

# HOUSE BILL REPORT

## SSB 5453

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

**Title:** An act relating to school construction assistance grants for small, rural school districts.

**Brief Description:** Concerning school construction assistance grants for small, rural school districts.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Honeyford and Frockt).

#### **Brief History:**

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

Capital Budget: 3/14/17, 3/30/17 [DPA].

#### **Brief Summary of Substitute Bill (As Amended by Committee)**

- Creates a school construction assistance grant program for school districts with student enrollments of less than 1,000 administered by the Office of the Superintendent of Public Instruction.
- Requires that projects eligible for modernization grants must meet the requirements of the School Construction Assistance Program except for estimated cost thresholds and local funding assistance percentages.
- Requires an advisory committee, appointed and staffed by the Superintendent of Public Instruction, to propose a list of prioritized grants by September 1 of even-numbered years.
- Establishes prioritization criteria and an evaluation process for the committee to review and rank grant applications.

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#### **HOUSE COMMITTEE ON CAPITAL BUDGET**

**Majority Report:** Do pass as amended. Signed by 17 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye, Koster, Kraft, MacEwen, Macri, Reeves, Riccelli, Ryu, Sells, Steele, Stonier and J. Walsh.

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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.*

**Staff:** Christine Thomas (786-7142).

**Background:**

In the capital budget, the state provides financial assistance to school districts for constructing new school buildings or remodeling and replacing existing ones. State funding assistance is provided for permanent instructional space only, while land purchases and auxiliary facilities, such as stadia and district administrative space, must be funded entirely with local revenues. The School Construction Assistance Program (SCAP), administered by the Office of the 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.

A school district must first secure local funding before it may become eligible for state financial assistance. Local funding 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 Legislature, and a statutory funding assistance percentage based on the relative wealth of the district.

More than 170 school districts of the 295 school districts in Washington have fewer than one thousand enrolled students. Of those school districts, 55 have not received state funding assistance for construction or modernization of schools through the SCAP since 1985.

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**Summary of Amended Bill:**

A school construction assistance grant program for modernization of schools at small, rural districts is created. To be eligible, school districts must have enrollments of less than one thousand students and complete information in the Inventory and Condition of Schools (ICOS) data system administered by the OSPI. The OSPI may streamline administrative processes and procedures of the SCAP program to coordinate SCAP eligible projects with the small, rural district modernization grants. Small, rural district modernization projects must meet the requirements of the SCAP except for estimated cost thresholds and local funding assistance percentages.

The Superintendent of Public Instruction (SPI) must appoint an advisory committee composed of members experienced in financing, managing, repairing, and improving school facilities in small, rural districts. The advisory committee must identify school projects with building deficiencies in small, rural school districts that have limited financial capacity and greatest student achievement gaps. The OSPI provides technical assistance to the districts identified by the advisory committee to develop affordable and effective proposals to resolve the building deficiencies.

The advisory committee evaluates final applications and submits a prioritized list to the OSPI and the Governor by the first of September of even-numbered years. The SPI and the Governor may determine the level of funding in their capital budget proposals, but the funding requests must follow the prioritized list. The OSPI contracts with the school districts receiving the modernization grants and must specify reporting requirements, including the obligation to update all pertinent information in the ICOS.

**Amended Bill Compared to Substitute Bill:**

The OSPI may streamline processes and procedures for SCAP funding to coordinate small, rural district modernization grants with SCAP eligible projects. Small, rural district grant projects must meet the requirements of the SCAP except for estimated cost thresholds and local funding assistance percentages.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Small rural school districts don't have ways to modernize their buildings in poor condition with failing building systems. The small, rural district construction grant program would provide an avenue that would be helpful for small districts who struggle to pass bonds and levies. Some small districts may be able to pass bonds, but because of the maximum debt limit and low property values, the bond authority wouldn't provide enough to build a new school. Schools with the poorest deficiencies and greatest need would benefit from the new program. Small school superintendents and business managers should participate on the advisory committee.

(Opposed) None.

**Persons Testifying:** Senator Honeyford, prime sponsor; Jessica Vavrus, Washington State School Directors Association; Casey Moore, Office of the Superintendent of Public Instruction; Jon Tienhaara, South Bend School District; and Robert Maxwell, Pullman Public Schools.

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