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Summary

To save money the Portland school board will likely close a few neighborhood schools. Rather than have the board make these decisions, a better policy would be to give money directly to schools and empower teachers, parents, and school administrators with the opportunity to control their future.

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“To help neighborhood schools stay open, the district should give money directly to schools, remove restrictions that discourage innovation and entrepreneurship, and let each school determine the best way to operate and maintain its building.”

Let neighborhood schools determine their future

By Nick Weller

The Portland Public School District's financial problems are well known. As part of a solution the district will likely close several schools in the coming years. The district will determine which schools to close by targeting those with enrollment below a minimum number, regardless of the benefits to students who attend the school.

The district's rationale for closing schools is that in 2002 the student count fell by more than 1,500 from the previous year (the count has fallen over 3,000 in four years) and it is predicted to decline further. Unfortunately, the district's approach treats students and teachers like marionettes in the district's puppet show, rather than as the most important people in the school system. To help neighborhood schools stay open, the district should give money directly to schools, remove restrictions that discourage innovation and entrepreneurship, and let each school determine the best way to operate and maintain its building.

The first step is to allocate building costs on a per student basis. Let's say the district decides to give each school \$400 per student for operations and maintenance costs. Schools would pay upkeep costs out of this allocation, with substantial flexibility to determine the best strategy for meeting expenses. If a school could cover its upkeep for less money, it would keep the difference and use the money saved in whatever way the school decided was best for its students.

Any reasonable amount the district decides to allocate per student for operations will likely be less than is currently spent at many schools where enrollment is far below capacity. Schools that receive less money for building costs than they need would have at least three options, outlined below: merge with another school, attract more students, or use building space for other purposes.

Merge: If a school needs revenue from 250 students (\$100,000 at \$400 each) to pay its operation and maintenance costs, but only has 200 students (\$80,000), it can make a pitch to other small schools to merge into one building. The merger could save money on buildings and leave more revenue for the combined school to use for education expenses. This approach allows the teachers and parents of

students who attend small schools to see the possible benefits of a merger, because schools retain the money that is saved, not the central district office, and they can put saved money to better use for their students.

More students: Schools can create unique or particularly effective educational opportunities and attract more students. If 150 students is not enough to cover operation costs, but 180 is, those who operate the school might attract 30 new attendees.

Other uses: A school with 190 students will often expand to fill all the classrooms of a building designed for 250 students. This makes sense if the school does not directly see the financial tradeoff between building expenses and educational programs. Suppose schools could sublease portions of their building to other users (such as businesses, Head Start, other preschools, the YMCA, or charter schools), keep the rent, and use the rental income to improve their programs. Then schools might choose to vacate unneeded classrooms and lease them to other users.

This common sense approach has been stymied by district policy that requires all tenants of district buildings to pay \$13 per square foot per year for school space, which is way above market value. This inflexible policy ignores the obvious reality that market prices cannot be dictated by one party, but are determined by willing buyers and sellers. Schools need flexibility to charge different amounts to tenants and adjust rates as demand for space changes.

Currently, a school cannot lease the space if a potential user is willing to pay \$11 per square foot. Instead, the space sits empty, costs the district money, and does not bring in revenue. To rectify this the school board should stop dictating rent rates and allow individual schools to keep the revenue their property generates. Coupling this change with student-based funding for operations and maintenance will move decisions about mergers and property use from central headquarters to the local schools, and allow those affected—parents, students and school staff—to better see the costs and benefits of various real estate strategies.

Tough choices must be made in the Portland school district, and there are no easy solutions to improving education quality in the face of declining enrollment and finances. However, the best path is to put decisions into the hands of those most affected by the changes and not hold them hostage to a simplistic formula enacted by the school board.

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“The school board should stop dictating rent rates and allow schools to keep revenue their property generates.”

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