

Introduction

Long before closures due to the coronavirus pandemic, many Pennsylvania schools faced a different health crisis: *unsafe facilities*. Crumbling buildings, asbestos, lead, and other school facility health and safety risks plague many schools across Pennsylvania, particularly in low-income districts and those that enroll a high percentage of Black and Latinx students. Protesters recently drew a connection between systemic racism and these on-going school facility safety hazards.ⁱ

These problems are not exclusive to Pennsylvania.ⁱⁱ But the Commonwealth's failure to provide adequate facilities funding has created what Pennsylvania school administrators and school business officials have called a "growing disparity between those school districts that can address vital school construction, renovation or maintenance needs and those that cannot."ⁱⁱⁱ

In this brief we (1) examine available evidence related to the condition of Pennsylvania's school facilities, (2) review past, current, and proposed policies related to how the state funds emergency facilities expenses, and (3) discuss how other states provide for emergency school facilities funding. Our main findings are as follows:

- Statewide data on the condition of school facilities is limited, but evidence suggests serious and widespread health and safety problems.
- Limits on state funding for school maintenance and on new applications for reimbursements have left many school districts unable to address their construction needs.
- If funded, Pennsylvania's Maintenance Project Grant Program would be similar to programs in neighboring states.
- Several of Pennsylvania's neighboring states base the local share of school facilities maintenance costs, at least in part, on the wealth of the local district.

Below we discuss each finding in more detail and provide recommendations for how Pennsylvania can improve current funding policy to ensure safe and healthy school facilities and address disparities in district capacity to do so.

Finding 1: Statewide data on the condition of school facilities is limited, but evidence suggests serious and widespread health and safety problems.

Pennsylvania does not have a statewide repository or regular public reporting on the overall physical condition of school buildings. Of immediate concern due to the coronavirus, there is no statewide data related to building ventilation. However, federal and state laws do require, under limited circumstances, that school districts report data on the known existence of asbestos and lead.

Ashestos

Under regulations based on the federal Asbestos Hazard Emergency Response Act (AHERA), public school districts and non-profit schools must:

- conduct an inspection to determine whether asbestos-containing materials are present and then re-inspect asbestos-containing material in each school every three years;
- develop, maintain, and update an asbestos management plan and keep a copy at the school; and
- provide yearly notification to parent, teacher, and employee organizations on the availability of the school's asbestos management plan and any asbestos-related actions taken or planned in the school.^{iv}

The School District of Philadelphia publicly reports its AHERA inspection reports for each school. A similar inventory of school building conditions does not exist statewide. However, in a 2014 school facilities study required under Act 59 of 2013, PDE collected data on 1,194 of the roughly 3,100 public school buildings in the Commonwealth and found that 66% of school buildings were constructed before 1970, making it likely that they contain asbestos.

The 2015-16 inspection in Philadelphia found that more than 80 percent of schools had damaged asbestos. VIII This is important because under federal law, school districts are required to repair or remove damaged material "in a timely manner". In Philadelphia schools were still identified and closed due to damaged asbestos during the 2019-20 academic year alone. In November 2019, the School District of Philadelphia put forth a \$12 million plan to accelerate asbestos abatement, I and later indicated it was using school closures related to COVID-19 as an opportunity to resume asbestos abatement activities earlier than planned. Meanwhile, last year several school buildings were also closed in other Pennsylvania school districts due to both asbestos and lead contamination. I as the school buildings were also closed in other Pennsylvania school districts due to both asbestos and lead contamination.

Lead

Under Pennsylvania Act 39 of 2018, "school entities" xiv are encouraged, but not required, to annually test for lead levels in the drinking water of any facility where children attend school.xv Beginning in the 2018-19 school year and every year thereafter, if a test finds elevated lead



levels, it must be reported to the Pennsylvania Department of Education (PDE) and posted on PDE's website. School entities must implement a plan to address the lead if results exceed the U.S. Environmental Protection Agency's national primary drinking water standard of 15 parts per billion. If a school entity chooses not to test for lead levels, then the school entity must "discuss lead issues in the school facilities" at a public meeting once a year.xvi

Under this law, only a small fraction of schools in the state have been tested.xvii Still, during the 2018-19 school year, more than 100 school buildings in 32 Pennsylvania school districts were found to have drinking water with unsafe levels of lead. These schools are located in rural, suburban, and urban areas all across the state.

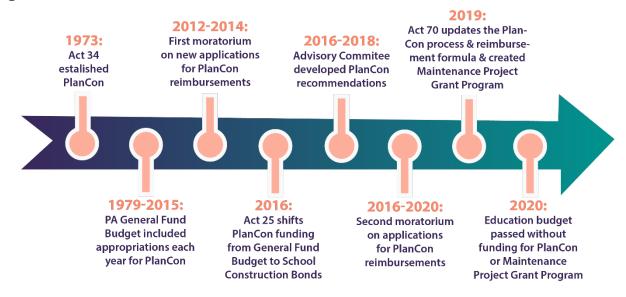
Recommendation 1

Require *all* school entities and Pennsylvania as a whole to: 1) publicly report the federally mandated asbestos inspection findings and 2) test for and publicly report on lead levels in drinking water on a regular basis. It is critical for the Commonwealth to understand the degree to which damaged asbestos and the presence of lead in drinking water are putting the health of educators and students at risk. If limited testing found unsafe levels of lead in more than 100 school buildings in 32 school districts across the state then it is likely that wider testing would reveal problems in other school districts. Policymakers should follow the recommendations of the Planning for PK—12 School Infrastructure National Initiative that call for "standardized and relevant facilities data collection at the federal, state, and local levels; public access to facilities data and information; and timely analysis of facilities data and information to inform decisions."xviii

Finding 2: Limits on state funding for school maintenance and on new applications for reimbursements have left school districts unable to address their construction needs.

Pennsylvania's established approach to reimbursing school district expenditures for school construction is known as <u>PlanCon</u>, or the Planning and Construction Workbook. When it was originally established under Act 34 of 1973^{xix}, PlanCon was designed to fund construction and reconstruction projects; maintenance or emergency facilities projects were not reimbursable.^{xx} As outlined in Figure 1, that changed with an amendment to PlanCon in 2019 called the Maintenance Project Grant Program. Since the 1979-80 fiscal year, the Commonwealth has spent approximately \$8.1 billion from the General Fund on school facilities, whether through the construction of new facilities or the expansion and renovation of existing facilities.^{xxi}

Figure 1. PlanCon Timeline



The following details the milestones and related issues outlined in the timeline above:

• Moratoriums on new PlanCon applications and a reliance on bonds to eliminate the backlog of existing projects: From 2012 to 2014 and again from 2016 until the present, the state has issued moratoriums on accepting new applications for school construction reimbursements through PlanCon.xxii In 2012, Governor Corbett declared a moratorium on PlanCon when he slashed education budgets.xxiii After about two years the moratorium was lifted, but was reinstated in 2016 under the Wolf Administration.xxiv In the same year, the state also began relying on school construction bonds to provide reimbursements to eliminate the backlog of existing PlanCon projects, without funding any new construction. Act 25 of 2016 authorized the Commonwealth Financing Authority (CFA) to issue up to \$2.5 billion in school construction bonds.xxv A total of just over \$1.5 billion of the \$2.5 billion authorized has been issued. The CFA has projected that the remaining \$1 billion will be issued in early 2021.xxvi The PlanCon funding sources and levels are outlined in Table 1 below.

Table 1. Funding sources and levels for PlanCon

Funding Source	Years	Total Amount	
Annual PA General Fund Budget Appropriations	1979-2015*** ⁱⁱ	\$8.1 Billion	
CFA School Construction Bonds for Pre-existing Projects	2016-2025****iii	\$2.5 Billion	

• Adopting recommendations of the bipartisan PlanCon advisory committee: In 2016, the state also appointed a PA Public School Building Construction and Reconstruction Advisory Committee to review and make recommendations for how to improve PlanCon. The Committee issued over two dozen recommendations in 2018. In 2019, many of the Committee's recommendations were adopted with the passage of Senate Bill 700 (Act 70), including streamlining the state approval process for school

construction and reconstruction reimbursements and establishing the Maintenance Project Grant Program (MPGP).xxx

- The Maintenance Project Grant Program (MPGP): Under Act 70, xxxi school entities can be reimbursed up to \$1 million for school construction projects related to roof repairs and replacement, heating, ventilation and air conditioning equipment, plumbing systems, health and safety upgrades and emergencies, as well as other maintenance issues. XXXIII The MPGP is to be funded from a set-aside equal to 25 percent of the appropriation for school building projects annually. However, the legislature has not provided new funding for the PlanCon reimbursement process or the MPGP since Act 70 was passed and the moratorium on accepting new school projects for reimbursement has continued. XXXIIII
- Flat funding for education and an on-going moratorium on PlanCon: In January, in his original 2020-21 budget proposal, Governor Wolf proposed \$1 billion of new state funding just for lead and asbestos testing and remediation. The funding would have been available by repurposing existing funding streams. However, in the wake of COVID-19, momentum for this proposal waned and Pennsylvania's entire education budget was flat funded for the 2020-21 school year. The moratorium on new PlanCon applications, and by association on the MPGP, was continued for another year.

Even before the 2016-2020 moratorium was in place, **school districts in Pennsylvania had some of the highest long-term debt in the country as a result of construction costs**. As shown in Figure 2, at the end of 2013, districts nationwide reported a total of \$409 billion in long-term debt, largely from capital spending on facilities. The national average debt per student was \$8,465. Pennsylvania's average school construction debt per student was \$15,638, the second-highest of an any state and nearly double the national average. xxxiv

Figure 2. National vs. Pennsylvania average school construction debt per student: 2013



Further, according to the Pennsylvania School Boards Association's 2020 State of Education survey, **50 percent of the more than 320 school districts that participated in the survey reported postponing a school construction or renovation project due to the lack of state reimbursement funding**. More than 37 percent of school districts said that they would use funds from a proposed increase in Basic Education Funding (BEF) to help pay for building maintenance and renovations.^{xxxv} However, this year there was no increase to the BEF or any state education funding.

Recommendation 2

End the moratorium on new applications for construction and reconstruction project reimbursements and provide funding through the General Fund. While the issuance of bonds was an important step to address the backlog of projects, critical new construction projects across Pennsylvania are being postponed due to a lack of consistent state funding. Many of these projects would address necessary upgrades to school facilities to ensure the health and safety of students and educators. State assistance with construction costs will also help to alleviate the heavy burden of long-term debt among school districts and free up other resources to address emergency facilities issues.

Finding 3: If funded, Pennsylvania's Maintenance Project Grant Program would be similar to programs in other states.

If funded, the MPGP would be comparable to promising programs in Pennsylvania's six neighboring states that help school districts with the cost of school construction projects targeted at addressing health and safety issues. Table 2 lists the common repair and maintenance projects eligible under the MPGP and similar programs in neighboring states.

Table 2. Repair and maintenance projects in Pennsylvania and neighboring states

		Common Eligible Projects Listed in State Statute and/or Regulation					
State Facilities Funding Programs to ensure Healthy Schools		Building Structures (e.g., Roof, Windows)	Electrical Systems	Health and Safety/ Hazardous Material Removal (e.g., Asbestos, Lead)	Heating, Cooling and/or Ventilation Systems	Water Systems and Plumbing	
Delaware: Minor Capital Improvement (MSI) Program		•	•	•	•	•	
Maryland: Healthy School Facility Fund (HSFF)		•		•	•	•	
New Jersey	SDA Emergent Projects (Emergent)	•	•		•	•	
	Regular Operating District Grants (ROD)	•	•	•	•	•	
	Securing Our Children's Future Water Infrastructure Grants			•		•	
New York	Building Aid for Construction Emergency			•			
	School Asbestos Hazard Grant Program			•			
Ohio: Exceptional Needs Program (ENP)		•	•	•	•		
West Virginia: Major Improvement Program (MIP) Grant				•			
Pennsylvania: Maintenance Project Grant Program (MPGP)		•		•	•	•	

Pennsylvania's neighbors have developed and funded programs that support repair and maintenance costs related to lead, asbestos, and other potential health risks. For example:

- Delaware sets aside Minor Capital Improvement funding each year for school building maintenance and improvements that cost less than \$750,000, with the exception of roof repair.xxxvi
- **Maryland's** Healthy School Facility Fund (HSFF) provides grants to public schools for capital projects that will improve the health of school facilities. Grants are prioritized to projects that correct issues posing an immediate life, safety, or health threat.xxxvii Under Senate Bill 611, \$30 million must be allocated for FY 2020 and 2021 for the HSFF.xxxviii
- **New Jersey's** School Development Authority (SDA) has two programs to address school facility issues:
 - 1) **Emergent Projects** are those deemed necessary in the highest needs districts (SDA Districts)*xxxix* due to potential health and safety issues; and
 - 2) **Regular Operating District Grants** are for school facilities projects that include health and safety issues such as hazardous material abatement (e.g., radon, lead, asbestos).^{xl} In 2018, expenditures were \$18.1 million for Emergent projects and \$93.7 million for ROD grants; however, all bond financing for school construction projects approved by the New Jersey Legislature has been spent or committed.^{xli}

In addition, the **Securing Our Children's Future Bond Act** (2018) provided \$100 million in grant funding for eligible work to remediate water contamination in public school districts in New Jersey. $^{\mathrm{xlii}}$

- In **New York**, the Building Aid and School Asbestos Hazard Grant programs provide funding to support schools that are addressing issues such as asbestos.^{xliii}
- **Ohio's** Exceptional Needs Program (ENP) provides funding to school districts with a compelling need for immediate classroom facilities assistance. Qualifying districts receive state funds to address critical health and safety needs due to inadequate facilities. xliv In FY 2019, the ENP dispersed \$15.6 million.xlv
- In **West Virginia**, the Major Improvement Program (MIP) Grant addresses major improvements in existing facilities that are not fundable through the local maintenance budgets. MIP Grant awards range from at least \$50,000 to a high of \$1,000,000, and provide funding based on several criteria, including whether the project addresses "critical health and safety needs." In June 2019, there were \$4.9 million in awards made by the SBA for MIP grants.

Similar to programs in many neighboring states, Pennsylvania's new MPGP created under the 2019 amendment to PlanCon is designed to provide grants to school districts for repair and maintenance projects related to health and safety. As schools work to keep students and staff safe from COVID-19, it is important to note that the MPGP would fund grants to improve *ventilation systems*. Under Act 70, "no grant award for a maintenance project may exceed \$1,000,000." Unlike in neighboring states, however, the MPGP has not received state funding.



Recommendation 3

Provide stable and dedicated funding for the Maintenance Project Grant Program. In addition to funding new applications to PlanCon generally, the state needs to provide specific funding for the Maintenance Project Grant Program under Act 70 so that school districts can address needed updates and repairs to school infrastructure. All of Pennsylvania's neighbors have established and funded similar programs to specifically address facility issues that make a school unhealthy. Potential funding for this program could come from changes to the remaining \$1 billion bond issuance projected to come from the Commonwealth Financing Authority in 2021. Under Act 25 of 2016, the funds are for projects already in the PlanCon pipeline; the legislation would need to be amended so that at least a portion of the funds could be used to

Finding 4: Several of Pennsylvania's neighboring states base the local share of school facilities maintenance costs, at least in part, on the wealth of the local district.

address projects that would fall under the Maintenance Project Grant Program.

A 2015 study found that low-wealth districts spend a higher proportion of their total education dollars on the repair of their facilities than high wealth districts. It is also more difficult for low-wealth districts to borrow the capital to invest in facility upgrades, often requiring them to use their operating budgets for necessary repairs. This reduces the resources available for instruction in those low-wealth districts.

While the new PlanCon application process and reimbursement formula as revised under Act 70 includes the calculation of a "wealth factor", it does not apply to the MPGP. Under the MPGP, all Pennsylvania school districts must provide a *50 percent match for each grant awarded*, regardless of the availability of local resources, unless the secretary determines the project is an emergency, in which case no matching funds are required. However, Maryland, New York and Ohio take a different approach. To ensure equitable funding across school districts, they base the state and local share of school facilities projects in part on local wealth:

- In **New York**, the state share of the allowable expense for any given district is "wealth equalized", meaning it is calculated on a sliding scale based on the district's property value per pupil in relation to the state average. A school district receives aid based on the lesser amount of either the maximum cost allowance or the actual construction cost.¹
- The state share of project funding is set three years at a time for each district in **Maryland**, based on factors related to local wealth. Statute sets the minimum funding for any project at 50 percent of eligible costs, but the state share is higher in lower-wealth districts. Ii
- School districts in **Ohio** are ranked according to a combination of their property value per pupil and the income of the district's residents. The district wealth rankings establish priority for state assistance and determine the state share of funding that each district will receive. For example, a district at the 10th percentile in local wealth will pay a local share of 10 percent of its facilities needs and receive 90 percent of the funding from the state. Iti

In Pennsylvania, the bipartisan PA Public School Building Construction and Reconstruction Advisory Committee, which operated from 2016-2018, also recommended use of a local wealth



metric to determine the local share of construction and maintenance funding. However, the state legislature did not adopt that recommendation in the 2019 amendments to PlanCon.

Recommendation 4

Determine the local share of funding for the Maintenance Project Grant Program based, at least in part, on local wealth. Under the Maintenance Project Grant Program in Act 70, a "school entity shall provide a 50 percent match for each grant awarded" and "no matching funds shall be required for a project that is determined by the secretary to be an emergency." The state should instead apply the wealth factor included in the PlanCon application process to the MPGP or develop a separate distribution formula for this grant program that includes measures of local wealth and a sliding scale for the state and local share. This could be based on the existing state Basic Education Funding Formula, which already includes a median household income index and a local effort capacity index. A number of other states also provide examples of processes that Pennsylvania could draw from, including the neighboring states mentioned above.

Closing Thoughts

With the passage of Act 70 and the inclusion of the Maintenance Project Grant Program, Pennsylvania already has the mechanisms in place to help ensure the health and safety of our school facilities. However, the state does not require regular and complete reporting on the conditions of schools; it has not adequately funded either PlanCon or MPGP in recent years; and even if funded, the MPGP would not utilize a formula that equitably distributes dollars. To address these issues, Pennsylvania could:

- 1. Require *all* school entities and Pennsylvania as a whole to: 1) publicly report the federally mandated asbestos inspection findings and 2) test for and publicly report on lead levels in drinking water on a regular basis.
- 2. End the moratorium on new applications for construction and reconstruction project reimbursements and provide funding through the General Fund.
- 3. Provide stable and dedicated funding for the Maintenance Project Grant Program.
- 4. Determine the local share of funding for the Maintenance Project Grant Program based, at least in part, on local wealth.

Local districts have a responsibility to ensure that the school buildings our children attend provide a safe environment for teaching and learning, but many districts are struggling to meet that responsibility on their own. The new threat of COVID-19 underscores the urgency for the Commonwealth to do its part. The recommendations above can help policymakers ensure that all school districts have the resources to keep school facilities safe and healthy now and in the years to come.



Endnotes

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