

# HOUSE BILL REPORT

## SSB 6002

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### As Reported by House Committee On: Capital Budget

**Title:** An act relating to adjustments to the school construction assistance formula.

**Brief Description:** Making adjustments to the school construction assistance formula.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kilmer, Parlette, Morton and Shin).

#### **Brief History:**

##### **Committee Activity:**

Capital Budget: 2/14/12 [DP].

#### **Brief Summary of Substitute Bill**

- Excludes Alternative Learning Experience (ALE) students residing outside of a school district from the School Construction Assistance formula for determining state funding assistance.
- Allows school districts to calculate an alternative adjustment that counts out-of-district ALE students who use district classroom facilities offset by in-district ALE students who do not.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 10 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Warnick, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Asay, Jinkins, Lytton, Smith, Tharinger and Wylie.

**Staff:** Susan Howson (786-7142).

#### **Background:**

##### School Construction Assistance Program.

Washington provides financial assistance to school districts for the construction of new schools and modernization of existing facilities through the School Construction Assistance Program (SCAP) administered by the Office of Superintendent of Public Instruction (OSPI).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Appropriations for the SCAP are provided in the state capital budget. A school district must first secure local funding before it becomes eligible for state financial assistance. Local funds may include voter-approved capital levies and bonds, impact fees, mitigation payments, interest income from a school district's capital projects fund, or transfers from a school district's general fund with the OSPI approval. Once the local share is secured, the state allocates funding to districts based on a set of space and cost standards adopted by the OSPI and a statutory funding assistance percentage based on the relative wealth of the district.

As part of the SCAP, an annual enrollment projection report is calculated for all 295 school districts to assist in determining eligibility and state funding assistance percentages for school construction assistance. The enrollment projections are used to determine if there is sufficient need for new classroom space or for modernizing existing space. Current practice counts students enrolled in Alternative Learning Experience (ALE) programs whether or not those students attend a class in the school building.

#### Alternative Learning Experience Program Enrollments.

The ALE programs are public school alternative options that are primarily characterized by learning activities that occur away from the regular public school classroom setting, including those learning experiences provided digitally via the Internet or other electronic means. Other away-from-classroom settings include programs with flexible hours, such as contract-based learning, or those set at home through parent partnership programs.

#### 2011-13 Capital Budget Proviso and the OSPI Report.

Proviso language in the 2011-13 Capital Budget (Engrossed Substitute House Bill 2020, section 5006) directed the OSPI to review the impact of students enrolled in ALE programs on the calculation of student enrollment projections for determining school district eligibility for the SCAP funds and report its findings and recommendations to the Legislature no later than December 31, 2011. In its December 2011 report to the Legislature, the OSPI found that including students enrolled in ALE programs in the calculation of student enrollment projections does have a significant impact on the state funding assistance awarded to school districts with school construction projects. The OSPI recommended continuing to include in-district ALE enrollments when determining eligibility for state assistance through the SCAP, but exclude out-of-district ALE enrollments from the calculation.

#### Kindergarten Enrollment Counts.

Since 2003, capital budget appropriations have directed the OSPI to count kindergarten students as full-time students for the SCAP funding formula.

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#### **Summary of Bill:**

The ALE students who reside outside of a school district are excluded from the school construction funding formula for determining state assistance. School districts may calculate an alternative adjustment that counts out-of-district ALE students who use district classroom facilities offset by in-district ALE students who do not. Kindergarten students included in enrollment counts must be counted as full-time headcount students.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) The Superintendent of Public Instruction supports this bill and the addition of proviso language in the capital budget that will hold the impacted school districts harmless with regard to sunk costs. The alternate calculation method provided in this bill addresses the concerns expressed in testimony on House Bill 2184.

(In support with amendment) There are three school districts that are immediately impacted by this bill. Adopt an amendment to exempt those districts that are below the statewide average for ALE enrollments. To not do this is bad policy. It erodes the trust of the public who approved school bonds with a 60 percent vote. It will also cause school districts to rethink efforts to address the needs of at-risk students. After July 1, 2013, apply this policy to all districts regardless of their ALE percentage.

(Opposed) None.

**Persons Testifying:** (In support) Gordon Beck, Office of Superintendent of Public Instruction; and Mitch Denning, Alliance of Educational Associations.

(In support with amendment) Garn Christensen, Eastmont School District.

**Persons Signed In To Testify But Not Testifying:** None.