



Enhancing the School Construction Assistance Program Funding Formula

2024 Supplemental Capital Project Request

Project Class: Grant

Starting Fiscal Year: 2024

Project Summary

The Office of Superintendent of Public Instruction (OSPI) administers the School Construction Assistance Program (SCAP) which operates as a partnership with local school districts to provide learning environments needed to educate Washington students. SCAP provides funding to school districts to plan, construct, and renovate (modernize) school facilities to provide space for learning. Superintendent Reykdal requests funding to increase SCAP's Student Space Allocation (SSA) and Construction Cost Allowance (CCA) to closer align with current educational standards and increase the minimum level of state financial assistance.

Project Description

Superintendent Reykdal proposes to increase the Student Space Allocation (SSA) to align better with current educational standards. The SSA is one of the major funding drivers of the SCAP funding formula which determines the amount of state funds a local school district will receive.

SCAP Funding Formula

State Funding = Eligible Area X Construction Cost Allocation X State Funding Assistance Percentage
where Eligible Area = Projected Enrollment X Student Space Allocation

Student Space Allocation (SSA)

The SSA is used to determine the amount of square feet the state will fund when a school facility is constructed or modernized. Eligible area is determined by multiplying a school district's enrollment projection for each grade level by the grade level SSA and subtracting the result from the district's total existing square feet. The calculation for modernization funding takes into consideration other factors such as a buildings age, other improved space, etc.

Grade Level Projected Enrollment X Grade Level SSA – Existing Square Feet = Eligible Square Feet

The SSA is authorized by administrative rule (WAC 392-343-035) and funding levels are set by the legislature. Below are the current funded SSA levels:

Current SSA Funding Levels:

- 90 square feet per student = Kindergarten through Grade 6
- 117 square feet per student = Grade 7 and 8

- 130 square feet per student = Grades 9 through 12
- 144 square feet per student = Students with Disabilities

Current SSA funding levels are not adequate for current educational standards. School districts statewide are building schools at a higher square feet per student than funded to their current educational specifications. Currently, the Legislature is funding the SSA for some grade levels at or below those provided in 1979. The SSA for K-6 and grades 9-12 are at the 1979 funding levels. Grades 7-8 and students with disabilities are funded at a lower level.

1979 SSA Funding Levels:

- 90 square feet per student = Kindergarten through Grade 6
- 130 square feet per student = Grade 7 and 8
- 130 square feet per student = Grades 9 through 12
- 150 square feet per student = Students with Disabilities

The Legislature redefined the program of basic education in 2009 with the passage of Engrossed Substitute House Bill 2261 and a goal to reduce K-3 class sizes to 17:1 with the passage of Substitute House Bill 2776 in 2010. The passage of this legislation requires districts to offer full day kindergarten and a goal to reduce K-3 class sizes by the 2017-18 school year. School districts statewide are struggling to create new space to meet these new standards. Without an increase in SCAP funding to increase the SSA, school districts statewide will need to continue to pay for the creation of new space without state assistance.

In 2018, the legislature created a Joint Legislative Task Force for School Construction on Improving State Funding for School Construction to review issues related to school construction funding. A top priority recommendation of the task force was for the state to “adjust the student space allocation to be based on actual square footage per student in schools”. This recommendation is in alignment with earlier legislative task forces and work groups that made similar recommendations.

In response to these recommendations OSPI convened a workgroup and consulted with school districts to determine SSA levels which align more closely to the space need by school districts to meet current educational standards.

The following are the workgroup’s SSA recommendations:

- 140 square feet per student = Kindergarten through Grade 6
- 155 square feet per student = Grade 7 and 8
- 165 square feet per student = Grades 9 through 12
- 165 square feet per student = Students with Disabilities

Based on the needs of school districts and recommendation from the 2018 Joint Legislative Task Force and previous work groups, Superintendent Reykdal proposes to increase the student space allocation as follows:

Fiscal Year 2025

- 100 square feet per student = Kindergarten through Grade 6
- 127 square feet per student = Grade 7 and 8
- 137 square feet per student = Grades 9 through 12
- 149 square feet per student = Students with Disabilities

Fiscal Year 2026

- 110 square feet per student = Kindergarten through Grade 6
- 134 square feet per student = Grade 7 and 8
- 144 square feet per student = Grades 9 through 12
- 153 square feet per student = Students with Disabilities

Fiscal Year 2027

- 120 square feet per student = Kindergarten through Grade 6
- 141 square feet per student = Grade 7 and 8
- 151 square feet per student = Grades 9 through 12
- 157 square feet per student = Students with Disabilities

Fiscal Year 2028

- 130 square feet per student = Kindergarten through Grade 6
- 148 square feet per student = Grade 7 and 8
- 158 square feet per student = Grades 9 through 12
- 161 square feet per student = Students with Disabilities

Fiscal Year 2029

- 140 square feet per student = Kindergarten through Grade 6
- 155 square feet per student = Grade 7 and 8
- 165 square feet per student = Grades 9 through 12
- 165 square feet per student = Students with Disabilities

Construction Cost Allocation (CCA)

The Construction Cost Allocation or CCA is the maximum construction cost per square foot used to calculate the amount of state assistance under SCAP and is authorized by administrative rule (WAC 392.343.060). The CCA funding levels are funded by the legislature and are significantly lower than the actual cost of construction.

With the CCA being lower than the actual cost of construction, local school districts must pay for the difference between the two amounts. The CCA funding levels need to be increased to reduce the gap between actual costs and the state funded CCA.

The 2018 Joint Legislative Task Force for School Construction on Improving State Funding for School Construction addressed the cost of construction as a top priority recommendation to “increase the construction cost allowance to be based on the actual cost of school construction”. This

recommendation is in alignment with earlier legislative task forces and work groups that made similar recommendations.

OSPI collected cost data from school districts who received SCAP funding and based on the cost of construction data collected from the 2023 grant release through July 31st, 2023, the average construction cost was \$ 599.45 per square foot. This does not include the cost of land acquisition and other site costs such as storm water management, traffic and other roadway improvements, playgrounds, and landscaping.

Superintendent Reykdal's request is to incrementally increase the CCA over a ten-year period. The goal is increasing the FY 2023 CCA of \$258.92 to \$928.39 by FY 2033. The FY 2033 CCA amount is based on the current average cost of construction, \$599.45 per square foot, adjusted for inflation at 4.9% annually over the ten-year phase in period to arrive at the projected cost of construction of \$928.39 in FY 2033. The annual inflation factor used in this calculation is the inflation factor determined in collaboration among OSPI, OFM and Legislative fiscal staff.

The following is the CCA levels proposed to align to the actual cost of construction, which includes adjustments for inflation:

- Fiscal Year 2025 - \$428.96
- Fiscal Year 2026 - \$481.45
- Fiscal Year 2027 - \$536.51
- Fiscal Year 2028 - \$594.27
- Fiscal Year 2029 - \$654.85
- Fiscal Year 2030 - \$718.41
- Fiscal Year 2031 - \$785.08
- Fiscal Year 2032 - \$855.02
- Fiscal Year 2033 - \$928.39

Biennial Cost Estimates

The following is the estimated cost each biennium of raising the SSA to the recommendations of OSPI's technical workgroup to provide the space per current educational standards and to increase the CCA to the actual cost of construction:

- 2023-25 Biennium - \$182,781,000
- 2025-27 Biennium - \$850,033,000
- 2027-29 Biennium - \$1,187,866,000
- 2029-31 Biennium - \$1,559,606,000
- 2031-33 Biennium - \$1,968,706,000

What is the problem/opportunity? Identify: priority, underserved people/communities, operating budget savings, public safety improvements & clarifying details. Preservation projects: include information about the current condition of the facility/system.

SCAP is a partnership between local school districts and the state to provide the school facilities for the instruction of basic education. This partnership requires local school districts to raise funding either through voter-approved capital bonds, capital levies, or non-voted debt to contribute to the cost of constructing new schools or renovate existing school facilities. This request for funding will fund the state's cost associated with this partnership.

What will the request produce or construct (i.e., building predesign or design, construction of additional space, etc.)?

The request will enhance the SSA and CCA associated with the SCAP program. The SCAP program helps with construction of new school facilities or in the renovation of existing school facilities. The phased enhancement of the SSA will be completed by the 2027-29 biennium and the phased enhancement of CCA will be completed by the 2031-33 biennium.

How would the request address the problem or opportunity identified in question 1? What would be the result of not taking action?

Enhancement of the state share of SCAP helps school districts lower their contribution while constructing or renovating a school. However, if the state share of SCAP is not enhanced, school districts with limited ability to pass a capital levy or bond or generate the funding necessary to receive state funding will continue to be excluded from participating in SCAP. The effect of not being able to build new schools or renovate existing ones will be felt most by smaller and poorer school districts, further aggravating the social inequity.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

This budget request will increase the amount of state funding assistance to local school districts who participate in SCAP to reflect the actual space needed and construction costs to build new or renovate existing schools. Without the enhancement of funding, students will continue to attend schools which do not meet current educational standards and are not equitable compared to better and larger school districts in other socio-economic and geographical areas of the state.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc.

SCAP funding along with local funding provide classrooms and other support space for education which contributes to student success.

Does this project or program leverage non-state funding? If yes, how much by source? If the other funding source requires cost share, also include the minimum state (or other) share of project cost allowable and the supporting citation or documentation.

OSPI provides funding that corresponds to the funding assistance percentage for every SCAP project. Local school districts must leverage non-state funding for the remaining part of the project.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming and other analyses as appropriate.

This project supports Superintendent Reykdal's K-12 Education Vision of his goal for Washington's public education system to prepare every student who walks through our school doors for post-secondary aspirations, careers, and life.

Does this project include IT related costs, including hardware, software, cloud based services, contracts or staff? If yes, attach IT Addendum.

N/A

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 12 Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve efficiency?

Enhancing SCAP's funding will allow school districts to build new energy efficient schools and replace outdated building systems which will decrease their overall energy use. Districts receiving state funding assistance are required to meet LEED building standards or OSPI's Washington Sustainable Schools Protocol.

How does this project impact equity in the state? Which communities are impacted by this proposal? Include both demographic and geographic communities. How are disparities in communities impacted?

Washington has countless communities that cannot pass bonds/levies. The school districts in these communities are unable to participate in SCAP and hence, the students continue to receive education in small, outdated and potentially unsafe/unhealthy school buildings. This disparity disproportionately affects students in low-income communities. The majority of the students in such communities are marginalized and/or students of color. This further worsens the socio-economic injustice leading to an even deeper disparity.

Is there additional information you would like decision makers to know when evaluating this request?

N/A

Location

Address: 600 Washington St SE

Zip Code: 98504

County: Thurston

City: Olympia

Legislative District: 22

Describe Growth Management Impacts

School districts are responsible for determining whether and how they need to participate in the planning process with the city or county planning authority.

Grant Recipient Organization

Washington State Public School Districts

RCW That Establishes Grant

RCW 28A.525.020

Application Process Used

OSPI administers SCAP through the "D-Form Process" per the Revised Code of Washington (RCW) and Washington Administrative Code (WAC).

Funding Requested

Account	2023-25	2025-27	2027-29	2029-31	2031-33
057 – State Building Construction Account	\$154,338,000	\$-	\$391,146,000	\$610,790,000	\$1,020,997,000
113 – Common School Construction Account	\$28,443,000	\$939,659,000	\$796,720,000	\$948,816,000	\$947,709,000