

Joint Legislative Task Force on Improving State Funding for School Construction
Recommendations for Consideration

Recommendations receiving top five scores, including ties, per Task Force Survey results

Item	Recommendation	Background	Estimated Fiscal Impact	Proviso References	Notes
A.	Address the needs of rural schools that cannot otherwise qualify for the School Construction Assistance Program (SCAP)	<p>According to land valuation data provided by OSPI, 63 school districts, mostly small rural districts, can raise only \$10 million or less in capital outlay at the 5% state Constitutional debt limit. Generally, rural districts run fewer bond elections and pass them at lower rates than school districts in urban and suburban areas, and towns.</p> <p>Since 2009, about 4% of total bond authority was passed by voters in rural school districts.</p>	<p>Indeterminate depending on implementation.</p> <p>However, OSPI reported that 74 school districts applied for competitive Small, Rural Modernization grants in mid-November, 2018. The applicants submitted more than 300 projects to be considered for the grants totaling more than \$120 million. The 2017-19 capital budget appropriated \$15 million for the grant program.</p>	<p>3(a) 3(b) 4(b) 4(d)</p>	
B.	Adjust square footage per student allocation to reflect what is getting built (130 sq. ft. for elementary)	<p>The State assumes a square foot allocation per student for purposes of allocating state funding assistance in SCAP. School districts build schools at higher square footages per student than the state assumes.</p>	<p>Indeterminate depending on implementation.</p> <p>However, in a fiscal note prepared in January 2018 for SB 6531, OSPI estimated that projected costs of increasing the SSA phased over a four fiscal year period would cost an additional \$530 million for the 2019-21 and 2021-23 biennia.</p>	<p>3(a) 3(b) 4(c) 4(d)</p>	

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C.	Support K-3 class size	Beginning in 2009, the Legislature enacted a variety of reforms to the state's operating K-12 funding formulas including reduced class sizes in grades K-3. In 2015, the Legislature enacted the K-3 Class Size Reduction Construction Grant program (2ESSB 6080) to be administered by OSPI. A total of \$234 million was appropriated for the program in the 2015-17 capital budget and 2016 supplemental capital budget to add K-3 classroom capacity.	Indeterminate depending on implementation. However, fully funding the prioritized list of grant applicants from the first round of the K-3 Class Size Reduction Construction Grant program would cost an additional \$164 million dollars for approximately 550 classrooms at 36 school districts.	3(a) 3(b) 4(e)	
D.	Consider credit for construction of schools used for other community services like early learning and health services	According to data from the Inventory and Condition of Schools (ICOS) database maintained by OSPI, many buildings in the school inventory that are recognized as instructional spaces eligible for SCAP funding are being used for purposes other than K-12 education.	Indeterminate.	3(a) 3(b) 4(d)	
E.	Pursue simple majority on school district bonds	The Constitution sets a debt limit for school districts at 1.5 percent of the assessed value of property in the district, but the Constitution permits districts to exceed this limit for construction, up to 5 percent indebtedness, with approval of at least 60 percent of the voters at an election. State statute imposes a lower threshold of 0.375 percent indebtedness, but allows districts to exceed this threshold to a total indebtedness of 2.5 percent with the approval of at least 60 percent of the voters voting.	Indeterminate depending on implementation. However, in a fiscal note prepared in February 2015 for HB 1941, OSPI estimated that projected costs of allowing simple majority on school district bonds over a four fiscal year period would cost an additional \$0.83 billion for the state and an additional \$2.77 billion for school districts for the 2017-19 & 2019-21 biennia.	3(a) 3(b)	

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F.	Increase the construction allowance to reflect the actual construction costs	The Construction Cost Allocation (CCA) is the maximum cost per square foot of construction that the state will match. In the 2017-19 capital budget, CCA was set at \$219.58 per square foot for fiscal year 2018, and adjusted for construction inflation at \$225.98 per square foot for fiscal year 2019. The CCA is not the actual cost of construction per square foot paid by the school districts per the K-12 Capital Facilities Cost Study prepared for the Legislature by ESD 112 in February 2017.	Indeterminate depending on implementation. However, in a fiscal note prepared in January 2018 for SB 6531, OSPI estimated that projected costs of increasing the CCA phased over a four fiscal year period would cost an additional \$487.4 million for the 2019-21 & 2021-23 biennia.	3(a) 3(b) 4(c) 4(d)	
G.	Increase the state match floor from 20% to 30%	The amount of state funding contribution to eligible project costs is determined by applying the Funding Assistance Percentage (FAP). Districts with high assessed land values per student receive a 20 percent FAP, while less wealthy districts may receive an amount up to 100 percent.	Indeterminate depending on implementation. However, in a fiscal note prepared in January 2018 for SB 6531, OSPI estimated that projected costs of increasing the FAP floor phased over a four fiscal year period would cost an additional \$36.2 million for the 2019-21 & 2021-23 biennia.	3(a) 3(b) 4(c) 4(d)	

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Item	Recommendation	Background	Proviso References	Notes
A.	Adjust for more accurate cost of construction and permitting (See Blue Item F. for similar recommendation)	The Construction Cost Allocation (CCA) is the maximum cost per square foot of construction that the state will match. The CCA is not the actual cost of construction per square foot paid by the school districts per the K-12 Capital Facilities Cost Study prepared for the Legislature by ESD 112 in February 2017.	3(a) 3(b) 4(c) 4(d)	
B.	Clearly define state and local responsibilities. State support is for education	State funding assistance is provided for instructional space, while land purchases and auxiliary facilities, such as stadiums and district administrative space, must be funded entirely with local revenues. The state Supreme Court explained in the <i>McCleary, et al</i> ruling that the state constitution establishes roles for both the state and for school districts in school construction finance.	3(b)	
C.	Create a plan for future square footage formulas using the prototypical school model	Different terms have been used regarding school facilities needs modeling tools that generally assess the square footage needs for schools based on projected enrollments, space usage, and other assumptions.	4(d)	
D.	Explore early learning spaces and consider allowing pre-school students in ECEAP and Head Start to be counted for the eligible enrollments for the SCAP calculation of eligible area	Pre-K special education enrollments are included in the SCAP formula for determining eligible space. Other pre-K enrollments, such as ECEAP and Head Start are not included in the SCAP formula. About 56% of ECEAP slots are in public school settings.	4(d)	

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E.	Find a way to allow for consistent growth in population to allow for districts to plan school construction with more accurate student count	Eligible area is determined by comparing the district-wide square foot capacity to the district's projected enrollment growth and future space needs.	4(a)	
F.	Incorporate other measures of relative wealth, such as the Free and Reduced Price Lunch populations, into the SCAP calculation of state funding assistance percentage	<p>The Funding Assistance Percentage (or state match ratio) for SCAP is a calculation based on assessed land value per student in each school district.</p> <p>Other measures of relative wealth of school districts not used in the SCAP funding formula have been used in other K-12 programs in the operating budget to determine funding levels.</p>	3(a) 3(b) 4(d)	
G.	Promote and expand health and safety in schools (See Green Items G., H., I., and J. for recommendations related to Health and Safety)	<p>DOH and OSPI jointly published the second edition of the Health and Safety Guide for K-12 schools in Washington in 2003.</p> <p>School districts are required to work with law enforcement to implement emergency response systems. They are also required to consider installing perimeter security control mechanisms and consider building plans with certain safety features in future school construction projects.</p>	4(c)	

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H.	Incorporate state recommendations/best practices regarding school safety into planning and design, allowing for local customization (See Green Items G., H., I., and J. for recommendations related to Health and Safety)	School districts are required to work with law enforcement to implement emergency response systems. They are also required to consider installing perimeter security control mechanisms and consider building plans with certain safety features in future school construction projects.	4(c)	
I.	Increase investments in school safety (consider using the CT model) (See Green Items G., H., I., and J. for recommendations related to Health and Safety)	School districts are required to work with law enforcement to implement emergency response systems. The OSPI received \$10 million in the 2013-15 capital budget to award grants to school districts to help implement the emergency response systems.	3(a) 3(b) 4(c) 4(d)	
J.	Provide funding for kitchen equipment and physical education (See Green Items G., H., I., and J. for recommendations related to Health and Safety)	Since 2015, the Legislature has provided funding for Healthy Kids-Healthy Schools grants in the following categories: (1) water bottle filling stations; (2) nutrition equipment and structures; (3) physical education and physical activity equipment and structures; and (4) replacing lead-contaminated water fixtures.	3(a) 3(b) 4(d)	
K.	Prioritize school districts expanding STEM education	The Legislature has enacted a variety of reforms to the state's operating K-12 funding formulas. Because these reforms include increased science credit requirements, they affect the need for classroom and lab space. By 2019, graduating seniors will be expected to complete three science credits, two of which are specified as "lab" credits.	4(d)	

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L.	Remove policy disadvantages for school renovation, including preserving historic buildings	School districts may be eligible for SCAP grants to modernize or replace aging schools in their districts under certain circumstances.	3(a) 3(b)	
M.	Remove the negative impact of modular buildings on school funding allocation	<p>The SCAP funds may not be used to purchase portables. Square feet of portables are not included in the calculation for eligible area, so portables do not decrease the amount of state assistance available to school districts with portables.</p> <p>Permanent, modular buildings may be funded with SCAP awards, but are included in the recognized instructional space used for calculating eligible area so do decrease the amount of state assistance available to school districts with permanent, modular structures.</p>	3(a)	
N.	Require that school designs must be built as flexible spaces to respond to program changes	Since 2009, the Legislature has enacted a variety of reforms to the state's operating K-12 funding formulas. Because these reforms include all-day kindergarten, K-3 class size reduction, and increased science credit requirements, they affect the need for classroom and lab space. Additionally, other policy reforms have been adopted that impact the need for school facilities and other major school capital investments.	4(c)	

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O.	Support district control of school project design and innovation because communities are better equipped to know what they need	Chapter 6 of the School Facilities Manual provided by OSPI addresses Ed Specs and provides information for school districts in how to put together a team of experts including facilities staff, architects, and others to develop Ed Specs including OSPI staff. However, the state does not provide standardized Ed Specs or stock plans available for use by all school districts.	3(a) 3(b) 4(c)	
P.	Restore the former transfer of GF-S funds, of \$102 million a year to school construction, indexed for student population projections and construction cost inflation	In past biennia, SCAP received funding from sources that are no longer available for school construction.	3(a)	

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Item	Recommendation	Background	Proviso References	Notes
A.	Change state support to look at differences in forecasts and support implementation over a 10-year implementation period	Methodologies of projecting future SCAP needs have historically been made based on actual past square footage averages in SCAP releases. Other methodologies may prove to be more accurate.	4(a)	
B.	Discuss what a realistic goal for funding is and look at recommendations through an equity lens	Other measures of relative wealth of school districts not used in the SCAP funding formula have been used in other K-12 programs in the operating budget to determine funding levels.	3(b)	
C.	Evaluate if there are best practices for funding allocation for new construction	Other states provide capital funding to school districts on a regular, scheduled basis.	3(a) 3(b) 4(d)	
D.	Expand construction contract management services through ESD 112 or other ESDs to ensure efficiencies and cost controls in construction projects	ESD 112's Construction Services Group provides capital program, project, and construction management for K-12 school districts.	3(a) 3(b)	
E.	Help schools with public health (See Green Items G., H., I., and J. for recommendations related to Health and Safety)	DOH and OSPI jointly published the second edition of the Health and Safety Guide for K-12 schools in Washington in 2003.	4(c)	

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F.	Provide sales tax relief on school construction projects	The Construction Cost Allocation (CCA) is the maximum cost per square foot of construction that the state will match. The state provides assistance for sales tax up to 7%, which is included in the CCA.	3(b)	
G.	Revise current language defining role of school facilities citizen advisory panel and the school facilities technical advisory committee to better shape future policies and practices in school construction and add teachers to these committees	The Citizen Advisory Panel (CAP) and Technical Advisory Committee (TAC) are established in statute to advise OSPI on school construction matters. OSPI's School Facilities & Organization division provides support for the CAP and TAC. Teachers are not required members of these committees.	3(a)	
H.	Set a 50% target of state General Obligation bond capacity to be used for school construction	In the 2017-19 biennium, the Legislature appropriated \$2.9 billion of state general obligation bonds (GO Bonds) for capital projects and grants. \$806.3 million of GO Bonds was appropriated for K-12 School Construction including SCAP, Skill Centers, Emergency Repairs, Health Kids Grants, Small Rural District Grants, and others. Appropriations for all of K-12 School Construction in 2017-19 was \$1.08 billion.	3(a) 3(b)	
I.	With the reduction in the M & O levy, encourage school districts to expand their levy capacity by running capital levies under current law	In 2019, local Maintenance and Operations (M&O) tax levies will be limited to \$1.50 per \$1,000 of assessed land value. The new state public schools tax levy rate increases to \$2.70 per \$1,000 of assessed land value.	3(b)	