We believe this process must include a significant public-engagement component to fully realize its potential; the model used in the superintendent search process, in our opinion, would be ideal.

There are some encouraging developments in our review of the FCPS 2015 Advertised Budget document:

- New transparency web pages provide more information to the public. We support additional refinements that would make the information offered less cumbersome to access, such as the year-to-date expenditures by school/department. Presently, the year-to-date actuals display one line item (no more than a few), making it impossible to gather even departmental expenditures easily.
- Superintendent Garza's listening tour is a solid indication of school leadership's interest in community engagement, transparency and accountability. Our own meeting with the superintendent left a positive impression of her desire to improve these aspects of FCPS budget planning. We have requested a process for continuing the dialogue. These efforts conform to our recommendation in last year's report to begin the budget process earlier and include greater interaction with community members.
- Efforts by some, while not yet a majority, of school board members to implement fully independent audit staff is a positive sign. We remain supportive of a fully independent auditor with expanded role, as detailed later in our report, and urge the Board of Supervisors to continue efforts to make this a reality.
- Members of our group were invited to meet with last year's school board budget committee chair, co-chair, and budget department staff. We found this meeting to be very productive and suggest serious consideration be given to establishing a County-wide FCPS budget advisory group. We also recommend making budget Q&As publicly accessible from start to finish (blog-style or similar concept).

As is true for County programs and services, many opportunities for increasing efficiency and effectiveness within the FCPS remain. Our recommendations in a variety of areas follow.

**INTERNAL AUDITOR OFFICE – EXPANDED ROLE AND FUNCTION** For years, many have advocated for the establishment of a truly independent auditor which reports directly to the School Board and has a broad mandate in its scope. Some movement has been made in this direction. In our analysis this year, we identified the current state of this audit function, what we believe to be the "ideal" state and offer recommendations to bridge the gap.

In summary, the current state is that an Office of Internal Audit reports directly to the School Board's Audit Committee with its agenda prioritized and determined by the School Board through the Audit Committee. The Office is currently composed of three full-time staff auditors and an audit technician. Recently, the School Board approved the creation of two new auditing positions within the school system. In reviewing the FY 2013 Audit Plan, we find the audits reflect a narrow scope, that being primarily to control fiscal and administrative operations. The focus appears to be predominantly on the adequacy and exercise of internal controls over fees and receipts. The Internal Audit Office does not conduct complete and/or comprehensive program reviews like those done by the FSPS Office of Professional Learning and Training. These program reviews are broader in scope, but we note that the Office of Professional Learning and Training reports directly to the Superintendent thus the reviews are directed by the Superintendent not the School Board. While program review results are ultimately presented to the School Board, we assert that this process does not provide the School Board or broader community with a truly independent review.

Recommendations:

The Board of Supervisors recommend to the FCPS the following:

1. FCPS should compare the Internal Audit Office mission, size and competencies of the office to other schools systems to assess if the size and make-up of the staff is appropriate.
2. The inclusion in the Risk Assessment RFP for a review of core instructional programs and special education would indicate the need for input and expertise from Professional Learning and Training as well as from the Office of Instruction and Special Services. FCPS should ensure that this input is sought and provided.
3. FCPS should consider making the following changes to Office of Internal Audit:
  - a. The role should be expanded to include the goal of improving program performance and accountability in FCPS programs and to broaden and maintain public confidence in FCPS programs. Such a change would enable the office to expand the services provided to include:
    - i. Seek out and recommend efficiencies in all FCPS programs.
    - ii. Eliminate overlapping programs.
    - iii. Identify and recommend the phase-out of programs that are not cost effective or produce limited impact.
    - iv. Minimize overhead functions.
    - v. Applying those resources efficiently, economically, effectively, and legally to achieve the purposes for which the resources were furnished or the program was established.
    - vi. Complying with all applicable laws and regulations.

***Example of a program in need of review/reform***

Middle School After School -- The FY2014 funding is \$3.6m with \$2.9m coming from the County independent of the General Fund transfer. Issues perceived include mission creep, lack of meaningful performance and outcome measurement. The program lacks a clear definition of mission, goals, expected outcomes, measures and evaluation mechanism. Key

points to address here are: Is this program structured in the best way possible to be effective? Does the staff have the appropriate skill sets? What established review methodologies are used? Is there an in-stage review check process? What performance metrics and work products will be used in the budget process? Is there a need to 'get back to basics' to align with the original intent of the program that was aimed at reducing gang influence, reducing juvenile crime after school, and improving likelihood of success for students in that age group.

NOTE: A more detailed discussion presenting the case for further review of the Middle School After School Program is offered later in this report under the topic *Program Reviews*.

- b. FCPS should consider adopting the Baldrige Education Criteria for Performance Excellence Framework as its assessment methodology. This nationally-recognized assessment methodology helps organizations achieve best-in-class performance levels. The criteria are designed to help education organizations achieve and sustain the highest national levels of: 1) student learning outcomes; 2) customer satisfaction and engagement; 3) product and service outcomes, and process efficiency; 4) workforce satisfaction and engagement; 5) budgetary, financial, and market results; and 7) social responsibility. More information can be found at <http://www.nist.gov/baldrige/enter/education.cfm>.
- c. To accommodate the expanded mission, FCPS should consider increasing the size of the staff assigned to this office. These efforts could include providing authority and resources to that office to contract for expert consultants capable of performing the broader programmatic assessments. Additionally, FCPS should consider diversifying the expertise of staff to include a Project Management Institute Certification and ISO 9001 Training.
- d. FCPS should consider ways to further increase the independence of the Office of Internal Audit. According to the GAO, the most successful audit organizations seek to achieve true independence. FCPS should seek to achieve that goal. In that regard, the School Board does hire the head of the Internal Audit office and through the budget process can add additional staff, however, the FCPS Human Resource office seems to perform most of the HR functions (administrative, performance, oversight, etc.) and therefore limits the overall independence of staff. To achieve greater independence, FCPS should consider filling the positions within the Internal Office via an outside contractor/vendor. As a common practice, the Chairman of the School Board has the authority to sign and execute contracts on behalf of the School Board. The School Board has already shown the willingness to contract similar functions. Using a contractor would enable the School Board to achieve more complete oversight of the Internal Audit function and would provide greater transparency to the general public. A successful contractor could seek to hire some or all of the current staff if they believe they will help meet the objectives of the RFP. Alternatively the School Board could consider extending their oversight of the office by developing and implementing a separate and distinct HR system for the Internal Audit Office – one that gives more control over the process to the School Board. Either move would increase the independence, objectivity and effectiveness of the office, which will be even more important if their role is expanded.

- e. FCPS should consider expanding the membership of the Audit Committee used to provide feedback and oversight to the Internal Audit Office. The School Board should consider adding a community member to the Committee. This additional member could add fresh insight and a different perspective to the Committee. The creation and implementation of the Facilities Planning Advisory Council provides some precedent (and a very successful one) to bring in expertise from the Community to serve the interests of the School Board and FCPS. The School Board should determine the best method for this appointment but we recommend that the Board include, as criteria for selection/appointment, a person with auditing and management background and credentials.
- f. FCPS should consider using the Internal Audit Office to recognize well run programs through an established set of criteria and challenge each FCPS organization to become recognized by the Internal Audit Office for meeting and exceeding these criteria.
- g. FCPS should seek increase transparency in the Internal Audit Office. FCPS should make the criteria used to select programs for the Annual Audit Plan easily accessible to the general public. Additionally, as the role of the office changes and grows those criteria should be revised to accommodate the expanded scope of the office. Lastly, a regular calendar for the review of priority programs should be developed, advertised and implemented.

**PROGRAM REVIEWS** Program reviews are one critical component of School Board decision-making on FCPS operations and budgets. To be effective, the credibility, reliability and objectivity of these reviews must be beyond reproach. In our estimation, program reviews are key to creating and maintaining a sustainable school system. We read through a number of program reviews, concentrating on reviews of Foreign Language in Elementary Schools (FLES), the Tipping Point Study on minority student achievement gap, eCART, and the Middle School After School Program (MSASP) audits and Outcomes reports. We also reviewed information from various Program Profiles which are the responsibility of the Instructional Services Department, Operations & Strategic Planning.

We found that no reviews recommend program reductions or eliminations except the third-year FLES review. And this suggested reduction was rejected in the program manager's response and spending on FLES went on to nearly double from 2013 to 2014. Some program reviews are overseen by the Program Management Oversight Committee (PMOC) comprised of upper-level management staff. Since the PMOC members oversee the programs themselves, the appearance and perception is that the reviews are less than objective. The last time the review process was evaluated was March 2011. Further, it is not clear how or if program managers' responses to reviews are discussed by the School Board or presented for public review and comment.

Recommendations:

The Board of Supervisors suggest that the School Board consider:

1. Broaden program review scope for greater context and consideration of alternatives. Current program reviews focus on modifying or maintaining a program under review but do not examine fundamental changes which might be needed for more effective program delivery. Examples where such action would have afforded better decision-making include:
  - a. eCART - this program was established with a goal of selling usage licenses to other school divisions; program reviews do not address whether this goal was accomplished and income realized.
  - b. FLES - the 2nd year review included comparison to other foreign-language curriculum used by FCPS (language immersion) but was evaluated independently in the 3rd year without larger context.
  - c. MSASP - there is a need for greater transparency and accountability with a particular focus on the program's intended mission.
2. Reduce or eliminate staff from the review process when their program is being evaluated. For maximum objectivity, staff should not review their own processes. Structure as a) independent auditor or inspector general; b) advisory committee with majority of community members; c) inspector general or ombudsman oversight.
3. Incorporate program reviews as part of the annual budget process, such as those employed by the Baldrige model. The rationale favoring this model is significant. It would dramatically reduce the School Board's workload assessing staff's operational performance. It would directly tie school expenditures (i.e., needs) to operations and streamline the public's accessibility to these metrics.
4. Consider if a reliable, objective program review structure can be created and maintained if responsibility remains under departmental leadership.
5. Direct the superintendent to implement evaluations of the program review process. These evaluations would occur throughout the program review to periodically confirm the validity of the evaluation process, compliance with established methodologies, etc.
6. Consider assessing the qualifications and skills of Professional Learning and Accountability staff should they maintain responsibility for program reviews -- are they (or should they be) statisticians, program management specialists, former teachers/administrators, or auditors?

Our group's work this year included a detailed analysis and assessment of the Middle School After-School Program. We offer our analysis and recommendations below as an example of the type of program reviews which should be undertaken by the FCPS.

**Middle School After-School Program**

Analysis Reviewed program description at <http://www.fcps.edu/supt/activities/afterschool.shtml>. Reviewed and compared purpose of the program as described in the Internal Audit report from 2011 (Middle School After School Programs Audit.pdf) and Followup Audit. Reviewed Outcomes.pdf, a compilation of data alleged to support the efforts of MSASP. Worth noting: results cited from the Fairfax County Youth Survey do NOT apply to MSASP participants but to ALL students. Data on students receiving Ds or Fs are not correlated (of students receiving Ds or Fs what percentage don't

participate in the MSASP); there was no context (what are actual numbers of students in MSASP moving from F to D grades). It was unclear whether parent responses about program offerings apply to participants' parents or parents in general. There was no reference to County crime data showing reductions in gang recruitment and/or petty crimes in immediate after-school hours -- one of the compelling reasons and justification for the County funding of MSASP.

### Findings

1. Outcomes report doesn't clarify major data points:
  - unclear if participation is an unduplicated student count or total bodies in the room
  - buses provided 3 days/week, but there are no counts for actual ridership
  - no apparent linkage of outcomes documented in County youth survey directly tied to MSASP
  - student/participant opinions are based on actual surveys returned, but doesn't include those counts (could have been 2 or 20 or 200 or 2000)
  - participation isn't detailed by day of the week or program offering e.g., unclear whether participation is higher on days when work with individual teachers is available or when pre-MSASP clubs are conducted
2. County reduced MSASP funding \$200,000 in FY2014. In a budget question response to Jeff McKay, budget staff said this reduction would be made up by FCPS imposing small fees on sliding scale. No fees have been imposed. Program offerings/structure fully absorbed the funding reduction.
3. Unclear if goal to increase student participation or enrollment might be attributed to requirement by some schools that ALL students enroll. Essentially, this requirement boosts participation even for students who are simply making up work or getting instruction missed during absences.
4. Participation rate cited (93%) suggests there may be days when regular bus runs are significantly under-utilized. Prompts question as to how late, after-program busing can accommodate participation.
5. Outcomes document asserts "The after-school program is a key element in the school division's and County's initiatives to improve academic performance, develop healthy and successful youth, and combat gangs. The after-school program is neither child care nor an extension of the school day. These after-school activities provide each youth with greater opportunities to form a relationship with a caring adult, to contribute to the community, to acquire new skills in a supportive environment, to be safe and secure, to form healthy relationships with peers, and to develop the attitudes, skills, and knowledge to thrive in the workplaces and communities of the 21st century." Yet, the program is classified in FCPS budget documents under Instructional Programs Support. There is no connection to crime figures/gang activity since 2008.
6. First several years of MSASP cost about \$5 million each--\$4 million in County funding and \$1 million in school funds. FY 2014 funding totaled just over \$3.6 million--\$2.9 million in County funding and \$750,000 in school funding.

### Recommendations

We see great value in, and a community need for, the MSASP as originally defined. It serves multiple purposes, as described above and we enthusiastically support such youth, safety, and security efforts. However, the MSASP audits and reviews demonstrate a need for objective program review criteria and methodology. The MSASP review makes clear how program "creep" may occur, further bolstering this argument. It also demonstrates how program goals can become self-serving, self-perpetuating.

Given that 80% of MSASP funds derive directly from the County budget, we urge the Board of Supervisors to direct development of the following:

1. Program evaluation and assessment that includes:

- Documentation of unduplicated student participation
  - Actual unduplicated attendance/participation vs. total registration
  - Appendix with data for each school, which schools require ALL students to register, program offerings, weekly participation tallies by school by day of the week and by program offered
  - Numbers & percentages of participation by number of days attending (i.e., 260/10% of registered students attend 90 days or more; 13,000/50% of participants attend 4 days).
  - Clear breakdown of participation which can be attributed to students making up work or getting instructional support due to individual challenges, which are provided as a matter of course by all teachers on a regular basis (i.e., every Monday) vs. other MSASP offerings.
  - Numbers of students utilizing buses
  - Comparison of SOL scores (since FCPS measures academic achievement by SOL, SAT, ACT, other assessments) not grades
  - Broader context: Which aspects of current MSASP would be done regardless of County funding (i.e., were in place prior to additional County funding)--teachers working with students after missing instruction; test make-up; clubs like Honor Society, Odyssey of the Mind, Lego Robotics, etc., which are volunteer-run and often coordinated through parent group like PTA.
2. The Board of Supervisors auditor suggest program efficiencies and detail actual expenses funded by County vs. FCPS. Efficiency considerations: are full-time coordinators at each school necessary? Could reduction in staffing costs permit more bus runs each week and allow for greater participation on those days? Could funding reductions allow for other (higher priority?) youth intervention or prevention efforts by County's Neighborhood & Community Services or FCPS, such as bridging digital divide? Upon completion of the efficiency audit, the Supervisors work with the School Board and Superintendent to develop objective audit and review parameters geared toward greater program sustainability rather than perpetuating status quo.

**CAPITAL IMPROVEMENT PROGRAM** The FCPS annual Capital Improvement Plan (CIP) establishes current building usage and anticipated 5-year needs based on enrollment and programmatic (curriculum) needs. A new component in developing the CIP is the Facilities Planning Advisory Council (FPAC), approved by the School Board in September 2010. The stated mission of this council is to advise and inform the staff and School Board in the development of comprehensive, long term plans for facilities needs in the most effective and efficient way. FPAC is made up of 13 citizens – one from each Fairfax County magisterial district, one from the City of Fairfax, and three at-large members. Facilities-related issues that may be considered by the advisory council include, but are not limited to: school program capacity; enrollment and projections; transportation and operating efficiencies related to facilities planning; Capital Improvement Plan (CIP) prioritization; creative financing and construction strategies; scope of renovations; school closures and new schools; student accommodation planning (building additions/modular relocations/ review of school boundaries). The creation of FPAC was recommended by the School Board’s Comprehensive Plan Development Committee which was charged with designing a comprehensive facilities planning process in order to address the following needs for:

- increased public awareness when a school boundary study was eminent;
- increased public validation that facilities issues existed which could require a boundary study; and

- a more regional, long range approach to facilities planning that is not provided in the current Capital Improvement Program (CIP) development process.

Implementation of FPAC was a very positive step in public engagement and accountability, but its impact is unclear at this time. The original FPAC membership required individuals with specific experience and knowledge in facilities planning. Although member appointments must be cleared by the FCPS Facilities Department, it is not clear if all current FPAC members meet the requisite qualifications requirements. While FPAC efforts promote public participation via listening tours, there is evidence from FPAC meeting minutes of members' frustration at being overlooked in the facilities planning process and development of the FY 2015-19 CIP.

In November 2012, the School Board approved the Strategic Facilities Plan developed by FPAC. The Plan's intent was 1) to provide a framework for sound decision making related to capital investments, program assignments, boundary management, and myriad facilities-related issues and 2) to enable the County to effectively anticipate, respond to, and manage change that is driven by issues identified by residents as critical and long-term direction based on the County's vision of the future. The School Board indicated it believed implementation of the Plan would promote the best of public education; result in better designed and operated schools; provide for the public use of schools as community assets; and improve the return on taxpayer investment. The Plan established a set of decision-making guidelines that provide a framework for rational, equitable, and predictable school facilities-related decisions. While it may not be possible for every decision to be consistent with every guideline in the Strategic Facilities Plan, the intent of the guidelines was to provide the areas to be considered as recommendations are put forward and decisions are made.

Our group reviewed CIP documents going back to 2005-6 with emphasis on Student Membership Summaries from 2008-2013, presentations to the School Board on enrollment projections methodology, facilities dashboard data, facilities monitoring reports, FPAC reports and documents, school board materials related to facilities and capital expenditures. We find that boundary decisions and building capacity are inextricably linked. Our findings and recommendations below address some issues which surfaced in these areas.

*Building Capacity – Accurate Enrollment Projections and the Use of Trailers:* Using FY 2014 data from FCPS Design and Construction, we found there are 180,419 students enrolled in our schools, with a stated capacity of 185,756. This does not include enrollment and capacity in Special Education centers according to the CIP. Our analysis showed that building capacities in a significant number of schools change from year to year, however no clear explanations are provided for those changes. Though we have heard references to Educational Specifications which suggest the desire to achieve a standard (equality) for all schools as each undergoes renovation or expansion, e.g., SACC spaces in all elementary schools, we are unable to locate a copy of these specifications. Lacking these written guidelines, we are unable to assess their quality or usefulness in facilities planning. Anecdotally, we know some school communities have questioned certain specifications and advocated for a more focused, tailored use of capital funding. It would seem that currently addressing specific needs of individual schools is more the exception than the rule.

We observed that one-year projections of enrollment generally have higher accuracy rates of 90% or higher. The exceptions were: 32 schools had 1-year accuracy projection rates below 90%; of those, 5 were 80% or less, according to the 2015-19 CIP. Long-term projections of enrollment vary widely from school to school, both high and low. Capacity vs. projections is prompting the current situation with school bonds, construction, facilities and enrollment; data from the fall of 2008 projected 2012 enrollment at 175,481, while actual enrollment in 2012 was 177,652. Similarly, long-term projections of 2013 enrollment anticipated 165,000 students, while 180,419 students are actually enrolled.

The need for trailers to augment building capacity is well established. Big-picture data on the use of trailers, however, isn't readily available. Effective in the FY2012-16 CIP information about trailers was removed from the Cluster Summaries section of the document (formerly Summary of Historical & Projected Student Membership). This data is now available on the FCPS Facilities Dashboard webpages but those require special software for Mac computer users. We are unable to understand why 74 schools at or below actual capacity have 356 trailers on site. Capacity in these 74 schools exceeds 5,600 student spaces. Five schools at or above stated capacity have no trailers. Trailers are not included in FCPS capacity levels.

*Boundaries – Decision-making Processes:* In November 2012 the School Board adopted the FPAC's Strategic Facilities Plan. We believe that some of the capacity and space guidelines in the Plan create conflicting priorities that can seriously impact FCPS' ability to maximize capacity, for example:

- *Capacity and Space Guideline 1:* Existing program capacity within the County will be efficiently utilized prior to funding construction of additional capacity.
- *Capacity and Space Guideline 6:* Boundary studies and adjustments will be used only after other options have been fully considered.
- *Capacity and Space Guideline 7:* Boundary adjustments will provide long-term solutions.
- *Capacity and Space Guideline 8:* Boundary studies will focus on school communities, school pyramids or clusters, school feeders, and/or schools County-wide.

To maximize program capacity, boundary adjustments may be the only available option prior to construction. Given the variance between future enrollment (especially long-term projections) and actual student membership, it may be impracticable to expect boundary adjustments to provide long-term solutions. The purpose of Guideline 8 is unclear as it appears to cover any boundary study that could be considered.

Finally, our group recognizes some challenges related to our schools' capital needs. Public hearings on CIP are held immediately prior to the School Board vote. Clearly, community input cannot be considered by the School Board before its final action on this important budget and planning document. The public cannot easily track identified CIP/bonded projects through to completion. In light of the economic and student enrollment environment, we found seeming conflicts in school board decisions such as those involving:

- lack of playground space used as one of the arguments in favor of closing Graham Road ES, while lack of playground space did not stop the decision to purchase and renovate an office

building for relief at Bailey's ES at a cost estimated to be \$20 million; FPAC was not included in the planning,

- building a separate middle school at South County for \$40 million (with accompanying ongoing-cost increases for administration and infrastructure) vs. staff recommendation to build an addition to South County Secondary for \$10 million,
- closure of Clifton ES, and
- closure of Pimmit Hills based on decreasing enrollment within 3 years of bond approval for facilities improvements at a cost of \$7 million.

### Recommendations:

Board of Supervisors suggest the School Board pursue policy and processes to:

1. Enhance, improve, and increase the role of Facilities Planning Advisory Council in capital planning and related policy development. Expand opportunity for public engagement and comment on the CIP. Some examples might include: schedule CIP public hearing further in advance of School Board vote to consider testimony; blog to gather input and comments from stakeholders unable to attend FPAC listening tour events; establish a process for school board consideration and action on (all, not just FPAC) advisory committee recommendations.
2. Allow for public Q&A on CIP, modeled on the process for budget questions and answers.
3. Make Educational Specifications available for public consideration during building, renovation, and boundary discussions.
4. Address challenges in methodologies used to project enrollment 2-5 years out.
5. Establish more concise guidelines in the Strategic Facilities Plan in light of economic realities. Questions to consider might be: a) shouldn't boundary studies be the highest priorities? b) would nimbler responses to enrollment and capacity challenges allow for minor, administrative boundary adjustments that are more palatable to the community as well as economically lucrative to FCPS? c) are facilities policies sustainable if they ignore any aspect of the enrollment and capital environment?
6. Study the School Board's decision-making paradigm for boundary decisions. We recommend the board consider establishing a matrix for the process that prioritizes the options to be considered.
7. Give priority to architectural plans that allow for maximum flexibility within the building.

### **CONTINUING CARRYOVER ISSUES FROM PREVIOUS LEE DISTRICT BUDGET**

**ADVISORY GROUP REPORT** Detailed budget information remains a concern with actual expenditures only being publicly accessible more than a year after the fiscal year closes.

Changes to the FY 2015 budget document include adopted and revised budget figures for the current year. We still would like to see actual, year-to-date figures on which to consider year-end estimates. These items from our budget report last year remain unresolved and we again present them for consideration:

1. Program Budget Recommendation - Board of Supervisors request that FCPS include in their annual Program Budget the previous year's actual expenditures, detailing those associated with the mandates covered and/or the budgeted expenditures for mandate requirements.

2. **Definitions of Expenditures Recommendation:** We recommend that the Board of Supervisors require full, detailed accounting of the differences between the state and County definitions of instructional costs. Either these differences should be included in the budget and transfer request, or the schools' budget might use the state's definitions and accountability standards.
3. **Carryover Funds Recommendation –** Board of Supervisors suggest that the School Board analyze and regularly review the effectiveness of its staffing and other funding formulas. The funding formulas are driving the \$26 million carryover at the school level. Clearly, these formulas might be tweaked to transfer materials and supplies funding (especially) to areas where student needs are greater.
4. **Carryover Funds Recommendation –** Board of Supervisors suggest that the School Board present budgets that more accurately reflect anticipated funding balances and carryover. Actual FCPS carryovers and starting balances are in the tens of millions of dollars, while the budgets are zero. At the same time, real-time adjustments are not factored into budget plans. For example, the FY2014 Third-Quarter Budget Review doesn't reflect anticipated savings from salary/benefits lapses. The FY2015 starting balance reflects actions taken by the School Board during the first-quarter budget review and hasn't been updated.
5. **Correlating Budget to Strategic Governance Recommendation:** Board of Supervisors ask FCPS to develop a budget that strengthens the connection between expenditures, specific objectives and projects, detailed multi-year planning, and clear assessments of progress. An excellent example can be found in the Baldrige accountability model.

**CONCLUSION** When our budget advisory group was first convened in September 2008, our task was to advise Supervisor McKay on the FY 2010 budget. Tough decisions needed to be made in order to close a gap of nearly \$640 million in the County's budget. In the intervening years as the County struggled with a difficult and slow economic recovery, County services, programs and workforce were reduced to fit a new economic reality. Today we find ourselves in a state of measured economic stability. As our group reflects on what we have learned in the past six years, we come back to our foundational message: our County government must be sustainable and affordable.

We remain deeply appreciative and proud of our County government leadership -- we know the budget decisions have not been easy. Looking to the future, we also are keenly aware that budget strategies will be impacted by many environmental factors and we must be positioned to make strategic funding choices. We commend the County Executive and his staff for the countless hours and endless energy that go into the planning and execution of a complex budget. The multi-year budgeting process has been helpful in shaping expectations and for our group; there were no real surprises in the FY 2015 Advertised Budget. In general, we support what is being proposed in the budget that includes increasing FCPS funding by 2 percent while maintaining the tax rate at the current level. We also applaud the commitment to not using one-time balances in FY 2015 to address structural imbalances in the budget.

We understand that there remains a significant gap between funding proposed in the FY 2015 budget for the schools and that requested by the FCPS. Subsequent to the County Executive's presentation of the budget, the Board of Supervisors has advertised a two-cent tax rate increase,

thereby setting the ceiling for a potential increase in the tax rate. The Board of Supervisors also asked the County Executive to propose a list of further reductions in County programs and services to total \$20.8 million. We assume both of these strategies would accommodate additional funding to FCPS. However, education is not the only critical service offered by the County and we are keenly aware that FCPS funding directly impacts everything else that contributes to our quality of life: public safety, human services safety net, transportation, economic development, parks and recreation, libraries, infrastructure and countless other services. The questions we pose to the Board of Supervisors and our citizens are these: are these levels of tradeoffs necessary and do they reflect our true funding priorities?

We remain discouraged at the public discourse that takes place each year over the appropriate level of funding to the FCPS. Much work is needed to replace the emotional, and at times toxic, discourse with reasoned and realistic discussions about funding priorities and appropriate levels of services. Above all, there must be equity in the treatment between the County-side programs and the FCPS. There should be no “protected classes” in our budgeting decisions. Citizens must understand that for every service or program increase advocated, there is a cost which must be met by either a tax increase and/or corresponding cuts to other services. So, our key message again is to seek ways to become more strategic in maintaining a County government that is sustainable and affordable. As we have done in the past, we offer strategic recommendations as well as specific County program and FCPS-related recommendations.

We thank Supervisor Jeff McKay for the opportunity to participate in this very important public debate. We conclude by offering our sincere gratitude to the Board of Supervisors for their continued leadership.

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**THE BUDGET ADVISORY GROUP** Group members, shown below, represent a broad cross-section of backgrounds, experience and perspectives. Members bring to the table backgrounds in government and private sector fiscal management and experience in County government including membership on significant boards, panels, and committees. Each member came to work with a willingness to apply reasoned judgments as to the efficacy of all County programs and services.

- Ed Batten
- Brad Center
- Johna Gagnon
- Suzette Kern, Chair
- Stephen Levenson
- Emily McCoy
- Craig Mehall
- Michele Menapace
- Carl Sell
- Harry Zimmerman
- Staff Advisor: Linda Waller

## SUMMARY OF RECOMMENDATIONS

### ENABLE MORE STRATEGIC FUNDING CHOICES

Recommendation: Develop a County-wide long-term strategic plan to facilitate funding decisions. The Plan would clearly define and prioritize core programs/services as well as required levels of services.

### BETTER EDUCATE AND MORE FULLY ENGAGE CITIZENS IN THE BUDGET PROCESS.

Recommendation: Expand current citizen engagement efforts. Start by benchmarking against other successful local government efforts for citizen engagement.

### CAPITAL IMPROVEMENT PROGRAM – CONTRACTING

Recommendation:

The Board of Supervisors direct a study of short-term and long-term costs and benefits of consolidating all County design and construction contracting authority and execution under a single County entity.

## FAIRFAX COUNTY PUBLIC SCHOOLS

### INTERNAL AUDITOR OFFICE – EXPANDED ROLE AND FUNCTION

Recommendations:

The Board of Supervisors recommend to the FCPS the following:

1. FCPS should compare the Internal Audit Office mission, size and competencies of the office to other schools systems to assess if the size and make-up of the staff is appropriate.
2. The inclusion in the Risk Assessment RFP for a review of core instructional programs and special education would indicate the need for input and expertise from Professional Learning and Training as well as from the Office of Instruction and Special Services. FCPS should ensure that this input is sought and provided.
3. FCPS should consider making the following changes to Office of Internal Audit:
  - a. The role should be expanded to include the goal of improving program performance and accountability in FCPS programs and to broaden and maintain public confidence in FCPS programs. Such a change would enable the office to expand the services provided to include:
    - i. Seek out and recommend efficiencies in all FCPS programs.
    - ii. Eliminate overlapping programs.

- iii. Identify and recommend the phase-out of programs that are not cost effective or produce limited impact.
  - iv. Minimize overhead functions.
  - v. Applying those resources efficiently, economically, effectively, and legally to achieve the purposes for which the resources were furnished or the program was established.
  - vi. Complying with all applicable laws and regulations.
- b. FCPS should consider adopting the Baldrige Education Criteria for Performance Excellence Framework as its assessment methodology. This nationally-recognized assessment methodology helps organizations achieve best-in-class performance levels. The criteria are designed to help education organizations achieve and sustain the highest national levels of: 1) student learning outcomes; 2) customer satisfaction and engagement; 3) product and service outcomes, and process efficiency; 4) workforce satisfaction and engagement; 5) budgetary, financial, and market results; and 7) social responsibility. More information can be found at <http://www.nist.gov/baldrige/enter/education.cfm>.
- c. To accommodate the expanded mission, FCPS should consider increasing the size of the staff assigned to this office. These efforts could include providing authority and resources to that office to contract for expert consultants capable of performing the broader programmatic assessments. Additionally, FCPS should consider diversifying the expertise of staff to include a Project Management Institute Certification and ISO 9001 Training.
- d. FCPS should consider ways to further increase the independence of the Office of Internal Audit. According to the GAO, the most successful audit organizations seek to achieve true independence. FCPS should seek to achieve that goal. In that regard, the School Board does hire the head of the Internal Audit office and through the budget process can add additional staff, however, the FCPS Human Resource office seems to perform most of the HR functions (administrative, performance, oversight, etc.) and therefore limits the overall independence of staff. To achieve greater independence, FCPS should consider filling the positions within the Internal Office via an outside contractor/vendor. As a common practice, the Chairman of the School Board has the authority to sign and execute contracts on behalf of the School Board. The School Board has already shown the willingness to contract similar functions. Using a contractor would enable the School Board to achieve more complete oversight of the Internal Audit function and would provide greater transparency to the general public. A successful contractor could seek to hire some or all of the current staff if they believe they will help meet the objectives of the RFP. Alternatively the School Board could consider extending their oversight of the office by developing and implementing a separate and distinct HR system for the Internal Audit Office – one that gives more control over the process to the School Board. Either move would increase the independence, objectivity and effectiveness of the office, which will be even more important if their role is expanded.
- e. FCPS should consider expanding the membership of the Audit Committee used to provide feedback and oversight to the Internal Audit Office. The School Board should consider adding a community member to the Committee. This additional

- member could add fresh insight and a different perspective to the Committee. The creation and implementation of Facilities Planning Advisory Council provides some precedent (and a very successful one) to bring in expertise from the Community to serve the interests of the School Board and FCPS. The School Board should determine the best method for this appointment but we recommend that the Board include, as criteria for selection/appointment, a person with auditing and management background and credentials.
- f. FCPS should consider using the Internal Audit Office to recognize well run programs through an established set of criteria and challenge each FCPS organization to become recognized by the Internal Audit Office for meeting and exceeding these criteria.
  - g. FCPS should seek increase transparency in the Internal Audit Office. FCPS should make the criteria used to select programs for the Annual Audit Plan easily accessible to the general public. Additionally, as the role of the office changes and grows those criteria should be revised to accommodate the expanded scope of the office. Lastly, a regular calendar for the review of priority programs should be developed, advertised and implemented.

## **PROGRAM REVIEWS**

### Recommendations:

The Board of Supervisors suggest that the School Board consider:

1. Broaden program review scope for greater context and consideration of alternatives. Current program reviews focus on modifying or maintaining a program under review but do not examine fundamental changes which might be needed for more effective program delivery. Examples where such action would have afforded better decision-making include:
  - a. eCART - this program was established with a goal of selling usage licenses to other school divisions; program reviews do not address whether this goal was accomplished and income realized.
  - b. FLES - the 2nd year review included comparison to other foreign-language curriculum used by FCPS (language immersion) but was evaluated independently in the 3rd year without larger context.
  - c. MSASP - there is a need for greater transparency and accountability with a particular focus on the program's intended mission.
2. Reduce or eliminate staff from the review process when their program is being evaluated. For maximum objectivity, staff should not review their own processes. Structure as a) independent auditor or inspector general; b) advisory committee with majority of community members; c) inspector general or ombudsman oversight.
3. Incorporate program reviews as part of the annual budget process, such as those employed by the Baldrige model. The rationale favoring this model is significant. It would dramatically reduce the School Board's workload assessing staff's operational performance. It would

directly tie school expenditures (i.e., needs) to operations and streamline the public's accessibility to these metrics.

4. Consider if a reliable, objective program review structure can be created and maintained if responsibility remains under departmental leadership.
5. Direct the superintendent to implement evaluations of the program review process. These evaluations would occur throughout the program review to periodically confirm the validity of the evaluation process, compliance with established methodologies, etc.
6. Consider assessing the qualifications and skills of Professional Learning and Accountability staff should they maintain responsibility for program reviews -- are they (or should they be) statisticians, program management specialists, former teachers/administrators, or auditors?

## **CAPITAL IMPROVEMENT PROGRAM**

### Recommendations:

Board of Supervisors suggest the School Board pursue policy and processes to:

1. Enhance, improve, and increase the role of Facilities Planning Advisory Council in capital planning and related policy development. Expand opportunity for public engagement and comment on the CIP. Some examples might include: schedule CIP public hearing farther in advance of School Board vote to consider testimony; blog to gather input and comments from stakeholders unable to attend FPAC listening tour events; establish a process for school board consideration and action on (all, not just FPAC) advisory committee recommendations.
2. Allow for public Q&A on CIP, modeled on the process for budget questions and answers.
3. Make Educational Specifications available for public consideration during building, renovation, and boundary discussions.
4. Address challenges in methodologies used to project enrollment 2-5 years out.
5. Establish more concise guidelines in the Strategic Facilities Plan in light of economic realities. Questions to consider might be: a) shouldn't boundary studies be highest priorities? b) would nimbler responses to enrollment and capacity challenges allow for minor, administrative boundary adjustments that are more palatable to the community as well as economically lucrative to FCPS? c) are facilities policies sustainable if they ignore any aspect of the enrollment and capital environment?
6. Study the School Board's decision-making paradigm for boundary decisions. We recommend the board consider establishing a matrix for the process which prioritizes the options to be considered.
7. Give priority to architectural plans that allow for maximum flexibility within the building.

## **CONTINUING CARRYOVER ISSUES FROM PREVIOUS LEE DISTRICT BUDGET ADVISORY GROUP REPORT**

These items from our budget report last year remain unresolved and we again present them for consideration:

1. Program Budget Recommendation - Board of Supervisors request that FCPS include in their annual Program Budget the previous year's actual expenditures, detailing those associated with the mandates covered and/or the budgeted expenditures for mandate requirements.
2. Definitions of Expenditures Recommendation: We recommend that the Board of Supervisors require full, detailed accounting of the differences between the state and County definitions of instructional costs. Either these differences should be included in the budget and transfer request, or the schools' budget might use the state's definitions and accountability standards.
3. Carryover Funds Recommendation - Supervisors suggest that the School Board analyze and regularly review the effectiveness of their staffing and other funding formulas. The funding formulas are driving the \$26 million carryover at the school level. Clearly, these formulas might be tweaked to transfer materials and supplies funding (especially) to areas where student needs are greater.
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5. Correlating Budget to Strategic Governance Recommendation: Board of Supervisors ask FCPS to develop a budget that strengthens the connection between expenditures, specific objectives and projects, detailed multi-year planning, and clear assessments of progress. An excellent example can be found in the Baldrige accountability model.