

*The following article was written by Lori Raineri*

## Facilities projects and the General Fund — don't they go together?

When a district successfully constructs a new school or modernizes an old one, the success is often celebrated in a ribbon cutting ceremony and manifested by a feeling of accomplishment regarding the quality place created for children. However, one of the often overlooked results of the construction of new facilities and upgrading of old facilities is increased operating efficiency. Every day, school facilities personnel work hard to design facilities that incorporate operating efficiencies in terms of energy usage, maintenance, security, custodial care, playground supervision, food preparation and many other areas. These operating efficiencies translate into reduced operating costs per student being served.

Very few districts actually monitor these operating efficiencies in a meaningful way. Many districts look at their facilities budgets in terms of per student costs, but not at the impact on the General Fund of reduced operating costs that directly result from facilities design.

Some operating efficiencies are easier to grasp than others. For example, if a new security system is installed at a site as part of a modernization project and there are fewer broken windows to replace in the next year it is fairly easy to understand how that facilities project benefited the General Fund. However, the financial benefits of some projects are not so easily seen. For

example, if the playground design at a new school requires fewer playground supervisors than other sites there is an operating cost savings. Facilities personnel often take pride in what is built; but they should also know the financial value of their work.

Increased operating efficiencies exist regardless of whether they are identified. Nevertheless, identifying them provides an opportunity to recycle these savings back into more such facilities projects. Often when a new facilities project is being proposed, a fiscal feasibility analysis will be prepared that demonstrates the costs of the project, and perhaps how it will be less expensive to operate than existing facilities. But, many of the operating efficiencies are not known until after a facility is in use; and while it may be clear that a facility is less expensive to operate — fewer classified personnel, lower maintenance costs, less energy usage, etc., the benefit is often not correlated to the particular physical aspect of the facility that is responsible; and the savings in operating costs is rarely reserved for future facilities projects.

For the most part, the fiscal department of school district is concerned with accounting and budgeting. The accounting function is to record whatever fiscal events occur — money received, money spent. Accounting deals with what actually happened in the past. The

budgeting function is to determine what to do with the money that there is. Budgeting deals with what will happen in the future given certain constraints. Neither deals with the hypothetical case of what would have happened were things different. For example, if a district embarks on an energy efficiency improvement program and utility costs go down typically the savings is presumed to be the difference. However, if utility rates rise the savings from the energy efficiency improvement is actually greater. Furthermore, the savings occur every year. The fiscal department has the data to analyze the hypothetical of what would have happened had a project not been done. By working with the fiscal personnel, facilities managers should be able to determine the impact that certain facilities projects have on the General Fund and can use the same technique when designing a project so it can be considered in planning.

Facilities investment competes in every school district's budget against such seemingly more pressing demands as salaries. It is important, however, to illustrate concretely that an insufficient investment in facilities doesn't simply mean that students have a poorer physical learning environment. Insufficient investment in facilities can result in a poorer General Fund.

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