State Investment in School Facilities

IDRA / AERA
April 29, 2017
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Center for Cities + Schools, University of California, Berkeley; PI of Going it Alone
THREE KEY QUESTIONS

1. Do states and districts have *adequate operating funds* for cleaning, maintenance, and repairs to ensure buildings and grounds are healthy and safe?

2. Are districts and states investing the *capital funds* necessary to ensure that their public schools are educationally appropriate, energy efficient, and environmentally responsible?

3. Are states and the federal government doing enough to *ensure equity* in education, so that all students have access to healthy and safe school facilities that support learning?
APPROACH

Analyzed school district facilities spending and investments

Defined a standard for school facilities investment, based on building industry standards

Compared the history of actual spending and investment to projected needs
DATA & METHODOLOGY

U.S. Census of Governments and National Center for Education Statistics

Fiscal data reported by school districts F-33
(FY 1994-2013)

Fiscal data reported by states on state and local capital outlay F-13
(FY 1995-2011)

State officials

Building inventory & state capital funding for school facilities

Dodge Data & Analytics

Hard costs of public school construction
20 YEARS OF FACILITIES SPENDING & INVESTMENT
ANNUAL AVERAGE

$99 BILLION

CAPITAL CONSTRUCTION
PER YEAR (1994-2013)

$49 BILLION

MAINTENANCE & OPERATIONS
PER YEAR (2011-2013)

$50 BILLION
Percent of total state and local capital outlay, 1995–2012

- Higher Education: 10%
- K-12: 24%
- Hospitals: 4%
- Public Safety: 7%
- Parks and Rec: 1%
- Solid Waste: 1%
- Natural Resources: 2%
- Sewerage: 2%
- Utilities: 32%
- Highways: 16%

K-12 FACILITIES ACCOUNT FOR NEARLY ONE-FOURTH OF STATE AND LOCAL INFRASTRUCTURE INVESTMENT
1994-2013
A GENERATION OF FACILITIES CHANGE

- 4.8 million students added
- 13,000 schools added
- New health and safety standards
- Increased environmental responsibility
- Smaller class sizes, more labs
- More services to special needs students
- Expanded early education
- More technology
- Increased safety and security
- Grounds as a community asset
AN INEQUITABLE FUNDING SYSTEM

Local communities pay 45% of M&O and 82% of capital construction outlay.

- **M&O COSTS**
  - Local Share: 45%
  - State Share: 45%
  - Federal Share: 10%

- **CAPITAL COSTS**
  - Local Share: 82%
  - State Share: 18%
  - Federal Share: 0%

Because local wealth varies greatly, some communities have modern, high-quality schools, while others do not.
## Average Long-Term Debt Per Student

Average Long-Term Debt Per Student Ranges From $700 to $17,000 by State

<table>
<thead>
<tr>
<th>State</th>
<th>Average Long-Term Debt Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>$16,948</td>
</tr>
<tr>
<td>NY</td>
<td>$11,643</td>
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<tr>
<td>KS</td>
<td>$9,486</td>
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<tr>
<td>AR</td>
<td>$7,671</td>
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<tr>
<td>NE</td>
<td>$6,867</td>
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<tr>
<td>IA</td>
<td>$6,688</td>
</tr>
<tr>
<td>VA</td>
<td>$6,624</td>
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<tr>
<td>NM</td>
<td>$5,962</td>
</tr>
<tr>
<td>SD</td>
<td>$5,900</td>
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<tr>
<td>OH</td>
<td>$5,803</td>
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<tr>
<td>PA</td>
<td>$15,638</td>
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<tr>
<td>OR</td>
<td>$11,511</td>
</tr>
<tr>
<td>CO</td>
<td>$9,087</td>
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<tr>
<td>WA</td>
<td>$9,078</td>
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<td>NE</td>
<td>$6,867</td>
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<td>IA</td>
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<td>$5,803</td>
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<tr>
<td>TX</td>
<td>$13,297</td>
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<td>$11,280</td>
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<td>IL</td>
<td>$10,128</td>
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<tr>
<td>CA</td>
<td>$8,799</td>
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<tr>
<td>$5,756</td>
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<tr>
<td>LA</td>
<td>$5,717</td>
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<tr>
<td>WI</td>
<td>$5,260</td>
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<td>TN</td>
<td>$5,216</td>
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<td>CT</td>
<td>$5,655</td>
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<tr>
<td>UT</td>
<td>$4,940</td>
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<tr>
<td>NC</td>
<td>$5,607</td>
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<tr>
<td>MD</td>
<td>$4,894</td>
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<td>$4,894</td>
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<tr>
<td>MT</td>
<td>$3,428</td>
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<tr>
<td>OK</td>
<td>$2,402</td>
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<td>$2,402</td>
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<tr>
<td>WV</td>
<td>$1,497</td>
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<tr>
<td>VA</td>
<td>$1,080</td>
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<tr>
<td>VT</td>
<td>$3,333</td>
</tr>
<tr>
<td>GA</td>
<td>$2,684</td>
</tr>
</tbody>
</table>

### National Average

National Average: $8,467

Source: National Center for Education Statistics, analyzed by 21st Century School Fund
12 STATES PAY ZERO CONSTRUCTION COSTS

STATE SHARE OF FUNDING FOR CAPITAL OUTLAY, FY 1995–2013

Source: National Center for Education Statistics, analyzed by 21st Century School Fund
MODERN STANDARDS FOR K-12 FACILITIES

- **Annual M&O** (3% of CRV)
  - Such as cleaning, grounds keeping, routine and preventive maintenance, minor repairs, utilities and security

- **Periodic Renewals** (2% of CRV)
  - Such as replacing key components that wear out, roofs, windows, doors, boilers, etc.

- **As-Needed Alterations** (1% of CRV)
  - Such as adding space for smaller classes, expanding early childhood, addressing environmental concerns, integrating technology, and improving safety and security

- **Systematic reduction of deferred maintenance** (1% of CRV)
  - Making up for delayed M&O, renewals, and alterations
ON AVERAGE, STATES SPENDING ONLY 68% OF MODERN STANDARDS

Percentage of standard met by historic M&O spending and capital investment, FY2015
Going it Alone

Can California’s K-12 School Districts Adequately and Equitably Fund School Facilities?

Jeff Vincent, PhD
Liz Jain
February 2016

http://citiesandschools.berkeley.edu
Public school facilities affect:
• The delivery of public education
• Access to educational opportunities

Public governance and civic engagement is essential for:
• Accountability
• Public trust
California: Findings on Adequacy + Equity

- Only 38% of districts met the M&O benchmark
- Only 43% of districts met cap renewal benchmark
- Nearly 40% of districts fall short on both benchmarks; these districts have lower AV
- Districts with high AV spend more
- Districts with low-income students spend more per student on M&O from operating budget
Districts with High AV Spent More

FIGURE 1: Average Annual School District Expenditures per Student on M&O and Capital Outlay by Assessed Value Quintiles, 2008-2012 (2014$)

<table>
<thead>
<tr>
<th>Quintile</th>
<th>Average Annual Maintenance &amp; Operations per Student</th>
<th>Average Annual Local Capital Outlay per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest AV (less than $435,000)</td>
<td>$955</td>
<td>$556</td>
</tr>
<tr>
<td>Second Lowest ($435,000 to $699,000)</td>
<td>$946</td>
<td>$706</td>
</tr>
<tr>
<td>In the Middle ($699,000 to $1,084,000)</td>
<td>$916</td>
<td>$718</td>
</tr>
<tr>
<td>Second Highest ($1,084,000 to $1,857,000)</td>
<td>$1,112</td>
<td>$952</td>
</tr>
<tr>
<td>Highest AV (More than $1,857,000)</td>
<td>$1,598</td>
<td>$2,067</td>
</tr>
</tbody>
</table>
Facility Needs Place Higher Burdens on Districts Serving More Low Income Students

FIGURE 2: Average Annual School District Expenditures per Student on M&O and Capital Outlay by Family Income Quintiles, 2008-2012 (2014$)

<table>
<thead>
<tr>
<th>Family Income Quintile</th>
<th>Average Annual Maintenance &amp; Operations per Student</th>
<th>Average Annual Local Capital Outlay per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest Poverty (0-31% FRPM)</td>
<td>$1,082</td>
<td>$1,251</td>
</tr>
<tr>
<td>Second Lowest (31-51% FRPM)</td>
<td>$959</td>
<td>$1,153</td>
</tr>
<tr>
<td>In the Middle (51-66% FRPM)</td>
<td>$1,078</td>
<td>$980</td>
</tr>
<tr>
<td>Second Highest (66-81% FRPM)</td>
<td>$1,161</td>
<td>$761</td>
</tr>
<tr>
<td>Highest Poverty (81-100% FRPM)</td>
<td>$1,246</td>
<td>$848</td>
</tr>
</tbody>
</table>
Facilities in Good Repair in the Local Control Funding Formula (LCFF)
IMPLICATIONS

POLICIES
Federal, state, local

FISCAL ENVIRONMENT
Revenue options
Expenditure priorities
Finance alternatives

PRACTICE
Data management
Public engagement
Educational facilities planning
Design, construction & management
Facilities maintenance & operations
PLANNING FOR PK–12 INFRASTRUCTURE
Adequate Public School Facilities for All Children

The National Planning Process

1. Leadership Team has organized and will facilitate six diverse, cross-sector Working Groups focused on:

<table>
<thead>
<tr>
<th>Data &amp; Information</th>
<th>Planning</th>
<th>Decision Making</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification, definitions, collection, analysis, research, access, and technologies for facilities data and information management.</td>
<td>District, regional, and state educational facilities master, capital and site specific planning, cross sector and agency planning.</td>
<td>Capital and facilities governance, approvals and procurement.</td>
</tr>
<tr>
<td>Management</td>
<td>Funding</td>
<td>Accountability</td>
</tr>
<tr>
<td>Maintenance, operations, and capital management of facilities.</td>
<td>Federal, state, and local operating funding and capital financing of public school facilities.</td>
<td>Internal controls and external oversight of facilities operations, maintenance, and asset management.</td>
</tr>
</tbody>
</table>

Working Group leaders and innovators come from key sectors:

- Civic
- Governmental
- Building Industry
- Public Finance
- Labor
- University

2. Working Group leaders and innovators who have heart, experience and creativity will work together to develop a menu of systemic reforms and innovations that are both game-changing and incremental solutions for the status quo problems of inadequate and inequitable school facilities.

3. The Working Groups will convene to discuss their proposals and identify priorities for research, policy reforms, advocacy, and public and private investment. Leaders in PK–12 infrastructure can use these proposals to inform their priorities for policy reform, investment, research, and advocacy.
NEXT STEPS

PROVIDE HEALTHY, SAFE, EDUCATIONALLY INSPIRING, AND ENVIRONMENTALLY SUSTAINABLE FACILITIES FOR ALL COMMUNITIES

1. **Data & Metrics:** Create a simple inventory of school facilities used by districts, local governments, and states, that can be compiled into a national data set on public school facilities.

2. **State role:** Provide a system of state support for local facilities planning, that includes state and private funding, technical assistance, and the development of engagement tools and training from the social sector.

3. **Communications:** Develop and launch a national campaign to secure federal funding for low wealth and high-need districts that can leverage state, local and private resources.
Thank You

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