

Master Plan Update 12

Transformation impacts

January 19, 2010

The scope of the transformation plan being considered by the Cleveland Metropolitan School District clearly extends far beyond matters normally monitored by the Bond Accountability Commission, namely the school construction and renovation program and the spending of taxpayer money authorized under Issue 14. However, the transformation plan, if adopted, would have an impact on those matters.

- **Master Plan excess capacity.** As reported by the BAC in December 2009, a draft enrollment forecast done for the Ohio School Facilities Commission (OSFC) indicates that under OSFC rules the District will have to reduce its construction Master Plan of 2008 by enough space to accommodate 3,915 preK-8 students and 594 high school/vocational students. This can be done by eliminating entire schools from the Master Plan, by trimming the planned size of schools in the Master Plan, or a combination of both. The District has not released comprehensive details of planned adjustments to the Master Plan, but the transformation proposal does call for closing some Master Plan schools.
- **Matching construction to enrollment.** BAC reports in August 2008 and December 2009 also noted that the Master Plan of 2008 appeared to provide for far more preK-8 school space than enrollment trends indicated was likely to be needed in some of the District's academic neighborhoods. The transformation plan begins to address that issue.
- **Issue 14 expenditures.** Spending of proceeds from bond and note sales authorized by Issue 14 occurs in several ways: payment of the District's 32 percent share of construction costs co-funded by the OSFC; total payment for construction features not co-funded by the OSFC, such as auditoriums and some athletic facilities, in Master Plan schools; and total payment for improvements to buildings not included in the OSFC-funded Master Plan. Issue 14 also includes a continuing 0.5-mill property tax, which funds a maintenance reserve fund required by the OSFC for new schools but which also has funded locally funded improvements to non-Master Plan schools. It appears that the transformation plan, if adopted, would affect spending of Issue 14 proceeds by eliminating some schools from the Master Plan and by providing for improvements to schools that are not currently part of the Master Plan. The District has not released details of the capital spending that would be required to implement the transformation plan.

Master Plan excess capacity

The OSFC will co-fund enough new or full renovated school space for every student that its enrollment forecasts predict for the final year of the Master Plan construction program, currently designated as 2017. A 2006 OSFC-commissioned forecast forced the School District to revise its Master Plan in 2008 to include the equivalent of 76 schools, down from 111 in the Master Plan of 2002, and to reduce the planned size of a number of schools. The District designated 47 schools (including some not included in the original Master Plan) as “maintain-only” schools, meaning that they would remain open and maintained as long as they were needed.

Now the new 2009 forecast will require further Master Plan reductions as already noted.

In essence, the OSFC policy means that by the end of the construction program, the District should be able to close every one of its “maintain-only” schools and still have enough new or fully renovated space to accommodate all of its students. Closing all those schools in a district as geographically large as Cleveland’s, however, would present a need for very costly busing to transport students who no longer had a school within walking distance, defined by the District as two miles for elementary students and three miles for high school students.

Still, the transformation plan recognizes that, because of a 30 percent decline in enrollment in the last decade, the District today does not need all the schools that it is operating. The plan calls for closing 16 elementary schools and two high schools. However, 11 of those schools were maintain-only schools in the Master Plan of 2008. This means that although their closures would save the District a significant amount of operating costs, they would do nothing to accomplish the further Master Plan reductions required by the new enrollment forecast.

The District has not released information about any transformation-plan adjustments to the proposed size of its Master Plan schools. For example, the Master Plan of 2008 calls for building a new Dike preK-8 for 450 students in the construction program’s Segment 8 and a new Stokes Academy preK-8 for 450 students in Segment 10, but the transformation plan calls for building only a new Stokes Academy on the current Dike site. The plan is silent on the size of that Stokes Academy.

What is clear, however, is that the transformation plan would eliminate Charles Lake (400 students) from Segment 4, Forest Hill Parkway (350 students) from Segment 5, Alexander Graham Bell (350 students) and Gracemount (450 students) from Segment 6, Empire (450 students) and Brooklawn (450 students) from Segment 7, and the previously mentioned Dike (450 students?).

That would be a total reduction of 2,900 elementary-school slots from the Master Plan of 2008, leaving 1,015 more to be eliminated if the draft enrollment forecast is not amended. The additional reductions could be accomplished by additional closures or by simply paring the planned capacity of 10 to 20 schools.

The other nine elementary schools that would be closed under the transformation plan were not part of the Master Plan of 2008 and thus their closure would have no impact on the requirement to reduce Master Plan capacity.

For the same reason, the transformation proposal to close South and East high schools would have no impact on the expected OSFC requirement to reduce Master Plan high school/vocational slots by 594.

Matching construction to enrollment

The Master Plan of 2008 – geared to a completion year of 2015 -- did match the district-wide student capacity of the construction program to the latest enrollment forecast at the time. However, the BAC has reported that it distributed the student capacity in a way that appeared to give some of the District's 10 academic neighborhoods too much space and, conversely, a few neighborhoods not enough.

In fact, the East, East Tech, Glenville and Adams neighborhoods were planned for more elementary students in 2015 than they have now, despite the trend of steep enrollment decline. The Lincoln-West and Kennedy neighborhoods were planned for at least 95 percent of the students they have now. The Marshall neighborhood was planned for only 75 percent of the students it has now, 87 percent if the Newtown Baker school is kept open and improved outside the Master Plan as previously planned.

By proposing to eliminate seven elementary schools from the Master Plan of 2008, the transformation plan addresses that problem in some cases. In addition, the transformation would shift some elementary schools from one neighborhood to another, which slightly changes the comparison of planned capacity to current enrollment. Accounting for those shifts and the proposed closure of Master Plan schools, the remaining 2008 building plan would provide for the following percentages of the current enrollment:

- **Collinwood, 90.3 percent.** No Master Plan changes are proposed in this neighborhood. Only one Master Plan school, Iowa-Maple, remains to be built, and it is already at the OSFC minimum size of 350 students.
- **East, 99.47 percent.** Alexander Graham Bell would be eliminated from the Master Plan, leaving the percentage too high given the enrollment trend. But, as previously reported, the damage of overbuilding in East was done in Segments 2 and 3 of the construction program. Only one other Master Plan school, the 375-student Case, could be eliminated or reduced in size (by 25 students).
- **East Tech, 81.3 percent,** assuming that the size of the new Stokes is not increased. Given the historical enrollment trend, this is probably an appropriate percentage, accomplished by elimination of Dike and shifting Willow to the South neighborhood.
- **Glenville, 68.9 percent.** Glenville had been at 121.8 percent, but the District is proposing to eliminate three Master Plan schools. The problem with Master Plan overcapacity in Glenville has been a 57.6 percent loss of elementary enrollment in 12 years and the construction of Franklin D. Roosevelt school for 1,115 students in Segment 2. Now care should be taken that the proposed closures do not shift the pendulum too far the other way.
- **Rhodes, 83.2 percent,** 112.3 percent if the Benjamin Franklin school is kept open and improved outside the Master Plan as previously planned. If Franklin is kept,

the neighborhood has two Master Plan schools that could be trimmed in planned size.

- **Adams, 118.1 percent.** Even with the official shift of the new Jamison to the Kennedy neighborhood, Adams remains on pace to have far more space than it will need by the end of the construction program, especially considering that it has lost 61 percent of its elementary enrollment in the last 12 years. The neighborhood's Paul Revere, Woodland Hills and Buckeye-Woodland schools are all planned to be built for more students than they have now.
- **Kennedy, 73.5 percent.** This reflects the proposed closure of the Master Plan's Gracemount and the official shift of Jamison from the Adams neighborhood.
- **Marshall, 57.7 percent, 77.1 percent** if the Newtown Baker school is kept open and improved outside the Master Plan as previously planned. These percentages reflect the proposed elimination of Brooklawn school and the official shift of Joseph Gallagher school from the Lincoln-West neighborhood. Even with the shift, Marshall is easily the District's most stable neighborhood for elementary enrollment, having lost 22 percent in 12 years. Considering that stability, the percentages seem too low, suggesting that consideration should be given to making Baker a Master Plan school. The saving grace might be Gallagher, which will be losing its K-8 Newcomer program to Thomas Jefferson in the Lincoln-West neighborhood, which could free up space, albeit 70-plus blocks from Marshall.
- **Lincoln-West, 98 percent.** The percentage is too high, but the neighborhood has eight elementary schools planned for Segments 5-10 that could be trimmed in size. A big question is whether the new Thomas Jefferson being built for 785 students in Segment 4, which is not replacing an existing school, will draw enough students to fill it. If it does, the other schools need not be as large as planned.
- **South, 97.7 percent, 115 percent** if Fullerton is kept and improved outside the Master Plan as previously planned. These percentages are clearly too high. Before Willow was shifted to the South neighborhood under the transformation plan, the South percentage had been 85.2 percent. As a bookkeeping move, the Willow shift improved the East Tech percentage, but shifting Willow to a neighborhood where the namesake high school is to close may mean little. The big problem is that under the Master Plan of 2008, Willow is planned for 450 students, but it has only 209 this year.

Issue 14 expenditures

The school closures outlined in the transformation plan would save roughly \$46.6 million in District construction and improvement costs, not adjusted for inflation -- \$32.6 million from eliminating Master Plan schools and \$14 million by eliminating previously announced locally financed improvements to Audubon and Tremont elementary schools and East High School, which also would be closed.

The School District had previously estimated the need for additional bond authority -- beyond the \$335 from Issue 14 -- to fully implement the Master Plan of 2008

and various improvements at \$188 million to \$217 million, depending on the availability of certain non-tax revenue sources.

The proposed closures could therefore reduce the need for additional bond authority to \$142 million to \$171 million.

However, the transformation plan also includes various elements that could require expenditure of Issue 14 money for improvements or alterations at a number of schools, which would reduce the capital savings from closures. These cost of these improvements and alterations are likely to be paid solely with local tax proceeds, without matching funds from the OSFC.

Until the School District provides an itemized capital budget for implementation of the transformation plan, the BAC cannot assess the total financial impact of the proposal on the District's capital-improvements budget. In the meantime, we can only list probable areas of expense:

- The District will incur expenses in closing buildings for such things as boarding up windows, installing security fences, removing furnishings and equipment, winterizing plumbing, etc. The extent to which those costs will be assessed to capital budgets is unknown. Any demolitions clearly will be capital costs. Recent school demolition costs in the District have ranged from about \$300,000 to slightly more than \$1 million.
- The transformation plan for East Tech High School includes establishment of a separate 9th-grade academy within the school. The transformation plan presented publicly by the District includes the notation "prioritize facility capital dollars." Under the Master Plan of 2008, part of East Tech is to be renovated in Segment 10 of the construction program for 431 students.
- Collinwood High School is also proposed for establishment of a separate 9th-grade academy within the school, but there is no notation about capital spending. Collinwood is not part of the OSFC-funded Master Plan of 2008, although the District budgeted \$5 million in local money for improvements to the school during Segment 8 of the construction program.
- The transformation plan for Glenville High School calls for moving the all-boys Ginn Academy (grades 9-12) to the building and establishing a girls 9-12 academy there as well. The presented plan includes the notation "will prioritize capital dollars to prepare facility." Under the Master Plan of 2008, Glenville is to be replaced in Segment 9 of the construction program.
- The transformation plan for Jane Addams Business Careers and Design Lab High School includes the notation "prioritize capital dollars to expand industrial design lab." Jane Addams is not included in the OSFC-funded Master Plan of 2008, meaning improvements will not be co-funded by the OSFC.
- The transformation plan for Martin Luther King Jr. High School includes the notation "prioritize capital dollars [to] prepare building for additional students over time." MLK is not included in the OSFC-funded Master Plan of 2008, meaning improvements will not be co-funded by the OSFC.

- The transformation plan for the MacArthur, Valley View and Warner single-gender elementary academies includes the notations “prioritize facilities expansion in Master Plan to provide room to grow” and “needs larger building to accommodate growing program.” The District’s gender academies now serve grades preK-4 and will expand to preK-8s in the next four years. The notations suggest that the District anticipates either building an addition to MacArthur, which has an OSFC-rated capacity of 248 but already has nearly 200 students in grades preK-4, and to Valley View, which has a preK-4 enrollment of 155 and an OSFC-rated capacity of 207, or it plans to move these academies to unspecified larger Master Plan schools. The latter possibility would entail some moving expenses and perhaps the expense of closing the old schools. MacArthur and Valley View are not OSFC-funded Master Plan schools, which means any additions to them would be financed only by local tax money unless the Master Plan is changed. Warner is an already completed Master Plan school built for 570 and having a preK-4 enrollment of 269, so it is questionable whether a larger school is truly needed.
- The Kenneth Clement Boys Leadership Academy is to be moved into the Euclid Park school being built for 351 students, which is expected to open for classes next August. The move may entail some capital expense as well as the cost of closing Clement.

Conclusion

The District’s transformation proposal deals with many matters outside the BAC’s purview. If adopted, however, it would significantly address the need to reduce the Master Plan of 2008’s overcapacity of preK-8 space as indicated by the OSFC’s new enrollment projection.

The transformation plan also has a positive impact on some of the imbalances between expected neighborhood elementary enrollment and the capacities provided by the Master Plan of 2008. More work clearly needs to be done in this area, whether technically through the transformation plan or otherwise.

The transformation would have a significant impact on the spending of Issue 14 tax proceeds, partly by eliminating seven Master Plan schools but also by changes planned for many other schools. The BAC cannot assess that impact until the District releases a capital budget for those changes.