

## VM AND PUBLIC EDUCATION – SELLING IT TO THE UNINITIATED

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### ABSTRACT

The application of Value Management to public education issues and projects is rare in New York and many other states, in spite of successes in Washington and Virginia. It is difficult to sell VM to those uninitiated in its success, especially in the volatile world of public education. How to sell it will be discussed, from the grass roots level to the Governor. Examples will be given of VM success in one large school district and the lessons learned will be shared.

### INTRODUCTION

With an 18 year background in planning for wastewater and solid waste facilities, with population projections and regulators galore, the task of planning for education as a school board member did not appear daunting. Funny how wrong one can be when he has no experience on which to base a decision. When will a new housing development explode? What's the birthrate in the district? How many kids will switch from parochial schools to your school at ninth grade? When will the state budget get passed? And will the public approve a \$14 million computer technology referendum when two local factories have just closed their doors??

In many areas of the country, the only taxes which the public has any direct influence on are their school taxes. Spending the public's money gets very difficult when they have to approve it by direct vote. Money is tight! Shared decision making is here to stay and everyone wants to be heard. Local politics are volatile since every issue is so close to home. In this atmosphere, why doesn't every school district use VM for its capital programs? For VM to step into the breach,

it must be sold! How we sell it to the "uninitiated" leaders of education is the topic of this discussion.

### THE GRASS ROOTS CONDITION

Why do some people get so excited about school taxes? While it's true that these are the only taxes over which most people perceive they have some control, the real reason comes down to cash flow. In the average household, money is tight. There are fixed income households. Many homes have two parents working to make ends meet, some with kids in college. All this is exacerbated in single parent homes. Even households with plentiful incomes think money is tight as they pay for the bigger house and the fancier cars. Who wants to pay more school taxes?

Many voters vote negatively because they don't understand why the costs of education keep rising. Buildings that handled 2500 students in the 1960's when they attended can now barely house 2000 students due to new state mandates added over the last 30 years. Talk of additions is met with disbelief. "You want to spend \$14 million on computers? My kids didn't have computers and they turned out better because of it. If they need computers, let their parents buy them." "Yes, education is important, but why should teacher's get a raise every year when I haven't had one in three years?" And so people get excited.

To further complicate matters, in the interest of fairness, shared decision making became a mandate. The parents, teachers, students, taxpayers, administrators, and even school board members participate in the decision making process. A committee of 30 is now the norm.

This has two effects. It increases the expectations for what should be done i.e., a longer wish list. It also takes much longer now to reach a decision.

The path to a public referendum is a long and usually torturous one. A decision must be reached that a project is needed. Requests for Proposals go out to hire an architect and possibly a construction manager. Schematics and estimates are completed and tax impacts are calculated. A referendum date is scheduled (not as easy as it sounds) and the selling begins. With fingers crossed, the vote is held. If passed, design development is completed, State approval is obtained, and final design is completed, hopefully in time to receive contractor bids and award a contract in time for summer construction.

Where does VM fit into this picture? What if it undoes what the committee of 30 suggested? What if it changes something the State has already approved? The answer is to employ VM early and often in this process, as the examples in this paper will show. Some VM tools should be used to help the committee of 30 to reach good decisions. A formal VM workshop can help to launch the design team into schematic design with fast, cost-effective results. If needed, a formal VM workshop can be held late in design development, prior to submittal to the State.

#### THE STATE GOVERNMENT

The State is a big player in education in most parts of the country. New York is used as a real life example here but is probably fairly typical. New York gives state aid to the school districts, along with mandates as to what is expected of the district. We need to explore both of these functions of state government to see how we might convince the state to mandate VM. As is evident in the State of Washington, the State can play a major role as a proponent of VM.

In New York, State Aid flows to the school districts through a convoluted set of formulae which no one understands except, theoretically, a small group of people in the State Education Department (SED). When the newspaper says State aid has gone up 4.9%, and you're getting a 0.67% reduction while the affluent adjacent district gets a 10% increase, it's hard to be confident in the formulae. (Did I mention the State budget is always late?) To further complicate matters, you get your building aid the year after you spend the money. So each year, you work with the SED people to determine the eligibility of your projects, tweak the formulae, and maybe back off some mandates so you don't get strung up by your local taxpayers.

In this scenario, repeated for thousands of districts statewide, how do we introduce the concept of VM? SED is most likely too busy to even discuss it with you and, even if they did, their marching orders come out of legislation. Therefore, the basic function of the task is to LEGISLATE VM. It has worked at the Federal level and in some State (Washington) and local governments. To pull it off, someone is needed to sponsor VM legislation through the legislative branch, as successful at the Federal level, or to introduce it through the executive branch, i.e. the Governors office.

The author has experienced better luck in New York with the executive branch. A letter to the Governor concerning the success of VM in education in the State of Washington was sent to the right hand man and eventually found a positive response from SED. What at first appeared as "passing the buck" must have been the Governor's method of running it past his experts. The top man at SED consulted for hours with the State of Washington education people. Lo and behold, the 1997 budget proposal for education from the Governor had a VM clause in it. It did not survive. The 1998 budget proposal has another clause calling for VM on all school projects over \$2 million. Looks like the Governor's staff knows a winner when they see one. Maybe it's time you alert your Governor about the long term success of the State of Washington program. Isn't ammunition like that what every politician is looking for?

In the best case scenario, the Governor's clause will become an SED mandate for VM. Then SED will fit VM into the convoluted state aid process, with a little help from its "friends", i.e. school districts like North Syracuse whose experimentation with VM has been both successful and instructive, as detailed later.

#### THE GRASS ROOTS

Is anyone else out there impatient? Do the wheels of State government grind too slowly? If so, selling VM to the grass roots decision makers is the best course of action. As discussed above, public education is about as grass roots as it gets. (School boards actually do decide what kind of grass roots will go into the new athletic fields!) However, its not an easy sell. If you've been living mandate to mandate, how anxious will you be to impose a new one on yourself.

There are three ways to get to your school board. One, convince the school board members themselves that VM is a great idea. Two, convince the school district administration, especially either the superintendent or the business manager, that VM is a

great idea. They can then sell it to the school board very easily. Three, get elected to the school board and make it an inside job. Maybe that seems extreme. If so, read "Stewardship and the Value Practitioner", SAVE International Proceedings, Vol. XXXII, PP. 166-170.

In selling VM to school board and/or district administration, one faces the same misunderstandings VM practitioners always face. "It's just cost cutting! We don't have the time! Just what we need, another layer of decisions! I thought we hired the architect to give us good value! Why'd we hire a construction manager? We can't afford VM!" We've all faced selling VM to the uninitiated and, although its not easy to sell VM to someone who has not experienced it, we know what to say. There are, however, certain benefits of VM which have a particularly strong appeal to a school board.

The perceptions of the voting public are never far from the thoughts of a smart school board member. You could put up the most needed referendum and have it shot down because the teacher's have a four year contract with a 3.5% raise each year while your community has an 8% unemployment rate. How the school board spends the voting public's money establishes that perception. If I can tell the public that the cost of what they're about to vote on was reduced 15% by something called VM, they perceive your spending their money wisely and your chances of success increase dramatically. Frankly, most don't even care what VM is! The perception of wise spending is a big benefit to the school district. To obtain the benefit, the VM successes must be freely publicized.

A second education related benefit of VM is its power to take a committee of 30's concepts and meld them with an architect and his design team. Shared decision making is based on reaching consensus, as is the VM process. Introduce the desires of the committee to the design team in the multi-disciplined, function oriented, and creative atmosphere of a VM workshop and you have the perfect vehicle for translation of shared decision making to conceptual plans.

Finally, the focus of VM can be directed to a goal more important to the school district than total project cost. What is the local share? With the complex building aid formulae, the two don't always go together. For example, more aid is generated by building new classrooms than by building a new principal's office. Therefore, renovate an old classroom to be the office and replace it with a new classroom. The district receives the same functions, possibly at higher total cost, but definitely at a lower local cost and, subsequently, a lower tax rate.

Committee membership can actually offer an even lower grass roots opportunity to introduce VM. It may not be as visible or as quantifiable, but may in the long run have an even bigger impact on district expenditures due to the formative nature of the committee's work. The first example that follows reflects this power.

#### EXAMPLE – COMMITTEE VM

A committee of approximately 30 was formed to decide how the North Syracuse school district should proceed with facility needs in the wake of failure of a \$90 million referendum. The committee was a mixture of parents, taxpayers, teachers, district administrators, an occasional board member, and the district's architect. This contentious group labored for three years, looking at all angles. Recommendations to the school board were continuously bounced back for more study. The big battle was over the configuration of the elementary school grade levels, i.e. should they be K-4 or K-5. K-5, agreed by all to be best academically and championed strongly by the President of the teacher's union, would require additions at each of six elementary schools. K-4 best fit the available facilities and had been very successful in the district for years. Finally, the committee leadership agreed to go through a detailed comparative analysis, identifying and weighing criteria and then creating an evaluation matrix. Reaching into the VM toolbox, the author facilitated two meetings which led to consensus on K-4 as the best value for the district and, finally, acceptance of the committee recommendations by the board.

#### EXAMPLE – SUCCESSFUL REFERENDUM

A proposal to hold a \$14.1 million referendum for district wide computer technology was brought to the North Syracuse school board. Having passed the first referendum in over 20 years just 8 months before, in a district with a horrid track record for voter approval, the referendum was viewed as a necessary risk. As a third year board member, the author volunteered to lead a formal VM workshop on the technology plan. Using the technology committee as the VM team, the VM workshop generated a savings of \$2.1 million on the computer technology plan, with no loss in function. The success of the VM workshop was freely touted in area newspapers and school district literature. The publicity around that savings, and the lower resulting cost of \$12 million, helped the district pass the technology referendum 2:1. The district had succeeded in placing its students ahead of surrounding districts with respect to computer technology while promoting the perception that it spends taxpayers money wisely.

EXAMPLE – PRELIMINARY DESIGN

With two successful referendums under its belt, and one successful VM workshop, the North Syracuse School Board felt better about the District's future than it had in years. However, with seven, 40 year old buildings still badly in need of renovation, the district needed to keep the voter's positive perceptions. Although the CVS was still a volunteer role, it was decided to hire an independent VM Team to study the preliminary design of a major high school renovation.

The risk of this VM workshop was alienation of the 30+ member renovation committee and the shared decision making process in general. To reduce this risk, and to educate key district employees in VM, the District Business Manager, the Director of Maintenance and Operation, and two maintenance crew leaders, all of whom served on the committee, were included on the VM Team. The recently hired Construction Manager was also included on the VM Team as the cost estimator, which allowed him to get up to speed on the project quickly

Although the identified savings were a modest \$1.2 million or approximately 8%, the rearrangement of new and renovated facilities led to a significant increase in state aid eligibility and, subsequently, reduced local share and taxpayer impact. The total estimated savings to the District taxpayers was \$2.7 million. Two senior members of SED attended the final presentation to see first hand the potential of VM and were suitably impressed. This may have had a lot to do with the Governor's inclusion of VM in recent budget proposals.

Perhaps the biggest lesson of this example was learned by revisiting the recommendations with the renovation committee. The recommendations were not very well received. Leadership of the committee was in the hands of the executive principal who liked things his way and was usually not denied. He was skilled at finding chinks in the armor of any proposal and weaving his desires into the pattern of the committee. He was surprised when the VE Team did not simply cave in. The compromise adjustments to the VE recommendations and the renovation plan over two months and several meetings led the District in quite a different direction. The result was a preliminary design which all agreed was much improved over the original design. With total cost savings still in excess of \$1 million, and savings to taxpayers of almost \$2 million, the changes added more instructional space and increased function to the project. The lesson was that VM would be less disruptive, easier to incorporate, less expensive, and therefore, more

valuable if performed earlier in the shared decision making process. This lesson was experienced in the next example.

The benefit of the VM workshop to the District was best expressed by the Business Manager. "VM is an innovative approach to renovation projects..., has taken the school construction business to the next level..., (and) proved to be a very cost efficient exercise, as it saved the District money. More importantly, it was a 'cleansing process' whereby each detail of the design was thoroughly scrutinized to insure that the finished product would meet the needs of our instructional program. Additionally, VM provided for improvements to the design and additions to the scope of the project. In summary, the VM Workshop was a very worthwhile experience which greatly enhanced the proposed renovation project."

EXAMPLE – CONCEPTUAL DESIGN

In concert with the high school renovation, an elementary school renovation and addition project was to be included in the referendum. This design team, led by a different architectural firm, had just identified the needs and wants of this school's renovation committee and had only the most rudimentary conceptual design. The VM workshop would use the design team as the VM team, supplemented by the school Principal, two maintenance crew leaders, and the Construction Manager, to develop the conceptual design for the project.

The VM workshop was a resounding success. Revision of the floor plan of the addition and the site layout from the rudimentary concept led to an estimated 10% total cost savings, in spite of the VM Team decision to include provisions for full day kindergarten in the school. This decision proved to be very forward looking as New York edges ever closer to mandated full day kindergarten. The renovation committee, kept up to date by their VM team member Principal and leader, was very enthusiastic and supportive at the presentation.

When preliminary design was completed based on the conceptual design of the first workshop, and detailed estimates were developed, the Superintendent of the District expressed a desire, echoed by the school board, that the budget for the project be further reduced. A VM workshop was convened on the preliminary design using the same VM team. Although this included the design team, they had already proven themselves to be function oriented, creative, and open minded.

The second VM workshop was more successful

than the first. An additional 10% savings was realized in the project cost while maintaining full day kindergarten, improving the quality of one of the exterior finishes, and adding significant life cycle cost savings. The highlight was a function analysis of the media center/computer lab which led to proper sizing of the media center and an innovative design which integrated the computer lab into the media center, best fitting the technology plan of the District. This allowed two existing classrooms to be retained in their current use, saving construction of two new classrooms. Once again, the renovation committee was enthusiastic and supportive at the presentation.

The benefit of introducing VM at the conceptual level was clearly shown by the elementary school example, especially in this era of shared decision making. The blending of VM recommendations into the design process was almost seamless. The design Architect expressed that the VM workshops were "a new and informative process for us as architects" and that VM was "an interactive, holistic process". As stated by the Principal, "I am very pleased with the outcome of the VM sessions. We improved the original plan and still cut the cost (Not my choice of words) of the overall project. I feel good about going to the voters for approval for our renovation and addition project. We did all we could to create the best package for the best price. VM helped us achieve that goal."

### CONCLUSIONS

As shown above, VM and its various tools definitely have a place in public education. We know about the successes in the States of Washington and Virginia, but VM would succeed equally well in New York and your State. Whether VM breaks in via the Legislative Branch, the Executive Branch, or the grass roots level, it can be successful if you will only champion it until you gain the necessary support. In State government, the benefit to be stressed is lower budgets, less State aid, and lower taxes. At the grass roots level, stress lower taxes, a perception by voters that the school board is spending their money wisely, and resulting successful referendums and projects.

We have learned that VM fits best early in the educational facility planning process, especially in this era of shared decision making. We learned that it can be accommodated in the convoluted funding and approval schedule. We also learned that in certain circumstances, the design team can be the best VM team. Finally, we learned that the uninitiated in education can be sold on VM, yielding excellent testimonials.

As value practitioners and local taxpayers, we all have a vested interest in the success of VM in public education. Use these examples, and the information available from the States of Washington and Virginia, to promote VM to your school board and/or State. Your school district, your State, the value profession, and you personally will benefit if you succeed.