

### Finding Certainty in Uncertain Times:

Using Strategic Planning & Implementation  
to Maximize Capital Investment

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# FINDING CERTAINTY IN UNCERTAIN TIMES: USING STRATEGIC PLANNING & IMPLEMENTATION TO MAXIMIZE CAPITAL INVESTMENT

by Hakim Chambers & Rachel Lynn

*In the wake of the 2007 financial collapse, public school districts have faced persistent challenges that have limited or halted capital investment in school facilities. For many districts, the recession only exacerbated pre-existing trends, fueling a self-perpetuating dynamic that has diminished student enrollments and cut deeply into district budgets. Declining populations have drained school buildings of students and eroded tax bases that fund not only academic programs but operating costs and capital investments; growing competition from an expanding charter school market has also challenged districts for ever more scarce funding. Nevertheless, the conditions for a renaissance in the nation's public schools are now forming; the financial crisis has compelled districts that have deferred capital investment and improvements to explore aggressive, innovative and cost effective planning and implementation strategies to rebuild crumbling facilities and transform them into 21st century learning environments.*

## Challenges to the Nation's Schools

**T**he challenges confronting the nation's public school districts have been well-documented. In Detroit, a district where over 100 school buildings have been pulled off-line since 2000—totaling more than seven million square feet of educational space—another 28 schools are targeted for closure by 2016 due to a projected enrollment decline of 13,000 students. Meanwhile, Chicago Public Schools will close 50 schools to resolve the district's budgetary woes, impacting 27,000 students but saving more than \$560 billion over the next decade. This year, 70 charter school operators in North Carolina have applied to expand the state's charter school market in 2014, after the General Assembly lifted the 100-school statutory cap on charter schools in 2011. The roots of distress in these districts and others are multi-faceted and interrelated. Schools are under-enrolled and under-funded, resulting in the neglect of capital assets that perpetuates further declines in student enrollment and associated per-student funding.

The root causes of this spiral are pervasive with three primary issues emerging to the forefront of the discussion.

First, while urban flight has long been considered a contributing factor to population loss in America's cities due to a failure of public confidence in these areas, student enrollment loss from urban districts to surrounding suburban schools today can be attributed to the loss of confidence in the schools themselves. Second, the decline in the urban birthrate in cities has decreased the number of school age children and resulted in fewer students entering the school systems. Third, the surge in competition from the charter school market has drawn students away from public school districts. Now operating in 42 states, as well as the District of Columbia, charter schools serve more than two million students, according to the National Alliance for Public Charter Schools, while hundreds of thousands are currently waitlisted. Between 2005 and 2010, enrollment in traditional public schools declined by five percent, while charter school enrollment increased by 60 percent.

The exodus of students from the public school system, whether by urban flight or charter transition, has had tangible impacts on the financial viability of the districts, where school funding is inextricably linked to student enrollment. In the wake of the recession, states have adjusted per-pupil funding formulas downward with 35 states now funded at pre-recession levels.

Local governments, struggling with loss of property tax revenue attendant with population loss and home foreclosures, have had difficulty compensating for the decline in state aid. Federal funding, which had grown at the fastest rate in proportion to other funding sources in recent years, has contracted, as well; most recently the National School Boards Association has reported that the federal government's budget sequestration triggered by the 2011 Budget Control Act will pull 5.1 percent of federal aid from local school districts, amounting to \$51,000 less in funding for every \$1 million in federal aid.

However, expenditures—particularly operations and maintenance spending—have continued to grow even as per-pupil funding has decreased. While some variable costs correlated with enrollment may be managed as students exit schools, the ongoing costs of building utilities, custodial services, security, maintenance and the like remain constant even when a building operates at a fraction of its capacity. With competing needs for increasingly scarce resources, capital maintenance is many times deferred, while work order backlogs grow and school facilities are extended beyond their useful lives. A 2011 survey by the Council of the Great City Schools of 50 member districts revealed a total of \$76.4 billion needed for significant capital improvements, including \$15.3 billion in new construction, \$46.7 billion in renovations and repairs, and another \$14.4 in deferred facility maintenance. With district budgets allocating fewer dollars to capital needs, schools districts are turning more frequently to alternative forms of funding, such as bond referenda, in hopes of generating funds to maintain and improve school facilities. Bonds, however, are no longer reasonably relied upon to pass in the current economic climate, leaving districts to stretch already thin resources.

The combination of lower enrollment, budget cuts and crumbling facilities may leave school districts to consider school closures and consolidations in order to maximize the impact of available funding. However, while closures might be the first step in rightsizing facilities with enrollment and budget realities, they should not be the last. The questions remain as to where to prioritize investment and how to implement capital projects effectively, questions that are especially salient in this uncertain economic climate. In an effort to counteract the accumulated impact of these factors on school facilities, District of Columbia Public Schools embarked upon an ambitious and innovative modernization program on the eve of the recession that is transforming a once deeply troubled school district despite a time of economic uncertainty.

### Conditions for Change in District of Columbia Public Schools

In fall 2007, District of Columbia Public Schools ("DCPS") had been long plagued by declining enrollment and poorly maintained schools. Thirty-one percent of DC students were enrolled in the district's robust public charter school system. While the budgetary woes so evident across the country had not adversely impacted the district's spending—in fact, the \$12,979 per-pupil allocation was among the highest in the country—years of inefficient spending and resource allocation had left 118 of the district's 146 school facilities in poor condition. Approximately 20,000 work orders had been backlogged, and the district's schools faced an average response time of 379 days for repairs.

Mayoral intervention sought to reverse the long-standing trends that had left DCPS among the poorest performing districts in the country. While the district's academic overhaul garnered considerable attention nationwide, an



Savoy exterior



Woodson exterior

equally ambitious and complementary vision emerged to modernize District of Columbia Public Schools into world class educational facilities. In recognition of the well-established link between academic outcomes and the quality of facilities' conditions, a dedicated public agency—the Office of Public Education Facilities Modernization (“OPEFM”)—was established to oversee the planning and implementation of a ten year district-wide modernization program to stabilize a deteriorating facility inventory and transform each school into a 21st century learning environment. The program would rely upon a combination of in-depth planning based on comprehensive facilities' assessments and strategic implementation methodologies to execute improvements across the district.

As a necessary first step, DCPS developed a Masters Facilities Plan (“MFP”), which served as the roadmap for planned improvements at each of the district's 146 schools. The facilities' conditions assessments, the foundation of the MFP, meticulously detailed schools in disrepair, documenting deficiencies in building systems, the quality of the indoor air, any compromise of the building envelope, and aesthetics of the building and academic spaces, among other areas of assessment. The buildings averaged 70 years in age, which was often reflected by roof leaks, faulty plumbing, poor lighting and faulty mechanical systems that compromised the thermal comfort of students throughout the school year. A third planning tool, the Capital Improvement Plan (“CIP”), sequenced and funded modernizations outlined in the MFP over a six-year time horizon in order to maximize both available program resources as well as the number of students impacted by planned improvements on an annual basis.

Likewise, DCPS and OPEFM structured the implementation of modernizations to maximize the program's impact across the district. Full modernizations—generally reserved for the high school buildings—bring school buildings into complete compliance with district design guidelines and educational

specifications, whether through new construction or major renovation. Elementary and middle schools, in contrast, are modernized in three phases over a period of years, allowing DCPS to allocate funds to a greater number of schools annually than if full modernizations were undertaken at each site. Phase I modernizations focus resources first on improving the spaces that have the greatest impact on educational outcomes—the classrooms—by bringing lighting, acoustics, indoor air quality, ergonomics and technology into conformance with district standards to support successful learning environments. Subsequent Phase II modernizations make similar improvements to school support spaces—e.g. administrative offices and computer labs—and group assembly areas, while the final Phase III of the program comprehensively addresses the school's mechanical systems.

DCPS established an on-call maintenance program funded annually through the CIP to protect the capital investments completed through the modernization program and ensure that the facilities would receive as-needed repairs and routine maintenance in timely fashion. Contracts awarded through a public procurement process are re-bid every two years to encourage ongoing participation from the contracting community and secure competitive pricing for the district. All work orders, emergency repairs and scheduled maintenance throughout the district are addressed through this program, including seasonal cleaning and repairs of all HVAC systems at the end of the heating and cooling seasons. This proactive approach to facility operations and maintenance ensures that investments are not subject to the previous practice of deferred maintenance that badly deteriorated district assets.



Savoy gymnasium



Savoy cafeteria



Sousa science lab

Nevertheless, as DCPS reshapes the district in response to shifting demographics, schools have been closed and consolidated as part of the modernization program. Budget realities have required the district to shutter schools operating below 40 percent capacity. Four major contributing factors—demographic and enrollment trends, building utilization rates, facility condition and quality of receiving schools—are used to inform the MFP and determine the long-term viability of schools based on enrollment projections. Facilities that do not meet the specified criteria face closure, while receiving schools are used to ease the overflow of students once a school has been identified for closure. Receiving schools also play a major role during full building modernizations by providing transition spaces for students during construction.

### Bringing Change to Student in DC Public Schools

The planning tools and implementation strategies employed by DCPS have challenged the status quo and brought significant change to the district. The Master Facilities Plan has proven a dynamic tool, flexible and adaptive to the needs of a changing district, its students and its communities. Critical to the success of the district's planning of the modernization program has been the substantive engagement of project stakeholders. The School Improvement Teams established at each school have collaborated closely with project staff during the implementation of school improvement projects, resulting in school buildings that reflect the vision of the stakeholder groups, are responsive to needs of the school community, and serve as an asset to the broader community.

More than five years since DCPS took the first steps toward its ambitious district-wide modernization, over \$2.1 billion has been invested in the planning, design and construction of approximately 75 projects across the district en route to the ultimate modernization of 12 million square feet of

educational space. Long-range strategic planning and tactical, innovative implementation solutions have facilitated the district's transformation and maintained public support for the program in spite of the financial crisis. However, reversal of the trends that prompted the overhaul is not instantaneous, despite the success enjoyed by the program to date. The district has seen modest gains in enrollment figures in recent years; though charter school rolls continue to grow in the district, DCPS is no longer seeing losses in enrollment, which bottomed out in the 2008-2009 academic year. District of Columbia Public Schools is indeed enjoying a renaissance, effecting positive change and transforming schools into 21st learning facilities through multi-year planning and strategic implementation of the Master Facilities Plan.



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