

2016

STATE OF OUR SCHOOLS



America's K-12 Facilities

Data Sources and Methods

To complete the analysis contained in this report, the authors used a data- and standards-based framework to analyze 20 years of publicly available national and state data on public facilities spending for fiscal years 1994 through 2013.¹ We used the data reported by U.S. K-12 school districts on the U.S. Census of Governments F-33 Fiscal Surveys and published by the National Center for Education Statistics (NCES) as our primary data source. These data include local school district enrollments and annual revenues and expenditures, including those for capital outlay and for maintenance and operations of plant. A compilation of selected key data is provided in the profile for each state (available at stateofourschools.org) and in Appendix A. Additional data used in this analysis are available at stateofourschools.org/data. Note that, due to rounding, some figures cited in the report and profiles may vary slightly from the data cited in the appendices and posted online.

To check the accuracy of this district-level data, we compared them to capital outlay data reported by the states on the U.S. Census of Governments F-13 Fiscal Surveys of State and Local Governments. To further validate that both of these data sets were accurate, we compared the school construction capital outlay on the F-33 to the total statewide construction contract start costs collected and reported by state and year by Dodge Data & Analytics (formerly McGraw-Hill Construction).

The comparison of the state data sets indicate that the capital construction investment data in 18 states may be underreported by school districts on their F-33 surveys either for reasons of classification of the types of capital outlay, or because districts were not reporting spending on their facilities when it was provided by independent state agencies. We provide our comparison data in Appendix B and note these states in the tables, as well in the online profiles. We also adjusted the state share of capital outlay provided to districts based on input from state officials, as documented in Appendix C.

The state-by-state analysis and profiles incorporate the unique history of facilities spending and investment in each state, as well as other factors that vary by state: enrollment projections, the cost of construction, and the amount of school district space in the state. The National Council on School Facilities (NCSF) surveyed states on building and site inventory sizes and the cost of new construction. State offices that oversee and/or report on school facilities in each state were given the opportunity to review the data and offer input and corrections through NCSF; many directors provided valuable insight to both the national picture and the state profiles.

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Executive Summary

A large and growing body of evidence demonstrates that school facilities have a direct impact on student learning, student and staff health, and school finances. But too many students attend school facilities that fall short of providing 21st century learning environments because essential maintenance and capital improvements are underfunded. This report compiles and analyzes the best available school district data about U.S. K-12 public school facilities funding into a national and state-level summary. In addition, 50 individual state profiles are available at stateofourschools.org. Together, these documents create a common fact base from which to address 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?

K-12 School Facilities Matter

The scale of U.S. public K-12 school facilities is staggering: every school day, nearly 50 million students and 6 million adults are in close to 100,000 buildings, encompassing an estimated 7.5 billion gross square feet and 2 million acres of land. In fact, state and local governments invest more capital in K-12 public school facilities than in any other infrastructure sector outside of highways. Research shows that high-quality facilities help improve student achievement, reduce truancy and suspensions, improve staff satisfaction and retention, and raise property values. They also are integral to ensuring equity in educational offerings and opportunities for students. Even so, no comprehensive information about school building conditions or funding is available at the national level, nor in the majority of states, despite the importance of this infrastructure and the enormous investments made by U.S. taxpayers.

K-12 Facilities Spending & Investments Averaged \$99 Billion Per Year

School districts worked hard from 1994 through 2013 to operate, maintain, modernize, and meet the enrollment growth of the nation's K-12 public schools. In the span of these 20 years, school facilities changed more rapidly than at any time in recent memory, fueled by improved health and safety standards, stronger accessibility requirements, increased use of technology, and expanded programming within schools. Nationally, states and districts spent a total of \$925 billion in 2014 dollars on *maintenance and operations (M&O)*: daily cleaning, grounds keeping, maintenance, utilities, and security of facilities. This amount equaled an annual average of nearly \$46 billion per year for M&O over these 20 years. From 2011–2013, spending increased to an average of \$50 billion a year.

In addition to M&O spending, states and districts invested \$973 billion in 2014 dollars (an average of \$49 billion per year), from their *capital budgets* for new school construction and capital projects to improve existing schools. Over the past three years (2011-13), the combined spending and investment totaled nearly \$99 billion per year.

Capital Investment Impacted Communities Inequitably

The structure of K-12 school facilities funding in the U.S. is inherently and persistently inequitable. States and the federal government contribute funds towards school districts' annual operating

costs, paying — on average — 45 percent and 10 percent, respectively. Facilities M&O, as part of the operating budget, benefits from state and federal assistance. However, in making the capital investments needed to build and improve school facilities, local school districts bear the heaviest burden. This is the case despite communities' widely disparate levels of wealth and capacity to finance all that their schools need. While five states pay for nearly all their districts' capital costs, 12 states provide no direct support to districts for capital construction responsibilities. In the remaining 33 states, the levels of state support vary greatly. The federal government contributes almost nothing to capital construction to help alleviate disparities.

\$145 Billion Per Year Needed for 21st Century Facilities for All Children

Using industry standards adapted to K-12 public school facilities, we estimate that the nation should be spending about \$145 billion per year to maintain, operate, and renew facilities so that they provide healthy and safe 21st century learning environments for all children. Applying a 3 percent of current replacement value (CRV) standard for M&O, districts need to spend \$58 billion annually to maintain and operate the 2014 inventory of public school facilities so they are clean and in good working order. On the capital side, the nation should be spending an estimated \$77 billion per year (4 percent of CRV) to regularly upgrade existing facilities' systems, components, fixtures, equipment, and finishes as they reach the end of their anticipated life expectancy; systematically reduce the backlog of deferred maintenance that has accumulated; and alter existing facilities to respond to changing educational requirements. In addition, projections suggest at least another \$10 billion per year is needed for new construction to accommodate growing enrollments over the coming decade. That brings the total annual facilities requirements to \$145 billion per year.

The Nation Underinvests in Public School Facilities

		Historic Spending	Modern Standards	Projected Annual Gap
K-12 FACILITIES	Maintenance & Operations	\$50 billion	\$58 billion	\$8 billion
	Capital Construction	\$49 billion	\$77 billion	\$28 billion
	New Facilities		\$10 billion	\$10 billion
	TOTAL	\$99 billion	\$145 billion	\$46 billion

\$46 Billion Per Year Gap in K-12 Facilities Spending & Investment

The nation's current system of facilities funding leaves school districts unprepared to provide adequate and equitable school facilities. Comparing historic spending against building industry and best-practice standards for responsible facilities stewardship, we estimate that national spending falls short by about \$8 billion for M&O and \$38 billion for capital construction. In total, the nation is underspending on school facilities by \$46 billion — an annual shortfall of 32 percent. Gaps vary by state and local district, depending on investments by local communities and the structure of school facilities funding at the state level. Nevertheless, investment levels in all states but three will not meet the standards.

A Call to Action

The American public supports high-quality school facilities. When communities have the means to build and maintain high-quality facilities, they do. This report identifies four key strategies for addressing the structural deficits in the K-12 public education infrastructure. First, understand current facilities conditions. Second, engage communities in planning for adequate and equitable 21st century facilities. Third, find and pilot new innovative sources of public funding. Finally, leverage public and private resources in new ways to assist states and districts in providing healthy, safe, educationally appropriate, and environmentally responsible facilities for their communities.