HARD
Causes and Consequences

LESSONS
of Michigan’s School Construction Boom
Michigan’s School Construction

The real costs of new public schools

With its sweeping rooflines and red brick, the new Holt High School is a shining example of the latest in school design. The $67 million facility opened in the formerly rural community outside of Lansing last fall; voters approved the millage increase to pay for it by just seven votes. Thanks to a sewer extension installed to serve the school, houses are sprouting nearby in what used to be farm fields.

A few miles away, the Lansing School District is spending $67.5 million from a recent, successful bond initiative to compete with Holt and other local districts. More than half of the money will be spent on building a new middle school; the rest of it will be used to repair just five of Lansing’s 40 schools. Meanwhile, down the road in Okemos, the lavish $40 million school built there a decade ago could be half empty in 12 years, due to declining enrollment.

And in Charlevoix, many citizens are still bitter because school officials there ignored their input and managed to pass, by just 100 votes, a bond issue to build a new high school outside of town without giving much notice of the proposed location. Four lawsuits tried, and failed, to stop the process.

These are examples of decision making that drive one of the most important and expensive construction booms in the state and are reshaping Michigan’s urban, suburban, and rural landscapes for generations to come.

Encouraging an Unfortunate Trend

Published by the Michigan Land Use Institute, Hard Lessons: Causes and Consequences of Michigan’s School Construction Boom, is the first detailed review of how
school construction decisions — whether to renovate existing buildings or build new, greenfield facilities — are made in Michigan and their effect on development patterns. *Hard Lessons*, which grew out of a joint project of the Michigan Chamber of Commerce and the Michigan Land Use Institute, aims to help school officials, community leaders, homeowners, and parents evaluate the full cost of new school construction or renovation. It recommends changes in state policy that, if implemented, will capture the economic and cultural benefits of renovating older schools or building new ones in town.

This collaboration was prompted by our observation that building schools in undeveloped areas might be encouraging Michigan’s trend toward increasingly dispersed development patterns. Although its population is growing slowly, Michigan is one of the fastest sprawling states in the nation, according to a study prepared by Public Sector Consultants. The study also found that Michigan is consuming land for new development at a rate eight times faster than the increase in population.

Business and government leaders recognize that spread-out growth patterns are increasing taxes and fees that pay for expanding infrastructure, hurting the cities left behind, and diminishing the quality of life as open space and farmland are paved over. *Hard Lessons* concludes that, in keeping with these development patterns, Michigan is building ever-bigger schools ever farther out of town at a faster rate than most other states. A 2002 construction report by *School Planning and Management*, a national trade magazine, found that annual expenditures in the U.S. for school construction doubled since 1992. In Michigan they tripled.

### LESSONS LEARNED

Hard Lessons asks whether building bigger, newer schools is always best for students and communities. We conclude that new school construction is raising tax, economic, and community-stability issues with long-term consequences. Among our findings:

1. New school construction is dramatically raising property taxes for Michigan homeowners and businesses and has tripled related debt from $4 billion to $12 billion since 1994.

2. In 1995, the year after the passage of Proposal A, which tied school operating funds to student populations and halved property taxes, the state saw a 150 percent increase in the dollar amount of bond issues for school construction — from $499 million in 1994 to $1.25 billion.

3. Since 1996, our research indicates that districts built at least 500 new schools in Michigan and closed 278 older ones while the school age population grew by just 4.5 percent. Even though southeast Michigan will lose 1.5 percent of its school age population within 30 years, according to the Southeast Michigan Council of Governments, that region recently spent $6.2 billion on expanding or building new schools in the last eight years.

4. School districts use spacious new schools to attract families with students. Last year Leslie school officials spent $11,000 on advertising, attracted 112 “outside” students — nearly 10 percent of its enrollment — and collected an extra $750,000 in state school revenues. It spent $12.6 million in 1997 to build a new, rural high school.

5. Tying each student to at least $6,700 in school operating funds has made building spectacular new schools profitable endeavors for districts that can afford them, but creates severe challenges for both small rural and large urban districts with older buildings and small or badly eroded property tax bases.

6. Building new facilities to combat overcrowding can accelerate development that prices young families out of the market, which can lead to declining enrollment. Okemos had 401 seniors in its 2003 graduating class, but just 224 children in kindergarten.

7. The broader the public’s involvement in school construction decisions, the more effectively a school board develops long-term, less costly solutions.

8. Architects and financial advisors heavily influence school construction decisions. Firms commonly attract school boards by providing “free” feasibility studies in exchange for contract guarantees. This tilts decision making towards new construction and encourages the abandonment of hundreds of quality neighborhood schools.

9. In every case we studied, building a new school cost more than renovating an older one.

10. Often, new Michigan high schools use so much land largely in order to be adjacent to athletic fields that are infrequently used.

11. Our preliminary research suggests that keeping an existing school open increases home values in surrounding neighborhoods and helps stabilize the area and its business activity, while closing them slows the rise of home values.

12. The State Superintendent of Public Instruction has exclusive jurisdiction over school buildings and sites, but provides little oversight or direction.

13. Since state law exempts schools from local planning and zoning, location decisions are often made without considering local government master plans and frequently place new schools in farmland areas that should be preserved. Standards for school development could improve cooperation between school boards and local governments.

14. School construction on undeveloped sites generates many new expenses for infrastructure and government services, which eventually raise taxes for business and property owners.
Leapfrogging suburbs make life difficult for public schools

If there is a modern school building that reflects the aspirations of its community, it is Okemos High School. Constructed in 1994 on farmland near Interstate 96 in Meridian Township, the brick and masonry building houses competitive sports teams who play on first-rate athletic fields, well-equipped labs, a top-flight band and orchestra, and well-prepared students. When it opened, the school was a symbol of excellence; families with children and sufficient means flocked to it.

A decade later, Okemos High still attracts attention. The development of this excellent school helped spur an energetic debate in Meridian Township about how to contain the myriad costs of sprawl. Home prices are driving young families with children to other townships where housing is less expensive. So now the high school faces a new problem.

Last June, 401 seniors graduated from Okemos. But behind the satisfied smiles of parents, teachers, and administrators lurked an urgent question: How long can the large and lavish school continue to operate? When the Class of 2003 returns to its alma mater for its 15-year reunion, the building could well be half-empty; only 224 kindergartners enrolled in the district last fall.

Trouble in Paradise

The problem is that development trends in Michigan’s suburbs, intensified by families seeking brand new schools, produce a boom-and-bust cycle in school enrollments. The cycle makes planning for future enrollment difficult for school boards and investing in new buildings very risky. Unlike past eras, when steadier school enrollments guaranteed that school buildings were longstanding centers of community life, school enrollments in Okemos and other Michigan communities crest and then decline in less than a generation.

Okemos built its new high school because Meridian Township’s population grew 24 percent in just 10 years, to nearly 36,000 residents in 1990. Many new residents were married couples with small children. But growth stalled; by 2010, the township will have about 41,000 residents, just 4 percent more than its 2000 population, according to census figures. Indeed, the student population of Okemos’ school district is already shrinking.

“We had to go through a gut-wrenching experience closing an elementary school this year and our projections indicate that we may not have enough students for the five elementaries we have left,” explained Deb Baughman, president of the Okemos school board.

Tough Choices Everywhere

Michigan and its quickly suburbanizing communities are either not recognizing or are deliberately ignoring the costs of this boom-and-bust cycle. For example, Northville, 75 miles southeast of Okemos and an outer suburb of Detroit, has grown more than 50 percent since 1980 — changing from a quiet, rural area to a spread-out, new suburb that attracted young families. The area’s school-age population grew by 40 percent in a decade, according to the Southeast Michigan Council of Governments.

But projections indicate that the feverish pace will soon slow to just 10 percent per decade. The demographics are already shifting: In 1990, 32 percent of households in Northville Township had school age children. In 2000, 29 percent did.

Because Northville school officials expect the torrent of new students to slow to a trickle, they will face an excruciating decision. The district completed a $42.4 million, 362,000-square-foot high school three years ago and the following year approved a new $28 million bond to expand it and build an elementary school.

“We know our enrollment will stabilize and decline in the next 5 to 10 years,” said David Bolitho, the Northville school system’s assistant superintendent for administrative affairs. “The community is getting built out and not many new families with children are moving in. But our elementary schools are already at capacity. Do we build another school now, knowing that one will have to close in a few years?”
When housing costs and taxes soar, businesses and young couples with children simply move on to new subdivisions being built at the next Interstate exit.
Rapid suburban population growth often increases home prices and local taxes, forcing many families with children to look elsewhere for more affordable housing.

Does This Make Sense?
What’s remarkable about the choices Northville and other school districts are making to build new schools, even if they may soon close, is that the trend is occurring in a time of state budget deficits, fierce debate about reducing taxes, and the desire of voters to compel public institutions to do more with less. When it comes to school construction, those values no longer seem to apply.

On one level, this makes sense: Parents believe nothing is too good for their children. Sweeping school financing policy changes make it easier to pay for new schools. The state has a multi-billion dollar construction fund open to districts that approve construction bond millages. And districts have authority to decide what to build and where.

But Michigan’s school construction boom is producing long-term economic and cultural distortions that threaten to reduce the state’s overall future prosperity.

Even as new schools are built in fast-growing suburbs at extraordinary cost, older schools that could be renovated for far less money are closing in cities and inner-ring suburbs. Approximately 300 such schools have closed in Michigan since 1996, many of them fine candidates for renovation. Of the $16 billion spent on school construction since 1996, just a third has gone to renovation. That’s a shame: For instance, Battle Creek renovated its 238,000-square-foot Central High School for $7.6 million two years ago; a new one would have cost at least $30 million. Meanwhile districts built an estimated 500 new schools even though statewide enrollment is essentially unchanged.

The added costs of building new schools instead of renovating old ones saddles business and homeowners with a 20-to-30-year tax burden that they may still be paying when their shiny, new, family-attracting, community college-like campuses in the woods suddenly face abandonment.

The One-Two Punch
The precise dimensions of those economic costs are not known and are beyond the scope of this report. But, clearly, the trend reduces older cities’ tax revenues while simultaneously pushing new suburbs ever deeper into debt. Such fiscal policies increase our tax burden making Michigan less, not more, competitive.

On one hand, new school construction outside of established cities prompts school closures within them that weaken urban neighborhoods and decrease city tax revenues. For example, an analysis conducted by the Michigan Land Use Institute in cooperation with the City of Jackson found that average home property values within a half-mile of an open, stable elementary school rose at a 3 percent higher annual rate than they did around a similar neighborhood with a closed elementary school. Had that school remained open and home values had similarly increased, the city, county, and schools would have realized almost $2 million more in property taxes from 1994 to 2003.

On the other hand, rapid population growth in distant suburbs often increases home prices and always requires expanded roads, sewer and water services, police, fire protection and ambulance services, courts, and jails. These expanded municipal services require higher taxes and more user fees; typically, the increases are equal to or exceed the millage increases that paid for the new schools: Just a mile of sewer costs between $250,000 and $350,000; a mile of improved road costs between $250,000 and $500,000. Annually, the actual cost of every police officer is $75,000 to $100,000.

The Disappearing Dream
In other words, the factors that encourage families to move further out — lower housing costs and taxes, low business costs, wide open spaces, uncrowded new schools — gradually disappear. In Okemos homes now cost $350,000 and are increasingly out of reach for most young Michigan families. Less than 6 percent of Okemos-area homes are valued at under $100,000, according to the U.S. Census.

Northville is worse: Today it typically costs $400,000 to buy a house there, according to the Southeast Michigan Council of Governments.

When costs take flight, so do new young residents and entrepreneurs. The next wave of couples planning families and businesses seeking lower costs simply drive down the road to the next Interstate exit. As Okemos High School enrollment declines, for instance, school officials in Williamston, just down Interstate 96, are anticipating an enrollment burst that will probably require school expansions.

But Williamston residents are reluctant to spend for more classrooms. In April, they turned down a bond millage for nearly $30 million to build a new elementary school, buy land for a new football field and possible future high school, and expand the seven-year-old high school.

The dilemmas faced by Okemos, Williamston, and Northville are the same for communities statewide. In southeast Michigan, for example, school districts that experienced significant school-age population growth from 1990 to 2000 — Livonia, Farmington, Southfield, and Troy — will see their enrollments decline in the next five years. This decline will continue for 30 years, according to a report by the Southeast Michigan Council of Governments.

But during that same period other districts further to the north and west of these rapidly maturing Detroit suburbs that were themselves small, rural communities 20 years ago — such as South Lyon and Novi — will see school-age population double or triple over the next 30 years.
WHILE SUBURBAN DISTRICTS COMPETE FOR STUDENTS BY BUILDING SHINING EDIFICES AT THE EDGE OF TOWN, URBAN DISTRICTS STRUGGLE TO UPDATE THEIR AGING FACILITIES AND MAINTAIN ENROLLMENT.

Big City Challenges

THE SOARING SOUNDS OF Vivaldi’s *Largo for Organ* take wing in Kaye Davis’ music room in the newly renovated Coit Creative Arts Academy, set amid tall maples and early 20th-century homes on Grand Rapids’ north end. Mrs. Davis, an African-American pianist and vocalist who was recruited 34 years ago from her native Roanoke, Virginia, to teach in Grand Rapids, awaits her first class of young artists.

“This is one of the best facilities for teaching music and the arts in the entire city,” said Mrs. Davis, who also extolled the quality of the adjacent gleaming hardwood dance studio. “What’s great about this school is the atmosphere of the arts, the sense of creativity, the sense of calmness, the discipline they learn here. It helps them grow.”

Moments later a line of third graders appears. “Good morning, Mrs. Davis,” they say. “Good morning,” the music teacher replies as she begins their rehearsal.

Re-engaging Students by Reviving a Building

Last year Grand Rapids unveiled the $7.5 million renovation of this 123-year-old building, set amid tall maples and early 20th-century homes on Grand Rapids’ north end. Mrs. Davis, an African-American pianist and vocalist who was recruited 34 years ago from her native Roanoke, Virginia, to teach in Grand Rapids, awaits her first class of young artists.

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old building, the oldest operating school in Michigan. It is now a hybrid 117,000-square-foot neighborhood and magnet arts elementary school. Classrooms were enlarged; a gymnasium and arts studio were added. The children say they “really like” the new design.

Parents say they are thrilled with the new attitudes the building has fostered. “The budget cuts in public schools in general have caused declines in art, band, and music,” said Caren Robinson, the 29-year-old president of the school’s Parent-Teacher Organization and the mother of two Coit students. “This school is an art school and, it’s an incredible achievement that it was established here.”

The streets surrounding the school are lined with rental homes with transient residents, some unemployed and others substance abuse victims. But school administrators and Mayor George Heartwell say Coit demonstrates how renovation improves public education, stabilizes neighborhoods, and convinces families with children to move into and rebuild them.

That’s ambitious, Mrs. Robinson said. “It’s like a business — it takes three to five years to establish your reputation. If you can build a good reputation, that’s going to bring families into the area.”

But even Mrs. Robinson tacitly acknowledged that might not be enough. She said that her family is looking at newer homes outside Grand Rapids with larger yards, even though there’s a seven-acre public park in the Coit neighborhood.

**The Money Gap**

Such desires form the central challenge for Michigan’s urban public schools. While suburban districts find it relatively easy to finance new schools and compete for students by building shining edifices at the edge of town, urban districts struggle to update their aging facilities and maintain enrollment. Indeed, the Coit School is a symbol of hope among Grand Rapids public schools — a well-appointed building with a stable group of children who achieve.

Duplicating that feat at other Grand Rapids schools, and in other urban Michigan districts, is extraordinarily difficult. Those districts have severely eroded tax bases that require large millage-rate increases to generate sufficient bond issues. Convincing voters in such districts to support large increases is daunting, as recent failures of big-city school construction millage proposals in Grand Rapids, Pontiac, Flint, and Saginaw demonstrate. The problem is circular: School deterioration quickens other economic disinvestments; more people move to the suburbs. The phenomenon helps drive Michigan’s sprawling development.

What does it take to reverse public attitudes about the quality of big city school systems and attract more middle class and wealthy young families to the city? No city in Michigan is responding to that issue with as much energy and money as Detroit.

**Detroit: Big Thinking, Big Spending**

In a vote that was equal parts desperation and recognition of the importance of public education in rebuilding a fractured city, Detroit residents in 1994 approved a $1.5 billion school bond that launched the largest urban school reconstruction program in the Midwest.

The bond is building five new schools, renovating 31 more, trans-
forming neighborhoods, and completely burying the myth that to meet their educational goals schools must have campus-like, 80-acre sites far from town centers.

Instead, Detroit is building distinguished new schools in pleasant neighborhoods and dramatic urban settings. For example the Renaissance High and Special Education Building will be a magnet college prep school on the city’s northwest side beginning in 2005. Downtown, a new, $100 million version of the city’s nationally known Cass Technical High School is rising on a vacant lot next to the old, badly deteriorated one.

And a few blocks north of Cass Tech, workers are building the six-story, $122.5 million Ford High School for the Fine, Performing, and Communication Arts. This addition to Orchestra Place, an expansive campus of restored and new performance spaces, office buildings, and educational facilities that are home to the Detroit Symphony Orchestra, will foster a unique educational partnership with the world-class orchestra when it opens in 2005.

School officials also believe that improving their facilities will help raise the educational achievement of Detroit’s students, many of whom test near the bottom of all Michigan students. They also point out that they are using the classically compact school designs that once provided Detroit youngsters with educations that regu- larly produced Rhodes scholars.

For example, because it is a five-story building, the spectacular, 630,000-square-foot, $123 million Renaissance High complex will be able to house 2,330 students and still leave room for a gymnasium, a pool, an auditorium, a football and soccer field, a track, a softball field, a parking garage, and a vocational training center on just 45 acres in a solidly middle-class neighborhood.

Unconventional Wisdom
A more modest example of compact design is the Ronald Brown Academy, which opened on Detroit’s far east side last fall. Even before the $19.4 million, 85,000-square-foot elementary school opened, the surrounding neighborhood was experiencing rebounding popularity and home values. That trend is accelerating largely because of the presence of Brown Academy, which is a gem: Two stories of red brick, spacious classrooms, a media center, and a combined gym and cafeteria.

Robert Francis, executive director of the Detroit Public School Capital Improvement Program, smiles as he compares his system’s site requirements with the wide-open spaces so many suburban school systems say they need. “We look for seven acres for an elementary school, 12 acres for a middle school, and 25 acres for a high school,” he said.

That’s about half of what the Council for Education Facility Planners, an influential, Phoenix-based trade association, recommends. Michigan school architects and contractors typically recommend even larger sites — up to 80 acres for a 1,500-student high school.

Brown Academy is serving three times as many elementary students on half the land the planners association recommends. If the remarks of some of the parents waiting outside the school are any indication, though, the facility’s compact design is simply no problem.

“We recently moved into the neighborhood and are thrilled with the school,” said Marcus Rayford, who was picking up his 6th-grade son. “The school was one of the main factors in us coming here.”

“The new school has made a big difference,” said Orlando McCord, a teacher at the academy. “It’s a great place to be and a great place to teach.”

Grand Rapids: Seeking the Bright Spots
Grand Rapids remains determined to become an education bright spot despite the failure of a $396 million bond issue in 1998 meant to finance district-wide building improvements. The defeat compelled elected, business, and school leaders to form the Grand Rapids Education Reform Initiative.

One project that quickly attracted the Initiative’s attention was undertaken by John Wheeler, whose ponytail, cowboy boots, and Harley clothing belie his role as a savior for schools in Grand Rapids. Mr. Wheeler, president of Rockford Construction Co., focused on a well-defined goal: Improving the schools one at a time.

He used a novel approach in 2001 to renovate Franklin Elementary School, a few miles from Coit. He convinced the school board to lease him the land adjacent to the worn out building, spent $10.5 million to build a new 103,000-square-foot addition and renovate almost 31,000 square feet of old classrooms, and leased those spaces back to the school for 20 years. When the lease expires, he will sell the building to the district for one dollar.

However, this unusual financing method has a downside: It uses operating money normally dedicated to school supplies and teachers’ salaries. Officials approved the plan because they considered it essential to meet growing enrollment and prove the district could offer a good education in an excellent facility. Although the school board used special funds and operating revenue to rebuild Coit, it cannot afford much more construction until the community approves a construction bond issue and raises its taxes.

Now, though, school leaders have a secret weapon: All of those smiling kids at Coit Elementary School.
A Tale of Two Cities

School construction divides Charlevoix, but unites Harbor Springs

From the air, the new $17.4 million Charlevoix High School looks like an appliance warehouse surrounded on one side by miles of rolling farms and woodlots and on the other by an immense parking lot. From the ground the plain brick box resembles a Best Buy store.

How this undistinguished facility was built on 74 acres of pastureland is a story of closed decision making that generated fierce discord, lawsuits, an unsuccessful school board recall, and a court-sanctioned settlement that leaves many in this city of 2,000 bitter.

Thirty-eight miles north, along Little Traverse Bay, workers busily renovate the 88-year-old Harbor Springs High School. The three-story red brick building sits on a nine-acre campus in a residential neighborhood. Many students walk or bike to school. A block away is the new middle school.

Three years ago this community of nearly 1,600 approved a $31.5 million bond to modernize its high school, build a new middle school, and keep both in town. The vote came after a year of intense community discussion, encouraged by the Harbor Springs School Board. This year the new middle school opened to rave reviews.

Two remarkably similar Lake Michigan coastal communities, two remarkably different outcomes based on very different processes: In Harbor Springs, the decision by the community to keep the schools downtown engendered wide celebration because it strengthens the community.

In Charlevoix, the decision to erect a new building so far from town, arrived at by only a handful of school leaders and just barely approved by voters, is still denounced for encouraging sprawling development that could soon threaten small downtown stores.

“I thought the way they went about it was just plain wrong,” said Ken Staley, a retired business owner and long time Charlevoix resident who supported
one of the lawsuits. “There were a lot of deals being made behind closed doors.”

This tale of two cities offers hard lessons to Michigan communities.

Open Door, Happy Ending
When Harbor Springs Schools Superintendent Dave Larson huddled with school board President Lynne Glahn after yet another public meeting in 2001 about what to do with their worn-down facilities, they both were concerned.

“We didn’t feel like we were leading the community, because we didn’t have a specific proposal for what to do,” Mr. Larson explained. But the two nevertheless continued their open style of civic leadership.

Gradually, a consensus emerged: Keep the schools in town and preserve the historic high school. The board presented two options, one less expensive and in-town, the other more expensive and out-of-town. A survey indicated citizens opposed the remote site not because of cost, but because it was too far away.

The entire process took 18 months. In September 2001 voters approved a $31.5 million bond issue by a 20-point margin that financed construction of a new middle school next to an existing elementary school; the two will share many facilities. It also paid for additions to and renovations of the 1915 high school, including an auditorium and, nearby, new soccer and community recreation facilities.

Closed Door, Sad Ending
In contrast, when Charlevoix concluded in 1999 that its schools needed help, the Charlevoix board held just two public forums and discussed the school construction proposal at only one school board meeting — a stark contrast to Harbor Springs, which held 70 public meetings.

The first Charlevoix forum, in March, revealed that most of the approximately 100 people attending wanted their schools in town. The board appointed a building committee to consider options; it met privately for only two months before offering three choices at a second forum, in June: $14.4 million to remodel all the existing Charlevoix public schools, $16.6 million to build a new middle school at a new location and remodel the high school, and $18.5 million to build a new high school on a new site, remodel the old one into a middle school, and abandon the historic middle school in town.

Two weeks later, with only 10 citizens attending, the committee recommended the most expensive option to the school board. It cited a memorandum from an architecture firm that consulted with the board, which said evolving curriculum demands would limit any renovation’s effectiveness to between 10 and 15 years. Some people disagree.

“What will happen with curriculum over the next 20 years is anybody’s guess,” said Jeanette Woodward, an architect for the renovation of 66-year-old Jackson High School. “There are lots of schools built in the 1920s and 1930s that have adapted and continue to serve their districts well.”

The Charlevoix committee also snubbed a survey, saying, “we feel that educating the public to make an informed choice on a survey is almost impossible.”

The school board approved the committee’s recommendation and a 74-acre site for the new high school three miles outside of town, but the location was not announced until two weeks before the election. Some residents didn’t think that was enough notice.

“I had no idea where they were going to put the school when I voted,” said Joe Sidel, who lives on a farm just south of the new school.

The millage passed 1,440 to 1,340, a margin that magnified the sharp divide the board’s closed process caused.

Aftershocks Rock City
Legal skirmishes followed. When the Marion Township Board of Trustees overruled its planning commission and approved a special land use permit that violated the township’s master plan, citizens sued — and lost.

They sued again when the City of Charlevoix and the school district proposed a marriage made in public sector heaven: The city wanted to develop an industrial park near the new school but couldn’t afford a sewer line; the school wanted sewer service. They decided to use school millage money to build the sewer and reimburse the school district as new homes and businesses hooked up to the line. Since this was illegal, the plaintiffs won and negotiated a temporary solution with the district: The school now actually owns the sewer but will not allow other connections to it for 10 years, temporarily quelling plaintiffs’ fears of unwise development.

Eventually, however, sprawl will come. Citizens, not the school board, will pay its many costs.
EVEN T UALLY, EVERY COMMUNITY must deal with worn-out school buildings — always a difficult decision because it involves educational goals, personal preferences, public policy, and cultural proclivities. Yet the decision is often predictable: Americans generally prefer new over old, large over small, and lavish over simple.

It turns out that state school construction policy in Michigan, what there is of it, is heavily tilted to satisfying those preferences.

When it comes to school construction Michigan can be viewed in one of two ways: It is either a model of local control, or a state that lacks direction and tends toward wasteful actions. Why? Unlike most states, Michigan exerts remarkably little oversight of school construction. The state also provides communities with easy access to huge amounts of capital that school boards are clearly prepared to borrow for construction, all of which is financed through local property taxes. Michigan also provides local school boards with the authority to decide how much to spend on schools and where to build them.

On one hand, communities have extraordinary opportunities to make informed decisions. In Escanaba, Jackson, and elsewhere, school boards embraced such flexibility, decided against conventional wisdom, renovated their existing schools, and saved money.

But such localized control also permits communities to depend on outside experts and local leaders who may have narrow agendas or incomplete information. For example, “free” consultations frequently convince school officials that building new is cheaper than renovating, even though research indicates that the opposite is almost always true. Renovation typically costs between $60 and $90 per square foot, new construction about $120 to $160 per square foot.

The Saga of Proposal A
Yet it is Proposal A that inadvertently triggered Michigan’s school construction boom. Proposal A was enacted with the best of intentions — narrowing the funding gap between wealthy and poor districts and reducing tax costs for businesses and homeowners. Its unexpected consequences, however, have been profound for many school districts and hundreds of communities in Michigan.

Passed in 1994, Proposal A cut property taxes by 35 to 50 percent, raised the state sales tax from 4 to 6 percent, and made the sales tax the primary revenue source for public school operations. It also significantly reduced the per-pupil operating expenditure imbalance between wealthy and poor school districts because, before 1994, wealthy districts thrived on high property values, while poor ones starved on low property values. Today Proposal A redistributes money to schools at a base level of $6,700 per pupil.

But because the proposal also lowered property taxes for school operations by an average of 27 mils, it allowed school boards to request smaller millage increases — five or six mils — for either renovating old or building new school facilities. That is why the following year requests for construction bonds doubled and, in the decade since then, bonded debt for construction loans tripled from $4 billion to $12 billion while the student population increased a mere 4.5 percent.

And because Proposal A ties a school’s student population directly to how much money it receives from the state, it has also sharply increased overt competition for students among schools. Since each student is worth at least $6,700 in state funds, losing just three kids from one classroom means a loss of $20,100 in operating revenue for that classroom, while operational costs remain unchanged.

Heightened Competition
This competition can lead districts to build the most spectacular facilities they can afford. The state’s newest and largest example is Holt High School; built in an Ingham County farm field, it...
cost $67 million and has roughly twice the square footage of a Wal-Mart Super Center.

Parents and school officials often claim that newer, bigger schools mean better education. There is some preliminary research showing a correlation between classroom environment and performance — but not the age or size of the building. In fact Standard and Poor's School Evaluation Services has found that, in some districts, the oldest schools house the highest performances. And numerous studies demonstrate that other factors including lower student-teacher ratios, smaller schools, and more parental involvement have a much greater influence on academic performance.

But building new and big at the edge does have one undeniable correlation: The transformation of rural landscapes into suburbs. Families are moving from older neighborhoods in Lansing and East Lansing to new subdivisions near Holt High. Development around that school is increasing traffic congestion, calls for expensive roads, and pollution from storm water running off of all the new buildings and parking lots.

Meanwhile poor urban districts remain at a construction disadvantage because they have far smaller per-student tax bases than their suburban neighbors. To raise the same amount of money per student as a well-off district, a distressed, inner-city district usually must approve significantly larger millage proposals. This has proven to be a tough sell: Since 1996 construction bonds have failed in Flint, Grand Rapids, Saginaw, and Pontiac.

Outside the Zone
Further accelerating the construction boom at suburbia's edges is the lack of local governmental authority in school board planning. Only the State Superintendent of Public Instruction has jurisdiction over site plans and buildings, and that is traditionally extended directly to school boards. A legal challenge of this law went to the Michigan Supreme Court, which in July confirmed that state law indeed does “immunize school districts from local ordinances as they affect the content of a school site plan.”

The consequences are sometimes severe. Clarkston, in Oakland County, built a new school on such a poor dirt road that its buses cannot reach it during heavy rains and ice storms. Charlevoix built a new high school that disrupts the township's master plan.

But even if schools complied with master plans, there would still be problems with local zoning ordinances, which often encourage sprawling development. Large building setbacks, requirements for very big parking lots, severe limitations on building heights, and the mandated separation of commercial from residential development make fitting a school into an existing neighborhood very difficult. It's one more reason school districts decide to build at the edge of town, and why towns and villages need to adopt "smart codes" that are friendlier to building or expanding neighborhood schools.
IN 1998 THE ESCANABA SCHOOL Board asked an important question: Should this Upper Peninsula town invest its tax dollars in renovating its aging, 70-year-old junior high school at the center of town or build a brand new one on the outskirts?

To find the correct answer, the school board sent out requests for proposals for renovation feasibility studies to dozens of architectural and construction firms. Twenty-four firms responded. But most asserted an odd proviso — as long as the board guaranteed that their company would receive the design contract, the company would provide the evaluation for free. And when the district superintendent, Tom Smith, replied that the district would prefer to pay for the study, two-thirds of the firms walked away.

As it turns out, not only is this scenario actually quite common, it’s a key reason why so many school boards decide to build new facilities rather than renovate old ones. The truth is, schools that use free evaluations too often only get what they pay for.

Indeed, Escanaba’s experience raises serious questions about the no-cost evaluations that so many communities use to help them decide what to do with older buildings. Since the companies are covering their own expenses for their evaluation, it’s difficult for them to spend a lot of time evaluating an old building’s structural, mechanical, electrical, and environmental issues. And when it’s time to estimate renovation costs, it behooves these same companies to present worst-case scenarios that protect them if they actually do land a restoration job instead of the much more predictable construction project.

The result, some school officials say, is that consulting companies provide inordinately high estimates for renovation; districts then decide it is better to simply build a new facility.

A Closer Look Favors Renovation
Fortunately for Escanaba, Mr. Smith decided to pay for the evaluation and hired the Kalamazoo-based Diekema-Hamann Architects, Inc., which, the superintendent said, submitted one of the most thorough proposals for building analysis the board received. To the board’s surprise, the firm concluded that renovating the old school would cost about the same as building a new one — approximately $7 million.

At this point, the school board was leaning towards building a new school, figuring that would be the wiser investment. Most consultants would stop right there and recommend a new school.

But as word of the school board’s intent to build instead of renovate made its way around Escanaba, it prompted a strong, quite different reaction from homeowners who lived by the old school.

“We couldn’t see losing the middle school to a new school,” said Gilbert Cheeves, an engineer who owns the Marina Company in town, lives near the school, and helped lead the renovation campaign. “It’s a magnificent building.”

Mr. Cheeves and his colleagues...
Architects pointed out that, even at the same price, renovation provided a significantly better value.

collected 1,600 petition signatures favoring renovation and presented them to the school board in 2000. Mr. Smith and the school board responded by agreeing to Mr. Cheeves’ request for eight public meetings on the question. Mr. Cheeves became very involved in the process, repeatedly asking participants, “What is important to you and what can you compromise on?”

Pro-renovation citizens rallied around an unexpected piece of information provided by Norm Hamann, Diekema-Hamann’s prime architect for the evaluation. He pointed out that, even if renovating cost the same as building new, renovation provided a much better value.

“We thought it was useful to answer the question of how much it would cost to duplicate the current junior high school, not just build a new one,” Mr. Hamann said. He explained at community meetings that the old school had assets that just couldn’t be replicated in a new facility. The old school, in fact, boasted a 750-seat auditorium rivaling any theatre in Michigan, plus rock-solid construction and classic 1930s brick and masonry architectural treatments. That’s why, he said, “when we concluded our analysis, [we found] that it would cost $12 million to build the same school — the renovated school would be worth $5 million more than a new school built outside of town.”

The school board’s scientific survey of the community’s views on renovation and new construction found an even split. Basing their choice on gut instinct and a heightened awareness of the community’s feelings, the superintendent recommended and the board approved a bond proposal for renovating the existing school. It passed by a resounding 24 percentage points.

The project had its skeptics.

“I just couldn’t see how this dark, musty building could be anything else,” said Bob Koski, the junior high school principal who had lived with the old building for 11 years and survived the mess, racket, and inconvenience of renovation.

According to Mr. Hamann, Principal Koski had his arms crossed throughout their first conversation and insisted that he’d rather have a new school. But, according to the architect, Mr. Koski has now become a firm believer in renovation.

“After the possibilities became apparent, he has been the best client we’ve ever worked with, involved and supportive every step of the way,” Mr. Hamann said of the principal.

Superintendent Smith said the process also taught him something: A school district must spend the money to look very carefully at the facts, rather than use a quick, “free” process when evaluating an old building. The more thorough the investigation, he said, the more likely it is that renovation makes more sense than building new.

Mr. Smith is backed up by something that is hard to argue with — the newly renovated Escanaba Junior High School. It opened this fall and is now a spectacular building with a new classroom wing and gymnasium and a wonderfully remodeled main wing with a new media center, music room, and shop. By fighting sprawl and saving taxpayer dollars, the revived school brightens downtown Escanaba’s future.
A History Lesson from Jackson

Preserving old schools can pay millions in dividends

Are old high schools really unfit for serving modern-day curriculums? Planning consultants say today’s students need more than the 25 acres that a typical urban high school offers for athletic fields and parking lots. Engineers say the old wiring, unusual rooms, and antique heating and cooling systems are too expensive to renovate.

Nevertheless, public school officials in Jackson, a southern Michigan city of approximately 36,000 residents, rejected such conventional wisdom. They hired independent consultants to help them determine renovation’s true costs; in 1999 residents overwhelmingly approved a millage request for a $24.9 million reconstruction of the 66-year-old Jackson High School.

Today more than 1,700 students in four grades spend their days in a beautiful building that blends grand spaces with the needs of students who expect cutting-edge facilities.

And Jackson High’s renovation shows how modernizing the past brings educational excellence and economic dividends. Jackson High School: Grand spaces and cutting-edge facilities.
stability. The Michigan Land Use Institute compared the value of homes within one-half mile of an operating elementary school with the value of homes in a similar neighborhood with a closed elementary school. The study found that, over a decade, home prices increased 3 percent a year faster in the neighborhood with the open school than in the one with the closed school. Had property values in the second neighborhood risen by the same amount, it would have added almost $2 million to city, county, and school tax revenues.

Jackson’s citizens didn’t know this when they decided to renovate rather than build new outside of town, but their instinct for historic preservation told them that abandoning the old school might hurt the city’s economy and spirit.

So the district spent $20,000 for an independent study of the building by a local architectural firm, Dabbert and Flemming. The study debunked the myth that it’s more expensive to renovate than to build new; in fact, renovation was between 20 and 50 percent less expensive, even when adding a modern science wing.

The board sold the renovation to voters by recruiting two respected community educational leaders to spearhead the millage campaign — Earl Hollman, Jackson High’s principal from 1947 to 1978, and Bob DuBois, an admired teacher and administrator. The bond passed 3,623 to 740.

The toughest part was executing the project while school was in session. It wasn’t pretty, but there are few regrets.

“This is my third classroom in three years,” sighed Pamela Kunkel-Chappell, an English teacher. “But I’m thrilled the decision was made to remodel — this is a great school and a great place to teach.”

“I’m glad it’s over,” said Jim Braham, the principal. “Running a school through a three-year building renovation process has its challenges. But everyone’s been great — from the overwhelming community support on the bond issue to the kids, teachers, and parents. And the end result is spectacular — it’s like having a new building.”

AFTER SCHOOL ONE RECENT afternoon, a group of students waited by the main entrance of the $67 million, 352,000-square-foot Holt High School, one of Michigan’s newest and largest public schools. Inside, students swam in the eight-lane pool. The boys basketball team practiced in a sunken gymnasium that has room for thousands of fans and a running track. The cheerleaders worked out in a weight room that rivaled a private health club’s. Outside, a football stadium, practice fields, tennis courts, and parking lots cover what was once farmland and form a perfect circle around the school.

When asked whether they liked the new school, which replaced a 1970s-vintage facility that was much closer to Holt’s downtown, the kids smiled and said they liked the bright hallways, modern wired classrooms, and food court-style cafeteria. “It’s a model school and I’m a model student,” one of them said.

But just what sort of model does the new high school represent?

Holt’s and the State’s Dilemma

Not long ago Holt was a sleepy farming community. But no more: Young families moved out of nearby Lansing and East Lansing to settle in the more rural, less expensive region and pushed Delhi Township’s population up 18 percent between 1990 and 2000, to 22,600 people. It has grown nine times faster than the rest of Ingham County. A remarkable one third of its residents are under 19.

Before 2000, Holt had a high school, a school for freshman, a middle school, and six elementary schools that served 5,311 youngsters, a number that grew by 300 students annually. That year, school district officials and the community debated building a new high school. In a hairbreadth election decided by seven votes, out of 4,893 votes cast, residents approved a $73 million school bond millage to build the new high school and renovate the middle school.

The high school is single-handedly transforming Holt’s landscape. To help Holt High and encourage new development around it, Delhi Township spent $725,000 to extend a sewer line there and beyond, to the township line. Subdivisions are springing up in fields faster than the corn that used to grow on them.

The new high school was designed to ease classroom overcrowding by serving 1,500 students. But so many families are attracted to the school that its enrollment will likely exceed capacity within two years.

Holt now faces a choice that is becoming all too common in Michigan’s rapidly developing rural communities. At a cost of many millions of dollars, it can build still more classrooms that nevertheless may soon become empty as new, young families skip over Holt and move to the next ring of development outside Lansing. Or Holt could choose not to build and see families flee as overcrowding ruins its reputation.

Holt’s dilemma is a product of the constantly shifting expectation of Michigan’s citizens and the state’s hands-off school financing and land use policies.

Lessons Learned

In Hard Lessons: Causes and Consequences of Michigan’s School Construction Boom, the Michigan
TEN RECOMMENDATIONS

The Michigan Land Use Institute has developed a series of recommendations that will save homeowners and businesses significant amounts of money, enhance the integrity of existing neighborhoods, and improve Michigan’s economic competitiveness and quality of life by encouraging the renovation of older buildings and the construction of new ones closer to town. These policies will lead to improved buildings and school programs.

We found convincing evidence of the effectiveness of these recommendations in districts throughout Michigan where school boards pursued independent information about their facilities’ needs and modernized existing neighborhood schools instead of constructing new buildings outside of town. In every case this improved students’ education, pleased parents, reduced costs for businesses and homeowners, and strengthened neighborhoods and communities.

Currently the State Superintendent of Public Instruction has exclusive jurisdiction over all aspects of school renovation, construction, and site design. But the State Legislature can also play a key role in school construction. We urge the state superintendent and the Legislature to use their authority to implement the following policies.

STATE SUPERINTENDENT

1. Help school districts develop processes that invite richer and broader discussion with all segments of the community about how best to provide better facilities, preferably in town.

2. Establish renovating existing schools as the top priority; constructing new schools in existing neighborhoods the next priority; and constructing new schools in farm fields the last resort. Schools must conserve land and reduce costs through more efficient site design and sharing playing fields, athletic stadiums, and recreational facilities among different schools and the community.

3. Ensure that school districts provide safe routes to school so that kids can walk or bike to their classes and to after school activities.

4. Encourage districts to improve their system of assessing the condition and capacity of all school facilities by paying for independent assessments that provide truly accurate information about the costs of both renovation and new construction. These assessments must include a comprehensive comparison of the costs of building a new school versus renovating an existing one, including all short- and long-range land, infrastructure, staffing, and transportation expenses.

STATE LEGISLATURE

5. Require that whenever new construction is warranted, districts must build new schools where paved roads and stormwater, sewer, and water service are either available or already planned for and financed.

6. Amend the Michigan School Bond Loan Program to strongly encourage schools to stay in existing neighborhoods.

7. Require school boards to submit much more rigorous analysis and technical justification for closing existing schools to the Michigan School Bond Loan Program in order to gain loans to build new ones. Currently, the program routinely approves applications that have scant justification for closing existing schools.

8. Provide additional incentives, such as tax-increment financing tools, to upgrade school buildings in urban school districts to level the playing field with their suburban neighbors.

STATE SUPERINTENDENT OR LEGISLATURE

9. Require districts to submit site plans to local, county, and regional planning commissions for review and comment to assure that they are consistent with local master plans.

10. Persuade districts to submit long-term construction and improvement plans to local governments for review and comment. School boards and local government should ensure that such plans are incorporated into community master plans.
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**METHODOLOGY**

Because school development decisions are such intensely local issues, much of the information we sought for this report is in the superintendent’s office in each of the 553 public school districts. *Hard Lessons* required months of research, hundreds of hours of interviews, and thousands of miles of travel to document how school development decisions are made and how they affect the community.

There are a few sources that compile statewide information: The Michigan School Bond Loan Program has 20 years of reports on the schools it finances, which is approximately 75 percent of the state’s public school construction. Also, the state Office of Fire Safety maintains current information on closed schools.

In all, over 70 other sources of information on school development were reviewed and approximately 120 interviews were conducted.

We compiled case studies in a variety of school districts to better understand how school districts and citizens decide to renovate old buildings or build new ones, and where to build. We interviewed school staff, board members, parents, students, and citizens and reviewed many financing and construction documents. Our findings: The more extensively a school district engaged its citizens and the more intensively it studied existing facilities, the more frequently the district decided to either renovate existing buildings or construct new facilities near town centers.

Special thanks to Tara Penders for her tremendous support as part of her Masters of Urban Planning project at the University of Michigan. She is an architect who was involved in school design and construction who wrote her masters thesis on school development and land use.

**RESOURCES:**

- PEOPLE AND LAND: http://www.peopleandland.org
- MICHIGAN SCHOOL BOND FUND: http://www.michigan.gov/trasury/0,1607,7-121-1751,2217,3830—.00.html
- OFFICE OF FIRE SAFETY: http://www.michigan.gov/cis/0,1607,7-154-10575—.00.html
- STANDARD AND POOR’S SCHOOL EVALUATION SERVICE: http://www.ses.standardandpoors.com/
- MICHIGAN SCHOOL DISTRICTS: http://www.mich.infomichigan/education/schooldistricts.htm
- NATIONAL CLEARINGHOUSE FOR EDUCATIONAL FACILITIES: http://www.edfacilities.org/
- NCEF SMART GROWTH AND SCHOOLS: http://www.edfacilities.org/rl/smart_growth.cfm
- COUNCIL OF EDUCATIONAL FACILITY PLANNERS: http://www.cefp.com/
- SCHOOL CONSTRUCTION NEWS: http://www.schoolconstructiononnews.com/
- MICHIGAN ASSOCIATION OF SCHOOL BOARDS: http://www.masb.org/
- MICHIGAN SCHOOL BUSINESS OFFICIALS: http://www.mshbo.org/
- NEW SCHOOLS, BETTER NEIGHBORHOODS: http://www.nsb.org/
- SCHOOL PLANNING AND MANAGEMENT: http://www.peterli.com/spm/index.shtm
- KIDS WALK TO SCHOOL: http://www.cdc.gov/nccdphp/dnpa/kidswalk/
- SCHOOL AID AND SCHOOL FINANCE – MICHIGAN DEPARTMENT OF EDUCATION: http://www.michigan.gov/mde/0,1607,7-140-6530_6605—.00.html
- SCHOOL FINANCE BEFORE AND AFTER PROPOSAL A – MICHIGAN HOUSE AND SENATE FISCAL AGENCIES: http://www.senate.state.mi.us/sfa/Publications/JointRep/FinPropA/95Comp.html
WHAT LEADERS ARE SAYING ABOUT BUILDING SCHOOLS IN MICHIGAN

“The kind of Michigan our grandchildren will know in the future is based, in part, on how and where we decide to educate our children today. Building schools in our existing towns and neighborhoods will help ensure that we protect the land that helps feed our families and our souls.”
— JENNIFER GRANHOLM, Governor of Michigan

“School facilities are a critical element in the education formula. Some of our schools are state of the art and others are in a state of disgrace. A world class learning environment requires the latest technology, excellent classroom and other facilities, functional mechanical systems and, importantly, a community connection. There are hundreds of examples where these needs are best met by renovating existing schools and preserving the sense of community. Where we can, we should revamp and improve our existing school buildings.”
— TOM WATKINS, State Superintendent of Public Instruction

“I encourage school leaders to learn from the lessons in this report. Greater community involvement and better communications can ensure that school location decisions compliment local land use plans. Taking a few extra steps in the process will pay dividends in the long run for the community, the school, and the taxpayers.”
— JIM BARRETT, President, Michigan Chamber of Commerce

“Any decision about where to build a school requires broad community discussion. It should always include the local governments who will be required to meet the increased demands for services that new schools will bring. Unfortunately, today these governments have little say in the matter.”
— VALDE GARCIA, State Senator

“Planning for our schools must also include planning for our communities. By developing their long-range plans together, schools districts and local governments will ensure that schools both use existing infrastructure and fit into the community's master plan.”
— Phil LaJoy, State Representative