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**Capital Budget Committee**

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**HB 2780**

**Brief Description:** Concerning the school construction assistance program.

**Sponsors:** Representatives Pollet, Carlyle, Walkinshaw, Tarleton, Farrell, Pettigrew, Kagi, Appleton, Fitzgibbon and Bergquist.

**Brief Summary of Bill**

- Makes changes to the formula components of the School Construction Assistance Program.
- Creates a new account to support statewide implementation of full-day kindergarten and early elementary class size reduction in high growth school districts.

**Hearing Date:** 2/10/14

**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). Appropriations for the SCAP are provided in the state capital budget. State funding assistance is provided for instructional space, while land purchases and auxiliary facilities, such as stadiums and district administrative space, must be funded entirely with local revenues.

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 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

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Legislature, and a statutory funding assistance percentage based on the relative wealth of the district.

#### Student Space Allocation.

The eligible space for new construction is calculated by comparing the current district-wide capacity, in square feet, to the district's projected enrollment growth and future space needs. For state assistance purposes, per student space allocations are computed in accordance with the following:

- Grades K–6: 90 square feet
- Grades 7–8: 117 square feet
- Grades 9–12: 130 square feet
- Students with Disabilities: 144 square feet

#### Construction Cost Allocation.

The construction cost allocation is a per square foot amount set by the Legislature and used to determine the level of state funding assistance. The OSPI submits requests to the Legislature for increases in the allocation to, at a minimum, keep pace with inflation. For the 2013-15 biennium, the construction cost allocation is \$194.26 per square foot for fiscal year (FY) 2014 and \$200.40 per square foot for FY 2015.

#### State Funding Assistance Percentage.

The amount of state funding contribution to eligible project costs is determined by applying the funding assistance percentage. A district's funding assistance percentage is calculated each calendar year. The intent of the formula is to equalize funding by providing a higher percentage of assistance to less wealthy school districts, as demonstrated by a district's ability to generate revenue through property taxes. The wealthiest districts receive a 20 percent funding assistance percentage, while less wealthy districts may receive an amount up to 100 percent.

For school districts with higher assessed values per student, the formula may produce funding assistance percentages that are less than 20 percent or even negative. In this case, school districts receive a "floor" funding assistance percentage of 20 percent. Thus, all districts approved for state funding receive a funding assistance percentage allocation of at least 20 percent.

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

##### Eligible Space for Large or High Growth Districts.

For the purpose of calculating eligible space for state funding assistance, a school district may be divided by geographic areas under the following circumstances:

- student headcount enrollment exceeds 48,000; and
- one or more geographic areas in which growth in the prior five years, projected in the next seven years, or a combination thereof, has resulted in or will result in, growth in enrollment which will exceed the student capacity of more than four schools by greater than 10 percent.

School districts must not have more than four geographic areas. The OSPI must create implementation rules.

### Student Space Allocation.

The minimum state student space allocations must be provided as follows:

- Grades K–6: 110 square feet
- Grades 7–8: 124 square feet
- Grades 9–12: 140 square feet
- Students with Disabilities: 147 square feet

### Construction Cost Allocation.

The omnibus appropriations act must identify the state construction cost allocation for school districts. The minimum construction cost allocation must be calculated based on a three-year rolling average of actual new public K-12 school construction and renovation costs per square foot, when the purpose of the renovations are to increase capacity due to significant increases in enrollment which have resulted in the schools in a geographic subarea exceeding capacity, or to meet class size reduction and full-day kindergarten goals.

### State Funding Assistance Percentage.

The Superintendent of Public Instruction must set the minimum funding assistance percentage at 30 percent.

### Account Created.

The Overcrowded Schools and Class Size Reduction Fund is created in the State Treasury to provide construction assistance to support statewide implementation of full-day kindergarten and early elementary class size reduction in high growth school districts. This is an appropriated account.

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date:** The bill takes effect July 1, 2014.