Alaska earmarked all of its tobacco tax for schools with about 30 percent allocated to school construction. In other States, the funds for aid for local school construction are appropriated each year.

In addition, a number of States give aid for construction purposes to private colleges and universities; however, sufficient data are not available to assess the extent of such aid.

LOANS

In 1962, some $112 million in loans was made available to local schools by 15 States for capital outlay. Of this $112 million, California's loan program amounted to $79 million or 70 percent of all loans. Actually, in 1962, California authorized over $219 million in loan funds, of which only $79 million was spent in that year. This form of aid, which is usually bond financed, in effect allows local governments to use State borrowing power for school construction. The loans are usually repaid by the levying of a special local property tax, with various forgiveness provisions for the financially weaker localities.

The size of the loan program is much more variable from year to year than is the grant program since individual States usually float only one bond issue in a multiyear period and make loans over a short number of years while the money lasts. A few States have revolving loan funds. In one such State, Virginia, in 1962, approximately $15 million of school building projects were "lined up" waiting for more funds to become available through the repayment of previous loans.

CRITERIA FOR ALLOCATION OF GRANTS AND LOANS

The distribution of State aid for education has been based on a number of criteria, although considerably fewer than are used for aid for highways. Aid is most commonly allocated according to the size of the school district as measured by number of pupils in average daily attendance, teachers, or teacher units. The first two measures differ as class size varies. The use of teacher units as a measure attempts to take class size into account.

In allocating funds, about half of the States take account of approved expense for school facilities providing matching funds for approved construction. The criterion for aid is the willingness of the local government to provide funds, with the shares depending on assessed valuations.

A third commonly used criterion is the need for new facilities. Measures of this need have included the number of pupils in overcrowded or in substandard school buildings, with allowances for rapid growth in school enrollment.

Some of the loan programs reserve eligibility to those school districts which have approached the limits of their borrowing power, either in terms of a constitutional debt limitation or in terms of a given millage rate for debt service. In a few States, aid is restricted to those school districts in which at least a certain percent of students are State wards or children of State employees.