Joint Legislative Task Force on School Construction Funding
RSMeans City Cost Indexes & School Construction Assistance

2009 Proviso Excerpt
"…The joint legislative task force on school construction funding, established in the 2007-09 capital budget, is continued to explore the following…(c) **ways to account for regional cost differences in the school construction assistance grant program formula**…"

2009-11 Capital Budget
ESHB 1216, Chapter 497 Laws of 2009 (pv)
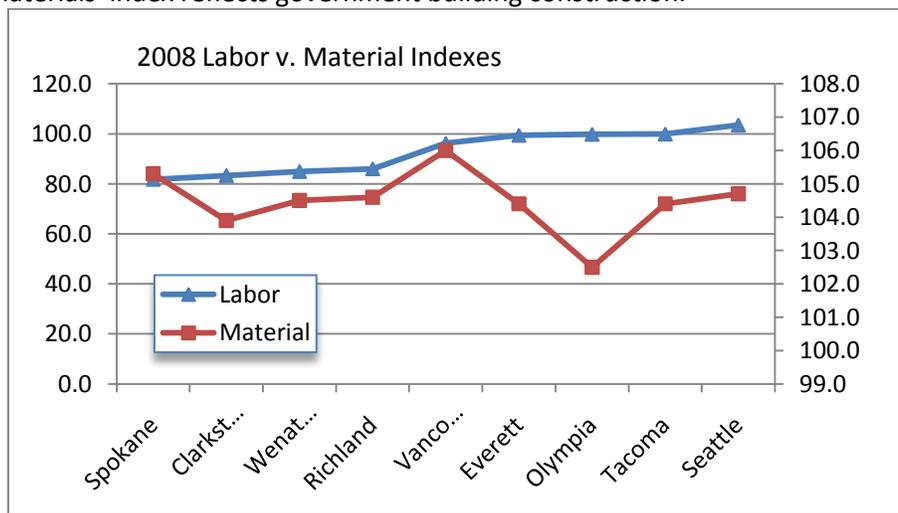*Excerpt Section 5017(1)*

RSMeans Data
RSMeans is a product of Reed Construction Data, a company that develops construction-cost information. The RSMeans provides a standardized, national index of construction costs. The most recent year available is 2008, for nine Washington state cities:

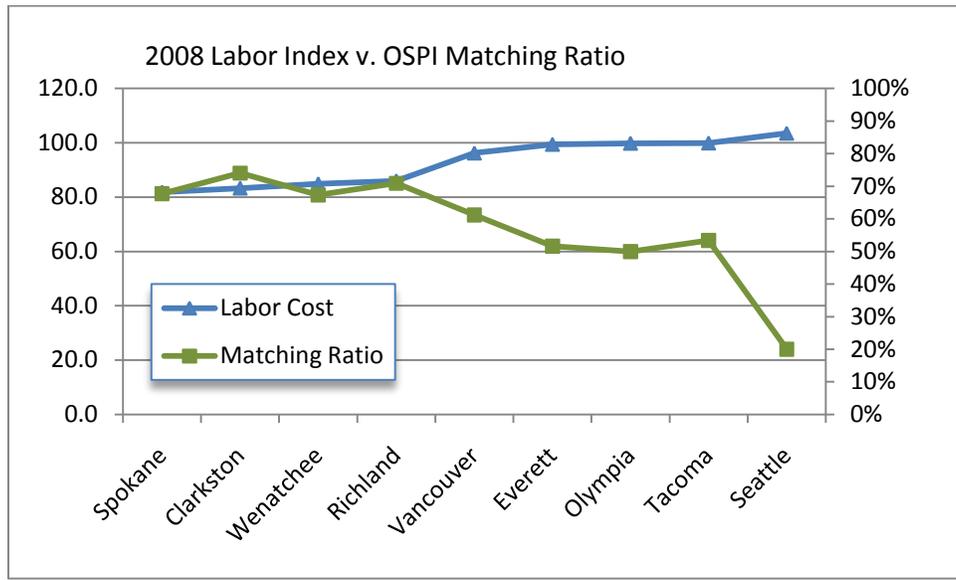| Washington City:	2008 Material	2008 Labor
Clarkston	103.9	83.3
Everett	104.4	99.4
Olympia	102.5	99.8
Richland	104.6	86.0
Seattle	104.7	103.5
Spokane	105.3	81.8
Tacoma	104.4	99.9
Vancouver	106.0	96.2
Wenatchee	104.5	84.9

100 = average of 730 cities

Comparison of Labor Index to Materials Index
Comparing the nine cities' labor cost indexes to their materials cost indexes reveals virtually no connection between the two (correlation = -0.18). Without additional information about the raw data that were compiled, or additional research into reasons for variations in materials' costs, it could be that Olympia's relatively low materials' index reflects government building construction.

2008 Labor v. Material Indexes

Comparison of Labor Index to OSPI School District Matching Ratio

Regional variation in labor costs, however, inversely correlates very strongly to the matching ratio in the School Construction Assistance Program (correlation = -0.90):

Since the matching ratio is a function of the property valuation per-pupil, adding a regional adjustment based on labor costs would somewhat dilute the effect of the tax-equity factor.

Conclusion

Based on the nine data points available in standardized format, there is a strong inverse correlation between regional variation in labor costs and property-valuation-per-pupil. Primary policy goals that are implicit in the current formula include: balance between state and local interests; ownership vested in the local school districts; validation of projects reflected through local, voter-approved bond measures; and equalization of wealth.

If equalization of wealth continues to be a major policy goal, adding a regional-cost factor could somewhat diminish the current structure.