

2007 Texas School Cost Report

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One of the greatest challenges currently facing Texas public school districts is putting new buildings into service during times of record high construction costs. Over the past three years, inflation has struck the building market on several fronts; increased international demand for materials, hurricane recovery along the Gulf coast, the spiraling cost of oil, & continuing strong demand. The same forces that influence construction cost are also felt in the pocketbook of taxpayers... bond elections are not passing easily.

School Planning and Management Magazine's 11th Annual Report indicates that school construction completed in 2005 totaled more than \$21.6 billion, the highest one-year total in our nation's history. Of that amount, almost \$12.8 billion (59.2 percent) was spent on entirely new schools. The balance went into existing buildings, adding space (just less than \$5 billion) and renovating existing space (almost \$3.9 billion). Altogether, about \$8.8 billion was spent expanding and improving existing school facilities. While construction reached an all-time high in 2005, projections for the future — some of them definitely effected by the events of the past year — indicate that school construction may slow. Completed construction in 2006 is expected to total about \$20.2 billion, and starts this year are a little lower — \$19.4 billion.

The report published in Feb/06, shows that the median elementary school in the United States costs \$152.94 per square foot (SF) to build. The median spending was \$18,422 per pupil, and the median school provided 120.2 SF for each student. The median school was designed for 600 students and provided 77,000 SF at a total cost of \$11,440,000. Note that in finding medians, each variable is looked at separately so that the school that costs \$152.94 per SF is not necessarily the same as one that spends \$18,422 per pupil. For the second year in a row, median costs per SF and per student are significantly higher than the preceding year. Inflation, of course, is the culprit, driven by a variety of national and international events over which schools have no control.

Looking at middle schools, the median cost was more than \$138 per SF and exceeded \$21,000 per student. The median middle school provides 146.2 SF for each of the 793 students it houses. The cost of the median middle school is \$17.5 million and it provides 120,000 SF of total space. The median high school currently under construction costs \$150 per SF and \$25,333 per student. The median provides 162 SF per student, holds 1,200 students in 185,000 SF, and costs \$30 million.

In this region of the country, Texas is dominant both in terms of activity and median costs and sizes. The expectations are that regional school construction will reach or exceed \$3 billion in the next few years, especially if federal and other funds are made available to rebuild so much of what was devastated along the Gulf coast. School districts in this region spend 70 percent of their dollars on new schools and split the other 30 percent relatively evenly between additions and renovations, meaning that 85 percent of the construction is designed to add new space. Despite the high spending, only 30 percent of the region's districts report that they completed any construction in 2005 or will complete or start any in 2006.

After having a bond election defeated in March/05, the Round Rock ISD regrouped and issued a well-documented study of central Texas school construction costs. The May/06 pre-bond report has assumed costs per square foot for upcoming projects of \$142 for elementary schools, \$149 for middle schools, and \$173 for high schools. These figures are in line with surrounding districts and are based upon an "average quality" building. Comparable values for projects bid 2005-06 in central Texas, show elementary schools average \$130.39 per SF, middle schools at \$140.12 per SF and high schools at \$146.71 per SF. An important point was made that construction cost is not the only component of the project budget; "Turn Key" costs such as land, design fees, furnishings, equipment and contingencies must also be considered. These additional non-construction items add an average of 26.5% above construction cost. For its upcoming bond election, the Round Rock ISD has budgeted a total of \$178 per SF for elementary campuses, \$185 per SF for middle schools and \$224 per SF for high schools.

Fromberg Associates experience has been similar to the regional trends, although not as pronounced. The Natalia ISD high school, completed in 1997, had a total construction cost of \$57.29/SF. Three years later the Blanco ISD high school (completed in 2000) had a total construction cost of \$66.77/SF. In 2005 we completed high schools at Johnson City at \$103.32/SF & Burnet at \$110.54. Presently the Bangs ISD high school, slated for completion in 2007, will cost \$113.25/SF.

The rules have changed in the school construction game. School boards, administrators & building committees will need to forget the cost of their last few construction projects in order to avoid disappointments on future ones. After several years of construction cost escalation, the only good news may be that we've reached the top.
