

350 - Superintendent of Public Instruction
Capital Project Request

2025-27 Biennium

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Version: C1 2025-27 Capital Budget

Report Number: CBS002

Date Run: 9/12/2024 3:09PM

Project Number: 40000153

Project Title: 2025-27 School Construction Assistance Program-Maintenance Level

Description

Starting Fiscal Year: 2026

Project Class: Grant

Agency Priority: 1

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 the school buildings needed for educating the students of Washington. SCAP provides funding to school districts to plan, construct, and renovate (modernize) school facilities to provide space for learning. OSPI requests funding for the continuation of the current program at the 2023-25 biennial funding levels adjusted for inflation.

Project Description

The OSPI administers SCAP, which operates as a partnership with local school districts to provide the school buildings needed for educating the students of Washington. SCAP provides funding to school districts to plan, construct, and renovate (modernize) school facilities to provide space for learning.

SCAP provides state funding assistance for new construction and renovation(modernization) of school facilities based on the following funding formula:

State Funding Assistance = Eligible Area X Construction Cost Allocation X State Funding Assistance Percentage

Eligible Area (Square Feet): The first component of the funding formula is to determine the amount of space (square feet) eligible for state assistance. The eligible area is determined by comparing a district's current capacity (square feet) to the district's projected enrollment and future space needs. Future space need is calculated by multiplying the number of students projected to be enrolled in the district in the next five years by the Student Space Allocation (SSA) per student for each grade level defined in Washington Administrative Code (WAC) 392-343-035.

Eligible Area Formula (New Construction)

(Future Enrollment X per Student Space Allocation) – Current District Capacity (Square Feet)

Eligible Area Formula (Modernization/Renovation)

(Future Enrollment X per Student Space Allocation) – District Capacity (Square Feet) Improved Space in the Past 20 Years (Pre-1993 Buildings) or 30 Years (Built after July 1, 1993)

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, modernized, or replaced (New-In-Lieu). 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

The maintenance level capital budget request assumes the following square footages will be eligible for state assistance in

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the 2025-27 biennium:

Fiscal Year 2026

175,296	New Square Feet per Fiscal Year
402,716	New-In-Lieu Square Feet per Fiscal Year
<u>321,988</u>	<u>Modernization Square Feet per Fiscal Year</u>
900,000	Total Square Feet per Fiscal Year

Fiscal Year 2027

175,296	New Square Feet per Fiscal Year
402,716	New-In-Lieu Square Feet per Fiscal Year
<u>321,988</u>	<u>Modernization Square Feet per Fiscal Year</u>
900,000	Total Square Feet per Fiscal Year

1,800,000 Total Square Feet for the 2023-25 Biennium

The maintenance level eligible area square footage was determined by reviewing past local school district capital bond elections and their associated capital projects eligible for SCAP funding and projected future school district bond elections and projects.

Construction Cost Allocation (CCA)

The Construction Cost Allocation (CCA) is the maximum construction cost per square foot used to calculate the amount of state assistance and is authorized by administrative rule and final funding levels are set by the legislature. WAC 392-343-060 authorizes the CCA and prescribes how the CCA is calculated as follows:

- (1) The CCA for state funding assistance shall apply to the cost of construction of the total facility and grounds, including state sales and use taxes generally levied throughout the state of Washington and excluding those local option sales and use taxes levied by political subdivisions.
- (2) The CCA used in calculating state funding assistance for construction of school facilities shall be determined by the Superintendent of Public Instruction using the prior year's construction cost allocation, plus a construction inflation factor.
- (3) The Superintendent of Public Instruction's office shall work with appropriate parties to develop a method for determining the annual construction inflation factor.

The maintenance level capital budget request is based on increasing the CCA which was funded in fiscal year (FY) 2024 at \$258.92 per square foot using an annual construction inflation factor determined in collaboration with OSPI, the Office of Financial Management, and legislative fiscal staff. In FY 2025, the legislature increased the CCA to \$375 per square foot.

The following outlines the proposed CCA for this maintenance level request:

Annual Construction Inflation Factor

The proposed increase is based on the chained price indices for state and local government spending from the HIS/Global Insight First Quarter 2022Forecast. This methodology is consistent with the Office of Financial Management's inflation used for state building construction projects.

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The following are the inflation factors used to calculate the CCA maintenance level funding for the 2025-27 biennium:

103.11%	Fiscal Year 2026
103.29%	Fiscal Year 2027

CCA Maintenance Level Calculations

\$375.00	Fiscal Year 2025 CCA
<u>\$ 11.66</u>	Plus Maintenance Level Increase
\$386.66	Fiscal Year 2026 CCA (\$375.00 X 103.11%)

\$386.66	Proposed Fiscal Year 2026 CCA
<u>\$ 12.72</u>	Plus Maintenance Level Increase
\$399.38	Fiscal Year 2027 CCA (\$386.66 X 103.29%)

Funding Assistance Percentage (FAP)

The Funding Assistance Percentage (FAP) is the percentage of recognized project costs which will be paid by the state and is set by Revised Code of Washington (RCW28A.525.166). The percentage rate is based on the assessed property valuation of a district. The FAP equalizes the amount of state assistance between property-wealthy and property-poor school districts. The FAP ranges from a minimum level of 20% to a maximum level of 100%.

The maintenance level request uses an average of 66.57% to approximate the FAP of school districts who might be accessing SCAP funding during the 2025-27 biennium and in future biennia thereafter.

Study and Survey Grants

School districts who are considering applying for funding under SCAP must complete a study and survey which is an analysis of the school district's facilities, educational programs and plans, student population projections, capital finance and operating capabilities, and needs for new construction, modernization, or replacement of facilities.

Study and survey grants are available every six years to school districts. The amount of grant funding provided by rule is based on the enrollment of the district and the state recognized square feet of its school facilities. A base amount is provided at different enrollment levels plus funding based on the number of square feet.

Study and survey grants are established by OSPI in accordance with WAC 392-341-030 based on the following funding formulas:

FY 2026	
Headcount Enrollment of 1 to 500	\$ 9,989 Base +\$0.073 per State Recognized Square Feet
Headcount Enrollment of 501 to 3,000	\$11,232 Base +\$0.059 per State Recognized Square Feet
Headcount Enrollment of 3,001 to 10,000	\$14,982 Base + \$0.052 per State Recognized Square Feet
Headcount Enrollment of Above 10,000	\$22,476 Base +\$0.031 per State Recognized Square Feet

FY 2027	
Headcount Enrollment of 1 to 500	\$ 10,279 Base +\$0.075per State Recognized Square Feet

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Headcount Enrollment of 501 to 3,000	\$11,558 Base +\$0.061 per State Recognized Square Feet
Headcount Enrollment of 3,001 to 10,000	\$15,416 Base + \$0.054 per State Recognized Square Feet
Headcount Enrollment of Above 10,000	\$23,128 Base +\$0.032 per State Recognized Square Feet

The maintenance level calculations were inflated using the Services Inflation Table A4.2 published in the February 2024 edition of the Washington State Economic & Revenue Forecast. The historical number of study and survey grants has been used to estimate the grants that will be funded in FY 2026 and FY 2027.

The average enrollment of the 295 statewide school districts is considered as the enrollment of the average number of study and survey grants that would come in during the fiscal year. Based on the same, the base grant amount is calculated as per the above formula.

The average square feet of the 295 statewide school districts is used to calculate the grant amount based on the per square feet rate per the above formula, based on the category of the average enrollment.

The average amount of the basic study and survey grant is \$43,028 in FY 2026 and \$44,540 in FY 2027. The total funding request is as follows:

Maintenance Level Funding Request
 \$ 1,664,000 FY 2026
\$ 1,723,000 FY 2027
 \$ 3,387,000 Total Biennial Request

Natural Hazards Assessment Grant Funding

This request provides continued grant funding to school districts to provide additional building information to help determine the risk of natural hazards for buildings used for instruction. The building data collected is entered into OSPI's Information and Condition of Schools (ICOS) Pre-Disaster Mitigation Module to create an initial risk assessment of each natural hazard such as earthquakes, tsunamis, volcanic activities, floods, wildfires, and landslides.

This request provides grant funding to school districts to hire a qualified consultant to collect necessary building data to help school districts and OSPI understand the seismic vulnerability of school buildings. This information will help prioritize further seismic evaluations needed for buildings which likely pose the highest risk for life safety, severe damage, and extended downtimes for repairs in future earthquakes. The risk data will be analyzed by OSPI's School Seismic Safety Committee to create a priority list of buildings with high seismic risk for further detailed structural assessments and possible retrofits as part of OSPI's School Seismic Safety Grant Program (SSSP) established as per SSB 5933.

OSPI is partnering with the Department of Natural Resources' (DNR) Washington Geological Survey to assist school districts who receive a study and survey grant in identifying the seismic site class information at each of their school campuses. The site class data will be entered into ICOS PDM and used to calculate the seismic risk of each instructional building. The additional geological data provided by DNR will assist in the prioritization of projects for future SSSP funding. OSPI and DNR have been working collaboratively since the 2017-19 biennium to address school seismic safety. This will continue the coordination of school building data and geological data.

In addition, the information collected will assist school districts in assessing long-term facility needs and mitigate natural hazard risks.

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The estimated average cost per building to complete the seismic hazard assessment in the 2025-27 biennium is \$804. Based on the number of historical study and survey grants and the average number of instructional buildings per district, the estimated cost to provide this additional funding is \$1,120,000 in the 2025-27 biennium.

Project Related Costs

SCAP grants include funding for other direct project related costs such as:

1. Architectural and Engineering Fees
2. Construction Management
3. Educational Specifications
4. Value Engineering
5. Constructability Review
6. Building Commissioning
7. Energy Reports and Review
8. Inspection and Testing
9. Fixtures, Furnishings, and Equipment

The maintenance level request continues funding project related costs at current levels.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements or other backup necessary to understand the need for the request. For preservation projects, it is helpful to include information about the current condition of the facility or system.

School Construction Assistance Program (SCAP) operates as a partnership with local school districts to provide the school buildings needed for educating the students of Washington. SCAP provides funding to school districts to plan, construct, and renovate (modernize) school facilities to provide space for learning. Since SCAP is fundamental to the K-12 program, it is a priority project for funding.

What will the request produce or construct (i.e., predesign or design of a building, construction of additional space, etc. When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request. Please provide detailed cost backup.

The statewide program supports school districts and projects that have varied start and completion dates.

How would the request address the problem or opportunity identified by your proposed project? What would be the result of not taking action?

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 renovating existing school facilities. This request for funding will fund the state's cost associated with this partnership.

State funding assistance for school construction through SCAP relieves some of the financial burden of local school districts

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to build new or modernize school facilities. Without SCAP, local school districts must pay for the entire cost of a school facility construction and improvement.

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.

Currently there are no programs that may be considered as alternatives to SCAP.

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

SCAP provides funding assistance to local school districts statewide to build and modernize their school facilities to create effective and healthy learning spaces. Also, schools are places that bring the community together and often are used during times of natural disasters as shelters and staging areas for relief efforts. In addition, SCAP funded projects create and support living wage jobs statewide.

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.

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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 decision package include funding for any Information Technology related costs including hardware, software (to include cloud-based services), contracts or staff? If the answer is yes, you will be prompted to attach a complete IT addendum. (See Chapter 10 of the operating budget instructions for additional requirements.)

This request does not include IT-related costs.

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 14 (Puget Sound Recovery and Governor's Salmon Strategy) in the 2025-27 Operating Budget Instructions.

This request does not impact the Puget Sound Action Agenda.

How is your proposal impacting equity in the state? Which communities are impacted by this proposal? Include both demographic and geographic communities. How are disparities in communities impacted?

The program helps communities that vote for better schools in their community to build better learning environments for their young learners.

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How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, clean buildings performance standards in RCW19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate. For buildings subject to the clean buildings performance standards, describe your compliance pathway for the building, and include information about energy audits, metering, and energy benchmarking

The SCAP projects are required to meet the Office of Superintendent of Public Instruction’s Washington Sustainable Schools Protocol.

Is this project eligible for Direct Pay? If the answer is yes, you must include this project to the list of direct pay projects and information for submittal (see Chapter 1.7 of the capital budget instructions for additional instructions).

Projects funded by SCAP are not eligible for Direct Pay.

Historical Significance

OSPI encourages school districts to follow Executive Order 21-02.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Remodel/Renovate/Modernize (Major Projects)

Grant Recipient Organization: Washington State Public School Districts

Application process used

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

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.

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	3,158,571,000				557,621,000
113-1	Common School Constr-State	35,781,000				6,298,000
	Total	3,194,352,000	0	0	0	563,919,000

		Future Fiscal Periods			
		2027-29	2029-31	2031-33	2033-35
057-1	State Bldg Constr-State	594,521,000	633,418,000	669,390,000	703,621,000

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		Future Fiscal Periods			
		2027-29	2029-31	2031-33	2033-35
113-1	Common School Constr-State	<u>6,719,000</u>	<u>7,153,000</u>	<u>7,586,000</u>	<u>8,025,000</u>
	Total	601,240,000	640,571,000	676,976,000	711,646,000

Operating Impacts

Total one time start up and ongoing operating costs

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<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	350	350
Version	C1-A	C1-A
Project Classification	*	All Project Classifications
Capital Project Number	40000153	40000153
Sort Order	Project Priority	Priority
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For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids