

State Funding for K-12 School Facilities:

A Survey of the States

June 2014
Technical Report



**CENTER FOR
CITIES+SCHOOLS**
UNIVERSITY OF CALIFORNIA BERKELEY



BERKELEY
iurd INSTITUTE OF URBAN AND
REGIONAL DEVELOPMENT

State Funding for K-12 School Facilities: A Survey of the States

June 2014



<http://citiesandschools.berkeley.edu>

Introduction: Seeking Options for California

California lawmakers are debating the future of the state's role in providing school construction and modernization funds to local school districts – a school facility funding role the state has played since 1947. Previous statewide school construction bond authority is exhausted. The legislature is moving forward with Assembly Bill 2235 (*The Kindergarten-University Public Education Facilities Bond Act of 2014*), with an as-yet-unspecified bond amount. The bill proposes only minor tinkering to the state's current school facility funding program. However, Gov. Brown has signaled he wants fundamental changes to the competitive, "first-in, first-out" funding approach of California's K-12 School Facility Program.

This paper presents findings from a survey of the K-12 facility funding approach for all 50 states. The aim is to provide alternative funding distribution options to inform the debate in California.

This paper is part of a series of research papers by the Center for Cities + Schools on state roles in funding and establishing standards for K-12 public school facilities.

State by State Summary

	Basis of Distribution of State Funding for K-12 School Facilities
Alabama	State funding based on Average Daily Membership and value of local mil . LEAs receive a certain amount of funding each year from proceeds from a 3 mil statewide property tax . They then make their own decision as to how to spend the funds based on their 5 Year Capital Plan. A Capital Plan Committee formed at each LEA determines the projects to be addressed using these funds.
Alaska	State funding based on several factors, including: unhoused students, building condition, crowding, building age, project completion status, type of LEA (i.e., rural LEA receives more), taxable value of property per student . The basic formula calculation varies by type of LEA: rural LEAs receive up to 98% state funding. Urban/municipal LEA funding rate is calculated by the taxable value of property per student, and the LEA may be required to pay up to 35% of facility costs
Arizona	State funding is through a competitive grant program, which takes into account square footage of project, age of building, and type of building . Projects must meet minimum guidelines. Funding priority is given to LEAs that have provided routine maintenance and a project funding match. State has two funding programs: 1) Building Renewal Fund: used for planning, design/engineering, construction (not new), environmental assessment, and abatement. 2) New Construction: funding is formula driven by looking at existing LEA capacity over a projected 8 year future period. Funding is used for new construction, additions, land acquisition, furnitures, fixtures and equipment.
Arkansas	If project qualifies under state construction program as new construction, renovation or alteration, the projects are prioritized based on local growth/crowding, wealth index, and facility condition . Once approved, a qualifying cost is determined, based on a statewide standard and the individual school district wealth index is applied.
California	State funding is by competitive, per pupil project grants based on 50% of costs (new construction) and 60% (modernization) set by code and regulation.
Colorado	In 2008, the Colorado Legislature established the Building Excellent Schools Today (BEST) capital construction grant program. BEST is a competitive grant matching program . Grant applications are reviewed on a yearly cycle and prioritized based on criteria established by the legislature; prioritizing health and safety issues by providing funds to rebuild, repair, or replace the State's most dangerous and most needy K-12 facilities . Each local school district has an annually calculated Minimum Match Criteria that determines its local-state funding share; the local share percentage is determined by local capacity and past effort . The range of all matching percentages is normalized so the average match is 50%.
Connecticut	State funding based on a determination of need, how the project will enhance the education program, and a relative wealth ranking . Funding amount is 20-80% of project, based on the relative wealth ranking.
Delaware	State funding determined by an " ability construction ratio, " which looks at relative property wealth, crowding, implementation of full day kindergarten, life safety health issue, and enhancement of functional building . In general, low wealth LEAs receive 80% state funds for projects; higher wealth LEAs receive 40% state funds for project. State categorizes projects: Priority 1: designed to mitigate student growth, implementation of full day kindergarten, resolve or fix significant life safety health issues; Priority 2: existing facility or program that is functional but project will enhance facility or service delivery; Priority 3: projects primarily aesthetic in nature.

Basis of Distribution of State Funding for K-12 School Facilities	
Florida	LEAs submit five-year facility work plans and capital improvement plans to the State Department of Education, which contain funding requests for construction and maintenance projects. LEAs are instructed to “coordinate” with local planning boards (in the case of Florida, these are counties) to select projects. LEAs typically receive between 11-35% of project costs. No weighting given to LEA wealth. The Florida Department of Education provides monthly disbursements to local school districts based on available revenues , which are allocated by statutory formulas. Specific project allocations are determined locally based on the school district’s prioritization of needs.
Georgia	State program determines overall annual statewide school facility needs. Each LEA receives a percent of total funds based on the total need. Needs are based on unhoused student population, building age and condition, safety issues (as identified by LEA facility plan).
Hawaii	State funding for K-12 capital improvement projects follows a matrix (inventory of all schools), which looks at age and condition of building and develops a funding allocation based on demographics, health and safety, maintenance. After using the matrix, the state comes up with a priority list. The priority list is sent to the State Board of Education and then the State Legislature for approval.
Idaho	State funding is based on two main factors: Average Daily Attendance (ADA) (for capital projects) and a "value index" (for maintenance projects), which factors local unemployment rate and property values.
Illinois	State funding amounts are based on wealth of LEA. New construction funds are based on inadequately housed students. All LEAs receive some state funds for maintenance. State funds for energy efficiency upgrades are competitive and on a first-come, first-served basis. For school construction, state contributes between 35-75% of project costs. For maintenance, energy efficiency, and early childhood, state funds about 50%.
Indiana	State does not provide K-12 facility funds.
Iowa	The Iowa Demonstration Construction Grant Program helps LEAs correct fire safety problems and helps LEAs leverage local resources to construct new schools or remodel, modernize existing buildings. Grants are competitive and discretionary for fire safety repairs, and for the new construction, reconstruction, repairing, improving, modernizing or remodeling of a schoolhouse or acquiring an existing building and converting it for use as a schoolhouse. Two main grants: Construction Grants (priority given to applicants with projects that involve green building techniques for energy efficiency, provide space for such programs as reducing class size, establishing preschool programs, establishing before and after school programs, engaging in community integrated construction projects, modernizing, attending to health repairs, and updating school safety/security in conjunction with the construction project) and Fire Safety Grants (school must have received an order/citation within the past three years from the State Fire Marshal or local fire department officials). LEAs must provide a 75% local match.

Basis of Distribution of State Funding for K-12 School Facilities	
Kansas	<p>State funding is an equalized formula based on LEA wealth. Low wealth LEAs receive more state funding. High wealth LEAs cover 100% of costs locally. State also pays bond interest for low wealth LEAs. Some LEAs get 60-70% funding towards repayment of bonds. Funding streams: 1. bond and interest state aid; 2. capital outlay state aid; 3. new facilities weighting. Funding process for bond and interest state aid: LEA does legwork, including meeting with the architect to create a plan. When it's ready to take the project out to be voted on by the local community, it first submits the application to the state. The State Department of Education makes sure the application meets state statutes. The State Board of Education then votes on the application. Once approved, the project goes back to the local community for a vote. If the school is borrowing \$10 million, it will get those funds to pay for the project. After its first year, the school district must pay back the bond. If the district receives 50% of state aid interest, 1 month before the 1st principal and interest statement comes, the state will write a check to pay for 50% of the state aid. Funding for capital outlay state aid: same formula is used as bond and interest aid. Some school districts vote to pay for a mill for capital outlay. If the school district is low-wealth and gets 60% bond interest, it can also receive 60% of capital outlay state aid.</p>
Kentucky	<p>State funding is based on relative LEA wealth, building condition, crowding, and attendance. State provides three funding sources for capital outlay: 1) School Facilities Construction Commission, based on facility condition and school enrollment growth. Funding comes from the School Facilities Construction Commission; 2) Capital Outlay, based on attendance (roughly \$100/student); and 3) Funding where all LEAs may levy a 5 cent tax of \$100 of assessed value. LEAs receive equalization at 150% of statewide average assessment. High wealth LEAs may get no state funding if their assessed value is more than 150% the state average. This funding method is meant to equalize the relative wealth of the student. State funding will make up the difference up to 150% of state average.</p>
Louisiana	State does not provide K-12 facility funds.
Maine	n/a
Maryland	<p>Once a year, all of Maryland's 24 county-wide LEAs submits a capital budget request and a facility master plan, ranking proposed projects in a locally-generated priority order. Maryland's Interagency Committee on Public School Construction (IAC) staff review each project, determine eligibility, and apply the LEA's priorities to make their own list of top recommendations for funding to the IAC board. Funds are prioritized to make sure every LEA has the funds to provide an "adequate education." The state share of project funding is set three years at a time for each LEA, based on several factors relative to local wealth. Statute sets the minimum funding for any project at 50% of eligible costs. The state share is higher in lower-wealth LEAs.</p>
Massachusetts	<p>State funding is based on statewide assessment of facility needs. Once a year, the MA School Building Authority (MSBA) collects facility information on each school. MSBA then validates identified facility problems/deficiencies with site visits and determines which projects will be funded based on the type of problem identified. State funds are prioritized to address facility problems in the following order: 1) building structural issues; 2) student crowding; and 3) general building condition. Using statewide project cost averages, the MSBA determines what the cost of the project should be. State funding amount for the project is calculated based on LEA wealth, reimbursing between 31-80% of the project.</p>
Michigan	State does not provide K-12 facility funds.
Minnesota	n/a
Mississippi	State does not provide K-12 facility funds.

Basis of Distribution of State Funding for K-12 School Facilities	
Missouri	State does not provide K-12 facility funds.
Montana	State funding determined by LEA wealth (using property values) and outstanding debt
Nebraska	State does not provide K-12 facility funds.
Nevada	State does not provide K-12 facility funds.
New Hampshire	State funding contributes to all LEA school construction projects but adjusts amounts based on LEA wealth . The School Building Aid program funds between 30-60% of project costs (not including interest and finance charges). Two formulas are used: 1) community wealth looks at equalized valuation and pupil median family income; 2) number of towns that send their children to the school. The formula that yields a higher number is the amount that the project will be funded.
New Jersey	As ordered by the state Supreme Court, state program places LEAs into one of two funding categories : 1) " Abbot districts " - low wealth LEAs funded at 100%. Funding amount for Abbot Districts is based on overcrowding, age of building, condition of building; 2) " Non Abbot districts " - all other LEAs, funded at a minimum of 40%, based on district aid formula. Funding amount for Non Abbot districts is based on health and safety, major system/component replacement and LEA wealth. Non Abbot district projects are ranked by type/level: level 1 projects are health and safety, major system/component replacement and get highest priority; level 2 is new construction and gets least priority.
New Mexico	State funds are based on LEA wealth and assessment of each school against the state adequacy standards (which include building condition, crowding, and other factors) using the NM Weighted Facility Index . The adequacy standards are minimum facility requirements determined to meet the educational program needs. The adequacy standards serve as a trigger for state funding. LEAs can build to whatever level they choose, but state will not contribute above the minimum adequacy standards. Local match required ranges from 10-90%. In some cases, schools on tribal lands qualify for 100% state funding.
New York	State funding amount is determined by facility needs and LEA wealth . State funds nearly all projects submitted by LEAs, but has a maximum construction total cost allowance based on location of school . The level of funding varies, with some high wealth LEAs receiving very little funding and low wealth LEAs receiving up to 98% of project costs. If a project is justified and meets state statutes, then it gets funded. State contribution typically ranges from 10-98% of costs. State also funds incidentals (plan/design/land/environmental assessment) at 25% for junior/senior high school and 20% for elementary school. State also reimburses interest accrued by the LEA on the amount state contributes.
North Carolina	The North Carolina Department of Public Infrastructure provides annual grants to LEAs based on average daily membership (ADM) and local tax rate (higher tax rate qualifies for more state funding). LEAs distribute the state funding to qualifying projects in their district.
North Dakota	State does not provide K-12 facility funds.

	Basis of Distribution of State Funding for K-12 School Facilities
Ohio	In 2007, the Ohio Legislature established the Ohio School Facilities Commission to oversee the state’s school facility funding program and committed to helping school districts serving the lowest-income communities first. Every 3 years, the state ranks LEAs based on three-year averages of assessed wealth within each district per enrolled student (“valuation per pupil”). This “equity” list is amended to include other factors, such as projected enrollment, educational adequacy, and environmental hazard, to create the annual priority funding list. Each year, LEAs are notified if they are selected to participate in the classroom facilities assistance program. The state program does not focus on individual projects, but instead commits to addressing every school building within the LEA, for a district-wide solution . Once the district-wide facility master plan is finalized, the school district puts their share of the funding up to local vote for bonding. If the local bond is successful, the state releases the funds necessary to complete the project. Each school district pays a percentage of total project cost, adjusted by the local property valuation per pupil. Typically the local share is total project cost multiplied by the eligibility ranking list percentile.
Oklahoma	State does not provide K-12 facility funds.
Oregon	State does not provide K-12 facility funds.
Pennsylvania	State does not provide K-12 facility funds.
Rhode Island	State funding amounts are determined by a community wealth index . State project reimbursement is a minimum of 30% and a maximum of 98%. State also offers incentive bonuses for energy savings and green design elements.
South Carolina	State does not provide K-12 facility funds.
South Dakota	State does not provide K-12 facility funds.
Tennessee	State provides annual capital funds to LEAs through a formula as part of the Basic Education Program (BEP) funds.
Texas	The Texas Education Agency provides debt assistance to LEAs for capital projects through the Existing Debt Allotment (EDA) and Instruction Facilities Allotment (IFA) programs. State funds are allocated by statutory formula, with funding determinations made based on LEA wealth . State funds can be used for planning, design/engineering, construction, land acquisition, environmental assessment and abatement, furniture/fixtures/equipment, and interest/debt service.
Utah	State program provides annual non-matching grants to LEAs based on formula. Capital Outlay Fund is based on property tax yield per student compared to guaranteed funding level. Enrollment Growth Fund provides funding to LEAs that have experienced enrollment growth over the past 3 years.
Vermont	State program reimburses LEAs for approved facility projects, based on building condition and crowding . Funding level varies by project type: renewable energy projects funded at 75%; consolidation projects at 50%; all other projects receive base level funding at 30%.
Virginia	State does not provide K-12 facility funds
Washington	LEAs submit projects to the state for funding. The State then makes an independent review of the LEAs’ facility needs. Sliding scale formula provides greater funds to low-wealth LEAs . State funding priorities determined by building condition and need for new space . State provides reimbursements to LEAs for approved projects. Funds are allocated in multiple programs: School Construction Assistance (LEA must show need for new space, Energy Improvement Grants, Asset Preservation Program, and Small Repair Grant Program. Funding amount is based on formula, which includes a construction cost allocation (what state will not go over) and eligible areas (that are experiencing growth) .

	Basis of Distribution of State Funding for K-12 School Facilities
West Virginia	State provides reimbursements for approved capital projects. School Building Authority evaluates projects based on health and safety issues, economies of scale, reasonable travel time and demographic considerations, multi-county/regional planning, curricular improvement and diversification, innovation in educational delivery, adequate space for projected student enrollment, and history of efforts take by School Board to adopt local school bond issue, regularly scheduled preventative maintenance, efficiency and effective use of funds
Wisconsin	State does not provide K-12 facility funds
Wyoming	State funding based on combined scores of facility condition assessments, educational functionality, and enrollment capacity needs . Combined scores establish a prioritized needs index that identifies the most critical projects across the state. State provides 100% of cost for approved projects.

Acknowledgements

Author: Jeffrey M. Vincent, PhD
jvincent@berkeley.edu

About this study: Summaries of state by state K-12 facility funding approaches adapted from State Capital Spending on PK-12 School Facilities (21st Century School Fund, 2010). <http://21csf.org/csf-home/Documents/FederalStateSpendingNov2010/StateCapitalSpendingPK-12SchoolFacilitiesReportNov302010.pdf>). Information also compiled for interviews with state agency staff and review of state program websites. States are listed as “State does not provide K-12 facility funds” if they provide less than 5% of LEA capital spending, according to U.S. Census of Governments data, 2005-2008 (analyzed by 21CSF, 2010).

Many thanks to the 21st Century School Fund, Building Educational Success Together, National Council on School Facilities, Ruth Miller, Mark Leinauer, and Deborah McKoy. Funding for aspects of this research was provided by The California Endowment, The California Department of Education, 21st Century School Fund and UC Berkeley’s Institute of Urban and Regional Development. Accuracy of the information herein is fully the responsibility of the author.



The Center for Cities + Schools at the University of California, Berkeley is an action-oriented, policy and technical assistance center, whose mission is to promote high-quality education as an essential component of urban and metropolitan vitality to create equitable, healthy and sustainable communities for all.

<http://citiesandschools.berkeley.edu/>