

Beyond the Backlog: Exploring Maintenance Policy for State-Owned Facilities



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The National Conference of State Legislatures is the bipartisan organization dedicated to serving the lawmakers and staffs of the nation's 50 states, its commonwealths and territories.

NCSL provides research, technical assistance and opportunities for policymakers to exchange ideas on the most pressing state issues, and is an effective and respected advocate for the interests of the states in the American federal system. Its objectives are:

- Improve the quality and effectiveness of state legislatures.
- Promote policy innovation and communication among state legislatures.
- Ensure state legislatures a strong, cohesive voice in the federal system.

The conference operates from offices in Denver, Colorado and Washington, D.C.

Forward

This report was prepared under the direction of the National Conference of State Legislatures Budget Working Group. In 2022, NCSL assembled the Budget Working Group to examine state budget strategies and collaborate on ways to minimize fiscal distress and improve long-term sustainability. The bipartisan group is made up of legislators and legislative staff recognized for their work on state budget issues.

Since its formation, the group identified three budget topics to focus on: budget processes, policy spending pressures and performance tools and outcomes. The group established committees to address each issue.

This publication reflects efforts of the Policy Spending Pressures Committee which examined the growing challenge of deferred maintenance needs of state-owned facilities. It is the intent of NCSL and this working group that the information presented in this report supports policymakers in tracking facility conditions, assessing long-term needs and promoting strategic planning to address deferred maintenance.

This is the third installment in a series published by the NCSL Budget Working Group.

Introduction

America's state-owned infrastructure is at a crossroads. Since the mid-20th century—often referred to as the golden age of infrastructure—the U.S. population has nearly doubled, driving demand not only for roads, bridges and water infrastructure, but also for state-owned buildings such as public schools, higher education facilities and state and local correctional facilities.

Despite this demand, funding has largely focused on new construction and expansion, leaving most state-owned buildings from this era neglected and deteriorating. Today, states face a new era: the golden age of deferred maintenance—marked not by growth, but by the long-delayed, costly reckoning with decades of delayed repairs and upkeep.

Current Condition of State-Owned Facilities and Deferred Maintenance Needs

Deferred maintenance is becoming a structural liability across the public sector, driving up costs and safety risks. From aging HVAC and electrical systems to critical safety and code compliance issues, the backlog of needed repairs is growing faster than it is being addressed. According to recent assessments from state auditors and facility experts, the longer these issues remain unresolved, the more expensive and disruptive they will become.

Most state-owned buildings now show signs of significant neglect. [A state audit in Virginia](#) uncovered more than 1,600 overdue preventive maintenance work orders—each deferred at least once, with many unaddressed for over a decade.

Similar issues are found across the U.S. For example, Minnesota's Department of Administration recently reported that the state has a [\\$1.54 billion backlog in deferred maintenance for state-owned facilities and needs \\$2.97 billion to maintain aging systems](#) over the next 10 years. In Texas, [the University of Houston alone has over \\$708 million in deferred maintenance](#), with some buildings in such poor condition they are facing demolition. According to the [2025 Report Card for America's Infrastructure](#), the national funding gap is staggering: [\\$85 billion for public schools nationwide](#), [\\$16 to \\$32 billion for state and local correctional facilities](#), and [more than \\$112 billion for higher education facilities](#).

This is a growing problem for states, and the cost of inaction is steep. As facility conditions deteriorate, so does the price of repair: Minor issues can turn into full-scale renovations or complete building closures, and inflation continues to drive up the costs of construction materials, compounding the issue. Yet, states have systematic barriers making it difficult for them to effectively and sustainably address deferred maintenance needs. Most states do not have complete or up-to-date records, systems for tracking maintenance needs or a centralized inventory of their real estate assets. Many states also lack a standardized process on how to

measure and prioritize building repairs. Without the tools, oversight, and funding to track and address facility needs in a timely manner, policymakers cannot assess current conditions, forecast future demand or develop long-term funding strategies for deferred maintenance.

Key Challenges

Reliable Deferred Maintenance Data

To identify building maintenance needs, prioritize repairs and allocate appropriate resources, states must maintain reliable, up-to-date, information on their state-owned building inventory, along with comprehensive data to track deferred maintenance. Without this critical foundation, policymakers are forced to make decisions based on incomplete and inaccurate information, often resulting in costly, reactive and short-term repairs.

■ ASSET MANAGEMENT

Most states do not have a comprehensive or centralized inventory of their state-owned buildings. Key information, such as the age of existing facilities, current condition and any repair and maintenance history is often missing. This makes it difficult for states to prioritize repairs or allocate resources effectively. Although some states, such as [Montana](#), have implemented statewide inventories of their real estate assets and periodic assessments of building conditions, many states still have outdated and incomplete databases.

■ TRACKING DEFERRED MAINTENANCE NEEDS

Similarly, most states do not have a centralized process for tracking deferred maintenance. Even in states that report estimates of maintenance shortfalls, such as [Minnesota](#) and [Alaska](#), the data is often incomplete and spread across multiple agencies. Without a centralized process or standardized reporting, it is difficult for policymakers to obtain important data and prevents states from accurately estimating the full scope of costs of maintenance backlogs. This lack of data impedes effective planning, budgeting and decision making, and can further delay critical maintenance interventions.

Funding and Budgeting for Building Deferred Maintenance

States often cite budget constraints, competing priorities and a lack of dedicated funding as driving forces behind deferred maintenance. Rather than long-term and steady support, funding sources are frequently ad hoc, reactive and unpredictable. Agencies may not receive sufficient allocated funding to pay for all the necessary maintenance and repairs that facilities need when they are identified. Although a handful of states have developed dedicated funding streams, many others use revolving funds or charge rent to pay for building maintenance or depreciation. For example, [Minnesota](#) charges state agencies rent based on square footage. These payments are deposited into an internal revolving fund, which is used to cover building operations, repairs and maintenance and long-term capital renewal. Federal one-time allocations—such as funds from the [American Rescue Plan Act](#)—have helped bolster state budgets and facility upgrades in some states. Yet these funds are [one-time and temporary](#) and do not address underlying structural funding gaps. To make matters worse, maintenance funding is often one of the first items cut during tight budget cycles. The trend of underinvestment in infrastructure leads to repeated maintenance deferrals and a backlog of repairs that become increasingly expensive and disruptive over time.

Despite these challenges, bipartisan efforts of the Budget Working Group are making tangible inroads in state policy. During a 2023 convening of the group and the Policy Spending Pressures Committee, Oklahoma Sen. Chuck Hall and Senate Fiscal Director Anthony Sammons highlighted the state's \$1.48 billion backlog in higher education facilities and mounting needs in other state-owned facilities. Following the convening, Hall introduced [SB 1399](#) (and companion bills) to create a dedicated fund and oversight board for long-term maintenance planning. While responsibility for carrying out the plan has since moved to the state's Long-Range Capital Planning Commission, the initiative itself was the result of bipartisan conversa-

tions within the Budget Working Group and marks a clear shift away from short-term fixes towards sustainable approaches to deferred maintenance.

■ VERTICAL INFRASTRUCTURE IN CAPITAL PLANNING

Most states use a capital improvement plan (CIP) to guide infrastructure investments. CIPs typically outline how agencies and states will finance and implement major infrastructure projects—including facility upgrades and repairs over multiple years. CIPs can be consolidated at the state or executive level, or unconsolidated at the agency level, but how states incorporate vertical infrastructure into their CIPs varies widely. Vertical infrastructure generally refers to buildings and other structures that rise above ground, such as schools, hospitals and state-owned facilities. Some states, such as [California](#), [Maryland](#), and [Texas](#) cover all types of infrastructure assets—highways, bridges and roads—in one CIP. In other states, CIPs may exclude transportation assets or limit their planning to other categories. According to the Pew Charitable Trusts, at least 17 states have capital planning processes specific to buildings or state-owned facilities.

While dedicated planning can improve resource allocation, it may result in competing repair needs with other capital priorities or hinder coordination with broader infrastructure maintenance strategies. Effective capital planning for vertical infrastructure requires agencies to conduct lifecycle cost analyses, integrate existing maintenance and upkeep alongside new construction and expansion, and ensure that building needs align with long-term investment goals. When vertical infrastructure projects are excluded or poorly integrated into CIPs, necessary repairs are further delayed and deferred maintenance backlogs continue to grow, which ultimately increases cost for states over time.

Policy Considerations

Centralized Asset Management and Deferred Maintenance Tracking Systems

The committee discussed several approaches that could support states' efforts to address deferred maintenance needs more effectively. One recommendation was to improve asset management by investing in a centralized and comprehensive asset management system that is standardized across agencies. To improve accurate budgeting and oversight, these systems should include up-to-date inventories on state-owned facilities alongside information on building age, current condition, repair history and estimated lifecycle costs.

The committee also emphasized the importance of a standardized, and centralized framework for reporting, evaluating and tracking deferred maintenance. This could involve creating statutory requirements for sharing uniform data on state-owned facilities and establishing criteria to prioritizing projects by upkeep or demolition.

In Washington, the state conducts an [annual facilities inventory](#), updated at the end of each fiscal year and helps improve transparency and reporting metrics for policymakers and other stakeholders. In [Florida](#), the legislature passed a bill in 2023 that requires the Department of Management Services to create and maintain a centralized inventory of all state-owned and state-occupied facilities, including information on their location and current condition.

Long-Term Budget Strategies

Addressing structural funding gaps behind deferred maintenance may require states to explore broader budget reform strategies. In many cases, maintenance costs are not included in the early stages of a project, funding tends to be short-term and ad hoc. Establishing recurring and dedicated funding ensures that funding is both proactive and sustainable rather than a temporary fix.

Some states already have dedicated recurring revenue streams for deferred maintenance, including [Idaho's Permanent Building Fund](#) and [Montana's Major Long-Range Building Program Account](#), which use revenue from taxes, fees, and other sources to cover construction and maintenance costs. In other states, bonding has been used for large-scale renovations; in Nebraska, [\\$400 in municipal bonds](#) was used for building repairs and renovations at the University of Nebraska.

States may also consider using revenue from usages fees for repairs, leveraging private funds, and creating statutory reserves to cushion funding needs during periods of budget deficits, economic downturn or inflation.

Vertical Infrastructure in Capital Planning Frameworks

Integrating vertical infrastructure into long-term capital planning is essential for effectively managing state-owned facilities. Data on facility conditions, including maintenance schedules and lifecycle cost estimates, should be fed directly into CIPs to ensure maintenance needs are not repeatedly overlooked. Incorporating existing building maintenance needs into CIPs with new construction and expansion projects to help avoid competing priorities, control costs and support the continuity of service in existing facilities. Utilizing tools like [Facility Condition Indexes](#), which gauge the condition of a building and estimate the cost of repairs versus total replacement, can help states determine whether to repair or replace assets. This provides cost savings while ensuring safety, compliance, and sustainability.

Conclusion

The golden era of deferred maintenance is not a fleeting moment—it reflects decades of neglect and insufficient investment in state-owned facilities. Without intervention, deferred maintenance poses significant safety risks, compromises building operation and efficiency and can disrupt essential public services. As state-owned infrastructure ages, the cost of inaction continues to rise, putting increased fiscal pressure on states and municipalities. With robust and centralized asset management systems, tracking systems, budget reform and integrated capital investment planning, states can create proactive, sustainable maintenance strategies that ensure functionality and longevity of public facilities.

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