

Performance Update

School Building Authority

Project Selection for Funding by the School Building Authority Lacks Accountability

Neither the School Building Authority nor the Department of Education Maintain Sufficient Information to Study the Effects of School Consolidation



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John Sylvia
Director

September 11, 2006

The Honorable Edwin J. Bowman
State Senate
129 West Circle Drive
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The Honorable J.D. Beane
House of Delegates
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Dear Chairs:

Pursuant to the West Virginia Sunset Law, we are transmitting a Performance Update of the *School Building Authority*, which will be presented to the Joint Committee on Government Operations on Monday, September 11, 2006. The issues covered herein are "*Project Selection for Funding by the School Building Authority Lacks Accountability*" and "*Neither the School Building Authority nor the Department of Education Maintain Sufficient Information to Study the Effects of School Consolidation.*"

We transmitted a draft copy of the report to the School Building Authority on August 31, 2006. We held an exit conference with the School Building Authority on September 5, 2006. We received the agency response on September 7, 2006.

Let me know if you have any questions.

Sincerely,

Handwritten signature of John Sylvia in cursive script.
John Sylvia

JS/jda

_____ *Joint Committee on Government and Finance* _____

Contents

Executive Summary	5
Review Objective, Scope and Methodology	7
Issue 1: Project Selection for Funding by the School Building Authority Lacks Accountability.....	9
Issue 2: Neither the School Building Authority nor the Department of Education Maintain Sufficient Information to Study the Effects of School Consolidation.....	15
 List Of Tables	
Table 1: SBA Staff Ratings and Funding Status of 2006 Projects.....	11
 List Of Appendices	
Appendix A: Transmittal Letter to Agency.....	19
Appendix B: SBA Staff County Project Ratings.....	21
Appendix C: SBA Staff Project Summary.....	23
Appendix D: SBA Explanations for Unfunded Projects With High Ratings.....	27
Appendix E: Statewide Plan Review Team Project Evaluation Form.....	31
Appendix F: SBA Notification Letters for Unfunded Projects.....	35
Appendix G: Agency Response.....	39

Executive Summary

This report is an update to the May 2004 Legislative Auditor's Full Performance Review of the School Building Authority. In that review, the Legislative Auditor made four recommendations. This update uses the compliance levels described in the table below to describe the SBA's compliance with the Legislative Auditor's previous recommendations.

The May 2004 review indentified the following issues:

1. Project Selection for Funding by the School Building Authority Lacks Accountability.
2. Neither the School Building Authority nor the Department of Education Maintain Sufficient Information to Study the Effects of School Consolidation.

The objective of this report is to examine the status of the School Building Authority's efforts toward compliance with the recommendations from these issues.

Levels of Compliance	
In Compliance	The agency has corrected the problems identified in the previous audit report.
Partial Compliance	The agency has partially corrected the problems identified in the previous report.
Planned Compliance	The agency has not corrected the problem but has provided sufficient documentary evidence to find that the agency will do so in the future.
In Dispute	The agency does not agree with either the problem identified or the proposed solution.
Non-Compliance	The agency has not corrected the problem identified in the previous audit report.
Requires Legislative Action	The recommendation was intended to call to the attention of the Legislature to one or more statutory issues.

The Legislative Auditor finds that the School Building Authority is in compliance with one recommendation, partial compliance with two recommendations and non-compliance with one recommendation.

Two new recommendations are made pertaining to Issue 1 and are as follows:

New Recommendations

1. *The Legislative Auditor recommends that the SBA should improve the documentation of the three Statewide Plan Review Team committees. Accountable documentation should include clear and detailed descriptions describing how various elements worked together to lead them to the scores selected for each project. Doing so will increase the integrity of the scores selected by the review team.*

2. *The Legislative Auditor recommends that the SBA evaluate the need for the Plan Review Team process, and consider amending or eliminating the process to avoid confusion over the importance of the Plan Review Team scores.*

One new recommendation is made pertaining to Issue 2 and is as follows:

3. *The Legislative Auditor recommends that the Department of Education, in cooperation with the state's higher education institutions and the School Building Authority, begin collecting the necessary data to conduct a longitudinal study that looks at academic achievement and efficiency in relation to school consolidation.*

Review Objective, Scope and Methodology

Objective

This compliance monitoring and further inquiry update of the West Virginia School Building Authority is required and authorized by the West Virginia Sunset law, Chapter 4, Article 10, Section 4a of the West Virginia Code as amended. The objective of this review is to determine if the School Building Authority has come into compliance with recommendations made in the 2004 Legislative Auditor's full performance review of the School Building Authority.

Scope

The scope of this report covers the time period from FY 2004 through FY 2006. Consulted resources include, but were not limited to, the SBA, related organizations and agencies, and relevant records and data.

Methodology

Information compiled in the review was acquired from West Virginia laws, SBA records, other state records, available school consolidation research, and interviews with SBA, staff, and former staff. This review was conducted in accordance with the Generally Accepted Government Auditing Standards.

Project Selection for Funding by the School Building Authority Lacks Accountability.

Recommendation 1

Project rankings prepared separately by the SBA staff and the Plan Review Team should be documented and retained, as required for compliance with the Public Records Management and Preservation Act.

Level of Compliance: In Partial Compliance

Since the May 2004 Full Performance Review, the Board has only had one complete funding cycle, funding year 2006. An act passed in 2003 enabled the SBA to “elect to disburse funds for approved construction projects over a period of more than one year...” As a result, new funding was not awarded for the 2005 and 2007 funding years. An examination of the 2006 funding year documentation revealed that the SBA is in partial compliance with Recommendation 1 of the May 2004 report. As the recommendation indicates, there are two rating systems used to measure a project’s eligibility for funding. Those ratings are a SBA staff rating and a Statewide Plan Review Team rating. Compliance with Recommendation 1 in relation to those two rating systems is examined below.

The SBA has improved its documentation of SBA staff ratings.

SBA Staff Rating Documentation Has Improved and Is Retained

A copy of the 2006 SBA staff ratings can be viewed in Appendix B. During the staff review process, the staff evaluate projects by reviewing written project proposals, interviewing county superintendents and other key figures, and making on-site visits to each project. The SBA has improved its documentation of SBA staff ratings.

The SBA was able to provide the Legislative Auditor with three primary forms of documentation for the staff review process:

1. A one page project summary for each project. Appendix C contains several examples of these summaries.

The summaries provide some additional insight into the information reviewed by the SBA staff when arriving at total combined scores; however, they do not elaborate specifically on why the eight scores that comprise the total combined scores were picked for each project.

2. Cassette recordings of project-related interviews:

Full recordings of project-related interviews are retained by the SBA and serve as a useful source of documentation of the evaluation process.

3. Evaluation of proposed needs reports:

These reports give a summary of the project being proposed, general findings of on-site visits, and pictures from on-site visits. The reports contain useful explanatory information.

There continues to be a lack of correlation between scores assigned by SBA staff and funding awarded by the SBA.

While the staff comment sheets, recordings of county official interviews, and evaluation reports provide documentation of the elements that impacted the SBA staff's ranking decisions, it does not completely explain why scores were chosen by SBA staff. The Legislative Auditor acknowledges that each project is different, and that completely objective ratings are not possible because of the numerous variables involved.

Improvements Are Still Needed to Explain the Lack of Correlation of Funding Decisions and the Ratings

As Table 1 shows, there continues to be a lack of correlation between scores assigned by SBA staff and funding awarded by the SBA. In funding year 2006, Kanawha, Brooke, McDowell, Hancock, Hampshire, and Tucker counties did not receive funding despite the fact that lower rated counties did receive funding.

Table 1					
SBA Staff Ratings and Funding Status of 2006 Projects					
County	SBA Staff Rating	Funding Status	County	SBA Staff Rating	Funding Status
Cabell	51	Funded	Marion	42	Funded
Berkeley	50	Funded	Summers	42	Funded
Putnam	50	Funded	Mineral	40	Funded
Fayette	49	Funded	Ohio	40	Funded
Kanawha	48	NOT FUNDED	Monroe	38	Funded
Raleigh	46	Funded	Jefferson	37	Funded
Webster	46	Funded	Mercer	37	Funded
Lewis	45	Funded	Mason	36	Funded
Pendleton	45	Funded	Hancock	35	NOT FUNDED
Brooke	44	NOT FUNDED	Upsher	34	Funded
McDowell	44	NOT FUNDED*	Tucker	32	NOT FUNDED
Jackson	43	Funded	Wyoming	31	Funded
Marshall	43	Funded	Pleasants	27	Funded
Preston	43	Funded	Calhoun	26	NOT FUNDED
Grant	42	Funded	Logan	25	NOT FUNDED
Hardy	42	Funded	Gilmer	23	NOT FUNDED
Hampshire	41	NOT FUNDED	Wood	22	NOT FUNDED
Lincoln	42	Funded	Doddridge	21	NOT FUNDED
<p><i>Source: SBA Rating and Funding Documents</i> * McDowell County was not funded with this funding money, but was funded with Emergency funds in 2006 because of the urgency of the project.</p>					

Although the SBA provided specific explanations for 2006 unfunded counties that also had high ratings (see Appendix D), this was only at the request of the Legislative Auditor. The information provided is useful in explaining some of the lack of correlation in funding. This information could be provided to counties that were not funded, or at least have such information available to counties or the public in response to their inquiries. The following is a general statement provided by the SBA explaining why there are variances between the rating system and funding awarded.

Please understand that there are often projects that meet funding criteria that are not funded because there are other factors that enter into our Authority members' decisions that are very valid but are not part of the evaluation of the criteria....Projects are rated based on the criteria. The timing and amount of funding must also be factored in the equation. The fact that a project is not funded in one cycle does not mean it will never be considered in future funding cycles. Given all the factors considered by the Authority, the relationship of the final staff rating and the projects receiving funding is extremely high.

The current rating system's lack of correlation to funding decisions can cause confusion and speculation among the public and counties.

The Legislative Auditor understands that the process of awarding SBA funding is complicated and that many factors play a role in such decisions. However, the current rating system's lack of correlation to funding decisions can cause confusion and speculation among the public and counties. The SBA should provide detailed explanations to unfunded counties, as further discussed in the update to Recommendation 3.

Inadequate Statewide Plan Review Team Rating Documentation Is Retained by the SBA.

Recommendation 1 of the May 2004 review recommended that the SBA maintain documentation of Statewide Plan Review Team ratings. All that the SBA was able to provide was the list of numerical ratings and a small amount of hand-written notes. See Appendix E for examples of score sheets and notes. When asked if any additional documentation was available for the 2006 Statewide Plan Review Team ratings, the SBA responded, "We have researched our files and no additional Statewide Plan Review Team records have been located." Therefore, the Legislative Auditor finds that the School Building Authority is not in compliance with Recommendation 1 of the May 2004 Legislative Auditors review as it pertains to Statewide Plan Review Team ratings. **The Legislative Auditor recommends that the SBA should improve the documentation of the three Statewide Plan Review Team committees. Accountable documentation should include clear and detailed descriptions describing how various elements worked together to lead them to the scores selected for each project. Doing so will increase the integrity of the scores selected by the review team.**

Recommendation 2

The SBA should consider having the SBA staff and Plan Review Team develop a consensus ranking, which will be forwarded to the SBA Board members for the decision making process. The consensus ranking should be documented and retained, as required for compliance with the Public Records Management and Preservation Act.

Having two separate rating systems that are not comparable to each other adds confusion to the overall selection process, which again puts in question the accountability of the process.

Level of Compliance: Non Compliance

When asked how the SBA had responded to Recommendation 2 of the May 2004 review, the SBA stated, “Based on the nature of the evaluation process, a consensus ranking would be difficult. However, we will make every effort to coordinate this process to the extent possible.” The main reason that a consensus is difficult is that the two rating processes are only remotely related. The SBA staff spends months reviewing projects by interviewing officials, reviewing written project proposals, and making on-site visits. Additionally, the SBA staff review team consists of experts in architecture, finance, engineering, etc. In contrast, the Plan Review Team spends only two days reviewing projects, and reviews only the written proposals submitted by each county. They conduct no interviews, and make no on-site visits. The Plan Review Team consists of superintendents and school administrators from each state’s Regional Education Service Agencies regions, who may or may not have expertise relevant to the evaluation of the architectural, engineering, or financial aspects of a project.

Since the Plan Review Team ratings’ relevance to funding decisions is often superseded by the relevance of SBA staff ratings to funding decisions, the Legislative Auditor questions the usefulness of the Plan Review Team process.

There is understandable variance between SBA staff ratings and Plan Review Team ratings because of the difference in material reviewed, time spent on the rating process, and the expertise of the evaluators. This is the basis for recommending the development of a consensus between the two rating systems. Having two separate rating systems that are not comparable to each other adds confusion to the overall selection process, which again puts in question the accountability of the process. Although having a second rating process has the advantage of having different perspectives, this benefit may be offset by the confusion it presents.

Additionally, since the Plan Review Team ratings’ relevance to funding decisions is often superseded by the relevance of SBA staff ratings to funding decisions, the Legislative Auditor questions the usefulness of the Plan Review Team process. If the SBA is not able to form the two rating systems into a consensus rating, **the Legislative Auditor recommends that the SBA evaluate the need for the Plan Review Team process, and consider amending or eliminating the process to avoid confusion over the importance of the Plan Review Team scores.**

Recommendation 3

The SBA should consider documenting the reasons why projects are or are not selected for funding, especially in choices where funding discretion is applied.

Level of Compliance: In Compliance

The SBA is in compliance with Recommendation 3 of the Legislative Auditor's May 2004 Full Performance Review of the SBA. Since the last review, the SBA has begun issuing explanatory letters to unfunded counties. The Legislative Auditor finds that the letters provide useful information to the counties to explain why a project was not funded and assistance for future applications. Examples are provided in Appendix F. Interestingly, the documentation that should also be maintained after every funding cycle was provided by the SBA in response to the Legislative Auditor's request for the SBA to explain why lower rated projects were funded above higher rated projects (see Appendix D). This documentation should be available for accountability purposes and to provide if the public or counties inquire concerning the non-funding of particular projects. Providing this documentation to non-funded counties may eliminate some of the speculation and criticism that some have towards the SBA selection process.

The letters provide useful information to the counties to explain why a project was not funded and assistance for future applications.

New Recommendations

1. *The Legislative Auditor recommends that the SBA should improve the documentation of the three Statewide Plan Review Team committees. Accountable documentation should include clear and detailed descriptions describing how various elements worked together to lead them to the scores selected for each project. Doing so will increase the integrity of the scores selected by the review team.*
2. *The Legislative Auditor recommends that the SBA evaluate the need for the Plan Review Team process, and consider amending or eliminating the process to avoid confusion over the importance of the Plan Review Team scores.*

Neither the School Building Authority nor the Department of Education Maintain Sufficient Information to Study the Effects of School Consolidation.

In the May 2004 Legislative Auditor's review of the SBA, the Legislative Auditor made the following recommendation:

The study indirectly concludes that as schools become larger as a result of consolidation, academic performance is not affected, all things being equal.

Recommendation 4:

The Legislative Auditor recommends that either the School Building Authority or the state Department of Education should enter a contractual agreement with either Marshall University or West Virginia University to conduct a detailed analysis on the effects of consolidation on student achievement.

Level of Compliance: Partial-Compliance

This study does not evaluate the efficiency of schools after consolidation.

The Legislative Auditor recognizes the SBA for initiating a study on the effects of school consolidation. The SBA contracted Marshall University's Center For Business and Economic Research in February of 2004, "to conduct an evaluation of the impact of consolidation and school size on academic performance among West Virginia's high schools. . . and . . . employ existing literature and the results of their analysis to determine such relationship for schools in West Virginia."

The State continues to consolidate schools without clear evidence if it is saving money or improving academic performance.

The report, titled, School Consolidation and Educational Performance: An Economic Analysis of West Virginia High Schools, was completed and published in May 2004. Although the study provides some evidence that the size of schools in West Virginia does not correlate with academic achievement, the study, by its own admission, is not comprehensive or definitive. The study indirectly concludes that as schools become larger as a result of consolidation, academic performance is not affected, all things being equal. The study (linear regression analysis) is one of many approaches to studying the effects of school consolidation on academic achievement. Many of the schools in the study are large not because of consolidation. Therefore, the study has its basis that since school consolidation generally results in larger schools, then if there is no correlation between school size and academic performance, there is no negative effect from consolidation. The concern with this approach is that schools that are large for reasons of consolidating several schools may not perform the same as schools that are equally large for reasons other than consolidation. To measure this requires controlling for factors that can explain the differences in performance other than school size, which is difficult to do. In addition, this study does not evaluate the efficiency of schools after consolidation. The State continues to consolidate schools without clear evidence if it is saving money or improving academic performance. For this reason, the Legislative Auditor has indicated partial compliance to this recommendation.

Key Findings of the Report

The researchers concluded, “School size plays a small, positive role in higher test scores among high school students. The effect is modest (and linear in follow up tests) and without significant interaction with other variables. . . .The clearest interpretation of school size impact on SAT 9 test scores is that there are none at the high school level.”¹

The regression analysis indicated that measures of income and education play the dominant role in overall explanations of educational outcome.

The report also detailed a regression analysis of 9th, 10th, and 11th graders’ SAT 9 scores in relation to numerous other factors. The regression analysis indicated that measures of income and education play the dominant role in overall explanations of educational outcome. Higher educational achievement of teachers displayed a somewhat significant positive impact on test scores. Larger class sizes had a significant negative impact on test scores in the analysis. Increased school age had an insignificant negative impact. Increased school enrollment had insignificant positive impact on test scores. As would be expected, increased attendance rates and lower drop-out rates positively correlated with increased test scores. Population density (the urban and ruralness of an area) demonstrated a small negative impact on SAT 9 scores.

In summary, the report notes,

The Legislative Auditor finds that more research about the effects of consolidation would be helpful.

Insofar as West Virginia’s policymakers are considering policy adjustments in education it is important to understand that, at the State level, there are currently few direct policy tools available to influence performance. Also, the effect of these policies are dwarfed by the impact of variables that cannot be directly controlled – primarily the contribution of families to educational performance. Thus, any policy effort that results in even modest impacts on some attribute of school performance is likely to comprise the bulk of available policy options at the State administrative level. Class size, teacher education, and size of the school impact educational achievement minimally but represent virtually all the tools the State directly enjoys. . . . The sum of these findings suggests that school consolidation has not had a large positive or negative impact on school performance in West Virginia. (ibid. pp. 30-31)

More Research Is Necessary

The Hicks/Rusalkina study adequately addresses the correlation between the test scores of West Virginia high school students and the size of the schools they attended. However, the Legislative Auditor finds that more research about the effects of consolidation would be helpful.

¹Hicks, Michael J., and Viktoriya Rusalkina. “School Consolidation and Educational Performance: An Economic Analysis of West Virginia High Schools.” Center for Business and Economic Research, Marshall University, May, 2004, p. 21.

The report indicated that there are numerous variables and different methodologies that could give decidedly different results.

Consideration should be given to a longitudinal study of consolidated schools to show the various effects of consolidation by comparing data prior to and after consolidation.

The study should not be considered definitive in this area. The report indicated that there are numerous variables and different methodologies that could give decidedly different results. The report acknowledges that some non-linear regression analysis shows that academic performance suffers as school size increases. Hicks and Rusalkina conclude that their results suggests that West Virginia high schools have not become large enough to experience a decline in performance (ibid. p. 28). Consideration should be given to a longitudinal study of consolidated schools to show the various effects of consolidation by comparing data prior to and after consolidation. The Legislative Auditor originally wanted to conduct such a study but found that the necessary data were not available. With millions of dollars committed to school consolidation, the SBA in conjunction with the Department of Education and a West Virginia higher education institution should coordinate the data collection to conduct a longitudinal study on consolidated schools. Furthermore, an examination of students of different ages may be useful. The existing study only examined the impact of school size on high school students. However, the report acknowledges that, “the majority of studies support the idea that students perform better in smaller elementary and middle schools” (ibid. p. 5). Therefore, **the Legislative Auditor recommends that the Department of Education, in cooperation with the State’s higher education institutions and the School Building Authority, begin collecting the necessary data to conduct a longitudinal study that looks at academic achievement and efficiency in relation to school consolidation.**

New Recommendation

3. *The Legislative Auditor recommends that the Department of Education, in cooperation with the state’s higher education institutions and the School Building Authority, begin collecting the necessary data to conduct a longitudinal study that looks at academic achievement and efficiency in relation to school consolidation.*

Appendix A: Transmittal Letter

WEST VIRGINIA LEGISLATURE
Performance Evaluation and Research Division

Building 1, Room W-314
1900 Kanawha Boulevard, East
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John Sylvia
Director

August 31, 2006

Mr. David Sneed, Chief of Architectural Services
WV School Building Authority
2300 Kanawha Boulevard, East
Charleston, WV 25311-2306

Dear Mr. Sneed:

This is to transmit a draft copy of the update and further inquiry report of the School Building Authority. This report is scheduled to be presented on Monday, September 11, 2006 at 3 p.m. during the interim meeting of the Joint Committee on Government Operations. This meeting will be held in room 215 of the east wing which is the House Government Organization Committee Room. It is expected that a representative from your agency be present at the meeting to orally respond to the report and answer any questions the committee may have.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please notify us before September 6, 2006. Please notify us to schedule an exact time. In addition, we need your written response by noon on September 6, 2006 in order for it to be included in the final report. If your agency intends to distribute additional material to committee members at the meeting, please contact the House Government Organization staff at 340-3192 by Thursday September 7, 2006 to make arrangements.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,

Handwritten signature of John Sylvia in cursive script.
John Sylvia

Enclosure

_____ *Joint Committee on Government and Finance* _____

Appendix B: SBA Staff County Project Ratings

SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
STAFF SCORES FOR 2006 NEED PROJECTS

County Name	Economy of Scale	Curricular Improvement	Educational Innovations	Health and Safety	Adequate Space	Travel Time	Multi-County Planning	Consensus Score	Combined Total	County Name
Cabell	7	7	7	8	8	5	0	9.00	51.00	Cabell
Berkeley	8	7	7	6	9	5	0	8.00	50.00	Berkeley
Putnam	8	7	7	8	8	5	0	7.00	50.00	Putnam
Fayette	8	7	7	8	8	5	0	8.00	49.00	Fayette
Kanawha	8	7	6	9	6	5	0	7.00	48.00	Kanawha
Raleigh	7	6	6	9	6	5	0	7.00	46.00	Raleigh
Webster	8	7	6	9	7	5	0	6.00	46.00	Webster
Lewis	8	7	5	7	6	5	0	7.00	45.00	Lewis
Pendleton	6	7	6	8	6	5	0	7.00	45.00	Pendleton
Brooke	8	7	6	6	5	5	0	7.00	44.00	Brooke
McDowell	7	3	2	9	9	5	0	9.00	44.00	McDowell
Jackson	5	7	7	7	5	5	0	7.00	43.00	Jackson
Marshall	7	7	6	7	5	4	0	7.00	43.00	Marshall
Preston	6	6	4	9	9	5	0	8.00	43.00	Preston
Grant	6	7	6	6	6	5	0	6.00	42.00	Grant
Hardy	5	6	7	7	6	5	0	6.00	42.00	Hardy
Lincoln	6	4	4	9	7	5	0	7.00	42.00	Lincoln
Marion	7	6	4	6	7	5	0	7.00	42.00	Marion
Summers	5	7	6	7	5	5	0	7.00	42.00	Summers
Hampshire	6	6	4	7	7	5	0	6.00	41.00	Hampshire
Mineral	6	6	7	5	5	5	0	6.00	40.00	Mineral
Ohio	5	7	2	8	6	5	0	7.00	40.00	Ohio
Monroe	5	5	6	5	5	5	0	7.00	38.00	Monroe
Jefferson	7	5	5	6	5	5	0	4.00	37.00	Jefferson
Mercer	7	5	3	7	3	5	0	7.00	37.00	Mercer
Mason	5	4	5	6	6	5	0	5.00	36.00	Mason
Hancock	4	4	1	8	5	5	0	7.00	35.00	Hancock
Upshur	5	5	5	5	4	5	0	5.00	34.00	Upshur
Tucker	4	4	3	8	5	5	0	3.00	32.00	Tucker
Wyoming	4	4	4	6	4	5	0	4.00	31.00	Wyoming
Pleasants	3	3	1	5	5	5	0	5.00	27.00	Pleasants
Calhoun	5	3	2	6	2	5	0	3.00	26.00	Calhoun
Logan	3	5	1	3	4	5	0	4.00	25.00	Logan
Gilmer	4	3	2	5	2	5	0	2.00	23.00	Gilmer
Wood	5	2	1	3	3	5	0	3.00	22.00	Wood
Doddridge	3	4	3	1	3	5	0	2.00	21.00	Doddridge

Appendix C: SBA Staff Project Summary

BERKELEY COUNTY

Project as proposed by Berkeley County:

Berkeley County requests MIP funding in the amount of \$500,000 for renovations at Bunker Hill Elementary School. The renovations include: upgrade of the HVAC, electrical, security and sound systems; computer wiring; ceiling and window replacement and new floor covering.

STAFF COMMENTS

Berkeley County has provided all funding for this school amounting to \$3,700,000. However, these funds are currently being used for other improvements at this school. The requested renovations will complete this project.

Berkeley County included this work as an alternate in the construction bid package when the project was originally bid. The cost for the work within the MIP project was \$750,000, at the time of the bid. Sufficient local funding was not available at the time of bid to complete all desired work on the Bunker Hill Elementary School. The school is currently under construction.

Berkeley County has amended their finance plan for this project since their original submission. They have now committed \$250,000 in additional local funding toward the project.

	County Proposal	<i>Staff Comments</i>
SBA Funds	\$500,000	\$500,000
Local Funds	\$250,000	\$250,000
PROJECT TOTAL:	\$750,000	\$750,000

Previous SBA Funding:

NEEDS: \$44,753,924.14
NET: \$ 4,091,052.96
MIP: \$ 2,328,554.62
EMERGENCY: \$ -0-

TOTAL: \$51,173,531.72

Ongoing SBA Project(s): Hedgesville HS – A/R; Martinsburg South MS – A/R and New Gerrardstown Intermediate

CABELL COUNTY

Project as proposed by Cabell County:

Cabell County requests MIP funding in the amount of \$500,000 for window replacements and asbestos abatement at Salt Rock and Altizer Elementary Schools.

STAFF COMMENTS

In January 2006, Cabell County passed a \$60,455,000 local bond issue. This project was not included in the bond.

Replacing the windows in these facilities will assist the county in achieving a more energy efficient system.

	County Proposal	<i>Staff Comments</i>
SBA Funds	\$500,000	\$500,000
Local Funds	\$116,624	\$116,624
PROJECT TOTAL	\$616,624	\$616,624

Previous SBA Funding:

NEEDS: \$22,007,808.00
NET: \$ 5,832,871.13
MIP: \$ 2,343,617.00
EMERGENCY: \$ -0-

TOTAL: \$30,184,296.13

Ongoing SBA Project(s): Spring Hill EL – HVAC Replacement and New Martha Elementary School

CALHOUN COUNTY

Project as proposed by Calhoun County:

Calhoun County requests MIP funding in the amount of \$263,602 for carpet replacement with VCT at Calhoun County Middle/High School.

STAFF COMMENTS

This project was submitted for 2006 Needs funding but was not funded. The Authority recommended this project be considered as a MIP project given its scope of work and cost.

This project was constructed with SBA funding in 1994. Funding consideration could be given to providing new flooring that will assist Calhoun County in maintaining the investment of the state funding at this school.

	County Proposal	<i>Staff Comments</i>
SBA Funds	\$263,602	\$263,602
Local Funds	\$-0-	\$-0-
PROJECT TOTAL	\$263,602	\$263,602

Previous SBA Funding:

NEEDS: \$13,865,128.00
NET: \$ 689,016.04
MIP: \$ 128,000.00
EMERGENCY: \$ -0-

TOTAL: \$14,682,144.04

Ongoing SBA Project(s): None

FAYETTE COUNTY

Project as proposed by Fayette County:

Fayette County requests MIP funds in the amount of \$467,735 to replace coal-fired boilers with propane-fired boilers at the following schools: Ansted Middle; Ansted Elementary; Divide Elementary; Meadow Bridge High; Meadow Bridge Elementary; Gatewood Elementary and Nuttall Middle (gym).

STAFF COMMENTS

The boilers are well maintained by the Fayette County maintenance staff. However, they are inefficient and require excessive man hours to operate.

There has not been an engineering study or a projected energy cost analysis performed by a professional engineer on these projects. It is desirable to have this information in place before funding is provided to be sure all code requirements are accounted for and the estimated cost for the project is accurate.

Should the Authority desire to fund a portion of this project, we would recommend funding the Ansted Elementary and Ansted Middle Schools as the top priorities and the greatest need.

	County Proposal	<i>Staff Comments</i>
SBA Funds	\$467,735	\$154,353
Local Funds	\$-0-	\$-0-
PROJECT TOTAL	\$467,735	\$154,353

Previous SBA Funding:

NEEDS: \$4,383,540.00
NET: \$3,804,995.82
MIP: \$1,374,128.59
EMERGENCY: \$ -0-

TOTAL: \$9,562,664.41

Ongoing SBA Project(s): Fayetteville HS – Gym Renovations and New Oak Hill Elementary School




School Building Authority of West Virginia

Clacy E. Williams, Executive Director

2300 Kanawha Boulevard, East • Charleston, West Virginia 25311-2306 • Office Number (304) 558-2541 • FAX Number (304) 558-2539

MEMORANDUM

TO: Dusty Johnson, Research Analyst
FROM:  David Sneed, Interim Executive Director
SUBJECT: Response to Questions
DATE: August 21, 2006

I have attempted to address your questions regarding why the Authority members funded projects ahead of others that scored higher on the staff ratings. Please understand that I have attempted to provide information extrapolated from comments made during the meeting the projects were funded. Also, please understand that there are often projects that meet funding criteria that are not funded because there are other factors that enter into our Authority members' decisions that are very valid but are not a part of the evaluation criteria. The Kanawha County, McDowell County and Tucker County issues below are good examples. Projects are rated based on the criteria. The timing and amount of funding must also be factored in the equation. The fact that a project is not funded in one cycle does not mean it will never be considered in future funding cycles. Given all the factors considered by the Authority, the relationship of the final staff rating and the projects receiving funding is extremely high.

Kanawha County

The SBA staff rated this project based on the criteria as one of the top project in 2006 funding cycle. However, there were other factors outside the evaluation criteria that often affect this and other projects. The underlying factors that did have a negative effect on the project were:

1. Kanawha County requested 100% funding from the SBA totaling \$18,109,728 for two schools. SBA funding is finite and it was difficult for the Authority members to justify giving one county 34% of the available funding from this funding cycle.
2. Kanawha County presented the project to the Authority as two schools but only one project. They did not desire one school to be funded now and the other school later using SBA or perhaps local funding.

-
3. During our onsite review and evaluation it was determined that portions of the County supported one school instead of the two proposed by the Board. Also, the caption area for each school was not determined by the county and therefore attendance areas were not available for our review of the effects on student transportation.
 4. The amount of funding requested by Kanawha County exceeded the SBA funding formula in place at that time by approximately \$5,000,000. We requested that Kanawha County address a resolution to the finance plan for the project but no resolution was presented beyond the original request for 100% SBA funding of the full amount requested.

Based on these unresolved issues, the Authority accepted the staff recommendation to allow the SBA staff to work with Kanawha County to resolve the logistical and financial problems associated with the project and return next year for funding consideration. (See attached December 21, 2005 letter to Kanawha County regarding why their project was not funded)

McDowell County

The McDowell County project was actually funded. However, given the nature and severity of need for the correction of the structural problem at the school, Emergency Grant funds were provided for this project in lieu of "Needs" based financing.

Tucker County

The Tucker County project rating was also based on the evaluation criteria. However, the amount of their funding request exceeded the SBA funding formula based on the maximum amount of funding available for a school of this age. Additionally, the SBA staff recommended that we provide the Tucker County maintenance staff training on the proper operation and maintenance of their heating and air conditioning system prior to installing a new system given the problems they encountered on the maintenance of their old system. The SBA members agreed with this strategy and training occurred between December 2005 and March 2006. Funding was provided in March 2006 for this project using MIP funding. (See attached December 21, 2005 letter to Tucker County regarding why their project was not funded)

Hancock County

The Hancock county project involved the replacement of the HVAC system at Weir Middle/High School. The condition of the HVAC system was not considered to be as critical a need as other similar projects. I feel the Authority members considered the staff evaluation of the system and opted to fund other projects with the understanding the Hancock County project could be addressed in future funding cycles. (See attached December 21, 2005 letter to Hancock County regarding why their project was not funded)

Brooke County

The Brooke County project consolidated Beech Bottom Primary School into Wellsburg Primary due to enrollment loss and reduction of state aid as enrollment declines in the county. From our perspective, we feel the Authority members believed other projects were more meritorious in this funding cycle and this project could be addressed in future cycles along with other school closures planned in 2007. Our correspondence to Brooke County after the 2006 funding cycle encouraged Brooke County to keep this project before the Authority in future funding cycles. (See attached December 21, 2005 letter to Brooke County regarding why their project was not funded)

Hampshire County

The Hampshire County project included the addition of two classrooms to address over crowding and the construction of an auxiliary gymnasium. While the classrooms would improve the adequacy of space at the facility, the bulk of the project cost related to the addition of the auxiliary gymnasium. Based on this, I believe the Authority felt that given our limited funding, there were more pressing needs in the state that should be addressed prior to construction of a second gymnasium at Hampshire County High School. It was also felt that a more fully developed project narrative might help explain the impact of the project. (See attached December 21, 2005 letter to Hampshire County regarding why their project was not funded)

Appendix E: Statewide Plan Review Team Project Evaluation Form

SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
PROJECT EVALUATION FORM
EDUCATIONAL PROGRAM IMPROVEMENT

Project Name: Addition @ Doddridge Co Elementary
County: DODDRIDGE

(Circle the appropriate number to indicate your rating)

1. What is the extent to which the project provides for curricular improvement?

1 2 3 4 5 6 7 8 9
(Some) (Considerable) (Extensive)

2. Does the proposed project contain educational innovations designed to more effectively or efficiently deliver the instructional program? (In order to qualify, a plan should provide a new or different delivery method than any previously used in the county)

0 1 2 3 4 5 6 7 8 9
(Low) (Moderate) (High)

Complete Item #3 after your committee has discussed the proposed project.

3. What is your committee's consensus rating of the proposed project regarding educational improvements and innovations?

5 1 2 3 4 5 6 7 8 9
(Low) (Moderate) (High)

Date

Comments: Please write a short description of how this plan achieves improvement over the present educational program. Use the back of this sheet, if needed.

*Gym
2 classrooms (Per/Miss A)*

**SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
PROJECT EVALUATION FORM
HEALTH, SAFETY, SPACE**

Project Name: ADD TO DODDADGE CO. ELEM SCHOOL
County: DODDADGE

(Circle the appropriate number to indicate your rating)

1. What is the severity of the health and/or safety conditions which are being addressed by this project?
_____ 1 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ 8 _____ 9 _____
(Minor) (Moderate) (Severe)

2. What is the severity of the need for space to house projected student enrollment in existing facilities?
_____ 1 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ 8 _____ 9 _____
(Minor) (Moderate) (Severe)

Complete Item #3 after the committee has discussed the proposed project.

3. What is your committee's consensus rating of the proposed project regarding the health, safety and space issues of the plan?
_____ 1 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ 8 _____ 9 _____
(Low) (Moderate) (High)

10-24-05
Date

Comments:

SBA 107C
Revised 5/15/97 Retyped 12/04
athforms

**SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
PROJECT EVALUATION FORM
ECONOMIES OF SCALE, EFFICIENCY, TRAVEL TIMES**

Project Name: Elem School Addition
County: DODDRIDGE

(Circle the appropriate number to indicate your rating)

1. What is the extent to which the project demonstrates efficiency and/or economies of scale? (i.e., improves teacher/administrator utilization, improves building utilization, saves funds through school consolidations or other economies, meets SBA enrollment guidelines, etc.)

_____ 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 (7) _____ 8 _____ 9 _____
(Some) (Moderate) (High)

Enrollment: Grade levels PK - 4, SBA recommended enrollment _____
Projected Project Enrollment 491

2. Does the proposed project contain a multi-county/regional facility in order to achieve an effective and efficient instructional delivery system? In order to qualify, the project must receive support of all LEA's participating in the project.

No = 0 _____ Yes = 1

3. To what extent does the proposed project impact upon student travel?

_____ 1 _____ 2 _____ 3 _____ 4 (5) _____ 6 _____ 7 _____ 8 _____ 9 _____
(Poor) (Acceptable) (Improved)

Complete Item #4 after the committee has discussed the proposed project.

4. What is your committee's consensus rating of the proposed project regarding the economies of scale and efficiencies of the plan?

_____ 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ (6) _____ 7 _____ 8 _____ 9 _____
(Low) (Moderate) (High)

Date

Comments: Use the back of this sheet

Appendix F: SBA Notification Letters for Unfunded Projects

December 21, 2005

Dr. Ronald Duerring
Superintendent
Kanawha County Schools
200 Elizabeth Street
Charleston, WV 25311-2119

Dear Superintendent Duerring:

In accordance with West Virginia Code, this letter is to inform you that your 2006 Needs project was not selected for funding by the SBA. On December 12, 2005, the Authority reviewed all of the submittals and selected 25 projects to receive needs funding.

The project submitted by Kanawha County was a very worthwhile project and was rated highly by the staff based on the evaluation criteria. However, it was determined by the Authority that the finance plan and realignment of students for the two new elementary schools needed to be further defined so that student distribution, sequencing of construction and the amount and sources of funds for the project are further identified. The Authority would advise Kanawha County to review their project with the SBA staff for any technical assistance needed to help resolve these issues prior to resubmitting the project for future funding consideration.

If you have any questions concerning this matter, please feel free to contact our office.

Sincerely,

Clacy Williams,
Executive Director

CW:sg
06notfunded

December 21, 2005

Ms. Jill Parker
Superintendent
Hampshire County Schools
46 S. High Street
Romney, WV 26757-1832

Dear Superintendent Parker:

In accordance with WV Code, this letter is to inform you that your 2006 Needs project was not selected for funding by the SBA. On December 12, 2005, the Authority reviewed all of the submittals and selected 25 projects to receive Needs funding.

The project submitted by Hampshire County is a very worthwhile project and would provide many beneficial improvements for the students at Hampshire County High School. Upon review, it was determined by the Authority that the needs of other counties were more urgent than those of Hampshire County. I would encourage you to keep this project before the Authority for consideration in future funding cycles. In which case, I would suggest that a more fully developed narrative detailing the impact of the project on health, safety and achievement might be to your advantage.

If you have any questions concerning this matter, please feel free to contact our office.

Sincerely,

Clacy Williams,
Executive Director

CW:sg
06notfunded

December 21, 2005

Mr. Richard Hicks
Superintendent
Tucker County Schools
501 Chestnut Street
Parsons, WV 26287-1005

Dear Superintendent Hicks:

In accordance with WV Code, this letter is to inform you that your 2006 Needs project was not selected for funding by the SBA. On December 12, 2005, the Authority reviewed all of the submittals and selected 25 projects to receive Needs funding.

The project submitted by Tucker County has the potential for future SBA funding but two issues were paramount in the discussions of the Authority regarding the investment of state funds in the HVAC system at Tucker County Career Center. Briefly, there appears to be a lack of local investment in routine maintenance on the equipment currently in the facility. This generates concern for the care of any investment that the SBA makes in Tucker County. Secondly, the SBA funding available through the formula (\$1,225,943), based on the age of this facility is not sufficient to complete the project budget as it was submitted. There was no local funding or other funding offered to fulfill the project deficit and the Authority is adamant that a workable finance plan be in place before funding any project.

In that regard, I would offer to you two definite suggestions:

1. Be in contact with Dr. Paine to request on-site technical assistance for your maintenance staff from the HVAC technicians at the Department of Education. This will improve and maximize the function of the existing equipment. (We have already requested assistance on your behalf based on comments by State Board members during our December 12th meeting) and;
2. Enlist the assistance of a professional engineering firm to determine if there is a prospect of utilizing the maximum potential SBA funding available for which Tucker County High School is eligible to repair or replace equipment for the HVAC system at the school.

Mr. Richard Hicks
December 21, 2005
Page Two

I would encourage you to keep our office apprised of the progress being made on the aforementioned activities prior to the resubmission of this project. I would also encourage you to keep this project before the Authority in future funding cycles with the complete finance plan in place and showing some effort to improving the maintenance and operation of the existing system before submission.

If you have any questions concerning this matter, please feel free to contact our office.

Sincerely,

Clacy Williams,
Executive Director

CW:sg
06notfunded



School Building Authority of West Virginia

Clacy E. Williams, Executive Director

2300 Kanawha Boulevard, East • Charleston, West Virginia 25311-2306 • Office Number (304) 558-2541 • FAX Number (304) 558-2539

September 6, 2006

Mr. John Sylvia
WV Legislature
Performance Evaluation and Research Division
Building 1, Room W-314
1900 Kanawha Boulevard, East
Charleston, WV 25305-0610

RECEIVED
SEP 07 2006

PERFORMANCE EVALUATION AND
RESEARCH DIVISION

Dear John:

As you are aware, we have reviewed the findings of your 2006 Legislative Audit. We appreciated the professional approach by your on-site auditor Dusty Johnson and hope our response to her requests for additional information and clarifications were thorough and complete. We were pleased to find that improvements were noted in this year's audit and we will make every effort to reduce or eliminate the remaining findings cited. We understand the importance of accountability in spending state funding and in the project selection process. Our goal will be to reduce or eliminate all partial or non-compliant citations on future audits

We feel we can resolve all outstanding recommendations with the exception of Issue #2 and Recommendation #4 regarding the consolidation and student achievement issue. As you aware, we commissioned the Marshall University Study as a result of the 2004 Legislative Audit. Upon completion of the study, the findings were shared with your office. It appears that a misconception regarding school consolidation exists. It is presumed that consolidation leads to large schools and large schools are detrimental to learning. The problem with this view as it relates to West Virginia schools is that our consolidated schools are not large schools by national standards or as large vs. small school advocates define large schools. We have studied the research for many years and established guidelines for school size based upon that research. Even the larger West Virginia schools, by and large, fall within the small school category. In the past, many local boards have chosen and citizens have supported a move to consolidated schools. However, this is a local board issue over which the School Building Authority has no jurisdiction. Based on our previous research and the Marshall University Report, we do not feel further study is necessary. School consolidation is a local board issue. I am confident local boards would not close schools if they felt they could provide services to the students more effectively by not doing so.

We will attend the Joint Committee on Government Operation(s) meeting on September 11, 2006 and make ourselves available to answer any questions the committee might have regarding the audit. Thank you and your staff for providing valuable information to our office regarding our services to West Virginia school systems. We will make every effort to comply with the finding in the 2006 audit.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Sneed". The signature is written in a cursive style with a large, prominent initial "D".

Mr. David Sneed,
Interim Executive Director

Enclosure

DS:sig