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Baltimore can't wait any longer to fix its schools

Premium content from *Baltimore Business Journal* by Frank Patinella
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The article, "Bottle tax not needed for school funding in other U.S. cities," which appeared in the *Baltimore Business Journal* on March 20, argues against the 5-cent bottle tax for improving Baltimore's crumbling school infrastructure without providing funding alternatives to address this $2.8 billion problem.

The Sage Policy Group's report highlights several of the financing solutions publicized by the ACLU in its 2010 study: Public-private partnerships; creating a nonprofit to issue bonds; and selling city assets. While our community campaign, Transform Baltimore: Build Schools, Build Neighborhoods, advocates for the use of these proven models to leverage large amounts of funds up front for school construction, how to pay for this increased borrowing is at the core of any financing plan.

It is significant that the Sage Policy report and the *Baltimore Business Journal* article support Transform Baltimore's proposed approach to school modernization. With the innovative model used in Greenville, S.C., Baltimore City Public Schools could leverage an estimated $1 billion using existing annual city and state funding for school construction. Even with the leveraging of existing funds, the remaining $1.8 billion required for a complete overhaul must come from additional revenue.

Creative financing models noted in the article, such as the one used to build a high school in Niagara Falls, N.Y., can only be used to the extent that revenue is available to pay the lease. Using a similar strategy, Baltimore's school system is paying annual installments of $1.6 million to a developer for 30 years to build the new Baltimore Design School.

However, using this model on a larger scale will require additional revenue, since the school system's operating budget cannot support many contracts of this size. The article also cites New Haven, Conn., as a model. The city contributed only $17 million to its $1.7 billion school modernization plan by selling city-owned assets. This is hardly a model for a successful program.

Last year, the *Baltimore Business Journal* reported that Highlandtown Middle, appraised at $5.7 million, only sold for $530,000 — maybe enough to replace one roof at an elementary school. While our campaign supports revenue from the sale of city-owned assets to improve schools, it is unlikely that this strategy will play a significant role in addressing Baltimore's $2.8 billion need.

The rebuilding of every city school requires leveraging existing resources and securing additional revenue. The longer government officials wait to fix Baltimore's schools, the higher the costs will be. For Baltimore's long-term economic vitality, our campaign encourages the business community to support the bottle tax and other real solutions to address this crisis both quickly and comprehensively.

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