

Accountability Report Transmittal Form

Agency Name: State Department of Education

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SECTION I: EXECUTIVE SUMMARY

America's future walks through the doors of our schools each day.

—Mary Jean Le Tendre

The State Department of Education (SDE) annual accountability report for the fiscal year 2001 presents the performance of the Department of Education and a concurrent review of the state's public education system, which relies on the agency for leadership and support. This accountability report addresses both agency and system: the SDE in terms of its mission-driven, values-centered strategic focus and the system in terms of data that demonstrate how South Carolina's schools are responding to our leadership.

We believe readers will find exciting evidence that FY 2001 marked significant progress toward our long-term aspirations for public education. While there is much to do and many obstacles remain, the trends at long last are moving in the right direction, and the public commitment to school improvement from parents, educators, business and policymakers remains undimmed.

MAJOR ACHIEVEMENTS

Fiscal year 2001 was truly an education odyssey toward achieving our vision of a system of public education through which all students will become educated, responsible, and contributing citizens. These highlights of FY 2001 demonstrate both gains in student performance and the SDE's intensive use of strategic planning models to strengthen its leadership and service roles:

- First-graders set a fifth consecutive record on school readiness tests, and the greatest gains were made by minority students and students from low-income families. More than 85 percent of first graders met the State's readiness standard, an improvement of 13 percentage points from 1995, the year before the State began a three-year phase-in of full-day kindergarten.
- Fifth-, eighth-, and eleventh-grade students (the national sample population) scored above the national average in reading, language, and math on the nationally standardized TerraNova tests.
- Eighth-grade students' scores on the Third International Math and Science Study met or exceeded the international average for science and math and met the U.S. average for math.
- PACT (Palmetto Achievement Challenge Tests) spring 2001 test results are projected to show significant improvement.
- South Carolina's fourth graders' scores on NAEP (National Assessment of Education Progress) math tests rose 7 points, and eighth graders' scores rose 5 points. The national scores increased 4 and 3 points, respectively.
- Passing rates on the High School Exit Examination rose more than 2.5 percentage points. The previous year's gain of 3 percentage points was the largest in a decade.
- High school seniors' average SAT scores rose by 8 points, while the national score rose only 1 point. South Carolina posted the third highest increase in the nation, the scores having risen 23 points in the last three years. For the first time, scores were available for "public-schooled" and "all" students. Public-schooled students in South Carolina ranked forty-seventh in the nation.

- ACT scores held steady at 19.3, even though the number of students taking the test increased by 19 percent. Nationally, the ACT average scores remained at 21.
- The number of National Board–certified teachers statewide increased to 370. This figure represents an 850 percent increase, from 39 of the previous year. Only four states across the nation had more candidates complete the rigorous selection process. In addition, approximately 2,000 additional teachers applied to go through the process.
- A national education report card praised our efforts for raising academic standards and improving teacher quality. The *Quality Counts '01* report gives South Carolina a grade of B+ for its efforts to raise standards and accountability. The rating of 87—up 3 percentage points from last year—ties with North Carolina for the nation’s fifth-highest score, up from last year’s fifteenth-best mark. Furthermore, our teacher quality improvements earned the fourth-best overall ranking, only 6 points below the highest score of 88 for North Carolina.
- A national report card, *Technology Counts '01*, gives South Carolina high marks. The report states that our students have better access to computers and the Internet than most of their counterparts across the nation.
- The South Carolina High Performance Baldrige Consortium, consisting of seven pilot school districts and the SDE, continued its work toward alignment for consistent measurement and monitoring of progress toward continuous improvement.
- Allendale School District, currently under State Board governance, showed dramatic improvement in student achievement measures as well as in fiscal and operational functions.
- All SDE employees received introductory training in the Baldrige high performance model, and more than thirty members of the leadership team participated in team building and leadership training provided by the nationally respected Center for Creative Leadership.
- Our Web site—which features a wealth of information for educators, parents, students, and citizens—received an average of 17,000 visits per day, which is substantially more than the 500 visits per day recorded six years ago.

AGENCY MISSION

The mission of the South Carolina Department of Education is to provide leadership and services to ensure a system of public education through which all students will become educated, responsible, and contributing citizens.

AGENCY VALUES

The SDE defines values as attitudes about the worth or importance of people, concepts, or things and recognizes that they influence our attitudes, priorities, and behavior. An organization’s values reflect the collective attitudes of all its members. Thus, for an agency with the societal responsibilities that the SDE bears, values become critically important. Our strategic planning process has led us to seven core human values, believing that their embrace by all of our employees will strengthen our ability to fulfill our educational mission:

- Respect: Treat all people with dignity and respect in all circumstances.

- Trust: Be trustworthy, believable, credible, and truthful in character and competence.
- Honesty: Be truthful in words and deeds.
- Integrity: Do what is right all the time.
- Responsibility: Willingly accept the obligations and duties for both success and failure.
- Accountability: Be answerable for what was done with what was given and the results that were achieved.
- Service: Put success and service to students before personal success and self-service.

STRATEGIC AIMS AND GOALS

Where there is no vision, the people perish.

—Proverbs 29:18

Vision: Our shared vision is for a system of public education through which all students will become educated, responsible, and contributing citizens.

Strategic aims:

1. High Student Achievement
2. Early Childhood Education
3. Parental and Community Partnerships
4. Safe and Healthy Schools
5. Education Leadership
6. Teacher Quality

Strategic goals:

1. High Student Achievement.
 - 1.1. Students are held to rigorous and relevant academic standards.
 - 1.2. Students demonstrate essential knowledge and skills as described in the curriculum standards.
 - 1.3. Students graduate from high school ready for college or a career.
 - 1.4. Students use technology to reach higher levels of learning.
 - 1.5. The state educational system components are accountable and aligned so that all students reach a high level of academic achievement.
2. Early Childhood Education.
 - 2.1. Children enter the first grade ready to learn and succeed.
 - 2.2. Children have access to quality early childhood programs.
 - 2.3. Children and their families have access to quality family literacy programs.
3. Parental and Community Partnerships.
 - 3.1. Parents are active partners in their child’s learning.
 - 3.2. Communities are active partners in student learning.
 - 3.3. Businesses are active partners in student learning.
4. Safe and Healthy Schools.
 - 4.1. Schools are safe, healthy places with environments that are conducive to learning.

- 4.2. School facilities are safe, functional, and adequate.
 - 4.3. The public school transportation system is safe, functional, and adequate.
 - 4.4. Schools form community and state alliances that promote the health, safety, and well-being of students.
5. Education Leadership.
 - 5.1. Leadership in schools and districts is qualified, caring, and supportive.
 - 5.2. State education leadership is aligned.
 - 5.3. Education leadership is accountable.
 - 5.4. Professional development programs support education leaders.
 6. Teacher Quality.
 - 6.1. Teacher recruitment and retention programs are successful.
 - 6.2. Teacher preparation programs produce competent teachers.
 - 6.3. Teachers are qualified, competent, ethical, and caring.
 - 6.4. Teacher professional development programs are effective.

OPPORTUNITIES AND BARRIERS

We have identified the following conditions that present opportunities and obstacles to successful mission accomplishment.

OPPORTUNITIES

- Continued national, state, and local focus and enthusiasm for education provide momentum for education improvement.
- Implementation of the provisions of the Education Accountability Act provides a climate for continuous improvement.
- State leadership—the Governor, the General Assembly, and the Superintendent of Education—makes education a top priority.
- The Education Oversight Committee provides an emphasis on accountability.
- Expanding business and community partnerships offer support for programs.
- The First Steps initiative encourages local communities to assess and plan for meeting school readiness needs.
- Report card results will highlight schools’ performance on various factors so that local communities can address needed changes and support continuous improvement.
- Federal competitive grants, such as the \$25.9 million reading grant, offer additional resources in reform efforts.
- The General Assembly’s willingness to channel increased resources to unsatisfactory and below average schools has allowed for needed programs, activities, and leadership.

BARRIERS

- State revenue shortfall impacts directly on base education funding and on SDE technical assistance and other operations.

- An aging bus fleet and a lack of logistical support for the education transportation system (fuel, parts, maintenance, bus drivers' and mechanics' salaries) require that academic programs respond to transportation requirements rather than allowing transportation to respond to academic program needs.
- There are inadequate resources for unsatisfactory and below average schools (funding and staff).
- A teacher supply (quantity and quality) shortage continues to hamper education reform.
- Inadequate textbooks, resulting from long-standing problems in the replacement cycle, contribute to a lack of instructional alignment with current academic standards.
- Technology and automation issues (such as those involving SASIxp and Data Warehouse) interfere with the SDE's ability to do research, develop data for the Education Accountability Act report card, and monitor school and district operations.
- Federal funding of programs (e.g., School-to-Work) is declining, and in some cases ending, in ongoing reform areas.
- The inability to pay competitive salaries to attract and retain quality department employees impacts on this agency's growing responsibilities.

SECTION II: BUSINESS OVERVIEW

EMPLOYEES AND OPERATING LOCATIONS

The entire South Carolina public school system consists of more than 86,000 employees located in 1,100 schools and 86 school districts. Within the SDE, located in Columbia in the Rutledge Building and at nearby sites, are approximately 495 staff. An additional 435 staff work in 46 school bus maintenance shops or multiple-maintenance rebuild facilities located throughout the State. The following table provides both a current and a historical summary of full-time equivalency (FTE) authorization for the SDE:

YEAR	AGENCY STATE FTE	AGENCY EIA FTE	AGENCY FED/OTHER FTE	AGENCY TOTAL FTE	OTHER ENTITY STATE FTE	OTHER ENTITY FED/OTHER FTE	OTHER ENTITY TOTAL FTE	TOTAL STATE FTE	TOTAL EIA FTE	TOTAL FED/OTHER FTE	TOTAL FTE
1991	886	81	198	1,165	23	1	24	909	81	199	1,189
1992	821	71	196	1,088	24	1	25	845	71	197	1,113
1993	819	71	191	1,081	24	1	25	843	71	192	1,106
1994	775	72	201	1,048	24	1	25	799	72	202	1,073
1995	775	72	201	1,048	25	1	26	800	71	202	1,074
1996	775	72	201	1,048	25	1	26	800	72	202	1,074
1997	750	58	162	970	25	1	26	775	58	163	996
1998	732	57	141	930	39	1	40	771	57	142	970
1999	731	54	130	915	85	1	86	816	54	131	1,001
2000	743	55	124	922	100	3	103	843	55	127	1,025
2001	768	64	138	970	108	13	121	876	64	151	1,091
10-Yr Chng	-118	-17	-60	-195	+85	+12	+97	-33	-17	-48	-98

Note: The "Other Entity" designation includes the Governor's School for Math and Science, the Governor's School for Arts and Humanities, and First Steps.

The following table shows FY 2001 FTE authorization, excluding "Other Entity" FTE authorization, by bus shop and non-bus shop:

Bus Shop FTEs	Non-Bus Shop FTEs	Total FTEs
465	505	970

The following table shows total agency employees, excluding "Other Entity" employees, by transportation system support and non-transportation system support.

Transportation System Support Employees	Non-Transportation System Support Employees	Total Employees
450	480	930

Our primary operations are conducted in the Rutledge Building at 1429 Senate Street in Columbia. School bus maintenance operations are conducted at shops and maintenance facilities strategically located to serve all schools throughout the State.

EXPENDITURES AND APPROPRIATIONS

The following tables provide expenditures and appropriations for the years listed for the SDE, the Governor’s School for Math and Science, Governors School for Arts and Humanities, and First Steps.

Major Budget Categories	1999–2000 Actual Expenditures		2000–01 Actual Expenditures		2001–02 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$30,092,434	\$26,037,593	\$41,271,847	\$31,023,957	\$40,474,327	\$30,108,932
Other Operating	91,243,368	69,744,528	111,458,598	79,318,649	89,707,899	67,069,703
Special Items	31,667,714	28,400,460	63,322,431	53,433,170	136,204,654	90,422,759
Permanent Improvements	10,767,542	0	4,634,935	1,200,000	0	0
Case Services	0	0	0	0	15,000	0
Distributions to Subdivisions	2,434,614,439	1,609,838,508	2,548,071,045	1,699,303,075	2,646,400,061	1,737,123,790
Fringe Benefits	9,794,774	8,048,393	13,150,682	10,670,587	11,694,052	9,272,130
Nonrecurring	0	0	0	0	6,235,549	6,235,549
TOTAL	\$2,608,180,271	\$1,742,069,482	\$2,781,909,538	\$1,874,949,438	\$2,930,731,542	\$1,940,232,863

Other Expenditures

Sources of Funds	1999–2000 Actual Expenditures	2000–01 Actual Expenditures
Supplemental Bills	\$31,571,637	\$29,601,408
Capital Reserve Funds	\$4,968,915	\$20,596,423
Bonds	\$123,153,321	\$245,247,685

KEY CUSTOMERS

The primary and most important customers of the public school system and the SDE are students. However, in truth, the customers of the system and the SDE are diverse and many. They are categorized as internal and external and are identified as part of our strategic planning process. The internal customers include the State Superintendent of Education, the State Board of Education, and the SDE’s administrative, professional, clerical, and trades staff. External customers include teachers, administrators, school districts, other professional staff, and support staff in schools; parents, the business community, and the general public; state government personnel and the General Assembly; professional organizations and special interest groups; the news media; and state universities, public colleges, private colleges, and technical schools. More information on key customers is provided below, in Section III, Category 3—Customer Focus.

KEY SUPPLIERS

Suppliers of the state system and the SDE are also diverse and many. Parents, families, and homes supply students; higher education supplies teachers and training for teachers; bus manufacturers supply buses; textbook publishers provide textbooks and instructional materials; and testing companies supply and score testing instruments. As with our customers, internal and external suppliers are identified in our strategic planning process. The internal suppliers include the State Superintendent of Education, the State Board of Education, and the SDE staff. External suppliers include those listed previously, in addition to state government personnel and the General Assembly; teachers, administrators, school districts, and other professional staff; and state universities, public colleges, private colleges, and technical schools.

MAJOR PRODUCTS AND SERVICES

The system's end product is an educated, responsible, and contributing citizenry. Our core business is education—bringing students, teachers, and information together to provide knowledge and the proper application of that knowledge. The SDE's products are leadership and services delivered to school districts and their staffs that assist in the development of teaching and learning programs so that students will become educated, responsible, and contributing citizens. We provide a number of products and services to accomplish this end, including the following: purpose, direction, and motivation; monitoring and technical assistance; transportation; instructional material; testing materials; and financial resources.

ORGANIZATIONAL STRUCTURE

The SDE is organized under the State Superintendent of Education, who is a constitutional officer of the State. The State Superintendent also serves as secretary to the State Board of Education. Six deputy superintendents, one executive assistant, and twenty-nine directors administratively carry out the mission of the agency.

The chart on the following page graphically displays our organizational structure.

SECTION III: MALCOLM BALDRIGE AWARD CRITERIA

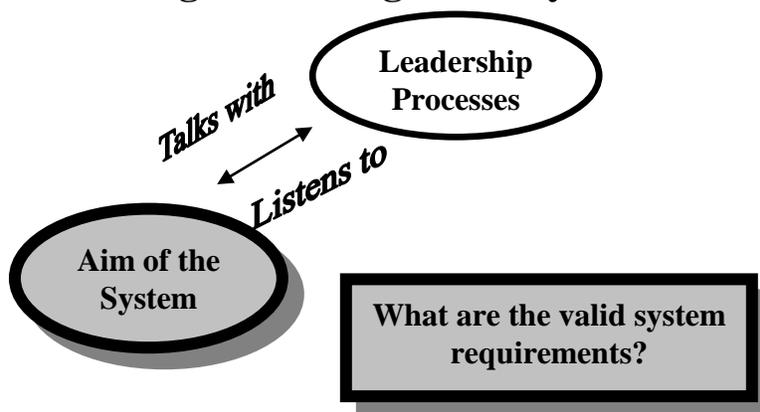
CATEGORY 1—LEADERSHIP

You do not lead by hitting people over the head—that's assault, not leadership.

—Dwight D. Eisenhower

The SDE senior leadership team consists of the State Superintendent of Education, the executive assistant to the State Superintendent, and the deputy superintendents, who lead the divisions of Curriculum Services and Assessment, Professional Development and School Quality, District and Community Services, Teacher Quality, Finance and Operations, and Governmental Affairs. The senior leadership team is actively involved in guiding the organization by setting, deploying, and communicating strategic aims, strategic performance goals, and short- and long-term objectives and by monitoring operational action plans and performance against those plans. Our middle management leadership team consists of the office directors of each division. Directors work with deputy superintendents to effectively communicate, implement, and reinforce the senior leadership's strategic direction and to formulate operational objectives and action plans, policies, and practices to ensure high expectations, clear direction, and accomplishment of objectives. The Aligned Management System provides the SDE leadership's operating framework.

Aligned Management System



Each week our senior leadership team meets to review priorities for the SDE. Deputy superintendents then meet with their directors to communicate the results of the senior staff meeting. In turn, directors meet with their respective staff to further update the direction of the agency. Priorities are determined based on our established strategic aims and performance goals and with the involvement of all employees. Specific work team objectives and performance measures are deployed and communicated through work/action plans. Individual employee objectives and performance measures are deployed and communicated through the formal Employee Performance Management System (EPMS) evaluation instrument and periodic informal dialogue with leadership.

The leadership team is responsible for communicating and modeling our organizational values, which form the basis for standards of ethical behavior. Our values and standards of ethical behavior are consistently articulated both inside and outside the organization. These values provide the

underlying foundation for our culture of high performance. Our personal values include respect, trust, service, integrity, honesty, accountability, and responsibility. Our organizational values include leadership, customer focus, results orientation, responsibility and citizenship, partnership development, management by fact, long-range outlook, designing in quality, fast response, employee participation, continuous improvement, teamwork, open communication, and recognition. The SDE promotes ethical behavior by keeping its staff informed of expectations and standards, conducting briefings on legal and ethical issues, providing the EPMS counseling, and offering counseling to employees who have breached ethical standards.

Organizational and individual learning is promoted for all employees through extensive internal and external learning opportunities. Our Office of Internal Staff Development facilitates internal and external training opportunities for all employees. In addition, all employees are encouraged to participate in internal training that enhances personal, organizational, and professional development as well as conferences and job-related workshops. As an example, all deputy superintendents and directors participated in organizational and personal training with the Center for Creative Leadership that involved team evaluation and 360-degree evaluation by superiors, peers, and subordinates. In addition, all employees were provided a two-day training session from the Andrews Group on the Baldrige Quality Criteria and the Aligned Management System.

Our employees are empowered and innovation is fostered through the leadership climate. SDE leadership establishes key goals and objectives and provides guidance. Within this framework, our employees are permitted to determine the methods by which goals and objectives are accomplished. Employees are challenged to seek out innovative methods and solutions to the challenges faced by the education system and the SDE. For example, the initiative and innovative approach demonstrated by one of the SDE's teams resulted in the award of a three-year \$26 million federal competitive grant for the improvement of reading instruction.

The use of the EPMS has established a two-way communication system between managers and employees within the organization. Job tasks are discussed, clarified, measured, and changed to meet our mission statement. Our senior leaders act on feedback from their employees. In senior staff meetings, feedback is discussed and acted upon as needed to enhance our efficiency and effectiveness. Senior managers in turn give feedback to their employees so that they know the *how* and the *why* of the organization and its mission.

Leadership establishes and promotes a focus on customers through constant contact with key customers. Senior leaders meet with customers on a regular basis to determine progress and needs. The State Superintendent and senior staff meet regularly with district superintendents and the leadership teams from the seven school districts participating in the Baldrige collaborative effort. Promotion of customer focus is inherent in the implementation of our mission to "provide leadership and services." The focus is concentrated on service to the customer rather than on monitoring the customer. An example of customer focus is the fact that the SDE maintains an ombudsman and a toll-free number to assist the public.

The following are the key and most important strategic performance measures used by the SDE to determine if we are making progress toward our vision and accomplishing our mission:

- student performance and academic progress as measured by multiple tests,
- school readiness data,
- teacher quality statistics (test scores, evaluation results, out-of-field permits, board-certified teachers),
- district and school report card results,
- infrastructure measures (school facilities, transportation, textbooks, food service),
- crime report statistics,
- ratings of the education system by professional external organizations,
- leadership measures (unsatisfactory and below average schools and districts),
- customer and stakeholder surveys (educators, special interest groups, and the general public), and
- human resource statistics (attrition, average years with agency, employee survey).

The leadership team uses organizational performance review findings and employee feedback to improve its own leadership effectiveness and the effectiveness of management throughout the SDE. For example, all members of the leadership team participated in fifteen hours of leadership development activities sponsored by the Center for Creative Leadership that included a 360-degree feedback and a team assessment of management.

SDE senior leadership works with the executive and legislative branches of state government to convey a bipartisan spirit to improve the education system. We actively communicate the needs of our students, schools, and districts to the General Assembly. We work with specific districts for common alignment of strategic aims and goals. In addition, we continually interact with school district administrators and teachers, providing two-way communications for improvement. The SDE's strong relationship with school and district administrators, teachers, parents, public and private businesses, our elected officials, and the general public has contributed to the continuous improvement of the public education system.

SDE leadership and employees recognize their responsibility for good citizenship and community involvement. Our areas of primary interest are education related. For example, we participate in the Lunch Buddies program with Richland School District One, and we strongly support the annual school supply drive sponsored by Cooperative Ministry. Both of these efforts provide support for selected children to enhance their potential for success in school. Internally, the Employee Activity Committee supports a number of worthy activities to enhance internal employee involvement and participation. Our employees are involved in a number of civic, social, charitable, and faith-based organizations that support local communities. Employees voluntarily donate their time, efforts, and funds to a variety of worthwhile organizations that benefit the community. They serve the local community as well as the nation in organizations including the Red Cross; the National Guard and Army Reserve; the Boy Scouts, Girl Scouts, and Explorer Scouts; and local churches and temples. They contribute to the United Way Campaign, walks for cancer and diabetes, and the March of Dimes. During the 2000–01 United Way Campaign, the SDE increased its total contributions by 20 percent and participation by 24 percent, thereby earning a certificate of merit from the United Way.

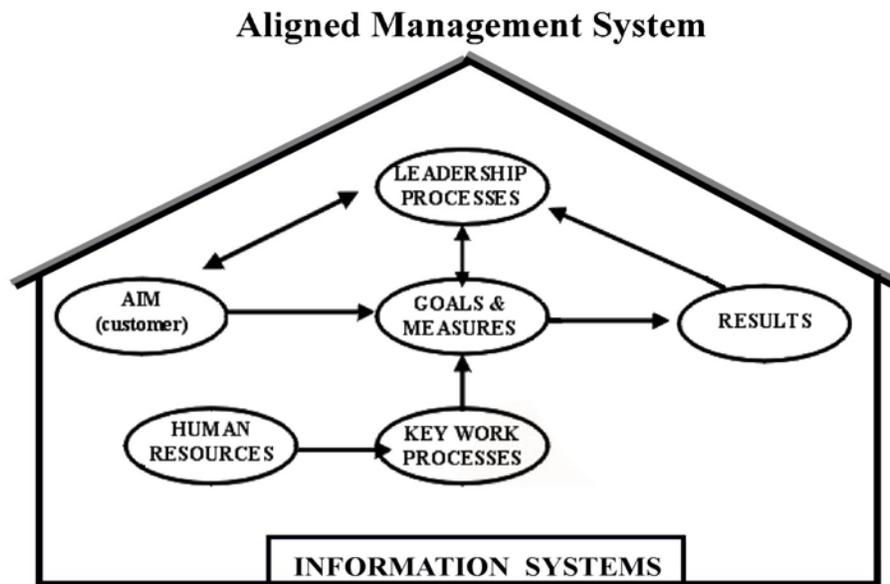
CATEGORY 2—STRATEGIC PLANNING

Strategic planning does not deal with future decisions. It deals with the futurity of present decisions. What we have to do today is to be ready for an uncertain tomorrow.

—Peter Drucker

Upon assuming the role of State Superintendent of Education in 1999, Inez Tenenbaum commissioned an extensive study of the education climate, culture, and environment of South Carolina. The firm Management, Analysis, and Planning (MAP), Inc., of Davis, California, conducted the study that provided our starting point for strategic planning. This nearly two-hundred-page report gave us great insight both into the circumstances producing the current education situation and into customer identification and expectations and provided the general direction for our strategic planning efforts.

Armed with information from the MAP study, we adopted as our strategic planning model the Aligned Management System, a Baldrige-type approach to strategic planning and operations. The following figure displays this model:



This structure provides for a logical relationship among all elements and affords a framework for strategic planning, the development of strategic goals and measures, the alignment of activities, and the monitoring of results. The desired end is a high-performing SDE. The components of the system are as follows:

- A. **Leadership** is responsible at all levels of the SDE to promote alignment and core values and to share with internal and external stakeholders the progress on aim/goal and measures/results.
- B. **Aim** is the strategic purpose as determined by the voice of the customers and by the use of filters.
- C. Aim is translated by the SDE into **goals and measures**. These become the stated deliverables for which the SDE holds itself accountable.

- D. **Results** are the degree to which the SDE has been successful in accomplishing its goals and the measure as to whether or not it has produced the stated deliverables.
- E. The SDE established its **strategic plan** by forging a clear link between the customer and planning at all levels within the agency.
- F. **Key work processes** are the methods, programs, and services the SDE uses to produce its stated goals (deliverables). Data are regularly collected on processes for guidance or improvement of the processes.
- G. **Human resources** (staff development, recognition programs, and employee well-being) are aligned with processes.
- H. **Information systems** are the data collected throughout the system on benchmarks, results, and all the other components of the system.

Our strategic plan is guided by input from a variety of sources that include the Governor, the General Assembly, educators, students, professional organizations, the general public, and other groups internal and external to the SDE. These constituents, stakeholders, and customers serve as links for identifying, documenting, and articulating concerns regarding the implementation and operation of educational programs.

Action plans that support strategic goals and objectives are developed at the operational level. The leadership team monitors the development of these plans to ensure adequacy, feasibility, and acceptability. Monthly meetings are conducted by middle and senior leadership to review the status of operational action plans. The State Superintendent meets individually with each deputy on a monthly basis and reviews the progress of operational action plans that address key strategic goals and objectives.

The use and deployment of the Baldrige criteria allows us to develop budget objectives to support action plans that address the strategic goals and objectives. Funding is provided to support activities and action plans that will lead to the achievement of goals and objectives.

CATEGORY 3—CUSTOMER FOCUS

Promise only what you can deliver and try to deliver more than you promise.

—author unknown

The SDE's external customers are people or groups of people who receive or use the goods we produce and/or the services we provide or whose success or satisfaction depends on our actions. Stakeholders are people or groups of people with a vested interest in the actions we might be considering. The end customers of both the system and SDE are students. It is ultimately their long-term satisfaction with the education provided to them that will determine our success.

The previously referenced MAP study yielded a wealth of information on customer needs and expectations. It helped to clarify the system's and the SDE's specific external customers and stakeholders and served as the foundation for integrating customer focus into the strategic planning process. The SDE's customer base includes teachers, administrators, school districts, other professional staff, and support staff in schools; students and parents; state universities, public colleges, private colleges, and technical schools; state government personnel and the General Assembly; professional organizations and special interest groups; the news media; and the general public.

Customer focus and satisfaction is one of the core values of the Aligned Management System. It serves as the foundation for our continuous improvement efforts and includes all attributes that contribute to improved customer satisfaction. Our customer relationships are developed based on trust, confidence, and loyalty as well as sensitivity to emerging customer requirements and measurements of customer satisfaction factors.

Customer focus is driven in part by federal regulations, state statutes, legislative mandates, State Superintendent directives, and the State Board of Education regulations. These governing entities create customer needs for technical support. The SDE determines near-term and long-term requirements and expectations of its customers both formally and informally. Constant feedback is obtained to update action plans, design appropriate training services, provide technical assistance, and develop new products and procedures directed to improve learning and educational opportunities.

Many of the processes used to determine customer needs and expectations rely on the results of surveys. Therefore, the method for improving these processes is continually to evaluate and examine the reliability of the survey instruments and the accuracy of survey results and then to improve the methods of analyzing the results. Personnel in each office who perform the analysis of their survey results take notes on how the survey could be changed to improve the reliability of feedback received. Key changes in survey results are indicators of changes in customer needs and expectations and help to assess how effective we are at anticipating particular issues or changes in educational trends. All stakeholders are given the opportunity to suggest improvements to services and procedures, either through conversations or written feedback.

We use several measures to determine customer satisfaction with our services. Since these services span a range from on-site classroom instructional assistance to the purchasing and maintaining of

buses, the measurements of customer satisfaction must also span a wide range. Likewise, the improvement and evaluation of the measures are relative to the services provided and the customers served. As a public agency, we are measured each year by elected officials, who determine the final priority for funding. Private citizens communicate with these elected officials and the SDE on how we are doing our job. The willingness of private businesses to locate in our state is partly determined by the quality of education that will be provided to their employees' children. The economic expansion in South Carolina is a measure of satisfaction with public education. But most important is the SDE's constant interaction with and feedback from our school districts throughout the State.

Specifically, the State Superintendent schedules bimonthly meetings throughout the year to receive input from local superintendents and district officials. The discussion-based agenda allows for clearer understanding of how policies are being implemented. In addition, frequent meetings are held with customer and stakeholder organizations such as the South Carolina Association of School Administrators, the South Carolina School Boards Association, the South Carolina Education Association, the Palmetto State Teacher's Association, school improvement councils, the deans of college teacher-education programs, local school boards, and parent-teacher organizations.

An example of our customer focus is that we have significantly improved services for a major customer base, teachers. The Office of Teacher Quality reduced the time required for teachers to obtain a certificate from an average of three months to an average of twenty days. In addition, the number of applicant visits to the Office of Teacher Certification in Columbia was reduced from 18,227 in FY 2000 to 9,895 in FY 2001. We accomplished this reduction by establishing a convenient twenty-four-hour-access Web site, <<http://www.sctechners.org>>, that permits over 136,000 teachers to have immediate access to their certification records and additional pertinent information. This system has provided more timely service to teachers, reduced the number of personal visits to the office, and improved customer satisfaction.

CATEGORY 4—INFORMATION AND ANALYSIS

Without reliable data, you are just another person with an opinion!

—author unknown

Information and analysis is driven by our strategic plan. All data/information analysis flows from our vision of a system of public education where all students will become educated, responsible, and contributing citizens. For each strategic aim there are multiple strategic goals. Each of these goals has supporting objectives. Both the goals and the objectives have related performance measures. Key operations and processes that have strategic implications for mission accomplishment are selected for measurement. Then, the information that supports the measures and gives indication of progress toward goal and objective achievement is selected for collection. In those cases where information for measuring a specific operation or process is not readily available, a cost-benefit analysis is performed. State, federal, and legislative mandates also determine many of the operations and processes that are measured. Key customer segments and users of our data also drive the operations and processes that are selected for measurement. For example, the Education Oversight Committee (EOC) and the performance measures established for the school and district report cards have determined data/information selection and analysis. Finally, public interest determines additional processes, operations, and systems that are measured.

Our data quality, reliability, and completeness are enhanced through detailed instructions to providers, consistent definitions, and data collection methods. Validity checks are performed to verify the accuracy of data elements. Much of the data used for key decision making originates at the individual level (student, employee, customer). For example in the case of student data, the individual student will generate data in the form of test results. These data are then aggregated at the class, school, district, and state levels. At each level, checks for quality, reliability, and completeness are performed. Significant verifications are performed at the district and state levels. In some cases, outside vendors perform reviews. Upon validation at the state level, information is returned to individual districts and schools for verification. For example, the data/information quality, reliability, completeness, and availability requirements for the school and district report cards that will be issued in November 2001 are spelled out as part of a 135-page accountability manual published by the EOC.

Management by fact is a key organizational value of the Aligned Management System. We attempt to make all our decisions on the basis of facts. Data/information analysis is used by leadership to verify, support, or adjust our strategic plan. In addition, we provide this information to the executive and legislative branches of state government to assist in their decision-making process. Our goal is well-informed decision makers.

As an example of data analysis to support decision making, report card data and results will be used to determine school and district performance. From this data/information analysis, assistance will be provided to below average and unsatisfactory schools and districts. Decisions and recommendations will be made involving targeted assistance and the deployment of state education resources such as the placement of teacher specialists. In addition, report card information will be used to reward schools for high and/or improving performance.

Another example of data/information analysis to provide support for decision making is the use of In\$ite™ data. In\$ite™ is an expenditure (cost) accounting system that permits analysis of expenditure data/information at the school, district, and state levels. Expenditure analysis is available in a user-friendly display by five major functions, fifteen subfunctions, and then thirty-three detail function categories. This tool permits analysis of financial resources and their application.

Equally important to past and present performance is predictive performance. We use data/information analysis and resulting measures to focus on future success. For example, future teacher supply will have a significant impact on education in South Carolina. It is a strategic predictive measure. The Division of Teacher Quality analyzes data/information impacting this strategic goal. Teacher attrition rates, college graduation rates for teachers, in-state and out-of-state supply, and alternative certification-route completion are examples of predictive data/information analysis leading to predictive measures. This information is then used by decision makers to determine strategies to ensure an adequate supply of competent and caring teachers for South Carolina in the future. Another example is the bus transportation system. Data/information analysis of bus fleet mileage, age, maintenance, and current replacement cycle is predictive of future success or difficulties for the safe and efficient transportation of our children.

Comparative data/information analysis is employed in a number of instances. For example, comparative data and information is used to assess our education system's progress against that of the education systems in surrounding states and the nation. We acknowledge that adjacent states are one group of major competitors for our public education system and the State. Because we compete with other states for teachers, we need to compare and track teacher salaries against national and Southeast-state data. Another example of comparative data/information is student performance based on race, ethnicity, sex, and economic status. This comparative analysis is done to measure the progress toward the objective of reducing the achievement gap among the varied student population segments. We also use comparative data analysis of our own performance over time to determine progress and improvement.

CATEGORY 5—HUMAN RESOURCES

Tell me and I'll forget; show me and I may remember; involve me and I'll understand.

—Chinese proverb

Our leadership team encourages and motivates employees to develop and utilize their full potential through multiple means. Through the EPMS, supervisors communicate job expectations for employees to maximize their knowledge and skills. This formal process also requires a review of each employee's job description to ensure accuracy. Employees are encouraged to participate in staff development activities and to attend additional training and education to realize their full level of ability. Flexible scheduling has allowed employees to attend school while still meeting their job requirements. Employees actively participate on different organizational committees, an experience that exposes them to the variety of the SDE's activities. Employees continually have their technology skills updated, expanding not only their own potential but also their worth to the agency.

Employees provide our managers with feedback that identifies training needs. New technology has required training and new performance expectations. The number of promotions and additional job duties granted within the agency demonstrates the variety of development skills that our employees have acquired. The SDE has put diversity into reality by increasing minority representation within the agency. The SDE's score of 93.2 on affirmative action goal attainment ranked twelfth among sixty-three state agencies and fourth among thirty state agencies with five hundred or more employees. Today the SDE has a well-balanced workforce that represents the population of our state. All our employees have had training in Malcolm Baldrige model so that the organization as a whole demonstrates continuous improvement in meeting our mission statement. Staff development and training is an active part of the agency's day-to-day operation. All new employees go through a comprehensive orientation program. Safety training for safety-sensitive positions is conducted annually, with specific training being conducted throughout the year as needed.

If employees are to seek high levels of performance, they first must understand the expectations of their supervisor and the requirements detailed in their respective position descriptions. The EPMS provides the means for these expectations and requirements to be communicated. In the planning stage the employee and supervisor first review the employee's position description for accuracy and understanding; at this time the position description can be updated or modified to ensure these two factors. The employee can now ask for the supervisor's expectation and can express his or her own expectations. Also during the planning stage the supervisor or the employee can recommend a performance objective that the employee can accomplish over the course of the rating period. By this means, the employee can demonstrate performance that even exceeds the supervisor's expectation. In addition, the employee and the supervisor can meet to discuss progress at any time throughout the rating period. This process of active communication between supervisor and employee does support high performance.

The SDE utilizes multiple assessment methods and measures to determine employee well-being, satisfaction, and motivation. First, the EPMS requires feedback between management and the employee. The Employee Activity Committee, which is composed of employees from each division, meets monthly to address issues within the agency. Feedback is encouraged at the monthly division and directors meeting between management and employees. The Office of Human Resources has an

open door policy whereby any employee with a concern can communicate that concern without reprisal. Only with the employee's approval will Human Resources communicate the concern to the proper authority. The SDE seeks and encourages feedback from employees at all levels within the organization at all times.

The SDE maintains a safe and healthy work environment. Our facilities must comply with OSHA standards and are reviewed on a periodical base for compliance. The SDE has both the air quality and the water quality in the building tested. In addition, the Budget and Control Board has tested for asbestos. Each floor of the Rutledge Building has a safety officer and two assistant safety officers. There are a fire plan, a bomb threat plan, and a Clean Indoor Air Act policy. Safety training is conducted yearly for safety-sensitive positions. Employees notify either the Office of Human Resources or Administrative Services if they identify any unsafe condition within their work environment.

The SDE's primary involvement in the community is focused on education support. For example, the SDE just completed collecting school materials that will be used for disadvantaged students who cannot buy school supplies. We have also participated in the Lunch Buddies program, where our employees go to local schools to have lunch with disadvantaged children.

The SDE is active in the United Way, the Good Health Appeal, and blood drives of the local community. Many employees are active in civic groups, church organization, school activities, and public and private professional organizations. Our employees participate in many local community activities as well. Currently we are taking part in the "Walk for Life," which supports breast cancer research.

One of our most pressing needs is to adequately fund positions within the SDE. We experience a turnover rate of approximately 30 percent in bus shop mechanics. We are unable to compete with other state agencies and the private sector on salaries. It is also difficult for the SDE to compete with local school districts that are able to grant greater yearly increases in salary than the agency can.

CATEGORY 6—PROCESS MANAGEMENT

There is nothing so useless as doing with great efficiency that which should not be done at all.

—Peter Drucker

Product and service design, production, and delivery processes differ greatly among the various public school systems and SDE operations. The most important system process is the learning process, which brings together students, teachers, and information. The SDE's processes span a range from providing leadership and technical assistance to schools and districts to providing such public education services as support for teachers and teacher certification, transportation, school facilities plan and building approval, food service support, human resources, purchasing, and finance. Therefore, factors such as the nature and the type of the products and services, the technology requirements and limitations, customer and supplier relationships and involvement, and product and service customization impact our process management.

The design and delivery of our products and services are based primarily on the needs of our customers and their requirements. Through the SDE's performance of formal needs assessment, changes in customer needs and the impact of technology are incorporated into the design and delivery of our future products and services. This procedure is followed for services both internal and external to the SDE. In some cases, SDE product and service design, production, and delivery processes are determined by state law or legislative mandates. For example, the SDE strictly adheres to the state-established procurement code and the state-established human resource process.

Our teams, work groups, and individual employees accomplish the day-to-day operation of key production/delivery processes. Therefore, their input is solicited prior to the establishment of new processes and for the improvement of existing processes. Cross-functional teams are also employed to provide the widest range of disciplines into the design of products and services. The leadership team establishes key performance expectations and requirements and communicates them to the cross-functional teams, work groups, and individual employees. Our goal is to obtain process management at the execution level and to achieve self-monitoring of processes at the work-unit level. Periodic reviews are performed by leadership to ensure all processes are operating within upper and lower control levels.

Our day-to-day work with districts, school, teachers, bus shop personnel, and other specialized local staff provide immediate and continuous feedback to the SDE. We constantly seek input from key suppliers, contractors, and partners in order to improve our processes. For example, a major component of the transportation system is the process of purchasing school buses. A subcomponent of this process is the school bus specification process. Through input and feedback from bus suppliers and vendors, it was determined that the current school bus specification process was not efficient and effective. As a result of supplier input, a school bus specifications committee was established to bring major stakeholders together. SDE employees, General Assembly members, and school bus suppliers jointly modified the existing process, thereby improving performance in the process of determining school bus specifications.

CATEGORY 7—RESULTS

After all, the real measure of success for children who've spent 12 years in public school is that they're able to deal with life's vicissitudes with equilibrium and confidence as they grow older, not that they scored a combined 1208 on the SATs.

—Jonathan Walters, *Measuring Up*

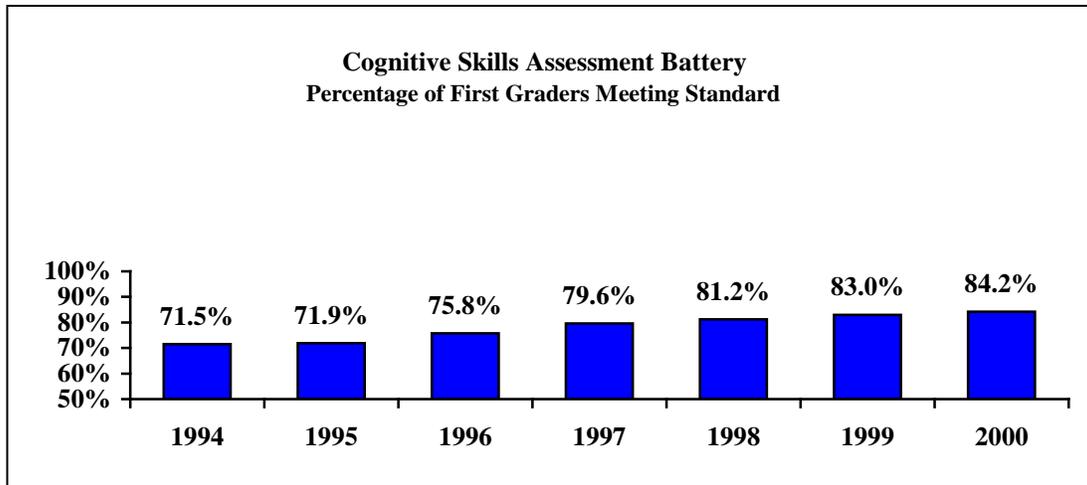
Customer Satisfaction

The Percentage of the State's Total K–12 Student Population Using the Public School System

Year	Public	Private	Home School	Total	% Public
1995	634,658	46,487	3,720	684,865	92.7
1996	631,145	47,693	4,284	683,122	92.4
1997	637,899	50,924	5,595	694,418	91.9
1998	644,500	52,639	7,052	704,191	91.5
1999	648,890	52,154	7,078	708,122	91.6
2000	648,370	53,986	8,198	710,554	91.3

Mission Accomplishment

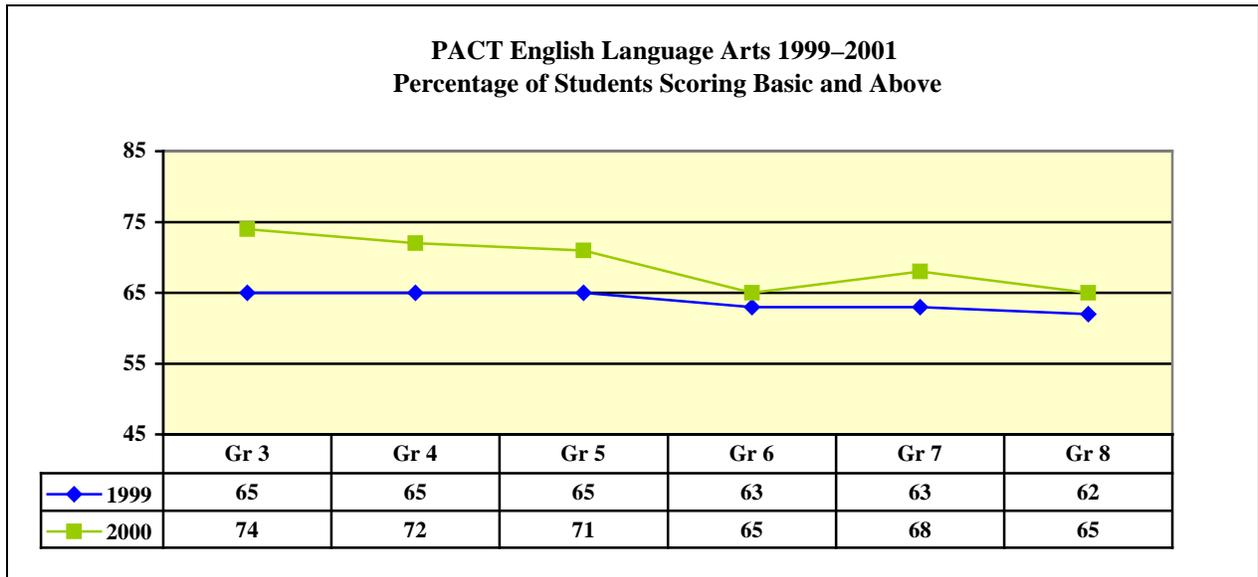
A greater percentage of children enter first grade ready to learn each year.

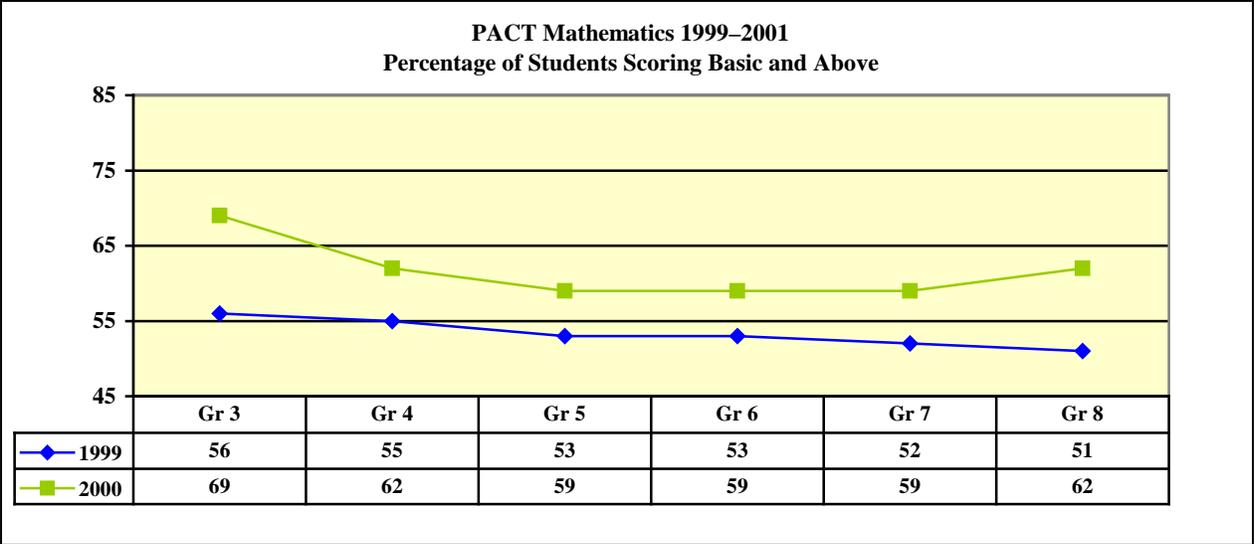


A large sample of South Carolina students score near or above the national average on the newest nationally standardized test of reading, language, and math skills.

TerraNova Percentage of S. C. Students in Upper Half Category, 1999-2000								
Grade	Reading		Language		Math		TOTAL	
	1999	2000	1999	2000	1999	2000	1999	2000
3	44.7		48.5		49.8		49.1	
5		48.2		51.1		51.4		50.0
6	43.1		41.4		42.1		41.6	
8		52.3		49.5		52.0		51.5
9	45.0		44.3		43.7		42.2	
11		57.1		56.7		52.9		55.9

Students in grades three through eight show continuous improvement on the Palmetto Achievement Challenge Tests (PACT). Spring 2001 results will be announced in early September 2001.

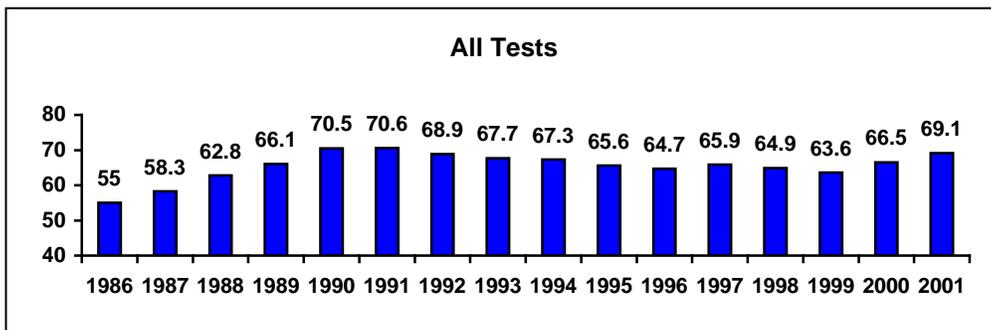
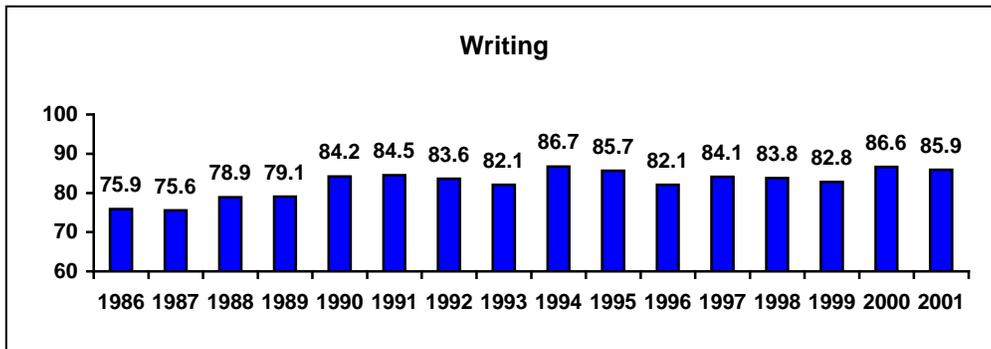
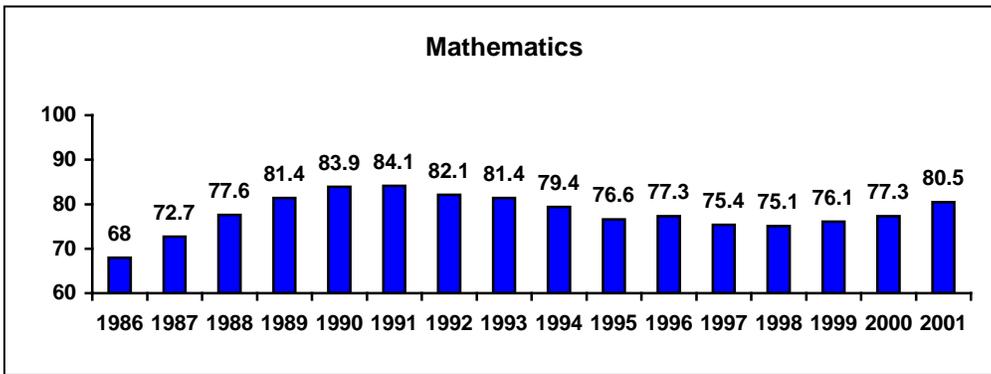
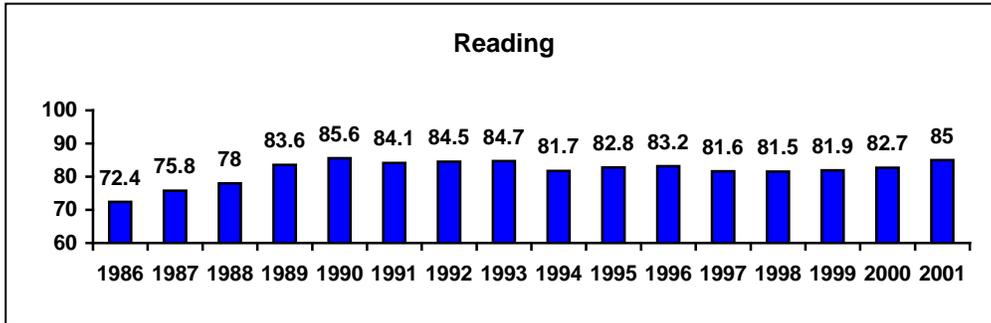




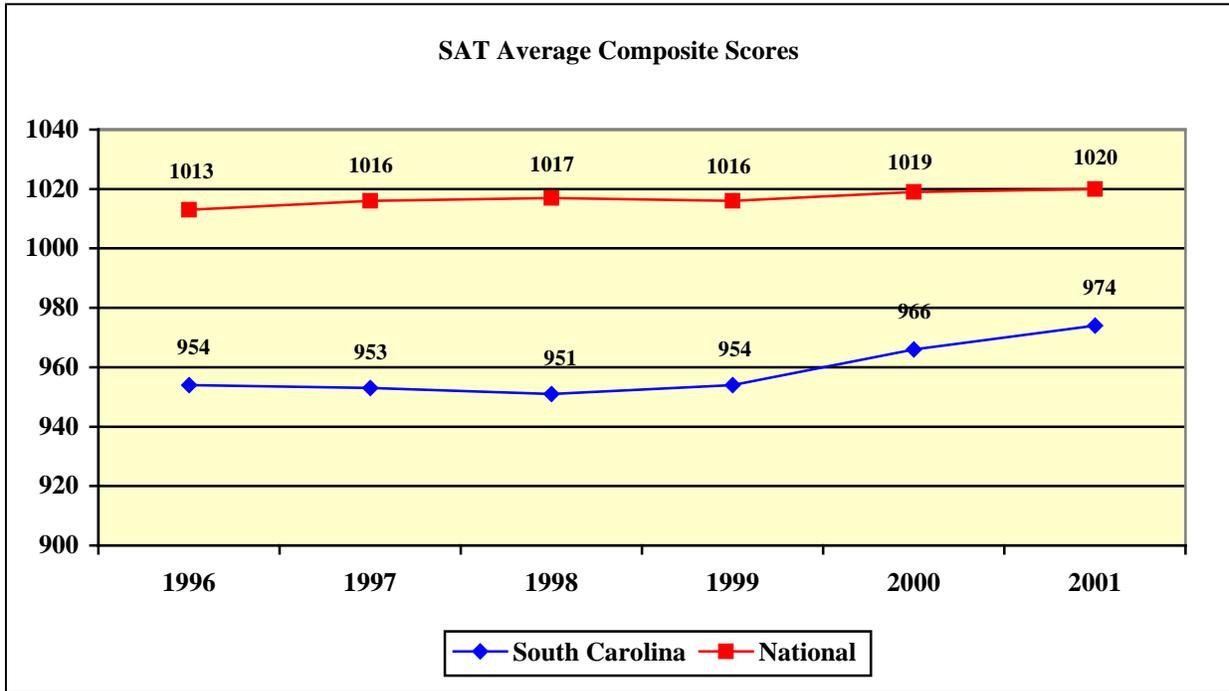
Students show improvement on the National Assessment of Education Progress (NAEP), also known as “the Nation’s Report Card.”

NAEP Grade, Subject	Average Scale Score		National Ranking
	South Carolina	Nation	
4, Reading 1998	210	215	32 of 43
4, Math 1996	213	222	41 of 47
4, Math 2000	220	226	31 of 46
4, Reading 2000	N/A	215	NA
8, Science 1996	139	148	38 of 44
8, Math 1996	261	271	39 of 44
8, Reading 1998	255	261	32 of 39
8, Writing 1998	140	148	32 of 39
8, Math 2000	266	274	34 of 45

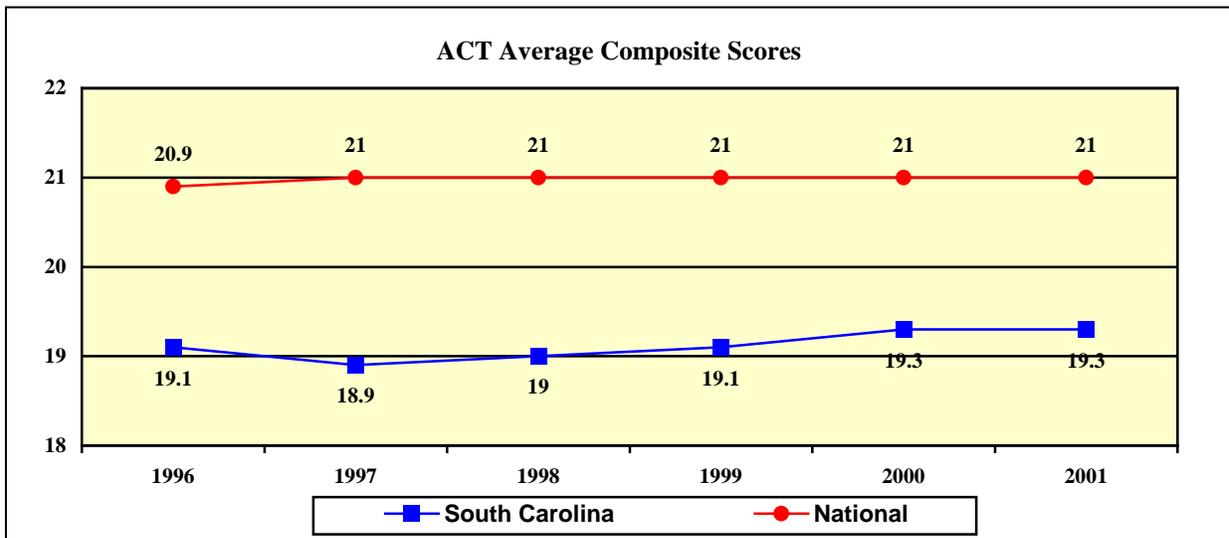
EXIT EXAMINATION: Tenth-Grade Students
 Percentages of Students Meeting Standard by Subject Area



Student SAT and ACT scores indicate improved academic readiness and potential for success in college.



South Carolina and National Average SAT Scores, 1996-2001						
Year	Verbal		Math		Composite	
	SC	Nation	SC	Nation	SC	Nation
1996	480	505	474	508	954	1013
1997	479	505	474	511	953	1016
1998	478	505	473	512	951	1017
1999	479	505	475	511	954	1016
2000	484	505	482	514	966	1019
2001	486	506	488	514	974	1020
Change 1996-2001	+6	+1	+14	+6	+20	+7



**ACT Average Scores for Subject Area and Composite
South Carolina and the Nation
1995-96 to 2000-01**

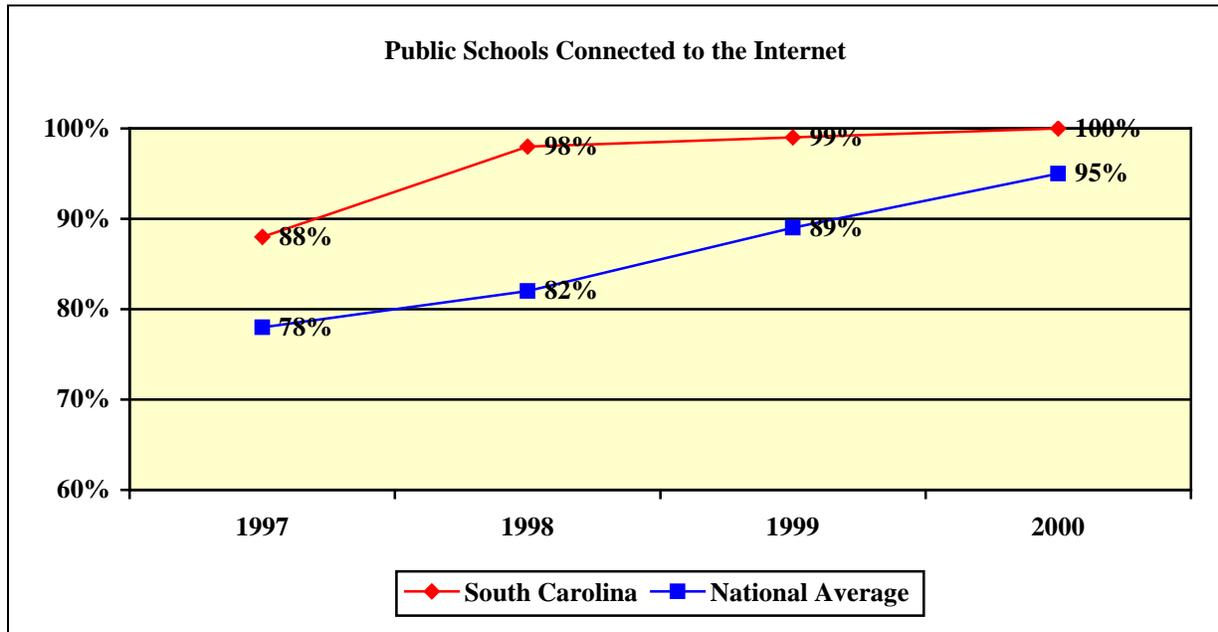
SOUTH CAROLINA

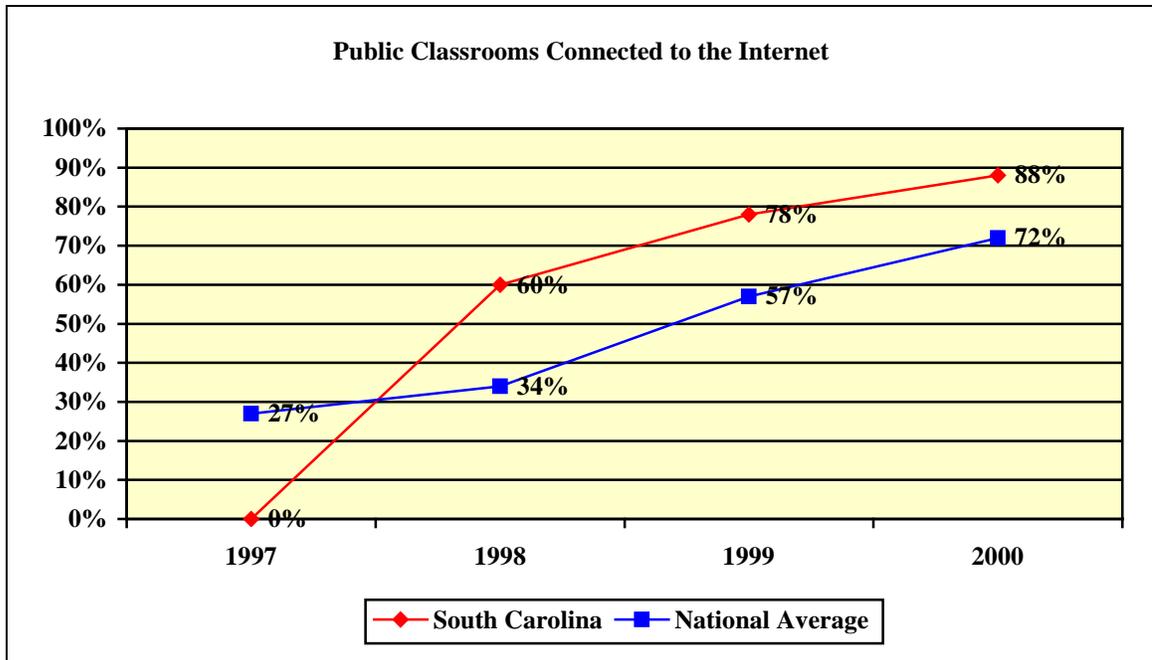
Year	Number	English	Math	Reading	Science	Composite
1996	4,648	18.5	18.8	19.4	19.2	19.1
1997	4,994	18.1	18.9	19.1	19.0	18.9
1998	5,385	18.4	18.8	19.4	19.0	19.0
1999	6,766	18.6	19.0	19.3	19.2	19.1
2000	9,051	18.7	19.2	19.5	19.2	19.3
2001	10,800	18.8	19.3	19.5	19.2	19.3

NATION

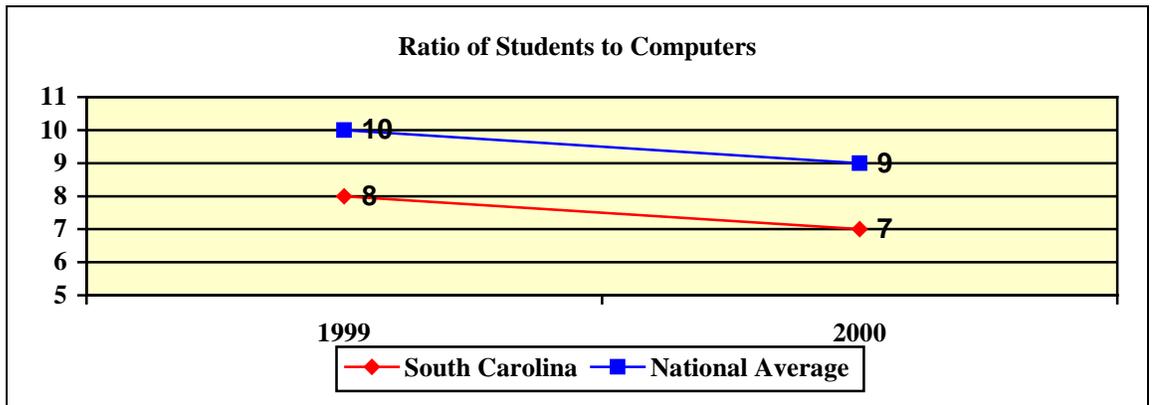
Year	Number	English	Math	Reading	Science	Composite
1996	924,663	20.3	20.2	21.3	21.1	20.9
1997	959,301	20.3	20.6	21.3	21.1	21.0
1998	995,039	20.4	20.8	21.4	21.1	21.0
1999	1,019,053	20.5	20.7	21.4	21.0	21.0
2000	1,065,138	20.5	20.7	21.4	21.0	21.0
2001	1,069,772	20.5	20.7	21.3	21.0	21.0

Students use technology to reach higher levels of learning as indicated by increased school and classroom connectivity.

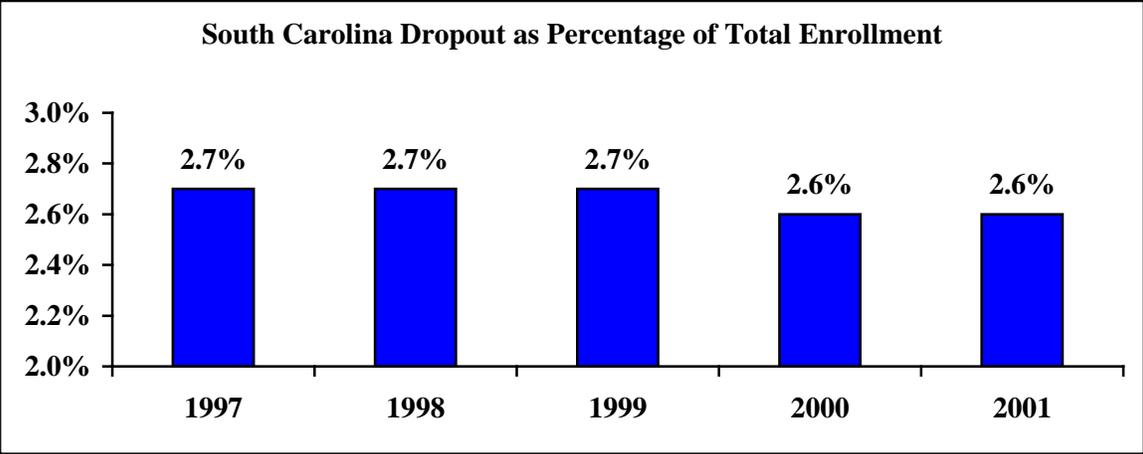




The lower its student-to-computer ratio, the better positioned a school is to establish a digital learning environment.



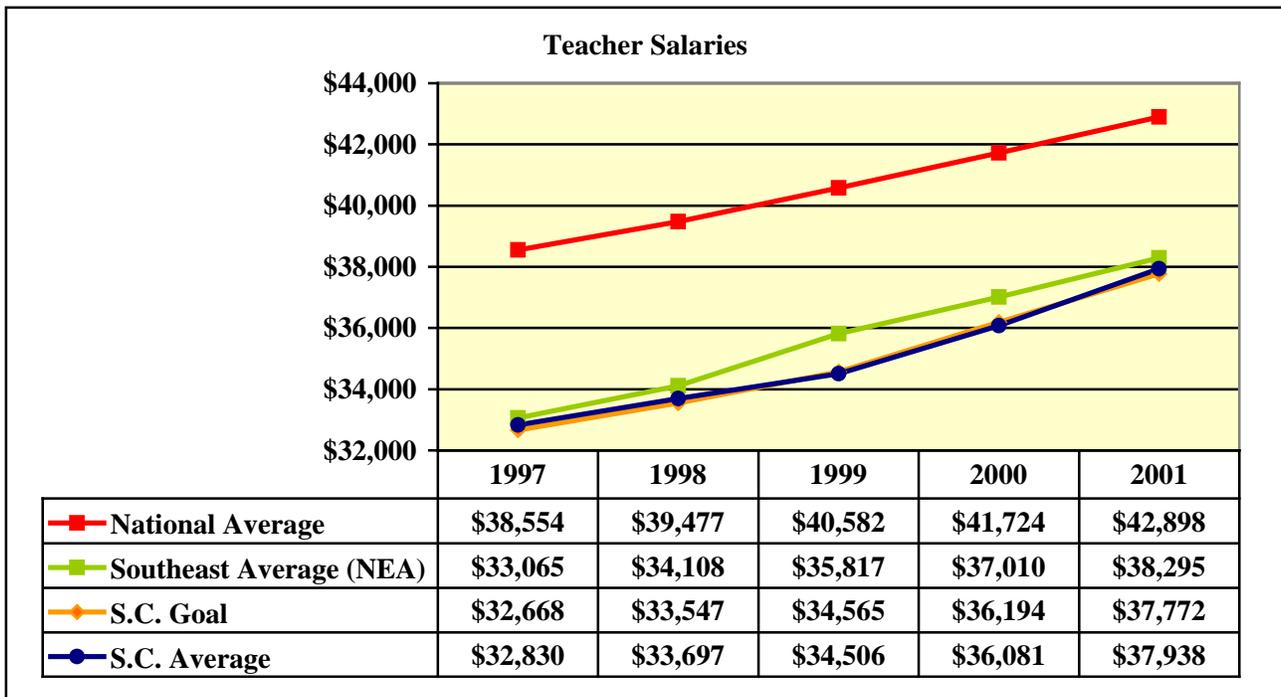
The dropout percentage has remained relatively constant over the past five years.



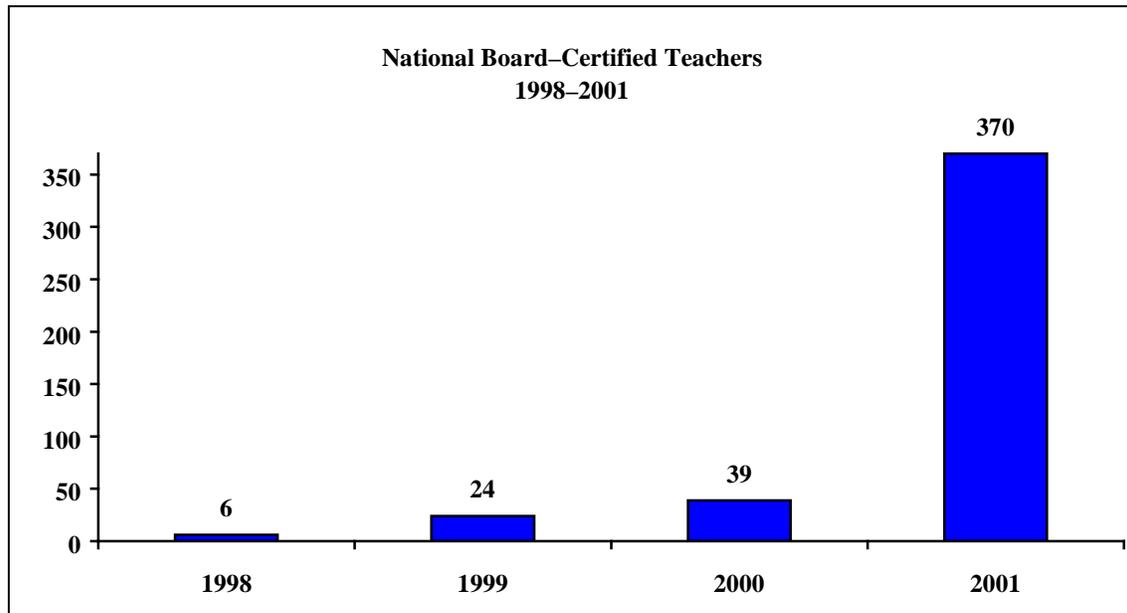
South Carolina School Crime Report Statistics

Crime	Year			
	1997	1998	1999	2000
Simple assault	NA	NA	3,489	3,504
Pagers	797	1,103	NA	NA
Disturbing schools	2,176	2,690	2,051	2,051
Intimidation	353	539	1,017	1,017
Weapon possession	786	970	996	860
Drug possession	810	940	N/A	751
Larceny/theft	592	655	718	720
Vandalism	503	618	646	616
Aggravated assault	598	596	724	412
Liquor violations	149	265	202	233
Burglary/B&E	405	363	320	230

South Carolina's average teacher salary has risen faster than the national average teacher salary but still trails the national average by approximately \$5,000 annually.



A measure of teacher quality, the number of teachers earning certification by the National Board for Professional Teaching Standards has increased significantly.



Percent of Teachers with Advanced Degrees

	1997	1998	1999	2000	2001
Degrees above bachelor's	29,499	29,983	30,578	31,573	33,032
Total	40,338	41,159	42,651	44,449	46,295
Percentage	73.1%	72.9%	71.7%	71.0%	71.4%

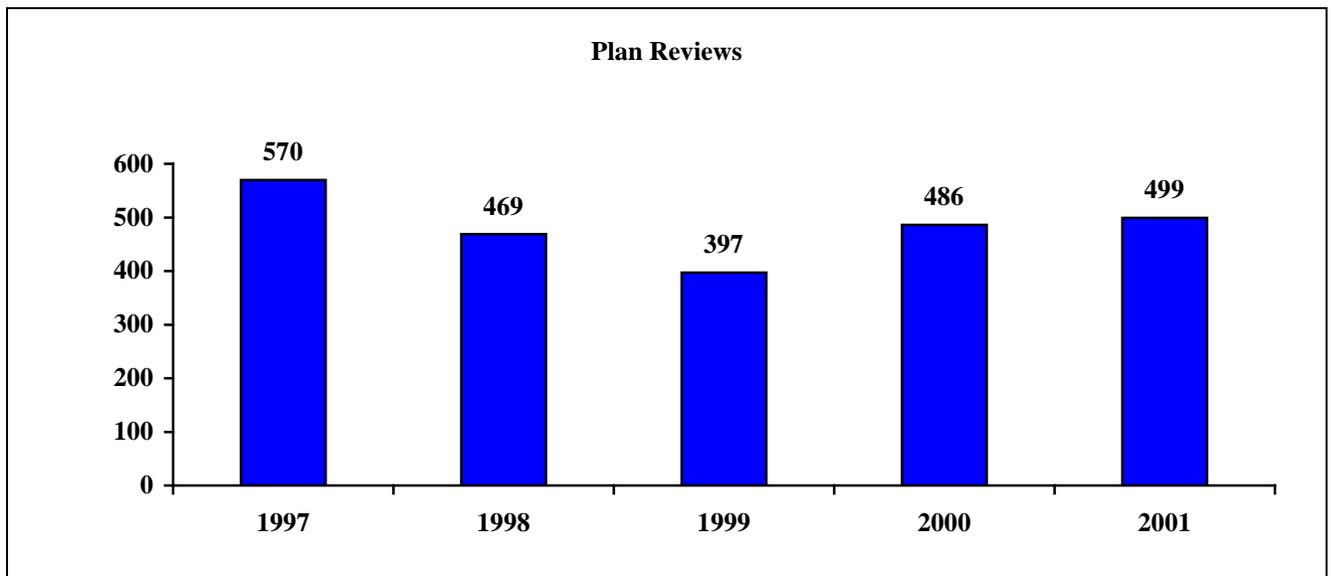
ADEPT (Assisting, Developing, and Evaluating Professional Teaching) evaluation results indicate that teachers meet required standards.

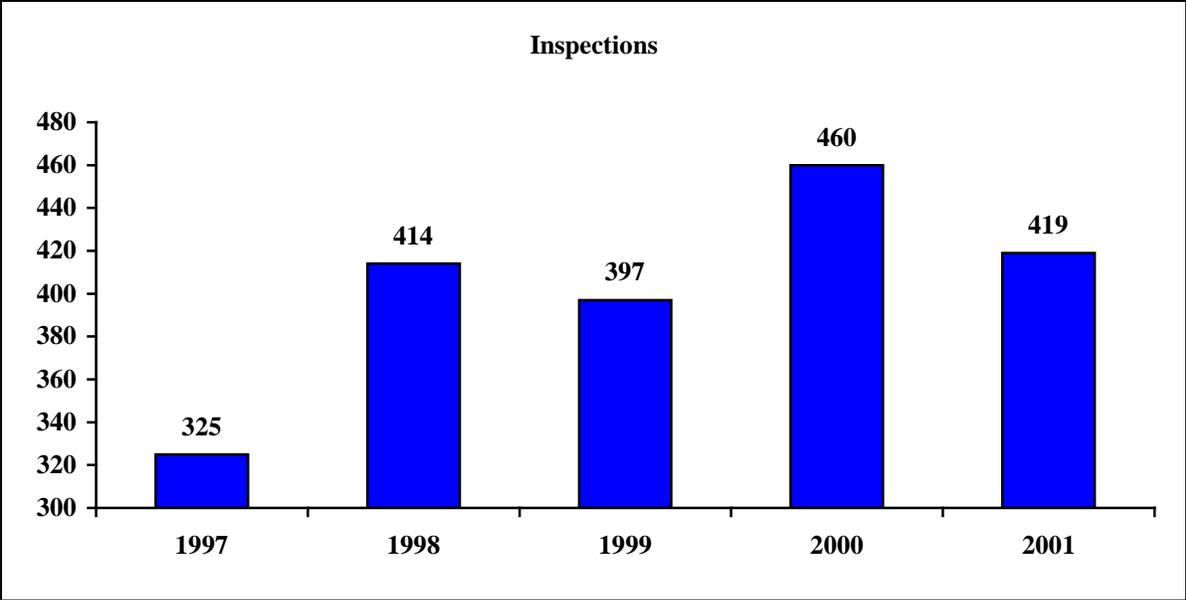
	1999	2000	2001
Number reported	5,448	46,102	42,983
Number met standards	5,351	45,830	42,808
Percent met standards	98.2%	99.4%	99.6%

The SDE's teacher certification process improvement measures indicate increased productivity.

Activity	1997	1998	1999	2000	2001
New certificates issued	NA	NA	NA	NA	6,874
Renewal and add-on certificates issued	12,268	12,770	12,183	13,338	14,249
Out-of-field permits issued	643	739	854	945	1,266
Temporary certificates issued	243	240	303	398	546
Critical need certificates issued	4	24	193	488	1,282
Certification average processing days	NA	120	100	60	20
Teacher visits to certification office	NA	NA	NA	18,277	9,895
Certification database Web hits	NA	NA	NA	NA	233,458
Documents scanned	NA	NA	NA	NA	317,336
Open cases	NA	NA	NA	NA	5,751

Productivity Results for the SDE's Office of School Facilities

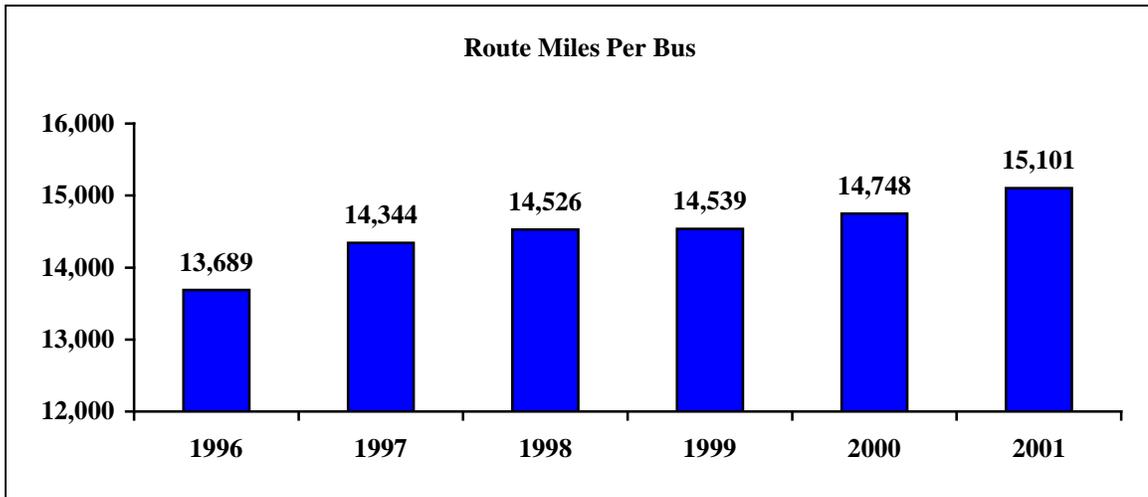
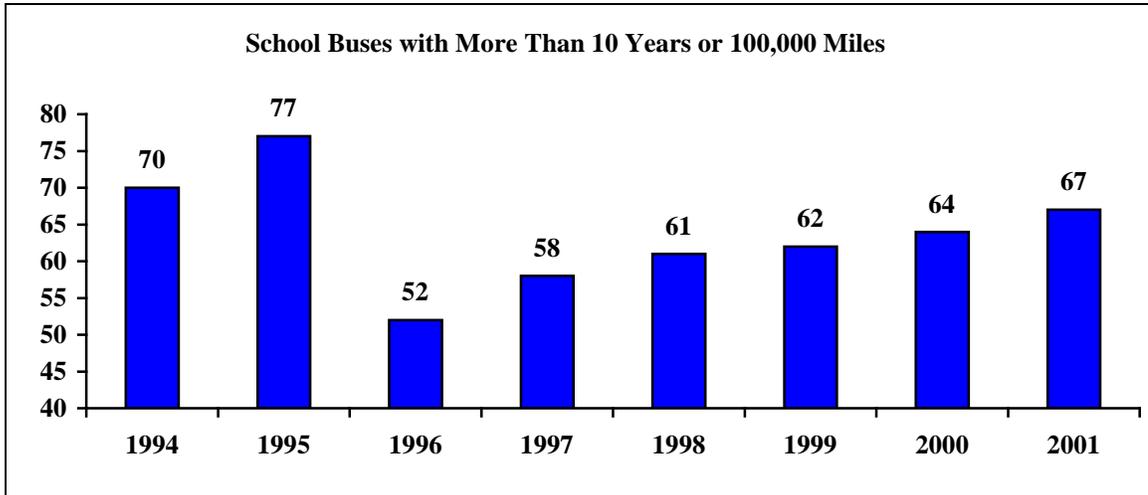


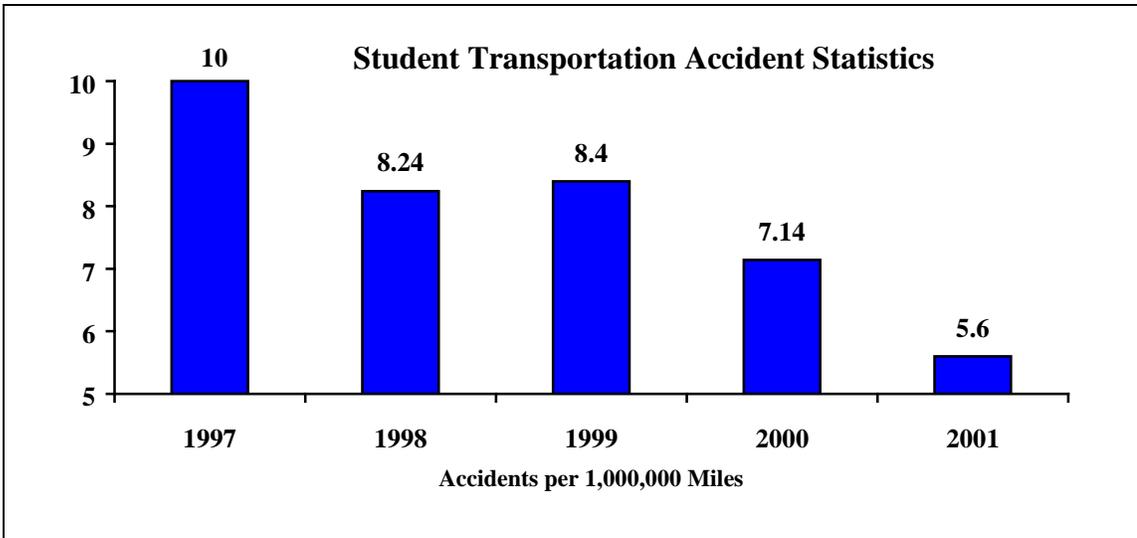
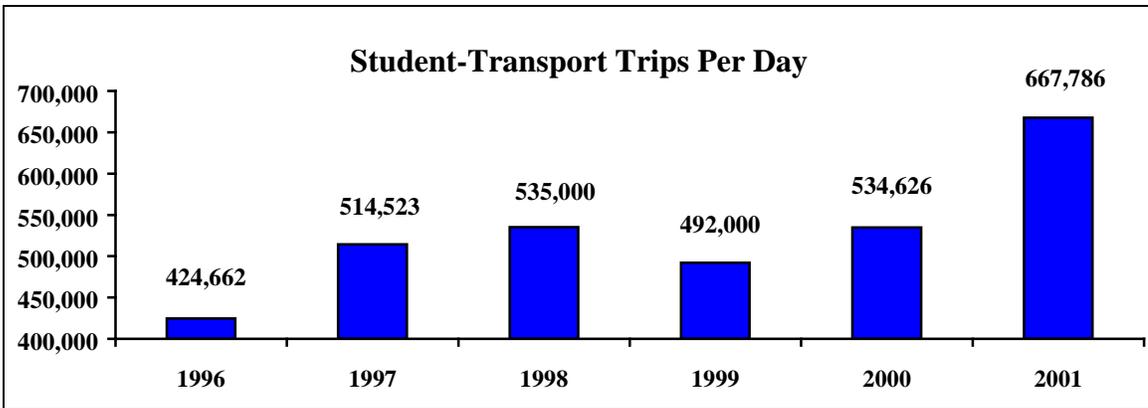
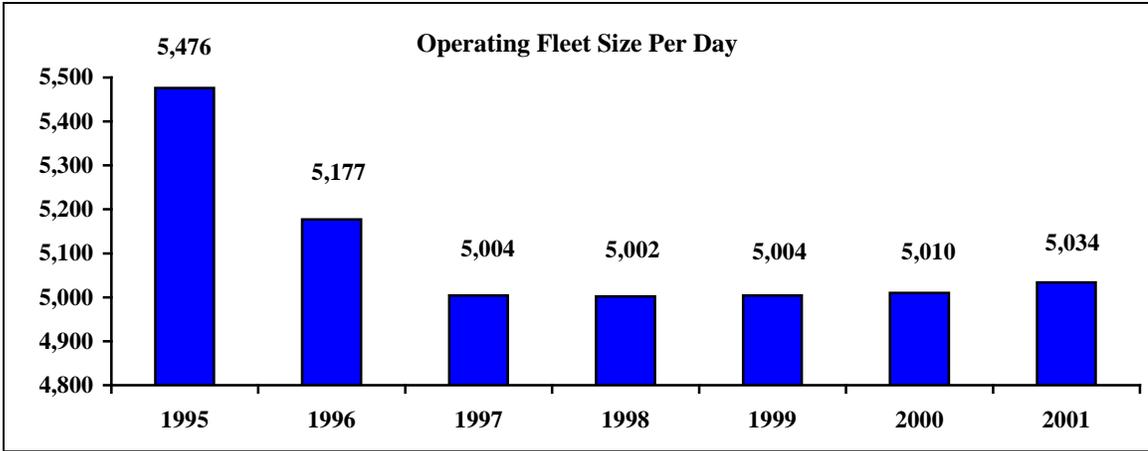


New Schools Approved for Occupancy

Year	Number of New Schools
1997	20
1998	13
1999	19
2000	25
2001	12

South Carolina Pupil Transportation System Measures and Results



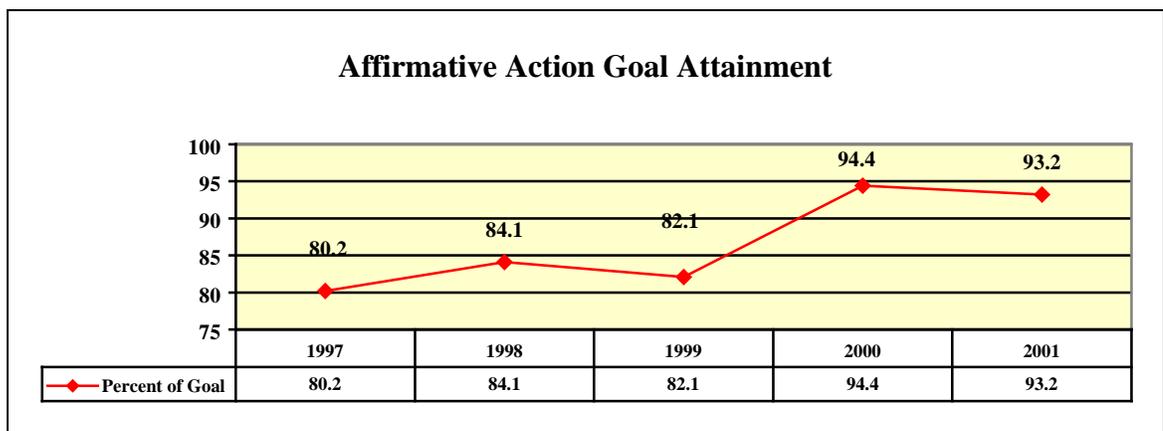


Employee Satisfaction, Involvement, and Development

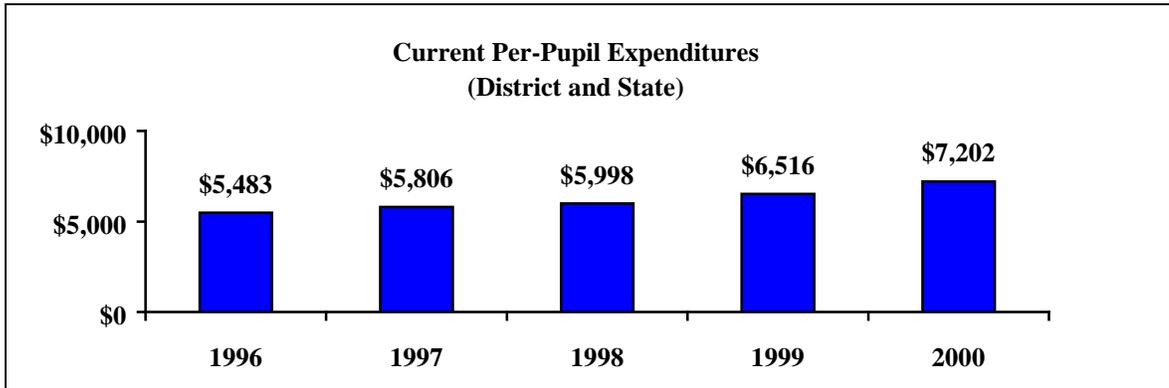
Reasons Given for Position Turnover	1999	2000	2001
Different position in same state agency	21	69	38
Different position in different state agency	13	19	13
Retirement	28	27	22
Private sector/city/county/federal	17	38	17
Better pay/better opportunity	9	3	11
School district employment	3	10	10
Personal	15	13	12
Other	19	20	30
Total position turnover	125	199	153
Total employees	824	855	930
Employee turnover percentage	15.2%	23.3	16.5
Employees who left agency	104	130	115
Employee turnover percentage	12.6%	15.2%	12.4%

Number of Grievances	
1999	0
2000	2
2001	2

Disciplinary Actions	
1999	22
2000	34
2001	27



Financial Performance



Major Budget Categories	1999–2000 Actual Expenditures		2000–01 Actual Expenditures		2001–02 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service Agency Leadership	\$18,058,030	\$11,677,909	\$23,123,792	13,881,303	\$22,803,602	\$13,713,615
Personal Service Transportation	11,453,504	10,792,155	12,554,121	11,859,741	12,276,796	11,389,274
Other Operating Agency Leadership	48,617,481	17,613,262	31,012,571	10,876,121	23,696,686	5,462,865
Other Operating Testing and Assessment	9,728,656	8,495,826	17,488,359	16,173,951	19,017,955	19,017,955
Other Operating Textbooks	36,336,202	36,129,173	44,486,742	38,484,768	45,440,387	43,940,387
Other Operating Transportation	30,614,710	24,671,206	46,739,808	29,959,677	24,491,816	21,316,816
Distributions to Subdivisions and Entities	2,605,264,499	1,626,761,251	2,892,469,121	1,746,481,892	2,772,370,837	1,817,097,781
Fringe Benefits Agency Leadership	4,974,637	3,457,404	6,615,522	4,473,706	5,815,925	3,677,031
Fringe Benefits Transportation	2,591,350	2,453,298	2,865,020	2,758,279	4,817,538	4,617,139
TOTAL	\$2,767,639,069	\$1,742,051,484	\$3,077,355,056	\$1,874,949,438	\$2,930,731,542	\$1,940,232,863

FY 2001 Distribution of Total Expenditures

