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## Capital Budget Committee

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### SSB 5445

**Brief Description:** Funding public school capital projects.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Honeyford, Schoesler, Dammeier, Braun, Parlette, Litzow, Baumgartner, Carrell, Sheldon, Ericksen, Becker, King, Fain, Bailey and Tom).

<p style="text-align: center;"><b>Brief Summary of Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Appropriates \$544.4 million for the 2013-15 School Construction Assistance Program and for school security grants.</li><li>• Authorizes the issuance of \$475 million in state general obligation bonds.</li></ul>
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**Hearing Date:** 4/12/13

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

**Background:**

School Construction Assistance Program.

Washington provides financial assistance to school districts for the construction of new schools, and for the replacement 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, typically from the Common School Construction Account and from state general obligation bonds.

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's 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.

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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.*

### State General Obligation Bonds.

Washington periodically issues state general obligation bonds to finance projects authorized in the capital and transportation budgets. State general obligation bonds pledge the full faith, credit, and taxing power of the state towards payment of debt service. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt service payments are due, the State Treasurer (Treasurer) withdraws the amounts necessary to make the payments from the State General Fund and deposits them into bond retirement funds.

The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the Treasurer, is responsible for supervising and controlling the issuance of all state bonds.

### **Summary of Bill:**

Total appropriations of \$544.4 million are provided for the 2013-15 School Construction Assistance Program (SCAP) and to improve security in public schools. Of that amount, \$461.6 million is from state general obligation bonds and \$82.8 million is from the Common School Construction Account. The \$10 million appropriation for school security improvement grants is for panic alarm systems and the installation of security control mechanisms or systems.

In addition, \$475 million in state general obligation bonds are authorized to support the SCAP appropriation. The State Treasurer is required to withdraw from state general revenues the amounts necessary to make the principal and interest payments on the bonds, and to deposit these amounts into the Debt Limit General Fund Bond Retirement Account.

**Appropriation:** The sum of \$544.4 million in new appropriations.

**Fiscal Note:** Available.

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