POLICY BRIEF

Rural School Facilities:

State Policies that Provide Students with an Environment to Promote Learning

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The Rural School and Community Trust (Rural Trust) is the premier national nonprofit organization addressing the crucial relationship between good schools and thriving rural communities. Working in some of the poorest, most challenging rural places, the Rural Trust involves young people in learning linked to their communities, improves the quality of teaching and school leadership, advocates for appropriate state educational policies, and addresses the critical issue of funding for rural schools.

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A rigorous and enriched curriculum. High quality teachers. Strong leadership. These are essential components of a high quality education. Yet, even where these conditions exist, student learning is difficult if the school building is substandard or suffers from old age and neglect. Regrettably, far too many rural schoolchildren attend school in inadequate facilities every day. For these children research confirms what common sense tells us: it is difficult for teachers to effectively teach and children to learn in schools that lack heat and air conditioning, have falling roofs and deteriorating floors, do not include safe electrical systems, contain toxic asbestos in ceilings, or are not wired for computers and the Internet.[1]

While states spend $29.2 billion annually on school facilities,[2] 60 percent of rural schools have at least one major building feature in need of replacement or extensive repair because their school facilities are frequently ignored, neglected, or under-funded.[3] The result is a denial of equal educational opportunity for hundreds of thousands of our nation's rural students. State governments, however, have the capacity to make a difference in the quality of rural education by creating and funding school facilities that provide every child with a school building that supports and promotes learning.

This report is intended to assist state policymakers, educators, and community members in identifying critical school facility issues and crafting state policies that meet the needs of all students, especially rural students. Our recommendations draw on state experiences—both good and bad. Appendix A is a set of "Guiding Principles" that summarize overarching themes that should be part of a fair and effective state school facilities program. A "State School Facilities Policy Checklist" is included in Appendix B as a simple tool for evaluating a state school facilities program. Appendix C lists other sources of information and resources about facility policies, funding, and rural school facilities.

The Need for "Rural-Friendly" State School Facilities Policies

Every state in the nation is currently charting a course to improve its public education system. As states raise education standards and invest in programs to improve student achievement, there are a number of reasons why it is essential that states consider the school facility needs of rural schools.

First and foremost, school facilities play a powerful role in a child's education. Studies confirm that students learn best in buildings that are safe, healthy, well lit, comfortable, and in good repair. In fact, some researchers have found that the quality of school facilities may have as strong an effect on student performance as family background, socioeconomic status, school attendance, and behavior.[4] The bottom line is that students who do not have access to adequate facilities are less likely to succeed academically.

One-third of our nation's children attend schools in rural areas and small towns.[5] Given the number of rural students in most states, unless state school facilities policies focus on the unique needs of rural students, states are unlikely to meet their education goals and students will be unable to reach their full educational potential.

Rural schools are in poor condition and getting worse. Along with a growing need for repairs, nearly 50 percent of rural schools lack the electrical wiring necessary to support technology[6]; 84 percent lack fiber optic cable; and 46 percent lack operational computer networks.[7] In addition, students in rural areas are much more likely than students from other areas to attend school in buildings that are over 50 years old—where a lack of funding has delayed maintenance and created a backlog of needed repairs.[8]

Rural communities cannot afford the school facilities they so desperately need. The cost for facilities has traditionally been the responsibility of local school districts, based on whatever the local community can and is willing to pay. This process is doomed to fail in many rural communities where incomes, property values, and the local tax base have declined. The percentage of people living below the poverty level is nearly 30 percent higher in rural areas than in non-rural areas.[9]

States ignore or do not accommodate the facility needs of rural schools. State school facility policies frequently focus on the needs of high growth suburban areas, and consequently the concerns of rural communities are often not heard at the state level. This is partly because rural people are a demographic and political majority in only four states—Maine, Mississippi, Vermont, and West Virginia.[10] Despite often having greater needs than people from other locales, low-income rural people do not have the same political clout as people living in wealthier and metropolitan areas of a state. In the end, this lack of political power often translates into policy decisions that shortchange rural schools and students.

While poverty and diminished political power are realities for many rural places, states can actively promote equal educational opportunity if they adopt policies and make sufficient funding available to provide all students with an environment that promotes learning.

School Facilities Funding Dynamics

Moving Toward More State Control

Historically, local governments have had primary responsibility for building, repairing, and maintaining school facilities.[11] A number of states provide virtually no funding for local school facilities, requiring instead that local communities pay 100 percent of the cost of school construction and maintenance.[12] In order to fund their school facilities, most local governments and school districts rely heavily on local property taxes, bonds, or a combination of both.[13]

Frequently, however, neither property taxes nor bonds are sufficient to provide rural students with the school facilities they need. Property-poor and economically challenged rural communities are simply unable to raise the funds they need. Residents with low or fixed incomes cannot afford to pay higher taxes. Other property owners are reluctant to pay property taxes because they don't live in the community or they don't have children in the public schools. In some areas, resistance to paying for local schools is so high that state aid has been made contingent upon the adoption of at least a minimum local tax levy just to fund school operations. Relying on local ability and willingness to pay for the costs of education has resulted in stark differences in the quality and funding of school facilities between rural schools in poor areas and those in wealthier communities."[14]

When schools and communities are unable to build and maintain school facilities, they increasingly are turning to state government for help. And, states are responding. [15] Recent events in a number of states confirm the trend toward greater state involvement in school facilities funding. For example:

- The number of capital outlay bills for school facilities passed by state legislatures jumped dramatically in the 1990's.[16]
- Eleven states now subsidize, reimburse, or match local funding for school construction projects;[17]
- Several states have new agencies to oversee school construction within the state;[18] and
- Five states provide low-interest loans for low-income school districts to support school construction efforts.[19]

Court Involvement

Much of the shift to greater state involvement currently underway can be traced to litigation challenging the quality of school buildings. Every state constitution requires the state to educate students. In a series of legal challenges, plaintiffs have argued that states have a duty

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under their constitutions to offer all children an equitable and adequate education. "Equity" requires that all students in a state, regardless of their residence or wealth, should be treated equally. In the case of school facilities, it means that the quality of a child's school building should not depend on a school district's willingness or ability to raise taxes or spend money for facilities. Equity requires that states "level the playing field" for low wealth schools so they can have the same high quality school buildings as more affluent communities.

In contrast, educational "adequacy" involves the state providing schools with sufficient resources—including facilities—necessary to meet state educational goals and standards. Under adequacy principles, states should first assess their existing facility needs against state educational standards, and then fund school facilities programs that ensure schools the facilities they need to meet those standards.

In at least 11 states—Alaska, Arizona, Arkansas, Colorado, Idaho, New Jersey, New York, New Mexico, Ohio, West Virginia, and Wyoming—courts have directed improvements in funding for school facilities in response to litigation arguing that states have a duty under their constitutions to provide students with equal and decent school facilities.[20] As highlighted by the Ohio Supreme Court: "Deteriorating physical facilities relate to the state's educational obligation, and…adequate physical facilities are an essential component of that constitutional mandate."[21] When children enjoy a constitutional right to education, states have a non-discretionary responsibility to fulfill that responsibility, including spending additional dollars if needed.[22]

Meeting Fiscal Challenges

In the current fiscal environment states are struggling to find new ways to raise funds for school facilities. For example:

- Arizona implemented a sales tax increase to cover school facilities.[23]
- Georgia amended its Constitution to allow counties to assess a local-option sales tax that can be used only for public school construction.[24]
- In California, the state issued general obligation bonds to cover facility needs related to class size reduction.[25]
- In Idaho, lottery proceeds have been dedicated to pay for school facilities.[26]
- Washington state raised significant funding for school buildings from a variety of sources including timber sales, real estate development, the state lottery, and bonds.[27]

In a recent report examining school facility needs across the nation, the National Education Association called upon states to establish permanent programs to modernize schools after reporting that $322 billion is needed for existing public school modernization.[28] To be sure, providing students with equitable and adequate school facilities will require a significant investment of public dollars. But the investment states make should yield dividends for their economies and their children's future.

Essential Components of Fair and Effective State School Facilities Policies

As states assume a greater role in funding school facilities, policymakers will need to craft policies that guide key decisions. The essential components of a fair and effective state school facilities program may be grouped into five broad areas:

- Setting priorities for approving and funding school facilities;
- Adopting funding mechanisms that do not penalize rural and low wealth districts;
- Creating standards for school facilities;
- Defining the appropriate state role, setting ethical standards, and encouraging local participation; and
- Establishing processes to evaluate state school facility programs and projects.

The following section describes considerations surrounding each of these components. Policy choices in these areas are crucial to the development of high quality school buildings that support student learning. For rural communities, it is essential that policy decisions take into account the unique needs and circumstances of their schools and students. Without sensitivity to rural concerns, state facility policies may have unintended consequences that

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A. Priorities for Approving and Funding Facilities

The facility needs of schools and school districts will vary dramatically within a state. Rural schools may need to renovate and repair existing buildings, while suburban schools experiencing rapid growth in student enrollment may need to build new facilities. State funding available for facilities is often limited because growth in student enrollment outpaces capacity, facilities have been historically under-funded, or there is a significant backlog in making major repairs. Even if states have sufficient funding to improve school facilities, they will need policies to determine which school facility projects should receive the highest priority. We suggest six policy options to ensure that limited state funds are targeted toward schools with the greatest needs.

1. Priorities for funding should be based on a "school facilities needs assessment" that gathers accurate and reliable information.

A crucial step in setting funding priorities is to determine the existing needs of schools by collecting accurate, comprehensive, and reliable data about the current condition of school facilities using a school facility needs assessment process. State employees (for example legislative or department of education staff members), outside consultants, or school districts themselves may conduct the assessment. Each approach has potential advantages and disadvantages.

Using State Personnel. This approach, used by Colorado and Florida, can reduce the cost of conducting the assessment while developing in-house expertise.[29] It may also increase the level of understanding among state policymakers about the unique needs and circumstances faced by rural schools. The success of this approach depends on a competent core staff that can conduct the assessment. In order to promote objectivity, it is also critical that state-paid staff conducting a needs assessment are insulated from the politics that often surround school facilities decisions.

Using Outside or Independent Consultants. Using outside school facilities consultants who may be perceived as having greater expertise, credibility, and political independence, is an approach used by Arizona and Wyoming.[30] In order to be effective, however, outside experts must understand the varying needs of schools and communities, including the needs of those that are rural. One way of avoiding the pitfalls of this approach is to hire consultants based on what they know—their expertise—and not simply selecting them based on who provided the lowest bid.

Arizona's experience demonstrates the importance of using outside consultants only if they have the proper expertise. As a result of a state Supreme Court ruling in 1998, Arizona was required to assess the status of the state's school facilities and implement a program to fix them. The Legislature hired a company whose bid was two to three million dollars below that of other bidders, but who did not have experience in assessing schools. The assessment conducted had little credibility and school districts criticized the report, stating that it grossly underestimated the need for repairs.[31]

A good method for making certain that outside consultants are sensitive to the needs of local schools is to include local school representatives in the process of selecting the consultant. State policies should also give local school officials a meaningful opportunity to evaluate how the process is working.

Including Self-Assessments Conducted by Schools. Whether a state needs assessment is conducted by outside consultants or in-house state personnel, the process should include a self-assessment by school districts and communities. By adopting policies that include a self-assessment process, policymakers can add value and credibility to state facility decisions. A recent study found that school districts in Ohio that actively participated in the state facilities funding process fared much better if they had completed a self-assessment as part of the state school facilities program.[32] Self-assessments can also serve as a stand-alone process. Indeed, many states require school districts to periodically report on the status of their school facilities.[33] But when greater state involvement in school facilities planning is mandated as part of a court decision, the state may not be able to rely solely on self-assessments since the state often is required to ensure reliable and consistent reporting of school conditions across districts.

Still, self-assessments of need should be part of the process.

2. State funding should target the districts that have the least capacity to raise local funds.

State policies should take into account the relative wealth of school districts in a state. Hawaii, which has a single statewide school system, is the only state to fund the total costs for school facilities. In the other 49 states, local districts must provide either all or a share of the funding for school buildings.[34] In fact, in as many as 15 states, local school districts must cover all or most of the cost of school facilities.[35] Many poor and rural districts struggle just to pay their teachers and offer students a state-mandated curriculum. With high levels of poverty and a declining tax base, rural school districts should receive high priority because of their limited ability to raise the funds necessary to build or maintain the schools they need.[36]

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3. State facilities funding should be available for renovation, repair, and maintenance of existing school buildings.

State policy should recognize that not all solutions to facility problems require the major expense of building a new school. Renovation, repair, and maintenance of existing school buildings are often cost effective and just as important as funding new construction. Particularly in rural areas, new buildings are not always needed. Schools may simply need to be upgraded to meet health and safety codes, adapted to accommodate new technology, or cleared of environmental hazards.

Regrettably, many states have a history of neglecting rural schools by leaving the total responsibility for maintaining schools to local districts. While favoring local control of schools, this policy has created a serious backlog of repair projects that can hinder student learning and achievement. The national cost for deferred maintenance of schools is estimated at well over $150 billion. School districts without a sufficient tax base will not be able to clear that backlog without state assistance.[37]

States that favor building new schools are simply promoting demolition of older buildings.[38] Demolition of rural schools places the history and culture of a community at risk. Rural schools often have educated generations of local people and are a source of pride. They are rich in their history and shared in their use by local people. Some schools have even been built "brick-by-brick" by people in the community. Others are listed on the National Register of Historic Places. To avoid the risk to community schools, renovation, repair, and maintenance of existing school facilities should be part of a state facilities plan and related policies. Georgia is a good example of a state that has made concerted efforts to preserve historic buildings. State funding from the Capital Outlay Fund can be used to renovate historic schools rather than build new schools, as long as the renovated facility can last at least another 25 years.[39]

One way to assure that renovation of an existing school is fully considered as an option is to require a feasibility study to determine whether renovation is possible, economically practical, and educationally sound. Such studies should involve the community. More importantly, because new construction may be more profitable for school designers than renovation of an existing facility, feasibility studies should be conducted by independent consultants who are not given the design rights for school facilities constructed as a result of the study.[40]

4. In appropriate cases, the state facilities review process should be fast-tracked to address critical needs that affect student health, safety, and learning.

As a general rule, the state review and approval process for facilities should employ a timeline that allows for thoughtful planning and decision-making. For many rural schools, however, years of neglect have created critical facility deficiencies. Rural students who attend these schools cannot afford to wait several months or years for better buildings. An efficient school facilities program, therefore, recognizes that projects should be given an immediate priority where student health, safety, and learning are at stake. These projects should be processed under a fast-track review and approval process that allocates funds as soon as schools meet state design and construction requirements.

5. Funding priorities should be determined using a non-competitive process.

Small and poor rural districts deserve fair funding policies that put them on an equal footing with larger and wealthier

districts that have full time facilities staff and political clout. When states use a competitive "first come, first served" approach in facilities planning and decision making, rural districts often end up losing out in the competition. Rural schools don't have the staff or resources needed to develop construction plans, complete complex and lengthy applications, hire architects, obtain bids, oversee construction, or provide matching funds.

California's experience in addressing school overcrowding presents a case in point of how competition can hurt some school districts. Initially, state facilities funding to build more classrooms was allocated to schools on a first come, first served basis. As expected, this policy resulted in the poorest districts (in this case poor urban districts) being unable to compete for limited funds with wealthier suburban districts. In turn, this worsened existing funding inequities between school districts in the state.[41] While California's experience involved problems encountered by poor urban districts, poor rural districts are equally at risk of losing out when competition is used to determine how limited facility funds should be allocated to schools.[42]

6. States should respond to the needs of small and rural school districts by providing funding and assistance to adequately plan school facility projects.

With their small administrative staffs and limited resources, rural schools often need support and assistance in order to fully benefit from a state school facilities program. A state can provide crucially important support for rural school districts in a number of ways, including:

- Providing planning assistance or grants for communities that do not have access to school planning experts;
- Providing consultants to assist local school districts in assessing their needs and developing a local facilities plan;
- Offering training for local school administrators and board members so they are able to play a meaningful role in the facilities planning process;
- Building in flexibility by adopting policies that recognize smaller school districts may need more time to fully participate in the facilities planning and approval process;
- Keeping smaller school districts in the facilities "information loop" by requiring contractors and state-level administrative staff to respond to local concerns around design, delays, changes, materials, and construction quality.

B. State Funding Mechanisms

7. State funding mechanisms should not penalize rural districts.

State mechanisms to raise and distribute funds for school facilities vary significantly from state to state. Some states provide direct state aid to schools. Others offer state funds to match local contributions. A number of states provide state aid to reduce local debt. States may choose to use either a single funding approach or a combination of funding methods, and in some cases, they may even vary the amount and type of funding from year-to-year.[43] From a rural perspective, the source of funds for facilities often is as important as the mechanisms used to distribute funds. While a comprehensive analysis of funding sources and mechanisms is beyond the scope of this policy report, the following comments and observations are offered from a rural perspective.

Types of Funding Mechanisms

Direct Aid. For property poor rural communities, direct aid in the form of grants or cash assistance provided by the state may be the most advantageous method for funding facilities because districts then do not have to provide funds themselves. For direct aid to offer maximum benefits to rural schools, however, states should take into account the variety of circumstances faced by schools. Direct aid programs that are uniform for all districts in a state and that fail to take into consideration local school district's wealth, tend to discriminate against poorer districts. Vermont, for example, funds 30 percent of capital expenditures for all districts regardless of their wealth. A more equitable approach has been used in Delaware, Kentucky, and New Hampshire, where equalization formulas allocate a greater proportion of aid to districts with a lower tax base.[44]

Matching Grants. Rural communities are less likely to benefit from a state school facilities program if the state imposes unreasonable funding requirements on local

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schools, such as matching grants. Because they require local communities to generate a proportion of matching funds before they are eligible for state assistance, this approach can place an insurmountable barrier in the path of poor and rural communities that want better school facilities.

Illinois and North Carolina have both used matching grant programs.[45] Alaska requires local school districts to obtain a local bond before the state will reimburse the school district. But state policy also uses a sliding scale for reimbursing local districts that takes into account the school district's ability to pay.[46] Matching grants should be considered as an option for funding facilities, but their use must be carefully considered to avoid discrimination against schools that have limited options for raising local funds.

Debt Reduction and Loans. Under a debt reduction program, states help fund facilities either through programs that assist local school districts in repaying construction and renovation loans (aid for debt) or by providing them with direct, low interest loans. Rural communities that lack borrowing power may find debt reduction and loan programs to be helpful. These programs often assume that local school districts have the ability to pay a significant share of facilities costs—an invalid assumption for many rural communities. Examples of this approach can be found in New Hampshire, which provides some facilities aid to school districts through aid for debt service, and New Jersey, which provides assistance both through aid for debt service and direct loans in specific circumstances.[47]

Mixed Approach. Some states use a mixed approach that provides some direct funding while also requiring local effort. Georgia has a rural-friendly approach that provides an additional opportunity to secure funding for a facility project to districts in the bottom quartile of wealth, based on property tax and sales tax revenues and per capita income. This special program eases some of the restrictions on applying for "entitlement funds" that the state allocates based upon needs assessment plans.[48]

Funding Sources

There are a variety of potential funding sources available to states that wish to improve their school facilities. With each approach there are advantages and disadvantages. Some of the leading funding options available to states are described below.

General Obligation Bonds—In many states general obligation bonds (GOB) issued by the state are a preferred source of revenue for school facilities. GOBs normally require voter approval and are repaid from a state's general fund. Because states guarantee that they will use their taxing authority to repay bonds, GOBs may carry a low interest rate compared to other bonds, including those that are locally issued.

Certificates of Participation (COP's)—COPs resemble bonds with notable distinctions. State governments may issue COPs, although they do not require voter approval. Like bonds, COPs may be repaid through the state's general fund, but they are secured by the school facilities that are being financed. Because they are viewed as having a greater risk, the interest rate for COPs is higher.

State General Fund—Some states fund facilities out of the state general fund, frequently made up of revenue from income taxes, sales taxes, and in a few instances, state property taxes. General fund appropriations have the obvious advantage of raising revenue from statewide sources and then allocating funds equitably across economically diverse regions of a state.

Local Option Sales Tax—Georgia has a local option sales tax to finance a portion of its school facilities. While offering communities this additional revenue option for school facilities has no doubt benefited many areas of a state, a local option sales tax has drawbacks for the rural places that are in economic decline having lost jobs and businesses to surrounding larger areas. As a result retail sales in these communities may be insufficient to raise the revenue needed to support quality school facilities.

Lottery Proceeds—Some states have earmarked lottery proceeds to fund school facilities—an option that can provide an infusion of badly needed funds for school buildings. But lottery proceeds have drawbacks. They lack stability because revenues vary from year-to-year. There also are instances of states breaking their initial commitment to earmark lottery funds for education. Lastly, lotteries have been likened to a tax on lower income people, because they tend to spend a greater proportion of their incomes playing the lottery than others.

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State policymakers often face the inherent tension between the desire to set uniform statewide standards for all school buildings and the importance of accommodating the varying needs of local school districts. To address this tension, state facility standards should allow substantial flexibility in how schools go about meeting state standards.

Other State Funding Mechanisms—States use a variety of other tax and revenue-raising approaches for school facilities. Hawaii, for example, allows taxpayers to designate a portion of their income tax refund to cover minor repairs and maintenance of school facilities.[49] New Mexico, like a number of other states, generates revenue from taxes paid to extract oil and gas from the state. Several years ago, New Mexico used these tax dollars to establish a special fund dedicated to education. Currently, some of the interest earned on dollars in this fund is used to fund education. [50] The interest and principle on such "severance funds" may serve as a potential source of funding for school facilities in a number of states.

C. Creating State Standards for School Facilities

State standards for school buildings range from the very explicit—New Hampshire's square feet per pupil requirement—to the broad—Vermont's requirement that school structures meet the needs of educational programs.[51] State policymakers often face the inherent tension between the desire to set uniform statewide standards for all school buildings and the importance of accommodating the varying needs of local school districts. To address this tension, state facility standards should allow substantial flexibility in how schools go about meeting state standards. The following are elements of state facility standards that are fair and beneficial for rural students and schools.

8. Standards should ensure that facilities are safe and healthy.

In order to create an effective learning environment, health and safety standards are a top priority. Moreover, with today's heightened concerns about school violence, security is of equal importance. Thus, state facilities programs should provide sufficient funding for schools to meet minimum health and safety codes for such items as heating, air conditioning, plumbing, lighting, environmental concerns, and electrical systems. When building codes are strictly applied, they can make it infeasible or too costly to renovate old buildings. For older and historic buildings, "smart codes" may enable school districts to find more flexibility as they preserve such schools. "Smart codes" are state enacted flexible building code provisions for the safe reuse of older structures. For example, in a building where the second floor is only used for adult learning, it may be acceptable to waive current state standards for the width of a staircase in a school building.[52] Another alternative is using the International Building Codes handbook that provides some compliance alternatives for existing buildings, as Georgia does in its effort to provide funding for renovating historic school facilities.[53]

9. Standards should ensure that facilities are sufficient to enable schools and students to meet state education standards.

In this era of high education standards, the school building itself must play a role in promoting learning among diverse groups of students and supporting a rich curriculum, while it offers teachers a workable and stimulating space in which to teach. Because the school environment impacts student achievement and learning, state facility policies should couple state educational goals and standards with adequate funding for both new and older schools. For example, if a state has policies requiring schools to reduce class size, then additional classroom space may be needed. If physical education is deemed to be an essential part of the curriculum, then schools must have sufficient space for it to occur. Unless schools are provided with the facilities they need to meet high educational standards, they are handed yet another unfunded mandate and are more likely to fail.

10. State facilities standards should address the infrastructure necessary to support technology.

Technology, with its power to aid children's learning, is no longer considered an educational frill. In addition to having computers for classrooms, high quality schools need to be equipped with the necessary infrastructure to support information technology. Long distances and sparse student populations frequently make funding for technology crucial for small rural schools. With technology they can provide a challenging and advanced curriculum for their students while also offering teachers professional development opportunities through online distance learning.[54] But, given their age and a lack of adequate funding, rural schools are less likely than suburban facilities to be outfitted to support new technology. In light of the

enormous potential of distance learning to assist rural schools, and the universal necessity for today's students to be computer literate, state facility policies must address the technology needs of students and teachers.

11. Standards for facilities should be flexible and should accommodate innovation.

Educating children is a creative and dynamic process. While states have a legitimate interest in establishing uniform facilities standards, they should avoid rigid requirements that end up thwarting creative and innovative education methods. For example, many rural schools have used a place-based education curriculum in order to focus the learning process on real-world experiences that are rooted in the history, environment, culture, and economy of a local community.[55] This type of program may require a unique arrangement of classroom space. But, if states take a cookie cutter approach to defining space and layout requirements, it may be difficult for local communities to carry out innovative plans such as these.

Ohio's school facilities program initially used a cookie cutter approach. It had fixed class sizes and square footage allotments. The Ohio School Facilities Commission also offered only four uniform new building plans and did not have the flexibility to accommodate specific community needs. For instance, the plan would not allow a new school to have a fixed auditorium, even if the community planned to use the space or if it would be impractical to combine the auditorium with a gym or cafeteria. Over time, state facility planners in Ohio have learned from these experiences and schools have been granted greater flexibility in designing school facilities.[56]

12. State standards for facilities should allow local schools flexibility about school size and location.

In order to receive state facilities funding, some states require local schools to have a minimum school enrollment or meet minimum acreage requirements. West Virginia, for example, requires new high schools to have a minimum of 1,000 students before being eligible for state facilities funding. Likewise, new high schools in South Carolina must be built on sites that have at least 30 acres. Policies such as these serve to deny small rural schools the funding they need and often force them to close, consolidate with other schools, or continue to educate students in substandard buildings. These lose-lose choices for rural schools result from ill-advised state policies that ignore the educational advantages and cultural and economic significance of small community-based schools. To avoid these arbitrary and potentially harmful decisions, state policies should take into account four factors when considering the acceptable size and location for schools:

a. Research on the educational benefits of smaller schools. Determining the appropriate size for schools under a state school facilities program is one of the most important policy decisions to be made. Requiring larger schools or imposing minimum student enrollments often runs counter to what students and communities need. Substantial education research confirms what most parents and educators know—smaller schools are better places to educate students than larger schools.[57] In stark contrast to the impersonal qualities of large schools, small schools create educational communities where children and educators know each other and learning takes place in a safe, supportive environment. Small schools have fewer incidences of violence, more parental involvement, and higher graduation rates.[58] Most significantly, compared to larger schools, small schools have been shown to have a positive impact on student achievement for low income and minority students.[59]

b. The harm caused to students by long bus rides. When small community-based schools consolidate, rural students are bused to larger schools, often located long distances from their hometown. In West Virginia, wholesale school consolidation has resulted in many of the state's rural students riding the school bus several hours every day.[60] Not surprisingly, studies have concluded that these long rides are associated with less participation in after-school activities, less parental involvement in schools, and less time for both family interaction and homework.[61] In addition, longer bus rides mean significantly higher transportation costs that ultimately must be paid by state and local taxpayers.

West Virginia's situation exemplifies the problems that can occur when consolidation is seen as the only answer.[62] In allocating facilities funds to local schools, the West Virginia School Building Authority (SBA) chose to ignore the needs of small, rural schools, and instead focused on cost savings they thought would result through

To avoid the harm caused by school consolidation and closure, state policies should eliminate minimum school size and acreage requirements or have exceptions that apply to rural areas.

assumed "economies of scale" if larger schools were built. The policies were also justified on the grounds that larger schools would be able to offer a more diverse curriculum to students. SBA policies offered facility funds only to those schools that were willing to build larger schools or consolidated students into school buildings. Follow-up studies have concluded that West Virginia's pro-consolidation policies did not save money, did not provide additional course offerings for students, and did little to improve student achievement. Instead, the most tangible result of these policies was an increase in administrative costs, higher transportation expenses, and unreasonably long and harmful bus rides for students.[63]

c. The impact of closing a school on a local community. As noted, in many rural areas the school is the lifeblood of the community, often serving as an area's largest employer, cultural hub, and community center. In some rural areas, there are no other places for community activities,[64] and local schools are used for a wide variety of activities and services to meet their needs. School playgrounds are the neighborhood parks. School media centers function as the town's library. The school auditorium provides a space for town meetings while also serving as the local recital hall. Student classrooms host evening adult continuing education classes. Closing a rural school under these circumstances can have far-reaching economic outcomes. Studies have found that when a community loses its school, the local economy suffers from a significant reduction in payroll, retail sales, tax collections, and property values.[65]

d. The pitfalls of minimum acreage requirements. Twenty-three states have adopted acreage requirements for schools as part of their school facilities program.[66] The most damaging aspect of these policies is their support of larger, consolidated schools by preferring construction of new school facilities over renovation and repair of existing buildings. Minimum acreage requirements frequently result in schools being built outside of existing communities, perhaps in a distant, non-descript intersection of two highways. Local communities lose control over the size and location of their schools. When rural schools are moved out of small towns and into open and undeveloped areas, they can also indirectly encourage environmental-damaging sprawl as urban and suburban communities expand outward from their existing borders.

Policy Options

To avoid the harm caused by school consolidation and closure, state policies should eliminate minimum school size and acreage requirements or have exceptions that apply to rural areas. Thoughtful state policies do not need to lead to consolidation of schools. By funding renovation and repair of existing schools, promoting distance learning programs, and taking into account the costs of forcing students to attend schools long distances from their homes, states can develop school facilities that serve the educational needs of rural students.

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D. Defining the Appropriate State Role, Setting Ethical Standards, and Encouraging Local Participation

As states assume a greater role in funding school facilities they will need to define their role. They generally will take into account a number of factors, including: court directives; the amount of state funding committed to improve facilities; the timeline for carrying out facility improvements; the results of school facility assessments; and the state's policy preference for state or local control of education. Some states may opt to channel funds directly to local school districts, letting them oversee most aspects of facilities planning and construction. Other states, however, will opt for significant state control and oversight. When state policymakers choose to be significantly involved in administering a state school facilities program, they must determine whether a school facilities board is needed to carry out all or portions of a state school facilities program.

13. The state should determine whether to provide direct state oversight of a facilities program or use a school facilities board.

a. Direct State Oversight. The state may decide to directly oversee a school facilities program using staff from a state agency, such as the state department of education. The advantages of direct oversight by the state include greater control of the details of the program, direct connection and involvement with local schools, and direct lines of responsibility and accountability. It also may allow for better coordination with other agency functions. The disadvantages are that direct oversight can be enormously time-consuming, especially if the state is involved not only in approving applications for funding, but also in selecting contractors and managing construction. It may be difficult for a state department of education to balance the

responsibility of overseeing a school facilities program with its many other responsibilities that support education. Furthermore, state agencies may lack the kind of expertise needed for detailed oversight of facility construction.

b. School Facilities Boards (SFB). In contrast to a system of direct state oversight, an SFB is an official state body charged with carrying out a state's school facilities program. While the composition and powers of an SFB will vary from state to state, such boards often wield enormous power to develop policies, set priorities, establish design requirements, approve projects and allocate funds. Typically, members of an SFB include architects, design consultants, building contractors, and educators who bring to the process expertise in areas important to the development of high quality school facilities.

Advantages of an SFB include expertise in school facilities design, construction and financing,and an ability to act relatively quickly in making decisions. But while SFBs offer potential advantages, there are also inherent risks when so much power is amassed with a single group handling vast sums of public money. Without adequate protections, SFB members may stand to win lucrative statewide contracts for services to conduct needs assessments, school design, or construction of school buildings.

These risks became a reality in Arizona where SFB favoritism and questionable billing practices have been criticized. A state audit of the Arizona School Facilities Board's multimillion dollar contract with a private company found that: the board did not use competitive bidding practices; did not make an assessment of school technology needs before issuing a $100 million purchase order; and allowed the company to perform the needs assessment normally performed by an independent third party.[67] The audit's recommendations included requiring the State Office of Auditor General to serve as the SFBs' auditor and hiring a consultant to evaluate the appropriateness of charges submitted by contracting parties.[68] Arizona's experience with its school facilities board highlights the need for state lawmakers to impose strict accountability rules governing such boards.[69]

14. State Agencies, Officials, and School Facilities Boards should adhere to high ethical and public accountability standards.

Regardless of the approach selected by a state, it is essential that the school facilities program have high ethical and public accountability standards. These standards should be clearly established in law. Existing statutes may address some of the issues, such as laws on open meetings, public records, and conflict of interests for state officials. It is critical that these laws are made applicable to the state agency (SA) or SFB, even if the SFB is considered only a quasi-governmental entity.

a. Clarify the state's responsibility and authority. State policy should clearly define the role, responsibilities, and authority of the SA or SFB as well as delineate board and staff responsibilities. Clear authority can avoid public confusion, perceptions of favoritism, and over-regulation of school facilities construction. It can also help head off legal questions about the status of approved projects and contracts.

b. Conflicts of interest. A conflict of interest arises when a person who is responsible for making a decision to spend public money also stands to personally benefit financially by their own decision. If the state is going to be involved in selecting consultants and contractors, it is crucial that there be laws prohibiting conflicts of interest or even the appearance of conflicts. SFBs have a particularly high risk of conflicts of interest given the fact that many board members may be professionally involved with school facilities building or management.[70] If the general public perceives that individual members of an SFB are benefiting financially from board decisions or that the SA/SFB is showing favoritism in awarding contracts, public confidence in state school facilities programs will be eroded or undermined.

In Ohio, for example, allegations surfaced that the director of the Ohio School Facilities Commission was approving school construction contracts without approval by the full commission. The accusations ultimately led to a legal challenge and inquiry. The resulting controversy, coupled with further allegations about the director receiving favors provided by contractors that were later awarded lucrative "no bid" contracts, contributed to a change in leadership of the commission.[71] To avoid problems like Ohio experienced, state policy should require board members to abstain from voting on issues if there is an actual or even a possible conflict of interest. Policies should also require that potential board members and staff

It is essential that the school facilities program have high ethical and public accountability standards. It is crucial that there be laws prohibiting conflicts of interest or even the appearance of conflicts.

submit to a thorough screening process to identify and address any potential conflicts.

c. Diversity and the role of educators. If a state uses an existing state agency to make final decisions, then it is less likely that the agency's makeup will include the diverse perspectives of people familiar with school facilities issues. However, if an SFB or similar board is established, state policymakers can require diversity in the board in order to reflect the geographic and demographic diversity of the state as well as the perspectives of educators, architects, facilities specialists, and citizens. While diversity of perspectives is essential, architects, contractors and others who stand to profit from school facilities construction should not dominate a board. Educators will need to play a key role in the work of a SFB because they understand and know what students and schools need to promote learning. But with healthy diversity, conflicts of interest can be addressed and expertise can be provided that will lead to better results and more informed decisions. For example, in Arizona the state School Facilities Board must include a broad range of people knowledgeable about education and facilities.[72] Ideally, an SFB should include representatives from rural school districts because they can offer their unique perspective on school facilities issues even if their numbers are small.

d. Open meeting and public record laws. State laws that require government officials and state agencies to make decisions in open, public meetings should also be applied to the work of an SFB. Open meeting and public record laws enable the public and the media to observe and track the work of an SFB, and review items such as the paper trails related to authorized contracts, the amount of money spent, and the quality of the work. States that do not require "transparency" in their planning and approval process are likely to breed public dissension and opposition.

e. Public bidding processes. A fair and open public bidding process is crucial to the integrity of the state's process for approving school building projects. Not only will it conserve limited financial resources for education, it will promote public confidence and support for school facilities improvement. In addition, state policy should encourage local contractors to bid on projects. By using competent local contractors who know their communities and schools, policymakers can also provide benefits to economically strapped rural communities. Awarding a job to a local contractor will bring jobs to the community and can make addressing and understanding local needs an easier process.

Community involvement can lead to better facilities and local buy-in and support, often crucial to citizens' willingness to provide financial support for school buildings.

15. States should fully involve local communities in the planning and design process.

As previously noted, local schools are vital to healthy communities, and local participation is vital to building the right school facility for a community and its children.[73] Because of this, the U.S. Department of Education endorses a design and planning process that involves all stakeholders—school board members, educators, parents, students, business leaders, and taxpayers.[74] Community involvement can lead to better facilities and local buy-in and support, often crucial to citizens' willingness to provide financial support for school buildings. While important at all stages of the process, local input is particularly crucial during the planning and design phase. Long-range planning for a school facility that is built around a community vision for the future is essential. There are excellent guides available to help local communities consider important issues[75] and case studies that show how the process has worked.[76] At the state level, it is important that state policy allow communities to play a meaningful role in designing and planning their schools.

E. Establishing Processes to Evaluate State School Facilities Programs

The state policy options presented thus far focus on creating effective school facility policies to promote learning and teaching. But simply having sound laws and policies in place does not mean that they are effectively implemented as intended. For example, if state law requires an SFB to consider multiple criteria to decide which schools should receive facilities funding, but the board only considers population growth in practice, then rural schools may lose out, and the state's policy objectives will ultimately not be met. Or, if the state has carefully defined the construction approval processes, but an SFB ignores them, then state goals for its school facilities program may be thwarted. While states have a number of options to evaluate their school facilities program, the following elements are essential in guaranteeing accountability.

16. State school facilities programs should be subject to an annual audit that is released to the public, and reports on finances, compliance with conflict of interest policies, competitive bidding processes, and other important policies and regulations.

An annual audit confirms that school facilities programs have followed all required processes imposed by state law or policy. An audit should review all aspects of a school facilities program—facilities funds, revenues, disbursements, decisions by the governing body, and actions taken by state or SFB staff. The audit should be a public document that is not only provided to the governor, state lawmakers, and education leaders, but also publicized to parents and the general public.

17. The state should require a periodic assessment by an independent outside group appointed by the legislature or state agency to assess whether the state facility program is meeting policy objectives.

This type of assessment is different from a typical financial audit. Its fundamental purpose is to determine whether and to what extent a state's school facilities program is meeting its stated objectives. This may involve a review of the mission or goals of the facilities plan, the number of projects completed or substantially underway, and the responsiveness to local needs. The bottom line in any such assessment should be the degree to which the program has benefited school children.

18. School districts should be allowed to evaluate a state facilities program and advocate for changes in policy and process.

Since local schools and students are the intended beneficiaries of better school buildings, a model system for evaluating a state facility program should include input from local school districts about how the state program is working and how it might be improved. It is essential that school districts be allowed to speak freely about needed changes. In order for local schools to have a meaningful voice in improving state programs, the evaluation process should be depoliticized. It should also allow the views of local school districts to be weighed, even if they are poor, rural, and in the minority.

Conclusion

Inadequate school facilities deprive children of a fundamental requirement for effective schooling—a safe and healthy building that promotes learning. Regrettably, far too many rural children do not have access to the school facilities they need. Without quality facilities, supported by thoughtful state policies and adequate state funding, thousands of these children will continue to have their educational destiny determined by geography, rather than their knowledge, talent, and skills. States, however, have the capacity to rectify this problem and make a difference. This report has suggested a number of policy approaches that can help ensure that the educational needs of students, especially students living in rural areas, are addressed and met. The resources needed to provide every student with a decent place to attend school may be greater than our current commitment, but our children's future is well worth the investment we make.

APPENDIX A
Guiding Principles for Effective and Fair State Facility Plans

The analysis offered in this report is a result of gleaning the important mistakes and successes from the experiences of different states. Though the recommended policy components cover a wide range of issues, all of them align with common themes that are crucial in order to offer all children a high quality education, regardless of where they attend school. These common themes suggest the need for states to adopt a set of overarching "Guiding Principles" that can be incorporated into state law to express a state's vision for its school facilities program. They may also serve as a reference for assessing the progress of a state facilities program, determining its effectiveness, and judging the performance of those charged with carrying out state law and policy. The following eight guiding principles are suggested as the foundation for an effective and fair state school facilities program.

1. **Educational needs of students come first.** Education is a constitutional responsibility of the state under every state constitution. Students cannot prosper unless their schools are designed to facilitate listening, reading, writing, and interaction with teachers and other students. There may be tension between a state's duty to meet the educational needs of students and a desire to limit state expenditures. When this occurs, the balance should tip in favor of students.

2. **Educate students where they live.** Students should have the right to attend school close to their home. State policy should recognize the numerous educational, social, and cultural advantages of small schools as confirmed by education researchers. State policies should not force small schools to close or subject students to the harmful consequences of long bus rides for them to attend a school outside of their community.

3. **Equity.** A state school facilities program should be *equitable*. Equity means that all children in a state, regardless of where they live or whether they are rich or poor, deserve to have access to school facilities that offer them educational opportunities equal to those offered to other students. With the focus on equity, state facility programs should correct past inequities while at the same time promoting equal educational opportunity for students in the future.

4. **Adequacy.** A school facilities program should provide *adequate* school facilities for students and schools. States begin by setting standards for safety, health, environment, and security. States should then produce the facilities to meet those standards. Adequacy should also be informed by what education research tells us about effective strategies to promote learning. Rural communities and schools, with their unique characteristics and needs, may require a greater or different investment of resources in order to meet state standards for adequacy.

5. **Community involvement.** A state school facilities program should fully involve local communities and stakeholders—they know the type of school facility that can best meet the needs of local students. Schools are frequently the most important institution in a community. When they are involved in the facilities planning process, taxpayers will be more likely to support local and statewide facilities funding. When a community is invested in planning a facility, the building is more likely to serve the community's needs as well as those of students and teachers.

6. **Community use of facilities.** While educating students is the primary purpose of a school facility, schools can serve multiple other purposes by acting as a center for health care, childcare, technology, adult learning, and library services. State policies should encourage wise and efficient use of public resources wherever possible.

7. **Efficiency.** A school facilities program should be efficient, making the best possible use of resources and matching funds with educational needs and goals. Efficiency should not be an excuse to shortchange children's education. An efficient school facilities program minimizes the cost of state oversight and takes the long view, recognizing that funding for education is an investment in the future.

8. **Accountability.** A school facilities program should be accountable. Taxpayers have the right to know that their tax dollars are being administered responsibly. Public bodies responsible for administering state facilities programs, and the officials who serve on them, should operate openly and be held accountable to the highest ethical standards.

APPENDIX B
State School Facilities Policy Checklist

Throughout this policy brief we have suggested a number of state policies that will ensure that the interests of rural students and schools are promoted as states move to improve school facilities. While these policies do not represent all of the issues that will need to be addressed by states, they can serve as a beginning point for policy discussions and decisions. To assist state policymakers, educators, and rural education advocates in crafting an effective and fair state school facilities program, the following checklist is provided as a practical reference tool and guide.

- ☐ Priorities for state funding are based on a school facilities needs assessment that gathers accurate and reliable information about the needs of local school districts.
- ☐ If outside consultants are used to conduct a school facilities needs assessment, they understand and appreciate the needs and circumstances of rural schools and students.
- ☐ The state school facilities program includes a self-assessment of facility needs conducted by local school districts.
- ☐ State policy requires that local school districts be allowed to meaningfully participate in the planning process.
- ☐ State school facilities funding is available not only for the cost of building new schools, but also the costs of renovation, repair, and maintenance of existing schools.
- ☐ The state process for reviewing and approving school facilities projects is flexible and includes a fast track process to cover circumstances where health, safety, and student learning are at stake.
- ☐ Priorities for state funding take into account the relative wealth of school districts in the state, especially rural districts, and target school districts with the greatest needs.
- ☐ Competition for limited funding is not used as a method for setting priorities in the state review and approval process.
- ☐ State policy offers funding and technical assistance to small and rural schools so they can fully participate in the facilities planning process.
- ☐ The state school facilities program makes certain that school buildings are safe, healthy, and sufficient so that schools and students can meet state education goals and standards.
- ☐ State facility standards ensure that rural schools are outfitted to meet the technology needs of students and teachers.
- ☐ State facility policies are flexible and accommodate innovation by rural school districts.
- ☐ State policies encourage smaller schools by recognizing their educational value.
- ☐ State policies do not—directly or indirectly—encourage consolidation of schools.
- ☐ The facilities planning process takes into account the economic and social importance of small and rural schools to their communities.
- ☐ State policy does not set minimum size requirements for schools.
- ☐ State policy does not establish minimum acreage requirements for schools or, if already set, exceptions may be granted for rural schools.
- ☐ If the state opts to create a school facilities board (SFB) to oversee aspects of a school facilities program:
  - ☐ The state has clearly defined the role and responsibility of the SFB.
  - ☐ The SFB has clear rules prohibiting conflicts of interest.
  - ☐ The SFB is diverse in its membership and includes representatives from rural communities.
  - ☐ The SFB operates under state open meeting and public record laws.
  - ☐ The SFB uses an open and public bidding process to award contracts.
- ☐ State policy requires an annual audit of state facilities programs that reports on finances, compliance with conflict of interest policies, and competitive bidding processes.
- ☐ State policy requires a periodic assessment by an independent outside group to determine whether the state facility program is meeting policy objectives.
- ☐ State policy allows school districts to evaluate the work of school facilities consultants, the entire state facilities program, and advocate for changes and improvements in the program.

APPENDIX C
Helpful Resources and Sources of Information on School Facilities Issues and Policies

- The Rural School and Community Trust: The Rural Trust addresses the crucial relationship between good schools and thriving rural communities. Working in some of the poorest, most challenging rural places, the Rural Trust involves young people in learning linked to their communities, improves the quality of teaching and school leadership, advocates for appropriate state educational policies, and addresses the critical issue of funding for rural schools. The Rural Trust recognizes the importance and challenges of school facilities to rural communities and has various resources available to help meet those challenges, available at www.ruraledu.org.

- National Clearinghouse for Educational Facilities: Created in 1997 by the U.S. Department of Education, NCEF provides information on planning, designing, funding, building, improving and maintaining schools. www.edfacilities.org.

- 29th Annual Education Official Construction Report: *American School and University* magazine publishes this annual survey of construction spending by the nation's schools and shows how districts allocate construction funds. www.asumag.com.

- Annual Construction Report: Compiled by *School Planning and Management* magazine, the annual report includes projections of school construction spending based on surveys of school districts around the nation. www.webspm.com.

- *Making Better Decisions About Funding School Facilities*: From the Education Commission of the States, Finance: Capital Construction, July 1998. http://www.ecs.org/clearinghouse/13/23/1323.doc.

- *School facilities: Conditions of America's schools*: From the U.S. General Accounting Office. GAO/HEHS-95-61. http://www.gao.gov/archive/1995/he95061.pdf

- *School Facilities Construction Expenditures Have Grown Significantly in Recent Years*: Report to the Chairman, Committee on Education and the Workforce, House of Representatives, General Accounting Office, March 2000. GAO/HEHS-00-41 http://www.gao.gov/new.items/he00041.pdf

- *Modernizing Our Schools: What Will It Cost?* Available from the National Education Association, Washington, D.C., 2000.

- *Building America's Schools: State efforts to address school facility needs*: From the National Governors Association, Education Policy Studies Division. http://www.nga.org/cda/files/000620SCHOOLNEEDS.pdf

- *Education Week* has archives of numerous articles that discuss school facilities funding and issues. www.edweek.org.

- The May 2004 Special Issue on school facilities of *Leadership Insider: Practical Perspectives on School Law and Policy* from the National School Boards Association offers practical perspectives on school facilities planning from a local perspective. Available at http://www.nsba.org/site/docs/33800/33754.pdf.

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[69] The news is not all negative from Arizona. *Education Week* reports that a "customer satisfaction survey" administered with the school districts gave high marks to the SFB. More specifically, out of the 91 of 228 school districts that responded to the survey, 96% said the facilities met their expectations and 95% reported that the school facilities board liaisons were "helpful and responsive." See: Sandham, J. (2001, June 6). Capitol expenditures. *EducationWeek.*

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[72] The Arizona School Facilities Board must include: local school board members; a private citizens who represents an organization of taxpayers; a person with experience in school construction; a registered professional architect knowledgeable about school construction; someone with knowledge and experience in public school facilities management; someone with knowledge and experience in demographics; a teacher who currently provides classroom instruction; a registered professional engineer knowledgeable and experienced in school engineering; and an owner or officer of a private business. Arizona Revised Statutes, sec. 15-2001.

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