



Hidden Costs of **Deferred Maintenance in K-12 Schools**

School administrators don't need to be told that deferred maintenance is a problem. They see it every budget cycle, when facility needs get pushed out a year, and the next year, until the patched roof that was supposed to hold for one season fails during a winter storm. The decisions are rarely thoughtless; rather, they're the result of balancing real financial concerns with the hope that nothing catastrophic happens before repairs are affordable.

For several years, deferred maintenance of facilities has been a top concern for K-12 schools.¹ Its continued presence as a top concern illustrates a pervasive problem with significant insurance implications, including coverage, terms, and cost.

The Revenue Spiral

Many K-12 private schools make intentional tradeoffs each year around deferred maintenance. Tuition is a primary revenue generator and this source is under continuous pressure to a point where deferring maintenance is part of the operating reality. Projections forecast private school enrollment will fall 13% between 2024 and 2031.² This makes deferred maintenance not just a facilities issue, but a recurring financial tradeoff.

When enrollment softens, revenue decreases, and spending is cut. This creates a potential downward spiral that facilities maintenance is not immune to. What makes this spiral more complicated is the feedback loop it creates. A structural problem becomes an issue of perception, and that perception affects risk.

The physical condition of a campus has become one of the top three factors in family school choice decisions.³ Visible deterioration of facilities not only creates physical risks, but also casts doubt on an institution's viability with current and prospective families. When year-over-year enrollment drops, a school's revenue will likely contract, as will its budget for repairs. This cycle is also a consideration for carriers. A school caught in this cycle paints a different risk profile than one with stable enrollment and a documented capital plan, even when facilities are of comparable age.



How Deferred Maintenance Impacts Insurance

Carriers categorize school property and casualty risks in ways that map directly onto the most common deferred maintenance decisions. That makes deferred maintenance a direct underwriting concern, not a peripheral one.

WATER DAMAGE

Water damage is the leading cause of property loss for schools, both in frequency and costs. Aging pipes, roof failures, HVAC leaks, and limited monitoring are primary contributors to water damage losses in facilities.⁴ One problem area often leads to another, such as water intrusion into walls or building systems, and the mold that inevitably follows. Claims often cost several times as much as the replacement work. Even when a claim isn't filed, the longer work is deferred, the more it costs, with estimates compounding annually.⁵

FIRE

Fire is the second most significant property peril. An average of 3,230 fires per year occur on K-12 school properties nationwide.⁶ Many fires are traced to aging electrical systems, deteriorating kitchen equipment, and building infrastructure that hasn't received consistent attention. Carriers underwriting school property factor in the age and maintenance records of these systems when assessing a submission.

SLIP-AND-FALL

Slips, trips, and falls are the leading cause of injury among elementary and secondary school workers and generate claims against general liability and workers compensation programs.⁷ Contributing factors include cracked pavement, uneven flooring, failing stairwells, and inadequate lighting. Frequency of accidents affects coverage. A school with a pattern of these claims will have a more difficult conversation at renewal than one with documented, proactive premises management.



In a Challenging Market

While many industries experience a softening property market, this is not the case for educational institutions. Schools at all levels are finding the commercial property insurance market tight, with increasing deductibles and underwriting scrutiny. This dynamic is particularly pronounced for private K-12 institutions. Unlike public districts, private, independent, faith-based, and many charter schools operate within the commercial insurance marketplace. As a result, they are subject to more selective underwriting, tighter carrier appetites, and greater scrutiny around risk profile, financial stability, and operational practices. In a market where underwriting standards have tightened broadly, that distinction materially affects both access to coverage and overall program structure.



Carriers want evidence that a school understands its facilities risks and is managing them intentionally. During renewal, schools should be prepared to show documented preventive maintenance programs, an assessment of facility conditions, and a capital plan that addresses the highest-priority deferred items, even if the timeline is multi-year. A school that can provide this information at renewal makes a stronger case for better terms than one that does not. Vague or incomplete information on facility conditions often means policies with higher deductibles and narrower terms, or markets that decline to even provide a quote.

Climate exposure is one more variable a school must navigate. Schools with deteriorating facilities carry more vulnerability to severe weather losses than well-maintained campuses. Underwriters add this consideration to their overall calculus. Catastrophe-exposed risks with documented facility problems are among the more difficult accounts in the current market.

A facilities strategy starts with an evaluation of your buildings and grounds.

- + **Conduct a formal facilities condition assessment** to establish a documented baseline and provide your school and insurer with a shared reference point.
- + **Maintain a preventative maintenance program** with inspection logs and service records that demonstrate active, long-term repairs and temporary fixes.
- + **Build a multi year capital plan** that sequences high priority repairs and demonstrates a commitment to managing liabilities.

These steps signal that the school is proactively protecting its buildings, its budget, and its long term risk profile.





Final Thoughts

A school doesn't need a pristine campus to be in a strong insurance position. Institutions that demonstrate awareness of the risks and a credible plan to address them will be better positioned at renewal with carriers.

Maintenance programs keep students and staff safe. Discuss the current facilities program with professionals, including facilities consultants, legal counsel, and insurance brokers, with the expertise to consider your entire situation holistically, rather than in silos.

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