

# California's K-12 Educational Infrastructure Investments:

*Leveraging the State's Role for Quality School Facilities in Sustainable Communities*

A Policy Research Report to the California Department of Education

2012



## Executive Summary

# A Message from State Superintendent of Public Instruction Tom Torlakson



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

## A Message from State Superintendent of Public Instruction Tom Torlakson

California's schools are in a fiscal emergency. Shrinking state resources are forcing school boards to make tough decisions in all areas—staffing, curriculum, student support services, and facilities. When facing these unprecedented challenges with continually decreasing resources, the state, our school boards, superintendents, and communities have an even greater need to plan for quality, equity, efficiencies, and accountability.

One of the first efforts I undertook as State Superintendent of Public Instruction was to create the Schools of the Future Initiative. This broad based group of educators, business leaders, and policy makers provided recommendations in two key areas: School Facility Program Reform and High Performance Schools. I did this because we know from research and experience that quality school facilities help to attract and retain teachers, support improved student outcomes, and provide a positive economic impact to a community.

These recommendations from the Schools of the Future Initiative were only the first step. This report commissioned by the California Department of Education and prepared by the University of California Berkeley, Center for Cities and Schools helps advance many of these recommendations and frame the larger school facility policy issues. The state and local districts cannot afford to lose the ground we gained from investing \$100 billion in school facilities over the past decade.

This much needed report identifies key policy linkages between school facility policy and the state's climate change goals. Strategically locating schools, ensuring safe walking routes, reinvesting in our 10,000 existing schools, and fostering increased district and city collaboration will be key in reducing the greenhouse gas emissions and creating a healthy California for today and the future.

I am pleased to accept this report and have tasked the Director of School Facilities to take the lead on preparing an implementation plan with stakeholder input. The California Department of Education will work collaboratively with state agencies and all stakeholders to ensure these efforts are comprehensive and address the needs of all students. For some of the needed actions legislation is necessary, and I look forward to working with the legislature, the Governor, school districts, county offices of education, and charter schools in creating policies and funding that will help to move California's schools and communities forward.

So despite the current fiscal emergency, we have opportunities to shape the future. I am optimistic that our efforts today will create a better tomorrow. The education, health, and well-being of our students, our communities, and our state depend on it.



## Executive Summary

In *California's K-12 Educational Infrastructure Investments: Leveraging the State's Role for Quality School Facilities in Sustainable Communities*, the University of California, Berkeley's Center for Cities & Schools provides an analysis of the state's K-12 infrastructure policies, regulations, and funding patterns. Findings reveal the need to greatly refine school facilities planning and funding policies and practices to promote sound, efficient, and goal-oriented decision making at state and local levels. The recommendations re- envision the state's role in K-12 infrastructure as one of appropriately supporting educational outcomes and contributing to more sustainable communities through a framework of public infrastructure best practices for sound planning, effective management, adequate and equitable funding, and appropriate oversight. The recommendations build on those put forth in recent California Department of Education (CDE) reports, including *Schools of the Future* (2011), *Blueprint for Great Schools* (2011), and *Re-Visioning School Facilities for the 21<sup>st</sup> Century* (2009), and lay out a vision, policy framework, and implementation plan to equitably and efficiently improve learning environments for California's 6 million students.

Since its creation in 1998, California's School Facility Program (SFP) has provided profound support for K-12 infrastructure. As a state and local funding partnership, the SFP has invested \$101.6 billion in local and state general obligation (G.O.) bond funds in new construction and major building improvements throughout the state. State bond funds contributed \$35.4 billion to this total while Local Educational Agencies (LEAs) bond funds contributed the balance, about \$66.17 billion. On top of this, LEAs invested countless dollars from their annual school operating budgets towards facilities, an estimated \$10 to \$15 billion in local developer fees was raised, and the state contributed about \$6.2 billion in deferred maintenance funds that were matched by LEAs. Together, these capital funds – believed to total about \$118 billion between 1998 and 2011 – improved the health and safety of many school facilities, provided new schools for growing communities, relieved overcrowding through new construction and additions, contributed to community and environmental improvements, and have been a job creation engine.

However, our research findings indicate that policy reforms and future investment are needed to ensure these past gains are not squandered; there are time-sensitive opportunities to seize improvements at both the state and local levels that: 1) equitably distribute these benefits across all schools; and 2) enhance the collaboration of LEAs and local governments for aligning and leveraging the substantial public investments in land development patterns, K-12 infrastructure, and other infrastructure sectors. By strategically doing both, California will ensure its policies and investment priorities support educational quality and promote the state's broader infrastructure funding goals and new policy shift towards more sustainable communities. The latter includes implementation of Senate Bill (SB) 375, upholding the state planning priorities as outlined in Assembly Bill (AB) 857, and efforts discussed in detail in our report. Despite the importance of schools as community infrastructure, the state's K-12 facility program currently is disconnected from the broader efforts to align other statewide infrastructure investments around a common set of sustainability goals.

Over the next decade, we estimate that California's K-12 school facilities need about the same level of investment they had over the last decade to provide safe, modern, equitable, and sustainable learning environments for all students. We calculate that \$117 billion in total capital investment (from all sources) is needed to make good on the previous decade's historic investment. However, the investment over the coming decade should be structured differently than that of the previous decade to best address the needs in local communities across the state. Whereas much of the investment since 1998 was aimed at new construction to accommodate enrollment growth and crowding, the next decade will need to prioritize

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existing school facilities. A particular focus should be on improving substandard learning environments and eliminating deferred maintenance needs through annual capital renewals investments (an industry standard), major modernizations for both life-safety and educational program delivery, and – where necessary – full replacement of outmoded buildings that hinder health, safety, and/or quality teaching and learning.

By following the recommendations in this report, the State of California will best leverage its policy, regulatory, and funding role to link its planning and investment in K-12 school facilities to other infrastructure sectors for multiple benefits to education and local communities.

### **Findings: Barriers to K-12 Infrastructure Alignment**

A host of policy and implementation challenges remain barriers to California maximizing its strategic use of state-level K-12 infrastructure funds. Our research findings indicate concerns of inequitable facility condition; inadequate investment, particularly in existing facilities; and lack of local government and LEA collaboration around infrastructure and land use decisions. We found likely causes for these challenges in the capital facility planning, management, funding, and accountability systems in place in the state. The key findings are:

#### **Planning Challenges**

- California's K-12 infrastructure demands differ from those of a decade ago
- California lacks clearly defined K-12 infrastructure investment priorities
- California's sustainable communities policies exclude K-12 infrastructure
- The School Facility Program has little authority over sustainable communities outcomes
- Policy and regulatory guidance for local intergovernmental planning is insufficient

#### **Management Challenges**

- California lacks the information to guide strategic K-12 infrastructure decisions
- Concerns of distrust and inefficiency plague the School Facilities Program
- California's K-12 facility grants lack flexibility for planning and design for 21st century learning

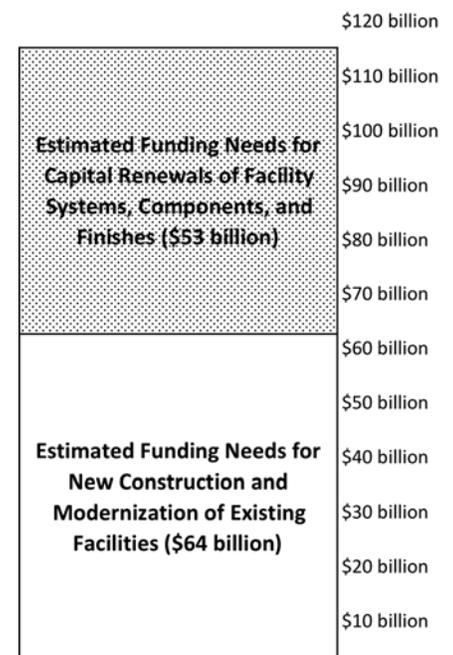
#### **Funding Challenges**

- Funding of modernizations for health, safety, and education quality has fallen short
- California's K-12 infrastructure spending has been inequitable
- LEAs will still need funding assistance for new school construction
- California's episodic and unstable schedule for K-12 infrastructure funding creates inefficiencies
- Over the next decade, California K-12 school facilities need an estimated \$117 billion in capital investments to ensure safe, modern, equitable, and sustainable learning environments for all students

#### **Accountability Challenges**

- California lacks the metrics and systems needed to ensure high value return on state and local K-12 educational infrastructure investment

### **Funding NEEDS for California K-12 Facilities, 2013-2023**



## ***Recommendations: Leveraging the State's Role for Quality School Facilities in Sustainable Communities***

Through our analysis of California's policies and funding trends on K-12 school facilities and other infrastructure, our extensive interviews with relevant stakeholders statewide, and our study K-12 school facility programs and funding policies in all other states, we developed recommendations for strategically improving the State of California's role in K-12 school facilities, and especially the next generation of the School Facility Program (SFP). These recommendations aim to ensure that state funding is adequate and fairly allocated; that state approvals enhance accountability, but are efficient; and that state policies promote local planning to integrate K-12 facilities and sustainable community infrastructure. The recommendations further outline a coherent set of guidelines, standards, incentives, technical support, and investment priorities for California. We have focused on what the state can do to support LEAs and other local governments in delivering high-quality school facilities in sustainable communities, which involves implementation of three key elements: policy reforms, process innovations, and technology tools.

***1) The California State Legislature should adopt a vision and master plan for the state's K-12 infrastructure investment.*** A solid vision and master plan is needed for California to strategically invest its state-level K-12 school facilities funds. The state's aim should be to first and foremost address educational needs, but also to support the state's broader goals of sustainable communities. As we found in our research, the state's investment priorities on K-12 infrastructure are falling short on both. The State Legislature should establish a task force (or equivalent) to develop a vision with guiding principles and a master plan for the state K-12 facilities program. The task force should use this report as a guide. The vision, principles, and plan should then guide all state-level agencies involved with K-12 facilities, helping to create an integrated policy framework for multisectoral strategic capital planning and align the goals of K-12 infrastructure investment with the state's broader infrastructure investment goals.

*a. K-12 school infrastructure should have representation on the Strategic Growth Council*

***2) The state should more actively promote local planning that advances quality education and sustainable communities.*** Improved clarity in state codes on local intergovernmental planning is needed for a collaborative shift towards ensuring high-quality schools and sustainable communities.. State policies play a role by establishing mandates and incentives to encourage local leaders to work together. Because school facilities planning and management in California is a local LEA responsibility, state policies should be designed to encourage and support well-managed local capital planning programs in addition to providing funding assistance and setting various standards.

*a. K-12 school infrastructure should be included in sustainable communities policy and implementation*

*b. School districts need standards-based Educational Facilities Master Plans*

*c. Policy, regulatory, and best practices guidance from state agencies should be available to support local intergovernmental collaboration*

*d. K-12 facilities projects receiving state funding should meet minimum green building criteria*

*e. CEQA should be used to identify and implement land use and school site planning changes to support more sustainable communities*

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**3) The state should assemble the necessary information to strategically prioritize funding for school facilities with highest needs.** High levels of deferred maintenance and other facility deficiencies are a significant concern for California, most importantly because they hinder teaching and learning and work against education, health, safety, and other state goals. Through its ability to prioritize funding, award hardship grants, and other policy levers, the State of California can play an important role in assisting LEAs in building new schools and repairing and modernizing existing schools to best support student success and overcome the deeply entrenched achievement gap experienced by low-income, African American, and Latino students. To ensure that school facility policies and funding decisions are made in the best interests of California's children, education data, facility information, and established priorities should be the guide. Strategic decisions can only be made with good information that is available to decision makers and the public.

- a. *Develop an inventory and assessment tool that measures the conditions and qualities of all California public school facilities*

**4) The California Department of Education should work with educators, communities, and design professionals to review the standards in California Code of Regulations, Title 5 to ensure they provide for effective and efficient public planning processes and are a sound basis for quality school facilities that contribute to sustainable communities.** The standards in California Code of Regulations, Title 5 (Title 5) play an important role in shaping school planning and design at the local level. These design and condition (and other) standards for existing and new public school facilities are needed so that priorities and funding adequacy can be determined based on clear benchmarks. LEAs have wide latitude in the design of their schools and the standards are structured to allow for LEA customization so long as they demonstrate to the CDE that student safety and educational appropriateness are not compromised. The state must determine what spaces/physical components a school receiving state facilities funds should minimally include – independent of the wealth of the community. The review and updating of Title 5 also needs to take into consideration the state's new sustainable communities priorities including outlining standards for intergovernmental planning for the replacement, modernization, and expansion of existing schools; siting new schools in infill locations and/or adjacent to existing/planning development that promote compact development and walkability; and promoting joint use of school and community facilities.

- a. *Conduct a statewide comparison of existing building spaces, features, and amenities*
- b. *Ensure the review and update of Title 5 supports the state's new sustainable communities priorities*

**5) The state should set priorities for remedying inadequate facilities and supporting new construction.** A key priority for supporting high-quality education in California should be ensuring all schools meet the new minimum conditional standards. By having this type of funding prioritization in the short term, California will ensure that educational goals drive K-12 facility funding patterns. For example, if closing the achievement gap is a state education goal, then one step in that direction is closing the school facility condition gap. Following the statewide inventory and building conditions assessment (Recommendation 3), and the updating of Title 5 standards (Recommendation 4), the state can work with LEAs to identify statewide needs. The state (e.g., CDE) should work on a case-by-case basis with the LEAs of schools that fall below the standards to determine what investments need to be made, including building replacements and major modernizations. The state should also strategically strengthen its support to LEAs for new construction. The needs for this funding would fluctuate over

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time in accordance with enrollment trends, regional growth, sustainable communities goals, and other factors. Overall, these priorities should both support high-quality education and align with the state's broader infrastructure investment and sustainable communities land development goals.

- a. *Identify the state-level need for full school modernization, building replacement, and new construction*
- b. *Establish criteria for ranking full school modernization, building replacement, and new construction projects*
- c. *Bring schools not being replaced or fully modernized up to minimum conditions standards by eliminating deferred maintenance needs*
- d. *Work with the legislature to develop a transparent and easily understood formula to direct state funds to the highest need projects*

### **6) To protect the state's investment and aid in supporting educational achievement, funds for the state share in capital renewals should be provided to all school districts annually, adjusted for local wealth, need, and effort.**

To chip away at the physical conditions deficiencies in individual K-12 facilities across the state (especially those not addressed through building replacements and modernizations for education program delivery) and to keep levels of these deficiencies from rising in the future, the state should establish an ongoing program that provides funds annually to LEAs, to assist with capital renewals. Renewal is the scheduled replacement or restoration of basic building systems, components, and finishes that have exceeded their service life. Providing dedicated, predictable funding to LEAs for capital renewals will also curtail the process inefficiencies and facility deficiencies that result, in part, from California's current episodic and unstable bond-driven K-12 infrastructure investment pattern. Capital renewal funding will also help remedy the effects of increased LEA's "flexing" of deferred maintenance funds in recent years. It will also help safeguard the state from facility equity lawsuits in the future. An effective and well-managed capital renewals state program should have appropriate funding amounts to address prioritized needs (as outlined in this report) and a transparent formula with an established state share prioritizing low-wealth, high-need, and high-effort LEAs.

### **7) The state should identify multiple revenue sources for contributing to LEA new construction, building replacements, modernizations, and capital renewals.**

To ensure that the State of California is meeting its share of K-12 capital investment, multiple revenue sources will be needed. The state should assess options for more stable and adequate state funding sources rather than rely solely on debt financing through G.O. bonds.

- a. *Consider a statewide special tax to fund annual K-12 capital renewals*
- b. *Pass enabling legislation for public/public and public/private partnerships for school construction*
- c. *Continue to use periodic bond proceeds*

### **8) The California State Legislature and the State Allocation Board should improve public accountability processes within the School Facility Program.**

Improved accountability measures are needed to realize process efficiencies and achieve desired outcomes from state investment.

- a. *Produce an annual report on K-12 capital funding patterns*
- b. *Develop a state-level, interagency project management information system*
- c. *Establish a state level SFP "Citizen's Oversight Committee"*
- d. *Maintain the SAB's Implementation Committee as a mechanism for policy and regulatory feedback*
- e. *Coordinate and streamline SFP approval processes to increase efficiencies*
- f. *Support planning processes and technology tools to realize efficiencies*

## California's K-12 Educational Infrastructure Investments

### **About this Report**

The research and writing of this report was led by Jeffrey M. Vincent, PhD, with assistance from Deborah L. McKoy, PhD, Mark Leinauer, and Paulo Pisco. Mary Filardo, Executive Director of the 21<sup>st</sup> Century School Fund, served as national policy advisor to the study. Funding for this work was provided by the California Department of Education, the California Endowment, and the Institute of Urban and Regional Development at the University of California, Berkeley.

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### **About the Center for Cities & Schools**

The Center for Cities & Schools at the University of California, Berkeley is an action-oriented, policy and technical assistance do-tank, 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.  
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