

To: Eric Hornberger, Chairman, Loudoun County School Board
Jill Turgeon, Vice Chairman, Loudoun County School Board

CC: Loudoun County Board of Supervisors
Tim Hemstreet, Loudoun County Administrator
Ed Hatrick, LCPS Superintendent

From: Loudoun County Government Reform Commission (GRC)

Re: Follow-up to LCPS Response to GRC Recommendations of May 1, 2012

Date: **[to be considered by the GRC on 9/27/12]**

We write in response to the LCPS memo dated June 20, 2012 that was provided to the School Board in response to the GRC's memo on school spending dated May 1, 2012.

We appreciate this effort by LCPS staff to respond to our findings and queries, but are disappointed that the GRC was not copied nor even advised of its existence of the memo. We are further disappointed that the analysis by LCPS staff is generally dismissive of the points raised by the GRC, and misses the mark insofar as the broad purpose of our submission to the School Board.

Therefore we take this opportunity to respond and clarify several matters so all parties may better appreciate the intent of the GRC.

First, as matter of courtesy, cooperation and good faith, we believe that LCPS staff should've copied the GRC on its submission to the School Board, or at least advised us of its existence in a timely manner. The matters we raised are important, and we understood LCPS staff to have agreed that good communication was a necessary starting point for effective discourse. The first time any member of the GRC saw this LCPS document was on September 24, 2012 – three months late – and only after hearing about it a few days earlier and requesting that County staff secure a copy from LCPS staff. Notwithstanding comments from LCPS, it hardly constitutes notice to the GRC that the memo was posted on the LCPS web site.

As to the substance of the LCPS memo, we offer the following observations:

1. On page 1, in the "Benchmarks" section, the LCPS memo says "we do not believe that GCP is a valid measure to determine fiscal efficiency for schools". In fact, ~~the, the~~ GRC did not recommend the adoption of a GCP benchmark as a measure of fiscal efficiency for schools, *per se*. Rather, the ~~GRC recommended~~ GRC recommended the adoption of a GCP benchmark as a way to "put the cost of government over time into a context relative to measures of taxable wealth and productivity" (GRC memo, page 1). Further, the GRC stated that the "School ought to exist within a particular economic context, specifically what a cost relative to the ability to pay." The misinterpretation of the GRC

~~comments and~~ comments and the shift to per pupil costs shown in the LCPS ~~reply ignore~~ reply ignore one of the major points of ~~our memorandum~~ our memorandum: specifically that costs related to public education should be understood ~~within~~ within a context of affordability. That the LCPS memo ignores this broader point underscores the validity of our comment itself.

2. On page 2, in the “Erroneous Calculations” section, the LCPS memo once again misses the point of the ~~GRC~~ GRC. Specifically, LCPS staff misunderstands what is meant by the period 2007-09 and seeks to find fault with the GRC calculations. The GRC memo states very clearly on page 3 that “School costs remained relatively consistent as a function of GCP for the period FY00 through FY06, trending in the range of 4%.” Therefore, the comparison of the period 2007-09 is clearly intended to compare the state of affairs through 2006. For the LCPS memo to ignore this comparison to 2006 misses our point that the period 2007-09 shows a significant divergence from history insofar as the cost of the LCPS relative to GCP.

3. On pages 3-4, the LCPS memo again misses the GRC’s point. In FY07-FY09, Loudoun’s economy grew 17%. While not as robust as the prior period, this was no contraction. In that same period the school budget grew by a disproportionate 40%. For the LCPS memo to characterize this as “economic freefall” rather than “out of proportion” spending raises concerns on our part about the willingness of LCPS to seriously assess this apparent anomaly.

4. Also on pages 3-4, the LCPS memo tries to compare LCPS results favorably to Fairfax and Prince William Counties by measure of GCP. This effort shows how misperceptions that can arise from using poorly scaled charts. A careful reader will notice that each chart contains a very different scale on its Y axis, but has been sized the same. If one looks carefully it is clear that the Y axis increments vary from 1% to 5%, it’s easy enough to misinterpret data, and much more likely when it is presented in charts with differing scales. Unfortunately, the LCPS memo illustrates this very point when it claims to see “the exact same patterns” in the two comparable counties. In actuality, the charts distort several facts that would otherwise be obvious:

- Fact: Prince William County GCP grew by no more than 2.5% in 2007-09, while Loudoun’s grew by 17%. Therefore, the impact of the GCP variable was far greater in Prince William County than in Loudoun.
- Fact: Fairfax County GCP grew by no more than 6% in 2007-09, while Loudoun’s grew 17%. Again, the impact of the GCP variable was far greater in Fairfax County than in Loudoun.
- Fact: Despite far weaker economic growth in Fairfax, spending increased by less than 10% relative to GCP (from 3% to less than 3.5%). By way of contrast, Loudoun’s spending increased by nearly 25% relative to GCP (from 4% to nearly 5%).

5. On Page 4, the LCPS memo makes a statement about requirements of the Code of Virginia. While it would be enlightening to know what precedent may have been set on this matter by Virginia courts, we suggest that the LCPS memo embraces an aggressive reading of the Code, as reflected by its

use of the term “needs-based”. The Code does not say “needs-based”. Rather, it says “deemed to be needed”. Given that “deemed” implies a subjective judgment and the term “needed” would seem to be relative, we must conclude that reasonable people could disagree on what is deemed to be needed. In that case, an argument that needs as deemed by any particular individual should be an absolute standard does not seem correct.

6. On page 5, in the “Enrollment and Staffing” section, the LCPS memo provides an explanation of its approach to staffing from a zero base, rather than in addition. We tend to agree that such an approach would not necessarily be most efficient. As well, we appreciate the explanation of the particular challenges caused by class size limitations. It would be interesting to know just how much of the employment growth has been caused by “stub” class sizes and whether or not better solutions might exist to deal with it. That said, we defer to the School Board in these matters.

7. On page 5, in the “Class Size Data” section, the LCPS memo explains that Food Services staff should not be included in total employment numbers since the Food Services Fund is “self-supporting”. One wonders if the LCPS considers transfer payments from the Commonwealth and the Federal Government as self supporting too. Given that those very payments come from taxpayers, indeed Loudoun taxpayers, one should not exclude them from the total cost of schools. The GRC’s memo recommended that all staffing be mapped out and related to mandates so that Loudoun taxpayers would have a better understanding of the source of all employment mandates in Loudoun. We hold to this view, and believe that Food Services staff should not be excluded.

8. On pages 5-6, the LCPS memo explains that it’s budgeting is based on projected students and that students per employee have climbed, relative to this “projected” number. We wonder why “projections” are more meaningful than actual data? Certainly, if one is allowed to “project”, the answer is going to be correct every single time. In fact, the actual number matters much more than a projection in understanding what costs should be as opposed to what costs actually are. It appears to the GRC that Loudoun is actually not increasing our students per employee, but instead decreasing the number of students per employee. By missing this point, the LCPS response also fails to come to grips with why LCPS projections have been ~~inaccurate~~[inaccurate for](#) such a long time.

9. On pages 6-7, the LCPS memo talks in generalities about drivers of employment growth. While these general statements are helpful, the GRC recommended a detailed mapping of staff to mandates and other drivers of growth. The LCPS reply does not do so, although the statements made may be correct as far as they go. In any event, the GRC reiterates its recommendation for transparency and accountability with respect to LCPS staffing.

We intend these comments to be constructive and responsive to LCPS staff, and again thank the School Board for its commitment to the cost-effective delivery of outstanding service to the citizens of Loudoun County through our public schools.