

K-12 CAPITAL SUMMARY



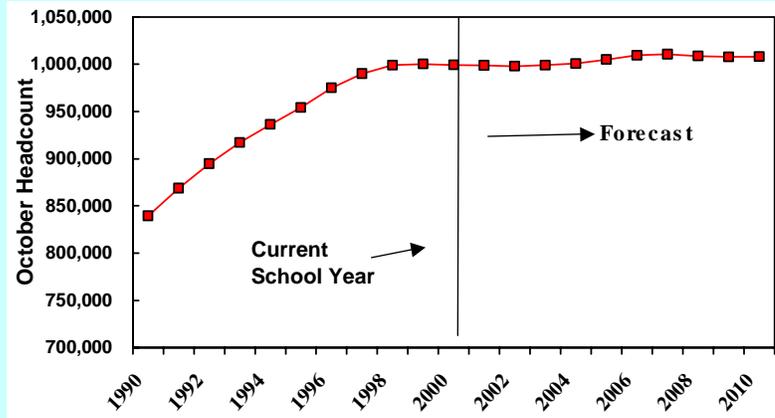
**Senate Ways and Means Committee
January 25, 2001**

THERE ARE THREE MAIN BUDGET DRIVERS FOR SCHOOL CONSTRUCTION

ENROLLMENT GROWTH

- The rapid increase of the 1990's has leveled off and growth will be slow.
- Aggregate statewide data masks two additional drivers of demand for new construction:
 - a) interdistrict movement of students
 - b) changes in the grade distribution of students

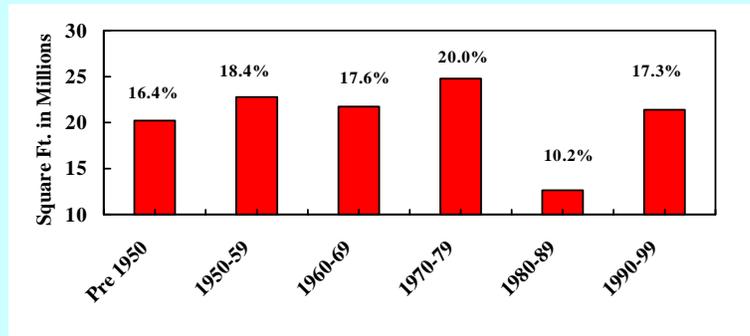
K-12 Public School Headcount Enrollment 1990-2010



AGE OF EXISTING FACILITIES

- 72% of the square footage in school buildings, or about 90 million square feet, is more than 20 years old.

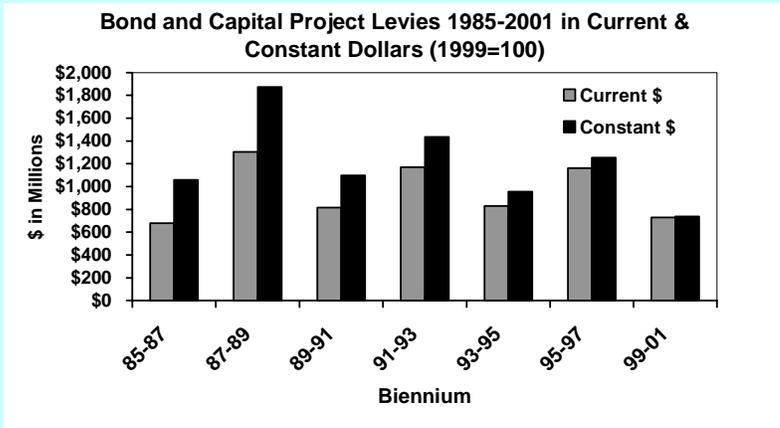
Age of School Inventory - Year Built or Modernized



LOCAL BOND LEVY PASSAGES

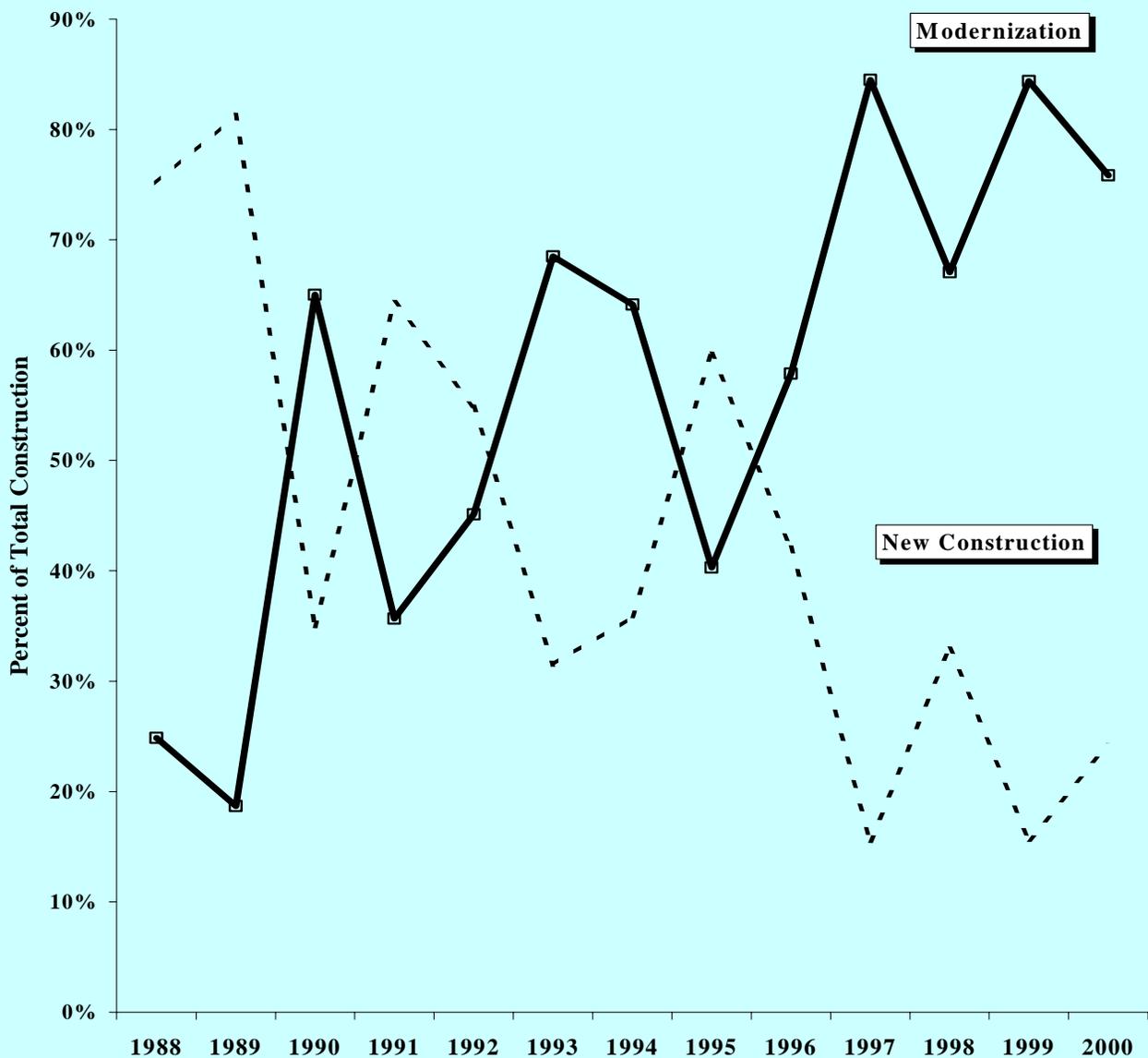
- The amount of bonds and capital project levies has declined since 1987-89 both in current and constant dollars.
- Bonds approved in one year typically generate requests for state match for the next 3 to 5 years.
- 99-01 numbers are estimated since 2001 elections have not occurred yet.

Bond and Capital Project Levies 1985-2001 in Current & Constant Dollars (1999=100)



The Use of State Dollars for School Construction has Changed From New Construction to Modernization

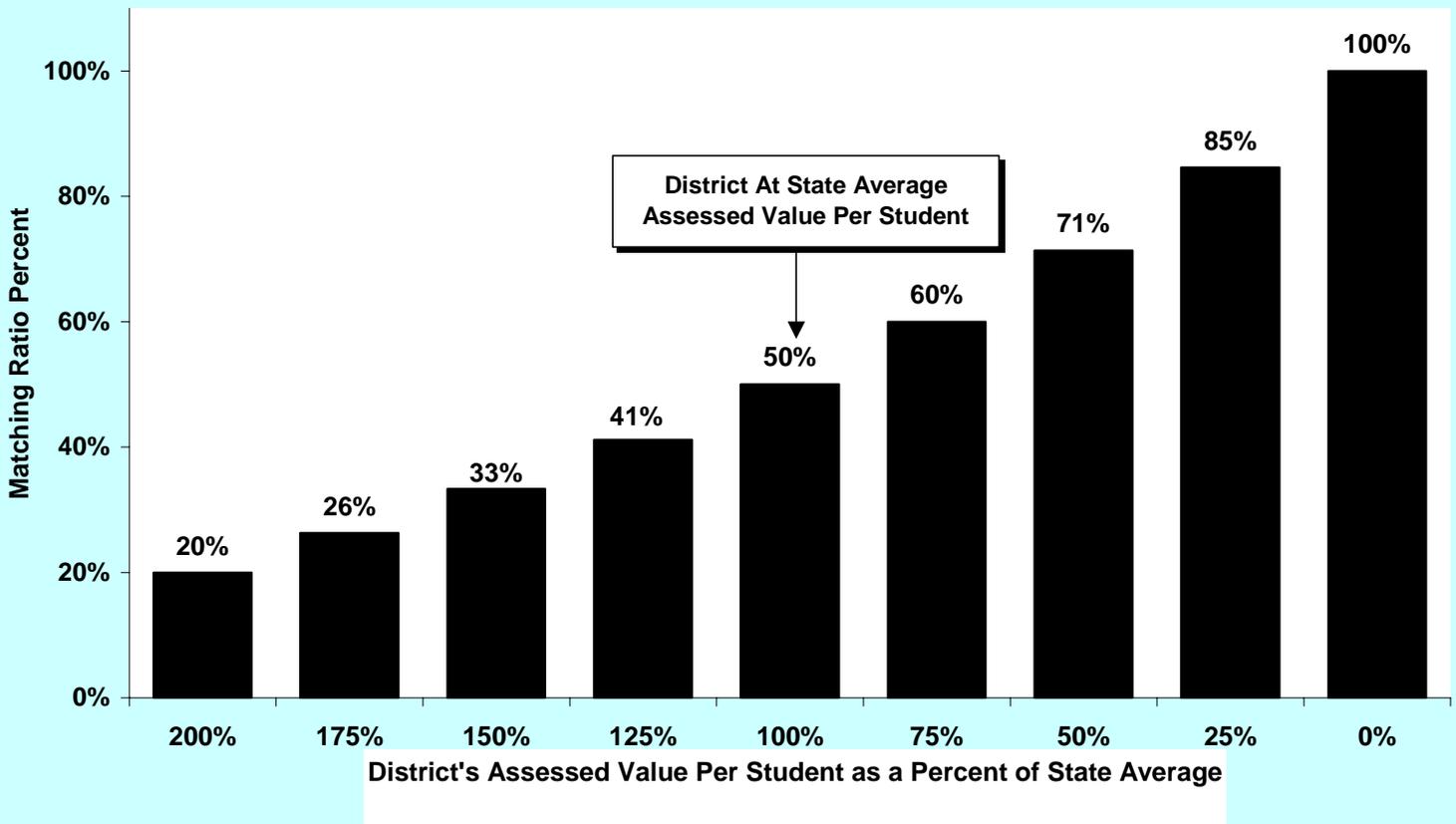
Percent of State Dollars Released For New Construction and Modernization 1988-2000



Principles of the State School Construction Program

1. The provision of school facilities is a state and local responsibility.
2. Equalize the burden among school districts insofar as possible to even out variations in wealth among districts.

K-12 CAPITAL MATCHING RATIO FORMULA



STATE ALLOCATION FACTORS AND RULES ESTABLISH HOW MUCH STATE ASSISTANCE A DISTRICT IS ELIGIBLE FOR

1. New Construction - Square Feet Based On Enrollment

K-6	80 sq. ft/student (K students count as half)
Grades 7-8	110 sq. ft/student
Grades 9-12	120 sq. ft/student
Students with disabilities	140 sq. ft/student

Districts building larger facilities must pay 100 percent of the extra space and it is counted as part of the overall district capacity for future projects.

2. Modernization - To be eligible:

- ◆ A school must be at least 20 years old, (30 years if built after '91); and
- ◆ The cost of the project must exceed 40% of the replacement cost.

3. State Match Per Square Foot (Estimated July 2001 rate)

- ◆ **New Construction** - \$106.72 per square foot.
- ◆ **Modernization** - \$85.38 per square foot. (80% of new construction rate)

4. Additional State Support Items

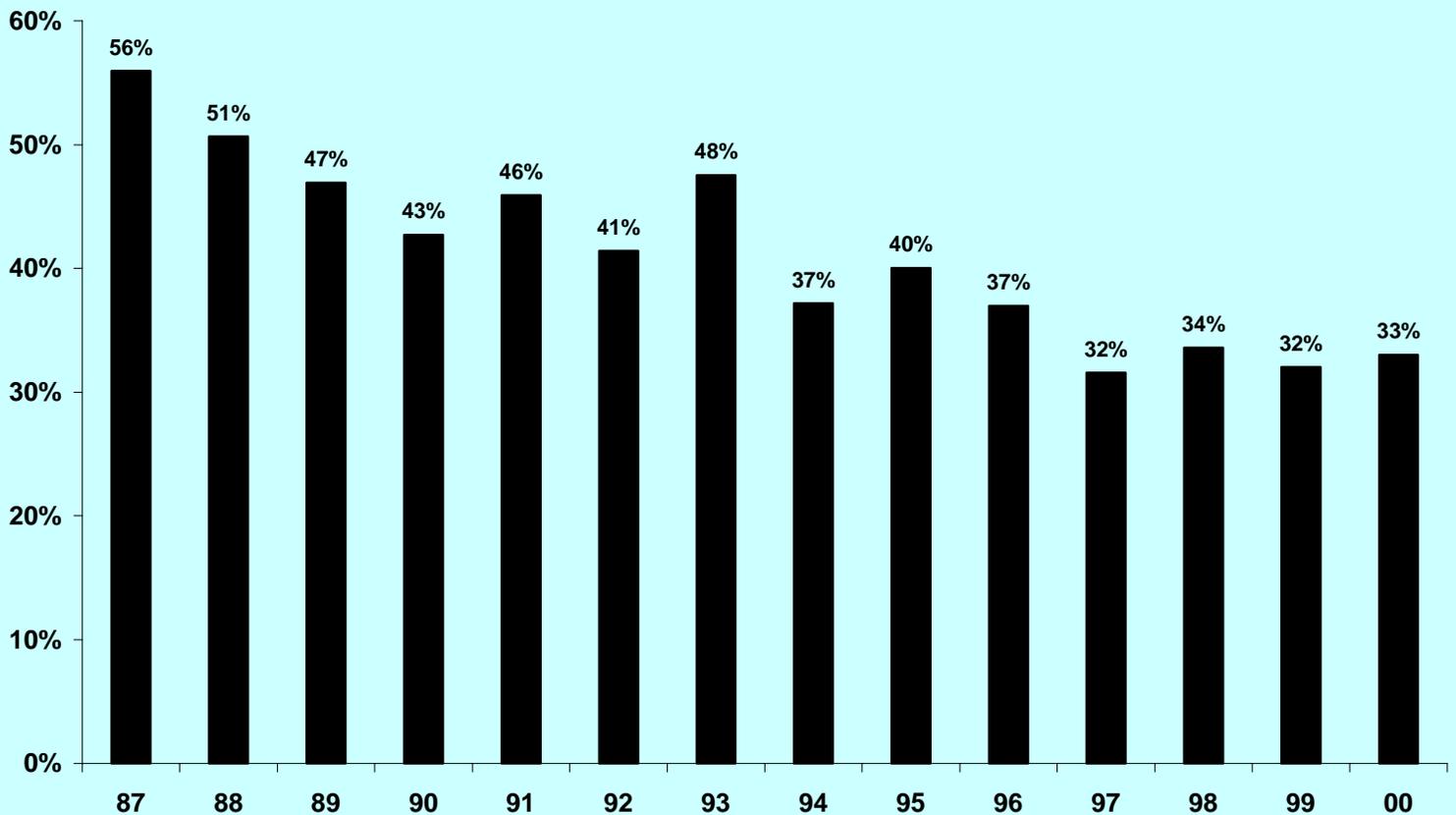
- ◆ **Architectural and Engineering Fees** -- 6 to 10% of state match
- ◆ **Furniture and Equipment** – 2% to 7% of state match
- ◆ **Value Engineering, Construction Management, Constructability Reviews, Energy Conservation Study, Special Inspections and Testing**

Items Not Eligible For State Funding

- 1. Square feet or costs in excess of state support factors.**
- 2. Local sales and use taxes.**
- 3. Site acquisition costs.**
- 4. Stadia/grandstands.**
- 5. Central administration buildings.**
- 6. Alterations, repair, and demolitions except when necessary to connect new construction to existing building.**
- 7. Maintenance and operation items (i.e. deferred maintenance).**
- 8. Bus garages, project signs, bid advertising costs, and district staff costs.**

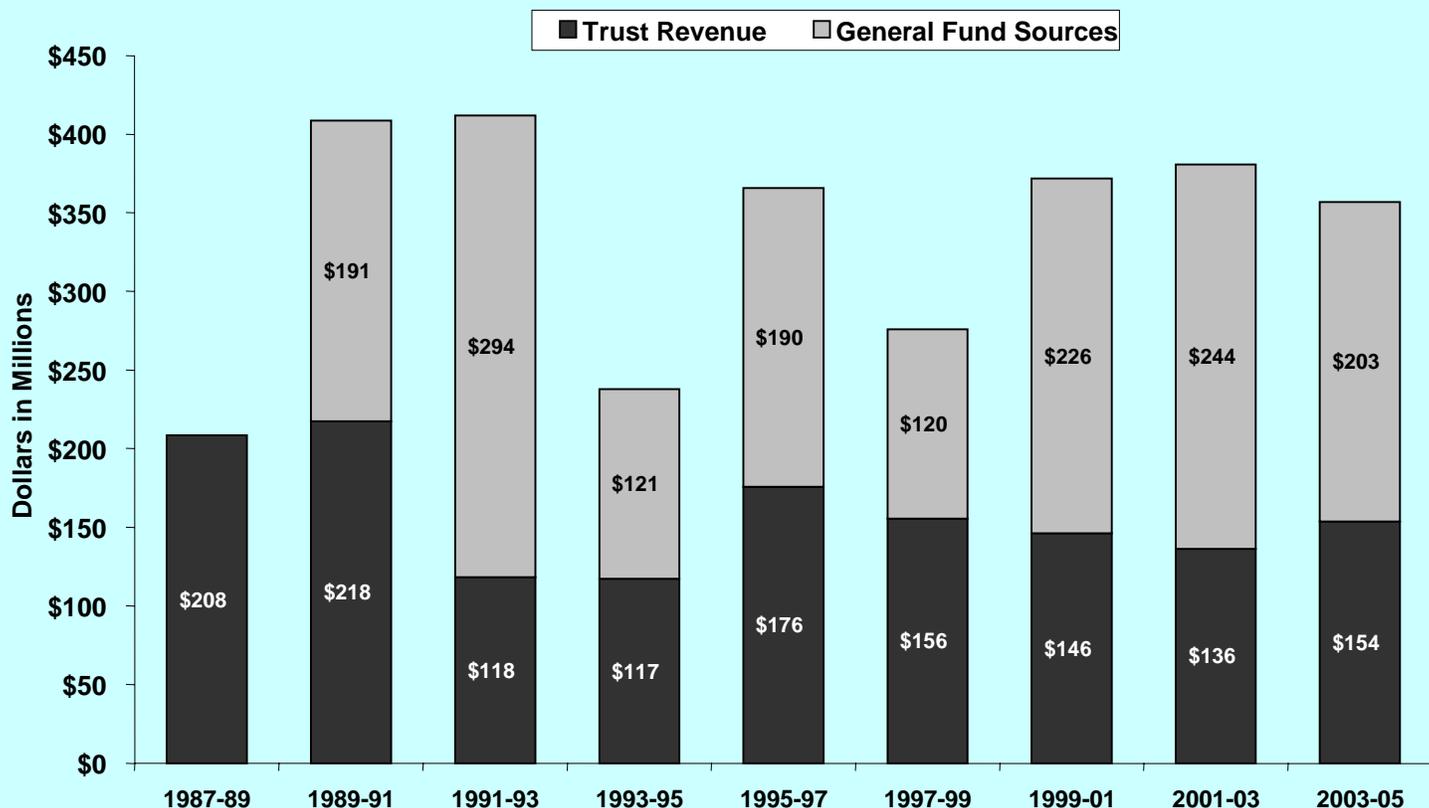
The State's Share of Total K-12 Capital Project Costs has Been Declining

STATE SHARE OF TOTAL K-12 PROJECT COSTS 1987-2000



The Legislature Has Been Supplementing Dedicated Trust Funds Since 1989

STATE COMMON SCHOOL TRUST FUND SOURCES 1987-2005



STATE COMMON SCHOOL CONSTRUCTION FUND SOURCES, 1987-2005

<u>Biennium</u>	<u>Trust Revenues</u>	<u>General Fund Sources **</u>	<u>Total K-12 Capital Sources</u>	<u>Trust Revenue As a Percent Of Total Sources</u>
1987-89	\$208.3	\$0.0	\$208.3	100%
1989-91	\$217.5	\$191.0	\$408.5	53%
1991-93	\$118.1	\$293.7	\$411.8	29%
1993-95	\$117.1	\$120.9	\$238.0	49%
1995-97	\$175.6	\$190.0	\$365.6	48%
1997-99	\$155.5	\$120.3	\$275.8	56%
1999-01	\$146.1	\$225.5	\$371.6	39%
2001-03 Est.	\$136.2	\$244.2	\$380.4	36%
2003-05 Est.	\$153.6	\$203.2	\$356.8	43%

** General Fund Sources Includes: State G.O. Bonds; State General Fund; Education Savings Account; and Education Construction Account.

State Board of Education K-12 Capital Request Compared with Governor Request

Dollars
In Millions

1999-01 Enacted	\$	379.7
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State Board 2001-03 Request		
Current Rules	\$	388.7
Enhancements	\$	<u>174.8</u>
Total	\$	563.5

Governor 2001-03 Request	\$	388.9
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Difference \$ 174.6
State Bd. Vs. Gov.