



Michael S. Tilden *Acting State Auditor*

CONTACT: *Public Affairs Office* | (916) 445-0255

School Facilities Program

California Needs Additional Funding and a More Equitable Approach for Modernizing Its School Facilities

Background

California's 10,500 schools serve more than 6 million students in grades K-12, and the State has an obligation to ensure that all students attend schools that are clean, safe, and functional. Poorly maintained schools have been associated with adverse educational and health outcomes in multiple studies, and such schools disproportionately affect students of color and those with low family income, exacerbating existing inequities in student success.

As school facilities age, they require modernization, which includes tending to systems such as electrical, plumbing, roofing, and technology. Not all districts have sufficient local funds to modify facility elements older than 20 or 25 years, so the State has recognized the need to assist school districts in extending the useful life or enhancing the physical environment of aging schools, and it created the School Facilities Program (facilities program). The facilities program's funding comes primarily from general obligation bonds, which California voters must authorize the State to sell. The State Allocation Board (Allocation Board) administers the facilities program, and the Office of Public School Construction (OPSC) supports and serves as staff of the Allocation Board.

For a school district to receive modernization funding, its proposed project must meet certain requirements, receive approval from multiple entities, and navigate a multistep application process with the Allocation Board that results in a first-come, first-served funding distribution method.

Key Findings

- California will likely need \$7.4 billion to meet school districts' modernization funding requests over the next five years.
 - » This amount accounts for existing requests of \$1.7 billion, which the State cannot fund with its current bond authority, and about \$5.7 billion in requests that we estimate the State will receive.
- The State can further assist in school modernization by increasing funding and making changes to improve equity in school facilities.
 - » Although bond funding does not provide a continually guaranteed source of funding, it remains the best vehicle through which the State can raise the funding to assist districts with modernization projects.
 - » The Allocation Board and OPSC do not regularly prepare estimates of the need for modernization funding, which hinders the Legislature's ability to determine the bond authority that it should ask voters to authorize.
 - » The current first-come, first-served approach to reviewing and approving modernization projects likely exacerbates inequities and limits the ability of less wealthy districts to modernize their school facilities.

Key Recommendations

To better assist school districts' facilities modernization efforts and to improve equity among districts, the Legislature should do the following:

- Seek voter approval for at least \$7.4 billion in bond funding.
- Require that the Allocation Board prioritize the funds from future bond propositions for projects from districts that meet certain financial hardship criteria or projects that address an imminent threat to the health and safety of students.
- Allow the Allocation Board to make preliminary apportionments to all districts requesting modernization funding that meet the financial hardship criteria.
- Require the Allocation Board to create and report estimates of future modernization funding requests.
- Require that the OPSC gather valid and reliable data about the age of all school facilities in California and that the Allocation Board base its estimates on such data.