



Education

Solutions for the Funding Issues
That Impact Equity in Education

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Executive Summary

Despite decades of decisions – and indecision – in the legislature and courts concerning the inequity and inadequacy of school funding, educational leaders nationwide continue to face hard choices about resources for schools at the local level. School budgets dominated by spending that’s already allocated also leave district leadership fewer resources to quicken the pace of positive change.

If school funding remains limited, strategies must be found to help schools get more benefit from how those funds are spent. This paper explores a unique financial strategy that helps educators change who directly benefits from the consumption of school resources. We’ll cover:

1. The Problem: Solutions Are Needed at the Local Level
2. The Strategy: Change Who Benefits from Spending
3. The Tools: Assess and Achieve the Best Options
4. The Results: Go from Impossible to Implemented

The call out boxes in this paper provide a real-world example of how the strategy and tools were successfully implemented for one school district.

Achievement in Action

\$26.4 million in energy and operating costs will be saved over a fifteen year period. Connellsville Area School District near Pittsburgh, Pennsylvania, used this savings as part of a fiscal plan to turn around their schools and bring equity to a community buffeted by financial difficulty.

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1 The Problem: Solutions Are Needed at the Local Level

For many schools, reported indicators of an economic recovery arrive like signals from a distant galaxy. While some school funding has recovered in recent years, recovery has not led to equal improvements in school funding nationwide.¹

Lack of equity in funding is leading to imbalances, including issues with teacher pay and lack of capital for meeting the physical health and technological needs of a productive learning environment. Unequal funding, due in large part to the continuing reliance of school budgets on local taxes², is the subject of legislative and legal fights nationwide, while local district leaders look for tools needed to address funding issues and achieve better equity for students.

Connellsville's Choice to Close Schools

A snapshot of Connellsville in budget crisis: 4,300 students across 250 square miles, home to six townships, six boroughs, and one city. 70% of students district-wide are on free or reduced lunch, in a rural area where the local tax base is largely residential.

In Pennsylvania, 56.3% of education funding is local (compared to 45.3% for the US as a whole)³. The debt margin for Connellsville is fully consumed, and there's no ability to increase taxpayer burden on Connellsville Area homeowners to meet needs.

A three-year strategic financial recovery plan is in place to address declining enrollment, reduced state and federal funding, and other issues. In order to provide quality education across the district, the Superintendent's plan involves an unpopular decision: closing schools.

While fiscal responsibility is central to the plan, quality in education remains the priority. Superintendent Phil Martell needed a way to ensure that students and families affected by the closing schools were going to benefit. Equity in education for these students depended on quality of school facilities and up-to-date technology. Connellsville had no extra operational budget or debt service available to meet those key needs.

How could this transition provide a better environment for all students without the discretionary funds to make needed changes?

Sources

- 1 Leachman, et al. "Most States Have Cut School Funding, and Some Continue Cutting". Center on Budget and Policy Priorities. Retrieved from: <https://www.cbpp.org/research/state-budget-and-tax/most-states-have-cut-school-funding-and-some-continue-cutting>
- 2 Turner, et al. "Why America's Schools Have A Money Problem" NPR. Retrieved from: <https://www.npr.org/2016/04/18/474256366/why-americas-schools-have-a-money-problem>
- 3 U.S. Census Bureau, Public Education Finances: 2013, G13-ASPEF, U.S. Government Printing Office, Washington, DC, 2015. Retrieved from: <https://www.census.gov/content/dam/Census/library/publications/2015/econ/g13-aspef.pdf>

2 The Strategy: Change Who Benefits from Spending

When resources are limited, how resources are used can make all the difference. For schools, that takes a hard look at how spending best benefits students. The framework superintendents are adopting to inform this analysis, more and more, is a business-like approach.

“When I say a business mindset, I don’t mean dollars are the bottom line,” says Connellsville Area School District Superintendent Phil Martell. “I mean your bottom line is student achievement. And you account for costs to ensure your district’s dollars are always serving that bottom line.”

The strategy is to keep value from leaving the learning environment so that value can be redirected to creating benefits to the school.

By demanding measurable accountability for non-instructional spending, school leaders open up ways to achieve more equity in education, but first, a careful analysis is needed to uncover where spending is underperforming.

Funding a Turnaround Plan for Everyone

When Phil Martell came to Connellsville in 2015, his headline goals didn’t include closing schools. Improving scores, and getting kids access to technology, it seemed, would have to take a back seat to fund balances, bond statuses, state budgets and more.

Going into his financial recovery plan, Martell set up a series of town hall meetings. “You should be able to tell your community there is something better,” Martell says. “Forward motion. I had 3rd grade math being taught differently in each elementary school. There’s inequity built into that, and we could take this moment, these problems, as opportunities to change that for our students.”

Some Connellsville schools were underpopulated, and some buildings were consuming more resources than others. Martell examined maintenance, reactive spending, and the IT budget. “We looked at the infrastructure itself and it was consuming too much,” says Martell. “Utility costs, that’s money leaving the school. So I needed to change how resources were consumed to better benefit our kids.”

3 The Tools: Assess and Achieve the Best Options

It's clear that after personnel, the next highest costs for K-12 schools are facility and utility costs.⁴ That makes facility spend a smart target for expert attention. A comprehensive analysis will holistically look at operations and capital needs across all district facilities and:

- Examine data over time, to identify spending trends and long term needs
- Account for costs holistically, including capital risk, lost productivity and administration
- Report precise data that accurately informs leadership

With a full picture of operational spending in place, a plan to achieve change without burdening already tight budgets can be built. To avoid additional burdens to general funds or new debt, schools can use this planned savings to redirect current spending to where it is needed most.

A Tale of the Right Tools

Connellsville was losing half of their elementary schools. As part of the district-wide financial recovery plan, Superintendent Martell needed to improve the four remaining elementary schools.

To support his plan, Martell met with ABM team members to help him understand the possibilities for change. "By using our analysis tools to show how school facilities could be a revenue center and not a cost center, we could help Phil fund his initiatives, including his technology plan for students," said Dan Dowell, Vice President at ABM. "The savings we get by eliminating waste, fixing problems for facilities and building effectiveness, but we guarantee those savings because we get the data. Our tools track years of spending. We put in devices to monitor conditions. We get a trend history and our tools put all this together so schools can get the best picture of how to get better benefits from their dollars."

Step one for Connellsville was developing a plan for upgrading facilities that would improve conditions for students and faculty while also reducing operating costs. Step two was the financial solution that made those changes possible.

"Our debt margin was fully consumed, and we had no ability to increase taxpayer burden," said Superintendent Martell. "But I have to go to these parents, these communities, and show them this will be better for their kids."

Using the custom financial solution built by ABM, the district was able to invest in better facilities without new bonds or taxes.

Source

⁴ "Energy costs are a school district's second highest expenditure after personnel!" Excerpted from Department of Energy "Reduce Operating Costs with an EnergySmart School Project" Retrieved from: <http://files.eric.ed.gov/fulltext/ED511652.pdf>

4 Results: Go from Impossible to Implemented

School leaders are no strangers to complexity, but a comprehensive strategy for changing how schools consume resources requires expertise and experience in multiple disciplines, from engineering and facilities technology to financial solutions. Building consensus for change depends on the practical experience of school partners in joining these disciplines together in service to the bottom line: education.

When looking for a partner, schools should insist that advice doesn't focus on pitching an improvement, and finding a way to pay for it, but on finding those improvements that truly benefit the students' environment and help pay for themselves – and other needs.

"Not every HVAC unit needs to be replaced," says ABM's Mike Galletti. "Why replace this unit if the analysis says a retrofit will give the best payback for the school? The engineering has to be in service to the goal. The goal isn't to justify another HVAC unit going in. The goal is to get money back to the school."

An experienced partner will help schools talk through leveraging cost savings to take on other, less dramatically energy-saving upgrades that schools need. A holistic look at operations and facilities is needed to go from targeting savings to creating opportunities to protect and reinvest in key benefits.

Consensus on a Solution

Over a 15-year period, Connellsville schools will save \$26.4 million in energy and operating costs. To an engineer, the details of those savings are easy to bullet point out, but to an educator, energy can't be the whole story. Superintendent Martell insisted that the CASD project go beyond upgrading school infrastructure, and help him accelerate a technology plan for all of his students.

"This partnership allows us to not only upgrade the facilities and security in our building, but we're also able to upgrade the technology," said Superintendent Martell. "This project gives us the stability to move ahead with an educational component that a lot of public education institutions cannot due to funding cuts."

The changes below, including energy and water conservation measures, helped the project meet Martell's goal for Connellsville of WiFi in every school and a Chromebook in every student's hands:

- LED lighting upgrades
- Installing new and rejuvenating old heating and cooling
- Improvements to windows, ducts, and roofs
- Smart building controls

By improving schools across the district and investing in a technology plan for students, the Connellsville community had a way forward. Closing schools would involve change, but those changes would lead to improvements for all students, with better facilities and better access to technology, adding up to better opportunities for every Connellsville student.

Conclusion

By consuming resources differently, school leaders can ensure the educational environment benefits. "This is not the expensive option," says Martell. "It's using funds that are already spoken for and finding a better use for them."

If your school struggles with funding issues, talk to a facilities expert experienced in building possibilities for schools.

Empowering Equity in Education

"A project like this provides us the ability to make educational upgrades we may not have been able to do otherwise because of a lack of funding," Martell said. "There are a lot of districts that may not be able to take on a project, like putting devices in students hands, right now, but they can do it, too, with the right help."

About ABM

ABM (NYSE: ABM) is a leading provider of facility services in the United States and various international locations. ABM's comprehensive capabilities include janitorial, electrical & lighting, energy solutions, facilities engineering, HVAC & mechanical, landscape & turf, mission critical solutions and parking, provided through stand-alone or integrated solutions. ABM provides custom facility solutions in urban, suburban and rural areas to properties of all sizes - from schools and commercial buildings to hospitals, data centers, manufacturing plants and airports. ABM Industries Incorporated, which operates through its subsidiaries, was founded in 1909. For more information, visit ABM.com.



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