

School Solar Ownership Models: Federal Funding Opens New Opportunities

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Introduction

Public schools anchor entire communities. Not only are they where students spend the majority of their time outside the home, they provide jobs for more than 6 million people and serve neighborhoods in myriad ways—as polling places, sports facilities, community health clinics, and more.

At the same time, due to decades of disinvestment, public school infrastructure is often outmoded and energy-inefficient. These deficiencies have real climate and budgetary impacts: An estimated [78 million metric tons](#) of CO₂ is emitted by public schools each year, and public school systems spend nearly [\\$8 billion](#) annually on energy—the second biggest expense for K-12 public schools after salaries.¹

Given their ubiquity and importance, public schools are uniquely positioned to lead—and reap the benefits of—the green transition. A move to renewables, solar in particular, can mean cost savings down the road and ensure that school buildings demonstrate the possibility of a decarbonized, healthy future.

School solar, as well as building-decarbonization technologies more broadly, also entails manifold health and learning benefits for students. By removing oil and gas from on-site infrastructure, schools take an immediate step toward eliminating dangerous indoor air pollution that harms student health, especially students with asthma. By bringing innovative technologies onto campus, schools can incorporate clean energy technologies into their curricula, preparing students for careers in the growing field of clean energy. Finally, when paired with battery storage, school solar sets schools up to be local resilience hubs, guaranteeing locally generated power even in times of crises.

¹Akira Drake Rodriguez, et al, “A Green New Deal for K-12 Public Schools,” Climate and Community Institute, July 2021, <https://climateandcommunity.org/research/gnd-for-k-12-public-schools/>; White House, “The Biden-Harris Action Plan for Building Better School Infrastructure,” April 4, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/04/04/fact-sheet-the-biden-harris-action-plan-for-building-better-school-infrastructure/>.

Undertaking large-scale capital projects can be challenging for most districts, and the complexity of these projects can slow down uptake at the district level. **However, school administrators, organizers, and workers now have a range of options for transitioning to solar energy. The Inflation Reduction Act (IRA), passed in August 2022, provides funding and financing for solar projects as well as new opportunities to maximize the long-term economic and social benefits of decarbonization.**

The relative newness of the IRA means many school districts may not be familiar with its expectations and nuances. This report attempts to map this new terrain, highlighting the provisions most useful for schools contemplating a transition to solar.

After the 2024 elections, there is some uncertainty around the future of the IRA. Despite this, changes will not happen immediately and much of the money is already out the door for state agencies and financial institutions—like green banks—to disperse. The IRA is the largest investment in US infrastructure in decades, and the time to act is now.

In what follows, we provide a preliminary guide to three options for financing a solar transition: (1) private ownership of solar infrastructure managed through power purchase agreements with third-party developers, (2) direct school ownership, and (3) green bank or state finance authority ownership. **Although each district will have its unique priorities, school districts should look beyond the status quo of power purchase agreements (PPAs) with third parties and instead embrace the benefits and incentives of the IRA,** which facilitates public ownership via either direct ownership or collaboration with state financial institutions.

We recommend that:

- [School districts in states with a willing and able green bank](#) **should** pursue state financing and ownership of school solar across the school district's entire portfolio. Green bank financing reduces or eliminates the administrative and financial burden on schools, allows state institutions to develop and manage projects across the entire portfolio, and ensures favorable rates and savings for districts.
- In the absence of a state financial institution to partner with, schools **should explore** direct ownership of their solar power system. The IRA allows school districts to be

reimbursed for up to 70% of all solar project costs via direct payments from the IRS. In addition to direct pay, there are many additional federal funding and financing opportunities available because of the Inflation Reduction Act.

- If neither of these options are feasible, schools can receive desired savings and environmental benefits through a power purchase agreement (PPA) with a third-party developer. Should a district choose this model, it is crucial that decision makers negotiate a favorable agreement that maximizes their savings.
- Finally, when requesting solar feasibility and cost assessments, school districts should ask to see an analysis that includes both cash payment and PPA options.

With this report, we hope to equip district-level stakeholders—staff, school board members, community advocates—with the tools they need to make informed decisions when going solar, as well as provide information to the general reader interested in renewable energy for schools.

Power Purchase Agreement with a Private Developer

Power Purchase Agreement with Private Developer

A solar power purchase agreement (PPA) is made with a third party—typically a private developer—who owns, operates, and maintains the solar power system. The “host” of the solar power system, in this case the school, acts as a customer and agrees to purchase energy from the third party over a predetermined period.

PROS

- No upfront capital costs to school districts
- Immediate net savings (since districts pay nothing upfront, they are likely to realize immediate savings on electric bills)
- No operational or maintenance responsibilities for the district during the agreement term
- Predetermined electricity rates for term of contract (typically about 15 to 20 years)

CONS

- More expensive in the long term relative to other options
 - Less cost savings than direct ownership because the host receives no direct pay or other incentives
 - Commitment to buy electricity from a third party
 - If net metering is allowed in the state, third party receives the revenue from energy sales
- May have to pay two utility bills if system does not meet 100% of energy needs²
- Complex negotiations and potentially higher transaction costs than buying panels outright, as the school district will need to negotiate a fair agreement with the third party³
- Site lease may limit ability to make changes to property that would affect photovoltaic (PV) system performance or access⁴
- PPAs are only allowed in 30 states due to state regulation⁵

²Environmental Protection Agency, “Solar Power Purchase Agreements,” accessed October 24, 2024, <https://www.epa.gov/green-power-markets/solar-power-purchase-agreements>.

³Environmental Protection Agency, “Solar Power Purchase Agreements.”

⁴Environmental Protection Agency, “Solar Power Purchase Agreements.”

⁵Database of State Incentives for Renewables and Efficiency and the US Department of Energy, “3rd Party Solar PV Power Purchase Agreement (PPA),” March 2015, https://ncsolarcen-prod.s3.amazonaws.com/wp-content/uploads/2015/01/3rd-Party-PPA_0302015.pdf.

A power purchase agreement (PPA) is made with a third party—typically a private developer—who owns, operates, and maintains the solar power system. The “host” of the solar power system, in this case the school, acts as a customer and agrees to purchase energy from the third party over a predetermined period. The host does not pay any upfront capital costs for installation and is not responsible for ongoing maintenance.

The cost of energy under a PPA is typically set at a rate equal to or less than the utility rate, and most PPA agreements include an annual rate increase of 1%–5% percent per year meant to keep pace with the expected rise of utility electricity prices.⁶ Agreements are usually for 10–25 years; at the end of the agreement, a host can decide to extend the contract, purchase the system, or have the equipment removed. There may be options to buy the system before the end of the agreement as well, usually at the “fair market value” of the solar equipment.

PPAs have long been the status quo ownership model for school solar, accounting for 80% of the cumulative solar capacity of systems installed at K–12 schools.⁷ There are two primary reasons for this model’s entrenchment. The first, from the provider side, is that, prior to the passage of the IRA, only tax-liable entities could take advantage of the Investment Tax Credit (ITC)—meaning that only private developers could cash in on government incentives. (This state of affairs has changed with the passage of the IRA, a reform we discuss in greater detail in the direct ownership section below.)

The second, from the host side, is that PPAs require no upfront capital investment beyond the costs of negotiating the agreement. Hosts are also off the hook for operational and maintenance costs for the duration of the agreement term, another bonus for cash-strapped school districts.

As attractive as these features may at first appear, however, **the PPA model is unlikely to be the most economically beneficial ownership model for school solar long term.**

For one, PPAs are defined by the fact that the school does not own the solar panels. In a PPA, a school district gives up ownership of the asset in exchange for de-risking the capital investment. Since the third party owns the assets, at the end of the contract term, they may simply remove the panels and leave.

⁶ US Department of Energy, “Financing Navigator,” Better Buildings, accessed October 24, 2024, <https://betterbuildingssolutioncenter.energy.gov/financing-navigator/option/power-purchase-agreement>.

⁷ Generation180, “Brighter Future: A Study on Solar in US K–12 Schools,” 5th Edition, August 2024, <https://generation180.org/resource/brighterfuture-a-study-on-solar-in-us-k12-schools-2024/>.

For another, they are typically brokered with private enterprises seeking to make a profit for their investors. Unless school districts expressly negotiate rebates and discounts with the solar developer, any revenue realized from programs like net-metering (selling energy back to the grid) or solar renewable energy credits (SRECS)—not to mention the ITC—will flow directly to the third party. Depending on the terms of the agreement, schools may also have to pay for all the energy produced by the system, regardless of usage. In this PPA model, a cut of the profits will always flow towards the developer and their investors.

PPAs are best judged in comparison with other models, for example, the two alternative models we discuss below. **However, it is important to note that PPAs, whatever their deficits, can realize savings and transition schools to renewable sources of energy.**

If a school district does decide to move forward with a PPA, it should

1. Make sure to negotiate fair rates given the incentives private developers will be receiving.
2. Consider negotiating an ownership transfer at the end of the contract term, or an option to buy before the term is up.⁸
3. Investigate whether there are non-profit third parties offering PPAs for schools.
4. Vet the third party, whether for- or non-profit, by speaking with past clients and asking if the developer has worked with schools before.
5. Direct developers to use union labor to ensure the project is completed by skilled and experienced workers in a timely and equitable manner.

⁸ For example, a solar provider called CollectiveSun offers a PPA deal that guarantees 16-20% savings and allows the customer to own the RECs (renewable energy credits) and incentives. See CollectiveSun, "About the CollectiveSun Prepaid Solar Power Agreement," accessed November 18, 2024, https://drive.google.com/file/d/1WhO1bGcJ9U_ZAWH6nuRcNq0A_xgu6VCN/view

Conclusion: While PPAs with private developers have long been the status quo for school solar, they feature significant drawbacks. The Inflation Reduction Act has changed the energy landscape such that alternative ownership models—direct ownership or green bank ownership—offer a more appealing, equitable, and profitable approach.

ESCOs and ESPCs

Energy Service Performance Contracts (ESPCs)—offered by Energy Service Companies (ESCOs)—entail energy efficiency, renewable energy, and distributed generation measures often coupled with guarantees that the savings produced by a project will offset the cost of the project.⁹ ESPCs typically comprise projects like swapping out lights to be more energy efficient or investing in building envelope improvements that allow HVAC systems to function more efficiently—efforts that realize short-term or immediate energy savings.

Public schools partnering with an ESCO can negotiate solar power as part of the bundle of energy-use reduction measures included in an ESPC. **However, the same comparative disadvantages of PPAs apply here. Although the upfront costs to the district would likely be minimal, the long-term savings will also be less than they would be in a direct ownership or green bank ownership model.**

If a school district opts to work with an ESCO, it is critical that decision makers carefully review all contracts to ensure the district receives only the services they want and need.¹⁰ ESCOs also may be more likely to hire non-union labor; schools can and should stipulate that any work be performed by union workers.

⁹ Neil Zobler, “Financing Energy Efficiency Projects,” Zoom webinar presented by Catalyst Financial Group and EPA EnergyStar Program, September 4, 2024.

¹⁰ Neil Zobler, “Financing Energy Efficiency Projects.”

IRA-Supported Direct Ownership by Schools

School Direct Ownership

School districts can lower administrative costs and increase cost savings by drawing from public money to finance school district solar projects.

PROS

- Public schools have full control over the assets
- Public schools receive 100% of energy savings associated with solar energy installation, which can be passed on to meet other district needs over the long term
- Public schools are guaranteed to receive solar renewable energy credit (SREC) income¹¹
- School receives up to 70% cash reimbursement for the cost of implementing renewable energy as a tax credit from the IRS via Direct Pay
- Public schools receive net metering revenue, meaning schools can generate additional revenue by selling excess solar energy back to the grid (depending on state, local, and utility context)
- Can be done in all 50 states, regardless of whether or not a green bank or other state finance authority is available to backstop funding

CONS

- Upfront investment costs
- Schools are responsible for maintenance and operating costs (though these expenses could be contracted out)
- Schools need internal expertise and capacity to coordinate or provide oversight of development and maintenance, as well as filing with the IRS to receive direct pay

¹¹This can be negotiated in a PPA contract, but not guaranteed.

Direct school ownership of solar energy can reduce administrative costs (by avoiding PPA negotiations), increase savings for districts, and build public sector capacity by ensuring the district fully owns the solar power system. When a district owns the system, it receives all tax benefits, revenue, and energy savings directly. This means more savings over the long-term, which can translate to more funding for teachers, environmental health and infrastructure investments like mold and asbestos abatement, and other climate-safe investments.

The IRA has made direct ownership more logistically and economically feasible for districts. Before the IRA, schools and other non-profit entities had limited options for taking advantage of solar tax credits; they would need to enter a solar lease or PPA, and the third party would use the solar tax credits on their behalf. **Today, schools have uncapped access to the ITC via [direct pay](#), which allows tax-exempt and government entities to receive a tax credit of up to 70% of total costs for qualifying renewable energy projects.** (This is different from competitive grant and loan programs, which require upfront time and labor without a guarantee of award.)

Direct pay amounts are determined by specific project characteristics. For example, on a \$100,000 solar project that produces less than 1 megawatt (MW), the school will receive a 30% base tax credit reimbursement (i.e., a \$30,000 check). Then come additional savings based on the project's specifications: an additional 10% if the project is in an energy community,¹² 10% more if the project is located in a low-income community or on Tribal lands, 10% more if the project uses domestically produced content. And these additional rebates can be supplemented with further competitive and non-competitive bonus credits.¹³

Of course, direct ownership also means the district will need to (1) allocate or raise the necessary capital to pay for the system upfront (typically via bond issues) and (2) have a plan in place for

¹²An energy community is typically defined as a community that has historically been sited near environmentally harmful industries like coal mining or oil extraction. The IRA defines an "energy community" as a "brownfield site" (as defined in certain subparagraphs of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980), a "metropolitan statistical area" or "non-metropolitan statistical area" that has (or had at any time after 2009) 0.17% or greater direct employment or 25% or greater local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or natural gas; and has an unemployment rate at or above the national average unemployment rate for the previous year, or a census tract (or directly adjoining census tract) in which a coal mine has closed after 1999; or in which a coal-fired electric generating unit has been retired after 2009.

¹³BlueGreen Alliance, "Making Clean Energy Tax Credits Deliver for the Public: A User Guide for Governments, Schools, and Nonprofits," July 17, 2023, <https://www.bluegreenalliance.org/wp-content/uploads/2023/07/Making-Clean-Energy-Tax-Credits-Deliver-for-the-Public-A-User-Guide-for-Governments-Schools-and-Nonprofits-2.pdf>.

operation and maintenance. These requirements can present a challenge for districts that face statutory [debt limits](#) or that are low-wealth: Most states require voter approval—sometimes supermajority voter approval—to approve bonds for financing major capital projects, and in lower-wealth districts, competition for scant local revenues can present a hurdle.

There is upfront financing available, however. Many states provide grants or rebates to districts to upgrade school infrastructure, funds that could be used to finance solar projects. Some states use lottery taxes, sales taxes, and sports-betting taxes as streams of supplemental revenue that can be used to fund public education. And there is also low-cost financing increasingly available through EPA’s numerous programs supported by the Greenhouse Gas Reduction Fund.¹⁴

Renewable energy programs by public school districts should also be bolstered by additional investment and prioritization among decision makers, to avoid compounding the long legacies of segregation and disinvestment in public education along lines of race, class, and place.

Conclusion: Drawing on public money to finance school district solar projects can reduce administrative costs, lead to higher savings for districts, and build capacity within the public sector.

¹⁴US Environmental Protection Agency, “National Clean Investment Fund,” accessed November 4, 2024, <https://www.epa.gov/green-house-gas-reduction-fund/national-clean-investment-fund>.

Green Bank or State Finance Authority Ownership

Green Bank or State Finance Authority Owns Solar

In states with willing and capable green banks or state finance authorities, the school district can hand off the task of financing and developing solar power projects to those institutions, thereby mitigating districts' financial and administrative burdens and making it easier to pursue larger-scale portfolios across multiple districts.

PROS

- Project aggregation lowers overall financing costs; school has no debt burden
- Minimal administrative and operational burden for schools, as the state handles operations and maintenance (a benefit for the lowest-wealth districts in particular)
- Green banks can standardize the rooftop solar development landscape through large project pipelines and hiring prequalified contractors, making it easier for districts to pursue projects across their entire portfolio
- Green banks can access large amounts of cheap public financing, including from the Department of Energy's Loan Program Office (LPO) and the Greenhouse Gas Reduction Fund

CONS

- Can only be done in states where a green bank is willing and available to partner¹⁵
 - Some green banks do not have enough cash on hand to finance solar projects without additional appropriations or grants
 - Green bank leadership may be nervous to take on significant capital expenditure and instead may prefer to provide guarantees, credit enhancements, and technical assistance
 - Green bank must have adequate policies in place to hire contractors and issue RFIs/RFPs as necessary
- Project success may depend on state government buy-in, adding potential time and labor to navigate political

¹⁵There are a couple of resources to help you find your local green bank or state financial institution. For example coalitionforgreencapital.com/what-is-a-green-bank or usgreenbanks.org. Another resource to find green banks and other financial institutions in your area is through the Climate Program Portal's Clean Energy Finance tool. Make an account and learn more at <https://climateprogramportal.org/clean-energy-finance/>.

- Green banks can centralize administration of direct pay filings and payments from the IRS processes across state agencies and school districts interested in participating
- Schools still receive energy savings, which they can translate into free cash flow for spending on other priorities
- School ownership of energy assets still possible

Although direct ownership of rooftop solar brings many benefits, not all school districts will have staff with the expertise to usher a solar project from predevelopment to completion. The direct ownership model, as described previously, requires significant administrative inputs: contractor selection, site selection, procurement decisions, financial underwriting, and engagement with local utility companies and electricity market regulators. This project development process may be too administratively burdensome for any one school district to conduct alone, particularly when limited staff time must also be allocated to instructional, management, and community engagement concerns. Unfortunately, school districts whose facilities, staff, and students might benefit most from the savings that solar can provide are likely the least capable of independently developing and financing such a project.¹⁶

In this situation, there is another option. School districts can work closely with their state government—specifically a state green bank or another decarbonization-focused state financial instrumentality (e.g., economic development authorities, bond banks, or housing finance agencies)—to complete school solar projects through state management. State green banks—institutions with missions to finance the transition to clean energy and address the climate crisis—are often especially qualified to build the capacities for project development. Their energy sector expertise also allows them to engage with utility companies, particularly where planning distributed energy projects like school solar is concerned. Given these strengths, school districts should see state green banks as promising partners in project development.

¹⁶The Center for Public Enterprise has written about this dynamic previously: “To avoid losing money on PPAs, schools must engage in complicated negotiations over rates structures, fees, and the distribution of revenues from tax credits, RECs, and surplus generation sold into the wider electricity grid. More often than not, school districts lack the expertise to negotiate PPAs, foregoing larger savings or even losing money in the process.” See Advait Arun and Yakov Feygin, “Special Purpose Vehicles,” Center for Public Enterprise, June 5, 2024, <https://publicenterprise.org/report/special-purpose-vehicles/>.

The advantages of green bank involvement begin in the predevelopment phase. For example, a green bank can prequalify eligible solar developers and maintenance contractors, ensuring they can meet statewide standards for construction quality, procure essential inputs, ensure project upkeep, and otherwise comply with state and federal law. Identifying appropriate developers—who, ideally, utilize unionized labor—is essential for setting high performance and workforce standards, avoiding unnecessary planning delays, and building a longer-term relationship with key labor and developer groups. Green banks can also help identify additional school districts interested in participating in a school solar program and conduct predevelopment studies at each potential site. Once the sites are identified and contractors selected, the green bank can model installation costs, financing costs, potential revenue streams, and projected energy savings for schools.

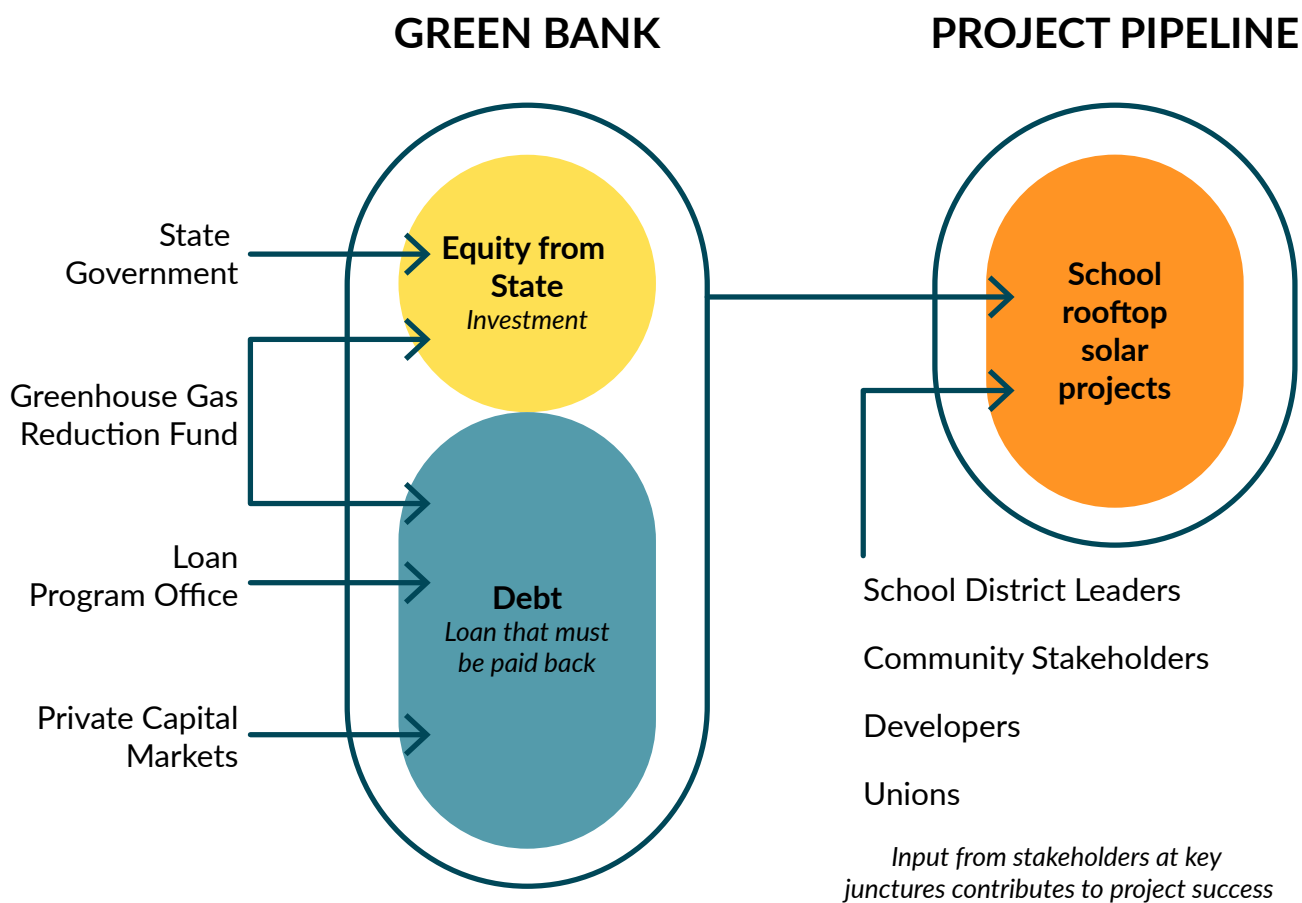
Because the green bank will own the equipment and be responsible for operation and upkeep, schools will have to negotiate PPAs with the bank to ensure the school itself receives the savings from net-metering and other measures for defraying cost. **However, these “public-public” PPAs differ significantly from conventional PPAs with private developers. Whereas the latter are intrinsically shaped by the fact that the private developer seeks to turn a profit, the former are (ideally) supported by a public mandate to pursue energy savings—and a healthy environment—over returns.** (Schools may need to negotiate with their local distribution utility companies to secure net-metering agreements.¹⁷ Green banks can potentially support this net-metering negotiation as well.)

In terms of securing startup financing, green banks have resources that individual districts do not. For example, a green bank can borrow at scale for a project pipeline that comprises multiple districts. The larger transaction size substantially reduces the share of underwriting and “facility management” fees in a project’s total cost structure.

¹⁷In some instances, the distribution utility may be the same as the generation utility. For example, a school-site project in Northern California will fall under the auspices of PG&E, a vertically integrated utility that both owns generation facilities and distributes energy to consumers but operates under rules set by CAISO, the statewide transmission and interconnection authority. A school-site project in Pennsylvania, on the contrary, will work with a local distribution utility, such as Duquesne Light, Co., which itself buys electricity from independent/merchant generation utility companies selling electricity onto a grid run by PJM, the regional transmission and interconnection authority.

More important, however, is green banks' capacity to borrow. Green banks' energy project portfolios are likely more creditworthy than any school district's; setting aside the variability in school district credit ratings across the country, lenders trust that a green bank can manage energy projects.

Green banks can also more easily draw on federal funding. Through what is known as the "State Energy Financing Institution Carveout" to the US Department of Energy's Title 17 lending authority, a state green bank that proposes a project pipeline over \$100 million can draw on extremely concessional debt financing from the Department of Energy's Loan Programs Office. This carveout allows green banks building large project pipelines to avoid seeking a majority of their financing from private capital markets. School districts, whose creditworthiness varies and whose project pipelines are unlikely to reach \$100 million, cannot avail themselves of this funding source.



Green banks can work together with school districts to build rooftop solar by centralizing financing sources and handling project administration across districts

In terms of repayment, green banks are compensated via energy sales and direct pay. Schools pay only for the energy—the green bank covers installation, operation, and maintenance. (In return for using schools’ roofs, green banks may even pay schools some nominal “roof rent” as well.) After the IRS’s “recapture” period—the period after which the IRS can no longer claw back tax credits or direct payment from eligible project owners (typically after five to seven years)—has ended, the green bank may transfer ownership of the projects to school districts themselves (should they want and have the capacity to take ownership).

Conclusion: [In states with green banks](#)—or with financial authorities that are equipped to support energy development more generally (e.g., economic development authorities)—green bank-led development is the most scalable and equitable model for financing and scaling up a school solar program. Green bank-led development reduces the financial and administrative burden on schools while optimizing their energy savings via favorable PPA agreements. Taxpayers benefit as well, as revenues from energy sales into the wider utility distribution grid are captured by the green bank for reinvestment into additional public programs.

Recommendations for Green Banks Working on School Solar

These recommendations can guide green banks—as well as the school districts working with green banks—toward best practices for successful, equitable partnerships.

1. Even if school districts develop their own projects, the state should be standardizing the development and procurement landscape by prequalifying eligible high-road contractors and engaging with labor unions. This kind of supply chain management is something that a state institution is best capable of doing relative to any individual school district or community organization. Some large school districts may already have preferred development partners, but most do not. It is useful for the state to create a platform for these districts, and large school districts should encourage their preferred partners to secure state prequalification.
2. Green banks should be supporting school solar financing through concessional loans even if schools are individually developing solar projects. In other words, green banks should shield schools as much as possible from having to raise financing for energy projects themselves. School districts' capacity to finance their own facilities upgrades depends on their property tax base and their credit ratings on bond markets. Many poorer school districts are poor because their property tax bases are poorer, and thus their credit ratings suffer due to their decreased debt servicing capacity. These are not equitable conditions under which infrastructure financing should proceed.¹⁸
3. Districts can push for supportive legislation and programs that facilitate public financing and ownership of public school solar. Pennsylvania's Solar for All grant program, for example, knits together federal and state funding to ensure public K-12 schools, community colleges, and career technical schools minimize upfront cost while realizing the full benefits of solar for their campuses.

¹⁸Texas, for example, has a "Permanent School Fund" which provides credit enhancements to school districts issuing bonds to pay for facilities upgrades. Most school districts in Texas that use this program are thereby insulated from private judgments of their individual creditworthiness. This is perhaps the country's best example of how states can offer school districts more equitable access to infrastructure financing. <https://texaspsf.org/bond-guarantee-program/>.

Conclusion

The IRA changed the landscape for funding solar on public schools. While PPAs have been and remain the most common path for financing solar, districts should take new options facilitated by the IRA—direct ownership and state green bank ownership chief among them—into consideration to maximize the full benefits of transitioning to solar energy.

The reality of public schools across the United States presents challenges beyond finding solar financing, however. For example, schools may have deferred maintenance on rooftops, which could delay—or, in some cases, rule out—rooftop solar installation. (School solar is often built over school parking lots or fields for this very reason.) Indeed, many districts may have more urgent, short-term infrastructure needs like remediating asbestos or ensuring students have safe drinking water. Sequencing the necessary work is just as critical as finding financing and securing support.

Despite these challenges, transitioning our public schools to renewable energy is an essential and consequential step toward mitigating the effects of the climate crisis. Solar power systems can transform schools into sites of clean air, safe temperatures for learning and play, and resilient power that may prove vital in times of emergencies. Fortunately, embracing school solar can be a win-win, simultaneously improving schools' environmental conditions and realizing savings that can be allocated toward student learning and wellbeing, safe staffing levels, and infrastructural renovations and repair.

School solar provides real benefits to entire communities—students, staff, workers, neighbors. Although school solar is just one aspect of a healthy school community, it is an essential step that can set the school and the district up for long-term success.

Recommendations

1. **Where feasible, the optimal path to realizing school solar is through collaboration with a green bank or state finance authority.** This approach reduces or eliminates the administrative and financial burden on schools, allows state institutions to develop and manage projects across the entire portfolio, and ensures favorable rates and savings for districts.
2. If green-bank or state-authority financing is not possible, **the next best option in terms of cost effectiveness and direct benefits to the school is direct ownership.** With the new direct pay (or elective pay) provisions of the IRA, schools can be directly reimbursed for up to 70% of their costs.¹⁹ Direct pay can also be combined with additional federal funding and financing opportunities.
3. If neither of the above options are feasible, **then a PPA can bring desired savings and environmental benefits.** It will be crucial for schools to negotiate a favorable agreement and ensure they are working with vetted developers.
4. If schools are working with a developer or group on a solar system assessment, they should ask for a report that includes figures for both cash financing and a PPA in order to make the decision that works best for their district.

Contact Us

If you'd like to connect about this report, please email chelsea@buildingresource.org.

¹⁹Congressional Progressive Caucus Center, "FAQs on Direct Pay," July 1, 2024, <https://www.progressivecaucuscenter.org/direct-pay-faqs>.