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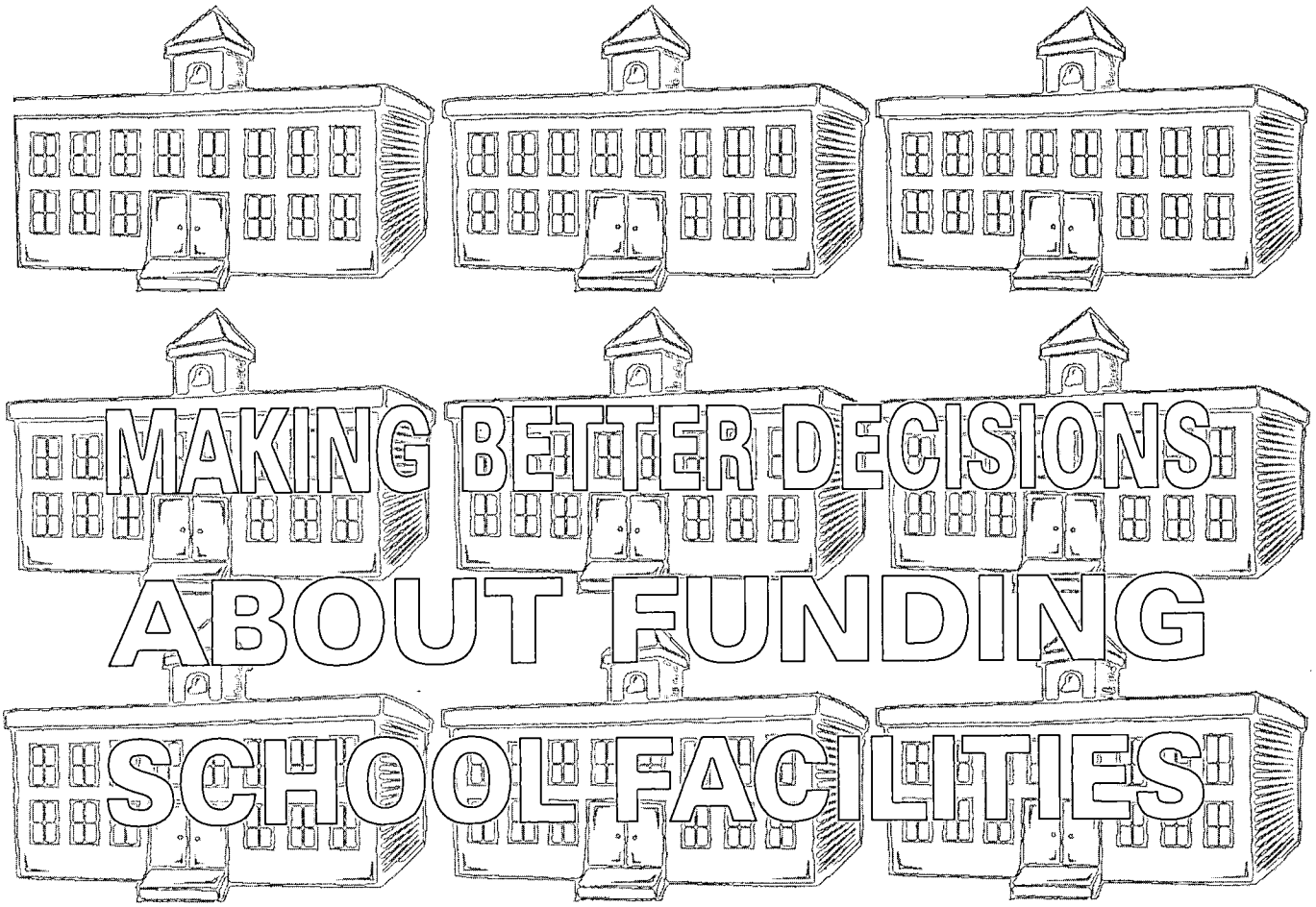
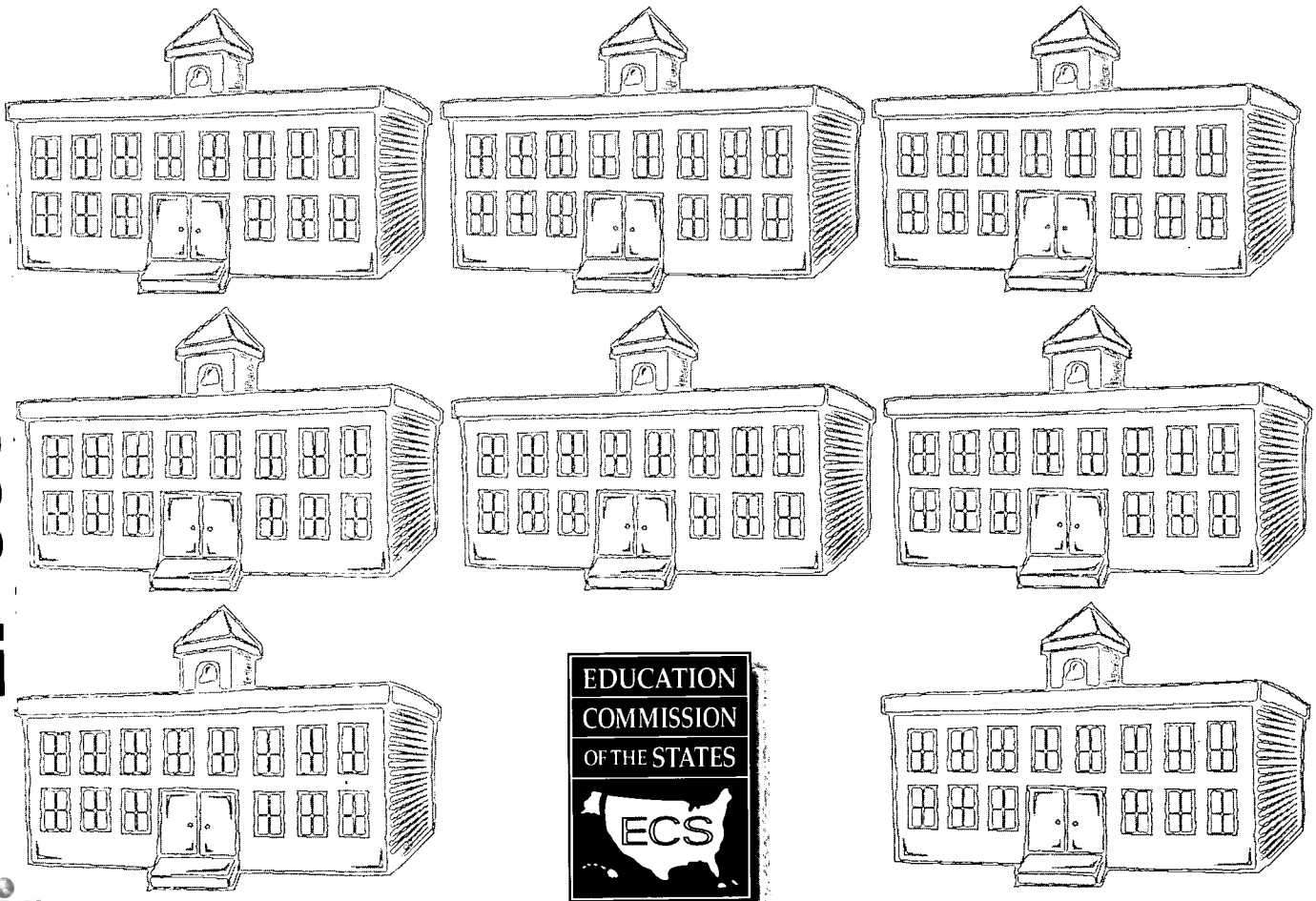
ABSTRACT

Nationwide, the condition of school facilities is declining, yet funding for school renovation and new construction is difficult to obtain. As many states are now taking increasing responsibility for funding their educational facilities, options are being sought. This publication identifies the major decision points for policymakers addressing this issue and key questions to consider, and provides examples of strategies used by states across the country. Primary decision points examined are whether the condition and funding of school facilities need attention and the indicators supporting this, how state school facility needs can best be determined, and what the state and local role in paying for school facilities is and through what funding mechanisms. An Appendix lists how each state has funded its school facilities. (Contains 16 references.) (GR)



MAKING BETTER DECISIONS ABOUT FUNDING SCHOOL FACILITIES



EDUCATION COMMISSION OF THE STATES

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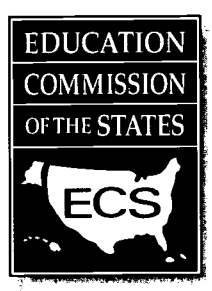

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INTRODUCTION

The condition of school facilities is declining nationwide. Many schools are old and in need of renovation. Student enrollment shifts, both growth and decline, have triggered a need for new school buildings and/or created a situation in which buildings are being used inefficiently. Education policies and innovations in education reform, such as class-size reduction and technology, have put added pressure on states and school districts to adapt their facilities. And, while the research is inconclusive on the relationship between facilities and student achievement, students attending run-down or overcrowded schools face more distractions from learning and are likely to be less comfortable than students in newer, more adequate schools.

Despite a growing demand for investments in school facilities, however, raising the necessary funds to build and renovate schools has been difficult. Many states do not have sufficient resources to fund the school facility improvements they need, and local communities find it difficult to pass bond referendums for the same purpose.

Increasingly, policymakers are grappling with how to make needed school facilities improvements in their states. Historically, facilities funding has been a local responsibility, with state funding supporting operational and instructional needs. In recent years, however, states have taken increasing responsibility for funding facilities, largely because districts do not have sufficient funds available. Successful lawsuits in Arizona and Ohio suggest this trend will continue; these suits established that as part of their constitutional responsibility to provide a "thorough-and-uniform" education, states also must provide adequate school facilities.

What options are available for policymakers in states where school facilities need improvement? How have other states handled this problem? This Education Commission of the States paper identifies the major decision points for policymakers addressing this issue, key questions to consider as part of the policymaking process, and examples of strategies used by states across the country. A table identifying how each state funds school facilities is included as an appendix.

Key Decision Points

To determine the status of school facilities in their states, policymakers need to examine the following issues:

- Do the condition and funding of school facilities in my state need attention? What indicators are available to support this?
- If there is a school facilities problem, what is its magnitude? Does the state have an accurate inventory of all school buildings? How can we best determine school facilities needs?
- Who is responsible for paying for school facilities? What should be the state vs. local role?
- Through what mechanisms will school facilities be funded? What are some alternative strategies?

DO THE CONDITION AND FUNDING OF SCHOOL FACILITIES NEED ATTENTION?

For a variety of reasons, policymakers in most states will need to make some decisions about the condition and funding of their school facilities in the not-too-distant future. A February 1995 report from the U.S. General Accounting Office estimated that $112 billion was needed at that time to meet the nation's needs for repairing or upgrading its schools. Policymakers will want to look at the following questions to determine if the condition and/or funding of school facilities needs attention in their state.

Key Policy Questions:

1. Has your state experienced a substantial increase or decrease in student enrollment in recent years? Are changes in enrollment projected in the next five to 10 years?

Rapid enrollment growth can cause both short- and long-term problems, even in relatively wealthy districts. The ability of districts to borrow funds to build schools is based both on wealth and the amount of debt the districts already have incurred. Districts nearing their debt capacity and experiencing rapid growth may be unable to borrow additional funding to build or renovate their schools in time to accommodate increased numbers of students. In this situation, they often are forced to wait until debt capacity improves or to seek other forms of financing.

Districts located in declining enrollment areas face a different challenge — how to make efficient use of existing facilities. Although it is common in these districts for buildings to operate below capacity, efforts to consolidate buildings frequently meet resistance from the local community. Parents do not want their child moved to a school that is further away from their home. These districts must find ways to increase the efficiency of their buildings while continuing to meet constituents' needs.

If the trend of deferring maintenance continues, the amount needed to repair and upgrade schools likely will exceed $150 billion by the beginning of the next century.

2. Is school building maintenance up to date? Is there an adopted maintenance schedule? How old are the school buildings in your state?

Much of the declining physical condition of schools can be attributed to the school and district practice of deferring maintenance, often because of inadequate capital funds. Unfortunately, deferring maintenance may increases costs of the repairs. For example, if a leaky roof does not get repaired quickly, carpet and walls may need to be repaired or replaced. In some schools, the costs of repair or renovation may exceed the costs of replacing the entire facility. If the trend of deferring maintenance continues, the amount needed to repair and upgrade schools likely will exceed $150 billion by the beginning of the next century, according to the U.S. General Accounting Office. School districts with lower taxing abilities — those with the least ability to pay for repairs — often have the highest levels of deferred maintenance, David Honeyman writes for the Association of School Business Officials. To compound the problem, nearly 30% of all school buildings in this country are approaching the end of their useful life (approximately 50 years), and about half are nearly three-quarters of the way through it, he writes.

3. What implications do new state education policies (for example, charter schools or reductions in class size) have for school facilities? Were facilities needs addressed when these new policies were implemented?

When a state implements policies that require or encourage districts to make programmatic changes such as smaller class sizes, charter schools or open enrollment, the implications for facilities need to be (but seldom are) addressed. For example, reducing class sizes often means increasing the number of classrooms. Rural districts may not have another building

available; urban districts may not have the option of transferring students or already may have limited space. Even when additional funding is allocated to reduce class size, districts typically use these funds for programmatic needs first (e.g., hiring more teachers), leaving insufficient resources to address facilities.

Federal policy changes also create facilities-related problems. For example, the Individuals with Disabilities in Education Act, reauthorized in 1996, mandates that school buildings be made accessible to students with special needs and/or made safe for children through such steps as asbestos removal. State and federal governments, however, have made few or no funds available to help school districts meet these requirements. As a result, local funds earmarked for programmatic purposes and/or routine building maintenance, such as roof repair, have been used to make buildings accessible and asbestos free.

4. Are the state's school facilities adequately equipped for the implementation of new technologies?

School districts across the country are struggling to update their facilities to allow for installation of new technologies by creating space, updating electric wiring, etc. Many old school buildings, however, cannot be easily adapted to the infrastructure requirements of technology or only can be adapted at a cost that far exceeds the resources available. Unfortunately, this problem is most severe in districts in which students are least likely to have access to new technologies at home.

5. Are dollars earmarked for facility construction and/or maintenance being used for other purposes?

Some critics claim that school and district administrators exaggerate the school facilities problem, while others blame school boards for making poor budget decisions or mismanaging capital funds, such as using up most of the district's resources on one expensive school or using capital funds for instruction instead of repairs. Concerns regarding the efficient use of school facilities funding were high on the agenda of Florida legislators during a 1997 special session to address school crowding problems. The resulting Florida legislation included incentive funding for districts that build "frugal" schools and adhere to state specifications.

6. How successful have local district efforts to raise funds for school construction and maintenance been?

Passing education bond issues always has been a challenge for local districts. Over time, districts have seen from one-fourth to one-half of their education bond proposals or tax issues defeated. Why are these issues difficult to pass? Some citizens do not want more of their tax money going to schools (e.g., in communities where the population is aging and has little direct connection to the schools). Others feel their taxes are already too high or that schools have plenty of money they can use if they were just more efficient.

HOW CAN STATE SCHOOL FACILITY NEEDS BEST BE DETERMINED?

Responding to the need for more or better school facilities requires a clear understanding of the current and future status of the state's school buildings. Such an analysis allows state policymakers to establish priorities and determine to what extent, if any, the state should become involved in funding facility needs.

Key Policy Questions:

Key questions for policymakers in assessing the magnitude of school facilities needs include the following*:

1. *How are **changes in population** affecting the need for new buildings or for renovation? How does this vary across the state, and what is the effect of the variation?*
2. ***How many school facilities** does the state have? How does the number of schools compare to projected numbers of students?*
3. *What is the **condition of schools** within the state? Are there uniform criteria to determine their condition? How are maintenance and repairs treated in the budget process?*
4. *What is the average **age of school buildings**? What was the history of building patterns in previous periods of growth and decline?*
5. *What is the real and/or estimated impact of state and federal **policy and program reforms** on facilities? (charter schools? class-size reduction? technology requirements? Americans with Disabilities Act?)*
6. *What has been the success of **local district efforts to raise funds** for school facilities? Does the responsibility for financing construction and maintenance affect schools and districts differently? What state policies restrict local efforts to raise funds for school facilities? What state policies support local efforts to raise funds for school facilities?*

Strategies for Assessing the Condition of School Facilities

Different states have taken different approaches to assessing the condition of their school facilities. For states with a comprehensive inventory of school facilities, assessing the condition of those buildings may be less involved than in states that do not maintain such an inventory. The three most common approaches include the following:

1. *Hire an outside consulting firm to study the condition of school facilities.* Several states have used data gathered by external firms to create a detailed database on the condition of school facilities. This study can be updated annually or conducted on a one-time basis.
2. *Conduct a state-funded or -directed survey of school facility needs.* Some states have chosen to conduct a survey themselves through an existing agency or by establishing a new one.
3. *Regularly collect data from school districts regarding the condition of their facilities.* Some states regularly collect facility-related data from school districts, usually through the state department of education.

What are different states doing?

Arizona and Wyoming both hired an outside consulting firm to survey school facility needs. These surveys examined school size and capacity, building conditions, school acreage, building asset value per student, value of equipment and school construction under way, funded or needed. In both states, the survey data gathered by the outside consultant is being used to determine priorities, the state role and state funding.

In response to a pending lawsuit, legislative staff in **Colorado** are conducting a survey of that state's school facility needs. The legislature will use the survey data to determine state needs and estimate costs.

Nevada and **West Virginia** have established independent state-level school facilities entities to conduct studies and develop a state-level database of school facilities.

Florida maintains an inventory of all its school facilities. When the legislature or others need data on the estimated costs of meeting the state's facility needs, they can get reports from this existing data source.

*Adapted from Education Writers Association (1989) and Florida Needs Assessment process.

Trade-Offs

The approaches used by states to assess the condition of school facilities vary with respect to the consistency and accuracy of the information provided, the usefulness of the results over time, the cost to do the analysis, and the degree to which key stakeholders will consider the information legitimate. Here are some issues for policymakers to think about when considering the best ways in which to assess the condition of school facilities in their states.

Consistency

- Having one entity evaluate the condition of all facilities (a hired consultant or a state agency) can help ensure needs are evaluated and reported in a consistent manner across districts.
- Data that are self-reported by districts are generally less consistent.
- The state can exert consistent control over the format in which the data are reported if the data are collected on a regular basis.

Accuracy

- An outside consultant is more likely to involve building construction and renovation experts (architects, builders, real-estate appraisers) in the needs assessment, resulting in more comprehensive and accurate cost estimates.
- Legislative, state department of education and school district staff typically do not have expertise in school facilities, so any surveys they conduct may be less accurate than those conducted by an outside firm.

Usefulness over time

- Establishing a state-level commission on school facilities builds in-state expertise in this area and provides a place where data and information on this topic can be collected, stored and disseminated.
- Regularly collecting data on the condition of schools provides an ongoing assessment of the facility needs so state policymakers should not be taken by surprise.

Cost

- Hiring an outside firm can be costly because of the time necessary to survey buildings, write a report and present findings to various audiences.
- It is usually less costly to have an internal organization, such as legislative staff, conduct a survey than it is to hire an outside firm.
- The least costly option is for districts to self-report the condition of their schools.

Legitimacy

- Using a neutral entity — one that does not have an interest in the outcome — to assess facility needs may increase confidence in data accuracy.
- Policymakers and/or others, however, may lack confidence when a study is conducted by an outside firm.

WHO IS RESPONSIBLE FOR FUNDING SCHOOL FACILITIES? WHAT SHOULD BE THE STATE VS. LOCAL ROLE?

Debate over how much the state should be involved in funding school facilities typically focuses on issues of capacity, equity and local control.

Historically, local communities were responsible for all aspects of their education programs, including building and maintaining school facilities. With increased state involvement in regulating and managing education and the proliferation of school finance lawsuits, state funding for the operational aspects of education has increased dramatically over the past three decades. State funding for facilities, however, has not kept pace. Recent lawsuits in several states suggest policymakers may want to evaluate whether their system for funding school facilities is consistent with constitutional provisions regarding the state responsibility for education.

Debate over how much the state should be involved in funding school facilities typically focuses on issues of capacity, equity and local control. Many urban and rural communities face the double jeopardy of large numbers of old buildings and a declining tax base. Wealthier communities have a greater capacity to raise more money in local taxes than poorer communities and thus can more easily build and/or maintain their buildings. State funding of school facilities, therefore, usually results in a more equitable distribution of resources. But, several problems are inherent in state funding. Few states have sufficient resources to fund facilities fully, and some people argue that state funding produces a level of uniformity that does not allow for school buildings to reflect local interests or needs. Local control advocates also caution that additional state funding is likely to bring with it increased legislative involvement in decisions about how facilities are built.

Legal Challenges

Texas. A series of court cases starting in 1987 initiated the trend of closer scrutiny of the equity of school facility funding. While the Texas court did not base its decision on inequities in school facilities, it did note that certain unresolved facilities issues had the potential to render the system unconstitutional in the future.

Arizona. The first of its kind, a 1994 court decision declared Arizona's school funding system unconstitutional, primarily because of the condition of its school facilities. The court found that the amount of state aid that Arizona was providing through its state funding formula for capital improvements was insufficient to meet the needs of low-wealth, property-poor communities. It ruled that the state's failure to establish a funding system to offset these disparities in property wealth violated Arizona's constitutional provision to provide a "general-and-uniform" education system. The Arizona legislature has until June 30, 1998, to develop an approach for funding facilities that is acceptable to the courts.

Ohio. A 1997 Ohio Supreme Court ruling declared several aspects of the state's school funding system unconstitutional. Specific to facilities, the decision stated that the Classroom Facilities Act, Ohio's source of aid for capital improvements, is insufficiently funded to meet the needs of districts with little real property value.

Colorado. A January 1998 lawsuit claimed Colorado's current school financing system violates the state constitution's "thorough-and-uniform" education clause by denying some school districts the funds necessary to provide adequate facilities.

THROUGH WHAT MECHANISMS CAN SCHOOL FACILITIES BEST BE FUNDED?

School facilities may be funded through state or local sources or a combination of the two. The level and type of support states currently provide for facilities varies dramatically — much more so than for school operations. Some states, such as North Carolina, attempt to fully fund the building and renovation of school facilities, while others, such as Louisiana, provide no state aid for this purpose. Increasingly, states and local communities are sharing this responsibility, such as in Delaware where the state funds at least 60% of the cost of capital outlay and local districts pay for the remainder. (See Appendix A for a summary of each state's policy on school facilities funding and whether facilities are funded primarily through local, state or shared revenues.)

The following sections describe the most commonly used mechanisms for funding facilities at both the state and local levels, as well as some alternative strategies that do not involve substantial additional funding.

State Funding Options

Several state aid mechanisms exist for funding facilities. Most states offer at least one of the mechanisms described below, and some offer more than one.

Direct aid for construction and renovation. Direct dollars for construction and renovation of facilities are distributed as part of the state's foundation formula; every school gets some money for facilities as part of its basic aid or as a grant. States may provide grant funding for specific purposes, such as in Florida, where grants are used as an incentive for schools to be built frugally, or in California, where facilities funds are provided to reduce class size. Equalized systems, in which states and localities share the cost of facilities, provide more funding to schools in districts with lower tax bases and less to those in wealthier communities. Delaware, Kentucky and New Hampshire have equalized direct aid systems.

Matching grants. Some states require districts to match the direct funding they receive from the state. One strength of matching grants is that the state does not have to bear the entire cost of building school facilities. This approach, however, may not result in an equitable distribution of resources since richer communities are able to come up with matching dollars more easily than poorer communities. In the 1997 legislative session, Illinois — a state which had not previously provided aid for facilities — allocated $1.5 billion for future school construction matching grants.

Aid for debt service. Providing aid for debt service involves helping school districts repay construction and renovation loans. Some states, such as New Hampshire, base their aid for debt service on a consistent state proportion. Others, such as New Jersey, equalize the funding for debt service based on school district wealth. The key difference between aid for debt service and direct aid for construction and renovation is that when a state provides funding for debt service, it helps the district pay off its debt over time, contributing resources toward both the interest and principal on the loan rather than providing a one-time contribution.

State loans. Some states provide loans directly to school districts and schools. These loans typically are for a modest amount of money and/or are limited to targeted districts, such as low-income or those experiencing rapid increases in enrollment. New Jersey has $70 million which it distributes as loans to finance the construction/renovation of public schools.

State school building authorities. Most states make key decisions about school facilities funding through their regular decisionmaking channels, including the legislature, state board and state department of education. In selected states, however, legislatures have established special state-level entities to make decisions about and distribute school facilities funding. West Virginia's School Building Authority was established in 1988 to issue state bonds whose proceeds are used to make statewide grants for capital projects. During the 1997 session, the Nevada legislature created the state planning commission, which is responsible for assessing the state's school facility needs, exploring how districts fund their facility needs, assessing whether the current funding system is sufficient to meet identified facility needs, and making recommendations to the legislature.

Local Funding Options

Bonds. The most common way of financing facility needs at the local level is through the sale of general obligation bonds. School districts levy local property taxes to repay the principal and interest on the bonds (unless the state helps pay off the debt). Districts usually are required to seek voter approval before they issue bonds and often must adhere to state-set limits on debt levels. In a number of states, voters must approve local bond issues by more than a simple majority. California and Idaho both require a two-thirds majority vote to approve bond measures. The most significant limitation of bonds is that the amount of the bond depends on the property wealth of the district.

Building reserve fund. Some districts earmark local taxes over time to accumulate funds for future building needs. This strategy has the same weakness as issuing bonds — a one-mill property tax levy in a property-poor district raises less money than it does in a property-rich district.

Pay-as-you-go. In a pay-as-you-go strategy, local property taxes are levied in amounts equal to current building needs, enabling districts to accumulate facilities gradually without issuing bonds. This method is usually available, however, only to wealthy districts, large districts able to compromise on space needs, and/or districts located in places where construction costs are more affordable.

Impact fees. An impact fee is a tax imposed on new construction to pay for the building, enlargement and/or renovation of school facilities. Impact fees are not revenue-generating mechanisms, but rather a regulatory tool; their purpose is to ensure the necessary public facilities are provided as a condition for new development. California limits its impact fees to $1.72 per square foot for residential construction and $.28 per square foot for commercial projects. School-related impact fees are rare, however.

Alternative Strategies

Raising additional funds to build and/or renovate buildings is not always necessary or even possible. Some states and school districts have implemented the following strategies as alternatives to raising additional dollars:

Georgia's Amendment 2, approved by voters in 1996, allows school districts to impose a one-cent special-purpose sales tax that can be used for capital construction needs. The local sales tax provides communities with an alternative way to pay for school facilities, and several school boards are seeking voter approval for the tax. For many localities, however, especially those with a small sales tax base or those reluctant to increase their sales tax (especially border towns), property tax will remain the predominant revenue source for capital construction.

Portables. Portable classrooms, initially introduced as temporary solutions to facility problems, have become very popular nationwide, especially in areas experiencing rapid enrollment growth. They are more affordable than building and, in most cases, can be secured quickly, reducing the time students spend in overcrowded classrooms.

Portables, however, may have many weaknesses, including lack of access to technology and restrooms. Nor does adding portable classrooms deal with the need for larger gyms or cafeterias to accommodate more students. In Florida, portable classrooms became a major political crisis during a special 1997 legislative session called to address school facilities issues. As one Broward County school board member said, "As we are sitting here, all dry even though it's raining outside, 35,000 students in Broward are getting wet walking from their portable to the bathroom, the media center or the cafeteria."

Year-round schools. Some districts have implemented a year-round schedule to deal with overcrowding. By implementing a year-round program, a school is able to serve a larger student body while retaining a smaller classroom size. Although this is an efficient system, parents, teachers and students are not always receptive. Their concerns include: scheduling common vacations, sports seasons and difficulties having access to drama and music programs.

School/community partnerships. Joint use of facilities among schools and communities is a strategy that can work in areas of enrollment growth as well as decline. In areas of enrollment growth, a school may share facilities with a community entity instead of building new buildings. For example, a church that does not use its building during the day may rent some of its space to a school. This is an especially popular approach among

charter schools, many of which do not receive funds for facilities. In areas of enrollment decline, a district may rent out part or all of a school for use by the community.

Virtual schools. This is a fairly new concept that, to date, has remained mostly that — a concept. In virtual schools, students do not spend time in a school building every day; rather, they "log on" to their classrooms and their instructors via the Internet and work independently and/or through electronic networking with their peers. When students and instructors do meet face-to-face, these meetings do not require a traditional school building. While few examples of virtual high schools exist, the benefits and deficits of this approach have not been fully examined, making the implications for school facility needs across a state or district difficult to estimate.

The **Denver Public Schools** in 1996 began a program called "Capital Facilities Certificates of Participation." Under this plan, the district sells certain property it owns to a nonprofit corporation which exists solely to facilitate the district's lease-purchase transaction. The district then leases that property back under an annually terminable agreement. Money raised from the sale is used to improve the leased property, as well as other property the district owns. The investor gets principal and interest payments. The plan has been approved by the Colorado courts and does not require voter approval.

In summary, as more school buildings reach or exceed 50 years of age, maintenance can no longer be deferred and changes in student enrollment can no longer be absorbed by temporary solutions. Increasingly, state policymakers need to rethink how school facilities are built, repaired and paid for in their state. Using these questions as a guide through key decision points should help ensure that relevant issues related to school facilities are addressed.

APPENDIX: HOW STATES FUND SCHOOL FACILITIES

STATE	PRIMARILY LOCALLY FUNDED	SHARED FUNDING	PRIMARILY STATE FUNDED	DESCRIPTION
Alabama			X	Funded through basic support program (state aid) — $55 times number of earned teacher units at each local board; additional capital expenditures funded by state bond issues; districts may obtain local bonds
Alaska			X	State pays 80% of debt service on approved projects begun before 1990; additional funds available for capital construction projects; local contribution to facilities has increased in recent years, however, system primarily state funded
Arizona		X		State board for school capital facilities reviews district applications for monies from the school capital equity fund and sets priorities for distributing funds to districts; state foundation allotment guarantees districts about $400 per student for capital outlay and debt service; voter approval required for local bonding (limited to 15% assessed value in elementary and/or high school districts and 30% assessed value in unified [K-12] districts)
Arkansas	X			All major construction projects funded through local revenues; however, state does provide revolving loans to help districts; voter approval required for bonding — millage must cover 150% of building cost, debt limit to 22% of assessed value or 25% with state approval
California			X	State issues bonds to pay for school construction, then leases facilities to districts at $1 per year for 40 years, after which time the district owns facility; additional funds provided as block grants for deferred maintenance and technology, and to cover facilities costs associated with reducing class size; district must turn over to state any fund raised from impact fees until certificate of occupancy received; impact fees limited to $1.72 per square foot for residential and $.28 per square foot for commercial projects; 2/3 majority vote needed to approve bond measures
Colorado	X			Districts required to budget at least $221 per pupil out of their equalized formula funding for capital outlay, insurance and risk management; no additional state money provided for capital outlay or debt service
Connecticut			X	Most state funding for school construction paid for using state bond revenues; state provides funding for construction and renovation; local districts cannot issue bonds, but municipalities may; voter approval required for bonding — bond values may not exceed 4.5 times municipality's total tax revenue from previous year
Delaware		X		State funds at least 60% of regular school outlay with funds equalized based on ability to pay; maximum local share is 40%; voter approval required for local bonding

STATE	PRIMARILY LOCALLY FUNDED	SHARED FUNDING	PRIMARILY STATE FUNDED	DESCRIPTION
Florida			X	State plans to spend $2.7 billion from 1998-2003 to build schools; $600 million also available for two grant programs, one an incentive pot to reward districts that tap into local sources for construction funds and another to encourage districts to build schools frugally with state specifications; presence of incentive pot means Florida starting to lean toward sharing responsibility; however, system still primarily funded by state
Georgia			X	Equalized based on property wealth; state pays between 75-90%; facilities plans must be approved by state; district cannot sell bonds in excess of 10% of taxable property value; majority of voters must approve referenda
Hawaii			X	All projects must be approved by legislature and are funded entirely by state
Idaho	X			No state aid provided; 2/3 majority vote required to issue bonds
Illinois		X		$1.5 billion allocated in 1998 for future school construction matching grants; prior to this, no state aid in Illinois had been provided for facilities — it was solely local responsibility
Indiana	X			Primarily local responsibility; flat grant of $40/ADA provided by state; districts can apply for low-interest loans from the state Common School Fund
Iowa	X			No state aid available; bonds require 60% voter approval, debt limit = 5% of assessed value, max length 20 years
Kansas		X		Capital outlay aid included in general school aid as weighted factor; districts must seek state approval for authority to levy property tax
Kentucky		X		$100 per pupil through basic foundation program, some equalized funding provided based on property wealth; additional funds based on proportion of districts' unmet facilities needs to total statewide unmet needs
Louisiana	X			No state aid available; state constitutional debt limit of 25% of assessed value; voter approval required to issue bonds
Maine		X		State board must issue approval for school construction projects; maximum debt-service limit for state-funded projects; state board prohibited from approving projects that would exceed debt; "interim local funding" concept allows districts, with voter approval, to finance first few years of school construction project without state participation; prior to "interim local funding," Maine was classified as "state" system as opposed to current classification as "shared"
Maryland			X	State shares cost of approved projects with districts; local share is 25-50% depending on district's wealth class
Massa-chusetts			X	Percentage of state funding equalized, state pays from 50-90%; 90% funding for construction of facilities to alleviate racial isolation; state must approve all building plans

STATE	PRIMARILY LOCALLY FUNDED	SHARED FUNDING	PRIMARILY STATE FUNDED	DESCRIPTION
Michigan	X			No state aid available; bonds approved by state are guaranteed 100% by state; districts may set tax rate at 7 mills and borrow up to 90% of funds needed to meet annual bond payments; voter approval not required; with voter approval, however, districts may obtain larger bonds with longer payment timelines
Minnesota		X		State funding available for debt service; districts receive additional per-pupil allocation for facilities, but local levies required to match allocation; debt limited to 10% of market value of all taxable property
Mississippi			X	State will allocate in 1998-2003 at least $273 million which districts can use for facilities — this funding is in addition to existing system which already provides 75% of funds for capital improvements through sale of state bonds; voter approval with 60% majority required to issue local bonds; debt limit = 15% of assessed value
Missouri	X			No state aid available; debt limit = 10% of assessed value, 20 year maximum on bonds
Montana	X			Voter approval required for local bonding; debt limit = 45% of taxable valuation
Nebraska	X			No state aid available; voter approval required for local bonding; debt limit = 14% of actual valuation
Nevada	X			No state aid available to fund school facilities; in 1997 state established and allocated funds for a state planning commission to assess facility needs; voter approval required for bonds to levy a pay-as-you-go tax of $.75 per $100 of assessed value in counties with fewer than 25,000 pupils and $.50 per $100 of assessed value in counties with more than 25,000 pupils; impact fee tax limited to $1,000
New Hampshire		X		State pays 30-55% of annual principal payments on construction projects; additional 5% paid to regional school districts as incentive for consolidation; 2/3 majority vote required to issue bonds
New Jersey			X	State funding provided for facilities; debt service aid = district's debt service times percent of foundation aid district receives
New Mexico		X		Funds available for emergency outlay needs that cannot be met through other sources; state funding equalized based on program units and property wealth; voter approval required to issue bonds, to impose tax up to $10 per $1,000 of taxable property value up to 5 years, and to impose tax up to $2 per $1000 for up to 3 years for certain capital needs
New York		X		State funds equalized based on property wealth per pupil compared to state average; voter approval required for acquisition, construction or reconstruction of facilities

STATE	PRIMARILY LOCALLY FUNDED	SHARED FUNDING	PRIMARILY STATE FUNDED	DESCRIPTION
North Carolina			X	State funds allocated to county government based on county ADM; county distributes funding to districts for use in state-approved capital projects; critical school facility needs fund provides state grants to districts unable to meet minimum facility standards from other sources; bond sales require voter approval; district bond sales limited to maximum debt ceiling of 8% of county tax base
North Dakota	X			No state aid available; state school construction fund provides low-interest loans; 60% majority required to issue local bond; debt limit = 10% of assessed value
Ohio		X		School Facilities Commission administers financial assistance to districts for acquisition or construction of facilities; funds allocated based on needs of district, cost involved, amount of local funds provided by district (state provides the remaining cost); emergency building repair program disperses funds on case-by-case basis; loans may be made to districts for building improvement; voter approval required to issue bonds; debt must be retired within 23 years
Oklahoma	X			No state aid available; bonds must be approved by 60% of voters; debt limit = 10% of assessed value
Oregon	X			No state aid available; voter approval required to issue bonds; debt limit = .55% of market value for reach grade K-8, .75% for each grade 9-12
Pennsylvania		X		State funding equalized based on state-approved expenditures and on market value aid ratio or relative market value wealth per teacher unit of 30 elementary or 22 secondary students (whichever is higher); nonvoted debt cannot exceed 250% of borrowing base (average of district's total revenues for three preceding years); voted debt limited to 300% of borrowing base
Rhode Island		X		Percentage of state funding equalized; bond interest payments considered reimbursable expenses; minimum aid ratio = 30%; each municipality has locally determined procedures for capital project financing
South Carolina	X	X		July 1996 Public School Facilities Assistance Act made state funds available to construct and renovate school facilities; additionally, state provides $15 per K pupil and $30 per 1-12 pupil; districts can borrow up to 8% of assessed value without referendum; above 8% district must seek referendum
South Dakota	X			No state aid provided
Tennessee		X		Some funding for capital outlay included in basic aid formula; state pays 75% for classroom equipment and 50% for nonclassroom equipment, renovation and building; district bond issues not subject to voter approval

STATE	PRIMARILY LOCALLY FUNDED	SHARED FUNDING	PRIMARILY STATE FUNDED	DESCRIPTION
Texas		X		State funding provided for facilities through basic aid formula; state guarantees $20.55/WADA for each cent levied above $.86, up to $1.50; voter approval required to sell bonds; maximum term of bond issue 40 years.
Utah		X		March 1996 legislation created capital outlay foundation and capital-outlay loan program for school districts to provide revenues for capital-outlay bonding, construction, renovation and debt service; terminated emergency school building needs program; districts can levy up to 2.4 mills for capital outlay and debt service; voter approval required to issue bonds and levy additional mills
Vermont		X		State-approved projects eligible for 15% of total cost before groundbreaking and additional 15% of total cost upon project completion; approved projects eligible for debt service aid at same percent as through general aid formula; voter approval necessary to receive state aid for capital projects
Virginia	X			No state aid available; voter approval required for counties to issue bonds; cities and towns do not need voter approval; bonded indebtedness limited to 10% of assessed value for cities and towns, no limit for counties; Virginia School Authority, bond bank, provides low-cost financing for capital projects
Washington		X		Funding equalized based on property wealth with state paying 20-100% of costs, 50% for the district of average wealth; legislature must authorize districts to raise levies for debt service or capital projects
West Virginia			X	Funding provided through school building authority; state funds provided for debt service, construction and maintenance of facilities
Wisconsin		X		Funding provided through general equalization and formula; districts may also raise/use local revenues to fund capital projects; debt limit = 5T of equalized property valuation (for non K-12 districts) and 10% for districts serving grades K-12; voter approval required for bonds exceeding $1 million
Wyoming	X			No state aid provided; some state funds to help low-wealth district repay bonds available; voter approval required to issue bonds; debt limit = 10% of assessed value

Note: Most of the data for this table date back four to five years. Gold et al., 1995, which provided most of the information in this table, was the most recent analysis of state facilities funding that we could find. Some updates on specific states were found and included in the table. Sources for these recent updates include: Johnston, 12/10/97; ECS & National Conference of State Legislatures, 1997; White, 11/12/97; Mississippi State Senate, 4/3/97.

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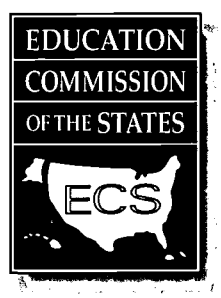

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