Long-Range Capital Improvement Planning

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Capital improvement planning provides a regular program for budgeting and fiscal planning. A 6-year plan provides the luxury of reflection rather than stamping out fires in the heat of disaster.

long-range capital improvement planning

By Eddy J. Van Meter and G. Kent Stewart

Eddy J. Van Meter is currently Director of the Center for Extended Services and associate professor of educational administration in the Kansas State University College of Education. During the past 10 years, Van Meter has been principal investigator and director of more than a dozen contracted and research studies, several of which have focused on educational facility and capital improvement planning. Van Meter received his undergraduate degree from the University of New Mexico, and both his master’s and Ed.D in educational administration and management psychology from New Mexico State University.

G. Kent Stewart is a native of Indiana where he was a teacher and a school principal prior to completing his doctorate at Indiana University in 1964 where he studied educational administration, specializing in facility planning. For two years following he was director of school facility planning for the State of Delaware. For seven years prior to joining KSU in 1973, he was director of school facilities for the Montgomery County (Maryland) Public Schools where he was responsible for construction of 48 new schools and expansion or modernization of dozens of others. Stewart has done considerable writing and has conducted a number of school building studies in several states including Kansas.

The process of determining needed educational capital improvements can be a regular and orderly planning activity in any size school district through the development of an annual and on-going 5-year capital improvement program. Admittedly, the first such program is challenging and requires a good deal of staff time and effort. Thereafter, however, it is a relatively simple annual task to refine and move forward the next year’s program and to add another year to the total plan.

Typically, the 5-year program (annual plus 5 years) is referred to as the CIP—Capital Improvement Program—and is presented to the board of education as a written budget/planning document specifying required capital improvements along with their probable costs and estimated timetables and statements of justification. Ordinarily, the program is based on a fiscal year format extending from July 1 of one year through June 30 of the next. An annual and 5-year program starting with the upcoming fiscal year would appear as follows:

1. Fiscal Year 1977—July 1, 1976-June 30, 1977
3. Fiscal Year 1979—July 1, 1978-June 30, 1979

Responsibility

The program (budget) document originates with the superintendent of schools, or in larger school systems at his direction and is presented to the board of education by the superintendent. It is the superintendent's recommended program to the board and upon approval annually becomes the board’s CIP to be administered by the superintendent of schools or his designee, usually an assistant superintendent or director of school facilities or perhaps the director of buildings and grounds. The board of education may find it within its wisdom to amend the overall plan annually at the time it reviews the recommended annual plan and the recommended projected 5-year program.

The advantages of moving to a 6-year program are to some extent self-evident. Such a guideline for needed capital improvement expenditures provides the local board with information that permits discussion and board action on a regular, future-oriented and planned basis, thus minimizing potential for capital improvement discussions to become ad hoc reactions to emergency situations. A 6-year program also facilitates continuity and stability during board of education
changes by providing the community, including prospective
board members, with a capital improvement plan of action
that continuously receives public input and scrutiny. The 6-
year planning concept also facilitates an orderly process for
capital improvement financial planning, wherein school
business officials can look toward future expected capital
improvement expenditures, rather than being confronted
with sudden and too often unanticipated financial
obligations. And, finally, the 6-year CIP permits time for
reflective judgment and modification, a luxury not often
afforded when capital improvement planning is done in an
atmosphere of heated debate and usually under pressure of
unrealistic time constraints.

Design
The actual 6-year CIP document should be designed to
meet the unique and individual needs of each school district.
It is typically divided into three major sections as was noted
earlier—recommended projects, cost and time estimates, and
rationale. These three interrelated parts can be combined
into a single narrative relating to each recommendation if the
planner finds such a format more concise and presentable. In
some instances, cost estimates and timelines for imple-
mentation can be displayed in a more precise manner by
the use of a standard detail sheet which provides specified
information about each recommended project in the total
document. A completed example copy of such a detail sheet
is presented in Figure 1. The use of a detail sheet of the type
presented gives board members and other interested readers
a rational basis for comparing recommendations and also
provides an easy-to-use method for rearranging projects as
changes of project priority in implementation are decided upon.

Preparation and Timing
In introducing the 6-year program concept within a school
district, it is usually necessary and certainly advisable to
collaborate initially a rather systematic evaluation for all
educational facilities owned by the school system. Such an
evaluation may be carried out by district personnel, although
with the exception of large districts employing specialists in
facility planning, it is usually advisable to contract for such
services with a recognized facility consultant or consulting
organization. The written report prepared at the culmination
of this evaluation of facilities serves as a data base on which
to make the initial set of 6-year recommendations. As each
year progresses and an additional new year is moved into
place in the continuous program, it naturally becomes
necessary to update the evaluation and review. As a practical
matter of planning, a district should look toward a rather
comprehensive educational capital improvement study
approximately every 10 years, while during the intervening
period relying primarily on the latest comprehensive study
report plus annually revised population and enrollment data
as compiled by district personnel.

Budget Document Outline
Following is an outline for a capital improvement program
budget document. It can be adjusted to meet local condi-
tions and requirements, but for the most part serves quite
adequately.1

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1 Council of Educational Facility Planners. Guide For Planning

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**The Annual and Five-Year Capital Improvement Program**

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**Budget-Making Calendar**

The budget-making calendar is a function of state law and
of the size of the school district—the larger the district, the
longer the process. There are three stages in the budget-
making calendar. The preparation phase, the review and
adoption phase, and the implementation phase.

The preparation phase, essentially for the first CIP, lends
itself nicely to overall needs assessment and delineation of
priorities. Once this has been done, the recommended
projects for fiscal years can be entered into the total program
and the costs estimated, with their justifications developed.

The review and adoption phase is a function and
responsibility of the superintendent of schools and the board
of education. The budget document is presented to the
board, examined in detail, possibly reduced or otherwise
adjusted, and formally adopted. Greatest concentration is
spent on the upcoming fiscal year, but careful attention is
also given to the five-year projection. Hopefully, the board
of education will finally adopt the total 6-year program with
the understanding that review and program adjustment will
occur annually.

The implementation phase is perhaps the most important
because it represents the culmination of weeks or months of
planning effort. Also, this phase reflects the skill of the
person or persons who assembled the budget in testing their
accuracy in cost estimating, project timing, and political
finesse in justifying capital improvement project
requirements.

**Project Timing**

The most critical task in effectively implementing an
approved capital improvement project is to assure that the
timetable is accurate and the project is phased so that

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* The rapidity of change in educational facility costs requires that
  only approximate costs be listed in this section of the budgets. Cost
  estimates for projects in the upcoming fiscal year should be
  very accurate.

** The content of the Appendix will vary widely with the size of the
  school system and the resulting complexity of the budget
document.

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scheduled completion is realized. The larger and more complicated the project, the more difficult this task becomes. For example, to build a large high school may require three years of planning and construction effort. Sometimes it is profitable (especially in non-referendum projects) to budget planning funds one year, construction funds the next year and perhaps even defer equipment funds until the third year. This technique requires careful budget timetable planning but results in savings when one considers that it is difficult to re-invest bond monies to realize a return greater than the interest payments, especially considering the relative short term of investment and the necessary hold back of monies to meet cash flow requirements.

Conclusion

School district enrollment and population, financial ability and effort, condition of buildings in relation to curricular change, and cost of construction are critical areas of concern in capital budgeting. Continual study of these variables blended with active public involvement in decision-making represents the keystone of effective annual and long range capital improvement planning.