

Rebuild Our Nation's Schools

By Carol Moseley-Braun

THE United States General Accounting Office (GAO) sent the country a wake-up call with its final report last month on the state of America's crumbling schools. The message: Rebuild our education infrastructure now, or deal with the effects of deferred maintenance on children's education and our country's competitiveness for another generation.

The two-year GAO study documents the neglect and disrepair of schools at the elementary and secondary levels, pointing out that crumbling schools are a national problem affecting cities, suburbs, and rural areas.

Approximately one-third of the country's school buildings are ripe for replacement, and up to 70 percent in some areas have identifiable flaws that negatively affect the learning environment, such as leaking roofs, faulty or inadequate electrical wiring, falling plaster, and rusty plumbing. The GAO estimates that \$112 billion is needed to get schools into simply "good" condition.

How to finance these repairs is where the argument heats up. Because of the tradition of local control of elementary and secondary schools, the federal government has been only marginally involved in funding education at that level. Despite recent efforts to help defray the costs of educating poor children, the share of costs paid at the federal level today is less than 7 percent. It has never been more than 10 percent.

Most of the financing for repairs comes from a local funding base, principally the property tax, which is increasingly incapable of supporting opportunities for quality education. Property wealth is an inelastic tax base. It creates gross disparities in the amounts individual school districts can raise, and it is so strained that costs associated with programs and salaries consistently crowd out money for maintenance, repair, rebuilding, and replacement of infrastructure and facilities.

State governments, which share in varying degrees the responsibility for financing education, invested \$3.5 billion for facility repair nationwide in 1994 - only 3 percent of the need reported by the GAO.

The Education Infrastructure Act, which became law in 1994 but remains unfunded by Congress, suggests a new paradigm for education finance - one that recognizes both fiscal realities and the importance of quality education.

President Clinton and I recently proposed a \$5 billion interest subsidy to help local school districts float bond issues to rebuild. By engaging federal financial support for the specific task of school construction and repair, we can bring national resources to the challenge of preparing our children for the 21st century.

Our students will need computers and the technology to run them, as well as sound buildings in which to use them, if they are to acquire the "capital" that education represents. The US can't compete if our children can't learn, and our

students can't learn if their schools are falling down.

Federal help to rebuild our elementary schools means everybody wins: Children, teachers, and school officials enjoy a better environment for learning and teaching; local taxpayers win a reprieve from further debt; and state and local governments get an opportunity to improve their schools and educational systems in general.

The "Tower of Babel" approach to school funding must be replaced with a cooperative model in which national, state, and local governments each play a role in helping communities educate our children. Just about every candidate for office runs on an education platform.

Isn't it time to put some mortar on the brick?

■ Carol Moseley-Braun (D) is a US Senator from Illinois.

OPINION/ESSAYS

Crumbling schools are a national problem affecting cities, suburbs, and rural areas.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE UNDER SECRETARY

August 4, 1996

Dr. Thomas W. Payzant
Superintendent
Boston Public Schools
26 Court Street
Boston, MA 02108

Dear Tom:

This is a belated note of thanks for your quick assistance (and Jean's) in pulling together the information regarding school construction costs in Boston. I relayed your information to Mike and it was very useful as the Department helped to assemble the Administration's new school construction initiative. I thought you would be interested in seeing the actual proposal that was announced (if you haven't already), which will be given additional definition as we move into the fall.

Things have been extremely busy here this summer, with school construction and other initiatives being shaped and further implementation of IASA and Goals 2000 moving forward against the backdrop of the continuing struggle over appropriations, direct lending, immigration (Plyler v. Doe), vouchers, language policy, and other issues. The congressional recess that began this weekend will provide a much-needed break before heavy activity resumes in September.

I get the sense that things are progressing well in Boston. I hope that you are enjoying the work as much as you had anticipated. Gerry Tirozzi is off to a great start at the helm of OESE, building on many of the things that you initiated during your time with the Department. Nevertheless, you can be sure that your presence is greatly missed.

Please give my best to both Jean and Janice, and let me know if I can ever be of any assistance to you.

Take care.

Sincerely,


Bill Kincaid

enclosure

**PRESIDENT
CLINTON'S**

**SCHOOL
CONSTRUCTION
INITIATIVE**

SUMMARY OF PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

July 11, 1996

PRESIDENT CLINTON PROPOSES A NEW INITIATIVE TO HELP LOCAL COMMUNITIES AND STATES REBUILD THE NATION'S SCHOOLS. As America moves into the 21st century, our schools should too. If our schools are in no shape for the future, our students won't be either. The facts are clear:

- **One-Third Of All Schools – Serving 14 Million Students – Need Extensive Repair Or Replacement.** According to a recent General Accounting Office report, about 60 percent of schools have at least one major building feature in disrepair, such as leaky roofs and crumbling walls. Over 50 percent have at least one environmental problem, such as poor indoor air quality. [Source: General Accounting Office Report: "School Facilities: America's Schools Report Differing Conditions," June 14, 1996]
- **Schools Do Not Have The Physical Infrastructure To Allow Our Students To Meet the Challenges of the 21st Century.** Many schools do not have the physical infrastructure to make the best use out of computers, printers, and other equipment. Almost half (46 percent) of the schools report inadequate electrical wiring for computers and communications technology, and over half (52 percent) of schools report six or more insufficient technology elements (such as fiber optics cabling, phone lines for modems, and wiring for computers). [Source: General Accounting Office, "School Facilities: America's Schools Not Designed or Equipped for 21st Century," April 4, 1995]
- **Expected Enrollment Growth Imposes Additional Burdens.** Many school districts also face the need to build new schools to accommodate enrollment growth. Public school enrollment in grades K-12 is expected to rise 20% between 1990 and 2004. [Source: U.S. Department of Commerce, *Statistical Abstract of the United States, 1995*, p. 151]

KEY ELEMENTS OF PRESIDENT CLINTON'S NEW SCHOOL CONSTRUCTION INITIATIVE

- **Up to 50% Interest Subsidy for New School Construction and Renovation.** The initiative will reduce interest costs on new school construction and renovation projects by up to 50%, with a sliding subsidy scale depending on need.
- **\$20 Billion in School Construction Spurred by \$5 Billion in Federal Jump-Start Funding Over 4 Years.** The interest reduction is equivalent to subsidizing \$1 out of every \$4 in construction and renovation spending. \$5 billion in federal funding over 4 years -- with most of the money administered by the States -- would support \$20 billion in construction and renovation. One of the key criteria in distributing funds to projects will be the extent to which the spending is incremental - above what would have occurred without this initiative.
- **Goal of 25% Increase in School Construction Over 4 Years.** National spending on school construction and renovation is currently about \$10 billion a year or \$40 billion over 4 years. By focusing on incremental or net additional construction projects, this initiative aims to ensure that at least half of the \$20 billion supported by federal subsidies would not have otherwise occurred. This would increase school construction by at least \$10 billion to a total of \$50 billion over 4 years -- increasing school construction by 25%.
- **One-Time Construction Initiative Fully Paid For By One-Time Spectrum Auction:** A one-time auction of portions of the spectrum between channels 60-69 will fully fund this jump-start proposal.
- **State and Local Governments Maintain Responsibility and Control.** States would administer the bulk of the subsidies, while the largest school districts would apply directly to the U.S. Department of Education. State participation would be voluntary.

PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

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BACKGROUND ON PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

July 11, 1996

50% INTEREST SUBSIDY FOR NEW CONSTRUCTION AND RENOVATION: President Clinton's new School Construction Initiative provides up to a 50% interest subsidy to school districts repairing existing K-12 schools or building new schools to replace old ones or to accommodate increased enrollments. Subsidies would be awarded according to several criteria, including need and evidence that the funding will support construction or renovation that would otherwise not have occurred.

- School construction is typically funded through tax-exempt bonds that currently carry interest rates of about 6%. The interest subsidy would be as large as 50% of the interest rate -- reducing the interest rate from 6% to 3%.
- The interest subsidy would generally be 50%, but could be administered on a sliding-scale with the communities most in need receiving the full 50% interest subsidy and communities with less need receiving a smaller subsidy.

\$20 BILLION IN STATE AND LOCAL SCHOOL CONSTRUCTION SPURRED BY \$5 BILLION FEDERAL JUMP-START:

- The President's plan provides \$5 billion in federal subsidies over the next four years.
- The initiative would be a four-year, capped mandatory proposal that would be fully funded by auctioning a portion of the spectrum between channels 60-69.
- Given the subsidy rate, the range of subsidy rates, \$5 billion should support \$20 billion or more in school construction and renovation. Since the initiative is time-limited, school districts would have an incentive to act within the 4-year window.

GOAL OF 25% INCREASE IN SCHOOL CONSTRUCTION OVER NEXT FOUR YEARS:

- Currently, about \$10 billion a year is spent on school construction each year -- or roughly \$40 billion over 4 years.
- With up to a 50% interest subsidy, \$5 billion in federal funding over 4 years should support a total of \$20 billion in school construction.
- An important selection criteria is that communities undertake *additional* projects. Our goal is to ensure that at least half of the \$20 billion will be additional net construction and renovation. This \$10 billion in additional spending would represent a 25% increase over the projected level of spending over 4 years (\$40 billion).

STATE AND LOCAL GOVERNMENTS MAINTAIN CONTROL AND RESPONSIBILITY: The President's initiative seeks to aid and strengthen the hand of local governments to build and rebuild their schools. But they must still take responsibility for their proposals and most of the cost.

- The initiative will make it easier for state and local governments to do the right thing by cutting their interest costs in half.
- States would administer the bulk of the credit subsidies to local communities. States would need to show that they have an overall plan to encourage net additional construction based on historical averages and past effort, and to take need into account.
- The 100 largest school districts by poverty count, plus approximately 25 other school districts the Education Department determines have exceptional needs, would apply directly to the Department of Education for credit subsidies to ensure that major cities which have the most significant needs and which actually implement a large share of all school construction receive appropriate treatment.

ONE-TIME SCHOOL CONSTRUCTION INITIATIVE FULLY-PAID FOR BY ONE-TIME AUCTION OF PORTIONS OF THE SPECTRUM BETWEEN CHANNELS 60-69: The initiative is fully paid for through a new proposal to auction a portion of the spectrum between channels 60-69 that is not currently being used for TV broadcasting. This one-time auction is expected to raise the \$5 billion needed to fully pay for this school construction kick-start.

- For several years the FCC has been studying the possibility of auctioning unused or underutilized portions of the broadcast spectrum in between existing TV stations. The FCC has now concluded that with the development of digital wireless technology, the space around the TV stations can be auctioned and used without disturbing these broadcast stations.
- Therefore, this new proposal -- not contained in any previous Administration budget -- would auction a portion of the spectrum around the TV stations using channels 60-69. This spectrum is not currently being used for TV broadcasting, and its quality and location make it very desirable for exciting new personal communication services applications.

TECHNICAL ASSISTANCE PROVIDED TO HELP STATES AND LOCALITIES: Where there is a request for technical assistance, the Education Department or designated outside experts will be available to provide local and state government officials and other interested parties with information to assist them with school construction and renovation.

- States and localities will be provided with information and referrals relating to issues such as how to survey building needs, to accurately project enrollment, innovative financing strategies, and effective preventive maintenance strategies.

PURPOSES OF SUBSIDIZED PROJECTS: The credit subsidy will be used to lower the cost of additional construction or renovation projects with one of the following purposes:

- 1) Fixing or upgrading classrooms or structures related to academic learning, including fixing leaking roofs, crumbling walls, inadequate plumbing, poor ventilation, and heating or light problems
- 2) Increasing physical safety at the school
- 3) Enhancing access for students, teachers, and other people with disabilities
- 4) Improving energy efficiency
- 5) Addressing environmental hazards, such as poor ventilation, indoor air quality, or lighting
- 6) Providing the basic infrastructure that facilitates educational technology, such as communications outlets, electrical systems, power outlets, or a communication closet
- 7) Constructing new schools to meet the needs imposed by enrollment growth, and to create community schools and charter schools.

HOW TYPICAL COMMUNITIES WILL BENEFIT FROM PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

CITY OF METROPOLIS

TYPICAL PROBLEMS:

Like cities across the nation, Metropolis has large school construction and renovation needs. Two of its schools need major renovations, including plumbing and new roofs, and an additional elementary school is needed to accommodate a rapidly growing school age population.

TYPICAL COSTS:

The repairs and two new school buildings are expected to cost \$10 million (\$2 million each for the major renovations to the two existing schools, and \$6 million for the new elementary school).

TYPICAL OBSTACLES:

Despite the clear need for the repairs and two new schools, the school board has been reluctant to propose issuing a bond when it could be rejected as too costly. As a result, only emergency repairs -- funded out of an operations account -- have been undertaken.

**IMPACT OF
PRESIDENT CLINTON'S
SCHOOL CONSTRUCTION
INITIATIVE**

Reduces Local Cost of School Construction. The President's proposal could cut interest payments in half, saving Metropolis \$5 million in interest costs over the life of their \$10 million bond. This is equivalent to saving \$2.9 million immediately -- savings of 29% off of face value.

TOWN OF RURALTOWN

TYPICAL PROBLEMS:

The town of Ruraltown has three schools in need of major renovations, to improve indoor air quality, ventilation, and roofs.

TYPICAL COSTS:

The repairs of the 3 school buildings are expected to cost \$5 million.

TYPICAL OBSTACLES:

Ruraltown faces difficult challenges in renovating its schools. Its tax base is too small to pay for the necessary renovations, and bond financing is too expensive.

**IMPACT OF
PRESIDENT CLINTON'S
SCHOOL CONSTRUCTION
INITIATIVE**

Reduces Local Cost of School Construction. The President's proposal could cut the interest rate paid by Ruraltown in half. This would save Ruraltown more than \$1.7 million in interest costs over the life of their \$5 million bond. This is equivalent to saving \$1.2 million immediately -- savings of 23% off of face value.

[SEE ATTACHED TABLES FOR SPECIFIC SAVINGS UNDER PRESIDENT CLINTON'S INITIATIVE]

THE CASE OF THE CITY OF METROPOLIS
Clinton Initiative Saves City 29% of Construction Cost

**COST OF CONSTRUCTION
AND RENOVATION:**

\$10 million (\$2 million each for the major renovations to the two existing schools, and \$6 million for the new elementary school).

FINANCING:

Financed with 30-year bond with interest rate of 6%.
Principal repayments begin after second year.

	CURRENT LAW	CLINTON INITIATIVE	SAVINGS
INTEREST RATE	6%	3%	3%
AVERAGE ANNUAL INTEREST PAYMENT	\$330,000	\$165,000	\$165,000
TOTAL ANNUAL INTEREST PAYMENTS OVER 30 YEARS	\$9.9 million	\$4.95 million	\$4.95 million

SAVINGS AS A PERCENTAGE OF FACE VALUE	
Face Value of School Construction	\$10 million
Present Value of Interest Subsidy Under Clinton Initiative	\$2.9 million
<i>Clinton Initiative Savings as a Percentage of Face Value</i>	29%

CASE OF THE TOWN OF RURALTOWN
Clinton Initiative Saves City 23% of Renovation Cost

COST OF CONSTRUCTION

\$5 million (1.7 million each for the major
renovations to

AND RENOVATION:

the three existing schools).

FINANCING:

Financed with 20-year bond with interest rate of 6%.
Principal repayments begin after second year.

	CURRENT LAW	CLINTON INITIATIVE	SAVINGS
INTEREST RATE	6%	3%	3%
AVERAGE ANNUAL INTEREST PAYMENT	\$172,500	\$86,250	\$86,250
TOTAL ANNUAL INTEREST PAYMENTS OVER 30 YEARS	\$3.45 million	\$1.73 million	\$1.73 million

SAVINGS AS A PERCENTAGE OF FACE VALUE	
Face Value of School Renovation	\$5 million
Present Value of Interest Subsidy Under Clinton Initiative	\$1.2 million
<i>Clinton Initiative Savings as a Percentage of Face Value</i>	23%

PAYING FOR PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

Spectrum Auctions

Overview: President Clinton's School Construction Initiative is completely paid for through a new proposal to auction a portion of spectrum between channels 60-69 that is not currently being used for TV broadcasting. This one-time auction is expected to raise the \$5 billion need to completely pay for this one-time kick-start of school construction. The school construction funded with the proceeds of this spectrum auction will help prepare our children and schools for the Information Era.

Background on Spectrum Auctions: The Omnibus Reconciliation Act of 1993 gave the Federal Communications Commission (FCC) authority to auction spectrum licenses, instead of giving them away. The subsequent auctions have been very successful, efficiently allocating a scarce resource and raising \$20 billion to date -- more than either the Administration or the Congressional Budget Office projected. The auctions have made quality portions of the spectrum available to private technological entrepreneurs, stimulating the development of new uses of the spectrum, such as personal communications services (e.g., two-way paging, digital cellular phones, and wireless connections to the Internet), which were not even imagined a few decades ago.

Spectrum Auctions Already in The President's FY 1997 Balanced Budget: The President's budget includes further auctions of broadcast and non-broadcast spectrum that the FCC will free-up in order to get more spectrum into the hands of the private-sector firms that can use it most effectively. The following spectrum auctions are already contained in the President's FY97 balanced budget:

1. **Broaden and Extend Auctions of Non-Broadcast Spectrum:** This proposal was also included in the Republican reconciliation bills and is expected to raise \$19 billion.
2. **Auction of "Analog" Spectrum:** This proposal auctions the unneeded analog spectrum the FCC will reclaim after broadcasters have migrated to a new digital channel, and is expected to raise \$17 billion through an auction of the analog and if necessary also a digital spectrum fee.
3. **Auction of "888" Toll-Free Numbers:** This proposal authorizes the FCC to award through an auction a new generation of toll-free "888" vanity telephone numbers, raising \$700 million.
4. **Auction of DARS Spectrum To Help Pay for \$1,500 HOPE Scholarships:** This auctions a portion of the spectrum previously allocated for digital audio radio services (DARS), but which is unsuitable for DARS because of interference problems, raising \$2.1 billion.

New Proposal: Auction a Portion of Spectrum Between Channels 60-69 Which Will Fully Pay for the New School Construction Initiative. The President's School Construction Initiative is fully paid for by a new proposal -- not contained in any previous Administration budget -- to auction an additional portion of the spectrum. For several years the FCC has been studying the possibility of auctioning unused or underutilized portions of the spectrum located between existing TV stations. The FCC has now concluded that with the development of digital wireless technology, the space around TV stations can be auctioned and used without affecting these broadcast stations. Therefore, this new proposal would auction portions of the spectrum between channels 60-69 that are not being used for TV broadcasting. This portion of the spectrum was allocated free-of-charge to UHF television, but there are fewer than 100 stations across the United States using it, leaving a significant and valuable portion of spectrum between the stations that could be used for other wireless technologies. This new proposal would reallocate and auction these underutilized portions of the spectrum without disrupting the current broadcast stations. These portions of the spectrum could be used for exciting new PCS applications, such as mobile video, imaging, and other advanced voice and data services.



School Conditions By State

	Share of Schools With At Least One Building In Need of <u>Extensive Repair</u>	Share of Schools With At Least One Unsatisfactory Environmental <u>Condition*</u>	Share of Schools That Need To Spend Over The National Average To Bring Their Facilities <u>Into Good Condition</u>	Share of Schools That Lack Telephone <u>Lines For Modems</u>
NATION	33%	58%	21%	56%
Alabama	39.1%	57.7%	20.9%	55.4%
Alaska	44.6	72.5	42.6	53.8
Arizona	40.8	56.8	29.7	58.1
Arkansas	24.9	51.5	8.3	56.4
California	42.9	77.0	25.7	68.1
Colorado	32.2	53.2	20.2	56.8
Connecticut	30.0	60.0	29.7	51.9
Delaware	40.5	52.8	31.7	82.9
District of Columbia	49.3	68.3	48.8	52.7
Florida	31.2	71.6	33.8	63.2
Georgia	26.2	39.5	14.6	53.0
Hawaii	21.4	65.6	18.7	79.5
Idaho	31.9	53.2	13.3	58.8
Illinois	31.0	57.6	28.2	63.4
Indiana	29.2	55.6	36.3	55.0
Iowa	18.8	51.4	12.6	43.8
Kansas	38.3	67.0	17.2	44.4
Kentucky	30.9	53.0	26.2	55.7
Louisiana	38.6	56.5	23.6	65.5
Maine	37.5	59.0	11.8	63.8
Maryland	30.7	63.3	34.1	66.7
Massachusetts	40.8	71.3	18.4	66.9
Michigan	21.6	56.6	8.8	58.1
Minnesota	38.5	55.2	19.3	41.0
Mississippi	28.5	49.1	7.2	55.8
Missouri	27.3	51.2	13.7	59.1
Montana	20.4	55.1	6.0	37.5
Nebraska	35.2	55.5	18.4	45.7
Nevada	23.2	39.5	13.1	26.2
New Hampshire	38.4	70.6	15.4	58.6
New Jersey	19.1	46.1	16.4	33.5
New Mexico	29.9	63.2	25.8	58.5
New York	32.8	60.4	38.6	55.3
North Carolina	36.1	58.7	16.6	62.6
North Dakota	23.0	54.9	6.7	36.5
Ohio	38.0	68.0	22.8	70.5
Oklahoma	30.5	53.4	8.4	57.7
Oregon	38.9	73.8	16.9	65.1
Pennsylvania	21.0	48.3	21.2	44.2
Rhode Island	29.3	61.1	9.9	52.1
South Carolina	36.9	46.5	28.0	50.3
South Dakota	21.3	40.5	9.4	35.4
Tennessee	27.2	52.4	12.5	65.6
Texas	27.1	49.5	15.8	38.4
Utah	34.1	58.2	19.8	71.0
Vermont	21.4	51.3	13.3	61.4
Virginia	27.4	48.1	28.9	52.9
Washington	44.2	65.5	42.3	61.1
West Virginia	41.9	71.8	18.1	51.5
Wisconsin	32.8	50.5	13.2	46.4
Wyoming	24.4	54.8	8.5	33.8

*Environmental conditions include lighting, heating, ventilation, indoor air quality, acoustics for noise control, and physical security.

Source: General Accounting Office, June 14, 1996.

SUMMARY OF FINDINGS OF RECENT STUDIES ON THE SCHOOL INFRASTRUCTURE PROBLEM

I. GAO REPORTS

The General Accounting Office has released a series of reports on the condition of public school facilities, including a most recent report released on June 14, 1996, summarizing key findings and outlining the disparity between states.¹ The GAO studies have some limitations -- they are based on self-reported information from a sample of local school officials -- but they provide the best data currently available on the problem.

Scope of the Problem

- **\$112 Billion Needed To Bring All Schools Into Good Overall Condition.** Based on its sample, GAO estimates that \$112 billion is needed to bring all schools in the Nation to good overall condition (meaning that only routine maintenance and minor repairs would be required).
- **One-Third Of All Schools Need Extensive Repair Or Replacement.** GAO estimates that about one-third of all schools, serving 14 million students, need extensive repair or replacement.
 - ▶ About 60 percent of schools have at least one major building feature, such as plumbing, in disrepair;
 - ▶ Over half the schools reported at least one unsatisfactory environmental condition, such as poor ventilation, heating, or lighting problems;
 - ▶ Almost half (46 percent) of the schools reported inadequate electrical wiring for computers and communications technology, and
 - ▶ Over half (56 percent) reported insufficient phone lines for modems.

State and Regional Variation

- **There Are School Infrastructure Problems Across The Country.** Schools in almost all areas of the country report physical infrastructure problems, with somewhat more severe conditions in central cities, in the West, and in schools with high proportions of minority and poor students.
 - ▶ In central cities, 38 percent of schools reported needing extensive repair or replacement, relative to 29 percent in large towns.
- 65 percent of central city schools reported at least one unsatisfactory

¹ General Accounting Office, "School Facilities: Conditions of America's Schools," February 1995; "Technology: America's Schools Not Designed Or Equipped for 21st Century," April 1995; "School Facilities: States' Financial and Technical Support Varies," November 1995; "School Facilities: America's Schools Report Differing Conditions," June 1996; and "School Facilities: Profiles of School Condition by State," June 1996.

- ▶ The West generally had more severe conditions. For example, only 22 percent of schools in Michigan reported needing extensive repair or replacement, relative to 43 percent of schools in California.
 - 18 percent of schools in Georgia reported inadequate plumbing; 40 percent in Arizona did.
 - At least 70 percent of the schools in Alaska, California, Florida, Massachusetts, New Hampshire, Oregon, and West Virginia reported at least one unsatisfactory environmental condition.
- ▶ Over 40 percent of schools in which minority students represent more than half the student body reported needing extensive repair or replacement, relative to 29 percent for schools with less than 5.5 percent minority enrollment.
 - 70 percent of schools with large minority student bodies reported at least one unsatisfactory environmental condition, relative to 54 percent for schools with minimal minority enrollment.

Readiness of Facilities for Technology and Other Reforms

- **Schools Do Not Have The Physical Infrastructure To Take Advantage Of Computers And Technology.** Many schools do tend not have the physical infrastructure to make optimum use of computers, printers, TVS, and other equipment.
 - ▶ Over half (52 percent) of schools reported six or more insufficient technology elements (such as fiber optics cabling, phone lines for modems, and electrical wiring for computers).
 - ▶ In central cities, over 60 percent of schools report insufficient networks, modems, phone lines, conduits and fiber optic cables. Over half reported insufficient electrical wiring for computer technology.

Factors Contributing to Poor Conditions

- **Deferred Maintenance Cited As Reason For Poor School Conditions.** While numerous factors contributed to the poor condition of school facilities, many of the GAO survey respondents stressed the role of deferred maintenance.
 - ▶ This fact is supported by a recent Department of Education study of school spending, which indicated that school districts in central cities spend a greater portion of their budgets on instruction and less on buildings and equipment than other schools. (Disparities in Public School District Spending 1989-90, NCES 95-300, February 1995)
- **Other Causes For Poor Conditions Are Possible.** The concentration of facilities problems in the West and in poor areas suggests that other factors may be at work as well, such as structural problems in financing mechanisms, constraints on taxes, or competition with other community priorities.

Variation in State Support

- **Almost All States Have Some Role In School Construction and Maintenance.** While school construction and maintenance have traditionally been a local responsibility, almost all States now have some role, and 13 States have established comprehensive facilities programs.
 - ▶ States reported providing about \$3.5 billion for school capital spending during fiscal year 1994 -- about a fifth of total school capital spending (including construction and purchases of land and equipment). However, the level of support varies widely by State, from \$6 per student to more than \$2,000 per student.

II. OTHER REPORTS CONFIRM GAO FINDINGS

- **Recent Study Finds 74 Percent Of All School Buildings Have Outlived Their Predicted Useful Lives.** A few years ago, the American Association of School Administrators released a study -- *Schoolhouse in the Red: A Guide for Cutting our Losses*. The study reported that 12 percent of all school buildings were "inadequate places for learning" and that 74 percent of all buildings had "outlived their predicted useful life." The report also cited a 1991 *School Business Affairs* article which estimated that deferred maintenance exceeded \$100 billion.
- **1989 Study Found That 25 Percent Of The Nation's Schools Were Inadequate.** A 1989 report -- *Wolves at the Schoolhouse Door* -- by the Education Writers Association based on a survey covering half of the nation's schools, found that 25 percent of the Nation's schools were shoddy places for learning.

III. CURRENT CONSTRUCTION ACTIVITY

- **Total School Capital Spending -- on Construction, Renovation, Land, and Equipment -- Was \$20 billion in 1994.** About half of this was for construction and renovation.
- **Spending on Construction and Renovation was \$10 Billion in 1995.** According to *School Construction Report*, school districts completed \$10.3 billion worth of construction in 1995. This figure is based on a survey of current construction activity conducted by *School Planning and Management* magazine and Dun and Bradstreet [*School Construction on the Rise*, Paul Abramson, CEFPI].
- **More Than Half Of Construction Spending Is For Renovating Or Upgrading -- The Rest Is For New Schools.** Just over half of construction spending is for renovating or upgrading existing buildings, rather than building new structures. In 1995, \$5.3 billion was spent on additions and upgrades, while \$5.0 billion was spent on new schools.

PRIMER ON FINANCING SCHOOL CONSTRUCTION AND RENOVATION

What do schools spend money on?

Capital spending on new buildings and renovation, equipment, and land accounts for about one tenth of annual public elementary and secondary school spending. In 1994, \$20 billion was spent on public school capital projects, \$6 billion on interest payments, and \$235 billion on current expenses, such as teachers' salaries and administrative costs. Roughly half of total capital spending -- or about \$10 billion -- is for construction and renovation of buildings, rather than purchases of equipment and land. [Source: *Statistical Abstract of the U.S.* 1995, pp. 161 & 167]

How do schools finance construction and renovation?

School districts typically finance their current spending with a mix of local, state and federal funds, and finance their capital spending with tax-exempt bond issues. In most districts, bond issues must be approved through a referendum -- and sometimes a supermajority is required to pass the referendum. Bonds for school construction typically have 30-year maturities. Bonds issued for other school capital expenses, such as major renovations, often have 20-year maturities.

Some school districts finance capital expenses out of operating funds rather than bond issuance. But a recent Department of Education report documents that in districts with low property assessments and large school-age populations, most operating funds must go toward meeting minimum requirements for instructional expenditures per pupil, leaving less for physical plant. And even in some districts with relatively high property assessments, funds for school construction may be limited.

What is the role of state governments?

While financing school construction and renovation is predominately a local function, states provide roughly one-fifth of annual spending on local capital expenses, including land and equipment purchases. Most states play some role in financing school construction, although the extent of that role varies widely across states. These states often provide funds for local capital expenses through the sale of state bonds. In other states, funding is channelled through counties or townships, cities or towns, or special purpose local school districts.

What is the role of the federal government?

The Federal government currently provides a tax-exemption for local and state bonds -- reducing the interest rate on those bonds by roughly a third. The Federal government offers limited additional assistance for school construction and renovation, for example through the Impact Aid program which provides assistance to areas with military installations and Indian reservations.

How does tax-exempt status reduce interest costs?

The tax-exempt status of bonds -- often referred to as municipal bonds -- reduces interest costs for local and state governments, since investors care about after-tax returns and are therefore willing to accept a lower interest rate on a tax-exempt bond than on a taxable bond. For a taxpayer in the 28 percent tax bracket, a taxable bond paying 8 percent has an after-tax interest rate of 5.8 percent. Such an investor would thus prefer a tax-exempt bond with a interest rate of 5.9 percent (with a 5.9 percent after-tax interest rate) to a taxable bond with a interest rate of 8 percent (with a 5.8 percent after-tax return). If interest rates on comparable taxable bonds are 8 percent, a tax-exempt municipal bond can therefore be issued with a interest rate just over 5.8 percent. The current interest rate on a 30-year tax-exempt bond is roughly 6 percent, well under the current 30-year Treasury interest rate.

What is the average size of an education bond issue?

The average amount of the most recently passed bond issue in the school districts surveyed by the GAO was \$7 million. Of this \$7 million, 54 percent was spent on school construction; 38 percent for repairing and modernizing schools; 5 percent for computers and telecommunications equipment; and 3 percent for meeting Federal mandates. [Source: GAO, "School Facilities: Condition of America's Schools," February 1995, p. 18]

Special problems faced by small districts.

Small school districts face special problems in bond financing. First, their low tax bases often make it difficult to pay financing costs. Second, their bond issues are relatively small and unfamiliar to investors, making them less attractive. State bond banks can help these entities by pooling their needs and issuing a single state bond. Many states, such as Arkansas and Indiana, have programs that fulfill this role.

How much does it cost to build or fix a school?

According to the GAO, the average school in America reported needing \$2 million to repair and upgrade to good overall condition. The average new elementary school costs about \$6 million to construct, and the average secondary school costs about \$15 million. [Source: GAO, "School Facilities: America's Schools Report Differing Conditions," June 1996, pp. 3 & 12.]

**SCHOOL CONSTRUCTION AND TECHNOLOGY:
Preparing Our Schools for the Information Era**

PRESIDENT CLINTON'S NEW SCHOOL CONSTRUCTION INITIATIVE WILL HELP CONNECT ALL CLASSROOMS TO THE INFORMATION HIGHWAY: Technological literacy is a "new basic" of American education and the Internet is the blackboard of the future. Yet thousands of schools find it difficult to provide the powerful learning opportunities afforded by technology because they lack the basic electrical wiring and phone lines necessary to plug in computers and connect them to the Internet. As we repair and replace dilapidated and unsafe schools, we must ensure that they are "21st century schools." This means wires, electrical capacity, electrical outlets, and cable and telephone lines that will allow students to take full advantage of the learning opportunities that technology offers.

The School Construction Initiative will support the President's vision of connecting all classrooms to the information superhighway by the year 2000 by helping those schools with the worst conditions efficiently upgrade their technology infrastructure as they repair other problems, such as leaky roofs, plumbing, wiring, or heating and air conditioning.

EVEN SCHOOLS WITH POOR INFRASTRUCTURE CAN MAKE SOME PROGRESS IN ADOPTING EDUCATION TECHNOLOGY.

- New wireless solutions, for example, will help schools with inadequate infrastructure take advantage of educational technology immediately.

BUT THE BASIC INFRASTRUCTURE OF OUR SCHOOLS REMAINS A MAJOR BARRIER TO BROADER USE OF EDUCATIONAL TECHNOLOGY IN THE CLASSROOM:

- 54% of schools report that too few telecommunications access points are a major barrier to networking their computers and accessing the Internet; even the majority of the schools that already have Internet access report that an insufficiency of telecommunications access points is a major barrier to upgrading or maximizing the use of their computers. (Advanced Telecommunications and U.S. Public Elementary and Secondary Schools, 1995, National Center for Education Statistics)
- 46% of schools (35,700 schools serving 19.3 million students) lack the electrical wiring necessary for computers and telecommunications technology. (GAO, School Facilities: America's Schools Not Designed or Equipped for 21st Century)
- 55.5% of schools (42,700 schools serving 22.5 million students) lack phone lines for modems necessary to connect to the Internet. (GAO)
- In central cities, over 60% of schools report insufficient networks, modems, phone lines, conduits, and fiber optic cables; over 50% report insufficient electrical wiring for computer technology. (GAO)

**THE SCHOOL CONSTRUCTION INITIATIVE SUPPORTS A BROADER
ADMINISTRATION STRATEGY ON EDUCATIONAL TECHNOLOGY**

- The President has launched a national mission to make all children technologically literate by the dawn of the 21st century. His initiative rests on four "pillars" that will: provide all teachers the training and support they need to help students learn using computers and the information superhighway; develop effective and engaging software and on-line resources; provide access to modern computers for all teachers and students; and connect every school and classroom to the information superhighway.
- To help states and communities build all four pillars, the President has proposed the creation of a \$2 billion, five year, Technology Literacy Challenge Fund to catalyze and leverage state, local and private sector efforts.
- To help connect more classrooms to the Internet, the President has fostered an historic effort by volunteers to wire schools. During California's Net Day on March 9, 1996, more than 20,000 volunteers installed and tested 6 million feet of wire to connect classrooms in thousands of schools to the Internet. Since California's successful "electronic barnraising," over 30 states have embarked on their own efforts.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE UNDER SECRETARY

THE UNDER SECRETARY

JUL 9 1996

MEMORANDUM

TO: Gene Sperling
FROM: Mike Smith *ms*
SUBJECT: Infrastructure Initiative

The purpose of this note is to help fill in some of the information gaps on the initiative. These comments may be useful in developing the decision memo to the President.

Issue 1: How many schools can we reach?

Assume that the total cost of the initiative is \$5 billion, and that we leverage three times that amount in State and local support. According to GAO, the average cost of replacing a public school building is about \$2.8 million and the cost of major renovation and repairs on a building is \$1.2 million. Dun and Bradstreet data indicate that about half of construction funding nationally goes for construction of new buildings and the other half for additions and upgrades. However, because our initiative would fund the repair and replacement of existing buildings (not construction to serve expanding enrollments), let's assume that only one-quarter to one-third of the funds pay for new buildings.

Using those assumptions, the \$20 billion we make available would pay for 1,785-2,380 new buildings and 11,100-12,500 major repair and renovation projects. These figures may be on the high side, because construction costs will increase in the coming years.

Issue 2: How should we target the funds?

I believe that we should target on renovation or replacement of existing buildings to address issues like health and safety, environmental hazards, energy efficiency, disability access, and the modernization required to implement educational technology. This will make the overall scope of the problem more manageable and will, I think, tend to drive funds toward the communities with the worst facilities and the greatest needs.

In terms of additional targeting on high-need communities, there are a number of ways to go about it. One, as we discussed at today's meeting, is to send all or a major part of the money to high-poverty communities. We could, for instance, focus on the

1,430 school districts (enrolling 3.1 million students) that have a student poverty rate of at least 35 percent or the 921 districts (enrolling 1.7 million students) that are at least 40 percent poor. (See attached table.) Local poverty may be also be a reasonable proxy for inability to raise school construction funds without Federal intervention.

Another option would be to construct a measure of local effort and then fund only communities that are doing all they can to fund education, subject to their resources, but can't meet their construction needs. Such a measure would be something like State and local expenditures divided by assessed property value per student. Unfortunately, we have been unable to locate national data on assessed property valuations, but we may be able to come up with some kind of proxy data.

Issue 3: What is the current level of activity in school construction?

The Dun and Bradstreet data indicate that school districts will initiate about \$11.8 billion in school construction activity in 1996: \$5.8 billion for new schools, \$3.4 billion for additions to existing schools, and \$2.6 billion for upgrades. This spending has gone up fairly steadily since 1986, when it stood at about \$6 billion, and the relative share going to new buildings has increased.

While school construction and maintenance has historically been a local responsibility, States have gotten more involved in recent years and 13 now have comprehensive facilities programs. According to the GAO, States reported spending \$3.5 billion (on top of local spending) in 1994.

Issue 4: Will this initiative generate constituency support?

I have spoken to some of the groups, and have been assured that we will receive strong support for an infrastructure initiative.

I should note that we did not receive much support when we submitted our bill to amend the Connie Lee charter in 1994. (About the only people we heard from were the opponents, the private municipal bond insurance companies.) Maybe the story was just too difficult to explain. Or it may have been that, because that bill would not have provided any addition Federal capitalization for Connie Lee (who told us they didn't need any), it didn't look like we were doing enough to make the community's support worthwhile.

**Districts with Concentrations of Economically Disadvantaged Students
(from 1990 Census Data)**

Percentage of Economically Disadvantaged Students	(1990) Number of Districts	(1991-92) Total Enrollment
25 Percent	3,201	11,012,977
30 Percent	2,129	7,237,602
35 Percent	1,430	3,150,914
40 Percent	921	1,731,601
45 Percent	605	1,068,969
50 Percent	408	442,296

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

July 11, 1996

REMARKS BY THE PRESIDENT
ON THE SCHOOL RECONSTRUCTION INITIATIVE

The Rose Garden

2:15 P.M. EDT

THE PRESIDENT: Thank you very much. I want to welcome Senator Moseley-Braun here, along with Senator Claiborne Pell, Senator Bob Graham, Congressman Ben Cardin, and Congressman Elijah Cummings. I thank them all for their concern for this issue and their leadership.

I think some of you know that I had originally planned to make this announcement in Senator Graham's home state in Florida, but Hurricane Bertha had other ideas. So before I get into the announcement, let me say that we are all watching the course of that storm. We pray that it doesn't cause extensive damage. The people of the Southeast know that we will be there to help them if it does. FEMA is now on the ground, and they are prepared. Our thoughts are with the people of the Southeast. And, again, we're hoping for the best.

I'm here to announce a national commitment to rebuild our schools so that they can serve our children in the 21st century. Our nation's mission must be to offer opportunity to all, to demand responsibility from all, and to come together as a community so that we can build better lives together. Our most basic expression of these values is perhaps the education we offer to our children.

We've worked hard to make our young people the best educated in the world as we enter the 21st century, putting in place a comprehensive strategy to renew our schools, to lift our standards

at every level. We've expanded the Head Start preschool program. We've helped schools to help to set and to meet higher standards. We've also worked hard to develop higher standards and better training for our teachers. And we've created an important network of school-to-work programs for young people to be properly trained if they don't go on to four-year institutions of higher education.

We're now on our way to connecting every classroom and library in the United States to the Internet by the year 2000. We're making our schools safer with the zero tolerance for guns in our schools, and by encouraging and supporting communities to take their own initiatives, including school uniforms, imposing curfews, and stronger enforcement of the truancy laws. We're opening the doors of college wider than ever, through lower-cost student loans, including better repayment terms; expanded Pell Grant scholarships -- Senator Pell, thank you for that; AmeriCorps; and our proposals to give families tax cuts to pay for higher education.

But all this progress is at risk if our children are asked to learn in a landscape that is littered with peeling paint and broken glass if our teachers are asked to build up children in buildings that are falling down.

I remember the schools that I attended. They were pretty typical. Most of them were fairly old when I was there. They weren't fancy, but they were clean, they were well-maintained, they were treated with respect. They sent every student a clear message: You are important to us. We take your education seriously. That was how my parent's generation kept faith with us, and that is how we must keep faith with our children. (Applause.)

Now, Senator Moseley-Braun mentioned this report from the General Accounting Office. I want to hold it up again because I want to urge every member of Congress, every governor, every state legislator, every local school official, every school board member who cares about the condition of education and the future of education in our country to get a copy of this report and to read it.

The report came out three weeks ago. It was requested by a number of senators, and it confirms that we are not honoring this generational compact.

I want to thank here, before I go forward, the members of the Senate and the House who have been interested in this. Those who are here whom I've introduced and, especially, Congresswoman Nita Lowey who is sponsoring efforts in the house along with Congressman

Cardin and Congressman Cummings and others, but most especially Carol Moseley-Braun. She was the first person who brought this matter to my attention as an area where the national government ought to do something. And she has been literally dogged in her persistence in this issue, staying with it day in and day out, week in and week out, month in and month out. The schoolchildren of our nation owe her a debt of gratitude. (Applause.)

The report shows that our nations schools are increasingly rundown, overcrowded and technologically ill-equipped. Too many school buildings and classrooms are literally a shambles. According to the report, one-third of our schools need major repair or outright replacement; 60 percent need work on major building features -- a sagging roof, a cracked foundation; 46 percent lack even the basic electrical wiring to support computers, modems, and modern communications technology. These problems are found all across America, in cities and suburbs and one-stoplight towns.

This is a matter of real urgency. In just two months our schools will open their door to the largest number of students in the history of our republic -- 51.7 million. And enrollment is expected to continue to rise over the next few years. We have to rebuild these schools for another reason as well. Increasingly our schools are critical to bringing our communities together. We want them to serve the public not just during the school hours but after hours: to function as vital community centers; places for recreation and learning, positive places where children can be when they can't be at home and school is no longer going on; gathering places for young people and adults alike. Bringing our schools into the 21st century is a national challenge that demands a national commitment.

Today I am proposing that the federal government for the first time join with states and communities to modernize and renovate our public schools. We will provide \$5 billion over the next four years for school construction and renovation. Together with investments by states and localities, this would result in \$20 billion in new resources for school modernization. That's a 25 percent increase over the next four years.

Our school construction initiative would be flexible. It would give communities and states the power to decide how to use the new resources. It would help those who help themselves -- requiring local communities to take responsibility for this effort. And it would focus on sparking new projects, not merely subsidizing existing ones.

The schools of the future should be safe and spacious -- good places to learn. The schools of the future should be equipped with computers, new media and state of the art science labs. And the schools of the future should not only teach our children during the day, but bring together families and neighbors in the evening as community schools. Our initiative can help to make these goals a reality.

You know, we expect an awful lot of our schools. We expect a lot of our students in this age of possibility. And all Americans have a lot riding on their living up to these expectations. But we cannot expect our children and our teachers to build strong lives on a crumbling foundation.

This generation has a duty to give the next generation a future of genuine opportunity. Our children deserve the best. I am determined that they will get it. And this proposal will go a long way toward helping those folks who are out there on the front lines of education to succeed and to build the brightest, the best prepared, the most secure and the most successful generation of young people in the history of our nation.

Thank you very much.

END

2:25 P.M. EDT

**PRESIDENT
CLINTON'S**

**SCHOOL
CONSTRUCTION
INITIATIVE**

SUMMARY OF PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

July 11, 1996

PRESIDENT CLINTON PROPOSES A NEW INITIATIVE TO HELP LOCAL COMMUNITIES AND STATES REBUILD THE NATION'S SCHOOLS. As America moves into the 21st century, our schools should too. If our schools are in no shape for the future, our students won't be either. The facts are clear:

- **One-Third Of All Schools -- Serving 14 Million Students -- Need Extensive Repair Or Replacement.** According to a recent General Accounting Office report, about 60 percent of schools have at least one major building feature in disrepair, such as leaky roofs and crumbling walls. Over 50 percent have at least one environmental problem, such as poor indoor air quality. [Source: General Accounting Office Report: "School Facilities: America's Schools Report Differing Conditions," June 14, 1996]
- **Schools Do Not Have The Physical Infrastructure To Allow Our Students To Meet the Challenges of the 21st Century.** Many schools do not have the physical infrastructure to make the best use out of computers, printers, and other equipment. Almost half (46 percent) of the schools report inadequate electrical wiring for computers and communications technology, and over half (52 percent) of schools report six or more insufficient technology elements (such as fiber optics cabling, phone lines for modems, and wiring for computers). [Source: General Accounting Office, "School Facilities: America's Schools Not Designed or Equipped for 21st Century," April 4, 1995]
- **Expected Enrollment Growth Imposes Additional Burdens.** Many school districts also face the need to build new schools to accommodate enrollment growth. Public school enrollment in grades K-12 is expected to rise 20% between 1990 and 2004. [Source: U.S. Department of Commerce, *Statistical Abstract of the United States*, 1995, p. 151]

KEY ELEMENTS OF PRESIDENT CLINTON'S NEW SCHOOL CONSTRUCTION INITIATIVE

- **Up to 50% Interest Subsidy for New School Construction and Renovation.** The initiative will reduce interest costs on new school construction and renovation projects by up to 50%, with a sliding subsidy scale depending on need.
- **\$20 Billion in School Construction Spurred by \$5 Billion in Federal Jump-Start Funding Over 4 Years.** The interest reduction is equivalent to subsidizing \$1 out of every \$4 in construction and renovation spending. \$5 billion in federal funding over 4 years -- with most of the money administered by the States -- would support \$20 billion in construction and renovation. One of the key criteria in distributing funds to projects will be the extent to which the spending is incremental - above what would have occurred without this initiative.
- **Goal of 25% Increase in School Construction Over 4 Years.** National spending on school construction and renovation is currently about \$10 billion a year or \$40 billion over 4 years. By focusing on incremental or net additional construction projects, this initiative aims to ensure that at least half of the \$20 billion supported by federal subsidies would not have otherwise occurred. This would increase school construction by at least \$10 billion to a total of \$50 billion over 4 years -- increasing school construction by 25%.
- **One-Time Construction Initiative Fully Paid For By One-Time Spectrum Auction:** A one-time auction of portions of the spectrum between channels 60-69 will fully fund this jump-start proposal.
- **State and Local Governments Maintain Responsibility and Control.** States would administer the bulk of the subsidies, while the largest school districts would apply directly to the U.S. Department of Education. State participation would be voluntary.

PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

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BACKGROUND ON PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

July 11, 1996

50% INTEREST SUBSIDY FOR NEW CONSTRUCTION AND RENOVATION: President Clinton's new School Construction Initiative provides up to a 50% interest subsidy to school districts repairing existing K-12 schools or building new schools to replace old ones or to accommodate increased enrollments. Subsidies would be awarded according to several criteria, including need and evidence that the funding will support construction or renovation that would otherwise not have occurred.

- School construction is typically funded through tax-exempt bonds that currently carry interest rates of about 6%. The interest subsidy would be as large as 50% of the interest rate -- reducing the interest rate from 6% to 3%.
- The interest subsidy would generally be 50%, but could be administered on a sliding-scale with the communities most in need receiving the full 50% interest subsidy and communities with less need receiving a smaller subsidy.

\$20 BILLION IN STATE AND LOCAL SCHOOL CONSTRUCTION SPURRED BY \$5 BILLION FEDERAL JUMP-START:

- The President's plan provides \$5 billion in federal subsidies over the next four years.
- The initiative would be a four-year, capped mandatory proposal that would be fully funded by auctioning a portion of the spectrum between channels 60-69.
- Given the subsidy rate, the range of subsidy rates, \$5 billion should support \$20 billion or more in school construction and renovation. Since the initiative is time-limited, school districts would have an incentive to act within the 4-year window.

GOAL OF 25% INCREASE IN SCHOOL CONSTRUCTION OVER NEXT FOUR YEARS:

- Currently, about \$10 billion a year is spent on school construction each year -- or roughly \$40 billion over 4 years.
- With up to a 50% interest subsidy, \$5 billion in federal funding over 4 years should support a total of \$20 billion in school construction.
- An important selection criteria is that communities undertake *additional* projects. Our goal is to ensure that at least half of the \$20 billion will be additional net construction and renovation. This \$10 billion in additional spending would represent a 25% increase over the projected level of spending over 4 years (\$40 billion).

STATE AND LOCAL GOVERNMENTS MAINTAIN CONTROL AND RESPONSIBILITY: The President's initiative seeks to aid and strengthen the hand of local governments to build and rebuild their schools. But they must still take responsibility for their proposals and most of the cost.

- The initiative will make it easier for state and local governments to do the right thing by cutting their interest costs in half.
- States would administer the bulk of the credit subsidies to local communities. States would need to show that they have an overall plan to encourage net additional construction based on historical averages and past effort, and to take need into account.
- The 100 largest school districts by poverty count, plus approximately 25 other school districts the Education Department determines have exceptional needs, would apply directly to the Department of Education for credit subsidies to ensure that major cities which have the most significant needs and which actually implement a large share of all school construction receive appropriate treatment.

ONE-TIME SCHOOL CONSTRUCTION INITIATIVE FULLY-PAID FOR BY ONE-TIME AUCTION OF PORTIONS OF THE SPECTRUM BETWEEN CHANNELS 60-69: The initiative is fully paid for through a new proposal to auction a portion of the spectrum between channels 60-69 that is not currently being used for TV broadcasting. This one-time auction is expected to raise the \$5 billion needed to fully pay for this school construction kick-start.

- For several years the FCC has been studying the possibility of auctioning unused or underutilized portions of the broadcast spectrum in between existing TV stations. The FCC has now concluded that with the development of digital wireless technology, the space around the TV stations can be auctioned and used without disturbing these broadcast stations.
- Therefore, this new proposal -- not contained in any previous Administration budget -- would auction a portion of the spectrum around the TV stations using channels 60-69. This spectrum is not currently being used for TV broadcasting, and its quality and location make it very desirable for exciting new personal communication services applications.

TECHNICAL ASSISTANCE PROVIDED TO HELP STATES AND LOCALITIES: Where there is a request for technical assistance, the Education Department or designated outside experts will be available to provide local and state government officials and other interested parties with information to assist them with school construction and renovation.

- States and localities will be provided with information and referrals relating to issues such as how to survey building needs, to accurately project enrollment, innovative financing strategies, and effective preventive maintenance strategies.

PURPOSES OF SUBSIDIZED PROJECTS: The credit subsidy will be used to lower the cost of additional construction or renovation projects with one of the following purposes:

- 1) Fixing or upgrading classrooms or structures related to academic learning, including fixing leaking roofs, crumbling walls, inadequate plumbing, poor ventilation, and heating or light problems
- 2) Increasing physical safety at the school
- 3) Enhancing access for students, teachers, and other people with disabilities
- 4) Improving energy efficiency
- 5) Addressing environmental hazards, such as poor ventilation, indoor air quality, or lighting
- 6) Providing the basic infrastructure that facilitates educational technology, such as communications outlets, electrical systems, power outlets, or a communication closet
- 7) Constructing new schools to meet the needs imposed by enrollment growth, and to create community schools and charter schools.

HOW TYPICAL COMMUNITIES WILL BENEFIT FROM PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

CITY OF METROPOLIS

TYPICAL PROBLEMS:

Like cities across the nation, Metropolis has large school construction and renovation needs. Two of its schools need major renovations, including plumbing and new roofs, and an additional elementary school is needed to accommodate a rapidly growing school age population.

TYPICAL COSTS:

The repairs and two new school buildings are expected to cost \$10 million (\$2 million each for the major renovations to the two existing schools, and \$6 million for the new elementary school).

TYPICAL OBSTACLES:

Despite the clear need for the repairs and two new schools, the school board has been reluctant to propose issuing a bond when it could be rejected as too costly. As a result, only emergency repairs -- funded out of an operations account -- have been undertaken.

IMPACT OF PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

Reduces Local Cost of School Construction. The President's proposal could cut interest payments in half, saving Metropolis \$5 million in interest costs over the life of their \$10 million bond. This is equivalent to saving \$2.9 million immediately -- savings of 29% off of face value.

TOWN OF RURALTOWN

TYPICAL PROBLEMS:

The town of Ruraltown has three schools in need of major renovations, to improve indoor air quality, ventilation, and roofs.

TYPICAL COSTS:

The repairs of the 3 school buildings are expected to cost \$5 million.

TYPICAL OBSTACLES:

Ruraltown faces difficult challenges in renovating its schools. Its tax base is too small to pay for the necessary renovations, and bond financing is too expensive.

IMPACT OF PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

Reduces Local Cost of School Construction. The President's proposal could cut the interest rate paid by Ruraltown in half. This would save Ruraltown more than \$1.7 million in interest costs over the life of their \$5 million bond. This is equivalent to saving \$1.2 million immediately -- savings of 23% off of face value.

[SEE ATTACHED TABLES FOR SPECIFIC SAVINGS UNDER PRESIDENT CLINTON'S INITIATIVE]

THE CASE OF THE CITY OF METROPOLIS
Clinton Initiative Saves City 29% of Construction Cost

**COST OF CONSTRUCTION
AND RENOVATION:**

\$10 million (\$2 million each for the major renovations to the two existing schools, and \$6 million for the new elementary school).

FINANCING:

Financed with 30-year bond with interest rate of 6%.
Principal repayments begin after second year.

	CURRENT LAW	CLINTON INITIATIVE	SAVINGS
INTEREST RATE	6%	3%	3%
AVERAGE ANNUAL INTEREST PAYMENT	\$330,000	\$165,000	\$165,000
TOTAL ANNUAL INTEREST PAYMENTS OVER 30 YEARS	\$9.9 million	\$4.95 million	\$4.95 million

SAVINGS AS A PERCENTAGE OF FACE VALUE	
Face Value of School Construction	\$10 million
Present Value of Interest Subsidy Under Clinton Initiative	\$2.9 million
<i>Clinton Initiative Savings as a Percentage of Face Value</i>	29%

CASE OF THE TOWN OF RURALTOWN
Clinton Initiative Saves City 23% of Renovation Cost

COST OF CONSTRUCTION

\$5 million (1.7 million each for the major renovations to

AND RENOVATION:

the three existing schools).

FINANCING:

Financed with 20-year bond with interest rate of 6%.
 Principal repayments begin after second year.

	CURRENT LAW	CLINTON INITIATIVE	SAVINGS
INTEREST RATE	6%	3%	3%
AVERAGE ANNUAL INTEREST PAYMENT	\$172,500	\$86,250	\$86,250
TOTAL ANNUAL INTEREST PAYMENTS OVER 30 YEARS	\$3.45 million	\$1.73 million	\$1.73 million

SAVINGS AS A PERCENTAGE OF FACE VALUE	
Face Value of School Renovation	\$5 million
Present Value of Interest Subsidy Under Clinton Initiative	\$1.2 million
<i>Clinton Initiative Savings as a Percentage of Face Value</i>	23%

PAYING FOR PRESIDENT CLINTON'S SCHOOL CONSTRUCTION INITIATIVE

Spectrum Auctions

Overview: President Clinton's School Construction Initiative is completely paid for through a new proposal to auction a portion of spectrum between channels 60-69 that is not currently being used for TV broadcasting. This one-time auction is expected to raise the \$5 billion need to completely pay for this one-time kick-start of school construction. The school construction funded with the proceeds of this spectrum auction will help prepare our children and schools for the Information Era.

Background on Spectrum Auctions: The Omnibus Reconciliation Act of 1993 gave the Federal Communications Commission (FCC) authority to auction spectrum licenses, instead of giving them away. The subsequent auctions have been very successful, efficiently allocating a scarce resource and raising \$20 billion to date -- more than either the Administration or the Congressional Budget Office projected. The auctions have made quality portions of the spectrum available to private technological entrepreneurs, stimulating the development of new uses of the spectrum, such as personal communications services (e.g., two-way paging, digital cellular phones, and wireless connections to the Internet), which were not even imagined a few decades ago.

Spectrum Auctions Already in The President's FY 1997 Balanced Budget: The President's budget includes further auctions of broadcast and non-broadcast spectrum that the FCC will free-up in order to get more spectrum into the hands of the private-sector firms that can use it most effectively. The following spectrum auctions are already contained in the President's FY97 balanced budget:

1. **Broaden and Extend Auctions of Non-Broadcast Spectrum:** This proposal was also included in the Republican reconciliation bills and is expected to raise \$19 billion.
2. **Auction of "Analog" Spectrum:** This proposal auctions the unneeded analog spectrum the FCC will reclaim after broadcasters have migrated to a new digital channel, and is expected to raise \$17 billion through an auction of the analog and if necessary also a digital spectrum fee.
3. **Auction of "888" Toll-Free Numbers:** This proposal authorizes the FCC to award through an auction a new generation of toll-free "888" vanity telephone numbers, raising \$700 million.
4. **Auction of DARS Spectrum To Help Pay for \$1,500 HOPE Scholarships:** This auctions a portion of the spectrum previously allocated for digital audio radio services (DARS), but which is unsuitable for DARS because of interference problems, raising \$2.1 billion.

New Proposal: Auction a Portion of Spectrum Between Channels 60-69 Which Will Fully Pay for the New School Construction Initiative. The President's School Construction Initiative is fully paid for by a new proposal -- not contained in any previous Administration budget -- to auction an additional portion of the spectrum. For several years the FCC has been studying the possibility of auctioning unused or underutilized portions of the spectrum located between existing TV stations. The FCC has now concluded that with the development of digital wireless technology, the space around TV stations can be auctioned and used without affecting these broadcast stations. Therefore, this new proposal would auction portions of the spectrum between channels 60-69 that are not being used for TV broadcasting. This portion of the spectrum was allocated free-of-charge to UHF television, but there are fewer than 100 stations across the United States using it, leaving a significant and valuable portion of spectrum between the stations that could be used for other wireless technologies. This new proposal would reallocate and auction these underutilized portions of the spectrum without disrupting the current broadcast stations. These portions of the spectrum could be used for exciting new PCS applications, such as mobile video, imaging, and other advanced voice and data services.

School Conditions By State

	Share of Schools With At Least One Building In Need of <u>Extensive Repair</u>	Share of Schools With At Least One Unsatisfactory Environmental <u>Condition*</u>	Share of Schools That Need To Spend Over The National Average To Bring Their Facilities <u>Into Good Condition</u>	Share of Schools That Lack Telephone <u>Lines For Modems</u>
NATION	33%	58%	21%	56%
Alabama	39.1%	57.7%	20.9%	55.4%
Alaska	44.6	72.5	42.6	53.8
Arizona	40.8	56.8	29.7	58.1
Arkansas	24.9	51.5	8.3	56.4
California	42.9	77.0	25.7	68.1
Colorado	32.2	53.2	20.2	56.8
Connecticut	30.0	60.0	29.7	51.9
Delaware	40.5	52.8	31.7	82.9
District of Columbia	49.3	68.3	48.8	52.7
Florida	31.2	71.6	33.8	63.2
Georgia	26.2	39.5	14.6	53.0
Hawaii	21.4	65.6	18.7	79.5
Idaho	31.9	53.2	13.3	58.8
Illinois	31.0	57.6	28.2	63.4
Indiana	29.2	55.6	36.3	55.0
Iowa	18.8	51.4	12.6	43.8
Kansas	38.3	67.0	17.2	44.4
Kentucky	30.9	53.0	26.2	55.7
Louisiana	38.6	56.5	23.6	65.5
Maine	37.5	59.0	11.8	63.8
Maryland	30.7	63.3	34.1	66.7
Massachusetts	40.8	71.3	18.4	66.9
Michigan	21.6	56.6	8.8	58.1
Minnesota	38.5	55.2	19.3	41.0
Mississippi	28.5	49.1	7.2	55.8
Missouri	27.3	51.2	13.7	59.1
Montana	20.4	55.1	6.0	37.5
Nebraska	35.2	55.5	18.4	45.7
Nevada	23.2	39.5	13.1	26.2
New Hampshire	38.4	70.6	15.4	58.6
New Jersey	19.1	46.1	16.4	33.5
New Mexico	29.9	63.2	25.8	58.5
New York	32.8	60.4	38.6	55.3
North Carolina	36.1	58.7	16.6	62.6
North Dakota	23.0	54.9	6.7	36.5
Ohio	38.0	68.0	22.8	70.5
Oklahoma	30.5	53.4	8.4	57.7
Oregon	38.9	73.8	16.9	65.1
Pennsylvania	21.0	48.3	21.2	44.2
Rhode Island	29.3	61.1	9.9	52.1
South Carolina	36.9	46.5	28.0	50.3
South Dakota	21.3	40.5	9.4	35.4
Tennessee	27.2	52.4	12.5	65.6
Texas	27.1	49.5	15.8	38.4
Utah	34.1	58.2	19.8	71.0
Vermont	21.4	51.3	13.3	61.4
Virginia	27.4	48.1	28.9	52.9
Washington	44.2	65.5	42.3	61.1
West Virginia	41.9	71.8	18.1	51.5
Wisconsin	32.8	50.5	13.2	46.4
Wyoming	24.4	54.8	8.5	33.8

*Environmental conditions include lighting, heating, ventilation, indoor air quality, acoustics for noise control, and physical security.

Source: General Accounting Office, June 14, 1996.

SUMMARY OF FINDINGS OF RECENT STUDIES ON THE SCHOOL INFRASTRUCTURE PROBLEM

I. GAO REPORTS

The General Accounting Office has released a series of reports on the condition of public school facilities, including a most recent report released on June 14, 1996, summarizing key findings and outlining the disparity between states.¹ The GAO studies have some limitations -- they are based on self-reported information from a sample of local school officials -- but they provide the best data currently available on the problem.

Scope of the Problem

- **\$112 Billion Needed To Bring All Schools Into Good Overall Condition.** Based on its sample, GAO estimates that \$112 billion is needed to bring all schools in the Nation to good overall condition (meaning that only routine maintenance and minor repairs would be required).
- **One-Third Of All Schools Need Extensive Repair Or Replacement.** GAO estimates that about one-third of all schools, serving 14 million students, need extensive repair or replacement.
 - ▶ About 60 percent of schools have at least one major building feature, such as plumbing, in disrepair;
 - ▶ Over half the schools reported at least one unsatisfactory environmental condition, such as poor ventilation, heating, or lighting problems;
 - ▶ Almost half (46 percent) of the schools reported inadequate electrical wiring for computers and communications technology, and
 - ▶ Over half (56 percent) reported insufficient phone lines for modems.

State and Regional Variation

- **There Are School Infrastructure Problems Across The Country.** Schools in almost all areas of the country report physical infrastructure problems, with somewhat more severe conditions in central cities, in the West, and in schools with high proportions of minority and poor students.
 - ▶ In central cities, 38 percent of schools reported needing extensive repair or replacement, relative to 29 percent in large towns.
- 65 percent of central city schools reported at least one unsatisfactory

¹ General Accounting Office, "School Facilities: Conditions of America's Schools," February 1995; "Technology: America's Schools Not Designed Or Equipped for 21st Century," April 1995; "School Facilities: States' Financial and Technical Support Varies," November 1995; "School Facilities: America's Schools Report Differing Conditions," June 1996; and "School Facilities: Profiles of School Condition by State," June 1996.

- ▶ The West generally had more severe conditions. For example, only 22 percent of schools in Michigan reported needing extensive repair or replacement, relative to 43 percent of schools in California.
 - 18 percent of schools in Georgia reported inadequate plumbing; 40 percent in Arizona did.
 - At least 70 percent of the schools in Alaska, California, Florida, Massachusetts, New Hampshire, Oregon, and West Virginia reported at least one unsatisfactory environmental condition.
- ▶ Over 40 percent of schools in which minority students represent more than half the student body reported needing extensive repair or replacement, relative to 29 percent for schools with less than 5.5 percent minority enrollment.
 - 70 percent of schools with large minority student bodies reported at least one unsatisfactory environmental condition, relative to 54 percent for schools with minimal minority enrollment.

Readiness of Facilities for Technology and Other Reforms

- **Schools Do Not Have The Physical Infrastructure To Take Advantage Of Computers And Technology.** Many schools do tend not have the physical infrastructure to make optimum use of computers, printers, TVS, and other equipment.
 - ▶ Over half (52 percent) of schools reported six or more insufficient technology elements (such as fiber optics cabling, phone lines for modems, and electrical wiring for computers).
 - ▶ In central cities, over 60 percent of schools report insufficient networks, modems, phone lines, conduits and fiber optic cables. Over half reported insufficient electrical wiring for computer technology.

Factors Contributing to Poor Conditions

- **Deferred Maintenance Cited As Reason For Poor School Conditions.** While numerous factors contributed to the poor condition of school facilities, many of the GAO survey respondents stressed the role of deferred maintenance.
 - ▶ This fact is supported by a recent Department of Education study of school spending, which indicated that school districts in central cities spend a greater portion of their budgets on instruction and less on buildings and equipment than other schools. [Disparities in Public School District Spending 1989-90. NCES 95-300, February 1995]
- **Other Causes For Poor Conditions Are Possible.** The concentration of facilities problems in the West and in poor areas suggests that other factors may be at work as well, such as structural problems in financing mechanisms, constraints on taxes, or competition with other community priorities.

Variation in State Support

- **Almost All States Have Some Role In School Construction and Maintenance.** While school construction and maintenance have traditionally been a local responsibility, almost all States now have some role, and 13 States have established comprehensive facilities programs.
 - ▶ States reported providing about \$3.5 billion for school capital spending during fiscal year 1994 -- about a fifth of total school capital spending (including construction and purchases of land and equipment). However, the level of support varies widely by State, from \$6 per student to more than \$2,000 per student.

II. OTHER REPORTS CONFIRM GAO FINDINGS

- **Recent Study Finds 74 Percent Of All School Buildings Have Outlived Their Predicted Useful Lives.** A few years ago, the American Association of School Administrators released a study -- *Schoolhouse in the Red: A Guide for Cutting our Losses*. The study reported that 12 percent of all school buildings were "inadequate places for learning" and that 74 percent of all buildings had "outlived their predicted useful life." The report also cited a 1991 *School Business Affairs* article which estimated that deferred maintenance exceeded \$100 billion.
- **1989 Study Found That 25 Percent Of The Nation's Schools Were Inadequate.** A 1989 report -- *Wolves at the Schoolhouse Door* -- by the Education Writers Association based on a survey covering half of the nation's schools, found that 25 percent of the Nation's schools were shoddy places for learning.

III. CURRENT CONSTRUCTION ACTIVITY

- **Total School Capital Spending -- on Construction, Renovation, Land, and Equipment -- Was \$20 billion in 1994.** About half of this was for construction and renovation.
- **Spending on Construction and Renovation was \$10 Billion in 1995.** According to *School Construction Report*, school districts completed \$10.3 billion worth of construction in 1995. This figure is based on a survey of current construction activity conducted by *School Planning and Management* magazine and Dun and Bradstreet [*School Construction on the Rise*, Paul Abramson, CEFPI].
- **More Than Half Of Construction Spending Is For Renovating Or Upgrading -- The Rest Is For New Schools.** Just over half of construction spending is for renovating or upgrading existing buildings, rather than building new structures. In 1995, \$5.3 billion was spent on additions and upgrades, while \$5.0 billion was spent on new schools.

PRIMER ON FINANCING SCHOOL CONSTRUCTION AND RENOVATION

What do schools spend money on?

Capital spending on new buildings and renovation, equipment, and land accounts for about one tenth of annual public elementary and secondary school spending. In 1994, \$20 billion was spent on public school capital projects, \$6 billion on interest payments, and \$235 billion on current expenses, such as teachers' salaries and administrative costs. Roughly half of total capital spending -- or about \$10 billion -- is for construction and renovation of buildings, rather than purchases of equipment and land. [Source: *Statistical Abstract of the U.S.*, 1995, pp. 161 & 167]

How do schools finance construction and renovation?

School districts typically finance their current spending with a mix of local, state and federal funds, and finance their capital spending with tax-exempt bond issues. In most districts, bond issues must be approved through a referendum -- and sometimes a supermajority is required to pass the referendum. Bonds for school construction typically have 30-year maturities. Bonds issued for other school capital expenses, such as major renovations, often have 20-year maturities.

Some school districts finance capital expenses out of operating funds rather than bond issuance. But a recent Department of Education report documents that in districts with low property assessments and large school-age populations, most operating funds must go toward meeting minimum requirements for instructional expenditures per pupil, leaving less for physical plant. And even in some districts with relatively high property assessments, funds for school construction may be limited.

What is the role of state governments?

While financing school construction and renovation is predominately a local function, states provide roughly one-fifth of annual spending on local capital expenses, including land and equipment purchases. Most states play some role in financing school construction, although the extent of that role varies widely across states. These states often provide funds for local capital expenses through the sale of state bonds. In other states, funding is channelled through counties or townships, cities or towns, or special purpose local school districts.

What is the role of the federal government?

The Federal government currently provides a tax-exemption for local and state bonds -- reducing the interest rate on those bonds by roughly a third. The Federal government offers limited additional assistance for school construction and renovation, for example through the Impact Aid program which provides assistance to areas with military installations and Indian reservations.

How does tax-exempt status reduce interest costs?

The tax-exempt status of bonds -- often referred to as municipal bonds -- reduces interest costs for local and state governments, since investors care about after-tax returns and are therefore willing to accept a lower interest rate on a tax-exempt bond than on a taxable bond. For a taxpayer in the 28 percent tax bracket, a taxable bond paying 8 percent has an after-tax interest rate of 5.8 percent. Such an investor would thus prefer a tax-exempt bond with a interest rate of 5.9 percent (with a 5.9 percent after-tax interest rate) to a taxable bond with a interest rate of 8 percent (with a 5.8 percent after-tax return). If interest rates on comparable taxable bonds are 8 percent, a tax-exempt municipal bond can therefore be issued with a interest rate just over 5.8 percent. The current interest rate on a 30-year tax-exempt bond is roughly 6 percent, well under the current 30-year Treasury interest rate.

What is the average size of an education bond issue?

The average amount of the most recently passed bond issue in the school districts surveyed by the GAO was \$7 million. Of this \$7 million, 54 percent was spent on school construction; 38 percent for repairing and modernizing schools; 5 percent for computers and telecommunications equipment; and 3 percent for meeting Federal mandates. [Source: GAO, "School Facilities: Condition of America's Schools," February 1995, p. 18]

Special problems faced by small districts.

Small school districts face special problems in bond financing. First, their low tax bases often make it difficult to pay financing costs. Second, their bond issues are relatively small and unfamiliar to investors, making them less attractive. State bond banks can help these entities by pooling their needs and issuing a single state bond. Many states, such as Arkansas and Indiana, have programs that fulfill this role.

How much does it cost to build or fix a school?

According to the GAO, the average school in America reported needing \$2 million to repair and upgrade to good overall condition. The average new elementary school costs about \$6 million to construct, and the average secondary school costs about \$15 million. [Source: GAO, "School Facilities: America's Schools Report Differing Conditions," June 1996, pp. 3 & 12.]

SCHOOL CONSTRUCTION AND TECHNOLOGY: Preparing Our Schools for the Information Era

PRESIDENT CLINTON'S NEW SCHOOL CONSTRUCTION INITIATIVE WILL HELP CONNECT ALL CLASSROOMS TO THE INFORMATION HIGHWAY: Technological literacy is a "new basic" of American education and the Internet is the blackboard of the future. Yet thousands of schools find it difficult to provide the powerful learning opportunities afforded by technology because they lack the basic electrical wiring and phone lines necessary to plug in computers and connect them to the Internet. As we repair and replace dilapidated and unsafe schools, we must ensure that they are "21st century schools." This means wires, electrical capacity, electrical outlets, and cable and telephone lines that will allow students to take full advantage of the learning opportunities that technology offers.

The School Construction Initiative will support the President's vision of connecting all classrooms to the information superhighway by the year 2000 by helping those schools with the worst conditions efficiently upgrade their technology infrastructure as they repair other problems, such as leaky roofs, plumbing, wiring, or heating and air conditioning.

EVEN SCHOOLS WITH POOR INFRASTRUCTURE CAN MAKE SOME PROGRESS IN ADOPTING EDUCATION TECHNOLOGY.

- New wireless solutions, for example, will help schools with inadequate infrastructure take advantage of educational technology immediately.

BUT THE BASIC INFRASTRUCTURE OF OUR SCHOOLS REMAINS A MAJOR BARRIER TO BROADER USE OF EDUCATIONAL TECHNOLOGY IN THE CLASSROOM:

- 54% of schools report that too few telecommunications access points are a major barrier to networking their computers and accessing the Internet; even the majority of the schools that already have Internet access report that an insufficiency of telecommunications access points is a major barrier to upgrading or maximizing the use of their computers. (Advanced Telecommunications and U.S. Public Elementary and Secondary Schools, 1995, National Center for Education Statistics)
- 46% of schools (35,700 schools serving 19.3 million students) lack the electrical wiring necessary for computers and telecommunications technology. (GAO, School Facilities: America's Schools Not Designed or Equipped for 21st Century)
- 55.5% of schools (42,700 schools serving 22.5 million students) lack phone lines for modems necessary to connect to the Internet. (GAO)
- In central cities, over 60% of schools report insufficient networks, modems, phone lines, conduits, and fiber optic cables; over 50% report insufficient electrical wiring for computer technology. (GAO)

THE SCHOOL CONSTRUCTION INITIATIVE SUPPORTS A BROADER ADMINISTRATION STRATEGY ON EDUCATIONAL TECHNOLOGY

- The President has launched a national mission to make all children technologically literate by the dawn of the 21st century. His initiative rests on four "pillars" that will: provide all teachers the training and support they need to help students learn using computers and the information superhighway; develop effective and engaging software and on-line resources; provide access to modern computers for all teachers and students; and connect every school and classroom to the information superhighway.
- To help states and communities build all four pillars, the President has proposed the creation of a \$2 billion, five year, Technology Literacy Challenge Fund to catalyze and leverage state, local and private sector efforts.
- To help connect more classrooms to the Internet, the President has fostered an historic effort by volunteers to wire schools. During California's Net Day on March 9, 1996, more than 20,000 volunteers installed and tested 6 million feet of wire to connect classrooms in thousands of schools to the Internet. Since California's successful "electronic barnraising," over 30 states have embarked on their own efforts.

DRAFT--INTERNAL USE ONLY

QUESTIONS & ANSWERS

Moseley-Braun Program

Question: How does this initiative differ from the grant program authorized by Title XII of the Elementary and Secondary Education Act (the Moseley-Braun program), which the Administration opposed?

Answer: Title XII authorizes grants to local educational agencies for the full cost of school construction projects. This new initiative would, instead, make grants for interest subsidy, not the full construction cost, which will allow the Federal funds to leverage additional State and local activity and to accomplish much more than we could under Title XII. In addition, by giving a priority to local communities that propose to carry out increased school construction and renovation, we can make sure that Federal dollars are used to start to address the real school construction deficit, not mainly to replace dollars that local communities would have spent under normal circumstances. Finally, this new program would preserve and take advantage of the role that many States play in supporting local school construction.

In addition, financing interest subsidies will allow us to score the program on the mandatory side of the budget and to pay for it with sales from the spectrum auction.

Interest Subsidy vs. Direct Support for Construction

Question: Why would the program fund interest subsidies rather than provide direct support for school construction?

Answer: Given the scope of the school facilities infrastructure problem -- \$112 billion, by GAO estimates, for repairs and replacement -- a limited grant program to high poverty LEAs to cover the full cost of school construction projects could not begin to make an impact on the problem. By using the Federal dollars to leverage increased State and local support, we can generate a much bigger "bang" for our "buck."

Uses of Construction Funds

Question: What kind of construction projects would the funds be used for? Could they be used to build gymnasiums, swimming pools, and other athletic facilities?

Answer: The new program will focus on renovation and construction of academic facilities. We will not build swimming pools.

Why a Hybrid Program?

Question: Why is the Administration proposing a two-tiered program, with some of the money flowing through the States and the rest going out as grants from Washington?

Answer: The GAO data show that the need for assistance with school construction is especially great in the cities, especially cities with high poverty. The two-tiered approach will ensure that the program addresses the needs of communities that have the greatest need for Federal assistance.

Amount for Direct Grants

Question: How much of the money would the Department retain for grants to large districts?

Answer: We will identify an appropriate portion of the total funds to retain for grants, based on enrollments in the large cities and other need factors, such as poverty measures. That amount will likely be at least 30 percent of the total amount available.

Local Option?

Question: Will the large districts have the option of applying either to their State or directly to the Department?

Answer: No, they would be able to apply only to the Department. This is the only administratively workable way to run the program.

State Formula

Question: What type of formula will the Department of Education use to distribute funds to the States?

Answer: One based on both population and poverty.

State and Local Administration

Question: Who (which agency) will receive the funds at the State level? At the local level?

Answer: For States, we plan to provide the funds to either the state bonding authority, if one exists, or to another appropriate agency, such as the SEA. At the local level, funds would be provided to a local construction or bonding authority, if one exists, or to another appropriate agency, such as the LEA.

Criteria for Direct Grants

Question: How will the Department select applications for direct

grants? What criteria will the States use in deciding which local construction projects to support? How will you define local need? Will you also look at factors like tax effort or the merits of individual construction projects?

Answer: Both the Department and the States will examine the extent to which proposed construction projects meet national concerns (such as health and safety, energy efficiency, enabling the use of technology and other modernizations, and disability access), are located in communities with significant enrollment growth, and most importantly, represent construction that would not be undertaken without Federal assistance. We may also review criteria related to local effort for education.

Estimated Leveraging

Question: Why does the Administration believe this initiative will increase State and local support for school construction by 25 percent?

Answer: Federal payments for interest rate reduction will cover up to 50 percent of local interest costs. This is equivalent to supporting one out of every four dollars in construction and renovation funding. \$5 billion in Federal subsidies will thus support \$20 billion in renovation and construction.

Both the States and the Department of Education will give high priority to projects that could not go forward without Federal support. For this reason, we believe that at least half of the construction activity supported will be projects that would not have otherwise occurred. Thus we believe, conservatively, that the initiative will increase overall construction activity -- which now averages about \$10 billion annually -- by a total of \$10 billion over the four-year period, a 25 percent increase.

Will this Supplant State and Local Effort?

Question: To what extent will this initiative merely pay for what States and localities would be doing anyway?

Answer: We will ask communities to submit data on their current level of construction and renovation activity, and give a priority to applications that would fund an increased level of such effort.

Encouraging Local Activity

Question: Isn't the real problem with school infrastructure that local voters have been voting down bond issues for construction? How will this initiative address that problem?

Answer: We can't -- and don't want to -- force local communities to spend money they don't want to spend, but we can encourage and reward responsible behavior on the part of local communities that

choose to increase their efforts to upgrade their school facilities. That's what this program is all about. By subsidizing increased spending for school construction, this program is structured to encourage and reward those communities where the voters choose to increase their efforts to improve school facilities. We would not be directing Federal dollars to communities that refuse to do their fair share to address the problem.

Federal Role

Question: When Congress passed the Moseley-Braun program, the Administration argued that school construction is not an appropriate Federal role. Why has your position on this issue changed? Isn't this just an election-year gimmick?

Answer: While school construction has traditionally been the responsibility of local communities, with some assistance from the States, the dismal situation that the GAO reports in many schools suggests that this problem has become larger than many local communities can address on their own. The abysmal condition of school facilities throughout the country calls out urgently for a national effort to correct the problem.

Moreover, today we are seeing the effects of an echo "baby boom." In many states and cities, school enrollments are rapidly rising -- putting an additional strain on school construction efforts.

This is why the Federal Government must get involved at this time.

Effect of a Short-Term Initiative

Question: Your materials refer to this initiative as a "jump start" for school construction. If the Federal Government funds infrastructure for four years and then gets out of the business, how will that affect the underlying problems?

Answer: We expect this short-term infusion of funds and the resulting attention it will draw to the problem will change the mind set of states and local communities, so that they will continue to increase their efforts to improve school facilities.

Connie Lee

Question: In 1994, the Administration argued that the best way to deal with the school infrastructure problem is to amend the statutory authority for Connie Lee, so that agency can insure bonds for elementary and secondary school construction? Why did you change your mind on that policy?

Answer: The Congress is now in the process of privatizing Connie Lee, which will allow that agency to insure and reinsure elementary and secondary construction projects. In the long run,

this will be a positive step, because Connie Lee's insurance may allow more communities to bring their construction bonds "to market." But it is not enough. Some communities do not have the wherewithal to support repayment of bonds, and in many cities the backlog of construction projects greatly exceeds what they can finance on their own.

School Repairs vs. Expansion

Question: The GAO reports document that many schools are in disrepair or cannot incorporate technologies or meet other new demands. But your proposal would pay not only for renovating or replacing old schools, but also for construction of new schools in growing areas. Why is that suddenly a Federal role?

Answer: States like California, New Jersey, Florida and Maryland have both crumbling schools and growing enrollments. It doesn't make sense -- and may not even be practicable -- to tell those States and the cities in them that they can use Federal support for one purpose but not the other. They need help in both repairing or replacing old schools and in building new ones.

Education Department Capability

Question: Is the Department of Education capable of administering a program of this complexity?

Answer: Certainly. We have staff with expertise in school finance, as well as broad experience in administering both state formula programs and direct grant programs. This initiative is not very different from the kinds of programs we currently administer.

Number of Schools Affected

Question: What will this initiative really accomplish? How many schools would be built or repaired? How many children would be affected?

Answer: According to GAO, the average school reported needing about \$2 million to repair and upgrade to good overall condition. The average new elementary school costs about \$6 million to construct and the average secondary school costs about \$15 million. Assuming that about one-quarter of the construction generated under this initiative is new schools and the rest is repair and upgrading of existing schools, a \$5 billion investment that leverages \$20 billion in new construction would pay for approximately 500 new schools and 7500 major repair projects. This would mean that over 4 million students would be learning in safer, healthier, more up-to-date classrooms.

Offsets

Question: How will the Administration finance this initiative; within the President's plan for balancing the budget? (What are

the offsets?)

Answer: Through a one-time auction of portions of the broadcast spectrum.

Impact on Current Activity

Question: What effect will this have on existing and pending bond activity? (I.e., will States and localities defer issuing bonds because they may be able to get a credit subsidy after this bill passes?)

Answer: Any bond issue initiated after the day of the President's announcement would be eligible for a subsidy. Of course, the applicant would, like all applicants, have to show that the bond activity is incremental -- that is, that it would not have happened in the absence of the subsidy.

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**FAX TRANSMITTAL FORM**

Date: 7/11 Time: 2:20

To: Stephen Pryor

From: Peggy Barber

Number of Pages (including this page): 9

Description of Document: L.A. Unified facilities needs.

Comments: Sorry for the delay - We just received this.

The press on the President's announcement is what we
needed to hear. Let me know if you need anything further.

Please call Peggy at 213-625-6454
(sender's name) (phone number)

if any pages are missing.



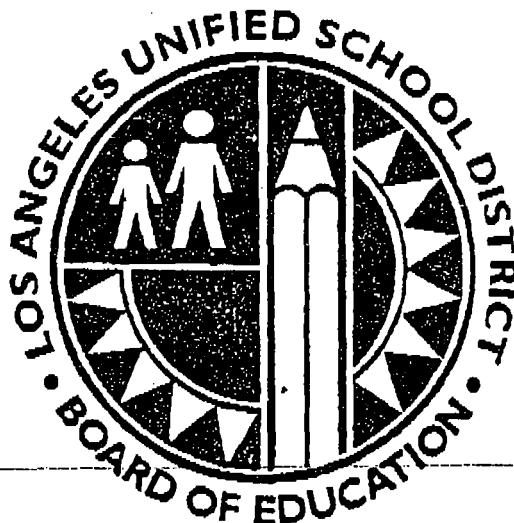
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THE DISREPAIR OF LOS ANGELES SCHOOLS

The need for a general obligation bond measure



*An information binder on upgrading and repairing
school buildings, classrooms and grounds in the
Los Angeles Unified School District*

LOS ANGELES UNIFIED SCHOOL DISTRICT**MAJOR MAINTENANCE NEEDS**

- 245 Schools Need Roofs Replaced**
- 616 Schools Need Classrooms Repainted**
- 158 Schools Need Exteriors Painted**
- 58 Schools Need Boilers Replaced**
- 374 Schools Need Playgrounds Repaved**
- 152 Schools Need New Fire Alarm System**
- 363 Schools Need New Intercom Systems**
- 444 Schools Do Not Have Burglar Alarm System**

AGES OF SCHOOLS

- 15 Schools Are 1 to 10 Years Old**
- 21 Schools Are 11 to 20 Years Old**
- 85 Schools Are 21 to 30 Years Old**
- 156 Schools Are 31 to 40 Years Old**
- 438 Schools Are Greater Than 40 Years Old**

NEED FOR SCHOOL FACILITY FUNDING, BY CLUSTER

OVERVIEW

The District's major school facilities needs, as summarized by category and cluster are estimated to total \$3.1 billion (see Table 1 on Page 7). It should be noted that the estimate is preliminary at this time. It is generally based on the Districtwide average cost of completing specific types of construction or repair work, and reflects needs identified by the Facilities Services Division over the past decade. Although the estimate needs to be refined should the District pursue a local bond initiative, the estimate provides a reasonable assessment of major facilities needs.

FUNDING CATEGORIES

New Classroom Building Construction

Although enrollment growth has been very minimal over the past three years, approximately 13,500 additional student seats are projected to be needed over the next five years. The total estimated cost of the needed seats is \$307 million.

Based on preliminary enrollment data for 1995-96, it appears that the District may be experiencing a significant enrollment increase. Any enrollment increases greater than projected may increase the projected need depending on where the growth occurs.

The total estimated cost of new construction projects is \$307 million. This report reflects estimated construction costs to provide the 13,500 additional student seats which are projected to be needed over the next five years. The District has funding applications on file with the State for a majority of these needs, and staff will analyze the District's eligibility for filing additional State funding applications based on current year ADA as soon as those statistics are available. The District also has State applications for projects which may no longer be needed to relieve overcrowding, and in some cases the District may no longer have state funding eligibility. These new facilities may be needed again if the District experiences significant enrollment increases in the next few years, but in some cases the District may wish to work with the State to substitute currently needed applications for these projects. However, given the lack of funding at the State level, minimal funding is likely for either existing or new applications.

Modernization

Buildings providing over 375,000 seats--representing most of the District's 10,000 buildings--are several decades old and in need of modernization work, at a total estimated cost of \$1.4 billion (in addition to the repairs included in the deferred maintenance backlog). This estimate was prepared using the eligibility criteria under the State Greene Lease-Purchase Act (i.e., permanent buildings over 30 years old and portable buildings over 20 years old).

Portable Classroom Buildings

Thirty-four schools with capped enrollment have sufficient space to accommodate a total of 70 additional portable classrooms. The estimated cost of providing portable classrooms at these schools is \$7.1 million.

Deferred Maintenance

The District's identified backlog of major maintenance projects, excluding repair of electronic systems which is included in the Technology section, totals approximately \$561 million. This figure understates the actual cost of the needed work, because the estimates contain no adjustment for inflation. This backlog has been developed over several years by District Maintenance and Operations staff based on observation of site conditions and the age of facilities. Cluster Leaders and schools can probably identify additional backlog items to be added to this listing.

Air Conditioning

There are approximately 8,900 classrooms at 292 schools which are not yet currently air conditioned. The total estimated cost for the air conditioning is \$89.3 million. In addition the cost of air conditioning the administrative areas of these schools is \$82.8 million, for a total of \$172 million in air conditioning needs.

Lunch Shelters

Lunch shelters are needed at 112 sites at a total estimated cost of \$9.2 million.

Exterior Bleacher Repair and Replacement

Bleachers on athletic fields at 44 senior high schools are in need of repair or replacement at an estimated cost of \$8.8 million.

Technology

The Information Technology Division has identified a total of \$489 million in funding needs to install or upgrade technology infrastructures in the District. This includes computer networking (conduit, wiring, and hardware), video-master antenna television, sound system, and intrusion alarm systems. There may be some minor overlap in these estimates with those of modernization projects (conduit).

Seismic Retrofitting

The costs identified by staff to date to retrofit District facilities is \$163.3 million. These costs include replacement of pendant lighting and suspended ceilings. It is estimated that the Federal Emergency Management Agency will provide 75% of the funding for some of this work.

Special Needs

This report does not include estimates for special facilities such as parent centers or health clinics. Nor does this report address the needs of administrative offices or support units.

Table 1: SUMMARY OF SCHOOL FACILITIES NEEDS BY CLUSTER

Cluster Number	Cluster Name	New Construction	Modernization	Portable Classrooms	Deferred Maintenance	Air Conditioning	Lunch Shelters	Bleachers	Educational Technology	Total
1	Chatsworth/Granada Hills	\$0	\$57,317,225	\$200,000	\$20,722,909	\$9,407,000	\$119,177	\$110,250	\$16,168,293	\$104,044,845
2	Kennedy/Monroe	\$25,885,200	\$59,395,700	\$1,525,000	\$20,860,500	\$8,005,120	\$295,606	\$844,809	\$19,094,775	\$135,906,710
3	San Fernando	\$0	\$66,267,775	\$0	\$22,022,900	\$0	\$205,139	\$992,502	\$17,226,808	\$106,715,124
4	Sylmar/Verdugo Hills	\$1,717,200	\$51,029,370	\$200,000	\$19,942,100	\$5,402,040	\$377,063	\$1,352,862	\$14,424,857	\$94,445,492
5	Canoga Park/El Camino/Taft	\$212,000	\$64,387,785	\$100,000	\$26,736,300	\$11,620,200	\$100,000	\$31,500	\$18,306,078	\$121,493,863
6	Birmingham/Cleveland/Reseda	\$0	\$83,610,870	\$500,000	\$35,710,400	\$15,532,880	\$0	\$126,000	\$21,191,049	\$156,671,199
7	Grant/Van Nuys	\$12,614,000	\$76,922,300	\$900,000	\$18,521,900	\$8,171,840	\$85,496	\$89,250	\$19,779,696	\$137,084,482
8	F. Poly/N. Hollywood	\$67,585,600	\$65,559,970	\$700,000	\$21,907,400	\$3,611,480	\$195,606	\$721,749	\$19,634,410	\$179,916,215
9	Eagle Rock/Franklin/Marshall	\$8,586,000	\$53,235,175	\$400,000	\$30,270,600	\$6,434,800	\$1,131,691	\$385,056	\$24,802,452	\$125,245,774
10	Hamilton/Palisades/University	\$27,432,800	\$87,408,300	\$400,000	\$28,491,300	\$16,659,120	\$205,139	\$485,898	\$21,543,887	\$182,626,444
11	Fairfax/Hollywood/Los Angeles	\$0	\$44,655,380	\$300,000	\$21,400,500	\$6,591,400	\$667,530	\$227,083	\$25,238,311	\$99,080,204
12	Belmont	\$87,089,600	\$28,832,755	200,000	\$21,737,100	\$20,240	\$152,626	\$0	\$21,336,336	\$159,368,657
13	Lincoln/Wilson	\$6,529,600	\$54,594,610	\$0	\$23,627,900	\$6,948,000	\$866,705	\$1,338,939	\$19,426,858	\$113,332,612
14	Venice/Westchester	\$8,649,600	\$58,422,000	\$200,000	\$23,708,000	\$9,751,080	\$367,530	\$193,872	\$15,213,554	\$116,505,636
15	Crenshaw/Dorsey	\$3,731,200	\$30,465,575	\$0	\$22,602,200	\$7,377,680	\$571,458	\$63,000	\$16,458,866	\$81,269,979
16	Manual Arts	\$0	\$30,630,355	\$0	\$11,815,700	\$1,448,880	\$428,710	\$0	\$13,656,915	\$57,980,560
17	Jefferson	\$0	\$25,975,320	\$0	\$13,995,800	\$0	\$238,704	\$349,650	\$14,300,326	\$54,859,800
18	Roosevelt	\$0	\$31,319,435	\$0	\$17,056,000	\$2,381,120	\$526,865	\$129,003	\$15,026,758	\$66,439,181
19	Garfield	\$0	\$58,564,310	\$0	\$24,410,800	\$5,475,280	\$759,123	\$21,000	\$19,758,941	\$108,989,454
20	Fremont	\$0	\$41,067,670	\$0	\$21,267,300	\$1,992,960	\$260,276	\$536,634	\$21,543,887	\$86,668,727
21	Huntington Park	\$7,123,200	\$15,225,855	\$0	\$8,437,100	\$270,840	\$83,847	\$47,250	\$10,045,512	\$41,283,604
22	Bel	\$13,610,400	\$16,740,150	\$300,000	\$9,395,300	\$0	\$0	\$42,000	\$12,266,317	\$52,354,167
23	Gardena/Washington	\$0	\$76,581,505	\$300,000	\$23,481,000	\$9,172,520	\$352,528	\$63,000	\$22,000,502	\$131,951,055
24	Jordan/Locke	\$0	\$65,548,735	\$100,000	\$18,702,700	\$9,399,280	\$583,847	\$15,750	\$19,447,613	\$113,797,925
25	South Gate	\$30,035,600	\$18,942,210	\$400,000	\$7,981,000	\$0	\$0	\$436,317	\$9,775,695	\$67,570,822
26	Narbonne/San Pedro	\$1,250,800	\$68,919,235	\$0	\$24,432,200	\$13,267,360	\$344,946	\$110,250	\$18,534,385	\$126,859,176
27	Banning/Carson	\$4,939,600	\$66,443,790	\$400,000	\$21,813,700	\$13,172,680	\$274,287	\$94,500	\$22,560,892	\$129,699,449
	Special Education	\$0	\$9,077,880	\$0	\$0	\$0	\$0	\$0	\$0	\$9,077,880
	Seismic hazard mitigation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$163,300,000
Total		\$306,992,400	\$1,407,191,240	\$7,125,000	\$561,050,600	\$172,113,800	\$9,193,899	\$8,808,124	\$488,763,973	\$3,124,539,036

SCHOOL FACILITIES COMPONENTS

Life Expectancy vs. District Replacement Schedule

<u>School Facility Component</u>	<u>State Estimated Life Expectancy</u>	<u>District Replacement</u>
Roofing	15 - 30 years depending upon material	40-60 years or in emergencies
Painting, Exterior • stucco or masonry • wood and metal trim	every 15 years every 6 years	every 30 years
Painting, Interior • Classrooms, offices • Kitchens, restrooms	every 13 years every 8 years	every 100 years
Paving • Asphalt/concrete playgrounds • Concrete in traffic areas	every 20 years	50 years or more

CRITICAL DEFERRED MAINTENANCE ISSUES

- The backlog of major maintenance repairs has grown from \$345 million in 1980 to the current level of \$600 million.
- The \$600 million backlog is understated since it is not adjusted for inflation. Additionally, it has been eight years since a complete survey of school needs has been prepared. Some major maintenance needs, i.e., bleachers, are not covered by the State Deferred Maintenance Program and have been under-reported in the backlog.
- Since 1988, only essential repairs needed to protect the structural integrity of buildings and the health and safety of students have been included in the District's deferred maintenance plan. These include only roofing, heating, air conditioning, plumbing, electrical, and exterior paint projects.
- Major repair needs in paving, interior painting, floor covering, and classroom lighting have not been addressed in recent years due to reduced funding.

- Asphalt paving repairs are the most neglected category accounting for \$153 million of the \$600 million backlog. The last complete repaving project was done in 1988-89. Staff is currently evaluating the paving at all schools to identify changes due to the 1994 earthquake and 1995 floods.
- If no new projects were added to the backlog, at the current level of deferred maintenance funding, it would take 50 years to complete these major repairs.
- The level of deferred maintenance funding ranged from \$12 million to \$23.5 million in 1988-89. The 1995-96 budget includes about \$17.1 million.
- The District's current policy is to fund deferred maintenance only at the same level as the State's contribution. Given that the State's contribution seems to be declining, the Board may wish to consider establishing a minimum level of funding regardless of the State's contribution.

Clinton to Seek \$5 Billion for School Repairs

From Associated Press

WASHINGTON—To help fix the nation's crumbling schools, the Clinton administration will propose spending \$5 billion to help districts pay for repairs and new construction, an Education Department official said.

President Clinton is expected to announce the four-year school construction program today, just two weeks after a General Accounting Office report documented a need to patch roofs, fix plumbing and make other repairs in hundreds of school buildings nationwide.

The program, the latest in a series of education programs that Clinton has championed in this election year, would need Congress' approval.

Under Clinton's proposal, school districts could apply for federal subsidies to offset up to 50% of the cost of financing new construction or renovation, according to the official, who released details of the program on condition that he not be identified.

An estimated \$1.25 billion a year would be available for four consecutive years to jump-start repair and new building projects in the nation's 80,000 public schools, the official said.

The administration will propose to finance the program with proceeds from auctions of communications licenses, which so far have raised \$20 billion for the Treasury.

THURSDAY, JULY 11, 1996 • USA TODAY

P-1

Clinton offers money to fix aging schools

By Susan Page
and Bill Nichols
USA TODAY

President Clinton today will unveil a four-year, \$5 billion initiative to help school districts build new schools and renovate aging buildings.

Under the plan, the federal government would offer to pay up to half the interest costs on loans for additional construction projects undertaken by school districts.

The goal is to increase spending on school construction — which totaled \$10 billion last year — by 25%.

"It's extraordinarily helpful," says Mike Casserly, executive director of the Council of the Great City Schools, an organization of districts in the nation's 50 largest cities. "It's a big drop in the bucket, though the bucket is pretty big."

The General Accounting Office last month estimated that districts need to increase construction spending by \$112 billion over the next three years.

The report found that about one-third of all districts need to replace or extensively repair at least one building.

The White House will propose paying for the four-year program with the one-time auction of new channels on the television spectrum. But the GOP-controlled Congress is unlikely to approve the plan before the November election.

Council of the Great City Schools

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Home Page: www.cgcs.org

**Council of the
Great City Schools**

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Philadelphia
Pittsburgh
Portland
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Rochester
St. Louis
St. Paul
San Diego
San Francisco
Seattle
Tampa
Tucson
Washington, D.C.

July 7, 1996

Mr. William Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. Clinton:

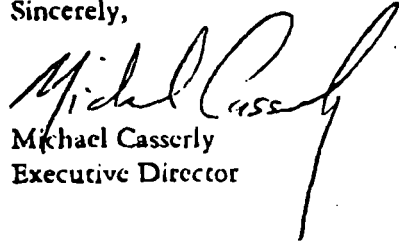
On behalf of the Council of the Great City Schools, a coalition of the nation's largest urban public school systems, I am pleased to endorse the School Construction Initiative you are announcing Thursday, July 11.

This initiative is one of the boldest, most forceful proposals ever made for public schools and school children. Report after report for nearly 20 years has documented the burgeoning problem of a crumbling public school infrastructure. The most recent reports, initiated by Senator Carol Moseley-Braun and conducted by the General Accounting Office, clearly document a serious, widespread national problem with the condition of our public school buildings. Your initiative is a serious and substantial step to correct that problem.

The Council of the Great City Schools is also very pleased that your initiative recognizes and addresses the unique and more severe nature of the school repair and renovation problem in our major cities. The proposal provides individual states with the flexibility to address the problem in communities with special needs, but deals with the clearly identifiable problems for our urban schools.

The proposal is well-balanced, viable and is in the best interests of a nation concerned about the quality of its education. The Council congratulates you on this important new initiative and looks forward to working with you on its passage and implementation. Thank you

Sincerely,



Michael Casserly
Executive Director

July 11, 1996

President Bill Clinton
The White House
Washington, D.C. 20500



*Excellence and Equity
in Public Education
through School Board
Leadership*

Dear Mr. President:

The National School Boards Association (NSBA) and the 95,000 local school board members that NSBA represents, enthusiastically support your soon-to be announced School Construction Initiative.

It is our understanding that the school construction initiative is designed to assist school districts in the renovation and construction of desperately needed school facilities. As you are keenly aware, in many school systems throughout the country children attend school facilities that are in need of extensive repair or replacement. As recently reported by the U.S. Government Accounting Office, one third of all school buildings in the nation are in extremely poor condition, with the greatest need for repair and replacement in school systems that serve populations of poor and minority students.

At a time when federal funding for public education is under attack, your proposal to invest critically needed federal funds in the education infrastructure arena is to be highly commended.

Thank you, once again, for your ongoing support of urban schools and public education. If NSBA can in any way assist in ensuring the success of your School Construction Initiative, please do not hesitate to contact Kathryn McMichael, Director, Federal Relations, at 703-838-6782.

Sincerely,

A handwritten signature in cursive script that reads 'Sammy J. Quintana'.

Sammy J. Quintana
President

A handwritten signature in cursive script that reads 'Michael A. Resnick'.

Michael A. Resnick
Senior Associate Executive Director

July 11, 1996

**AMERICAN ASSOCIATION
OF SCHOOL ADMINISTRATORS**



The Honorable William J. Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

The American Association of School Administrators, representing more than 14,000 local superintendents and school executives, wishes to offer our enthusiastic support for your public school construction initiative.

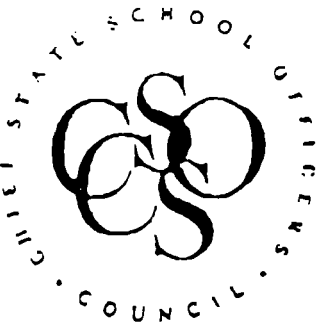
Our own Schoolhouse in the Red (1992) cited deferred maintenance alone would cost school districts \$100 billion to rectify at that time. The U.S. General Accounting Office estimated in February 1995 (School Facilities: Condition of America's Schools) "that the nation's schools need about \$112 billion to repair or upgrade America's multibillion dollar investment in facilities to good overall condition." And in School Facilities: States' Financial Support Varies (November 1995) GAO reported that "state financial assistance for school facilities in the 40 states with ongoing assistance programs ranged from \$6 per student to more than \$2,000 per student."

Clearly, when that kind of disparity exists in a time when many schools can't even begin to consider new buildings, let alone maintain properly existing structures, it is time for the federal government to lend a hand. Schools were left reeling, when they were told by Washington to remove asbestos that many building codes had required thirty and forty years ago. Several billion dollars were spent in the 1980s dealing with that problem, a cost which local schools simply had to find a way to absorb.

Your initiative, Mr. President, will be welcomed with open arms by local school administrators, who desperately need help in overcoming a cost that too often must be set aside, if we are to even hope to educate the growing numbers of young people who present themselves on our doorsteps each year.

Sincerely,

Paul D. Houston
Executive Director



News

Council of Chief State School Officers

Washington, DC

CONTACT: Paula L. Delo
(703) 336-7005

CCSSO SUPPORTS SCHOOL CONSTRUCTION INITIATIVE

Washington, D.C., July 11, 1996--The Council of Chief State School Officers today released the following statement in support of President William J. Clinton's announcement of a federal school construction initiative.

"The crisis in elementary and secondary school facilities across the United States is well documented. Large proportions of our schools do not have the capacity for the quality of education essential to the 21st Century. In many of our great cities, facilities more than a century old are still patched together for current use. Much of our school plant built in the 1960s was for the baby boom expansion needs extensive rehabilitation. Schools will face enrollment increases of more than 1.4 million students in the next two years. A substantial investment in school facilities is essential," said Gordon M. Ambach, Executive Director.

"States and localities can best be helped by the availability of support to reduce borrowing rates and secure bonds. The federal government can supply these resources and perform an essential role in the overall support of our school plant. There is ample precedent for federal expenditures of this type in the Impact Aid program and at various times since the 1930s in assisting states and localities with extraordinary school construction and repair.

"We applaud President Clinton's proposal for a substantial school construction and rehabilitation initiative. It is part of an overall investment in our nation's future to raise the effectiveness and quality of our schools to prepare students for high skilled employment and effective civic responsibility.

"The proposal is within the requirements of a balanced federal budget. We urge favorable consideration by the Congress," Ambach said.

Council of Urban Boards of Education

A component of NSBA's National Affiliate Program specifically for urban school leaders

July 11, 1996

President Bill Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the National School Boards Association's (NSBA) Council of Urban Boards of Education (CUBE), we write to express our enthusiastic support your soon-to-be announced School Construction Initiative.

It is our understanding that the school construction initiative is designed to assist school districts in the renovation and construction of desperately needed school facilities. As you are keenly aware, in many urban school systems throughout the country, children attend school facilities that are in need of extensive repair or replacement. As recently reported by the U.S. Government Accounting Office, one third of all school buildings in the nation are in extremely poor condition, with the greatest need for repair and replacement concentrated in urban school systems that serve large populations of poor and minority students.

As you may know, the Council of Urban Boards of Education represents a national network of 90 urban school districts that come together to exchange ideas and structure approaches that enhance urban education for our most important constituents—six million public schoolchildren. CUBE strongly supports and applauds your initiative's emphasis on the school facility needs of the nation's urban centers.

At a time when federal funding for public education is under attack, your proposal to invest critically needed federal funds in the education infrastructure arena is to be highly commended.

Thank you, once again, for your ongoing support of urban schools and public education. If the CUBE program can in any way assist in ensuring the success of your School Construction Initiative, please do not hesitate to contact Katrina Kelley, Director, Urban School District Advocacy, at 703-838-6742.

Sincerely,



Karen Shook
Chair
Council of Urban Board of Education



Michael A. Resnick
Senior Associate Executive Director
Office of Advocacy



*Excellence and Equity in
Public Education through
School Board Leadership*



NATIONAL EDUCATION ASSOCIATION

Keith Geiger, President
Robert Chase, Vice President
Marilyn Monahan, Secretary-Treasurer

1201 16th Street, N.W.
Washington, D.C. 20036-3290
(202) 822-7000 Fax (202) 822-7974

Don Cameron, Executive Director

EXECUTIVE OFFICE

July 11, 1996

The Honorable Bill Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

The National Education Association, representing over 2.2 million members, strongly supports your "School Construction Initiative." This initiative addresses the critical need of all states to make the repairs necessary to establish and maintain safe physical and environmental conditions in our public schools. In many cases, schools are dilapidated to the point of endangering children and school personnel. Recent General Accounting Office (GAO) reports on school facilities confirm this urgent need.

We look forward to working with you on this important initiative.

Sincerely,

Keith Geiger
President



555 NEW JERSEY AVENUE, N.W.
WASHINGTON, DC 20001-2079
202-879-4400

ALBERT SHANKER
PRESIDENT

EDWARD J. McELROY
SECRETARY-TREASURER

July 11, 1996

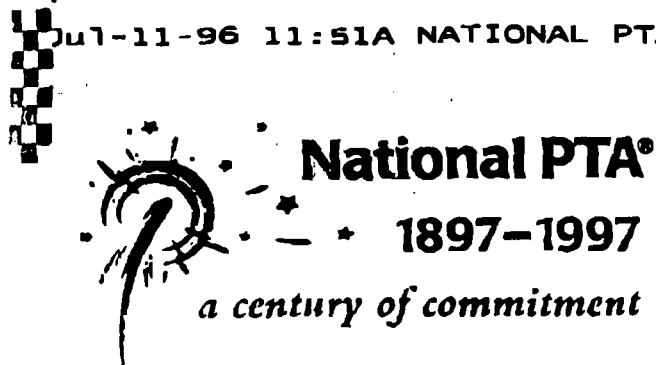
The President
The White House
Washington, D.C.

Dear Mr. President:

The American Federation of Teachers applauds your initiative to invest in our nation's school facilities. Many school buildings throughout our country are in urgent need of upgrading, repair, or replacement. Improving the physical condition of these schools will help to support quality education and protect the health and safety of our nation's children. We appreciate your commitment to upgrading our educational infrastructure and improving education in our nation.

Sincerely,

Gerald D. Morris
Director of Legislation

**National Headquarters**

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Contact: Patty Yoxall
Melissa Krylowicz
(312) 670-6782

FOR IMMEDIATE RELEASE
JULY 11, 1996

NATIONAL PTA APPLAUDS PLAN TO PAY FOR SCHOOL IMPROVEMENTS

Washington, D.C. — "We're pleased to see the federal government making an investment in America's future by helping to finance the repair of our crumbling public schools," said National PTA president Joan Dykstra. She spoke in reaction to today's proposal that money from the auction of "spectrum fees" be used to subsidize low cost loans to states and school districts for upgrading school facilities.

"It's a national shame that we rely on 19th century budgets to prepare our children to function in a 21st century world," Dykstra said. "This plan offers an immediate opportunity to rebuild our schools without putting a drain on the treasury or adding a line item to the federal budget."

A recent GAO report on the condition of American schools concluded that at least \$112 billion is needed to upgrade schools across the country. On average, state governments spent only about \$3.5 million on school improvements in 1994, according to the report.

"The time is now to develop a national partnership assuring that ALL children in America go to school in modern, well-equipped, safe buildings and have access to an excellent education," Dykstra said.

National PTA Applauds School Plan, p.2

The National PTA encourages its nearly seven million members to be involved in key child education, health and welfare issues. The organization serves as an advocate for children and families in schools, the community and before government agencies.

#

Author: Stefan Pryor at WDCJ02
Date: 7/9/96 7:24 PM
Priority: Normal
TO: Judy Wurtzel at WDCT01
TO: Thomas Corwin at WDCT02
TO: Gabriela Uro at WDCJ01
TO: William Kincaid at WDCT01
Subject: Dunn & Bradstreet figures

----- Message Contents -----

Two bulletins:

(1) Bill Kincaid and I have discovered that the Dunn & Bradstreet figures I shared with you earlier are inaccurate. Paul Abramson of the School Planning and Management journal (the fellow who issued the CEFPI report) pointed out that D & B made a simple division error in the data they sent me. The average cost for renovations is actually \$1.1 million/school rather than \$2.2 million/school. (Unfortunately, the latter amount was much closer to the GAO estimate of \$2.8 mil, so now we've got a real disparity.) And Abramson's own calculations, based on another set of D & B data, are consistent with the \$1.1 figure as well.

Another flaw in the D & B data is that too many things seem to qualify as renovation projects -- including lockers, parking lots, book stores, etc. (Of course, the GAO data ain't so accurate either.)

(2) An additional observation that helps put the problem in perspective:

There are approximately 88,000 schools in use today. We currently are building schools at a rate of approximately 500 new schools/year. At that rate, even if every school built was a replacement, it would take us over 175 years to replace our current stock of school buildings. (And even accounting for the fact that 1200 more are renovated/year, it would take more than 50 years to replace them all. How many generations of school children will pass through America's schools before we . . .) Of course, these figures don't deal with enrollment growth at all, but you get the idea. Perhaps the materials on Thursday should include a reference to figures like these.

-- Stefan

M E M O

TO: Mike Smith
FROM: Bill Kincaid
DATE: July 10, 1996
RE: School Renovation Estimates -- **Revised**

Following up on yesterday's activity, here are some additional figures on the school construction issue:

GAO

As you know, GAO estimates that it would cost \$65 billion to do the one-third of all schools (23,214) in which one or more entire building needs major repairs or replacement. An added \$36 billion would be needed to repair or replace one or more inadequate building features in an additional 40% of schools (30,000). Marilyn Hall calculates that, taken together, a rough average figure for repair or replacement of those schools is \$2.1 million per school. (Note that Tom Corwin has used these numbers in a slightly different way in the memo to Gene Sperling he drafted for you).

This figure does not include \$.2 million per school needed for 2/3 of schools (55,000) to comply with Federal mandates, or \$11 billion.

DUN AND BRADSTREET DATA

Stephan Pryor with OESE asked Dun and Bradstreet's School Construction Alert people to pull out figures on school renovations from their comprehensive database on school construction. The data does not include new construction -- only renovation of existing facilities. Paul Abramson of the School Planning and Management journal did some calculations and found the average cost per school in their 1,219 school data set to be \$1.1 million. Abramson also looked at the following groups of renovation projects, using samples from a slightly different data set:

<u>Number of Projects</u>	<u>Year</u>	<u>Average Cost</u>
595	Completed in 1995	\$ 814,000
377	Scheduled completion in 1996	1,205,000
360	Starting in 1996	1,666,000
Group average		\$1,155,000

Abramson said it was within Dun and Bradstreet's capability to break their data set out by type of school (elementary, middle, junior, high schools) and by state, and that if we had that data we could really get much better estimates. However, Stephan and I weren't sure whether we could keep going back to D&B without prompting a lot of questions.

BOSTON

According to Tom Payzant, very rough figures for school renovations (plumbing, heating, electrical, roof and windows) for the the Boston schools would be:

Elementary school:	\$3 - 3.5 million
Middle school:	\$4 - 5 million
High school:	\$6+ million

The figures would increase if a media center, cafeteria, etc. were to be involved. If we have any thought of using these figures with the press we would need to go back and ask for a more careful estimate.

Note that everyone that we spoke with emphasized the difficulty of making these kinds of estimates. In order to get better numbers, we might need to agree on a prototypical school (in terms of grade level, size, age of building, etc.) and ask about the costs in several different areas.

cc: Judy Wurtzel

Intelligence for Education

INC. / 178 MYRTLE BOULEVARD, LARCHMONT, N.Y. 10538 / PHONE: 914 834-2606 / FAX: 914 834-2609

July 10, 1996

TO: Stephan Prior
Bill Kincaid

(via fax 202/401-4353)

FROM: Paul Abramson

RE: Dollars Spent on School Reconstruction

The numbers below show the information I have from the Dun & Bradstreet service, by year of construction. The total projects is a sample; the average cost is from that sample.

	PROJECTS IDENTIFIED	PROJECT COST	AVERAGE COST	TOTAL SCHOOL RECONSTRUCTION*
1995 Complete	595	\$484,321,039	\$813,985	\$2,346,892
1996 Complete	377	\$454,350,342	\$1,205,173	\$2,261,927
1996 Start	360	\$599,889,117	\$1,666,359	\$2,642,458
All Identified	1,332	\$1,538,560,498	\$1,155,075	\$7,251,277

*As reported in School Planning & Management, February 1996, page 19.

I will be at the Wyndham Hotel tonight in Chicago and will also pick up messages on my office phone (914/834-2606).



Author: Stefan Pryor at WDCJ02
Date: 7/9/96 3:48 PM
Priority: Normal
TO: Thomas Corwin at WDCT02
TO: Judy Wurtzel at WDCT01
TO: Gabriela Uro at WDCJ01
TO: William Kincaid at WDCT01
Subject: Per school renovation figures

----- Message Contents -----

We've gotten some helpful new info from Dunn & Bradstreet! I asked their School Construction Alert people (in their Market Data Retrieval Division) to pull out figures on school renovations from their comprehensive database on school construction. The data I requested does NOT include new construction -- only renovation of existing facilities.

The cost per school in their 1,219 sample is \$2.21 million. (Not far off the GAO \$2.8 million estimate.) They have faxed me a page of additional stuff on this data set -- e.g. breakdowns by school type (elem, middle, high), geographic region, type of room renovated (classroom vs. gym), etc. I imagine they could provide us even more if we wanted them to. The contact at Dunn & B'street is Paula Marcasi at 1-800-333-8802.

In case we decide to go beyond national averages and provide some illustrative state-by-state data, here's what we've got so far:

* We just got some info from Connecticut's School Facilities Unit that reveals a non-technology-related renovation cost of \$2.9 million per school. This number jives with the GAO estimate of \$2.8 million per school; however, we are dealing with a very small data set here.

Here's how I derive the CT figure: The State of Connecticut received requests for a total of \$11,545,340 in the category of generic "interior alterations/renovations" at 4 schools. That computes to \$2.9 million/school.

It is also possible to compute per school figures for other renovation categories (with larger samples). For example, projects that involve both renovations and additions cost \$6.6 million/school on average (\$218.3 million/33 schools). Energy conservation measures cost much less, at \$269,464 per school (using a statewide sample of 14 schools).

And education technology-related renovations cost only \$108,4112 per school (using a sample of 34 schools).

* This final Connecticut figure regarding technology is consistent with a number computed by the American School and University journal. In its February 1996 issue, that publication estimates a \$178,150 cost for retrofitting an average elementary school (500 students, 20 classrooms) for technology.

* We included in the memo Bill circulated today data from Massachusetts (specifically, these are average, rough figures drawn from the state's "major renovation project" request list) that indicate an average cost of \$1.1 million/school. That number is much lower than \$2.8 million/school, but it likely is highly inaccurate

anyway. (See memo for my precise method of derivation.)

* We're still waiting to hear from Paul Abramson of CEFPI, the nat'l association that does a comprehensive national and regional analysis of school construction. Abramson may be the only other source (in addition to Dunn & B'street and the GAO) who can provide national averages.

Please let me know what else would be helpful.

-- Stefan

Tom Carwin — Gabriela —
2 hrs / 1:15

Cost of fixing up to avg school
in D.C. in terms of repairs

What it would cost to get the avg
school to a point of modern
safe
energy efficient
wired up

safe, modern, energy efficient

broken down by element & security

go beyond GAO report —

maybe NYC
states

It would be \$20 Billion

M E M O

TO: Mike Smith
FROM: Bill Kincaid
DATE: July 9, 1996
RE: School Renovation Estimates

Here are some figures on the school construction issue:

GAO

GAO estimates that it would cost \$65 billion to do the one-third of all schools (23,214) in which one or more entire building needs major repairs or replacement. An added \$36 billion would be needed to repair or replace one or more inadequate building features in an additional 40% of schools (30,000). Taken together, an average figure for repair or replacement of those schools is \$2.1 million per school.

This figure does not include \$.2 million per school needed for 2/3 of schools (55,000) to comply with Federal mandates, or \$11 billion.

BOSTON

According to Tom Payzant, realistic figures for the Boston area would be:

Elementary school: \$3 - 3.5 million
Middle school: \$4 - 5 million
High school: \$6+ million

The figures would increase if a media center, cafeteria, etc. were to be involved.

MASSACHUSETTS

Massachusetts shared with us some data on requests for grants for major renovation projects for the years 1995 and 1996. 52 requests, for a total of \$5.6 M, with the state providing an average of 2/3 of the cost. 161,476 is avg. annual request; these are part of multiyear requests. Over 7 years, this would be roughly 1.1 million per school.

Note that everyone that we spoke with today emphasized the difficulty of making these kinds

of estimates. In order to get better numbers in the figure, we would probably need to agree on a prototypical school (in terms of grade level, size, age, etc.) and ask about the costs in several different areas.

Author: Judy Wurtzel at WDCT01
Date: 7/9/96 10:22 AM
Priority: Normal
TO: William Kincaid
TO: Gabriela Uro at WDCJ01
Subject: Cost to refurbish schools

----- Message Contents -----

I finally identified, from the GAO reports, some data that may be helpful in answering the questions.

GAO estimates that it would cost \$65 billion to do the one-third of all schools in which one or more entire building needs major repairs or replacement -- that's about \$2.8 million per school in 23,214 schools.

An additional \$36 billion would be needed to repair or replace one or more inadequate building features in another 40 percent of schools -- about \$1.2 million per school in 30,000 schools. The report does not differentiate costs among different types of schools.

Two-thirds of schools reported needing \$11 billion -- \$0.2 million per school in 55,000 schools -- to comply with Federal mandates. These figures appear to add up to the \$112 billion GAO estimate.

\$2.1m per school

- for those that are inadequate - repair or replace

School Construction Report

Construction Activity -- by region

1004

Region 1: Conn., Maine, Mass., N.H., R.I., Vt.
Construction Activity 1990-1996

	New Schools	Additions	Upgrades	Total
Completed 1996	11,000	17,000	5,000	33,000
Starting in 1996	12,000	27,000	20,000	59,000
Total 1996	23,000	44,000	25,000	92,000

Medians for new schools

Cost per student	\$22,176
Square foot per student	148



157

150/sq foot
3000 500 student

Region 2: Del., N.J., N.Y., Pa.
Construction Activity 1990-1996

	New Schools	Additions	Upgrades	Total
Completed 1996	44,545	51,000	24,000	119,545
Starting in 1996	46,000	63,000	27,000	136,000
Total 1996	90,545	114,000	51,000	255,545

Medians for new schools

Cost per student	\$14,000
Square foot per student	104



Region 3: D.C., Md., Va., W.V.
Construction Activity 1990-1996

	New Schools	Additions	Upgrades	Total
Completed 1996	52,000	51,000	51,000	154,000
Starting in 1996	100,000	175,000	115,000	390,000
Total 1996	152,000	226,000	166,000	544,000

Medians for new schools

Cost per student	\$11,500
Square foot per student	110



Region 4: KY, N.C., S.C., Tenn.

	New Schools	Additions	Upgrades	Total
Completed 1996	157,450	150,750	140,565	448,765
Starting in 1996	500,526	183,133	127,847	811,506
Total available	657,976	333,883	268,412	1,260,271

Medians for new schools

Elementary	27,777
High school	511,741
Square feet per student	130



Region 5: Ala., Fla., Ga., Miss.

	New Schools	Additions	Upgrades	Total
Completed 1996	57,200	23,240	117,000	197,440
Starting in 1996	57,200	23,240	117,000	197,440
Total available	114,400	46,480	234,000	394,880

Medians for new schools

Elementary	57,200
High school	114,400
Square feet per student	134



Region 6: Ind., Ohio, Mich.
(including Indiana 1900s)

	New Schools	Additions	Upgrades	Total
Completed 1996	1,453,261	219,257	219,257	1,891,775
Starting in 1996	552,430	216,408	329,722	1,098,560
Total available	2,005,691	435,665	548,979	2,990,335

Medians for new schools

Elementary	1,453,261
High school	552,430
Square feet per student	117



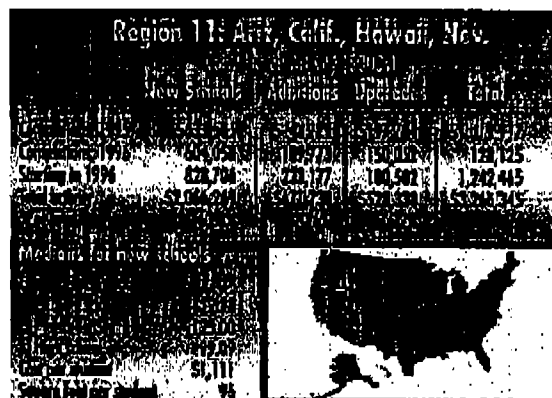
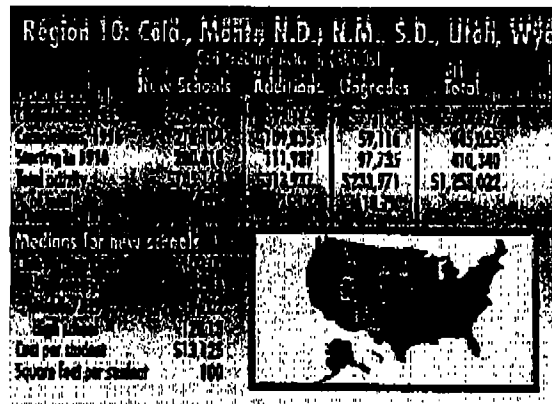
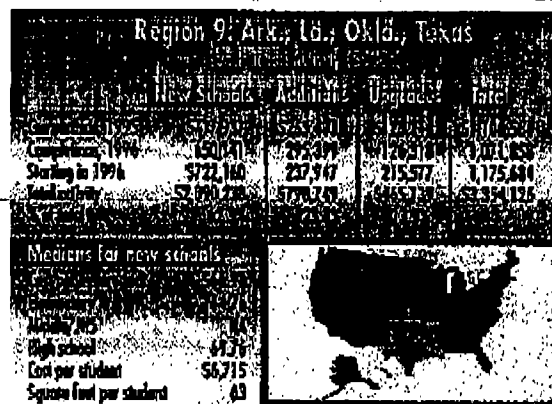
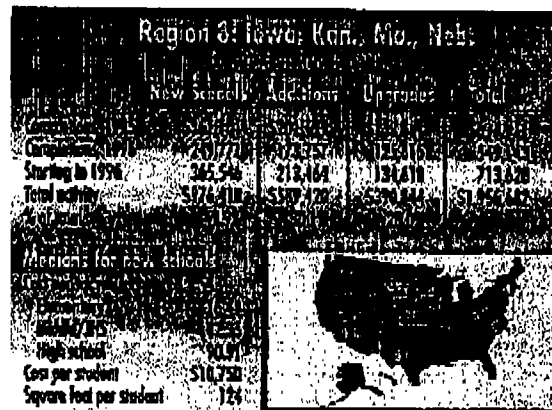
Region 7: Ill., Minn., Wis.

	New Schools	Additions	Upgrades	Total
Completed 1996	715,254	346,617	222,754	1,284,625
Starting in 1996	457,701	429,000	238,534	1,125,235
Total available	1,172,955	775,617	461,288	2,410,860

Medians for new schools

Elementary	715,254
High school	457,701
Square feet per student	184





Region 12: Clatsop, Idaho, Ore., Wash.
Clatsop County, Idaho
 New Schools, Additions, Upgrades, etc. Total

1960-61	1961-62	1962-63	1963-64
\$172,400	\$101,100	\$150,100	\$69,100
\$222,000	\$144,000	\$189,000	\$79,100
\$172,400	\$101,100	\$150,100	\$69,100

Mediums For New Schools

1960-61 \$172,400
 1961-62 \$101,100
 1962-63 \$150,100
 1963-64 \$69,100



[Return to the CEEPL Home Page](#)

Both CEFPI Members, Paul Abramson is associate publisher/editorial director of School Planning and Management, and may be reached at 914/834-2606 Rod Sutton is editor, and may be reached at 312/380-5080 or Email: RodS@interaccess.com

...objected that wiggly districts imply political identity is, or should be, predominantly racial." Five of the court's justices agree that this is wrong; the other four reckon that racial voting is so deeply entrenched that wiggly districts can hardly make the problem worse. Another Clinton term might conceivably tip the balance on the court, in which case ambitious cartography would stage a comeback. Yet even if Ms O'Connor's opinion survives, its impact on black politics may not be as devastating as most people reckon.

Of the 12 districts that may be redrawn, at least half could have their wiggliest excrescences cut off and still retain a black majority. A few more will remain more than 40% black, which may be enough to re-elect black incumbents who have had time to build strong fund-raising machines. Many black politicians seem to think that below 40% they do not stand a chance, in which case two or three blacks may lose House seats. Yet even this may be too pessimistic.

The two black Republicans in the House, Gary Franks of Connecticut and J.C. Watts of Oklahoma, come from constituencies that are more than 80% white. Black Democrats cannot boast the same, but this may be because they tend to be far to the left of most white voters. Municipal elections, in which ideology often matters less than rubbish collection and the like, encourages the view that unideological blacks can win white votes. Abigail Thernstrom of the Manhattan Institute, a think-tank, has analysed mayoral races from 1967 to 1992. In cities with 50,000 people or more, 87 black mayors were elected during those 25 years. Most had substantial white support.

In a roundabout way, the Court's decision may even increase black power in the House. By herding blacks together, the redistricting deprived neighbouring white districts of solid Democratic votes; this is generally reckoned to have given the Republicans a dozen seats in Congress. Reversing this effect could possibly help the Democrats to win back the House this autumn. And that, in turn, would fortify the congressional black caucus, which lost both chairmanships and federal funding when the Republicans took over.

In short, the redrawing of black districts may not diminish black clout; it could even increase it. Yet there may be a different casualty of the Supreme Court's ruling. Obligated to court white votes, black candidates may moderate their views. They may build alliances between blacks and whites, by stressing unifying issues such as crime and education. This will be excellent in many ways. But the new alliances will be middle class. The voice of the angry poor will grow fainter than it already is, and America's democracy will be less representative.

New York's schools

Ailing and failing

NEW YORK

VIOLENCE may still be rife in the Big Apple's 1,100 schools, but for most students the bigger danger is falling masonry. Most of the city's schools were built before 1940, and many have crumbled away as the budget for repairs has shrunk. So educators were relieved when the city council and Rudolph Giuliani, New York's Republican mayor, this month agreed upon a budget

that allocates an extra \$1.4 billion for school repairs over the next four years. Relieved, but not satisfied. What schools also need, say city and state Democrats, is more cash to spend on teachers, books and other things. Should the city—already grappling with yet another budget crisis—go even further into debt to meet their demands?

There is little doubt that New York city's schools are in a dreadful state of repair. According to the Board of Education, more than 270 schools need new roofs, and 280 need all their windows replaced. In many others, heating systems are failing and science laboratories make use of equipment

Feds 1, Freeman 0

BILLINGS, MONTANA

IT STARTED as a trickle through the dyke. After holding out against the authorities for over two months, two adults and two children gave themselves up. Then a teenage girl emerged. Finally, on Thursday, June 13th, the remaining 16 men and women left the compound they called Justus Township.

So ended the 81-day stand-off between the Federal Bureau of Investigation and the Freeman, a loose-knit anti-government group. The Freeman had been surrounded on a 960-acre ranch 30 miles north-west of Jordan, Montana, since March 25th. The stand-off started when their leader, LeRoy Schweitzer, was arrested on state and federal charges including cheque fraud and threats to public officials. Fourteen of the people who gave themselves up on Thursday are also wanted on charges of issuing bad cheques and threatening federal judges.

There was no bloodshed; equally, no deals were struck for lenient treatment. The FBI had hired a string of mediators who negotiated over a card table on a

dirt road. Then, on June 3rd, the FBI turned off power to the compound. On June 11th, it allowed one of the Freeman, Edwin Clark, to fly to Billings and talk to Mr Schweitzer in prison. Apparently, the two men began to plan the surrender.

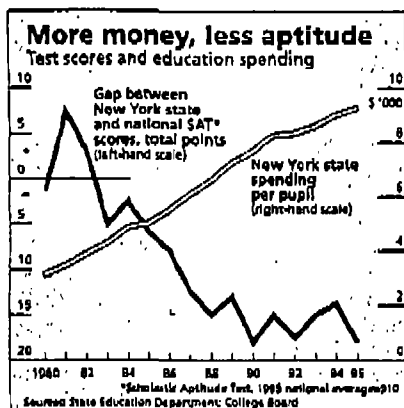
So ended a weary contest of wills. The bloody Ruby Ridge confrontation in Idaho in 1992 lasted a mere 11 days; the Waco siege in 1993 went on for 51 days before ending in an inferno; the American Indian Movement stand-off at Wounded Knee in 1973 dragged on for 69. This time the FBI kept its temper throughout, and its patience did something to restore its battered reputation.

The Freeman's anti-government, gun-admiring talk had some appeal in Garfield County. It went down less well among the townsfolk of Jordan, who wanted to hold their summer rodeo and plant their wheat in peace. There may have been unintended irony in the Freeman's name for their compound, Justus Township. In the end, as they filed out, they looked a pretty lonely bunch.



Off to the courthouse

AMERICAN SURVEY



that predates the second world war. Seating shortages are crippling: many students take lessons in corridors. In all, the board reckons, \$7 billion would put things right. But even after Mr Giuliani's largesse, New York will be able to afford no more than \$4 billion over the next four years—and then only if state legislators allow the city to raise its debt limit and sell more bonds.

Such fiscal realities do not stop Democrats and educators pushing for even more cash to fill soon-to-be-repaired schools with extra teachers, more textbooks and more support staff. Alan Hevesi, a prominent Democrat and New York's comptroller, points out that the city's \$8 billion schools budget is about \$1 billion lower than it was before Mr Giuliani took office. And, contrary to the mayor's claims, says Mr Hevesi, those cuts have hit students hard. In a new study of 29 city schools, he cites worsening teacher-to-pupil ratios, larger classes and a decline in the number of students taking key subjects such as maths or science.

Mr Hevesi is getting support from some state politicians. Sheldon Silver, the Democratic speaker of the state assembly, thinks that at least \$400m should be added to New York state's \$9 billion schools budget (a figure which excludes local funding). After all, he observes, many upstate schools face challenges similar to those in New York city. The snag is that state finances have been paralysed for months as politicians have fought over a budget to cut the Empire State's \$4 billion deficit—a process that, ironically, is holding up about \$1.3 billion in education aid. Mr Silver's proposal, then, is hardly realistic.

Nor does it make much sense. Changeux, a right-wing lobby group, has pointed out that, at \$9,300 per year, spending per pupil in New York state is already 56% above the national average, with only Alaska and New Jersey higher. Even in New York city's ailing schools, spending per student is greater than in all but five states. Moreover, for all New York state's fiscal austerity, spending on education is 29% higher in real terms than it was ten years ago. Yet over the same period the test performance

of New York's students has slumped alarmingly.

Democrats and Republicans agree that, with or without extra education cash, reform is needed, and soon. But action has yet to follow words. State Democrats, state Republicans and Mr Giuliani have, for instance, put forward three separate plans to reform New York city's Board of Education and to reorganise the city's 32 local school boards, which wield an inordinate amount of power and are often riddled with fraud, patronage and nepotism.

This would help pupils who, in the most corrupt districts, tend to flounder. Thanks to political squabbling, however, no reforms are likely to be agreed upon before the end of the year. So Rudy Crew, New York city's schools chancellor, has been left to tackle local corruption on a board-by-board basis. That is a task no amount of extra money will make any easier.

Arizona

Symington agonistes

PHOENIX

BEING governor of Arizona is a risky business. There was Evan Mecham, a one-time car dealer who was elected governor in 1986, ran into accusations that he had lied about a campaign loan, and was impeached and removed from office by the state legislature in 1988 even though he was later acquitted. Now comes Governor J. Fife Symington III, a Republican former property developer who went bankrupt last September and was indicted on June 13th by a federal grand jury on 23 counts, including attempted extortion.

Most of the charges involve his alleged filing of false financial documents with

The power of a coat of paint

SEATTLE

SANTA ANA, in California, has one of the fastest-growing school districts in the nation. On average, 1,300 new students pour into its schools each year. To accommodate them, the district has built 11 new schools since 1989. Even so, many children find themselves in temporary classrooms, or going to school when other pupils are on holiday. There is not much money for books or laboratories: "Our first need is just to build new classrooms," says Mike Vail, the district's buildings supervisor.

Across the United States, as the Baby Boomers' babies reach school age, the number of elementary and secondary students is expected to pass the 1971 peak of 51m this autumn and will probably grow to 56m by 2004. The building of new schools and the improvement of old ones are lagging well behind demand, reports the General Accounting Office. Al-

most a third of the country's schools were built before 1950, and a lot more than that in older cities. In 1994, spending on construction and refurbishment accounted for less than a tenth of the backlog of \$112 billion.

Financing schools is a complicated business, divided between local districts, the states and, marginally, the federal government. At city and county level, voters do not like paying higher property taxes to improve schools, and most such tax increases need a two-thirds majority.

"Every no vote counts twice," says one unhappy school official.

Could the cost be cut? Certainly. Local control probably keeps costs high. Schools are projects much prized by architects, each with its own private and usually expensive vision of what a school should be. This is one area where state governments, and perhaps even the federal government, could do a useful job as a clearing-house for basic school designs, which could then be adapted to local needs. If the states were the central buyers of materials and supplies, that might save money, too.

Shiny new schools, it is objected, do not necessarily help learning. Pupils do not stay at school all that long, and most of them probably accept the conditions they find there. But Jeff Schneider of the National Education Association has a reply to that. Studies have shown, he says, a clear relationship between student performance and whether their teachers like their physical surroundings.

