Healthy School Finance

Rethinking Debt in the Movement for Green Public Education Facilities

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Contents

Key takeaways

- In the United States, funding for public K–12 facilities is highly dependent on access to credit conditioned by the fiscal "health" of school districts, the expertise and judgements of private financial intermediaries, and the expectation of investor returns.
- Green school infrastructure projects pose different funding issues from those of operating expenses; as a practical matter, some form of debt financing is necessary in many cases.
- The burden of odious debt obligations is ultimately borne by students, teachers, staff, and broader school communities, exacerbating systemic pressures that in part drive districts into debt in the first place.
- Organizing for non-extractive forms of debt financing can be part of a broader project to build real public capacity for the coordination and democratic oversight of investment in green facilities that students, teachers, and communities desperately need.

Los Angeles

By the end of 2024, the Los Angeles Unified School District (LAUSD) seemed well-poised to pursue an ambitious climate agenda. Driven by demands won by United Teachers Los Angeles (UTLA) in its most recent round of contract negotiations, the district had already agreed to implement a union-crafted Healthy Green Public Schools plan including solar panel installation, lead abatement, and electrification of the district's bus fleet. While questions of funding were still up for debate, that November, Los Angeles voters authorized "Measure US," enabling the school district to issue $9 billion in bonds to help pay for green projects alongside much-needed facilities maintenance and retrofitting. Coupled with the potential to receive additional resources from a $10 billion statewide school construction fund—financed through bonds approved by California voters in that same election—LAUSD appeared to have reliable options for moving toward a green transition.

By the end of January 2025, a series of devastating wildfires had shaken up the district's priorities. More than $2 billion of funding from the Measure US bonds

has been directed to rebuild schools completely destroyed by fires and accelerate disaster preparation for facilities across the district. Meanwhile, the potential for statewide funds to be channeled toward Los Angeles schools has left some smaller California districts anxious about their own critical infrastructure needs going unmet. Debt casts a long shadow over both contingencies. In fiscal year 2023, LAUSD paid more than half a billion dollars in interest alone on its existing long-term obligations. As legacy debt service eats into the district's operating budget, and with few other options for raising capital funds, an expansive vision for Healthy Green Public Schools must now be reconciled with more immediate needs. The entanglement of credit and climate poses specific challenges for Los Angeles public schools, but it also signals a broader predicament within the fractured and enigmatic system of financing local infrastructure across the United States. As the climate crisis escalates, debt raised to fund a greener future may be diverted to reckon with the consequences of unsustainable choices past and present. Unless funding drastically increases, districts will be caught in a never-ending cycle of climate catch-up.

Introduction

Public K–12 school infrastructure occupies a precarious space within the polycrisis. As part of its 2025 Report Card for America's Infrastructure, the American Society of Civil Engineers (ASCE) assigned a grade of D+ to public school facilities. The average age of instructional buildings in the United States is 49 years, with nearly 40 percent of these facilities built prior to 1970.[1] In far too many districts across the country, school infrastructure is plagued by deferred maintenance, the presence of toxic materials, and dilapidated building systems designed for a climate that no longer exists. One study by the Center for Climate Integrity estimates that an additional 13,700 school facilities in the United States will need air conditioning systems at an expense of more than $40 billion.[2] During extreme weather and seismic events, cafeterias, gymnasiums, and other large school facilities often serve as centers for coordinating recovery efforts and sheltering displaced community members, yet districts often lack sufficient funding for retrofits needed to support this increasingly essential

[1] American Society of Civil Engineers, "2025 Report Card for America's Infrastructure: Schools," 2025, https://infrastructurereportcard.org/cat-item/schools-infrastructure/.

[2] Center for Climate Integrity, "Hotter Days, Higher Costs: The Cooling Crisis in America's Classrooms," 2021, https://coolingcrisis.org/uploads/media/HotterDaysHigherCosts-CCI-September2021.pdf.

function.[3] From replacing lead pipes to decarbonizing energy use, school capital needs far outpace the resources available to provide universally adequate learning conditions, much less a green and resilient footprint. The 21st Century School Fund estimated that, by 2021, the annual funding gap for school infrastructure in the United States to achieve what ASCE calls a "state of good repair" reached $85 billion.[4]

Capital spending in districts across the country, fueled in large part by borrowing, has remained much higher than state-level revenues available for school infrastructure for decades.

Financing for K–12 facilities in the United States is highly dependent on access to credit conditioned on the "full faith and credit" of an issuing authority. While federal money for public education is as unreliable as it has ever been, it has rarely been used to fund facilities at scale in the first place. Meanwhile, capital spending in districts across the country, fueled in large part by borrowing, has remained much higher than state-level revenues available for school infrastructure for decades. Within this system of education federalism where school funding is contingent on community resources—and, increasingly, the prerogatives of "school choice"—broader racial and class inequities are reflected in, and reproduced through, the physical state of public school buildings.[5]

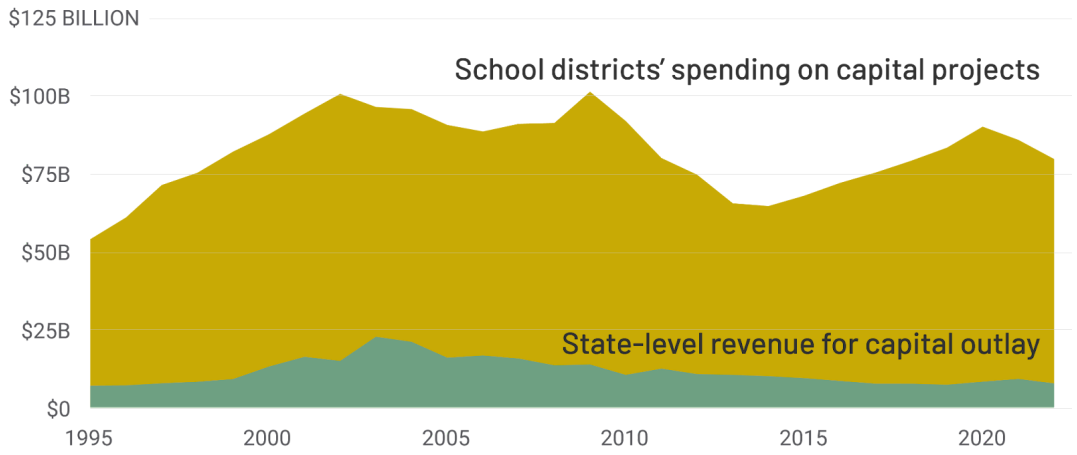
[3] Cassandra R. Davis et al., "The Roles of Schools as Sites for Recovery," Education Policy Initiative at Carolina, UNC, 2021, https://epic.unc.edu/wp-content/uploads/sites/1268/2021/09/NSF-2-Roles-of-Schools_Final_1.15.21.pdf.

[4] 21st Century School Fund, "2021 State of our Schools: America's PK–12 Public School Facilities," 2021, https://www.21csf.org/uploads/pub/SOOS-IWBI2021-2_21CSF+print_final.pdf.

[5] Frances Negrón-Muntaner and Jason Wozniak, "Indebting Children: Context, Consequences, and Contestation of K–12 Educational Debt," *South Atlantic Quarterly* 124, no. 3, 606–623 (2025), https://doi.org/10.1215/00382876-11850317.

Because school capital needs are much higher than available federal and state funding, local districts have to make up the difference themselves, often through debt financing.

National total of school districts' capital expenditures versus revenue, 1995–2022



Source: Climate and Community Institute, using data from National Center on School Infrastructure[6]

How should public education organizers, both practically and expansively, face that perennial doubt: "How are you going to pay for that?"

Federal resources can and should be leveraged to address historical injustices and retrofit public education facilities. But in a deeply uncertain political climate nationally, it is critical to consider pathways to green public education facilities at the state and local level. When the urgent necessities of decarbonization, disaster preparedness, and expanded services are on the line for students, teachers, and the wider communities that public schools serve, how should public education organizers, both practically and expansively, face that perennial doubt: "How are you going to pay for that?" This question is haunted by the dilemma of debt.

[6] National Center on School Infrastructure, "Interactive Data Dashboard on Public School Facilities Funding," accessed October 27, 2025, Chart 3, https://school-infrastructure.org/resources/interactive-data-dashboard-on-public-school-facilities-funding-bck. The figures in this chart are adjusted for inflation to 2024 dollars.

The perils and possibilities of debt

Regular sources of revenue are usually unable to meet the immediate financial strain of infrastructure projects. Bonds are a common financial instrument that public school districts utilize to secure that upfront capital, most often from private sources.

In the United States, debt financing for local infrastructure has a long and politically complex history stretching back more than two centuries. While fiscal austerity currently exacerbates the drive toward debt, the logistical realities of capital projects pose fundamentally different funding issues from those of operating expenses. Because facility upgrades and maintenance incur larger and more irregular costs than teachers' salaries or curricular materials, regular sources of revenue, such as annual tax levies, are usually unable to meet the immediate financial strain of infrastructure projects requiring a good deal of upfront capital and time horizons spanning months (if not years).[7] Bonds are a common financial instrument that public school districts utilize to secure that upfront capital, most often (but not exclusively) from private sources. Investors—both individuals and institutions such as mutual funds or insurance companies—purchase bonds in exchange for a promise that districts will repay the principal amount of debt along with interest at a fixed, or sometimes variable, rate. Repayment can stretch from a few years to a few decades depending on the size of the bond and a district's fiscal capacity. Because districts rely on the expertise of consultants, lawyers, and financial intermediaries to issue bonds, they incur additional costs in the form of fees and, in certain cases, higher risks of exposure to market volatility.

With pandemic-era federal aid running out, 2025 has seen a spike in school bond sales driven by elevated construction costs and "pent-up demand" for new and upgraded facilities.[8] By the end of fiscal year 2023, outstanding school district debt across the United States was already more than $586 billion, while school systems in Los Angeles and Chicago combined spent more than one billion dollars on interest alone. Meanwhile, more than $111 million in interest payments made by the Houston Independent School District went to investors such as US

[7] David I. Backer and Camika Royal, "Toxic Finance: Underinvestment in Philadelphia's School Buildings, 1993–2021," *Journal of Educational Administration and History* 57, no. 1 (2024): 74–91, https://doi.org/10.1080/00220620.2024.2368770.

[8] Erin Hudson, "US School Districts Rush to Sell Bonds After Draining Covid Cash," *Bloomberg*, June 30, 2025, https://www.bloomberg.com/news/articles/2025-06-30/us-school-districts-rush-to-sell-bonds-after-draining-covid-cash.

Secretary of Education Linda McMahon who, according to one conservative estimate, earns more than $900,000 every year in interest on public school bonds originating in two dozen states.[9] While not generally promising huge financial rewards, bonds offer investors a way to "diversify" their portfolios with slower and steadier forms of passive income in a fixed-rate credit market. The very low risk school district bonds make them attractive for this purpose; and because interest income derived from municipal bonds is exempt from federal taxation, they are particularly popular with wealthier investors as a means to reduce overall tax liabilities.

Absent facilities grants or low-to-no-interest debt, school districts are left to weather the harsh terms of credit market "coordination" where debt is one relatively anonymous, tradable asset among many.

Infrastructure investment is fundamentally a problem of coordinating money, labor power, knowledge, and materials. Absent the kinds of facilities grants bundled into a federal Green New Deal for Public Schools, or the low-to-no-interest debt facilitated by truly public and democratic financial institutions, school districts are left to weather the harsh terms of credit market "coordination" where debt is one relatively anonymous, tradable asset among many. This regime of nominally public finance at the district level is, in reality, a public-private system of organizing crucial investments around a logic of financial return rather than demonstrable, evidence-based need. Where access to debt is conditioned on fiscal "health," some districts can borrow easily and cheaply to finance state-of-the-art climate-ready facilities. Others are caught in cycles of debt and chronically deferred maintenance, or are shut out of the market altogether—exacerbating already harsh racial and class inequities between and within school districts.

The injustices of debt financing as it currently exists make it a thorny subject on the left. Progressives are used to thinking of budgets as "moral documents," but often lack the vocabulary to wrestle with the (im)morality of institutional debt. The temporality, scale, and necessity of institutional debt, while not totally separated from the struggle against individual and household debt, presents distinct organizing challenges. Nonetheless, organizers in higher education have effectively defined institutional debt as a set of power relationships.[10]

[9] Kalyn Belsha,. "Linda McMahon Invested In Dozens of Bonds Funding Public School Projects across the US," *Chalkbeat*, February 12, 2025, https://www.chalkbeat.org/2025/02/12/education-secretary-nominee-linda-mcmahon-invests-in-public-school-bonds/.

[10] Eleni Schirmer et al., "Making the Invisible Visible: Organizing against the Instructionally Harmful, Antidemocratic Effects of Institutional Debt," *AAUP Journal of Academic Freedom* 12 (2021), https://www.aaup.org/JAF12/making-invisible-visible-organizing-against-instructionally-harmful-antidemocratic-effects.

Underneath mathematical formulas underlying financial decision-making lies a system of power relations through which the capacity to act, mitigate risk, and mobilize resources is hitched to the profit motive.

Underneath mathematical formulas underlying financial decision-making—which are far less objective than non-experts often realize—lies a system of power relations through which the capacity to act, mitigate risk, and mobilize resources is hitched to the profit motive.[11] Those relations should, and can, be challenged, rewired, and democratized according to real needs. Too often, borrowers are the target of blame, or self-blame, for negative outcomes of extractive debt relations determined by creditors. To that misplaced guilt, one can add the obscurity of financial jargon and quantification itself. As educator and organizer Eleni Schirmer writes: "It's hard to politicize an issue that makes people either fall asleep or feel stupid."[12] Yet politicize, and demystify, organizers must.

The process and practitioners of school debt financing

The bond process often begins, nominally, with a democratic process. In most states, school district bond issuance requires voter approval; in some, a voter supermajority is needed.[13] Since school district bonds usually fall under the category of a "general obligation," the loan principal and interest that are incurred are ultimately repaid through higher local taxes. Another form of municipal debt instrument, less typically used by school districts, are revenue bonds, the principal and interest on which are paid for by leases, user fees, or another specific source of revenue tied to the capital project. Coupled with common, though not universal, statutory limits imposed on the amount of debt districts are able to take on, relatively high barriers of entry to debt financing can make it difficult for lower-wealth and strained districts to

[11] Rachel Weber, for instance, has written about the presentist biases embedded within the "time value of money" principle guiding how project discount rates are calculated. See: Rachel Weber, "Embedding Futurity in Urban Governance: Redevelopment Schemes and the Time Value of Money," *Environment and Planning A: Economy and Space* 53, no. 3 (2020): 503–24, https://doi.org/10.1177/0308518X20936686.

[12] Eleni Schirmer, "School Debt: The Great Unequalizer," *Rethinking Schools* 37, no. 4 (2023), https://rethinkingschools.org/articles/school-debt-the-great-unequalizer/.

[13] Barbara Biasi et al., "School Capital Expenditure Rules and Distribution," *AEA Papers and Proceedings* 111 (2021): 450–54, https://doi.org/10.1257/pandp.20211040.

fund capital projects, at least on reasonable conditions.[14] In Gervais, Oregon, eight failed bond referenda over the course of more than three decades brought the rural community's school district to the brink of closure in 2024.[15] In Northern California, the Weed Union Elementary School District borrowed from its own reserves in a desperate attempt to replace mold-infested buildings—after trying, and failing, to secure loans from both the state and private banks. The move left the district insolvent and effectively barred from the municipal bond market.[16] At the outset, it is impossible to separate the politics of school debt from the broader racial and class politics of metropolitan inequality and segregation (driven in no small part by white backlash to de jure desegregation of public schools in the mid-20th century).[17]

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In any case, the actual terms of a bond issue are not usually subject to the light of public scrutiny, much less democratic oversight. If and when a school district wins approval to issue a bond for capital expenditures, it will contract with one or more underwriters, such as large commercial banks or investment firms, to purchase the debt, structure it as a security product, and sell those securities to investors. Credit rating agencies ultimately determine a district's risk of non-repayment and underwriters, consultants, and others use this information to decide how much interest will be paid on the bond. Underwriters also negotiate the bond's "maturity," or the date by which the principal must be paid back in full. For these services, along with the costs of financial and legal guidance from third parties, school districts pay underwriters' discounts as well as upfront fees out of their operating budgets.

Traditionally, municipal bonds have fixed interest rates over the course of their lifespans. But as a bond structure becomes more complex, intermediaries can collect higher fees. Complex municipal debt

[14] Elinor Williams and Akira Drake Rodriguez, "Funding a Green New Deal for Public Schools," Climate and Community Institute, September 2023, https://climateandcommunity.org/research/memo-funding-gnd-public-schools/.

[15] Bill Poehler, "Gervais School District to Consider Closing If Bond Proposal Fails in 2024 Election," *Statesman Journal*, April 8, 2024,, https://www.statesmanjournal.com/story/news/politics/elections/2024/04/08/gervais-school-board-says-bond-passage-is-key-to-districts-survival/73044141007/.

[16] Jessica Skropanic, "SCOE Hashes out New Financial Plan with Weed Union School District: Here's What It Will Do," *Mount Shasta Herald*, September 14, 2022, https://www.mtshastanews.com/story/news/2022/09/14/siskiyou-county-weed-union-school-district-education/7966604001/.

[17] Akira Drake Rodriguez et al., "Transforming Public Education: A Green New Deal for K–12 Public Schools," Climate and Community Institute, 2021, https://climateandcommunity.org/research/gnd-for-k-12-public-schools/.

In many instances, the risk-taking norms of private finance have migrated directly into school governance by way of financial officers with experience on Wall Street.

arrangements have become more common in recent decades, particularly in the years leading up to the Great Recession. Variable rate securities, for instance, can lower upfront costs but require districts to speculate on shifting movements in the bond market in order to obtain the best interest rate possible. The byzantine terms of such "creative financing" exacerbate information asymmetries between districts and their financial market intermediaries; and in many instances, the risk-taking norms of private finance have migrated directly into school governance by way of financial officers with experience on Wall Street. These factors have led some districts to downplay the additional financial perils hitched to debt products like auction rate securities, wherein investors continually bid on interest rates at regular intervals. In Chicago and Philadelphia, the complete collapse of markets for precisely this instrument during the Recession led to spiking interest rates and additional burdens for school districts—such as the cost of terminating interest rate swap contracts—on the order of magnitude of hundreds of millions of dollars.[18] Meanwhile, following the financial crisis, districts across California began issuing a number of controversial capital appreciation bonds, allowing the deferral of interest payments for years in hopes of an improved economic outlook down the road. The cost of these bets have been wildly inflated interest expenses, up to 20 times the amount of the principal amount owed.[19]

The intermediary power of underwriters begs critical questions about the interests guiding negotiations between public institutions issuing debt and the private firms that package and sell it. Underwriters have a clear fiduciary duty to investors, and in order to make securities more attractive, they are incentivized to increase the cost of borrowing as much as possible.[20] School districts, in theory, want exactly the opposite. The Municipal Securities Rulemaking Board—a regulatory organization overseeing the national municipal bond market—even stipulates that underwriters are obligated to operate at "arm's length" from the public bodies they are agents of, nominally in order to curb

[18] Amanda Kass et al., "Taking a Risk: Explaining the Use of Complex Debt Finance by the Chicago Public Schools," *Urban Affairs Review* 55, no. 4 (2019): 1035–69, https://doi.org/10.1177/1078087417748782.

[19] Dan Weikel, "Risky Bonds Tie Schools to Huge Debt," *Los Angeles Times*, November 29, 2012, https://www.latimes.com/archives/la-xpm-2012-nov-28-la-me-school-bond-20121129-story.html.

[20] Kass et al., "Taking a Risk."

potential collusion between governments and private financial actors.[21] But in practice, these lines are already blurred by often long-term working relationships between districts and specific underwriters, and the general accommodation of Wall Street norms in lieu of alternative forms of expertise or visions of what public finance is supposed to achieve.

These issues are compounded by the deep, structural power of credit rating agencies to determine which districts are literally worthy of investment. Using letter-grade, ordinal scales, municipal ratings for both bond issues and issuers alike are judged relative to other ratings: The grades do not represent a precise probability of repayment in and of itself.[22] Districts can enhance a rating by purchasing private bond insurance or, in some places, enrolling in a state program that will either guarantee repayment or allow for state aid to be "intercepted" by bondholders in the event of non-repayment.[23] The rating industry is a true oligopoly dominated by three firms—S&P Global Ratings, Moody's Ratings, and Fitch Ratings—which together evaluate virtually all government securities. Nearly 90 percent of those securities are rated by S&P and Moody's, and the largest stockholders in these two publicly listed companies include some of the world's most powerful asset managers, such as the Vanguard Group and BlackRock.[24] Paid for by bond issuers, credit ratings reflect an assessment of how likely a district is to be able to fully pay back its debt, on time, according to a number of quantitative and qualitative indicators: from student enrollment to the fiscal "health" of a district's tax base and even its governance structure, particularly with regard to pension plans and collective bargaining agreements, which raters generally disfavor. Conversely, rating agencies place a high value on cash reserves, leading districts to withhold spending on instruction and services in order to meet a rater's threshold for consistent "potential liquidity." Climate risks are increasingly bundled into such assessments as well, albeit filtered through a distinct focus on how disasters impact a

Rating agencies place a high value on cash reserves, leading districts to withhold spending on instruction and services.

[21] Kass et al., "Taking a Risk."

[22] Giulia Mennillo, *Credit Rating Agencies*, (Agenda Publishing, 2022), https://doi.org/10.1017/9781788211949.

[23] Lang (Kate) Yang, "School District Borrowing and Capital Spending: The Effectiveness of State Credit Enhancement," *Education Finance and Policy* 19, no. 4 (2024): 634–64, https://doi.org/10.1162/edfp_a_00413.

[24] Mennillo, *Credit Rating Agencies*.

borrower's ability to repay (e.g., disrupted revenue from lost or damaged property or population displacement).[25]

The burden of toxic debt relations are ultimately placed on the backs of students, teachers, staff, and broader school communities, exacerbating systemic pressures that drive districts into debt in the first place: minimal federal aid and flatlined state funding.

At the end of the day, legal commitments to pay back private bondholders (rolled into "bond covenants") supersede other budgetary priorities. Finding revenue for debt service has led school districts to take drastic measures, from cuts to operating costs to selling off school properties and, ironically, taking on more debt. The burden of toxic debt relations are ultimately placed on the backs of students, teachers, staff, and broader school communities, exacerbating systemic pressures that drive districts into debt in the first place: minimal federal aid and flatlined state funding. In cities across the United States, recent history attests to how debt can trap school districts in vicious cycles of austerity with no clear end. Can the power relationships conditioned by debt be reimagined as not simply fairer, but equitable, democratic, and driven by public priorities?

Chicago / Philadelphia

While many school districts across the United States grapple with the pitfalls of debt financing, in few places has it become such a hot-button issue as in Chicago and Philadelphia. Both districts remain saddled with legacy debt obligations stretching back to toxic, variable-rate deals concocted in a pre-Recession environment of financial deregulation and growing investor interest in municipal bonds. Having deployed "creative financing" in the 2000s to fund new school construction amid declining enrollment, by the following decade, Chicago Public Schools had resorted to pausing pension contributions, cutbacks in operating expenses, and "right-sizing" its overbuilt real estate portfolio—closing more than 50 schools disproportionately serving Black students—in order to balance a budget supplemented by even more bond issues to fulfill debt service payments. The School District of Philadelphia (SDP) likewise shuttered nearly 30 schools and totally ceased capital spending between 2012 and 2014 as it sought to address a more than $300 million loss in the Recession's wake.

[25] Daniel A. Shtob, "Climate Change and Municipal Bonds across Scales: Credit Ratings and the Challenges of Emergent Risk in Small Localities," *Finance and Space* 1, no. 1 (2024): 368–88, https://doi.org/10.1080/2833115X.2024.2394501.

In both districts, austerity conditions have not been taken lightly. For more than a decade, the Chicago Teachers Union (CTU) has been at the forefront of fights for more equitable public school finance, from lobbying the state of Illinois to change its school funding formula to organizing campaigns around progressive taxation. These efforts (alongside CTU's recent contract negotiations) have increasingly centered climate concerns in a district where school buildings are, on average, older than 80 years and in dire need of green retrofits. In Philadelphia, simmering discussions around the burdens of school debt culminated in a (ultimately unsuccessful) pandemic-era campaign aimed at pushing the Federal Reserve Bank of Philadelphia to facilitate direct, low-interest federal lending for green school infrastructure projects. Across the country, politicizing school finance remains complicated by strategic questions of where, and at what scale, to effectively place pressure.

Toward healthy school finance

Organizers and their allies might begin to consider a form of healthy school finance based not just on procedural reforms, but also on leveraging democratic power across as many points in that system as possible.

In the context of public education, David I. Backer and Camika Royal have defined toxic finance as "policies and practices that lead to toxic infrastructure."[26] This framework encourages greater awareness of how the formulas of high finance touch down into the everyday lives of public school teachers, students, and communities. Toxic finance not only exposes school districts to the capriciousness of debt markets, but also pushes districts to engage with the kinds of risky debt instruments not typically associated with public institutions. If toxic school finance is a system of unequal power relations wherein the devil is truly in the details, then organizers and their allies might begin to consider a form of healthy school finance based not just on procedural reforms, but also on leveraging democratic power across as many points in that system as possible.

Bargaining for the common good (BCG) is a well-established organizing strategy through which union contract negotiations become a platform to expand demands beyond higher wages and better benefits into broader community issues, from public services and immigration to

[26] Backer and Royal, "Toxic Finance."

racial and climate justice.[27] Public education unions have enthusiastically engaged in BCG in recent years. In the spring of 2025, for instance, the CTU won a contract that included provisions for, among other things, affirming the sanctuary status of Chicago public schools in the face of threats from the Trump administration.[28] Like UTLA just a few years before, CTU also advocated for, and won, investments in much-needed facilities repairs and decarbonization projects.[29] Organizers in higher education have already broached the question of whether lending conditions might be subject to collective bargaining, and through what legal and contractual means such a call could be advanced.[30] Expanding the purview of BCG to debt financing conditions for K–12 school capital expenditures may enable unionized teachers to tap into and help steer a process by which other pressing matters of environmental, educational, and racial justice can be more effectively addressed.

Union leverage in school debt financing can begin with auditing a district's debt. Beyond budget documents—a good starting point for assessing a district's debt burden—data on bond issues can be found through public sources such as Electronic Municipal Market Access (maintained by the Municipal Securities Rulemaking Board) or in district credit reports published by rating agencies. These documents not only hold practical information about bond lifecycles, interest rates, and intermediaries (including underwriters and consultants), but also provide a glimpse into what the stakes of public education provision look like from the perspective of private financial intermediaries. When Moody's matter-of-factly asserts in a credit opinion for SDP that "maintenance of reserves above 17.5% of revenue" is a pretext for upgrading the district's rating, organizers can read that as clear support for budgetary austerity and act accordingly.[31]

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[27] Bargaining for the Common Good, website, accessed July 9, 2025, https://www.bargainingforthecommongood.org.

[28] Kari Lydersen, "Against Trump, For the Common Good: What Chicago Teachers Won in Their Latest Contract," *In These Times*, April 18, 2025, https://inthesetimes.com/article/chicago-teachers-union-contract-trump-sanctuary-common-good.

[29] Ruthy Gourevitch and Batul Hassan, "The Growing Fight for Green Economic Populism," *In These Times*, August 5, 2025, https://inthesetimes.com/article/green-economic-populism-climate-social-housing-chicago.

[30] Schirmer et al., "Making the Invisible Visible."

[31] Moody's Ratings, "Credit Opinion: Philadelphia School District, PA," October 10, 2024, https://www.philasd.org/finance/wp-content/uploads/sites/789/2024/12/Credit_Opinion-Philadelphia-School-District-Moodys.pdf.

Cover page from 2023 School District of Philadelphia bond statement

The Cover page summarizes basic legal conditions of the bond issues and includes a brief description of their purposes. Funds from the "Series B" bonds, for instance, are designated for green projects specifically. The entities listed at the bottom of the page are the bond underwriters.

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS: (See "Ratings" herein)

In the opinion of Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, the Bonds are exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.

THE SCHOOL DISTRICT OF PHILADELPHIA

THE SCHOOL DISTRICT OF PHILADELPHIA

$342,655,000 GENERAL OBLIGATION BONDS, SERIES OF 2023

Consisting of:

$292,855,000 General Obligation Bonds, Series A of 2023	**$49,800,000 General Obligation Bonds, Series B of 2023 (Green Bonds)**

Dated: Applicable Date of Delivery **Due: As Shown on Inside Cover Page**

The $342,655,000 School District of Philadelphia General Obligation Bonds, Series of 2023, consisting of $292,855,000 General Obligation Bonds, Series A of 2023 (the "Series A Bonds") and $49,800,000 General Obligation Bonds, Series B of 2023 (Green Bonds) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchases of beneficial ownership interests in the Bonds will be made in book-entry-only form. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds. The Bonds will be issuable in denominations of $5,000 or any integral multiple thereof. Principal and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Philadelphia, Pennsylvania, as sinking fund depository, fiscal agent, registrar and paying agent (the "Fiscal Agent"), directly to Cede & Co., as nominee for DTC, for redistribution by DTC to its participants and in turn to purchasers of the Bonds as described herein. See APPENDIX F attached hereto. Interest on the Bonds shall be paid on each March 1 and September 1, commencing on March 1, 2024.

The proceeds of the Series A Bonds are being used by The School District of Philadelphia (the "School District") to pay: (i) the costs of certain capital projects to be undertaken by the School District; and (ii) the costs of issuance of the Series A Bonds. The proceeds of the Series B Bonds are being used by the School District to pay: (i) the costs of certain capital projects to be undertaken by the School District which are designed to be environmentally beneficial by reducing energy usage in certain School District buildings; and (ii) the costs of issuance of the Series B Bonds.

The School District has covenanted that it will provide in its budget in each fiscal year, and will appropriate from its general revenues in each such fiscal year, the amount of the debt service payable on the Bonds for such fiscal year and will duly and punctually pay or cause to be paid from the respective sinking fund established for each series of the Bonds under a resolution expected to be considered for adoption by the School District on October 19, 2023 (the "Resolution"), or from any of its other revenues or funds, the principal or redemption price of, and interest on, the Bonds at the dates and places and in the manner stated in the Bonds. The School District has pledged its full faith, credit and taxing power for such budgeting, appropriation and payment. Certain limitations on the taxing power of the School District are described herein. See "SECURITY FOR THE BONDS" and "APPENDIX A - SOURCES OF SCHOOL DISTRICT REVENUE."

The School District has further covenanted in the Resolution to make daily deposits into the sinking funds established for the Bonds of certain School District tax revenues. See "SECURITY FOR THE BONDS - Daily Sinking Fund Deposits."

The Public School Code of 1949, as amended (the "School Code"), provides that if a school district fails to pay (or provide for payment of) any principal or interest or the amount required as a sinking fund deposit on indebtedness of the school district, the Secretary of Education of the Commonwealth of Pennsylvania is required to withhold, out of any Commonwealth appropriation due to such school district, and to pay directly to the sinking fund depository for such bonds, an amount equal to the sum of the interest and principal amount maturing or subject to mandatory redemption or the amount required as a sinking fund deposit which is owing by such school district. The Bonds are entitled to the benefits of the intercept provisions of the School Code; however, the intercept provisions of the School Code are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation. See "SECURITY FOR THE BONDS - Direct Payment of State Appropriations to Fiscal Agent."

The Bonds are subject to redemption prior to maturity as provided herein. See "DESCRIPTION OF THE BONDS."

This cover page contains certain information regarding the School District and the Bonds for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision regarding the Bonds.

The Bonds are offered when, as and if issued to the Underwriters, subject to approval as to legality of issuance by Eckert Seamans Cherin & Mellott, LLC and Ahmad Zaffarese LLC, each of Philadelphia, Pennsylvania, Co-Bond Counsel. Certain legal matters will be passed upon for the School District by the Office of the General Counsel to the School District and for the Underwriters by their Counsel, Cozen O'Connor of Philadelphia, Pennsylvania. It is expected that the Bonds will be available for delivery in definitive form through DTC in New York, New York on or about November 16, 2023.

RBC Capital Markets **Siebert Williams Shank & Co., LLC**

BofA Securities **Goldman Sachs & Co. LLC** **J.P. Morgan** **Ramirez & Co., Inc.** **Stifel Nicolaus & Company, Inc.**

Official Statement dated: October 19, 2023

Source: Electronic Municipal Market Access[32]

[32] "Official Statement Relating to The School District of Philadelphia $342,655,000 General Obligation Bonds, Series of 2023," Electronic Municipal Market Access, October 19, 2023, https://emma.msrb.org/P11802024-P21335618-P21769775.pdf.

Terms for Series B (Green Bonds) from 2023 School District of Philadelphia bond statement

This page details the "Series B" bonds issued by the School District of Philadelphia in 2023. It includes information about principals ("Amount"), interest rates, price, and yields for each year of the bond lifecycle. As defined by the Municipal Securities Rulemaking Board, yield refers to "the annual return an investor receives on a bond, based on the purchase price of the bond, its coupon rate [i.e. interest rate] and the length of time the investment is held."[33]

THE SCHOOL DISTRICT OF PHILADELPHIA
$49,800,000 General Obligation Bonds, Series B of 2023 (Green Bonds)

Due (September 1)	Amount	Interest Rate	Yield	Price	CUSIP† NO. (717883)
2024	$1,015,000	5.000%	4.150%	100.649	A85
2025	1,070,000	5.000%	4.130%	101.481	A93
2026	1,120,000	5.000%	4.060%	102.451	B27
2027	1,180,000	5.000%	4.050%	103.302	B35
2028	1,240,000	5.000%	4.050%	104.094	B43
2029	1,305,000	5.000%	4.120%	104.487	B50
2030	1,370,000	5.000%	4.150%	104.979	B68
2031	1,440,000	5.000%	4.210%	105.195	B76
2032	1,515,000	5.000%	4.260%	105.372	B84
2033	1,595,000	5.000%	4.290%	105.621	B92
2034*	1,675,000	5.000%	4.360%	105.050	C26
2035*	1,760,000	5.000%	4.480%	104.078	C34
2036*	1,855,000	5.250%	4.610%	104.990	C42
2037*	1,955,000	5.250%	4.740%	103.950	C59
2038*	2,060,000	5.250%	4.810%	103.396	C67
2039*	2,170,000	5.250%	4.890%	102.767	C75
2040*	2,285,000	5.250%	4.950%	102.298	C83
2041*	2,410,000	5.250%	5.000%	101.909	C91
2042*	2,540,000	5.250%	5.050%	101.522	D25
2043	2,675,000	5.000%	5.150%	98.144	D33

$15,565,000 Term Bond maturing September 1, 2048; Interest Rate: 5.000%; Yield: 5.260%; Price 96.413; CUSIP†: 717883 D41

Source: Electronic Municipal Market Access[34]

[33] Municipal Securities Rulemaking Board, "Municipal Bond Basics," October 2023, https://www.msrb.org/sites/default/files/2023-11/Municipal-Bond-Basics.pdf.

[34] "Official Statement."

Debt service requirements from 2023 School District of Philadelphia bond statement, 2023

This page details the actual principal and interest amounts that the School District of Philadelphia will pay for both "Series A" and "Series B" bonds over the course of their life cycles.

SCHOOL DISTRICT DEBT SERVICE REQUIREMENTS

The table below sets forth total debt service on the Bonds when issued, and the table on the following page shows the School District's outstanding general obligation bonds and lease rental debt, in each case for the fiscal years ending June 30, 2024, and thereafter:

Debt Service on the Bonds

	Series A Bonds			Series B Bonds			
Fiscal Year	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Total
2024	$ -	$ 4,482,322	$4,482,322	$ -	$ 737,388	$ 737,388	$ 5,219,710
2025	5,945,000	15,219,338	21,164,338	1,015,000	2,502,813	3,517,813	24,682,150
2026	6,250,000	14,914,463	21,164,463	1,070,000	2,450,688	3,520,688	24,685,150
2027	6,570,000	14,593,963	21,163,963	1,120,000	2,395,938	3,515,938	24,679,900
2028	6,905,000	14,257,088	21,162,088	1,180,000	2,338,438	3,518,438	24,680,525
2029	7,260,000	13,902,963	21,162,963	1,240,000	2,277,938	3,517,938	24,680,900
2030	7,630,000	13,530,713	21,160,713	1,305,000	2,214,313	3,519,313	24,680,025
2031	8,025,000	13,139,338	21,164,338	1,370,000	2,147,438	3,517,438	24,681,775
2032	8,435,000	12,727,838	21,162,838	1,440,000	2,077,188	3,517,188	24,680,025
2033	8,865,000	12,295,338	21,160,338	1,515,000	2,003,313	3,518,313	24,678,650
2034	9,320,000	11,840,713	21,160,713	1,595,000	1,925,563	3,520,563	24,681,275
2035	9,800,000	11,362,713	21,162,713	1,675,000	1,843,813	3,518,813	24,681,525
2036	10,300,000	10,860,213	21,160,213	1,760,000	1,757,938	3,517,938	24,678,150
2037	10,845,000	10,318,031	21,163,031	1,855,000	1,665,244	3,520,244	24,683,275
2038	11,430,000	9,733,313	21,163,313	1,955,000	1,565,231	3,520,231	24,683,544
2039	12,045,000	9,117,094	21,162,094	2,060,000	1,459,838	3,519,838	24,681,931
2040	12,695,000	8,467,669	21,162,669	2,170,000	1,348,800	3,518,800	24,681,469
2041	13,380,000	7,783,200	21,163,200	2,285,000	1,231,856	3,516,856	24,680,056
2042	14,100,000	7,061,850	21,161,850	2,410,000	1,108,613	3,518,613	24,680,463
2043	14,860,000	6,301,650	21,161,650	2,540,000	978,675	3,518,675	24,680,325
2044	15,660,000	5,500,500	21,160,500	2,675,000	845,125	3,520,125	24,680,625
2045	16,530,000	4,634,850	21,164,850	2,810,000	708,000	3,518,000	24,682,850
2046	17,465,000	3,699,988	21,164,988	2,955,000	563,875	3,518,875	24,683,863
2047	18,450,000	2,712,325	21,162,325	3,105,000	412,375	3,517,375	24,679,700
2048	19,495,000	1,668,838	21,163,838	3,265,000	253,125	3,518,125	24,681,963
2049	20,595,000	566,363	21,161,363	3,430,000	85,750	3,515,750	24,677,113
TOTAL	$292,855,000	$240,692,666	$533,547,666	$49,800,000	$38,899,269	$88,699,269	$622,246,935

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Source: Electronic Municipal Market Access[35]

[35] "Official Statement."

A commonly overlooked aspect of the financial system is that the savings of workers constitutes one of the biggest pools of capital in US markets. As of 2022, the nation's combined retirement assets were valued at $37.8 trillion dollars.[36] Public sector and private sector union pension funds hold $7.8 trillion of wealth.[37] For much of the 20th century, it was not at all unusual for public sector pensions to invest in local infrastructure, including schools—prior to World War II, most states actually had laws on the books restricting these funds to federal, state, and local bonds, the interest rates on which were held down by the bidding power of pension capital itself.[38] This system of "fiscal mutualism" ultimately proved vulnerable to a number of political and economic headwinds, including the narrowing of "fiduciary duty" as both concept and practice and the introduction of federal legislation that would restrict public and private sector labor's influence over retirement investment (ceding decision-making power to private asset managers).[39]

Fiscal mutualism presents a useful model for considering a more symbiotic relationship between workers' capital and public finance.

Nonetheless, fiscal mutualism presents a useful model for considering a more symbiotic relationship between workers' capital and public finance. While, in the most reductive sense, municipal bonds offer limited "returns" to pension funds—which are already tax-exempt—investment in local infrastructure at its best can also be an investment in the lives and livelihoods of working people, whether that be through affordable public transportation, clean energy utilities, or greener, more resilient public schools. "Investing in the common good" is a framework that has recently emerged around the question of affordable housing, encompassing ideas ranging from a public option for asset management, to pension fund–financed housing built by organizations such as the AFL-CIO Housing Investment Trust (which includes among its portfolio a workforce housing project for teachers

[36] John J. Topoleski et al., "U.S. Retirement Assets: Data in Brief," Congressional Research Service, September 20, 2023, https://www.congress.gov/crs-product/R47699.

[37] Vonda Brunsting et al., "Investing for the Common Good: How Workers' Pensions Can Help Solve the Housing Crisis," Americans for Financial Reform Education Fund and Kalmanovitz Initiative for Labor and Working Poor, November 2024, https://ourfinancialsecurity.org/wp-content/uploads/2024/11/AffordableHousing_final_web-1.pdf

[38] Michael R. Glass et al., "The Frail Bonds of Liberalism: Pensions, Schools, and the Unraveling of Fiscal Mutualism in Postwar New York." *Capitalism: A Journal of History and Economics* 2, no. 2 (2021): 427–72, https://dx.doi.org/10.1353/cap.2021.0009.

[39] Glass et al., "The Frail Bonds of Liberalism"; Brunsting et al., "Investing for the Common Good."

School infrastructure itself can be leveraged to help stabilize strained district budgets and, by extension, the broader communities in which they are embedded.

in an underserved rural community in West Virginia).[40] In tandem with BCG, a less intuitive "investor-side" strategy could empower workers—especially educators—to leverage "labor's last best weapon" against extractive debt and institutions that perpetuate it.[41]

In addition to strategic engagement with the processes and practice of debt financing (from both the debtor and investor side of the equation), school infrastructure itself can be leveraged to help stabilize strained district budgets and, by extension, the broader communities in which they are embedded. Put another way, smart and creative management of real public school assets can reduce overreliance on debt in the first place. The Climate and Community Institute has previously investigated the potential for converting "excess" school district properties into green social housing that can generate rental income while providing affordable homes for public education workers and students alike—a strategy that would tackle the climate and cost-of-living crises at once, benefitting Black, brown, and working-class households in particular.[42] CCI, in partnership with the Building Power Resource Center and Center for Public Enterprise, has also investigated ownership models for school solar infrastructure that would reduce energy costs while making significant strides toward transforming schools into "sites of clean air, safe temperatures for learning and play, and resilient power that may prove vital in times of emergencies."[43]

Notably, that coalition encourages school districts to work with green banks or state finance authorities, wherever possible, to realize a transition to renewables. Green banks sit along a spectrum of both real and proposed institutions—from public investment banking to public credit rating agencies—which offer alternatives to each profit-driven link within the chain of actors that facilitate debt finance for school infrastructure. Several states have incorporated public bond banks,

[40] Brunsting et al., "Investing for the Common Good."

[41] David Webber, *The Rise of the Working-Class Shareholder: Labor's Last Best Weapon* (Harvard University Press, 2018), https://doi.org/10.4159/9780674919464.

[42] Claire Cahen and Batul Hassan, "Public School Property Conversions: Making Use of Surplussed School Land in the Green Transition," Climate and Community Institute, March 2025, https://climateandcommunity.org/research/public-school-property-conversions-making-use-of-surplussed-school-land-in-the-green-transition/.

[43] Chelsea Watson et al., "School Solar Ownership Models: Federal Funding Opens New Opportunities," Climate and Community Institute, December 2024, https://climateandcommunity.org/research/school-solar-ownership-models/.

The financial architecture is not a quasi-natural order, but a state-sanctioned network of largely private actors that coordinate resources and risk—or rather, as it currently stands, concentrate resources and socialize risk.

which pool loans from different localities into one security, enabling greater access to tenable debt for lower-income communities that would otherwise be shut out of the bond market or have to borrow at steep rates.[44] During crisis moments, such as the COVID-19 pandemic, even the Federal Reserve has shown willingness to lend directly to municipal borrowers through programs like the Municipal Liquidity Facility, however inadequate that effort turned out to be due to limited eligibility and artificially high interest rates.[45] In any event, federal capacity to robustly support municipal finance finds its mirror image in the infamous bailouts and backstops of private finance in the wake of the Great Recession to the tune of $10.4 trillion, according to one estimate, more than double the size of the entire US municipal bond market.[46]

At the heart of various experiments to develop and advance public alternatives for debt financing is a recognition that the financial architecture is not a quasi-natural order, but a state-sanctioned network of largely private actors that coordinate resources and risk—or rather, as it currently stands, concentrate resources and socialize risk. The design of that system, and the rules that regulate it, beg political questions that operate at multiple scales. What is, and should be, the purpose and function of a central bank? Why do private credit rating agencies hold so much power over municipal bodies? Why exactly should a public school system pay interest on money used to provide a healthy learning environment for youth? What is a good division of labor and responsibility for public education among local districts, states, and the federal government?

Reimagining public finance writ large, while regulating and reining in the power of the finance industry, is a tall order. But it is a task that begins to move the left toward a deeper consideration of how to effectively govern and deliver social goods. Similarly, the question of debt cancellation as a horizon for organizing holds no easy answers.

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[44] Michael Gaughan and Adie Tomer, "State Bond Banks, the Best Kept Secret in Infrastructure Finance, Need a Bigger Role in Rebuilding America," Brookings, June 20, 2024, https://www.brookings.edu/articles/state-bond-banks-the-best-kept-secret-in-infrastructure-finance-need-a-bigger-role-in-rebuilding-america/.

[45] Saqib Bhatti and Brittany Alston, "Cancel Wall Street! How Our State and Local Governments Can Save More Than $160 Billion a Year by Cutting Interest Payments to Investors," Action Center on Race and the Economy, September 30, 2020, https://acrecampaigns.org/research_post/cancelwallstreet/

[46] Bhatti and Alston, "Cancel Wall Street!"

With wealthy and working people alike vested in municipal bonds, the consequences of rejecting debt outright may be hard to predict in a market where risk is deliberately pooled. And given the structural power of financial intermediaries to discipline creditors, attempts to do so could lead to devastating penalties for any one district acting alone. Nonetheless, the late 19th century witnessed a wave of US municipalities walking away from debt obligations on legal grounds (successfully in many cases), followed by nearly 100 years of calm in the municipal bond market—that is, until both the City of Detroit and the Commonwealth of Puerto Rico made efforts to repudiate several billions of dollars in bonded debt just a decade ago.[47] Given the networked nature of these systems, questions remain around how districts can collectively resist their most odious "obligations" in ways that prevent the repetition of extractive cycles.

Conclusion

Healthy school finance can be part of a broader project to build real public capacity for the coordination and democratic oversight of investment in resources that students, teachers, and communities desperately need.

While there is plenty of debate (and disagreement) about the prospect of collective finance for a green transition, the details can feel removed from tangible impact. Where the stakes are nothing less than clean air, safe drinking water, or habitable temperatures for students and teachers—alongside community-wide resilience in the face of disaster—public schools are places in which to ground demands for non-reformist reforms of a public finance system constrained by private interest. Toxic school finance entrenches educational, environmental, and economic inequities in a time of climate crisis. Healthy school finance can be part of a broader project to build real public capacity for the coordination and democratic oversight of investment in resources that students, teachers, and communities desperately need.

With the terms of public school debt preconditioned on local fiscal and economic bases, aligning action toward healthy school finance with movements working to redirect flows of money through other channels will prove crucial for any long-term political strategy. Improving fiscal space for school districts means taxing wealth, corporate income, and

[47] Allison R. Buccola and Vincent S.J. Buccola, "The Municipal Bond Cases Revisited," *American Bankruptcy Law Journal* 94 (2020): 591–627, https://ssrn.com/abstract=3699633.

polluters at rates that can sustain operating budgets while enabling safer excursions into debt financing when needed—ideally in partnership with intermediaries that have a shared interest in equitable public investments. Building a political constituency for truly public finance also means expanding economic democracy through organizing that understands the interconnected struggles for better working and living conditions. Ultimately, the problem of coordination leads to a Green New Deal for Public Schools: Federal support is critical to enact lasting structural change at the scale needed to address urgent needs amid mounting climate risks. While the fight for federal action continues on challenging political terrain, public education organizers and their allies have already demonstrated an ability to think strategically about how schools can anchor a broader progressive agenda in place. Debt will invariably play a role in the push for green public school facilities. Demanding the right kind, on just terms, is as essential a fight as any for public education.