

Multiple Agency Fiscal Note Summary

Bill Number: 6451 SB	Title: School construction
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Estimated Cash Receipts

NONE

Estimated Expenditures

NONE

Estimated Capital Budget Impact

Agency Name	2013-15		2015-17		2017-19	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
School District Fiscal Note - SPI						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	(68,917,800)	(140,171,300)	(144,950,800)	(150,321,000)	(155,404,700)
Superintendent of Public Instruction						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	68,947,800	140,171,300	144,950,800	150,321,000	155,404,700
Total \$	\$0	\$30,000	\$0	\$0	\$0	\$0

Prepared by: Christine Thomas, OFM	Phone: (360) 902-3068	Date Published: Final 1/30/2014
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 36777

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 6451 SB	Title: School construction	Agency: 350-Supt of Public Instruction
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

	2013-15		2015-17		2017-19	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	68,947,800	140,171,300	144,950,800	150,321,000	155,404,700
Total \$	\$0	\$68,947,800	\$140,171,300	\$144,950,800	\$150,321,000	\$155,404,700

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Katherine Taylor	Phone: 360-786-7434	Date: 01/27/2014
Agency Preparation: Randy Newman	Phone: 360 725-6267	Date: 01/30/2014
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 01/30/2014
OFM Review: Christine Thomas	Phone: (360) 902-3068	Date: 01/30/2014

Request # SB 6451-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1(7) would allow districts with student headcount enrollments of more than forty-five thousand to be divided into geographic areas (no more than four) within a school district when calculating eligible space for state funding assistance.

Section 2(2) would change the minimum funding assistance percentage from twenty percent to thirty percent.

Section 2(6) would require the omnibus appropriations act to identify the state construction cost allowance (allocation) for school districts. The cost allowance (allocation) would be calculated based on a three-year rolling average of actual new public K-12 school construction costs per square foot.

Section 2(7) would increase the student space allocation as follows: one hundred ten square (110) feet per student in kindergarten through grade six; one hundred twenty four (124) square feet per student in grades seven and eight; one hundred forty (140) square feet per student in grades nine through twelve; and one hundred forty seven (147) for students with disabilities in any grade.

Section 3 would make the changes in the bill effective July 1, 2014.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No impact to cash receipts.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

No operating budget impact.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2014	FY 2015	2013-15	2015-17	2017-19
Acquisition					
Construction					
Other		68,947,800	68,947,800	285,122,100	305,725,700
Total \$		68,947,800	68,947,800	285,122,100	305,725,700

School Construction Assistance Program (SCAP) Administration

Request # SB 6451-1

Section 1 requires the superintendent of public instruction (OSPI) to create rules related to districts with a student headcount enrollment of more than forty-five thousand to be divided by geographic areas within a school district when calculating eligible space for state funding assistance. OSPI estimates it would need 0.25 FTE (Administrative Program Assistant 2) in FY 2015 to create the rules required in this section. In addition, OSPI would need to consult with its school facilities technical advisory committee as it develops the rules. The estimated staff costs are \$29,000 and the costs associated with two meetings of the technical advisory committee is \$1,000. The total cost in fiscal year 2015 is \$30,000.

School Construction Assistance Program (SCAP) Grants

Section 2 amends RCW 28A.525.166 to raise the minimum level of state Funding Assistance Percentage (FAP) from twenty percent (20%) to thirty percent (30%), require the omnibus appropriations act to set the construction cost allowance (allocation) based on a three year rolling average of the actual cost of new K-12 construction, and increases the student space allocation.

The FAP is one of the three major components of the School Construction Assistance Program (SCAP) funding formula. Based on a historical five year average of FAP funding percentages for SCAP projects, the proposed increase would result in an increase of state assistance by less than one percent (1%). The five year historical average of the FAP would have changed from 60.91% to 61.86%. See attachment 1 for fiscal year FAP details.

Requiring the omnibus appropriations act to set the construction cost allowance (allocation) based on a three year rolling average of the actual cost of new K-12 construction per square foot would increase the current allowance from \$204.40 per square foot to \$253.71 per square foot for projects anticipated to be funded in fiscal year 2015. See attachment 1 for the estimated three year rolling averages for the construction cost allowance (allocation).

The student space allocation increases will increase the state assistance to local school districts. The cost of increasing the student space allocation is included in the cumulative fiscal impact below.

The cumulative fiscal impact of increasing each component (FAP, Construction Cost Allowance, and Student Space Allocation) of the SCAP funding formula using known project data for the 2014 release in FY 2015 is \$68.9 million. See attachment 1 for the estimated increased costs for fiscal years 2016 through fiscal year 2023.

Since the 2013-15 capital budget appropriations have been set, the SCAP would need an additional \$13.6 million to fund the 2014 grant release with the increases to the funding components proposed in the bill.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 1(7) requires OPSI to create rules to allow districts with a student headcount enrollment over forty-five thousand to be divided into geographic areas (no more than four) when calculating eligible space for state funding assistance.

Financial Assistance Percentage (FAP) Information

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
5 Year Average of FAP (Projects Funded 2009-2013) @ 20% Floor	60.91%	60.91%	60.91%	60.91%	60.91%	60.91%	60.91%	60.91%	60.91%
5 Year Average of FAP (Projects Funded 2009-2013) @ 30% Floor	61.86%	61.86%	61.86%	61.86%	61.86%	61.86%	61.86%	61.86%	61.86%
Increase	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Assumed FAP used in K-12 capital budget model	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Increased in FAP used in K-12 capital budget model based on 5 Year Average	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Assumed FAP to be used in K-12 capital budget model	60.95%	60.95%	60.95%	60.95%	60.95%	60.95%	60.95%	60.95%	60.95%

Construction Cost Allocation

		2010-11	2011-12	2012-13	3 Year Average					
Average New Construction Cost Per Square Foot		\$238.37	\$246.80	\$275.95	\$253.71					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Construction inflation factor (maintenance level) K-12 model		1.0316	1.0324	1.0303	1.0271	1.0246	1.0230	1.0222	1.0224	1.0224
Estimated new cost per construction with adjustment for inflation	\$ 275.95	\$284.67	\$ 293.90	\$ 302.82	\$ 311.02	\$ 318.67	\$ 325.99	\$ 333.24	\$ 340.70	\$ 348.33
Projected three year rolling average	\$ 237.30	\$253.71	\$ 284.84	\$ 293.79	\$ 302.58	\$ 310.83	\$ 318.56	\$ 325.96	\$ 333.31	\$ 340.76

K12 Capital Budget Model Calculations

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Current Cost Estimate @ 20% minimum FAP, current construction cost allocation, and student space allocation	\$ 241,503,424	\$ 352,765,450	\$ 363,440,650	\$ 373,248,916	\$ 382,411,230	\$ 391,165,574	\$ 399,834,925	\$ 408,759,257	\$ 417,887,573
FAP @ 30% minimum, three year rolling average construction cost allocation, and increased student space allocation	\$ 310,421,267	\$ 492,936,710	\$ 508,391,457	\$ 523,569,917	\$ 537,815,913	\$ 551,163,980	\$ 563,942,206	\$ 576,634,093	\$ 589,498,659
Fiscal Impact to School Construction Assistance Program Grants	\$ 68,917,843	\$ 140,171,260	\$ 144,950,806	\$ 150,321,002	\$ 155,404,683	\$ 159,998,405	\$ 164,107,281	\$ 167,874,836	\$ 171,611,086

School Construction Assistance Program - Administration

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OSPI Staff (0.25 FTE) - Rule Making	\$ 29,000								
OSPI Technical Advisory Committee Meeting Costs	\$ 1,000								
Total OSPI Administration	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total Fiscal Impact

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SCAP Grant Impact	\$ 68,917,843	\$ 140,171,260	\$ 144,950,806	\$ 150,321,002	\$ 155,404,683	\$ 159,998,405	\$ 164,107,281	\$ 167,874,836	\$ 171,611,086
OSPI Administration	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cost	\$ 68,947,843	\$ 140,171,260	\$ 144,950,806	\$ 150,321,002	\$ 155,404,683	\$ 159,998,405	\$ 164,107,281	\$ 167,874,836	\$ 171,611,086
Rounded	\$ 68,947,800	\$ 140,171,300	\$ 144,950,800	\$ 150,321,000	\$ 155,404,700	\$ 159,998,400	\$ 164,107,300	\$ 167,874,800	\$ 171,611,100

Individual State Agency Fiscal Note

Bill Number: 6451 SB	Title: School construction	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

	2013-15		2015-17		2017-19	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	(68,917,800)	(140,171,300)	(144,950,800)	(150,321,000)	(155,404,700)
Total \$	\$0	\$(68,917,800)	\$(140,171,300)	\$(144,950,800)	\$(150,321,000)	\$(155,404,700)

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Katherine Taylor	Phone: 360-786-7434	Date: 01/27/2014
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Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 01/30/2014
OFM Review: Christine Thomas	Phone: (360) 902-3068	Date: 01/30/2014

Request # SB 6451-2

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1(7) would allow districts with student headcount enrollments of more than forty-five thousand to be divided into geographic areas (no more than four) within a school district when calculating eligible space for state funding assistance.

Section 2(2) would change the minimum funding assistance percentage from twenty percent to thirty percent.

Section 2(6) would require the omnibus appropriations act to identify the state construction cost allowance (allocation) for school districts. The cost allowance (allocation) would be calculated based on a three-year rolling average of actual new public K-12 school construction costs per square foot.

Section 2(7) would increase the student space allocation as follows: one hundred ten square (110) feet per student in kindergarten through grade six; one hundred twenty four (124) square feet per student in grades seven and eight; one hundred forty (140) square feet per student in grades nine through twelve; and one hundred forty seven (147) for students with disabilities in any grade.

Section 3 would make the changes in the bill effective July 1, 2014.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No impact to cash receipts.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

No operating budget impact.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2014	FY 2015	2013-15	2015-17	2017-19
Acquisition					
Construction					
Other		(68,917,800)	(68,917,800)	(285,122,100)	(305,725,700)
Total \$		(68,917,800)	(68,917,800)	(285,122,100)	(305,725,700)

Local School Districts

Request # SB 6451-2

Section 1(7) would allow districts with student headcount enrollments of more than forty-five thousand to be divided into geographic areas (no more than four) within a school district when calculating eligible space for state funding assistance. The fiscal impact of this change is indeterminate because it's unknown how many geographic areas would be created and how many students would be located in the newly created areas.

Section 2 amends RCW 28A.525.166 to raise the minimum level of state Funding Assistance Percentage (FAP) from twenty percent (20%) to thirty percent (30%), require the omnibus appropriations act to set the construction cost allowance (allocation) based on a three year rolling average of the actual cost of new K-12 construction, and increases the student space allocation.

Any increase to the FAP, construction cost allowance (allocation), and student space allocation will decrease the costs incurred by local school districts to construct school facilities.

The cumulative fiscal impact of increasing each component (FAP, Construction Cost Allowance, and Student Space Allocation) of the SCAP funding formula using known project data for the 2014 release in FY 2015 is \$68.9 million. See attachment 1 for the estimated increased state assistance for fiscal years 2016 through fiscal year 2023.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule making required.

Financial Assistance Percentage (FAP) Information

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
5 Year Average of FAP (Projects Funded 2009-2013) @ 20% Floor	60.91%	60.91%	60.91%	60.91%	60.91%	60.91%	60.91%	60.91%	60.91%
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Increase	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Assumed FAP used in K-12 capital budget model	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
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Assumed FAP to be used in K-12 capital budget model	60.95%	60.95%	60.95%	60.95%	60.95%	60.95%	60.95%	60.95%	60.95%

Construction Cost Allocation

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K12 Capital Budget Model Calculations

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Increased State Support For Construction	\$ 68,917,843	\$ 140,171,260	\$ 144,950,806	\$ 150,321,002	\$ 155,404,683	\$ 159,998,405	\$ 164,107,281	\$ 167,874,836	\$ 171,611,086
Rounded	\$ 68,917,800	\$ 140,171,300	\$ 144,950,800	\$ 150,321,000	\$ 155,404,700	\$ 159,998,400	\$ 164,107,300	\$ 167,874,800	\$ 171,611,100