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SATELLITE SCHOOLS: THE PRIVATE PROVISION OF SCHOOL INFRASTRUCTURE

by

Janet R. Beales

Executive Summary

Between 1992 and the year 2000, enrollment in California's K–12 public schools is projected to grow by over 200,000 students on average each year—from 5.2 to 7.2 million students. To meet that demand, the state Department of Education estimates it will need \$17 billion over the next five years for school construction and building modernization alone.

The private sector can help by providing school infrastructure in the form of satellite schools. Satellite schools—developed five years ago in Dade County, Florida—operate as public schools on business worksites. The host-business contributes land, building space, and some operating expenses. The school district supplies everything else—teachers, supplies, curriculum, and administration. Daycare services extend the school day to meet the needs of working parents.

Satellite schools in Dade County have saved the public millions of dollars in school infrastructure and transportation costs. Other benefits include increased academic performance and attendance among students, and increased interaction between parent, child and teacher. Business partners hosting satellite schools claim absenteeism and turnover have dropped among parents with children enrolled in the worksite schools. Satellite schools also provide career advancement opportunities for teachers which is one reason Dade County's 20,000 strong teachers' union endorses the idea.

In early 1993, California's first school of this type will open on the premises of the Hewlett-Packard Corporation in partnership with the Santa Rosa City School District. California's rigorous seismic safety standards, known as the Field Act, prevent satellite schools from occupying existing office buildings. Meanwhile, vacancy rates average 17 percent for office and commercial space in California's major cities where school overcrowding is often the worst.

Satellite schools offer a readily available solution to school overcrowding at minimal cost relative to other options. To facilitate their increase, the state should provide tax credits to businesses who sponsor satellite schools, streamline Title 24 building codes (the Field Act) with the Uniform Building Codes (UBC), and expedite approval of satellite schools at the state and local levels.

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I. INTRODUCTION

Much has been said about the shortcomings of America's public schools. Average scores on the Scholastic Aptitude Test (SAT) have dropped nearly 60 points over the past two decades. In an international test of 13-year-old children, American students ranked behind 15 other countries in math scores. Nearly four million of our young people have dropped out of school. Among those who do graduate each year, 700,000 are functionally illiterate.

But it is those very conditions that have seeded some of the most innovative and effective reforms in public education. Across the nation, states and school districts, faced with the problem of meeting growing demands on public education with limited resources, have implemented new ways of making a better education available to ever greater numbers of students. In Minnesota, state-wide public-school choice lets students choose which public school to attend. In Vermont and Wisconsin, vouchers are available to some students to use at private schools. Charter schools in Minnesota and California free teachers from the bureaucracies which constrain their energy and talent. Alternative certification in New Jersey taps the expertise of a new source of teachers, allowing professionals who lack a teacher's certificate to bring their industry knowledge and career experience into the classroom.

Similarly, new roles are evolving for businesses in partnership with the schools. One of the most intuitive approaches to pairing private businesses with public schools is the Satellite Learning Center (SLC) program in Dade County, Florida in which public elementary schools are located on business worksites. The business partner provides the school facilities and the school district supplies the teachers, curriculum, materials, and management. Savings to taxpayers and the Dade County school district amounted to \$1.9 million in construction costs alone during the first three years of the program. Since its creation in 1987, the program has been adopted by four businesses in Dade County, and the idea has been replicated by districts in Minnesota and California.

II. A CASE STUDY OF SATELLITE LEARNING CENTERS IN DADE COUNTY, FLORIDA

A. Background

The impetus for Satellite Learning Centers came from Dade County's then-superintendent Joseph Fernandez, who recognized that creative solutions were needed to relieve overcrowding in the district's schools. After presenting the idea of worksite schools to members of the business community, Superintendent Fernandez's request for corporate participation was fulfilled by American Bankers Insurance Group (ABIG). Together with the United Teachers of Dade County, the three organizations set about creating the nation's first Satellite Learning Center (SLC), which opened its doors to 25 kindergarten students in 1987. (See Appendix I for contract). Since that time, first and second grades have been added to the school at the ABIG, and the program has been replicated by three other organizations within Dade County—the Miami International Airport, the Miami-Dade Community College, and Mt. Sinai Hospital in Miami Beach, Florida. Two more SLCs are planned for hospitals in Dade County.

In the 1992-1993 school year approximately 215 public school children were enrolled in the SLCs. The SLCs serve the children of the employees, or the children of college students in the case of the Miami-Dade Community College, exclusively. At the Miami International Airport, employees of the airport itself, and on-site employees of businesses that serve the airport—for example, car rental agencies or food service concessionaires—are eligible to enroll their children in the SLC.

When the airport's SLC was created, existing space within the building was dedicated to the school. The hospital and college brought in portable classrooms for their SLCs. Portables were initially used at American Bankers Insurance Group until the company built a permanent building to house the school.

B. Cost Sharing

The business partner typically contributes the classroom and playground space, and may also provide maintenance, utilities and security for the worksite school. The school district provides teachers, administrators, materials, curriculum and management.

In the 1991–1992 school year, operating expenses paid for by ABIG were as follows:

Table 1

Utilities	\$16,000
Grounds Maintenance	\$6,000
Janitorial	\$6,000
Building Maintenance	\$12,000
Corporate Insurance	\$2,700
Furniture	\$5,600
Total	\$48,300

Spending allocations for SLCs follow the same procedure as regular public schools. In Florida, state money is allocated based on the number of "Full Time Equivalent" (FTE) students attending a particular school. (This is similar to California's "Average Daily Attendance" or ADA classification). Just as with regular public schools, SLCs increase their revenues with every child enrolled.

ABIG and the Miami-Dade Community College share the cost of liability insurance with their SLCs. At Mt. Sinai Hospital, the cost is carried entirely by the school district. In every case, the businesses provide after-school child care charging parents a nominal fee for the service.

C. Organization

At the center of each SLC is a single "lead teacher," a position representing a significant upgrade in the professional status of teachers. These individuals have multiple responsibilities—teaching, supervising and administering the SLC on site, managing other SLC teachers and staff, and promoting the SLC to parents, employers, and the community. Qualification standards for lead teachers are higher than for a regular teacher. Lead teachers generally have extensive teaching experience, a master's degree and management aptitude. They are selected by a panel that includes representatives from the school district, the teacher's union, and the business partner. Lead teachers earn a supplement equivalent to one eighth of their annual base salary.

Each SLC affiliates with a "host school," the nearest public school serving the same grades as the SLC. Although the lead teacher acts as the on-site supervisor at the SLC, the principal at the host school oversees the SLC. Services provided by the host school include administration, financial budgeting, and school lunches. In addition, the SLC looks to the host school for the provision of special programs or events. For example, children enrolled at the SLC may be brought to the host school to participate in holiday programs. Alternatively, music teachers, art teachers, physical education teachers, counselors, and nurses who either serve the host school or the district may make regular visits to the SLC to provide their services to the SLC students as part of the district's regular curriculum.

D. Educational Benefits

A compelling reason for satellite schools is the advantages they provide to the child. According to Mildred Smith, lead teacher at the Miami International Airport's SLC and a thirty-year veteran of public education, children receive more attention and support at the SLC than in a regular public school. Proximity of the workplace to the classroom enables children to have more time to interact with their parents during the morning commute together and throughout the day, for example, during the lunch hour or when parent volunteers assist in the classroom. Interaction between parent and teacher is also enhanced because parents must physically enter the school twice each day to sign their child in and out of class. Mildred Smith reports, "Here, everyone is involved. The children know that everyone is working for them. If more children had this kind of situation in their early years, they would get much more out of going to school."

If test scores are any indication, the children at SLCs really do get more out of school. A 1991 study conducted by the Dade County School District found academic performance to be higher than the district and national average among the 72 students attending the SLC located at American Bankers Insurance Group (ABIG). Results from the Stanford Achievement Test, administered to grades K-2, show that the SLC students consistently ranked higher in reading, math, and science skills across all grade levels. Table 2 shows test scores by grade level and across three comparative groups: SLC students, students who attend regular Dade County public schools, and the national public school population. No adjustments were made for possible socioeconomic differences between the groups compared.

Table 2

<p>Mean Stanford Scores of SLC Students by Grade; Presented as Normative Percentiles and Compared With Dade County Public Schools' Mean Stanford Scores</p>			
	Grade K	Grade 1	Grade 2

	SLC	DCPS	SLC	DCPS	SLC	DCPS
Total Reading	84	63	74	48	88	39
Total Math	65	50	52	50	74	57
Environment (Science)	56	40	58	46	58	45

NOTE: National average scores are scaled to the 50th percentile.

SOURCE: Dade County Public Schools

School attendance was also higher at the SLC at ABIG compared to the district average. Students attending regular public schools missed an average of 10.46 days. By comparison, SLC students missed fewer days of school averaging 8.46 absences.

E. Taxpayers Benefit

Because businesses assume the financial burden of providing school facilities, ultimately the taxpayer is spared the cost of building new infrastructure. In 1990, the only year for which figures are available, the school district estimated that the three SLCs in operation at that time had saved the county \$1.9 million in construction costs alone. For every classroom built, Dade County estimates it saves \$216,000. This does not include the tens of thousands of dollars saved each year on utilities, maintenance, security, and landscaping. (See Table 1 for operating expenses paid by ABIG.) Between 1987 and 1990, the SLC located at ABIG saved the district over a million dollars, according to the school district, because expenditures on building construction and some operating expenses were paid for by ABIG.

In addition, busing costs are eliminated because children share the commute with their parents to the worksite school. As of 1990, the district spent \$1400 a year on each child it bused to school. Approximately 17 percent of Dade County school children are bused. Applying these measures to students enrolled at SLCs, the district saves \$65,000 on busing.

These cost savings sprang from the fact that Dade County faced an overcrowded school system. SLCs relieved some of that pressure by providing "free" infrastructure. Although teachers had to be hired for the satellite schools, they would have been hired in the absence of SLCs to keep pace with enrollment growth.

If on the other hand, SLCs are established in areas that do not have problems with overcrowding, the benefits to the community at large are not as great, and the SLC could

actually end up increasing costs to the state and the taxpayer. Even though the school building may be "free," the teachers, staff, furniture and supplies needed to fill it are not. If the students enrolled at an SLC come from an underenrolled district, the presence of the SLC will increase fixed costs without increasing revenues to the district(s).

There may be other good reasons for establishing an SLC under conditions of underenrollment that outweigh the additional costs imposed on districts or the state. Desegregating classrooms, increasing parental involvement, facilitating daycare logistics, improving the classroom surroundings, or better serving student and parent needs are all reasons that an SLC might be a good investment even when overcrowding or dilapidated facilities are not a problem. However, SLCs are most cost-effective when they alleviate the need for new construction.

F. Teachers' Unions Benefit

The teachers' union in Dade County is a strong supporter of SLCs. The United Teachers of Dade County (UTD), representing 20,000 teachers, was a full partner in the effort to initiate and implement the program. Union leaders joined with their counterparts in the school district and business community to promote the idea to business and community groups. The union participated in designing the program and continues to be involved in selecting lead teachers to staff the SLCs. The position of lead teacher is one that offers more administrative and decision-making authority, greater supervisory responsibility, and more teacher autonomy. Lead teacher supplements, amounting to one eighth of annual base salary, reflect the more advanced professional status of lead teachers.

G. Classroom Diversity

Desegregation was one of the hoped-for consequences of worksite schools. Ethnic and socioeconomic diversity in the classroom have resulted from taking students out of segregated neighborhoods and educating them at the workplace. In three out of the four SLC's, the worksite classrooms show greater racial balance than exists at the host schools with which the SLCs are associated. Only the SLC at ABIG could be said to have less diversity in its classrooms as compared to its host school. Table 3 shows the ethnic diversity within each SLC. Merri Mann, Assistant Director in the Department of Professionalization for Dade County's teachers' union, states that the SLCs cut across all socioeconomic distinctions, races, and religions, "serving the children of custodians and the children of presidents." While classroom diversity is apparent now, many people voiced concern during the planning process that the schools would be elitist institutions serving the affluent, white children of professionals. SLC organizers met with parents, individual teachers, and community members to address these initial concerns.

Table 3

SOURCE: Reason Foundation

H. Parents Benefit

Just as attendance rates are higher for students at SLCs, they are also higher among parent employees with children enrolled in the SLCs. In a survey of parents, done as part of Dade County's 1991 evaluation of the SLC at ABIG, parents self-reported being less absent, more satisfied with their jobs, and more likely to remain at ABIG. Responses by supervisors confirming lower absenteeism and turnover rates are reported below.

Moreover, parents responded that the SLC program has had a positive impact on their lifestyle. Over 90 percent of the 55 parents surveyed claimed to be more involved with their child's education, more likely to volunteer in the classroom, and better able to communicate with their child during the work week. Nearly all parents said that they spent less time driving during the week because of the SLC program, and most claimed the program had saved them money.

I. Businesses Benefit

In every instance, the SLCs were ultimately brought on site because they fulfilled a need of the business partner. Because SLCs evolve freely under market conditions, a partnership arises when the business perceives that the potential benefits outweigh the projected costs. At ABIG, the only business for which valuative data is available, turnover has declined 9.5 percent and absenteeism has fallen 30 percent among parents with children enrolled in the worksite classrooms. In a survey of parent-employees, 98 percent claimed that having their child attend the SLC helped them concentrate more on their work. When supervisors were asked to rate the productivity of parent-employees compared to their peers, 70 percent of the 60 parent-employees evaluated were rated "above-average" when compared to their co-workers.

Said a spokesperson for ABIG, "The SLC has enhanced the corporate climate, adding another benefit to the list that ABIG offers its employees. It...has added to employee satisfaction. The overall opinion is that productivity and morale are increased because of the peace of mind parents enjoy."

Recognizing the contribution businesses made to the education community with their SLC sponsorship, the Florida legislature passed a state statute in 1990 to encourage more such cooperation between businesses and schools. One of its provisions is a local ad valorem tax exemption for companies which establish satellite learning centers. The exemption grants relief from local property taxes (Florida does not have a state ad valorem tax on property) assessed against the business's property dedicated to the school. (See Appendix II-A.)

J. Lessons Learned

A 1990 evaluation concluded that "limitations of the SLC at ABIG are virtually non-existent." The report went on, however, to point to some stumbling blocks encountered early on in the program but which have since been redressed. Problems were encountered because of the practice of combining two grade levels under one teacher (since eliminated), disruptive media attention, and the fuzzy job description of the lead teacher,

which failed to delineate responsibilities and authority between the lead teacher position and that of regular teachers at the SLC.

In three of the four cases, a daycare center preceded the advent of the satellite school. While a longstanding daycare program is not a necessary prerequisite to satellites, on-site daycare does indicate a company's willingness to accommodate the needs of working parents. Established daycare centers may also ease the transition to providing classroom instruction at the worksite.

Epilogue

In late August 1992, Hurricane Andrew struck south Dade County inflicting billions of dollars worth of damage. One of many buildings destroyed belonged to the American Bankers Insurance Group, host to the very first SLC in the Cutler Ridge area of Dade County. Although ABIG's business offices were demolished, the satellite school, housed in a separate building on the grounds of ABIG, survived. When the other public schools in Dade County opened for the school year after a two-week delay, the SLC at ABIG was also opened for school.

Logistics have changed for the interim period while office construction is underway. Parents still bring their children to the SLC for the day, but instead of walking to the office on site, they ride a shuttle bus downtown to the temporary location.

Some parents have opted not to enroll their children in the SLC until business is back to normal. Instead, these children attend public schools located near their homes.

III. THE HIDDEN VALLEY SATELLITE SCHOOL IN CALIFORNIA

A Public-Private Partnership Between Hewlett-Packard Company and the Santa Rosa City School District

A. Background

In 1993, Hewlett-Packard Company in partnership with the Santa Rosa City School District established California's first worksite school of its kind. Like the satellite schools in Dade County, the initiative for the school came from the school district superintendent, Lew Alsobrook, who approached Hewlett-Packard with the idea two years ago. In January 1993, the school was scheduled to open its doors to approximately 60 public school children in kindergarten and first grade. Between September 1992 and January 1993, students enrolled at the satellite school were to attend the nearby Hidden Valley Elementary School. Once construction at the worksite school was completed, these students were to transfer over to the classrooms at Hewlett Packard to become the Hidden Valley Satellite School. Acting as the host school, the Hidden Valley Elementary School provides administrative and supervisory support to the satellite. (See Appendix II-B for site plan.)

B. Cost Sharing

Under the terms of the agreement (see Appendix III for contract), Hewlett-Packard is leasing the 2.6 acres of land to the district for \$1 a year with a ten-year renewable lease. Hewlett-Packard's other major contribution to the project is site preparation. This included relocating gas and electrical lines, landscaping, grading, constructing playground areas, installing lighting, and paving a driveway and parking lot. Site preparation and its attendant costs totaled over \$400,000 for Hewlett-Packard. In addition, Hewlett-Packard approved an \$89,000 grant for the Santa Rosa City School District to help the district defray start-up costs associated with the new school.

The school district is supplying two portable buildings to house the students, playground equipment, and school furnishings. Except for grounds maintenance, the district pays all operating costs. These include teacher's salaries, utilities, maintenance, and school supplies. In the future, the district will add more portable buildings to provide classroom space for second and third graders.

The school district expects to generate additional Average Daily Attendance (ADA) revenues from students attending the worksite school who ordinarily would be enrolled in schools outside the district in the communities where they live. As of September 1, nearly half of the students scheduled to enroll at the worksite school were from outside the district's boundaries. Total (ADA) revenues for all students enrolled at the worksite school combined with revenues from the school district-administered daycare program—which charges parents between \$147 and \$284 per student per month—were expected to cover the school's annual operating expenses. (See Appendix II-C for budget projections.)

First priority for enrollment at the school was given to children of Hewlett-Packard's 2200 employees at the company's Fountaingrove site in Santa Rosa where the school is located. Depending on space availability the school would next be open to any child who lives within Santa Rosa City District's boundaries.

C. Political, Legal and Financial Obstacles

Because the worksite school does give first priority to children of Hewlett-Packard employees, there was some initial concern among the community and local government that the school would be an "elitist" institution. Lew Alsobrook and representatives from Hewlett-Packard addressed that concern through a series of meetings with community members, elected representatives, educators, and parents. Like the SLCs in Dade County, the school at Hewlett-Packard includes children of upper management and children of blue collar workers. According to Lew Alsobrook, the workforce at HP is racially more diverse than the school district as a whole. By extension, classrooms at the worksite school would reflect the heterogeneity of HP employees. Although concerns about elitism abated the more the proposal was discussed, it remained a sticking point for one member of the city council who cast her vote against the proposal because of that perception.

The city council was the biggest obstacle to the approval of rezoning for the worksite school. In addition to equal access concerns, some officials objected to the idea because of its potential negative environmental impact. Initially, two members of the council wanted Hewlett-Packard or the district to purchase an easement and make drainage improvements to mitigate the potential for problems resulting from rainwater runoff. The cost of this action would have been \$90,000; both Hewlett-Packard and the district said they would not proceed if they were made to bear the additional expense. Despite testimony from a soils expert that the development would not exacerbate runoff problems, the city council ultimately decided to purchase the easement on their own at a cost to the city of \$45,000. Even so, one member of the council voted against the school proposal for environmental impact reasons. Approval for the rezoning came with a three to two vote by the city council. The site was also subdivided and granted a conditional use permit.

At the state level, the proposal had to meet Department of Education standards and undergo review by the Office of the State Architect (OSA), which evaluates public-school proposals for seismic safety as required by the Field Act. (The Field Act will be discussed in greater detail later in this report.) Use of Field Act-approved portable buildings simplified the compliance process at OSA.

The California Department of Education evaluated the proposal and site drawings for design, size, and site selection characteristics. The Education Department considers factors such as traffic flow patterns, playfield acreage, the proximity of hazardous substances, and classroom space requirements. Certain types of schools, such as those located in crowded urban areas, are exempted from some Department of Education guidelines. Until recently, both the Education Code and the California Code of Regulations required that the State Department of Education review and approve all new school sites and additions, regardless of the funding source. However, legislation in effect since January 1992 (AB 1603) now permits districts to bypass Department of Education review if the school infrastructure project is financed completely with local money. State level requirements did not pose a major barrier to the satellite school. Review by the two agencies took approximately four months to complete.

D. Employee Support for a Satellite School at Hewlett-Packard.

Enthusiasm for the worksite school ran high among parent employees at Hewlett-Packard. When the local school board held a meeting to review the proposed worksite school, nearly a dozen employees testified before the board about its potential benefits. Among the most common comments were the following reprinted from Hewlett-Packard's employee newsletter, *Update*.

- The educational experience at an HP worksite school would be culturally enriching due to the great diversity of the company's workforce;

- A worksite school would simplify life for dual-income and single-parent families;
- The proximity of a worksite school would make it easier for parents to get involved in their children's education;
- With before- and after-school day care, there would be fewer drop-offs and pick-ups, thus easing local traffic congestion;
- The Fountaingrove (HP) worksite school could be studied and possibly copied by other companies or organizations.

IV. OPPORTUNITIES FOR CALIFORNIA'S CHILDREN

Between 1992 and the year 2000, over 200,000 new students each year will be added to California's public schools, according to estimates. Projected construction costs for the next five years alone are estimated to be \$17 billion, according to the California Department of Education. Other agencies have put the cost of building new schools and classrooms as high as \$33 billion over the next decade. In Los Angeles alone, the need for new school infrastructure totals \$3 billion over the next decade.

County by county, the projected increase in enrollment by the year 2000 from 1990 levels is 93 percent in San Bernardino County, 50 percent in Sacramento, 40 percent in Los Angeles, and 33 percent in Alameda. The median increase in enrollment of all counties in California is 41 percent. (See Appendix II-D)

Even without the expected growth in enrollment, many classrooms today are overcrowded or dilapidated. The passage of two bond issues in 1992 provided \$2.8 billion for public school construction—barely enough to dent the backlog for new construction and modernization projects, which at that time measured \$6 billion, according to the Office of Local Assistance.

A. Potential Benefits of Satellite Schools

Satellite schools may be one way to simultaneously reduce pressure in overcrowded classrooms and ease the financial burden on state and local governments. In addition, with the advent of charter-school legislation in California, satellite schools could provide classroom facilities for charter schools. Satellite schools offer several advantages to local communities, businesses, the school district, and the state.

- **Local tax relief.** When businesses provide school facilities that otherwise would have been developed by the district, local

communities are saved the expense of financing school infrastructure through bond issues and property tax increases.

- **Decrease school busing.** Each year, California public schools spend \$468 million to bus children to and from school. Because children carpool with their parents to the satellite schools, home to school busing costs are eliminated.

- **Other savings.** In the Florida examples, some operating expenses were assumed by the business partner, relieving the schools of these costs. Less money spent on operations—for utilities, maintenance, landscaping, etc.—could mean more money for classroom instruction or tax relief.

- **Local funding, local control.** Getting local businesses to provide school infrastructure enables school districts to retain local control of infrastructure development. Since no state funding is involved, review by the Office of Local Assistance and the Department of Education can be bypassed by the school district in planning its new site.

- **Meeting enrollment growth on limited funds.** In California, Proposition 13 limits the amount by which local governments can raise property taxes, a key source of school infrastructure revenues. School districts which have exhausted this means of financing, yet are pressed for classroom space, may find relief in satellite schools.

- **Time savings.** The procedure for building a new school in California with state funds involves following 63 steps outlined by the OLA, filing 82 documents, and coordinating with four different agencies. From planning to building, the whole process can take six years to complete, according to a report by the Little Hoover Commission. Compare this to the SLC at Mt. Sinai in Florida, which became operational in less than five months. The prototype satellite school at Hewlett-Packard took under two years to establish and should the idea take hold, planning and construction times could drop in the future.

- **Charter Schools.** The Charter Schools Act of 1992 authorizes the formation and state funding of new schools known as charter schools. The charter legislation does not provide funding for the construction or purchase of buildings, however. Satellite schools offer a means of providing infrastructure for charter schools. Moreover, under the provisions of the charter school legislation, Field Act approved buildings are not required, although reasonable health and safety standards, as defined by the chartering

organization, must be met. Charter schools are public schools and receive the same per-pupil funding as regular public schools.

- **Flexibility.** Enrollment, like the demographic patterns they emulate, follows boom and bust cycles. When baby-boomers graduated, attrition in the public schools forced the closure of many schools built to accommodate them. Satellite schools, because they can be housed in portable buildings and because they are located in commercial zones on property already owned by the private sector, can more easily be converted to other uses when demographics change. Similarly, because they take less time to establish, satellite schools can be more responsive to surges in enrollment.

- **Desegregation.** According to a report issued by the Golden State Center for Policy Studies, the state spent half a billion dollars on desegregation programs in 1990–91, for items such as busing, magnet schools, and salary supplements for teachers in segregated areas. While neighborhoods are often segregated, workplaces frequently are not. Satellite schools could foster more diversity in the classroom at less cost.

- **Reducing Vacancy Rates.** Satellite classrooms could *potentially* be established in vacant commercial office buildings. In 1992, vacancy rates were 17 percent on average for the state's major metropolitan centers. Satellite schools in urban areas could relieve overcrowding where it is most pressing and where the cost of building new school facilities is most expensive. This is an option for private schools. However, locating *public* school classrooms in existing commercial space is not legally feasible at this time because of the Field Act. A proposal for a Field Act equivalency standard was introduced into the California Legislature in 1992 by Assembly Speaker Willie Brown.

- **Strengthening ties between the business and education communities.** Satellite schools strengthen the natural linkages between businesses, who hire graduates, and the schools, who educate them. For businesses, satellite schools offer an opportunity to assume a central role in the education process and to witness the results of their investment in the schools first hand. Schools gain both financially and substantively from the relationship. Several educators in Florida remarked that the proximity of the worksite, and working parents, enhanced the children's understanding of careers and business operations.

- **Professionalization of teaching.** Satellite schools offer advancement opportunities for teachers. The position of lead teacher combines conventional teaching duties with supervisory and managerial responsibilities. In Dade County, the teachers' union is an active partner in establishing and fostering satellite schools. The California Teachers' Association (CTA) has not taken a position on satellite schools.
- **Enhance the educational experience.** Opportunities for parental involvement in the schools are broadened in a satellite school. Parents have reported having more time to interact with their children on the way to and from school and during lunch hours. Teachers have commented that parent involvement is higher at satellite schools than in traditional school settings.
- **Improve employee performance.** Qualitative and quantitative evidence shows that productivity, as indicated by job satisfaction, absenteeism and turnover rates, among parent employees may actually increase when a satellite school is brought on-site.
- **Child care.** Satellite schools fill a need of working parents by offering after-school child care.

V. OBSTACLES TO SATELLITE SCHOOLS

There is no prohibition against satellite schools in California. In fact, tacit support for the satellite school idea among government officials is widespread. Enthusiasm for satellite schools has been expressed by individuals in the Department of Education and the Office of Local Assistance. Enabling legislation has been introduced by state Speaker of the Assembly Willie Brown. There are, however, significant legal and other obstacles that can reduce the efficiency and effectiveness of a satellite-school program in California.

A. The Field Act

By far the biggest impediment to worksite schools is the Field Act and its code equivalent, Title 24 of the California Code of Regulations. The mandate of Field Act legislation, passed in 1933 shortly after an earthquake destroyed several public schools in Long Beach, is to ensure earthquake safety for children attending public schools. It does so with a multitude of structural and inspection standards regulating public school site selection and construction. The Office of the State Architect is the state governing body that ensures that plans for new buildings and modifications to existing sites conform to Field Act standards.

Field Act standards are more stringent than Uniform Building Code (UBC) standards, although in recent years as both codes have undergone revisions, that gap—as it pertains to structural requirements—has nearly closed. Field Act standards are also more costly to meet than UBC requirements. Additional regulations in the Field Act increase the cost of construction by three to six percent over the cost of UBC construction, according to a study by the Office of the State Architect.

Unfortunately for proponents of worksite schools, existing commercial buildings almost never meet Field Act standards. The critical problem is that existing commercial buildings, since they were not designated as public schools to begin with, have not been subjected to the same rigorous inspection process during construction that the Field Act mandates for schools. The Field Act also imposes slightly higher construction standards than the UBC. For example, the maximum allowable distance between foundation anchor bolts is four feet under Title 24 code requirements for schools, while the UBC permits the bolts to be spaced at six feet apart.

This two-tiered building-code system seriously limits the infrastructure options for overcrowded schools. Streamlining the two codes would create more flexibility for planning administrators searching for alternative sites for schools.

The Field Act limits the design of satellite schools, but it does not preclude them. There are several options for addressing the Field Act when planning a satellite school.

Portable Classrooms. Perhaps the best option is to house satellite schools in Field Act-approved, portable buildings. Using portable buildings provides more flexibility at lower cost than construction of a permanent facility. This method is time-tested and favored by the education establishment; many schools use portable buildings. In fact, districts are required by law to include a specified percentage of portable buildings in new school construction.

Portable classrooms are mass produced and inspected according to Field Act standards during the manufacturing process. The purchase price of a 960-square foot portable is approximately \$24,000, according to the Office of Local Assistance, which leases portable buildings to school districts. The Hidden Valley Satellite School uses Field Act-approved portable classrooms at its site.

Retrofit Existing Buildings. School planners may decide to retrofit an existing commercial building to comply with the Field Act. This is a complicated procedure involving reinspection of the building structure (including breaking into walls for inspection purposes), and redrawing blueprints if actual construction departed from the original design plan. Complying with Field Act standards can also involve modification of the existing structure. Bringing existing commercial space into compliance with the Field Act is possible but can cost tens of thousands of dollars and take six months to a year to get OSA approval even if no structural changes are needed.

New Construction. Another option is to construct a permanent building that complies with Field Act standards. Some businesses may desire to pursue this option and provide permanent facilities for the school. After starting out in portable classrooms, American Bankers Insurance Group built a permanent school building on their premises to house the SLCs. Construction costs for buildings that comply with Field Act standards are 3 to 6 percent higher than UBC construction costs.

Charter Schools. Under the Charter Schools Act of 1992, schools granted charters do not have to comply with Field Act standards unless the petitioners of the charter so desire. The charter school petition must specify how the safety and health of pupils and staff will be ensured, however, the method by which this requirement is met is up to the discretion of the petitioners. The legislation allows for the formation of up to 100 charter schools in California.

Exemption From Definition of "School." A fourth option may be available to some satellite schools, depending on how they are organized. Section 39141.9 of the state Education Code allows for "exemptions for facilities used for independent study." The code reads in part:

In order to provide alternative, community-based educational opportunities through independent study, any school district or county office of education may request an exemption from the State Allocation Board for a building or structure, or portion of a building or structure, from the definition of "school buildings" within the meaning of Section 39141. The exemptions may be granted for no longer than two years and exemptions are renewable.

By becoming exempt from the definition of "school building" under Education Code section 39141.9, the school is not required to comply with Field Act standards, yet it still receives public funding.

This interpretation is supported by a 1986 case involving an independent study program administered by the Mendocino Unified School District. An investigation by the state Department of Education found that the school district had not acted illegally on a number of charges, including its approval of the location of the school in buildings which did not comply with the Field Act.

Additional restrictions on "independent study" programs, however, may discourage businesses and school districts from pursuing this option. The school must serve no more than 25 students. Also, dependence on a two-year "renewable exemption" for the school's continuation may not provide the degree of stability those planning a satellite school would desire.

Future Viability of the Field Act. While the Field Act significantly narrows the range of available options to meet school infrastructure needs, and raises the costs of providing suitable classroom space, it does not necessarily have the desired effect of providing

additional earthquake safety to students. Despite intentions to the contrary, many students are not served in school facilities that meet Field Act standards.

This is especially true of older structures. The Field Act, like the UBC, has evolved over time to meet ever higher earthquake safety standards. The Office of the State Architect estimates that approximately 30 percent of public school buildings may have seismic safety problems.

The prevalence of waivers also reduces the Field Act's intended result. Almost 6,000 school buildings have been granted a temporary three-year waiver or exemption from the Field Act standards. These buildings accommodate about 3.5 percent of school children enrolled in K-12 public schools. To be eligible for the waiver, a building must have been owned by a school district and constructed before 1990. Furthermore, private schools never have had to conform to Field Act standards, yet they enroll about ten percent of California's children (approximately 550,000 children) in primary and secondary school.

All of these elements have contributed to the ongoing debate over the practicality and rationale of the Field Act standards. Faced with the immediate need of adding capacity to the public school system while vacant commercial and office space go begging, some educators and policy makers have advocated a Field Act equivalency standard.

Appendix IV contains an equivalency bill introduced into the state legislature by state Speaker of the Assembly Willie Brown (D-17). It calls for approving those buildings that comply with UBC standards for Type I and Type II buildings for use as public school facilities. (The UBC categorizes buildings into five types distinguished by technical differences in their construction, design and use of materials.) An equivalency standard might encourage more businesses to host satellite schools on their premises, especially those businesses with excess office capacity. An equivalency standard would also make satellite schools more feasible in business parks or downtown areas with high vacancy rates.

Speaker Brown's bill contains some additional provisions which do not make it ideal legislation for satellite schools. Nonetheless, the proposed legislation does signal the direction in which some legislators are moving in search of alternative providers of school infrastructure.

B. City Council Review

The City Council was a major impediment to the Hidden Valley Satellite School proposal. One council member voted against the measure because of its potential, but unproven, environmental impact on rainwater drainage. Another cast her vote against the satellite school because she perceived the school as being elitist. The subjective nature of city council review could easily block the efforts of satellite-school planners.

Section 53094 of the Government Code grants "authority to render zoning ordinance inapplicable to use of school district property; review by city or county." By a two-thirds vote, a district's school board may decide to exempt school property (owned or leased) from compliance with city or county zoning ordinances. The board has no power to exempt a school from complying with regulations affecting drainage, road conditions or grading.

C. Equal Access

The California constitution guarantees equal protection of the law to all children with respect to school assignment. Article I, section 7 states, in part, "A person may not be...denied equal protection of the laws...with respect to the use of pupil school assignment or pupil transportation." Conceivably, opponents of satellite schools could cite this clause and petition that satellite schools not restrict enrollment by granting priority enrollment status to the children of parents working at the host business.

Clearly public schools do not now provide equal access—most students are assigned to schools by neighborhood, not by preference. Even where open-enrollment, or public-school choice policies exist, enrollment is restricted on a space-available basis with priority given to children within a school's or district's boundaries.

Access can and should be limited, but not for reasons of discrimination based on factors such as race, gender, or religion. Past experience with the satellite schools in Dade County indicates that discrimination based on race has not occurred. Satellite schools there educate children from a broad cross-section of different ethnicities. The satellite schools reflect the diverse ethnic and educational backgrounds of employees in the workplace from whose children they draw. By their very nature, satellite schools promise more classroom diversity than conventional neighborhood public schools whose enrollment demographics correspond directly to living patterns and housing prices.

Although some may object to the priority status given to the children of Hewlett-Packard employees, without it Hewlett-Packard would have little incentive to sponsor satellite schools. Businesses have an incentive to provide satellite schools if they know their employees value the program as an important employee benefit associated with that particular company. If priority status were taken away, the incentive would be diluted with the unintended result being that fewer businesses would be willing to sponsor schools. For satellite schools to proliferate, priority status for the children of sponsoring organizations must be protected.

D. Student Transfer Restrictions

Section 48204 of the California education code permits students to transfer to the district where their parents work. However, those transfers are restricted by number and type. For example, incoming transfers may be prohibited because they disrupt desegregation balances. Outgoing transfers may be restricted if they drain too many students, and spending per ADA, away from the sending district unless that district consents to the transfer. If most transfers to satellite schools are intra-district, then resistance to the program by districts should be minimal. If, however, the satellite pulls in a great many students from outside the district, then the program could potentially face strong resistance from districts reluctant to part with their students, and the attendant ADA revenue.

VI. POTENTIAL SHORTCOMINGS OF SATELLITE SCHOOLS

A. Funding Could Dry Up

School districts should protect themselves by developing a contract which clearly states the financial obligations of each partner. Districts may also want to reduce their dependence on the business over the long run by arranging for the business partner to assume most of the start-up costs while the school assumes annual operating expenses. The business partner may find this arrangement advantageous as well because it can commit resources now and minimize its long-run obligations.

B. Limited to Lower Grade Levels

Some parents have complained that satellite schools do not go far enough up the grade levels. The conventional response has been that older children require more resources—such as bigger playfields or more academic programs—that are not easily available at worksite schools. For this reason, the SLCs in Florida have not provided instruction to students beyond the third grade.

However, expanding the program is feasible. The Downtown Open School, located in an office building in the middle of downtown Minneapolis, currently provides instruction to 150 students in grades K-3, but eventually plans to offer instruction through the sixth grade. (See Appendix V) Some educators advocate multiple age groupings of students within a single class—a revival of the one-room schoolhouse concept. Appendix VI describes a California-based worksite school in which 17 children in grades K-10 are taught by two teachers who incorporate small workgroups and individual instruction into their teaching methods. Extension of satellite schools to embrace more grade levels could have major benefits for students and businesses alike. For older students, vocational

training, apprenticeships, and internships in partnership with the business sponsor could be incorporated into the school curriculum.

II. CONCLUSION

When businesses team up with the schools, innovative solutions to some of the greatest challenges in education are possible. Creative solutions to the problems of our public schools are needed now more than ever in the face of growing enrollment and voter resistance to increased taxation. Satellite schools demonstrate how school districts can reduce expenditures for new school infrastructure while providing a quality environment for learning. The business community has shown a strong and consistent willingness to enhance the educational opportunities for California's children, and the schools have been receptive to its efforts. Now, it is up to state and local government officials to join the effort by reducing regulatory barriers to constructive public-private partnerships and by creating incentives for their formation. By working together, we can meet the education challenges of the future and the responsibilities of today.

ABOUT THE AUTHOR

Janet R. Beales is a policy analyst for the Education Center at the Reason Foundation. Before earning her M.B.A. degree at the University of Washington, Ms. Beales was a project manager with the National Chamber Foundation, the research affiliate of the U.S. Chamber of Commerce, in Washington, D.C.

ENDNOTES

Appendix II-D

K-12 Public School Enrollment

Total Graded Enrollment by County

Ranked by Largest Percent Increase 1990 to 2000

COUNTY	1990 TOTAL K-12	2000 TOTAL K-12	% CHANGE 1990-2000
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Riverside	218,100	437,700	100.7
San Bernardino	285,200	552,300	93.6
El Dorado	24,700	41,900	69.3
Calaveras	6,100	10,200	67.3
Placer	33,200	55,200	66.3
Lake	9,100	14,900	63.7
Stanislaus	76,600	124,200	62.1
Mariposa	2,500	3,900	57.0
Solano	61,700	96,100	55.8
San Diego	387,900	601,900	55.2
Merced	41,400	63,500	53.3
San Joaquin	92,800	142,000	53.0
San Luis Obispo	30,600	46,800	52.8
Santa Barbara	52,100	78,700	50.9
Sacramento	175,000	263,300	50.5
Kern	116,000	173,000	49.1
Nevada	12,200	18,000	48.4
Orange	368,300	546,200	48.3
San Benito	7,500	11,000	47.5

Amador	4,200	6,200	47.3
Fresno	146,500	215,000	46.7
Yuba	12,400	18,000	45.7
Yolo	22,200	32,200	45.5
Sutter	12,600	18,100	43.8
Tehama	9,800	14,000	43.6
Tuolumne	7,600	10,900	42.7
Contra Costa	124,900	178,100	42.6
Sonoma	60,600	86,300	42.3
Butte	29,000	41,100	41.7
Shasta	27,300	38,500	41.1
Los Angeles	1,374,800	1,930,200	40.4
Mono	1,600	2,200	39.6
Del Norte	4,600	6,500	39.6
Santa Cruz	35,300	48,900	38.8
Tulare	71,700	98,100	36.8
Imperial	28,500	39,000	36.7
Kinos	20,300	27,600	36.3
Colusa	3,800	5,100	35.3
Napa	16,200	21,900	35.1

Monterey	60,000	80,600	34.3
Marin	24,600	32,900	33.8
Alameda	181,700	241,700	33.0
San Mateo	79,200	105,300	32.9
Ventura	113,000	149,600	32.4
Madera	19,900	26,000	30.7
Glenn	5,500	7,200	30.5
Santa Clara	218,700	269,300	23.1
Humboldt	20,800	25,100	20.6
Lassen	5,200	6,200	19.8
Mendocino	15,500	18,300	17.8
Trinity	2,500	2,800	12.2
Siskiyou	8,600	9,500	10.3
San Francisco	62,100	67,700	9.0
Inyo	3,300	3,600	8.4
Modoc	2,200	2,400	6.5
Sierra	800	800	3.4
Plumas	3,700	3,700	.5
Alpine	200	200	.6

SOURCE: California Department of Education

APPENDIX II-E

DOWNTOWN OPEN SCHOOL

The Downtown Open School in Minneapolis, Minnesota, has operated as a public/private partnership between Minneapolis public schools, and two corporate partners, IDS Financial Services and Northern States Power Co. (NSP) since 1991. Each of the private-sector sponsors contribute about \$100,000 a year to help pay for start-up costs, leasing space, utilities, and janitorial services. The school, which is located in an office building downtown, serves 150 students in grades K-3. In the future, it will serve students through grade six. Enrollment is open to all children in Minnesota, a state which has public school choice, but priority is given to children of IDS and NSP employees who make up 80 percent of the enrolled students. Approximately half of the children at the Downtown Open School are non-white, mirroring the demographic make-up of the Minneapolis public school system. Although anecdotal evidence indicates that the work performance of parent-employees at IDS and NSP has improved, the two companies sponsor the school primarily for public service reasons and to increase their visibility in the city.

APPENDIX II-F

THE G.T. PRIVATE SCHOOL

The G.T. Private School operates in a converted warehouse on the site of G.T. Water Products, a plumbing parts company in Ventura County, California. Begun in 1986, the school is the brain-child of the company's owner and president George Tash, whose own children attend the on-site school. The G.T. School provides instruction to 17 children in grades K-10 with the help of two certified teachers, one paid and one a volunteer.

Because the school is private and therefore exempt from the Field Act, converted warehouse space can be used for the school. The school site also includes a small outdoor play-area and garden; when the children need more recreational space, the class walks to a nearby park to play.

The company provides the year-round school for its 30 employees free-of-charge. Annual operating costs run close to \$50,000 for the teacher's salary, supplies, utilities, and insurance—a cost of approximately \$3,000 per student. Company employees report that the school is an important employee benefit and engenders a sense of company ownership and loyalty among them. Tash says that the school helps him recruit good employees. People who want to be near their children, he says, tend to be responsible on the job as well.

APPENDIX I

Contract Between ABIG and the School Board of Dade County

APPENDIX II

A. Florida Statute.

B. School Site Plan at Hewlett-Packard Company.

C. Seven-Year Budget Projections for the Hidden Valley Satellite School at Hewlett-Packard.

D. Enrollment Growth Projections for California, by County.

E. The Downtown Open School in Minnesota.

F. The G.T. Private School in California.

APPENDIX III

Contract Between Hewlett-Packard Company

and the Santa Rosa City Schools District

APPENDIX IV

Field Act Equivalency Bill Introduced by Assembly Member Brown

APPENDIX II-A

APPENDIX II-B

APPENDIX II-C

Source: 1992 Florida Statutes

Source: Santa Rosa City School District

Source: Hewlett Packard Company