



VIEWPOINT

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Do School Impact Fees Make Sense?

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Summary

Fast growing suburban communities have turned to impact fees to help pay for new schools. But such fees are an unfair, ineffective, and inefficient way for schools to raise revenue.

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Districts across Ohio are pushing for the right to fund new school facilities by imposing fees on new houses. In testimony before the Ohio legislature, for example, the Ohio School Boards Association argued forcefully for permission to levy these “impact” fees. Local schools, they say, desperately need the revenue.

Unfortunately, impact fees are the wrong tool for the wrong job. At best, they are just stop-gap funding that doesn’t address long-term capital needs. More often, they are smoke screens for groups that are less interested in addressing the real capital needs of schools than in making growth less likely by raising the costs of new housing.

Impact fees are a blunt and confusing tool for meeting school facilities shortfalls. Houses don’t send children to school, families do. As a result, no school official can predict how many children, if any, will be sent to a local school district from any one subdivision. New homes can be bought by many people who do not add to the school population: homeschoolers, empty nesters, families who move within the school district, families who send their children to private schools, and childless households.

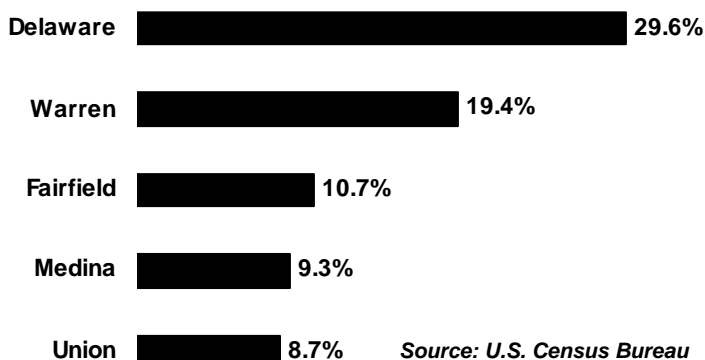
Even counting bedrooms isn’t a reliable way to measure the demand for school buildings. Families will often put multiple children in bunk beds, or convert extra bedrooms to a home office.

Impact fees also raise questions of fairness: is it fair to ask residents who don’t use these school facilities to pay for them? While childless homeowners certainly benefit from public schools, they already pay property taxes that contribute to public education, regardless of whether they have children who attend school or not. With an impact fee, they pay again.

On an even more basic level: Why should new families have to pay extra for new facilities while established residents benefit from facilities paid for by the entire community, new and old?

Even if these questions are resolved satisfactorily, practical limits prevent impact fees from being applied equitably and rationally. Most school districts don’t systematically collect data on what neighborhoods or subdivisions their students come from. They can’t tie specific facilities to the families who will benefit the most.

Population Growth in Ohio's Fastest Growing Counties, 2000-2004



Take the city of Pickerington as an example. The city is in a fast growth county outside of Columbus. The local school district determined it needed a new elementary and middle school to meet growing demand. The city wanted to help fund the new facilities, so it tried to levy a fee on new homes.

Yet, data gathered from the school district showed that most of the students in the new buildings would likely come from at least six separate cities, villages, and townships. Neither the school district nor the city had determined how many students in the facilities paid for by new Pickerington residents would actually come from the new subdivisions. This raises the possibility that the new residents would be subsidizing district-wide facilities.

In short, school impact fees lack many key components of an effective, efficient, and viable financing tool. They lack transparency because the funds from targeted populations that may or may not benefit from the planned education services and facilities. Unlike sewers, roads, and water systems, the amount of educational services that will be used is difficult to determine at the household level.

The poor case for using impact fees to fund school facilities, of course, doesn't lessen the importance of finding ways to meet growing needs for facilities. Despite virtually stagnant statewide population growth, many counties are growing—and growing rapidly. According to the Census Bureau, Warren and Delaware counties ranked among the nation's one hundred fastest growing counties, growing more than 20 percent since 2000. Many others in Ohio are growing at a fast if not breakneck clip.

Partly in response to population growth, thirty school districts placed bond issues worth \$760 million up for vote on November 8, 2005. Almost 60 percent of these funds were going to build new facilities in fast growing counties. Just 20 percent were to match state funds from the Ohio School Facilities Commission, to replaced degraded facilities.

Providing a sufficient and adequate public education is a constitutional duty and public responsibility in Ohio. Shifting the burden of financing new facilities to new residents, even though they will have broad-based community benefits, may compromise this communitywide duty. Impact fees just don't measure up to the task of meeting local school facility needs without creating inequitable and unfair financial burdens for community newcomers, a select, targeted minority.

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