What about the Schools? Factors Contributing to Expanded State Investment in School Facilities

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Literature Review: Importance of Educational Facilities

- School building conditions have been linked to:
  - School climate (Uline, Devere Wolsey, Tschannen-Moran, & Lin, 2010)
  - Test scores, mediated by school climate and student attendance (Maxwell, 2016)
  - Teacher absenteeism and retention (Buckley, Schneider, & Shang, 2005; Horng, 2009)
  - Student absenteeism (Duran-Narucki, 2008)

Background

- 50 different ways to fund educational facilities
- Hypothesis: there are multiple pathways states can take to expand their support for and investment in equitable facilities construction and maintenance

Research Questions

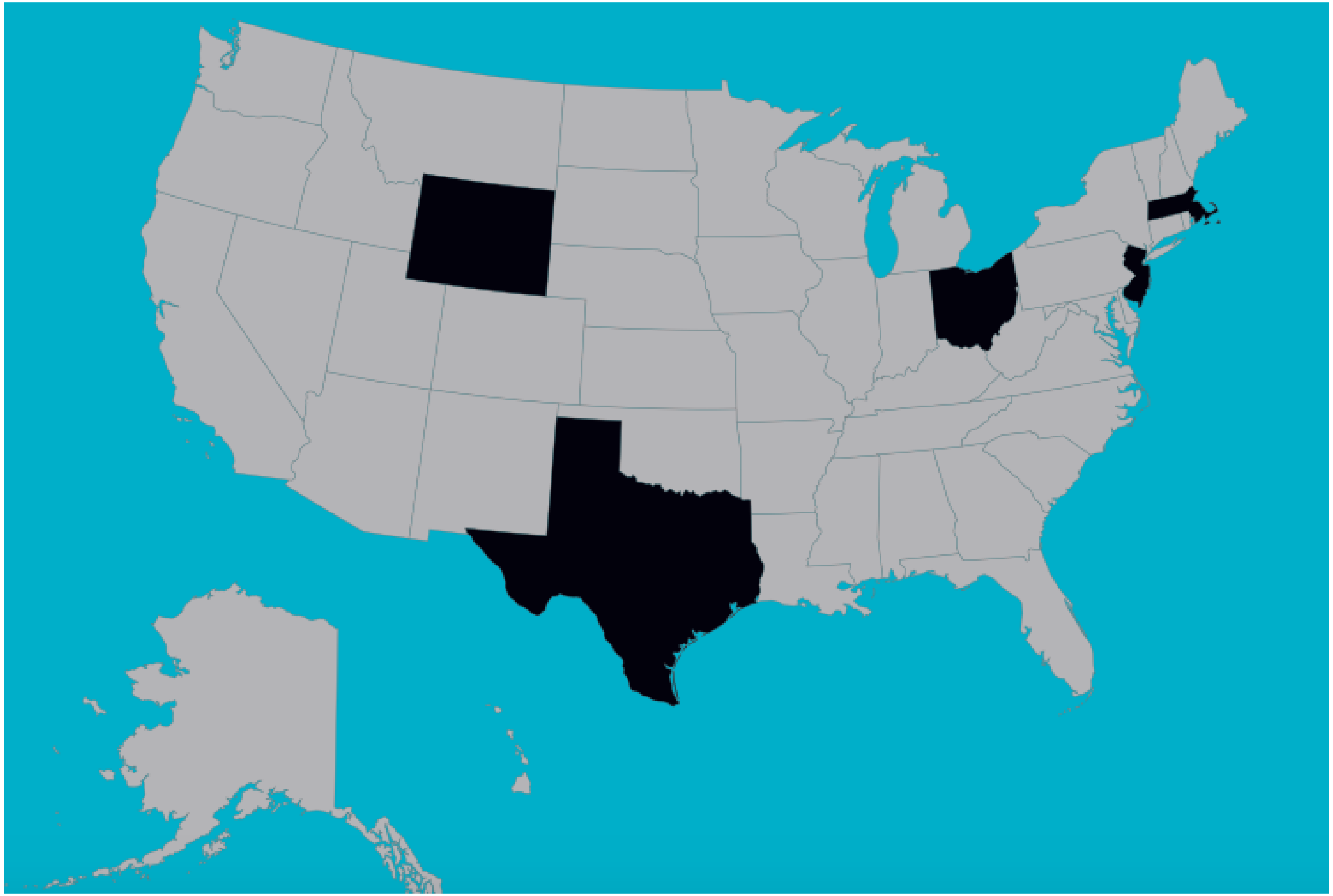
- What factors contribute to expanded state investment in equitable public school facilities?
- How can those factors be leveraged to encourage states that make minimal investments to expand their support for facilities funding?

Conceptual Framework & Methods

- Conceptual Framework
  - Critical policy analysis: how policies differentially impact disadvantaged segments of the population
  - Fiscal sociology: taxation, public debt, and state spending
- Methods
  - Data Collection
    - Literature review of existing research on educational facilities
    - Five state case study
      - State policy document analysis
      - 44 interviews: school finance and facilities experts, including researchers, lawyers, consultants, practitioners, and state level staffers
  - Data Analysis: Thematic Coding

Five Case Study States

- Texas
- Wyoming
- New Jersey
- Massachusetts
- Ohio



Findings

Equity Investment Typology

State Spending/Aid Factors			
Factor #1	Low	Moderate	High
Factor #2	Low	Moderate	High

Taxation Factors (Sources of Funding)			
Factor #1	Low	Moderate	High
Factor #2	Low	Moderate	High

Public Debt Factors			
Factor #1	Low	Moderate	High
Factor #2	Low	Moderate	High

Equity Investment Typology: State Spending/Aid Factors

State Spending/Aid Factors

	Low	Moderate	High
Aid formula/ funding program(s)	Aid formula/funding programs do not consider equity	Aid distributed based on one or two relevant factors	Aid distributed based on comprehensive set of factors, including local ability to pay and facilities needs
State share	Less than 25% state share	25-50% state share	Greater than 50% state share
Adequacy (FY1994-2013 (2014$) Annual avg. School-construction capital outlay per 2013 student)	Less than $950 per student	Between $950-$1,200 per student	Greater than $1,200 per student
Technical assistance	State provides little to no technical assistance	State provides some technical assistance for some districts	State provides in depth-technical assistance for all districts
Stability	Revenue sources are inconsistent from year to year	Revenue sources are somewhat stable	Revenue sources are predictable and guaranteed year after year

Equity Investment Typology: Taxation Factors (Sources of Funding)

Taxation Factors (Sources of Funding)			
	Low	**Moderate**	**High**
Tax Caps/Limits	Low tax caps that prevent districts with facilities needs from issuing debt to fund facilities	High tax caps that typically allow districts to issue debt when necessary	Legislature and local districts have unlimited taxation power to fund schools
Diversity of revenue sources	Vast majority of funding comes from one source, such as local property taxes	Funding for facilities comes from two sources	Funding for facilities comes from a variety of sources
Statewide vs. local tax collection	Taxes are collected locally, with little or no redistribution	Taxes are collected both statewide and locally	Taxes for facilities are collected statewide

Equity Investment Typology: Public Debt Factors

Public Debt Factors			
	Low	**Moderate**	**High**
Credit enhancements	Districts cannot use state's credit rating		Districts can use state's credit rating
Debt payment assistance programs	State has no programs specifically structured to help districts pay their debt.	State has small programs to help school districts pay their debt	State has comprehensive programs to help school districts pay their debt
Debt vs. pay-as-you-go	Heavily reliant on debt	Mix of debt and pay-as-you-go	Heavily reliant on pay-as-you-go system

Application of the *Equity Investment Typology* *to the Five Case Study States*

State Spending/Aid Policies					
	Texas	Wyoming	New Jersey	Massachusetts	Ohio
Aid formula/ program(s) consider/s equity	Moderate: aid distributed based on property wealth sliding scale	High: aid distributed based on capacity and building condition	High: aid distributed based on property wealth and need	High: aid distributed based on project need, urgency, & wealth	Moderate: aid distributed based on district wealth
State share:	Low: 9% state share	High: 63% state share	Moderate: 32% state share	High: 67% state share	Moderate: 27% state share
Adequacy (FY1994-2013 (2014$) Annual avg. cap outlay	Mod: $1,101	High: $1,416	Mod: $1,007	High: $1,383	Mod: $1,084
Technical assistance	Low: no facilities department and very limited assistance	High: State provides in depth-technical assistance	Moderate: State provides in depth-technical assistance for high-needs districts	High: State provides in depth-technical assistance	High: State provides in depth-technical assistance
Stability	Low: IFA program is not consistently funded by the Legislature	Moderate: Coal lease bonuses were previously stable, but state is now looking for new funding	Moderate: The state has run out of funding in the past, though it has always allocated more	High: State consistently allocates portion of sales tax	High: State consistently allocates funding to educational facilities

Taxation Policies: Sources of Funding					
	Texas	Wyoming	New Jersey	Massachusetts	Ohio
Tax Caps/Limits	Moderate: $.50 per $100 of property value	High: Legislature has unlimited taxation power to fund schools	Moderate: Regular operating school districts have tax caps, but can tap into municipal valuation if necessary	Moderate: MSBA has a debt limit of $10 billion. Local communities can issue up to 5% of their equalized assessed valuation.	Moderate: Ohio has the authority to issue bonds equal to 5% of the total revenue fund. No limit on voter approved debt.
Diversity of revenue sources	Low: vast majority of funding comes from local property taxes (91%) with only 9% from state general revenues	Moderate: Coal lease bonuses have been used, but the state can use bonds as well	Moderate: majority of funding comes from state and local bonds, but also includes state income taxes	High: Revenue comes from sales tax, statewide bonds, and local bonds	Moderate: Revenue comes primarily from state and local bonds, but also some one-time funds
Statewide vs. local tax collection	Low: Local property tax only, no redistribution	High: Taxes are collected statewide	Moderate: Taxes are collected both statewide and locally	Moderate: Taxes are collected both statewide and locally	Moderate: Taxes are collected both statewide and locally

Public Debt Policies					
	Texas	Wyoming	New Jersey	Massachusetts	Ohio
Credit enhancements	High: Districts can use state's credit rating, and state has established a guaranteed fund to ensure debt	High: Districts can use state's credit rating	High: State has established a guarantee fund for school district debt	High: Districts can use state's credit rating	Low: Districts cannot use state's credit rating
Debt payment assistance programs	Moderate: State has small programs to help school districts pay their debt	High: Debt payment assistance programs with equity considerations (programs no longer exist, but only because there is no longer a need)	High: The state offers a floor of 40% debt assistance aid for regular operating districts. High-needs districts have no debt.	High: MSBA paid off the majority of school districts' debt held under old system and now helps school districts minimize overall debt	Low: State has no programs specifically structured to help districts pay their debt.
Debt vs. pay-as-you-go	Low: heavily reliant on debt	High: pay-as-you-go system	Low: heavily reliant on debt	Moderate: partial pay-as-you-go system, partial debt	Low: heavily reliant on debt

Leveraging Factors to Encourage States to Expand Facilities Support

- States with various constraints and policy preferences have taken different policy pathways to expand their investment in educational facilities and maintenance
- No case study state has a perfect system, though other states can learn from their policies
- Facilities funding systems based primarily on local property values are inherently less equitable

Ensuring Equitable State Spending and Aid Policies

- States can:
  - Develop a ranking system that considers need, urgency, capacity, and growth rate to determine aid priority
  - Provide aid based on a sliding scale
  - Ensure adequacy as well as equity
  - Provide for new construction *and* ongoing maintenance
  - Provide state technical assistance for facilities planning, design, construction, and maintenance
  - Establish a dedicated, stable funding source, specifically allocated for facilities

Improving the Equity of Taxation Mechanisms and Sources of Revenue

- States can:
  - Consistently and predictably raise revenue to fund facilities across the state
  - Consider diversifying taxation mechanisms and revenue sources to protect against economic fluctuations over time and alleviate pressure on local property taxpayers
  - Consider consolidating districts to even out disparities in local property values

Enhancing the Equity of Public Debt Policies

- States can:
  - Provide credit enhancement for local school districts
  - Provide state debt assistance programs on a sliding scale
  - Set their debt limits at a level that allows fast-growth districts to access the funds they need to prevent students from spending too much time in portable facilities

Concluding Thoughts

- The quality of a child's school building is directly related to the decisions of their state's policymakers
- Persistent patterns of racial and socioeconomic segregation have long-lasting implications for infrastructure investment, particularly when funding is still tied to local property wealth
- Given the recent evidence on the importance of educational facilities, equity advocates should push for federal funding for school buildings as well as for policy changes at the state level