

SENATE BILL REPORT

SHB 2985

As of March 9, 2016

Title: An act relating to excluding certain school facilities from the inventory of educational space for determining eligibility for state assistance for common school construction.

Brief Description: Excluding certain school facilities from the inventory of educational space for determining eligibility for state assistance for common school construction.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Riccelli, Short, Ormsby, Parker, Holy, Manweller, McCaslin, Tharinger, Peterson, Stanford, Kretz, Magendanz and Moscoso).

Brief History: Passed House: 3/03/16, 93-2.

Committee Activity: Ways & Means: 3/09/16.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Lorrell Noahr (786-7708)

Background: School Construction Assistance Program. In the capital budget, the state provides financial assistance to school districts for constructing new and remodeling or replacing existing school buildings. The School Construction Assistance Program (SCAP), administered by the Office of Superintendent of Public Instruction (OSPI), is based on two principles: (1) state and local school districts share the responsibility for the provision of school facilities; and (2) there is an equalization of burden among school districts to provide school facilities regardless of the wealth of the districts. 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. The state allocates funding to districts based on a set of educational space and construction cost standards adopted by the Legislature and a statutory funding assistance percentage based on the relative wealth of the district.

Inventory of Educational Space. The OSPI maintains an educational space inventory of all school facilities for purposes of determining district eligibility for state funding assistance of school construction. State statute requires the OSPI to exclude from the inventory those spaces that have been constructed for educational and community activities from grants received from other public or private entities. The OSPI also adopts rules for removing instructional space from the inventory under certain circumstances such as school building

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demolitions or sales or long-term leases of school buildings. School facilities replaced by new construction in lieu of modernization are also removed from the inventory of educational space and must not be used for district instructional purposes and will not be eligible for future state funding assistance.

Education Funding Bills. The Legislature is in the process of implementing two education funding bills, Engrossed Substitute House Bill 2261 (2009) and Substitute House Bill 2776 (2010), by their scheduled statutory due date. Substitute House Bill 2276 requires the state to fund all-day kindergarten and reduced class sizes in kindergarten through third grade by the 2017-18 school year. The OSPI is required by the legislation to report biennially on the educational system's capacity to accommodate increased resources for all-day kindergarten and reduced class sizes. In these reports, statewide classroom need estimates, based on school district survey responses, have varied from between 825 classrooms to 5,700 classrooms.

General Obligation Bonds. The board of directors of a school district may borrow money and issue bonds for any capital purpose. The amount that may be borrowed is limited by the state Constitution and state statutes. The state Constitution sets a debt limit for school districts at 1.5 percent of the assessed value of property in the district, but the state Constitution permits districts to exceed this limit for construction, up to 5 percent indebtedness, with approval of at least 60 percent of the voters at an election where the total number of voters is at least 40 percent of the total at the last preceding general election. State statute imposes a lower threshold of 0.375 percent indebtedness, but allows districts to exceed this threshold to a total indebtedness of 2.5 percent with the approval of at least 60 percent of the voters voting.

Summary of Bill: School facilities replaced by new construction, in lieu of modernizing those facilities, and that either: (1) are being used for purposes of supporting all-day kindergarten or reduced class sizes in kindergarten through third grade; or (2) are needed since the school district is experiencing a special school housing burden due to enrollment growth and failed bond elections, are excluded from the inventory of educational space for determining eligibility for state assistance for new construction. The exclusion applies for state assistance for new construction awarded from July 1, 2016, through June 30, 2021.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.