



# Solutions for the Funding Issues That Impact Equity in Education

## 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.*



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## ● 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.<sup>1</sup>

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 taxes<sup>2</sup>, 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)<sup>3</sup>. 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>

## 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.

### Finding 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.”

### 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.<sup>4</sup> 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.

#### Source

- <sup>4</sup> "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>

## Res I s: Go from Impossible o Implemen ed

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 Galle i. "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.

### Connellsville 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 be better opportunities for every Connellsville student.

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