

STATE CAPITAL SPENDING ON PK-12 SCHOOL FACILITIES

NEBRASKA



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21st Century School Fund (21CSF)

Founded in 1994, 21CSF has worked for the last 15 years in Washington, DC and around the country to improve the quality and equity of our public school infrastructure. It is a leading voice for increased investment in our public school infrastructure; a pioneer in innovative approaches to community engagement in school capital planning, creative financing and public-private partnership strategies; and a respected source for technical assistance and research on school facility planning, management, oversight, financing, and impacts.

(www.21csf.org)

Acknowledgments

We would like to thank all of the **State Directors of Facilities and their staff** that took the time to complete surveys, provide information, and review the report.

We would also like to thank the members of the Building Educational Success Together collaborative for their review and input into this report.

Building Educational Success Together collaborative (BEST)

BEST is a national collaborative, founded in 2001 by the 21st Century School Fund, that brings together 14 local and national partners supporting each other in our work towards a country where all children learn in school buildings that are safe and educationally adequate and that serve as community anchors in vibrant, healthy neighborhoods.

(www.bestschoolfacilities.org)

Finally, we would like to thank the National Clearinghouse for Educational Facilities for their financial support for this project.

National Clearinghouse for Educational Facilities (NCEF)

Created in 1997 by the U.S. Department of Education and managed by the National Institute of Building Sciences, NCEF provides information and research on planning, designing, financing, constructing, improving, operating, and maintaining safe, healthy, high performance public nursery, pre-kindergarten, kindergarten-through-grade-12 schools, and higher education facilities. (www.NCEF.org)

Front Cover photos provided by **Through Your Lens** photo and essay contest (www.throughyourlens.org) and the **21st Century School Fund** (www.21csf.org)

The complete State Capital Spending on PK-School Facilities report can be found at

www.bestschoolfacilities.org

Methodology

There is no national source of data or information on the state role in funding and oversight for public K-12 school facilities. To address this shortcoming, 21st Century School Fund has prepared this study with the support of the National Clearinghouse for Educational Facilities. We collected official U.S. Census of Governments data on capital outlay in each state and the District of Columbia from 2005-2008. We then checked these figures against McGraw Hill data for the same time period to identify any large discrepancies that might indicate reporting errors. We sent surveys to each state requesting information on the state share of facilities funding and the role of the state in school facility capital project planning and management. We conducted telephone interviews with state officials as necessary to complete the surveys. Additional research was conducted online as needed to obtain further detail about state facility programs and court cases. Summary reports were sent to each state to verify the write-up of their survey interviews. Finally, we completed the individual state profiles and wrote the introductory report with summary findings.

Public School Buildings: The Role of the State

In this study, the 21st Century School Fund (21CSF), with support from the National Clearinghouse for Educational Facilities, examined the state capital outlay funding for elementary and secondary public education facility construction and modernization. We examined how much capital outlay has been expended by states from 2005-2008 as reported to the U.S. Census of Governments and surveyed every state on what share of these funds were provided from state sources as compared to local sources. 21CSF collected information about school facility capital outlay and related capital data management, planning, funding and oversight practice from each state's department of education and/or building authority.¹

Capital funding for elementary and secondary school facilities

Public elementary and secondary schools use both operating and capital funds to deliver public education programs and services. Operating funds are used for regularly recurring costs of public education—teachers, administrators, books, materials, utilities, cleaning and other everyday costs for schools, administration and operations. Capital funds are used to purchase physical assets with a multi-year life—building additions, building systems and component replacements, new construction, major alterations to buildings, as well as for purchase of equipment, furniture and fixtures. Capital funds can also be used for purchasing existing buildings and land.

Operating funds are raised annually from taxes, fees, or other sources of public revenue and then appropriated and expended each year to pay for operating costs. Capital funds are typically borrowed and repaid over many years, using the annual revenues to repay the debt. Capital spending is called “capital outlay” and is reported

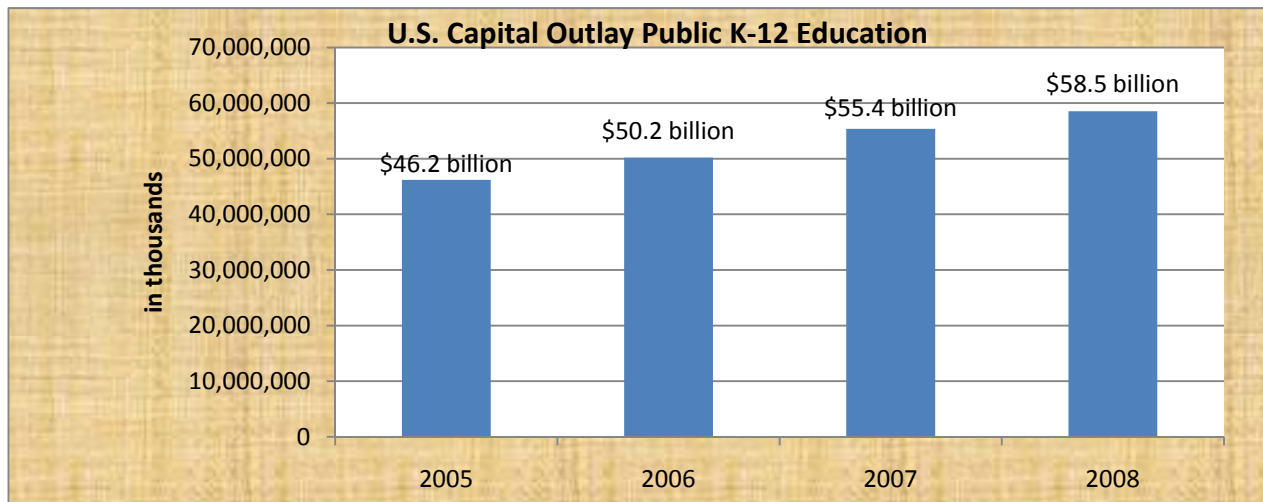
annually to the U.S. Census of Governments.² Capital outlay reporting is done separately for building construction; acquiring land and existing buildings; educational and other equipment; and interest on long term debt. This report includes analysis of construction and acquisition of land and existing buildings, which was 85% of total capital outlay for the years 2005-2008.

The U.S. Census of Governments reports that during the four years from 2005-2008, a total of \$209.7 billion in capital outlay for construction and land/building acquisition was expended by public school districts, an average of \$52.6 billion per year. The average annual per student spending on capital facilities (construction and land/building acquisition) for this period was \$1,086 per student



¹ Indiana, Pennsylvania and Virginia state officials did not respond, so 21CSF used publicly available data for their profiles.

² <http://www.census.gov/govs/definitions/> “direct expenditure for contract or force account construction of buildings, grounds, and other improvements, and purchase of equipment, land, and existing structures. [Capital outlay] includes amounts for additions, replacements, and major alterations to fixed works and structures. However, expenditure for repairs to such works and structures is classified as current operation expenditure.”



The outstanding long term debt of school districts for ALL capital outlay was \$369.4 billion at the end of 2008. Long term debt is any debt that is interest-bearing with a term of more than one year. This includes general obligation bonds, revenue bonds, refunding bonds, and certificates of participation.³ School districts report to the U.S. Census of Governments that they pay \$16 billion per year for interest payments on their long term debt. Since reporting for PK-12 school district capital outlay is from school districts, we would assume that the debt levels and the interest amounts do NOT include state level debt or interest costs, but the reporting is extremely unclear.

Although there have been numerous challenges to the adequacy and equity of how states finance public education with their operating budgets, there has been much less done to address the issues of adequacy and inequity of capital outlay. And in a study done by the 21st Century School Fund with our Building Educational Success Together partners, we found that at the school district and zip code levels, that there was tremendous disparity in the spending by school districts to provide healthy, safe and educational adequate school facilities. Over the period from 1995-2004, the lowest income communities had by far the least spending.⁴ Based on the findings of this study it seems clear that this is, in large part, due to the undeveloped roles of the state, as it affects setting standards and support for the quality of public school facilities.

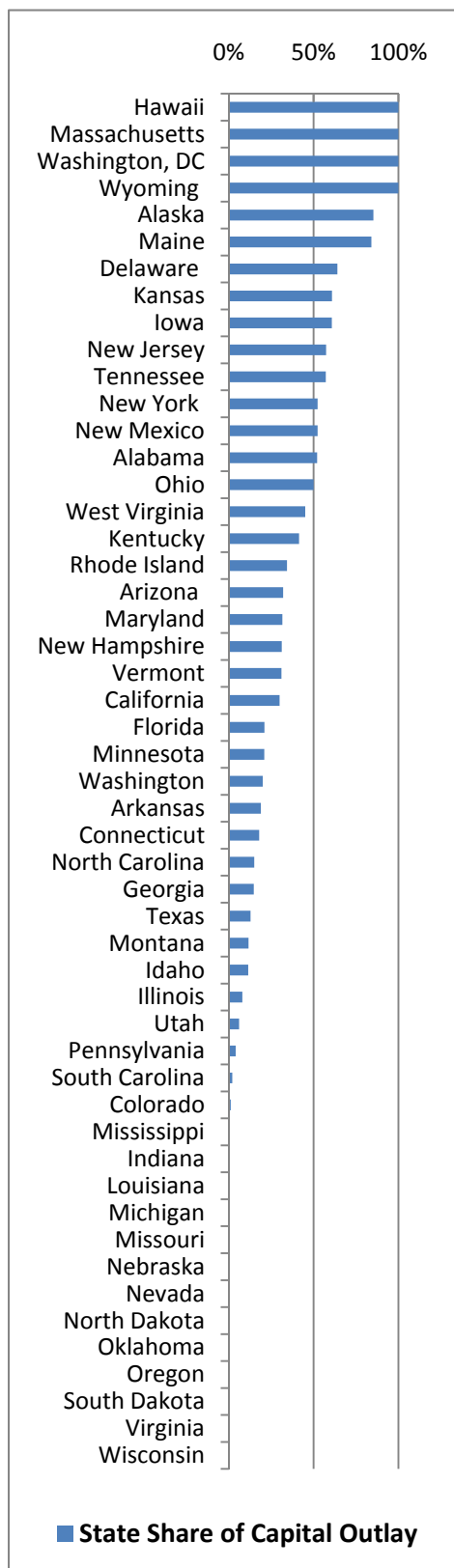
The average state share of spending on capital outlay for construction and land and building acquisition for the years 2005 to 2008 was 30%.⁵ Since the U.S. Census of Government Annual Survey of Local Government Finances does not collect information on the source of funds used for capital outlay, the 21st Century School Fund surveyed every state for information on the amount of funds the state department of education or other state facility authority contributed to PK-12 public school construction.

The percent state share is based on the four year total capital outlay for construction and acquisition of land and buildings reported to the U.S. Census of Governments for the years 2005-2008 divided by the total state share as reported in our survey for the same years.

³ Definition from Annual Survey of Local Government Finances (School Systems); F-33; U.S. Census Bureau.

⁴ Growth and Disparity: 10 Years of Public School Construction 1995-2004, October 2006, 21st Century School Fund.

⁵ This is the arithmetic mean of the state share for all 50 states plus the District of Columbia.



Eleven states contributed nothing to local districts for capital outlay; 14 provided less than 20%; 12 states paid between 20% and 50%; and 13 states and the District of Columbia paid over 50% of the capital outlay facility costs incurred by local school districts. Direct grants or reimbursements are not the only ways states contribute to local school district facility programs. Some states provide information, standards and technical assistance on school design and construction. Other states offer credit enhancement for local school districts, essentially co-signing the loan, so the local district secures a better interest rate and other improved borrowing terms.

It is clear from this review that only about half of all states have a partnership with local districts to share in the responsibility for providing adequate school facilities. In some cases, even where the state is contributing a significant share of the total capital outlay, the level of capital outlay is so low that children are still attending schools in substandard conditions.

Fiscally independent school districts can levy their own taxes to support schools—including for school building projects. To raise capital funds, fiscally independent school districts identify a particular need for a school building project or projects; estimate their cost; and go to voters in a bond referendum to request an increase in taxes to repay the principal and interest of the bond that will be issued to raise funds to pay for the building projects. Almost 90% of the approximately 14,000 public school districts are fiscally independent.⁶

In the 10% of districts that are fiscally dependent the school district must seek an appropriation of capital funds for school building improvements or construction from the local municipal or governing entity. This municipal entity is responsible for raising the revenue to repay borrowing, which depending on state law may require bond referenda or can be decided on by elected officials without going directly to voters. However, in both fiscally independent and dependent school districts, debt limits are closely regulated by the states.

The following States at a Glance table gives a brief summary of state capital outlay and the state role in school facilities.

⁶ Education Commission of the States; StateNotes: Finance, Taxation and Spending Policies, 2004.

Capital Outlay: States at a Glance

STATE NAME	SY2007-08 Enrollment	Avg Annual per Student	Rank, Avg per Student	2005-08, All Sources (1)	State Share 2005-08 (1)	State Percent	Rank, State % Share
Alabama	742,919	\$ 795	30th	\$ 2,363,100	\$ 1,230,000	52%	14th
Alaska	130,624	\$ 1,822	4th	\$ 951,806	\$ 810,880	85%	5th
Arizona	987,332	\$ 969	23rd	\$ 3,827,300	\$ 1,233,900	32%	19th
Arkansas	476,110	\$ 785	31st	\$ 1,494,934	\$ 281,500	19%	27th
California	6,188,761	\$ 1,569	6th	\$ 38,830,427	\$ 11,609,300	30%	23rd
Colorado	797,167	\$ 1,080	20th	\$ 3,442,874	\$ 36,652	1%	39th (3)
Connecticut	551,303	\$ 1,132	16th	\$ 2,495,271	\$ 445,165	18%	28th
Delaware	114,062	\$ 1,880	3rd	\$ 857,671	\$ 548,623	64%	7th
District of Columbia	58,191	\$ 2,355	1st	\$ 548,170	\$ 783,528	143%	1st (4)
Florida	2,645,680	\$ 1,652	5th	\$ 17,487,276	\$ 3,642,220	21%	24th
Georgia	1,646,010	\$ 1,151	14th	\$ 7,581,230	\$ 1,116,465	15%	30th
Hawaii	179,897	\$ 298	51st	\$ 214,738	\$ 214,738	100%	1st
Idaho	265,844	\$ 479	46th	\$ 508,861	\$ 57,900	11%	33rd
Illinois	2,104,806	\$ 812	28th	\$ 6,834,622	\$ 543,000	8%	34th
Indiana	1,033,375	\$ 577	41st	\$ 2,384,825	\$ -	0%	Bottom
Iowa	485,114	\$ 1,020	22nd	\$ 1,978,447	\$ 1,200,281	61%	9th
Kansas	467,458	\$ 336	50th	\$ 628,919	\$ 382,473	61%	8th
Kentucky	666,019	\$ 911	24th	\$ 2,426,938	\$ 1,005,000	41%	17th
Louisiana	662,971	\$ 654	37th	\$ 1,734,310	\$ -	0%	Bottom
Maine	194,950	\$ 392	49th	\$ 306,046	\$ 257,230	84%	6th
Maryland	845,700	\$ 1,091	19th	\$ 3,690,447	\$ 1,165,000	32%	20th
Massachusetts	937,677	\$ 762	32nd	\$ 2,857,057	\$ 5,535,356	194%	1st (4)
Michigan	1,677,279	\$ 827	27th	\$ 5,548,146	\$ -	0%	Bottom
Minnesota	809,334	\$ 1,021	21st	\$ 3,306,359	\$ 689,720	21%	25th
Mississippi	493,302	\$ 482	45th	\$ 950,224	\$ 1,152	0%	Bottom
Missouri	900,195	\$ 732	33rd	\$ 2,634,546	\$ -	0%	Bottom
Montana	142,695	\$ 545	42nd	\$ 310,952	\$ 36,016	12%	32nd
Nebraska	290,912	\$ 724	34th	\$ 841,920	\$ -	0%	Bottom
Nevada	428,776	\$ 1,511	7th	\$ 2,591,840	\$ -	0%	Bottom
New Hampshire	195,668	\$ 797	29th	\$ 623,615	\$ 194,389	31%	21st
New Jersey	1,359,949	\$ 1,343	8th	\$ 7,305,514	\$ 4,187,000	57%	10th
New Mexico	329,045	\$ 1,205	13th	\$ 1,586,398	\$ 829,850	52%	13th
New York	2,727,552	\$ 1,315	9th	\$ 14,347,627	\$ 7,509,671	52%	12th
North Carolina	1,425,076	\$ 708	35th	\$ 4,037,463	\$ 602,286	15%	29th
North Dakota	94,959	\$ 652	38th	\$ 247,527	\$ -	0%	Bottom
Ohio	1,743,920	\$ 1,100	18th	\$ 7,671,957	\$ 3,834,360	50%	15th
Oklahoma	641,682	\$ 513	44th	\$ 1,316,668	\$ -	0%	Bottom
Oregon	564,128	\$ 613	39th	\$ 1,384,033	\$ 40,000	3%	37th
Pennsylvania	1,726,485	\$ 1,151	14th	\$ 7,950,292	\$ 278,350	4% (2)	36th (2)
Rhode Island	143,812	\$ 1,116	17th	\$ 642,000	\$ 220,000	34%	18th
South Carolina	710,685	\$ 1,259	12th	\$ 3,577,870	\$ 73,341	2%	38th
South Dakota	121,606	\$ 679	36th	\$ 330,224	\$ -	0%	Bottom
Tennessee	963,264	\$ 419	48th	\$ 1,614,093	\$ 922,292	57%	11th
Texas	4,581,517	\$ 1,280	10th	\$ 23,463,716	\$ 2,999,800	13%	31st
Utah	556,314	\$ 872	26th	\$ 1,939,380	\$ 124,956	6%	35th
Vermont	89,662	\$ 522	43rd	\$ 187,223	\$ 57,495	31%	22nd
Virginia	1,230,857	\$ 886	25th	\$ 4,364,436	\$ -	0%	Bottom
Washington	1,029,777	\$ 1,270	11th	\$ 5,231,708	\$ 1,056,000	20%	26th
West Virginia	281,735	\$ 601	40th	\$ 676,728	\$ 304,107	45%	16th
Wisconsin	867,929	\$ 424	47th	\$ 1,470,906	\$ -	0%	Bottom
Wyoming	85,991	\$ 2,066	2nd	\$ 710,752	\$ 751,722	106%	1st (4)

Notes:

(1) All capital outlay is reported in thousands of dollars, not adjusted for inflation

(2) PA did not respond to survey; state share estimated from information available on PA Dept of Ed website)

(3) 2008 legislation created new program for state capital spending; this share will increase in future

(4) Survey response reported more state capital outlay than total outlay reported to US Census of Governments;

Local districts may not be reporting to US Census on capital outlay provided directly by state building authorities)

Capital Outlay: States at a Glance

STATE NAME	Publicly available inventory	Facilities Plan	Facilities Standards	State Facility Entity	Staff Dedicated to Capital Program	Technical Assistance	Facilities court case	Fund Charter Facilities
Alabama	No	Yes	No		4	Yes	No	No
Alaska	Yes	Yes	Yes		5	Yes	Yes	Yes
Arizona	Yes	No	Yes	Yes	13	Yes	Yes	No
Arkansas	Yes	Yes	Yes		21	Yes	Yes	No
California	No	No	Yes	Yes	157 (4)	Yes	Yes	Yes
Colorado	Yes	No	No		7.5	Yes	Yes	Yes
Connecticut	No	No	Yes		9	No	Yes	Yes
Delaware	Yes	Yes	Yes		1.5	Yes	No	No
District of Columbia	No	Yes	Yes	Yes	20 (5)	Yes	Yes	Yes
Florida	Yes	No	Yes		30	Yes	No	Yes
Georgia	No	Yes	Yes		12	Yes	No	Yes
Hawaii	Yes	Yes	Yes		70 (6)	Yes	No	Yes
Idaho	No	No	Yes		0.1	No	No	Yes
Illinois	Yes	Yes	Yes		10	Yes	No	Yes
Indiana	No	No	Yes		1	Yes	No	
Iowa	Yes	No	No		1	Yes	No	Yes
Kansas	No	No	No		2	Yes	No	Yes
Kentucky	No	Yes	Yes	Yes	8	Yes	Yes	No
Louisiana	No	No	No		0	No	No	No (9)
Maine	Yes	No	Yes		5	Yes	No	NA
Maryland	Yes	No	No	Yes	0	Yes	No	Yes
Massachusetts	Yes	Yes	Yes	Yes	45	Yes	No	No
Michigan	No	No	No		5-6 (7)	No	No	No
Minnesota	Yes	No	Yes		3	Yes	No	No
Mississippi	No	No	Yes		4	Yes	No	Yes
Missouri	No	No	No		0	No	No	No
Montana	Yes	No	No		0.2	No	Yes	No
Nebraska	No	No	No		2	No	No	NA
Nevada	No	No	No		0	No	No	No
New Hampshire	Yes	No	Yes		1.5, CTE: 7	Yes	No	Yes
New Jersey	Yes	No	Yes	Yes	350 (8)	Yes	Yes	No
New Mexico	No	No	Yes	Yes	51	Yes	Yes	Yes
New York	Yes	No	Yes		20	Yes	Yes	No
North Carolina	Yes	No	No		8.5	Yes	No	No
North Dakota	No	No	No		< 1	No	No	No
Ohio	No	Yes	Yes	Yes	70+	Yes	Yes	No
Oklahoma	No	No	Yes		2	Yes	No	0
Oregon	No	No	No		0	No	No	No
Pennsylvania	No response to survey							
Rhode Island	No	Yes	Yes		3	Yes	No	Yes
South Carolina	Yes	No	Yes		7	Yes	No	No
South Dakota	No	No	No		0	No	No	No
Tennessee	No	No	Yes		1	No	No	No
Texas	No	No	Yes		4	Yes	No	No
Utah	No	No	Yes		1	Yes	No	No
Vermont	No	No	Yes		1	Yes	No	No
Virginia	No response to survey							
Washington	Yes	No	No		12	Yes	No	No
West Virginia	Yes	No	Yes	Yes	9	Yes	Yes	NA
Wisconsin	No	No	No		0	No	No	No
Wyoming	Yes	No	Yes	Yes	18	Yes	Yes	No

Notes:

(4) CA Dept of Ed: 27; Office of Public Sch Construction: 130

(5) Washington, DC manages all public education facilities centrally

(6) Hawaii manages all public education facilities at the state level

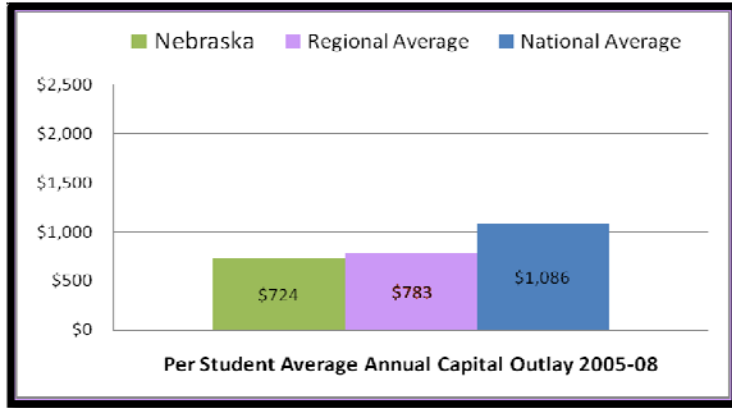
(7) State-level staff employed in loan program

(8) NJ Schools Development Authority employs 330 staff; Dept of Ed employs 20 staff on facilities

(9) Except Board of Elementary and Secondary Education funds charter facilities in New Orleans

Nebraska

Public school districts in Nebraska reported spending a total of \$842 million (\$841,920,000) from all sources on capital outlay for school construction and for acquisition of land and existing structures in fiscal years 2005 through 2008. Capital outlay for this period averaged \$724 per student per year. This per student spending ranked 34th of 50 states and the District of Columbia.



Note: The Midwest region includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota and Wisconsin.

The state paid for no capital outlay from 2005 and 2008. This level of state support for school facilities was in the bottomquartile of all states. Federal funding for school facilities represents less than a 1% contribution.

Capital Outlay (in thousands of dollars)	2005	2006	2007	2008	Total	4 Yr Average
Total (all sources)	\$151,544	\$147,924	\$241,780	\$300,672	\$841,920	\$210,480
State Funding	\$0	\$0	\$0	\$0	\$0	\$0
State Share					0%	

Nebraska’s school districts reported outstanding long term debt for K-12 public school systems of\$1.7 billion (\$1,732,004,000) at the end of 2008. The 2008 interest payments for this long term indebtedness were \$70 million (\$69,807,000).

Local schools districts in Nebraska are fiscally independent and are supported through local tax revenues and financing. They have their own taxing authority to raise funds for capital outlay, although small districts (under 1,000) are subject to a state-mandated debt limit of 14% of taxable value. Local districts are permitted to use the state’s credit rating when they borrow funds for capital projects.

The state provides no financial support to local school districts for capital outlay.

Source: US Census of Governments; Nebraska Department of Education, Office of Finance & Organizational Services