In the following report, Hanover Research explores various fundraising strategies, revenue alternatives, and cost reduction strategies available to school districts, and provides examples of their implementation.
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EXECUTIVE SUMMARY AND KEY FINDINGS

INTRODUCTION

Ninety-four percent of schools in the United States raise funds beyond the primary revenue that comes from federal, state, and local taxes, according to a nationwide survey of over 1,000 principals in 2007 conducted by the National Association of Elementary School Principals (NAESP).\(^1\)

Since 2007, economic conditions have forced many states to propose or enact budget cuts, in turn forcing many K-12 schools and school districts to face the reality of sizeable budget cuts. According to the Center on Budget and Policy Priorities, a non-partisan research and policy institute, at least 34 states are providing less funding per student in 2013-14 than before the recession.\(^2\) In the contemporary economic climate, it behooves schools and school districts to cultivate various alternative sources of revenue. To do so, schools can pursue a variety of alternative revenue sources, including seeking out individual and corporate philanthropy, charging various fees, earning money from school facilities, selling merchandise and advertising space, investing, or pursuing grants.

This report begins with a brief review of fundraising methods and district foundations, before exploring various alternative revenue and cost reduction strategies available to school districts.

KEY FINDINGS

- **A variety of strategies can help school districts to generate alternative revenue.** Districts can raise money through direct fundraising or with the aid of district educational foundations. They can also charge fees for programs, lease school facilities, sell products or advertising space, form partnerships with private corporations, invest public funds, or pursue a variety of grants.

- **A common source for alternative revenues is leasing, renting, or using facilities, assets, or other resources the district already owns.** These include education, athletic, technological, or even kitchen facilities. School districts can extend services outside of school hours for fee-based programs. They can also rent facilities to public or private groups or use them for revenue-generating enterprises.

- **Another source for added revenue comes from public-private arrangements.** These revenue-generating arrangements include corporate sponsorship, advertising deals, loyalty programs, building partnerships, and even partnerships with cell tower companies.

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All alternative revenue strategies come with potential risk as well as reward. In some cases, the risk is that investment in alternative revenue streams might actually cost the district more money than will be produced. In other cases, the risk is a social one: burdening parents with too many fundraising responsibilities, injecting commercialism into the school environment, or jeopardizing the health of students and the community.

Research related to both general and education fundraising has found that the most important element of successful fundraising is establishing personal relationships. Requests for contributions are more effective when presented as investment opportunities instead of charitable donations. Further, soliciting donations for specific projects can be more effective than requesting funds for general purposes.

There are also creative strategies for school districts to reduce costs. In this report, Hanover Research looks at public-private partnerships that can save school districts money, “green” initiatives that can save money and make a positive impact on the environment, and adaptive reuse strategies.
SECTION I: FUNDRAISING AND LOCAL EDUCATION FOUNDATIONS

When tax-based revenue fails to provide the necessary funds for the growing demands of public education, many school districts turn to fundraising and district educational foundations to bring in extra cash. Fundraising has long been a part of public education; however, private donations to public schools are funding not just extras, but vital operations such as extracurricular activities, libraries, classes, and even teacher salaries. For example, K-12 foundations and PTAs in California raised about $1.3 billion in 2007, double the amount raised less than a decade earlier. This section provides a brief overview of school fundraising and foundations before then exploring numerous methods for generating alternative revenue in Section II.

FUNDRAISING

Philanthropy in the United States generates hundreds of billions of dollars. Giving USA, which tracks charitable giving throughout the country, estimates that charitable giving in the United States totaled approximately $316 billion dollars in 2012, a 3.5 percent increase over the previous year. Of that, 13 percent went towards education, including public K-12, as well as private and higher education.

An immediate challenge that school districts face is how to approach soliciting donations, including how to encourage people to give and what actions should be taken to create a successful fundraising campaign. Many factors have been found to influence giving, including religion, education, income, home ownership, perceived financial situation, age, race, parental background, current participation in voluntary associations, having children, and marital status. However, it should be noted that different studies of the same factors occasionally contradict each other.

Each philanthropic donation is unique, and even a single individual may have different reasons for contributing to a cause one year versus the next. Amsterdam researchers Bekkers and Wiepking identified eight key mechanisms believed to be determinants of philanthropy. These mechanisms, with a brief description, are set forth below:

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http://www.huffingtonpost.com/2012/01/19/public-schools-increasing_r_1216048.html


http://generosityresearch.nd.edu/assets/17632/generosity_and_philanthropy_final.pdf


- **Awareness of Need** – People must be aware of a need to donate money, time, etc.
- **Solicitation** – A large majority of all donations occur in response to solicitation. However, too many solicitations may produce “donor fatigue” and may lower the average contribution.
- **Costs and Benefits** – When the costs of a donation are lowered, giving increases. Giving also appears to increase if there are tangible personal benefits to giving.
- **Altruism** – One fundamental reason why individuals may contribute money or time is because they care about the organization's output.
- **Reputation** – People generally prefer their donations to be known by others.
- **Psychological Benefits** – Giving can yield psychological benefits, such as increasing a person’s self-image as altruistic, socially responsible, influential, etc.
- **Values** – Some social values appear to promote donations in general, such as altruistic values, prosocial values, social responsibility, social order, consensus, and social justice.
- **Efficacy** – Individuals who feel that their contributions do not make a difference are less likely to give.

Schools and school districts attempting to solicit donations and create robust fundraising efforts should also consider creating a donor database. Potential donors can be found in friends, colleagues, and business associates of board members, parents of current schoolchildren, community members, and individuals who have attended school events or expressed interest in the school. The literature suggests that fundraising should apply to the principle of proximity – that is, those closer to a school or school district are more likely to donate. The database should also allow schools and their fundraising personnel to add various information and criteria for more targeted marketing; for example, noting individuals who have increased their donations or those who have given over a certain amount.

In practice, a variety of fundraising initiatives can help schools with budget issues, and there are many ideas published by groups from local PTAs to national organizations and vendors. For example, the National School Foundation Association (NSFA) mentions the following, which represent just a few of the possibilities for encouraging fundraising opportunities and gaining additional revenue:

- Art projects
- Athletic events
- Christmas cards
- Calendars

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10 Ibid.
- Auctions for students’ services
- Book and craft fairs
- Yearbooks
- School symbols

According to a survey by the Association of Fund-Raising Distributors and Suppliers (AFRDS), “sales of popular consumer items (e.g., gift wrap, cookie dough, books, magazines, gift items, candy, etc.) consistently yield the best results compared to other types of fundraising drives.” The AFRDS adds that schools earn nearly $2 billion per year with product sales.11

**DISTRICT EDUCATION FOUNDATIONS**

District education foundations are 501(c)(3) non-profit, tax-exempt organizations designed to raise money to support programs that public school districts themselves are unable to fund. One study of district fundraising asserts that “fundraising of any magnitude is normally conducted through education foundations.”12 District education foundations often invest their funds directly in school education programs through grants issued to support innovative educational projects, and devote a portion of their income to student postsecondary success by issuing college scholarships to graduating seniors. These foundations also function as an important conduit between the community and the school district they support. Through newsletters, websites, social media, and public events, district education foundations raise community awareness of district issues and initiatives, honor student and teacher achievement, and promote partnerships between local businesses and schools.

There are over 6,500 district education foundations in the United States in 14,500 school districts.13 The rise of district education foundations has been traced to changing attitudes and laws establishing limits on tax rates, especially property tax rates, which limit the amount of funding schools can collect from taxpayers. It is in this climate that many foundations have arisen, aiming to supplement tax revenue by establishing a source of discretionary income that districts can use to support additional education projects. For instance, in the 20 years after California instituted a property tax rate cap of 1 percent in 1978, the number of district education foundations in that state increased from 22 to over 500.14

**FUNDRAISING**

District education foundations need a steady flow of income in order to support their educational initiatives; however, establishing the relationships that provide this stream of

funds can be challenging. Effective fundraising requires a sophisticated strategy that attracts donors and then motivates them to give, ideally on a continuing basis. Developing and maintaining strong connections with contributors is the key to the financial success of any foundation.

According to a RAND study of private giving to public school districts in Los Angeles, **establishing close, personal relationships with donors is the most effective method of securing a steady source of funding.** Another study cited by the National School Foundation Association (NSFA) concludes that parties personally linked to a foundation are far more likely to donate than those who do not have a close connection to the foundation.

One effective way to entice donors is to **present the foundation as an investment opportunity rather than a charity.** According to James Muro, “people who provide support... do not want to contribute to programs and activities that are perceived as problems. In the larger sense, the request for support for a project should be addressed in terms of an opportunity.” In order for donors to feel connected to the foundation they are supporting, it is essential that they understand how their contributions benefit themselves or their communities. Similarly, a study of Vermont public schools from Tufts University concludes that “donors contribute to [foundations] out of a belief in the importance of education for the economic viability of the community, a belief in the educational mission of the schools, or business ties with the schools.” By convincing contributors that the foundation is a good investment with the potential to pay dividends in the community and in their own lives, foundation leaders can move to solicit the financial support of interested donors.

The Giving USA 2010 study on fundraising revealed that **75 percent of revenue from fundraising came from individual donors**, 13 percent came from other foundations, 8 percent came from individual bequests, and 4 percent came from corporations. One effective way of attracting the large group of individual donors is hosting fundraising events, which come in many different forms. Earning revenue from admission tickets, food and drink sales, and silent auctions can be an effective means of funding a foundation.

Studies have also shown that **fundraising is more effective when donors know exactly where their money is being invested.** The RAND study of district fundraising in Los Angeles suggests that donors give more frequently when they are aware of the eventual destination of their contribution, stating that “monetary donations were almost always targeted for a

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17 Ibid.
specific purpose or program. Generally, schools first developed priorities, plans, or goals, and then approached private givers with specific proposals.”

Sales of all kinds have been a staple of fundraising operations for decades, and sales can be an effective means of district education foundation fundraising. Sales are more labor intensive than other methods of fundraising because of the number of volunteers required to advertise and deliver products. Product sales are also more prevalent at the school level than the district level, but some district foundations do include sales in their fundraising portfolios.

With all modes of fundraising, it is important to reach the right balance between having enough fundraising activity to meet fundraising goals and having too many, which can result in donor fatigue and wasted effort. Executive director of AFRDS, Russell Lemieux, recommends that

By putting a greater effort into a fewer number of fundraisers with very specific goals, schools will find that they can successfully raise the money they need and get greater participation in their fundraisers from school families and the community at large.

**PARTNERSHIPS**

Financial contributions from business entities can provide significant support for school districts, but business donations often come through special sponsorships or partnerships unrelated to fundraising campaigns. The percentage of revenue received from businesses varies widely depending on the location and economic status of the district, but in many cases business donations are the primary source of income for district foundations. Hillsborough County Education Foundation in Florida, for instance, reports that over 40 percent of its revenue comes from businesses, 24 percent from foundations, 20 percent from organizations and agencies, 10 percent from individuals, and 6 percent from the school district itself.

The process of identifying willing business partners is a challenge for any foundation, but one that is essential for developing a comprehensive portfolio of contributors. Business donors are more likely to donate if they are approached by a foundation that offers opportunities to invest in projects that align with their philanthropic goals. The American Association of School Administrators (AASA) emphasizes the importance of understanding the local business landscape when developing fundraising strategies. The AASA

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It is important not only to create business partnerships, but also to maintain strong ties with corporate donors. Citing work by Kay Grace and Alan Wendroff (2001), the National Center for Public and Private School Foundations identifies some practices that nurture existing connections with donors and focus on the importance of providing the donors with regular, clear feedback on the impacts of their gifts. Maintaining this exchange of information between contributor and recipient also provides the foundation with additional opportunities to seek reinvestment from the donor. The mentioned practices include:25

- Program brochures
- Donor recognition events
- Newsletters
- Websites
- Program proposals for new funding based on the successful investment of previous funding
- Presentations by those who have benefited from the funding

**Donor recognition events, in particular, are of great importance.** According to the AASA, it is essential to “show appreciation for business leaders’ contributions to the partnership both privately and publicly, i.e. in a recognition event, program, or award. This will help provide publicity for the work and the partnership.”26 Such recognition allows businesses to gain visibility as a contributor to the community in addition to furthering their philanthropic goals. Many examined district education foundations host some form of recognition event to honor their major supporters and encourage continued support for the foundation.

**PROFILE: PIKE TOWNSHIP EDUCATIONAL FOUNDATION**

The Pike Township Educational Foundation (PTEF) is a nonprofit organization that supports the Metropolitan School District of Pike Township. Pike Township, located in Marion County, Indianapolis, IN, has 13 schools and 11,074 students.27 The PTEF was founded in 1993 with the mission of enhancing “the educational experience of every Pike student by providing resources for innovative, high quality approaches to education.”28 The PTEF has awarded over $300,000 in grants and used over $170,000 for teacher recognition and outreach

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programs since its inception. In addition, the foundation has awarded over $120,000 in scholarships for graduating seniors.\(^\text{29}\)

The foundation awards grants for classes, departments, schools, and the district for programs that “showcase innovation, creativity and educational value.”\(^\text{30}\) The foundation has also awarded a number of “Super Grants” for large-scale projects. These Super Grants included $6,380 for a high school Science Mini Lab and $10,000 in start-up funds for a C.L.A.S.S. Classroom Management Program and $30,000 for the purchase of ELLIS Software in all Pike schools.\(^\text{31}\)

In addition to collecting donations through its website, participating in Pike Township employee payroll deductions, and developing corporate sponsorships, the PTEF holds a variety of fundraising events throughout the year. PTEF organizes an annual five-mile competitive Race for Education combined with a three-mile non-competitive family fun run/walk, a one-mile youth run, and a family health and wellness fair. The foundation also hosts the Fore! Education Golf Outing each year and the Treasures for Education Dinner and Auction, which includes a dinner and silent and live auction.

In addition, the PTEF raises funds through the Bureau of Motor Vehicles with special “Committed to Education” license plates. It also earns money through partnerships with local retailers and restaurants, who donate money from dining sales on certain days.\(^\text{32}\) The PTEF also has a presence on the social media websites Facebook and Twitter.

\(^{29}\) Ibid.
SECTION II: ALTERNATIVE REVENUE SOURCES

In this section, the report explores various ways that school districts can generate alternative revenue. In many cases, districts can leverage or expand existing facilities or resources in creative ways to expand revenue. Examples of districts with successful strategies are included throughout the section.

FEES

One way that school districts can increase revenue is by charging fees for a variety of programs and services. These might include programs that are already in place or by creating new fee-based programs.

ACADEMIC AND EXTRACURRICULAR FEES

Numerous districts have employed the practice of charging students fees for registration, technology, participation in athletics or other extracurricular activities, driver-education programs, transportation, school supplies, or even for specific courses as a way to ease the burden of severe budget cuts. Although the practice has proven to be somewhat contentious, it is often seen as a last resort for districts that would otherwise need to cut extracurricular programs.\(^\text{33}\) Although there are many examples of school fees, a number of brief examples are described below.

Strongsville City School District, in Ohio, instituted a $60 general fee for all K-12 students in 2010. The district uses the $300,000 raised by the fee each year to cover the costs for “student handbooks, interim progress reports, report cards, and paper used in classrooms.”\(^\text{34}\) The district additionally charges a $100 fee per sport for students participating in athletics, and requires parents to pay “materials fees” for some courses.

Similarly, Maryland’s Prince George’s County School District implemented a plan requiring high school students to pay a one-time $50 fee to participate in sports in the 2011-2012 school year. Other area districts charge similar fees: In Fairfax and Loudoun counties in Virginia, students are required to pay $100 per sport, and Montgomery County School District in Maryland charges students a flat $30 sports fee per year.\(^\text{35}\)

Districts that require students to pay activity or materials fees typically must develop financial thresholds to account for lower-income students. For instance, Franklin Regional School District, a small district located outside of Pittsburgh, recently proposed a flat $50 activity fee for all students, except for those who qualify for free or reduced lunches.\(^\text{36}\)

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**Fee-Based Summer and After-School Programs**

In addition to charging fees for key programs already in place, some school districts are altering or instituting revenue-generating programs outside of school hours in the summer or after school. These programs take advantage of facilities and resources the school already has to increase revenue by charging fees for their use.

For example, in an effort to generate additional revenue for the district’s schools, Hillsborough County School District in Florida implemented a fee-based summer program for gifted students. The Budget Advisory Task Force recognized the opportunity to transform the district’s gifted program, which then offered free summer courses, into a venture that would generate much-needed funds for the district. In 1995, the task force surveyed 325 parents as part of a comprehensive needs assessment analysis, and all respondents indicated that they “Would be willing to pay tuition for their children to attend a summer gifted program.”

In 1996, the district instituted a $250 fee for the six-week summer camps for gifted students. In the first year of operation, enrollments declined, likely “Due to the rate being too costly or lack of coordination and marketing at the district level.” However, if the program were to build enrollment levels to that achieved by the free program (3,225 students), the school district estimates that it could generate $736,418 in revenues (net of scholarships and program coordinator’s salary) on an annual basis.

In 2011, the Pflugerville Independent School District in Texas ended its partnership with the YMCA, which had paid the district to operate an after-school program in the district’s elementary schools. The district replaced the program with its own Extended Day Program, which provides after-school care at all 18 elementary schools in the district for students in kindergarten through grade 5. At the time of the switch, the district anticipated revenues of $665,000 in the first year, and as much as $1,000,000 per year in the future.

The Extended Day Program is a general after-school program that is operated by district employees. There is a registration fee of $65 per child, which is capped at $100 for a family with multiple children. During the 2013-14 school year, the program website lists tuition as $235 per month.

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38 Ibid.
40 “Extended Day Program,” Pflugerville ISD. http://www.pflugervilleisd.net/Page/888
41 “2013-2014 Extended Day Program Registration Information.” Pflugerville ISD. http://www.pflugervilleisd.net/Page/1262
SALES

Many school districts have looked to retail sales to boost revenue. Among other things, schools have generated income from the sales of branded high school merchandise, including yearbooks and rings, as well as concession sales and retail, fast food, and vending machine contracts.14 A 2011 article on alternative revenue in Texas school districts reported plans by Round Rock Independent School District to trademark the mascots from its 47 campuses for the purpose of selling high school branded merchandise. The district estimated that it could generate $100,000 per year from such sales.15

The ability of school districts to raise revenue from the licensing of school names and logos has recently become easier. The National Federation of State High School Associations has partnered with the Licensing Resource Group to provide a new revenue stream for high schools by licensing high school names and logos for use on apparel and other merchandise. A portion of the sales revenue goes to the schools.16 The partnership allows schools to benefit from royalties on the sales of merchandise such as “T-shirts, sweatshirts, hats and other paraphernalia bearing nicknames, trademarks and other school-established brands.”17 Schools do not transfer ownership of trademarks or logos, and may authorize their own organizations to “purchase, distribute, market and sell school-affiliated products.” Schools in the program will receive a minimum royalty of 50 percent on all revenue from product sales.

FOOD SERVICES

In many cases, creative alternative revenue streams come from using resources that a school district already have but which are underutilized for specific periods of time. In order to maximize the use of existing kitchen resources to generate revenues, some school districts have developed catering programs or lease kitchen facilities for a fee.

Broward County School District in Florida, for instance, notes that “A successful catering program has the potential to bring in hundreds of thousands of dollars of revenue depending on the aggressiveness of the marketing efforts.”46 Over the course of one year, the district earned $125,000 through eight external contracts, and subsequently made plans to expand the service to internal clients.47

Outside of catering, other districts have formed creative partnerships with local food manufacturers and distributors where the schools essentially lend the services of their food

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47 Ibid.
services staff for a fee. The Kent School District in Washington formed such a partnership with Seattle-based iLuvfoods Inc., which distributes packaged lunch items to convenience stores, hospitals, and other businesses. Through the one-year contract, workers in the district’s central production kitchen assembled up to 3,000 sandwiches per day. The sandwiches were then sold to iLuvfoods for approximately 10 cents per item, generating around $100,000 for the district and allowing Kent schools to maintain low cafeteria prices.\footnote{48}

**ADVERTISING**

The mission and structure of school districts and their resources dictate the types of revenue creation that are possible. One Texas superintendent explained, “\textit{We’re not designed to generate revenue. We have to look for natural opportunities.}” One opportunity is in the sales of advertising space.\footnote{49}

Examples of such initiatives include Pflugerville Independent School District, which has investigated ways to sell advertising space on the district’s websites, e-newsletters, school buses, gymnasiums, and sports stadiums. In addition, the district has considered selling the naming rights of district facilities, including stadiums, campus wings, and libraries, and has partnered with a school bus advertising company. The plan was expected to bring in around $50,000 in the first year.\footnote{50}

If done carefully, school districts can sell advertising space on their websites. In California, the San Diego Unified School District began developing a plan in 2010 to bring in $100,000 a year by \textit{selling advertising space on the official school website} to “advertisers ... [with] an educational message.”\footnote{51} Similarly, Prince William County Public Schools, a 76,000-student Virginia school district, began including business ads on its website in fall 2008, and raised $75,000 in the first year. The district is careful that advertisements are “not gaudy and [are] done in a manner consistent with [the] school system philosophy.”\footnote{52} In Florida, Volusia County School District recently began allowing advertising on its website.\footnote{53} Volusia’s School Board has a three-year contract with School Partnerships, LLC, which has an exclusive right to sell advertising space on the website (rates range from $100-$2,500, depending on space and placement). Under the contract, the district receives 60 percent of the gross revenue in the first year, and 75 percent in the following two years. While revenue projections were

\footnotesize{\begin{itemize}
  \item \footnote{48}{“Maximizing Capacity.” Food Management, January 1, 2005. http://food-management.com/archive/maximizing-capacity}
  \item \footnote{49}{LaFlure, Op. cit.}
  \item \footnote{50}{Ibid.}
  \item \footnote{52}{Ibid.}
\end{itemize}}
not available, a similar plan implemented in Florida’s Orange County Public Schools in 2009 has reportedly brought in more than $259,000 since its launch.\(^{54}\)

One trend that has garnered significant media attention in recent years is the *sale of advertisement space on the sides of school buses to local businesses*. Advocates for this type of revenue generation have lauded the advertisement sales for facilitating local business support for schools, while detractors have voiced concerns over the commercialization of education.

In 2007, Paradise Valley Unified School District in Arizona began to offer local companies the opportunity to buy seven to 12 foot banner advertisements on school buses for $1,800 to $3,600. The district contracted with Phoenix-based TTA Advertising, which sells the banner ads to local businesses and covers distribution costs in exchange for 40 percent of the ad sales dollars. The program secured business from a handful of local companies, including Carefree Assisted Living Care, the Scottsdale Police Department, Start to Finish Computers, and Seleznov Capital Advisors LLC. In order to ensure that the advertisements are appropriate for K-12 viewers, the district has established a four-member committee made of up parents and school administrators to review potential advertisements. District officials projected that sales would bring in up to $500,000 in revenues across 2007, which would be used to fund alternative fuel programs.\(^{55}\) However, the district reported only generating $8,748.81 in ad revenue for the 2010-11 school year.\(^{56}\)

When the Ypsilanti Public School District near Detroit, Michigan, faced financial shortfalls in 2005, it partnered with InSight Media to generate revenue through 11-inch by 25-inch advertisements placed above the windows on the interiors of the district’s buses. Under the contract, InSight Media shares 40 percent of the advertisement revenues with the district. Like the Paradise Valley Unified School District, Ypsilanti Public Schools has established a content review committee to approve submitted adverts. Advertisements have been posted by a local health clinic, credit union, and cellular phone provider.\(^{57}\) In 2007, the district reported that it had earned less than $2,000 in revenue, but attributed the lower-than-expected sales to the newness of the idea and projected that sales would increase as local businesses became more aware of the option.

While many districts have contracted with outside agencies to sell school bus advertisements, Colorado Springs School District 11 chose to handle its own sales after the company with which it partnered elected not to renew its contract in 2006. In addition to

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bus advertisements, the district also generates revenue and produces cost savings through other deals arranged with local businesses, for instance, the “Receipt of in-kind services, such as an electronic scoreboard that advertises several businesses that helped pay for the device.”\footnote{Ibid.} In exchange for monetary donations and in-kind services, the district offers advertising space in school publications, makes sponsor announcements at school sporting events, and posts logos to the district website. The district has established four “partnership levels” for local businesses, which contribute between $1,500 and $12,000 in exchange for ad space and promotion opportunities. These partnerships generate approximately $180,000 annually for the district.

**CORPORATE SPONSORSHIP**

Some districts may be able to generate alternative revenues by partnering with local or national corporations. For example, public schools in Kent County, Michigan, entered into a decade-long partnership with Coca-Cola in 1997. The consortium included nearly all Kent County public school districts, and the revenue stream has been significant, providing the Grand Rapids School District alone with $5,383,295 between 1999 and 2008. In total, 21 school districts in Kent County received at least $22.6 million over the duration of the contract. Having expired at the end of June 2008, negotiations were taking place in 2009 for a replacement deal; whereas the old contract guaranteed districts $30 per student per year, the new contract will likely be based more on consumption than enrollment. School administrators, however, anticipate that this change will result in revenue as much as 50 percent below the level set throughout 1999-2008.\footnote{Ibid.} In 2010, the Kent County school board voted to award Coca-Cola a beverage contract for the 2010-11 school year.\footnote{“June 7, 2010 Regular Open Session BOE Meeting Minutes.” Kent County Public Schools, June 7, 2010. http://www.kent.k12.mi.us/index.php?option=com_content&view=article&id=892:approved-minutes-of-open-session-boe-6710-meeting&catid=55:minutes&Itemid=107}

Beverage exclusivity contracts are just one type of corporate sponsorship. Winston-Salem/Forsyth County schools in North Carolina have joined 227 schools across the country that place a Target logo on school supply lists. The supply lists are available to students and teachers online, and the Target logo on the site links to shopping discounts for Winston-Salem/Forsyth families. In exchange, the district is paid $9,000. Education Funding Partners Inc. works to broker such corporate sponsorship deals between Fortune 500 companies and schools.\footnote{Molnar, M. “Back-to-School Time Brings New Corporate Sponsorships.” Education Week, August 14, 2013. http://blogs.edweek.org/edweek/marketplacek12/2013/08/back-to-school_time_brings_new_corporate_sponsorships.html?qs=corporate+sponsorship}
REWARDS PROGRAMS

School districts can harness consumer spending to contribute to revenue by participating in customer loyalty or reward programs. These programs generally involve no additional cost of burden to the consumer. Such programs have proliferated in recent years.

One contemporary example is the CFE Federal Credit Union debit card linked to school districts in central Florida. Named the MyCFE4Schools initiative, CFE donates $0.05 to the card holder’s chosen school district or foundation every time that the debit card is used for a signature-based purchase. Each school district has a custom debit card, and participants can select which school district they want to support when ordering their MyCFE4Schools debit card. There is no cost to the school district and no charge for the cardholder since the donation amount is paid in full by CFE.62

In addition to financial institutions, a range of retailers and restaurants offer incentives to their customers through a variety of programs. The Box Tops for Education program, where each Box Tops coupon collected is worth $0.10 for the school, is “one of the nation’s largest school fundraising loyalty programs.”63 There are also many other national and local rewards programs. For example, the San Diego Unified School District lists a selection of the available programs on its fundraising website.64 The district participates in Community Connection, whereby supporters get a Community Connection OneCard which they can use to shop at retailers such as Lowes, Macy’s, Staples, Olive Garden, CVS Pharmacy, and many more. The district receives money back on those purchases. The amount a school district receives depends on the plan, and ranges from 2 to 5 percent of the profit.65

The San Diego Unified School District also participates in DealsForSchools.com. Schools using DealsForSchools.com can earn up to 10 percent on purchases made by supporters from the DealsForSchools.com website or on Priceline.com. Shoppers can purchase daily deals or shop online at over 2,000 retailers such as Wal-Mart, Target, Petco, and Bed, Bath & Beyond.66 Though not included in the San Diego district’s index, Amazon.com also operates an affiliate program, which can be set up to deliver a percentage of each purchase to the school or school district.67

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62 “MyCFE4Schools.” CFE Federal Credit Union. https://mycfe.com/mycfe4schools/
63 “All about Box Tops.” Box Tops for Education. http://www.boxtops4education.com/all-about-boxtops
PARTNERSHIPS WITH CELLULAR PROVIDERS

In order to generate additional revenue, certain school districts have leased sites to cellular service providers, which often look for convenient locations to place antennas and other equipment to improve cellular telephone service in the area.

In Arizona, the Paradise Valley Unified School District leases multiple sites to service providers. In 2010, when the governing board granted easements for 16 cell towers, the district already had cell towers in place for 10 to 15 years and had 12 at different sites. The district receives almost $230,000 per year from the various contracts, and uses the money to fund the district’s online education program, pvONLINE. Despite the revenue boon, however, many residents of Paradise Valley who live near the schools are concerned about potential negative effects of the towers, including on health and property value. 68

Similarly, Charlotte-Mecklenburg Schools is experiencing a debate regarding the placement of new cell towers on nine campuses, in addition to the three that are already installed. The towers are to be built on unused space on school grounds and leased by the school to the Berkley Group, a local tower company, for around $22,000 per location. The district must use the money for improving school buildings and grounds, and cannot use it for operating expenses. As with the installation of towers in Paradise Valley, Arizona, the concerns about the towers focus on negative appearance and health effects. To allay aesthetic concerns, the towers are designed to be “stealth towers” that blend into the background setting. Regarding health concerns, the American Cancer Society reported that there is “very little evidence” to support the claim that cell towers might increase the risk of cancer. 69

LEASING OF FACILITIES

School districts often have facilities and space that the entire community can use for various purposes. Many school districts have discovered that they can generate revenue by leasing these facilities for public or private use.

When the Huron Valley School District in Highland, Michigan experienced budget shortfalls, it considered the high school pools – which open for students during the competitive season but typically lie dormant nine months of the year – as a potential asset to be used for revenue generation. The district elected to transform two high school pools into family recreation centers that the local community could use throughout the year. 70

The communities served by Huron Valley Schools were in particular need of this type of facility, as the area lacks city-operated parks. The 98,500 square foot recreational facilities


created by the school district exceeded residents’ expectations, and included competitive pools, “fitness and weight rooms, field houses, [and] indoor tracks.” The Pool and Fitness Centers also offer family and child-friendly features, with a zoo-themed water attraction at one site and a two-story, space-themed water attraction at the other school.

In order to fund the renovation projects, the district relied on the issuance of a school bond, which voters approved in fall 2001. A community survey “Confirmed residents’ desire to have the schools’ aquatics facilities available to them and gave the school district the support it needed to introduce a bond issue for upgrades to both academic and athletic programs.”

Within the first month of operation, more than 3,000 local residents purchased memberships to the facilities. In order to cover operating costs for the facilities and eventually generate revenue for the local schools, the district relies on membership sales, facility rental fees, and fees for the “Learn to Swim” program and other classes.

The Cypress-Fairbanks Independent School District, located in Texas, leases not only its athletic facilities for outside use, but also its non-athletic school facilities. There are certain stipulations for rentals: athletic facilities can only be rented by youth-oriented groups and the facilities “are not available to individuals or groups for the purpose of fund-raising or making a profit.” Figure 2.1 on the following page lists the various spaces that the district rents, along with their rates.

71 Ibid.
72 Ibid.
### Figure 2.1: Rates for Use of District Facilities

<table>
<thead>
<tr>
<th>FACILITY</th>
<th>AREA</th>
<th>SCHOOL DAY</th>
<th>NON-SCHOOL DAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School or Middle School</td>
<td>Cafeteria/Commons</td>
<td>Non-youth groups - $60 hr.</td>
<td>$85 hr.</td>
</tr>
<tr>
<td></td>
<td>Teaching Theatre</td>
<td>Non-youth groups - $50 hr.</td>
<td>$75 hr.</td>
</tr>
<tr>
<td></td>
<td>Kitchen</td>
<td>$30 hr. + food service staffing</td>
<td>$30 hr. + staffing</td>
</tr>
<tr>
<td></td>
<td>Additional hallways, etc., scheduled in conjunction with cafeterias</td>
<td>Non-youth groups - $10 hr.</td>
<td>$10 hr.</td>
</tr>
<tr>
<td>Elementary</td>
<td>Cafeteria</td>
<td>Youth - no charge 6:45-8:30pm.</td>
<td>$75 hr.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-youth groups - $50 hr.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kitchen</td>
<td>$30 hr. + food service staffing</td>
<td>$30 hr. + staffing</td>
</tr>
<tr>
<td>Athletic Facilities</td>
<td>Gym</td>
<td>$40 hr.</td>
<td>$50 hr.</td>
</tr>
<tr>
<td></td>
<td>Gym (High School Performance)</td>
<td>$45 hr.</td>
<td>$55 hr.</td>
</tr>
<tr>
<td></td>
<td>Football Fields (Middle School - fall)</td>
<td>$55 hr. - 2 hr. min</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Football Fields</td>
<td>$50 hr. - 2 hr. min</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lights</td>
<td>$10 hr.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Baseball Fields (available summer only)</td>
<td>$50 hr. - 2 hr. min</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Softball Fields (available fall only)</td>
<td>$50 hr. - 2 hr. min</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lights</td>
<td>$10 hr.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pools</td>
<td>$55 hr.</td>
<td>$80 hr. + staff</td>
</tr>
<tr>
<td></td>
<td>CyRanch double-pool facility</td>
<td>$65 hr.</td>
<td>$90 hr. + staff</td>
</tr>
<tr>
<td></td>
<td>Track Facilities - HS</td>
<td>$40 hr.</td>
<td>$65 hr.</td>
</tr>
<tr>
<td></td>
<td>Lights</td>
<td>$10 hr.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Cypress-Fairbanks Independent School District

Further, the Sacramento City Unified School District in California aims to raise revenue by renting out space at its main office building. Tom Barentson, the district’s Deputy Superintendent and Chief Financial Officer, hopes to generate around $450,000 in the fall semester, and increase revenue further from there.

### INVESTING

When local governments, school districts, or school corporations have access to unused funds, possibly as a result of the time between the collection of tax revenue sources and its expenditure, schools can generate alternative revenue through investing the money. There are typically restrictions on the use of public funds for investment purposes, focusing primarily on security and liquidity. There may also be limitations or requirements on the location of the investments. **Due to the inherently risky nature of investment, school districts should use caution when using public funds for investment revenue**, as there have been incidents of significant financial loss due to poor investment strategies by school districts.

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http://www.cfisd.net/dept2/general/facilities.htm

http://archive.capradio.org/10382
Some states, however, may provide vehicles for school districts to invest funds in a relatively safe way. The Indiana Treasurer of State, for instance, administers TrustINdiana, which is a trust that allows “local units of government (e.g., counties, municipalities, school corporations, townships, and other units of local government) as well as the State of Indiana to invest in a common pool of investment assets that preserves the principal of the public’s funds, remains highly-liquid, and maximizes the return on the investment.” TrustINdiana invests with specific objectives designed to protect public interest while maximizing yield on investments. First, Indiana law must permit the investments. The primary objective is safety and to preserve principal. As such, 50 percent of TrustINdiana’s portfolio must be deposited in FDIC insured Indiana bank deposit accounts. The next priority is liquidity so that participants may deliver or withdraw funds with only same day notice. Next, the trust must maintain a diverse portfolio. Finally, once the previous goals have been met, TrustINdiana is able to take advantage of economies of scale to maximize yield by minimizing costs. The predominate asset classes in which TrustINdiana may invest include:

- Securities backed by the full faith and credit of the United States Treasury
- Securities issued by a federal agency, instrumentality, or government sponsored enterprise
- Commercial paper rated in the highest category by one nationally recognized rating service with a stated final maturity of no greater than 270 days
- Repurchase agreements with Indiana designated depositories, fully collateralized with a perfected security interest in the collateral
- Certificates of Deposit and other deposit accounts with Indiana designated depositories
- AAA or AAA-m rated money market mutual funds comprised of the foregoing

School districts must take care when investing public funds, however. Five school districts in Wisconsin – Waukesha, West Allis-West Milwaukee, Whitefish Bay, Kenosha, and Kimberly – invested $200 million in risky financial instruments that had been considered safe prior to the 2007-08 financial collapse. Much of the money used was borrowed for the purpose of investing to fund retirement benefits for employees. The incidents received national attention when the districts sued over money lost because the districts had invested it “with the expectation that what had been billed as safe investments would generate enough money to pay interest and benefits costs.” However, the collateralized debt obligations the districts were sold became worthless when global markets collapsed. In 2012, the

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76 Ibid., pp. 2-3.
77 List adapted from: Ibid. p 4.
districts reached a settlement with Stifel Nicolaus & Co. Inc. for $22.5 million. After an administrative settlement between the SEC and several financial institutions involved, the districts will recover almost $218 million.\(^79\)

**GRANTS**

There are many grants available from the federal and state governments, nonprofit organizations, and private corporations. In 2009, the grant listing service Grant Wrangler listed $166 million in grants for K-12 schools. In addition, the site noted that 54 percent of grant seekers sought technology funding.\(^80\)

As a successful example, General Electric awarded Jefferson County Public Schools (JCPS) in Kentucky a GE Foundation Developing Futures in Education grant of $24.5 million over five years beginning in 2005. In 2011, JCPS received an additional $10 million from the GE Foundation to extend the program’s success. GE also awarded the grant to six other school districts in Erie, PA, Cincinnati, OH, Atlanta, GA, Stamford, CT, and New York, NY. The goal of the grant is to “improve students’ achievement in math and science and increase the number of graduates enrolling in college—fostering the leaders of tomorrow.”\(^81\) JCPS used the grant to examine and update curriculum and instructional strategies for both math and science.

According to *Tech & Learning*, the following are among the best practices for successful grant writing:\(^82\)

- Choose the right grant
- Make it memorable
- Ask an outsider to do a read-through
- Represent needs accurately
- Start early
- Read the directions carefully

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\(^{79}\) Ibid.


SECTION III: COST REDUCTION

In addition to raising revenue through fundraising and other alternative revenue sources, there are creative ways that school districts can reduce expenditures. In this section, Hanover Research explores a number of cost reduction strategies and the results of their implementation.

PUBLIC-PRIVATE PARTNERSHIPS

In recent years, several school districts have developed creative public-private partnerships in order to fund major projects, such as school construction or renovation, or to operate programs at lower cost.

PUBLIC-PRIVATE PARTNERSHIPS FOR SCHOOL CONSTRUCTION

Recently, U.S. legislators have provided greater incentive for public-private partnerships. Several years ago, Congress passed a law that “qualified real estate investors/developers to issue private-activity bonds to finance school construction.”83 Because the bonds are tax-exempt, they allow private developers to build schools less expensively and lease them to school districts for less money than the district would spend to build the schools. Once the lease expires, the law gives ownership of the school to the school district. Although the law provides opportunities for strategic public-private partnerships, it “limits school construction involving private-activity bonds to less than $3 billion nationwide.” The law also prohibits the private entity from claiming any depreciation, which has significantly curtailed the use of private-activity bonds in U.S. school construction.84

Use of public-private partnerships for school construction offers a number of advantages over the traditional approach to building and opening new schools. These partnerships help create schools within a shorter timeframe and with fewer financial resources. The partnerships eliminate “the need to ask taxpayers to approve general-obligation bonds, to put projects out for bid or to abide by costly regulations governing public works.”85 Greater efficiency is typically achieved, as the private partner is motivated by profit to finish the project on deadline.

Below, we provide two examples of how school districts have utilized public-private partnerships to avoid the significant upfront costs of school construction.

In order to rebuild two aging and worn high school campuses, Niagara City Schools in New York established a unique partnership with the building division of Honeywell Inc., which

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http://archive.realtor.org/sites/default/files/winter05.pdf
84 Ibid., p. 25.
85 Ibid., p. 24.
agreed to raise money and construct the schools for the city to lease back.\textsuperscript{86} To raise funds, Honeywell issued certificates of participation, sold on the private market through J.P. Morgan. The school district sought exemptions from the state legislature for several state laws: “it was allowed to build the school without choosing the lowest bidder, it was allowed to issue the certificates, and perhaps most important, the district did not have to build according to Wicks Law, which requires at least four contractors for any public works project.”\textsuperscript{87}

New York reimburses school districts for new buildings based on their financial resources. In this case, the reimbursement funds (which covered 83 percent of the cost) went “directly to the certificate holders through lease payments for 30 years, so the certificate holders’ investment, with a 6.5 percent interest rate on a tax-exempt bond, is secure.”\textsuperscript{88} When the 30-year lease expires, the city will assume ownership of the school buildings. The partnership allowed Honeywell to exhibit its latest technology and earn a $5 million developer’s fee, while the city was able to avoid tax increases and the school district saved an estimated $15 million through the Wicks Law exemption.

A few school districts have used real estate assets in order to facilitate strategic partnerships with private entities. When the Oyster School in Washington, DC was slated for closure in the early 1990s because the school system lacked the financial resources to repair the deteriorated 1920s building, parents joined together to create the 21\textsuperscript{st} Century School Fund.\textsuperscript{89} The group worked to identify creative strategies to build a new school without taxpayers’ money and eventually identified an innovative solution: through a public-private partnership, the school would give half its property to a developer and, in return, the developer would construct a new school.

Zoned for high-density residential construction, the property, then used for the school’s playground, offered the ideal site for a new apartment building. In order to “pay for the kind of expertise in real estate, architecture and law that the project would require, the fund worked out a deal with the District of Columbia:” the school system would award the fund a $250,000 “success fee” if a deal were negotiated with a private developer.\textsuperscript{90} The fund would then contract with real estate experts in order to draft an agreement. Eventually, the school system negotiated an agreement with LCOR Inc., a private developer that would build the new school in exchange for the playground property, on which it would construct a 211-unit apartment building. The Ford Foundation Report notes that ,“The school is financed by a

\textsuperscript{87} Ibid.
\textsuperscript{88} Ibid.
\textsuperscript{90} Ibid.
tax-exempt bond of $11 million,” and, “for the 35-year life of the bond, LCOR will pay $804,000 a year in lieu of taxes.”91

The success of this partnership led the District of Columbia Public Schools to create policies for similar development partnerships and to undergo a modernization program to rebuild and replace every school in the city over a 10-year span. The 21st Century School Fund now works with other school districts throughout the United States to fulfill its mission “to building the public will and capacity to modernize public school facilities so they support high quality education and community revitalization.”92

**INNOVATIVE SCHOOL FACILITY PARTNERSHIPS**

Another popular strategic partnership involves the creation of employer-based or “workplace satellite” schools. While sometimes operated as charter schools, these schools often involve a relationship between school districts, which provide instructors and a curriculum, and large employers, which provide the school facilities. Miami-Dade County Public Schools once operated five such schools, and currently operates one: Assurant Solutions Satellite Learning Center.93

Such arrangements are mutually beneficial for both partners; the school district gains additional classroom seats without the hassle and cost of school expansion, while the employer adds a notable fringe benefit for employees with school-aged children. Employers have cited increases in productivity as a benefit of on-site schools. For instance, Assurant Solutions experienced a 5 percent decrease in the employee absentee rate as a result of opening the satellite school. In addition, Assurant Solutions has reported a reduced employee turnover rate since opening the school.94

In an effort to expand classroom space without constructing new schools or expanding existing ones, a few school districts have established strategic partnerships with large retail complexes. In the “mall school” model, the retail complex provides the school facilities, while the school district supplies the curriculum and instructors. These schools have proven a good fit for students who struggle in traditional classrooms. In addition to the traditional curriculum, the schools are able to offer career-specific training and internship opportunities in areas such as retail sales and marketing.95

The Simon Youth Foundation, the non-profit branch of Simon Property Group, which owns 252 malls throughout the country, embarked on an initiative to build mall schools in 1998. By 2013, the foundation had opened 23 Simon Youth Academies in 13 states, graduated over 10,000 at-risk students, and accomplished a 90 percent graduation rate for senior-year

91 Ibid.
   http://news.dadeschools.net/toolkit1213.htm
students. The academies focus on serving at-risk students by providing a flexible environment and small class sizes. Graduates of the academies graduate with a diploma from the local public school district. The Seattle School District partners with the Simon Youth Foundation to operate the Northgate Middle College High School, which is on the second floor of the Northgate mall, located near a Macy’s. The school accepts students who are 16 to 20, many of whom are at risk of not graduating, or who have already dropped out of traditional high school. The Simon Youth Foundation provides the space for the school and also offers scholarships to its students.

Another example of how strategic partnerships have been used to provide school facilities is seen in the Des Moines Public School District’s Downtown School. The district recognized that employees who worked in downtown Des Moines and had school-aged children would benefit from a school within close proximity of their workplaces. Downtown business owners also saw the school as a beneficial asset, as it would create additional incentives for current and prospective employees. In 1990, the school district and the business community collaborated to create the Des Moines Business/Education Alliance, which facilitated the construction of the Downtown School. Through this partnership, the business community provided space on the skywalk in the center of the city’s business district, along with financial resources for construction and innovative practices that help maintain the school’s small class sizes and extended school year. The school district provided the curriculum, teachers, and resources for additional operating expenses at the same rate as it does for other schools within the district. However, the district saves money without transportation costs since 90 percent of students have at least one parent who works downtown.

PRIVATE MANAGEMENT OF PUBLIC SCHOOLS

A handful of districts have decided to outsource the management of public schools to private companies; however, such decisions have often instigated heated debates in the community and garnered significant media attention. In 2000, Detroit-area Inkster Public Schools contracted with New York-based Edison Schools Inc. (now EdisonLearning, Inc.) for the management of all schools in the district. Edison’s expertise in the management of schools in low-income and minority districts made the for-profit company an appropriate partner for the troubled district. Prior to the partnership, Inkster had experienced rapid enrollment declines, significant financial debt, high turnover rates among top management, and poor student performance and graduation rates.

The agreement granted Edison the ability to determine appropriate staff levels, select school principals, and make decisions regarding the curricula used in district schools.

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However, the school board maintained a significant degree of authority; most major decisions required board approval and Edison was required to submit monthly performance updates and end-of-year reports so that the company’s progress could be monitored. In the contract, Edison guaranteed set improvements in MEAP (Michigan Educational Assessment Program) scores. Continuance of the contract was also dependent on measures of achievement such as “increased student enrollment; greater parent, teacher, and student satisfaction; more family and community involvement; and better attendance.”

In order to improve the district’s schools, Edison invested $5 million within the first two years of the agreement to enhance the district’s infrastructure and provide access to technological resources. A 2001 article noted improvements in the Inkster School District after Edison’s first year of management, including a 15 percent enrollment increase. That same year, however, reports emerged that the school board had broken the contract with Edison through its failure to support the company in implementing cost-saving measures for the district. An investigation by the *Detroit Free Press* revealed that “Inkster school board members cost the district $66,000 by refusing to approve a contract with an outside vendor to provide food services to Inkster schools.”

By 2002, the relationship between the two partners had deteriorated and the school district failed to pay Edison $1.2 million owed for the company’s management services. According to the school board, enrollment had further declined with the schools under Edison’s management and the company had failed to submit financial records.

**“Green” Initiatives for Revenue Generation**

Many school districts have initiated “green” projects that not only raise additional revenues for the district, but also work to curtail negative environmental impacts and serve as models of energy efficiency measures. A variety of steps can be taken to curtail excessive energy use.

*Lighting is one area where significant improvements in energy efficiency can be made.* Lighting commercial and other buildings contributes significantly to total energy use. The Florida Solar Energy Initiative found that lighting uses 13 percent of the total energy consumed at Florida schools. Further, the Center for Sustainable Systems at the University of Michigan found that lighting accounted for 26 percent of all energy used by commercial buildings in the United States in 2005. As such, lighting significantly affects total energy use and possibilities exist for saving energy. As few buildings are lit with exactly

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101 Ibid.
104 Ibid.
107 Ibid.
the same materials and appliances, there are consequently no set of recommendations that can be made to improve energy efficiency in every scenario. However, numerous general points can be made.

One of the simplest and most cost-effective methods of saving on lighting-related expenditures is to ensure that lights in unoccupied rooms are turned off. Pacific Gas and Electric estimates “that up to 8 to 20% of lighting energy can be saved by simply turning off lights in unoccupied rooms.”108 Schools can split the responsibility between teachers, staff, and pupils, with organized student light patrols working well with elementary students.

Schools can also use a simple and effective process known as “delamping” to reduce energy usage. Delamping involves simply removing fluorescent lamps from a light fixture.”109 Energy savings from such a simple measure can be large. According to Pacific Gas and Electric, organizations “could save 25-50 percent of lighting energy by delamping general overhead lighting.”110 The best places to consider delamping are near windows, doors and corners, over computers and televisions, near skylights, and in corridors off a main hallway.

Ensuring that lighting (and thus electricity) is not wasted can be done in other ways, as well. Occupancy sensors (which utilize motion sensors to turn off lights in occupied areas) can be used to prevent waste due to unnecessary lighting. In one Florida elementary school, installing occupancy sensors achieved 11 percent savings with a payback time of 3.6 years. However, it should be noted that these sensors are not guaranteed to produce savings. Another Florida elementary school that installed occupancy sensors did not save money on energy, largely because an aggressive energy efficiency strategy was already in place. Other sensors, such as timing controls or photosensor controls, which detect the illumination levels in a room or area and either dim or switch a light off, can also be used.111

A variety of other sustainability measures can help both the environment and a school’s budget. School HVAC systems account for more than half of the energy consumed in school buildings.112 Replacing and/or upgrading HVAC equipment can, in many cases, yield energy savings.

**Improving water efficiency and use can also save school districts money.** Simply installing low cost tap aerators (which reduces the volume of water used by combining air with water as it comes out of the tap) can have a substantial impact. Moreover, saving water in such a manner can save energy, as low flow aerators can reduce the energy cost of heating faucet

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109 Ibid., p. 73.
110 Ibid.
111 Ibid.
water by up to 50 percent. These faucet aerators can cost less than five dollars on average.\textsuperscript{113} Water efficient toilets can also provide considerable water savings.

Such energy and water saving ideas represent only some of the steps that districts can take to improve efficiency and save money.

Several New Jersey school districts made news in 2010 when they partnered with Energy Education, Inc., a Texas-based firm specializing in the implementation of green technologies. Each district signed a four-year contract with the company, which installs individualized upgrades designed to reduce energy costs significantly. Upgrades may include changes to HVAC systems, solar panels, and energy management software.\textsuperscript{114}

Under the contracts, districts must pay a monthly fee to Energy Education and appoint an “energy education manager,” who is subsequently trained by the company. Notably, if the efficiency upgrades do not result in cost savings equal to the amount of the contract, Energy Education forfeits its fee, and agrees to pay the stipend of the energy education manager.\textsuperscript{115}

In a report on its website, Energy Education highlighted the savings of Southern Regional School District in Ocean County, New Jersey. After three years of the district’s partnership with the company, the district had saved around $2.2 million in total energy costs. Education Energy noted that the district pays the firm $12,400 per month.\textsuperscript{116}

In 2011, the number of New Jersey state districts implementing green technologies increased. In a March article, Asbury Park Press noted that 103 public K-12 schools were using solar energy to generate electricity. In addition to increased revenue and cost-savings, state rebate programs provide incentives, which may partially or entirely subsidize upgrades.\textsuperscript{117}

The Spirit Lake Community School District in Iowa became a pioneer in harnessing wind power as a primary energy source. Upon receipt of a U.S. Department of Energy grant and a low-interest loan from the Iowa Department of Natural Resources, the district purchased a 250kW Wind World turbine in 1993. The electricity generated by the turbine feeds directly into the district’s elementary school. Within five years, the district had paid off the loan. The elementary school has used the revenue generated through the wind project to improve instructional programs. In 2001, the district purchased a second 750-kW Micron generator which powers the rest of the district’s school facilities and athletic fields, and generates

\textsuperscript{113} Ibid.
\textsuperscript{115} Ibid.
revenue through power sold to the local utility. That turbine was expected to be paid off in 15 years and provide free power for the 30-year lifespan of the turbine.\textsuperscript{118}

Other “green” initiatives do not necessarily focus on generating or saving energy. The city of Gonzales, California and the Gonzales Unified School District joined with Converted Organics in 2008 to “Recycle food waste from local school cafeterias into all-natural organic fertilizer for application on Gonzales school fields, city parks and public spaces.”\textsuperscript{119} The partnership was developed as a result of the city’s “Gonzales Grows Green” initiative and will result in cost savings for the district, as “The disposal fee to Converted Organics is 20 percent less than that to the local landfill.”\textsuperscript{120}

**ADAPTIVE REUSE**

Another strategy that school districts have employed to cut costs is the acquisition of low-priced real estate and the adaptive reuse of large buildings such as factories, retail complexes, supermarkets, churches, and military buildings for school facilities. It is often a far less expensive option to purchase and renovate these types of buildings, rather than acquiring land and constructing entirely new facilities. Adaptive reuse can “Create valuable community resources from unproductive property, substantially reduce land acquisition and construction costs, [and] revitalize existing neighborhoods.”\textsuperscript{121}

One example of a successful adaptive reuse project can be seen in Pomona County, California. Between 1988 and 1997, enrollment in the district’s schools nearly doubled as many low-skilled, non-English speaking workers migrated to the area in response to its affordability during a time of economic transition. With schools filled over capacity, the district looked for alternatives to traditional school construction.\textsuperscript{122}

The Pomona County School District had recently created an innovative policy called “An Invitation to Partnership,” which included plans to establish an “innovative educational village.” When a local business owner and school board member brought a run-down shopping mall situated on 66 acres to the attention of the district’s superintendent, he saw the potential to renovate the mall space to house the district’s planned educational village. Named *The Village @ Indian Hill*, the complex now provides educational facilities, including an elementary school, a high school, a training facility for district educators and staff, and a

\begin{itemize}
\item \textsuperscript{118} Fisher, J. “Wind Energy Information: Spirit Lake Wind Project.” *Environmental Psychology.* http://environmentpsychology.com/wind_energy_spirit_lake_project.htm
\item \textsuperscript{120} Ibid.
\item \textsuperscript{122} Ibid., p. 5.
\end{itemize}
The majority of the complex was renovated in 2001 with total costs estimated at $50 million. The school district turned to two state agencies – the Department of Education’s School Facilities Planning Division and the Division of the State Architect – for financial support, and formed a local Joint Powers Authority to purchase the site for $5.5 million. In addition, the district formed the Pomona Valley Educational Foundation, which would “Lease and manage nonschool property at the Village, develop educational programs and partnerships, build an endowment to support the programs, raise money through grants, and attract equipment donations.” The commercial leases fund the endowment and pay for security and maintenance of the facilities.

In addition to the revenue generated through leases to retail units, funding sources have included “Federal Qualified Zone Academy Bond and E-rate funds, general obligation bonds for school construction and renovation, state-funded class-size reduction incentives, state matching funds for high priority districts, California digital high school and library grants, education technology grants, and LaserNet technology literacy grants.” The school district also established partnerships with private companies, such as AT&T, and state and federal agencies, such as the Los Angeles County Office of Education and NASA’s Jet Propulsion Lab, to equip the Village’s computer labs and learning centers with the latest technology and to establish adult education programs that will serve the community.

It should be noted that despite successes such as the Pomona County School District, many buildings are not suitable for adaptive reuse as K-12 schools. Architects with expertise in school design have stressed that before an adaptive reuse project is launched, project leaders should carefully consider:

- The building’s structural layout and its capacity to accommodate classrooms and other required spaces and functions
- The energy efficiency of the building’s walls, windows, and roof
- The building’s potential for meeting building, heath, safety, and accessibility requirements
- The condition of mechanical, plumbing, and electrical systems and their capacity for modification
- For the presence of hazardous materials
- The ability of the building and site to provide a safe and secure environment

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123 Ibid.
124 Ibid., p. 6.
125 Ibid.
126 Ibid.
The convenience and safety of the building’s location for the students and communities served, and all applicable real estate and property management issues.\textsuperscript{127}

Several reuse projects have not been successful and serve as cautionary tales to districts considering adaptive reuse projects. The Detroit Public School District in Michigan, for instance, planned to convert hospitals into school buildings, but the buildings were deemed inappropriate for use as schools. The stairwells and halls of Mt. Sinai Hospital were too narrow to allow circulation during class changes, and classrooms of a sufficient size could not be created due to the spacing of the building’s structural columns. The Detroit Public School District opted to tear down the hospital and keep the land to build a new high school.\textsuperscript{128}

\textsuperscript{127} Points reproduced from: Ibid., p. 2.
\textsuperscript{128} Ibid.
PROJECT EVALUATION FORM

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