



**Educating Every Student for Success**

**BOARD AGENDA DETAIL**

**January 14, 2020**

**PRIORITY GOAL: Expand Student Achievement for All,  
While Reducing the Income-Based Achievement Gap**

**AGENDA ITEM: Enrollment-Badger Mountain**

**PURPOSE: Discussion**

**DOCUMENTS: Memo-pg. 1-4**

**FROM: Rick Schulte, Superintendent**



## ***Memorandum***

**Date:** January 14, 2020  
**To:** Board of Directors  
**From:** Dr. Rick Schulte  
**Subject:** Enrollment and Badger Mountain Elementary

### **Enrollment, Space Allocation, and Eligibility for State Match**

In the spring of 2019 I advised the board that due to a noteworthy slowdown in enrollment growth we are now unlikely to meet eligibility requirements for the School Construction Assistance Program (SCAP) or state match for the Badger Mountain Elementary replacement or for Elementary No. 12 at this time. Eligibility is based on 90 square feet per student times student enrollment in October. This space allocation is compared to the total inventory of K – 5 school space in the district, including everything from classrooms to hallways to gyms and cafeterias and administration. The 90 square feet per student allocation has not been revised for a long time. It has not been adjusted to account for full day kindergarten, K – 3 class size reduction, additional special education classroom needs, and for separate gyms and cafeterias.

### **Bond Planning and Enrollment Projections**

My January 28, 2016 memo to the board about facility planning noted that “Replacement schools at Badger and Tapteal depend on enrollment growth for state match.” When considering options in August 2016 for the facility bond election proposed for February 2017, the District did several forecasts of projected student enrollment and population growth. There was widespread consensus that population would continue to grow at a steady rate. We consulted the OSPI projection for future RSD enrollment, the projection that is used to calculate eligibility for construction assistance. My June 14, 2016 memo to the board advised that the OSPI report predicted K – 5 enrollment of about 7,079 students in 2020 whereas our actual enrollment this year (2019 – 20) is closer to 6,200.

For the August 16, 2016 board meeting, we explicitly and deliberately considered how we would adapt the facility plan if enrollment does not grow as rapidly as forecast. My memo to the board at that time stated this. “If population and enrollment grow at a slower pace, the effect on school construction and eligibility for state match would be to delay a project by at most one or perhaps two years.” Unfortunately, enrollment growth slowed more than expected. It now appears that it may be much longer before the District will qualify for state construction match for Badger or Elementary No. 12.

## **Resolution No. 828**

On September 27, 2016, the School Board adopted Resolution No. 828 to place a bond proposition on the February 2017 ballot. This resolution specifies what projects will be included in the bond. Several paragraphs of that resolution are relevant to the current discussion. Section 2 (a) says that the bond proceeds (including state match and interest earnings) will be used to “Construct a new elementary school to replace Badger Elementary School, *as deemed necessary and advisable* by the Board.” (Emphasis added).

Section 2 (l) states in part that “The Projects, or any portion or portions thereof, shall be acquired or made insofar as is practicable with available Bond Proceeds, together with any other money of the District legally available therefor, and in such order of time as shall be deemed necessary and advisable by the Board. The Board shall allocate the Bond Proceeds, together with any other money of the District available therefor, between the various parts of the Projects so as to accomplish, as near as may be, all of the Projects. The Board shall determine the exact order, extent, and specifications of the Projects.”

Resolution No. 828 provides the legal basis for the Board adjusting its initial plan for funding and constructing Badger Mountain Elementary and Elementary No. 12 due to changes in enrollment forecasts and state matching funds.

### **Badger Mountain Elementary Project Is On Track**

Construction documents are nearly complete and they will be delivered to the City for permitting this month. Bids will be advertised in March and opened in April. We expect demolition of the existing Badger to occur in June 2020. Badger students will attend school at the new elementary on Belmont in West Richland during the 2020 – 2021 school year. We expect a new Badger to open in August 2021. This has been the planned schedule since the bond passed in 2017.

### **The Challenge**

The District has been building larger elementary schools than the state’s construction match formula provides for. The District has built more classrooms to allow for Full Day Kindergarten and for reduced class sizes in grades K – 3. We have built more classrooms for special education and other compensatory education programs. We have built schools that have both a gym and a cafeteria, rather than expecting one room to serve both purposes. We are keeping up with enrollment growth so we can avoid or reduce the need for portables.

However, the state construction formula remains where it has been for a long time, allowing 90 square feet per student (including halls, offices, gym, library, cafeteria, kitchen, etc.). The formula has not been updated to account for Full Day Kindergarten or for smaller class sizes in grades K – 3. There have been legislative proposals to increase the allocation to 120 square feet per student, but these proposals have not been passed. We will continue to advocate for adjusting the formula to account for the larger space needs, but we must make current plans based on the existing formula of 90 square feet per student.

For these reasons and because District enrollment has not met previous forecasts, we do not now qualify for state construction match for a new Badger Elementary or Elementary No. 12.

District enrollment that was once growing by 300 – 400 students per year is now growing by about 100 students per year. At this rate of growth, the District will not be eligible for additional state match for elementary construction for an indefinite period of time, unless the legislature modifies the square

footage formula. Whereas the District had considered a possible delay if enrollment slowed down, we expected that delay would be one year or no more than two years. It now appears a delay in qualifying for the state match will be longer than two years and we won't know for certain how much longer.

### **Some Solutions**

The District can use local funds to replace missing state funds. The board has the authority, as explained above, to make this determination. Once the board uses local funds without state match funds to build Badger, we will forego eligibility for those state funds even if later enrollment growth would have qualified us for state match.

Preferred options, which could be implemented separately or in some combination, include these.

- Transfer funds from other accounts to the Badger construction account. Sample other funds are:
  - Unused contingency from prior projects
  - Investment earnings from bond deposits in the Capital Projects Fund
  - PILT revenue each year
  - Tech levy funds for Badger technology
  - Balance of funds from the new roof at Chief Joe
  - Proceeds from land sale at Dallas Road
  - Lower than expected escalation of construction costs
  - EP & O Levy funds targeted for maintenance
  - Bond levy funds targeted at purchase of land for future schools
  - Build a smaller school, with 4 to 8 fewer classrooms
- Borrow funds from the County Treasurer or from District Fund Balances. Repay the debt from the General Fund over 5 – 10 years.
- Allocate bond funds budgeted for Elementary No. 12 to Badger. Do not use the 2017 bond funds to build Elementary No. 12, given the slower enrollment growth that does not require another school in the near future.

Undesirable, risky options include the following:

- Delay Badger indefinitely. Occupy Belmont and change boundaries now. Expect larger cost escalation for the added years of delay. Note that tax-free municipal bonds, including school bonds, require a plan to spend those bond funds within a specified time frame, which may not be met under this option.
- Cancel construction of Badger and Elementary No. 12 since enrollment may not justify added space for an indefinite period of time. Return bond funds to taxpayers and reduce tax rates. When needed, propose a new bond for new schools at some future time. Note that population growth in the area is still strong and there are many residential permits planned. There is reason to believe enrollment growth may increase again at any time. This option would apply best if we expect we will not need a new elementary for a longer time.
- Hold a new bond election to replace state funds with local funds. The earliest such an election could be scheduled in April 2020 with bonds available in 2021, requiring some delay in the

project. Since the District has options for funding Badger with existing resources, it would be difficult to justify asking for additional bond funds.

### **Ramifications and Unintended Consequences**

If the District proceeds to construct Badger using local funds, and if enrollment growth remains low, we will not receive added state basic ed funding associated with a larger enrollment. Consequently, we will not have sufficient resources to staff every classroom with a teacher, leaving some empty classrooms in schools. Likewise, we will not have sufficient added revenue to offset added operating costs of a new school. Added operating costs for a new elementary are about \$1.5 million to pay for utilities, custodians, secretaries, administrators, librarian, counselor, grounds and maintenance, or paraeducators. We would have to use levy dollars for these purposes, making those levy dollars unavailable for other purposes until enrollment grows enough to generate more state revenue allocation.

It may also be true that at some indefinite time there will be added incentive for the District to use modular classroom buildings or portables, which do not count as square feet inventory for calculating eligibility for state match. If enrollment grows beyond the capacity of our buildings and if the state does not modify their construction funding formula the District may choose to house students in modular buildings until we qualify for new construction state match. This is a somewhat hypothetical future scenario, but it is one that many districts have experienced.

### **Staff and Public Input**

I presented this information to Badger staff and parents on Thursday, January 9. Consistent feedback from both groups was strongly in favor of proceeding with the existing timeline to build a new Badger Mountain Elementary using local funds without state match. The problems associated with an indefinite delay along with the inadequate current condition of the Badger building make a strong case to continue with the Badger project as planned.

While any of the three listed preferred alternatives would be satisfactory, there appeared to be a general preference for the first option, moving funds from variety of accounts to allow for full funding of the Badger building. The three preferred options are not mutually exclusive and there may be reasons to incorporate portions of each of the options once we get further along with the bid and construction.

We advised the staff and public that the board would consider these issues and options at the January 14 board meeting. We anticipate questions, comments, and requests for more information from the board. We would like to have the board take action at its January 28 board meeting in order to continue on schedule with the Badger project.