



Public Schools of North Carolina

State of the State in ***School Construction***

2018 NC A4LE Annual Conference

Wrightsville Beach, North Carolina

March 19, 2018

School Planning Section / NCDPI

Nathan Maune, AIA

We'll discuss...

- School Construction Costs
- Population and Demographic Factors
- Facility Needs
- Capital Funding for Schools
- NC Legislation
- Whatever else comes to mind



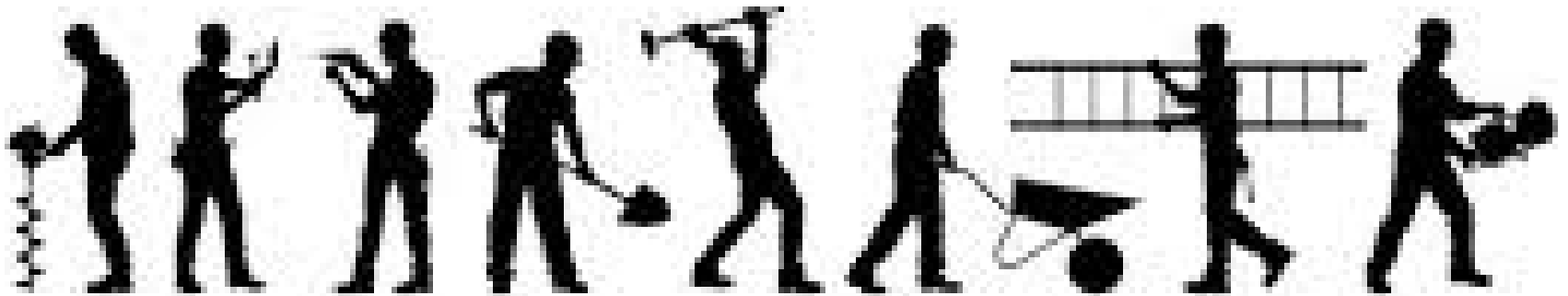


So sit back, and enjoy your lunch...



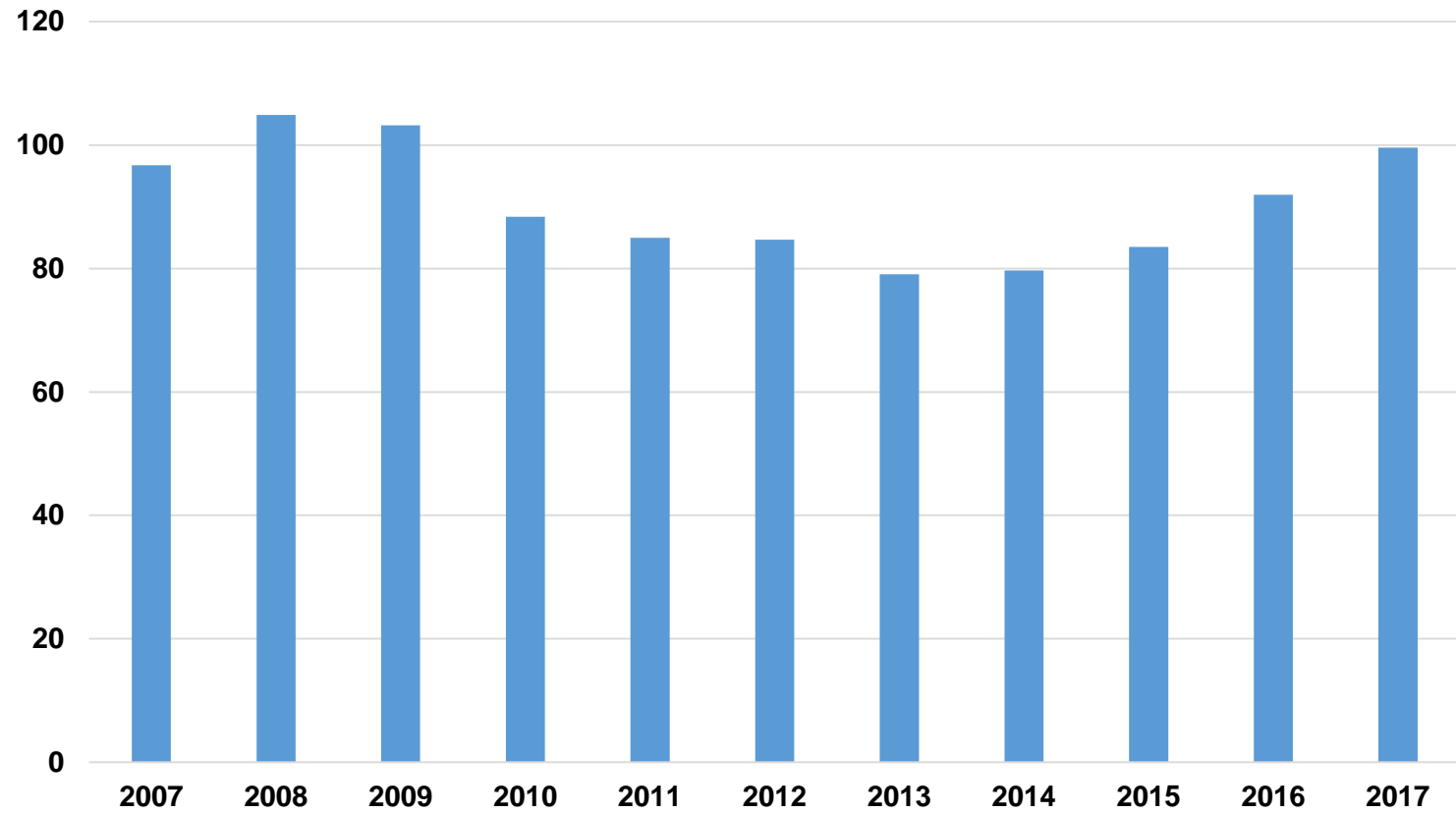
School Construction Costs...

- National School Construction Data
- SF Costs of Schools in North Carolina
- General Economic Data





School Construction Spending

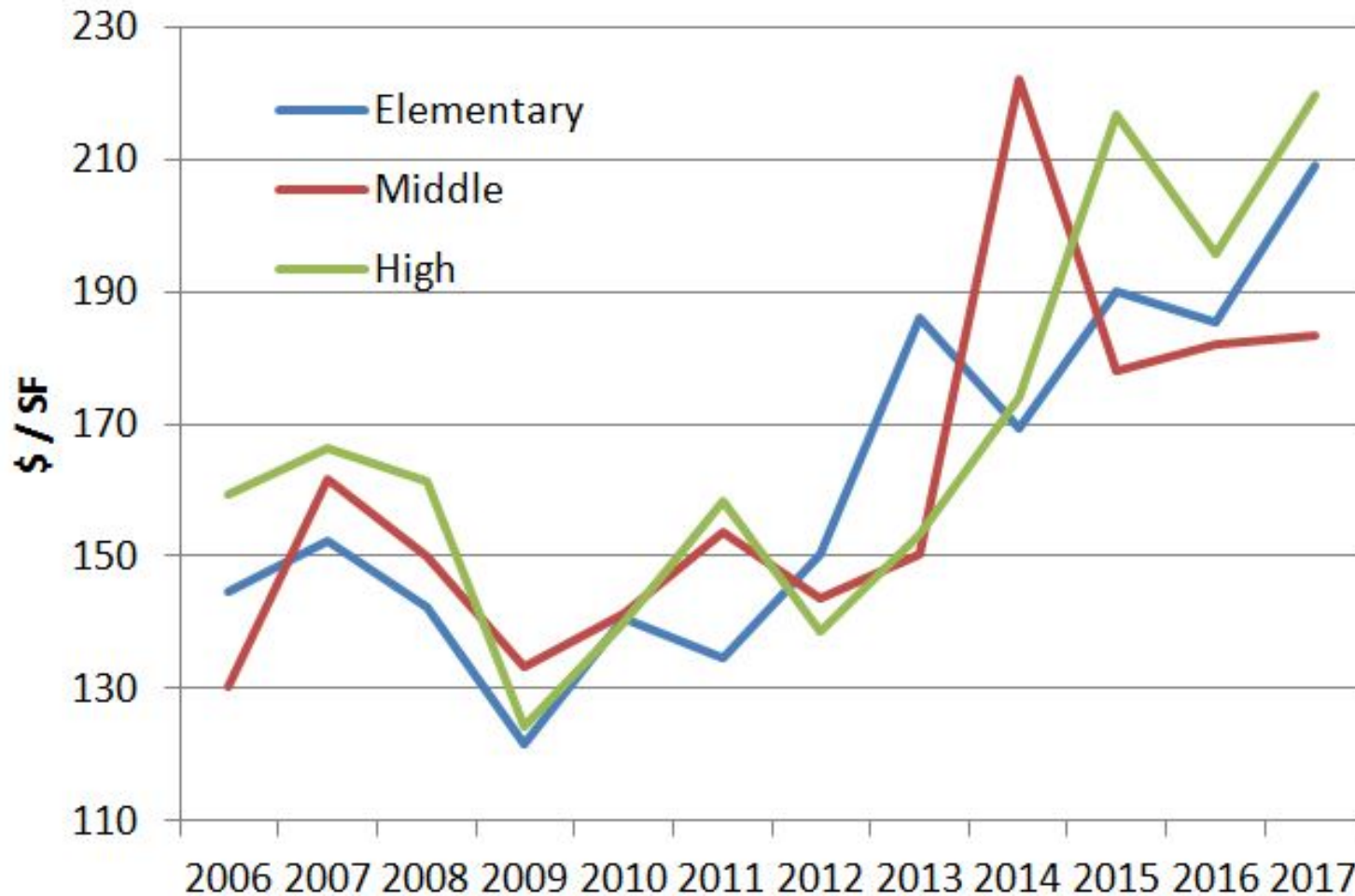


(\$ billions) (2017 is Estimated)

School Planning & Management magazine



NC New School Costs / SF



NC New School Costs – 2017

--- A/E and LEA Self-Reported ---

	ES	MS	HS	TOTALS
	(8)	(1)	(0)	
Cost / SF	\$207	\$178	\$0	\$200
Cost / Student	\$28,730	\$33,150	\$0	\$29,497
Area / Student	139	187	0	147



Number of Projects Reviewed

YEAR	New Schools	Addition & Renov	Roof Project	Site	All Types
2005	35	172	0	4	211
2010	22	225	50	7	304
2014	17	175	70	6	268
2015	13	69	26	2	110
2016	26	153	79	3	261
2017	24	142	48	2	216
2018 *	6	18	13	8	45

* YTD 2018



Number of Projects Reported

(construction costs)

	2010	2011	2012	2013	2014	2015	2016	2017
Elementary	6	2	6	3	5	9	7	7
Middle	6	1	2	1	5	5	2	2
High	2	3	1	1	1	2	1	0
Total	14	6	9	5	11	16	10	9

Number of new schools reviewed - 2014-2017

80

Number of cost reports received - 2014-2017

46





Construction Data Reporting...

- Provide Construction Cost Information
- Total SF and Bid Costs (*as awarded*)
- Complete and Return School Planning Form

...or...

- Provide Schedule of Values Summary

...whichever is easier.



Population and Demographics...

- Regional Trends in Population Growth
- ADM Trends in North Carolina
- Population Gains and Losses

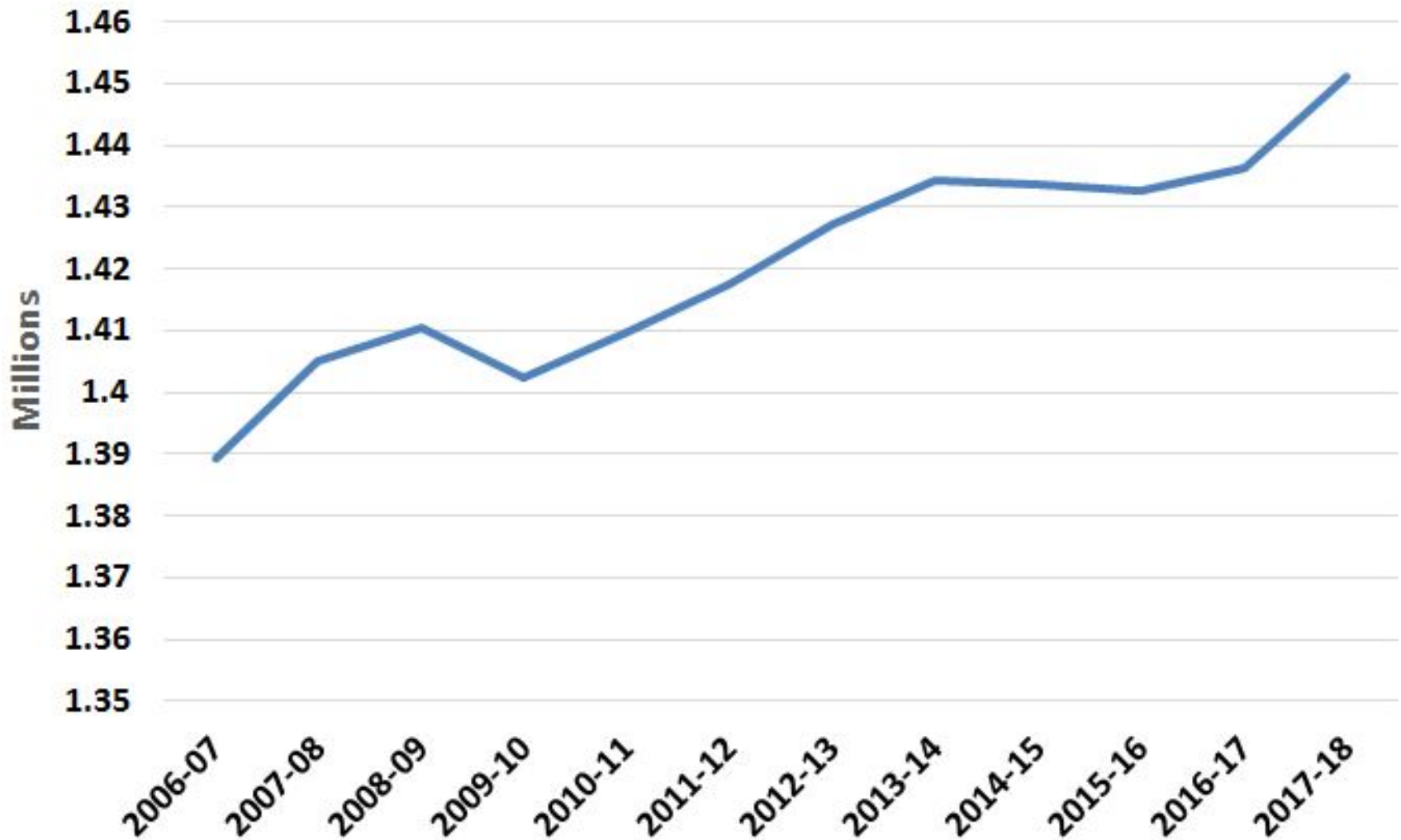


2016-17 Population Change

State	Increase	%
Florida	371,961	1.8
Georgia	119,008	1.2
Maryland	35,730	0.6
North Carolina	126,631	1.2
South Carolina	63,250	1.3
Virginia	58,212	0.7
U.S. Total	2,591,665	0.8

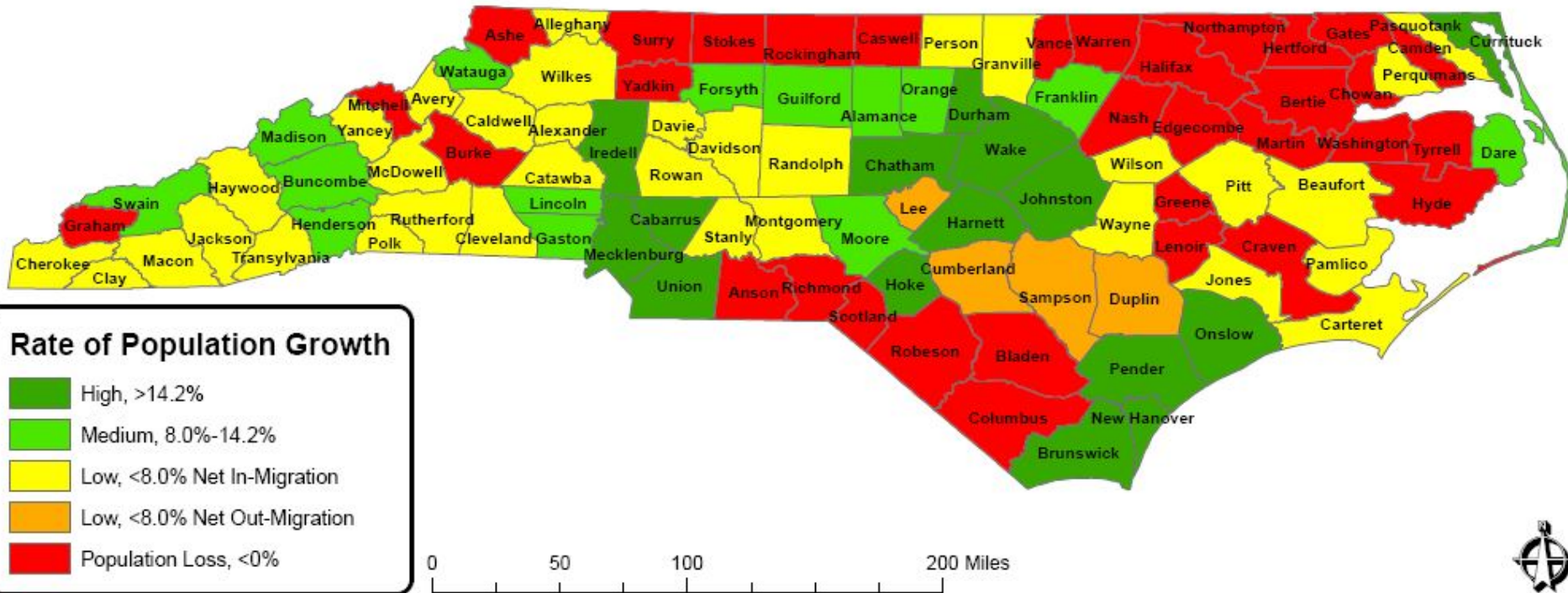


NC Public Schools :: ADM



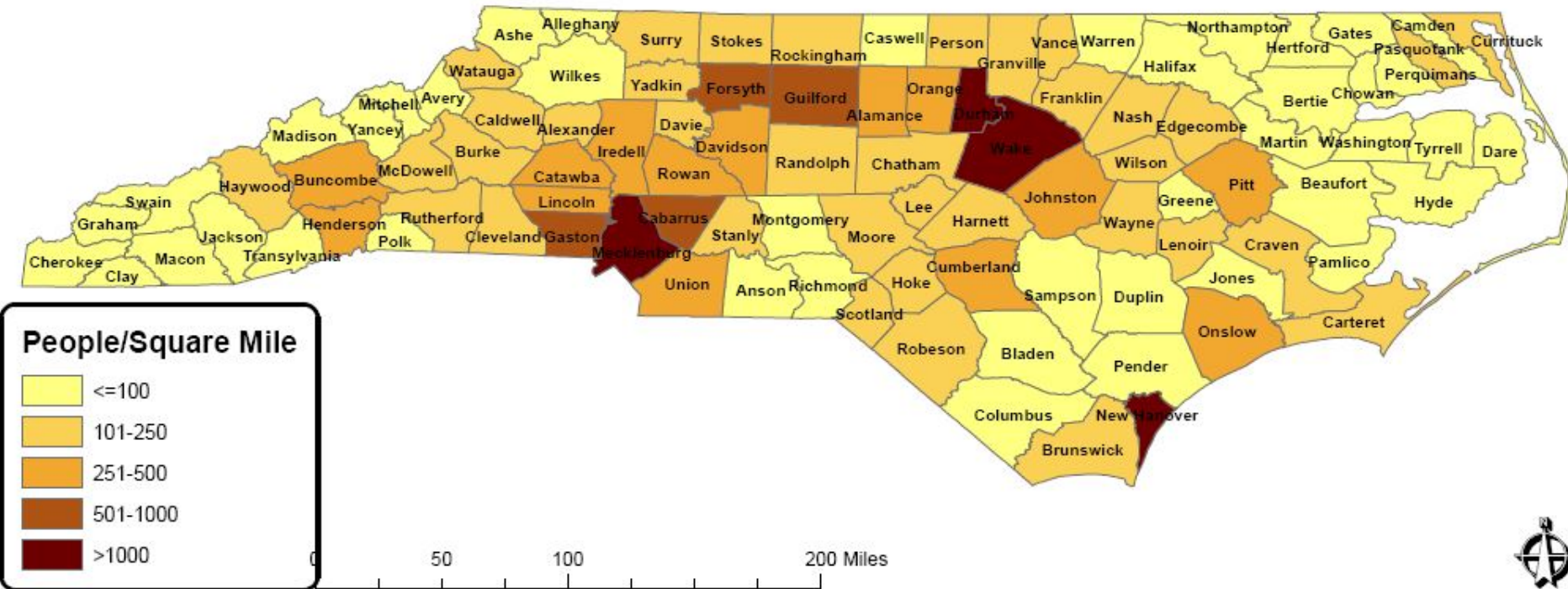
Changing Population

Population Growth, 2010-2020



Population Density

Projected Population Density, 2020
(People/Square Mile)



Special Needs of Districts with Declining Population

Issues are Amplified for Smaller Districts...

- Facilities Needing Renovation
- Scarce Capital Funding
- Site Appropriateness – Size and Location
- Logistics and Transportation
- Local Political Challenges



School Facility Needs...

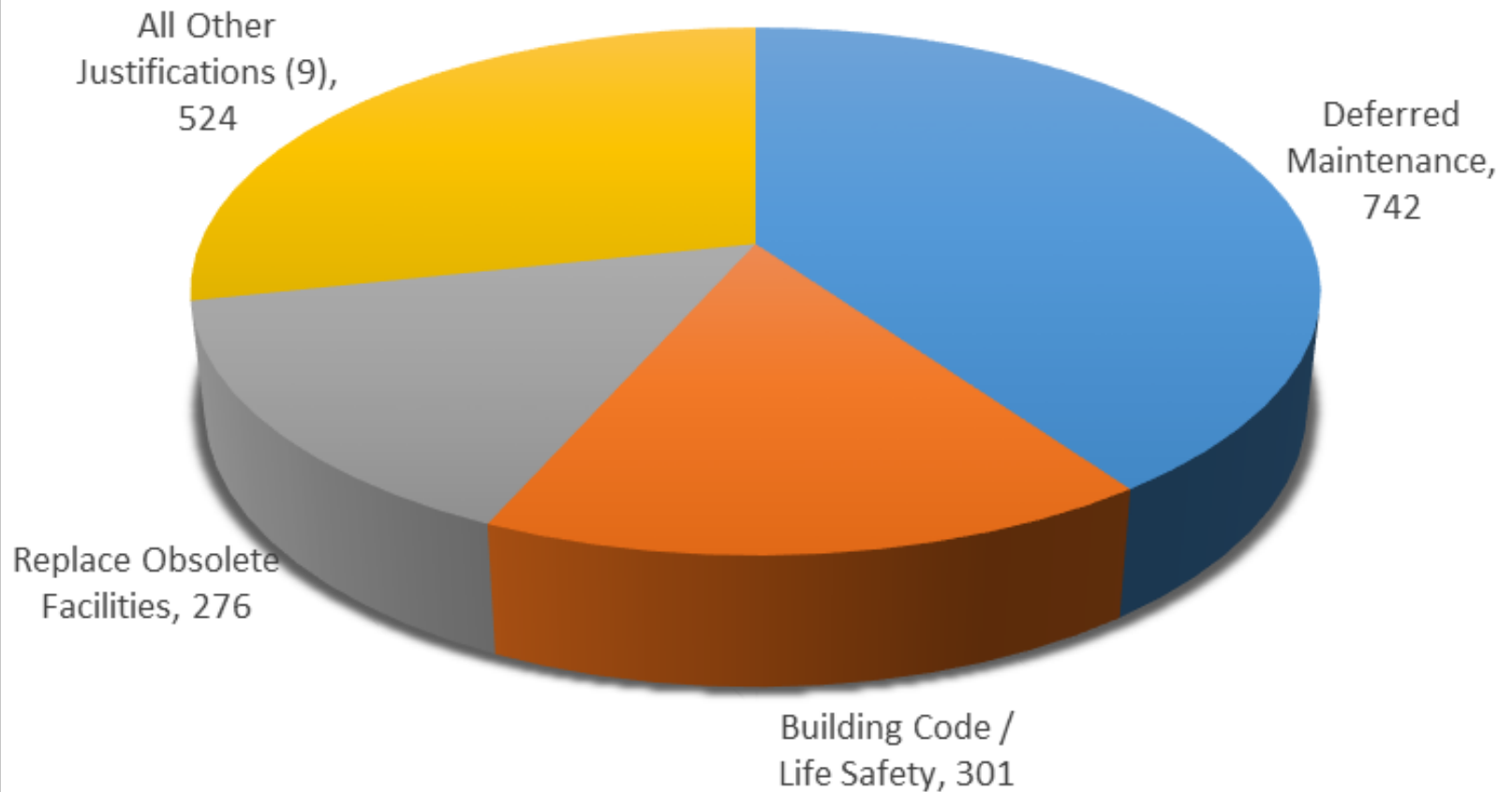
- School Planning Facility Needs Survey
- Program Evaluation Division Report





Why NC Schools Need Funds...

2015-16 FNS Report (DPI)



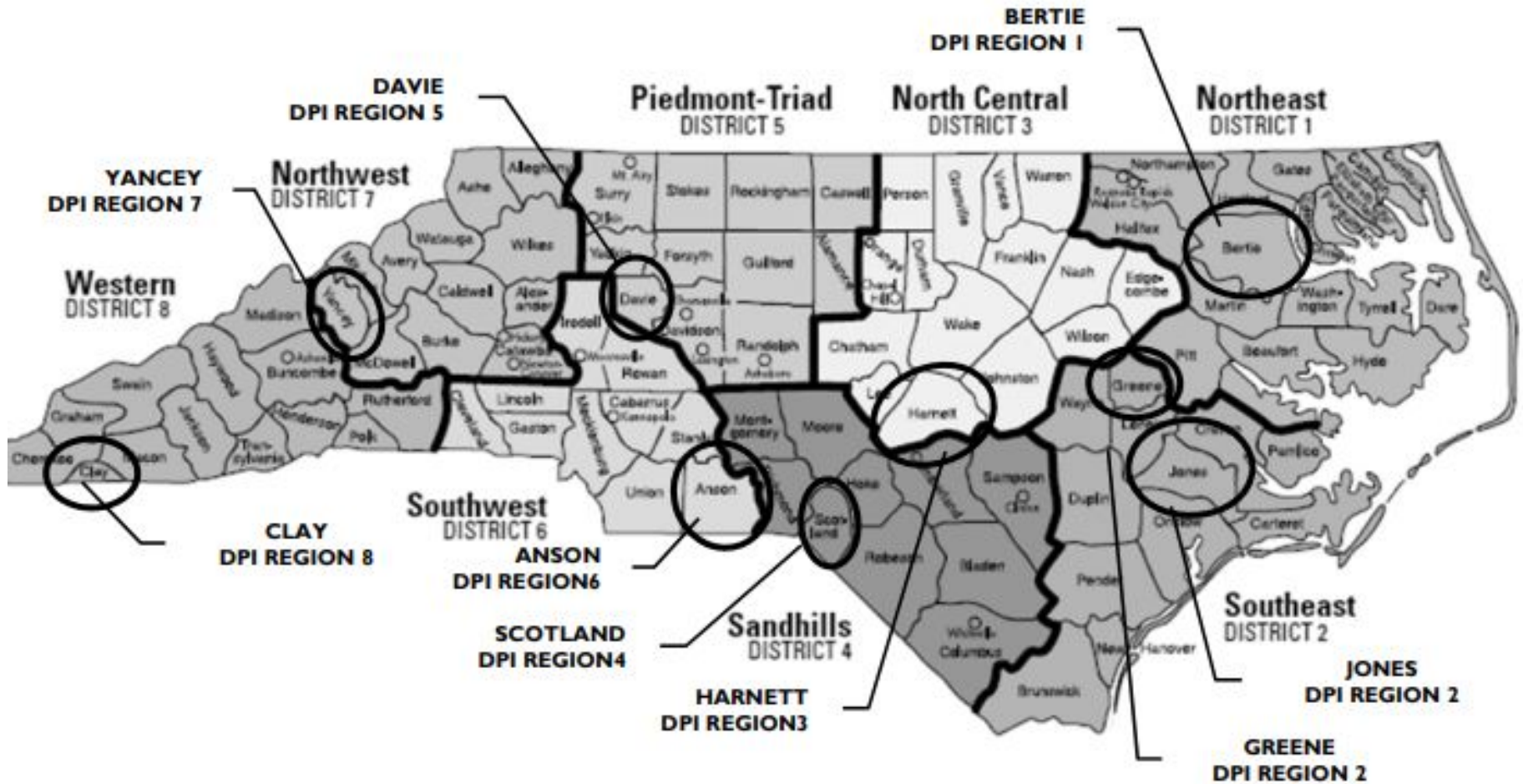


DPI Facility Needs Survey...

- Latest Report is 2015-16 (*five year cycle*)
- Facility Needs are Self-Reported by LEAs
- **\$ 8.0 billion** across 115 Districts (*statewide*)
- **\$ 341 million** across 9 LEAs



P.E.D. Facilities Survey Report





P.E.D. Facilities Survey Report

- Nine Counties
 - Anson, Bertie, Clay, Davie, Greene, Harnett, Jones, Scotland, and Yancey
- Originally Due to GA March 15, 2017
- Recently Presented to JL PED Oversight Committee on January 22, 2018

- **\$ 630 million** across 9 LEAs (*85% higher*)



Capital Funding for Schools...

- Local Funding
- State Funding
- Federal Funding



Local Funding

- Property Taxes
- Bond Referenda
- COPs
- Public-Private Partnerships



State Funding

- Original “ADM” Corporate Tax Fund (1987)
 - Some LEAs Have Balances Available
 - Still Earning Interest
 - Local Matching Component
- PSBCF Lottery (2006)
 - \$ 100 million / Fiscal Year / 115 LEAs (per ADM)
- Needs-Based PSBCF Lottery (2017)
 - \$ 30 million / FY17-18
 - \$ 75 million / FY18-19



NB PSCBF – Lottery Funding

- New Grant Funding – SL 2017-57, SL 2017-212
- **SECTION 5.3.(d)** It is the intent of the General Assembly to increase the amount of North Carolina Education Lottery net lottery revenue collected that is dedicated to assist local governments in meeting local school capital needs from sixteen and nine-tenths percent (16.9%) of net lottery revenue collected in the 2016-2017 fiscal year to forty percent (40%) of net lottery revenue collected no later than the 2028-2029 fiscal year.



NB PSCBF – Lottery Funding

- School Facility Needs in Low-Wealth Counties
- Tier 1 Counties beginning in FY 2017-18
 - *\$30m in FY17-18*
 - *\$75m in FY18-19*
 - *\$75m in FY19-20 (anticipated)*
- Tier 1 & 2 Counties beginning in FY 2020-21
 - *\$75m (anticipated to continue / increase?)*



NB PSCBF – Lottery Funding

- Application-Based Fund
- New School Buildings (not renovations)
- Not for Land Purchase or Operational Leases
- Planning, Design, and Construction
- Recipient Counties – 5-year Ineligibility (PSBCF)
 - *Applies to ALL LEAs in the County*
- Tier 1 Counties
 - *Local Match of \$1 / \$3 Grant Funds*
 - *\$15m Maximum Grant*
- Tier 2 Counties
 - *Local Match of \$1 / \$1 Grant Funds*
 - *\$10m Maximum Grant*



NB PSCBF – Lottery Funding

- First Year – ‘Standing Up’ the New Process
- School Planning Review Requirements
- Periodic Reporting
- Distribution Request Forms
 - *Similar to ‘Regular’ PSBCF Distribution Process*
 - *Development of Forms and Process*
 - *Funds Allocated Quarterly (mirrors PSBCF)*
- Application Period – FY18-19 (anticipated dates)
 - *July 2018 – Guidance Issued*
 - *August 2018 – Applications Accepted*
 - *September 2018 – Grant Awards Announced*



Federal Funding

QZAB's

	Allotted	Issued	Status
2012	13,318,000	0	Expired
2013	13,318,000	2,985,878	Remainder expired 12/31/15
2014	13,540,000	0	Expired on 12/31/2016
2015	13,269,000	9,000,000	Remainder will expire 12/31/17
2016	13,269,000	0	Will expire 12/31/2018
2017	no bonds allotted		Program Terminated

QSCB's

\$0 remaining allotment

all issued



Federal Funding

- QZABs... Program Eliminated in New Tax Law
- Some 'rumblings' about bringing back QZABs
- QSCBs...Fully Allocated...No Further Availability
- Federal Infrastructure – Schools not Included
- Security Matching Grants (S.2495 & H.R.4909)



NC Legislation





NC Legislation

- Needs-Based Grants – Capital Funding
- Panic Alarm Grants – Will Funding Resume?
- K-3 Class Size – 3 Year Phase-In
 - \$60 m – Art, Music, & other 'non-Core'
 - \$82 m – Expansion of Pre-K
- Study Committee – Division of Districts
- Select Committee on School Safety



NC Legislation

Class Size Funded Allotment Ratios

K 1:18

1st 1:16 3-Year Phase-In (S703)

2nd-3rd 1:17

4th-12th “maximum flexibility”

Individual classroom not to exceed allowable ratio by more than 6 students.



NC Legislation

- State-Wide School Construction Bonds
 - HB 866 – may or may not be considered
 - How much? \$1.8 billion? \$1 billion?
 - How distributed? ADM plus Local Match?
 - Low wealth ?
 - Tier 1 ?
 - Tier 2 & Tier 3 ?
 - High Growth ?
 - Population decline ???



NC Legislation

- Operating Leases of School Buildings
 - Understand the duration of the lease commitment and your total borrowing costs vs. a “standard” bond.
 - Understand the scope of your control over design, maintenance, repairs, & future renovations.
 - Understand the agreement in regard to guarantee of savings, source of funding, and identification of all costs.



Opportunities and Reminders...

- Submit Small Projects not Designed by A/E
- Consider Maintenance Costs in Design
- Consider all Possible Funding
- Advocate for School Facility Funding
- Provide Construction Costs
- Engage with School Planning



Thank You!

