

SENATE BILL REPORT

SB 5572

As Reported by Senate Committee On:
Early Learning & K-12 Education, February 18, 2019
Ways & Means, February 26, 2019

Title: An act relating to modernization grants for small school districts.

Brief Description: Authorizing modernization grants for small school districts.

Sponsors: Senators Honeyford, Takko, Short, Warnick, Schoesler and King.

Brief History:

Committee Activity: Early Learning & K-12 Education: 2/08/19, 2/18/19 [DPS-WM].
Ways & Means: 2/25/19, 2/26/19 [DP2S].

Brief Summary of Second Substitute Bill

- Establishes a small school district modernization grant program for school districts and state/tribal compact schools that have 1000 or fewer enrolled students.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5572 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Wellman, Chair; Wilson, C., Vice Chair; Hawkins, Ranking Member; Holy, Hunt, McCoy, Mullet, Padden, Pedersen, Salomon and Wagoner.

Staff: Alex Fairfortune (786-7416)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5572 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Billig, Carlyle,

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.

Conway, Darneille, Hasegawa, Hunt, Keiser, Palumbo, Pedersen, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

Staff: Richard Ramsey (786-7412)

Background: The School Construction Assistance Program (SCAP), administered by the Office of the Superintendent of Public Instruction (OSPI), provides school districts with financial assistance to construct new schools and modernize existing facilities. Through SCAP, the state contributes funding, as well as technical assistance, for facility planning, construction, and contracting. State funding assistance is determined using a funding formula based upon three main factors: eligible area, construction cost allocation, and the funding assistance percentage.

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.

The construction cost allocation is a per-square-foot amount determined by OSPI pursuant to state rule; for the 2017-19 capital budget the construction cost allocation was \$219.58 per square foot.

The state applies a funding assistance percentage, formally known as the match ratio, to equalize state funding assistance. The percentage accounts for differences across school districts in wealth and the ability to generate revenue through property taxes. Districts experiencing rapid growth in student enrollments may receive extra growth points. The minimum percentage is 20 percent of recognized project costs, and can be as much as 100 percent of the recognized costs, depending on district wealth and growth.

Summary of Bill (Second Substitute): A small school district modernization grant program is established for school districts and state-tribal compact schools that have 1000 or fewer enrolled students (small districts).

Advisory Committee. OSPI must appoint an advisory committee to determine eligibility thresholds, design a grant application process, establish selection criteria, evaluate applications, and send a prioritized list of grants to OSPI and the Governor. Members of the advisory committee must have experience financing, managing, repairing, and improving school facilities in small districts or state-tribal compact schools, but may not be involved in a grant request under consideration.

When prioritizing applications, the advisory committee must seek to achieve the greatest improvement of school facilities in small districts and state-tribal compact schools with the most limited financial capacity for projects that are likely to improve student health, safety, and academic performance for the largest number of students.

Prioritized Grants. The prioritized grant list, proposed by September 1st of each even numbered year, must contain information for each project, including a project description, an estimated project cost, and the proposed state funding level. The list must also indicate student achievement measures that will be used to evaluate the project benefits.

The Governor and OSPI may determine the level of funding for small district modernization grants in their capital budget requests, but must follow the prioritized list developed by the advisory committee.

Coordination with the School Construction Assistance Program. OSPI may coordinate SCAP funding with the small district modernization grant program to ensure that total state funding from both grants does not exceed total project costs minus available local resources.

School districts and state-tribal compact schools applying for the small district modernization grant program must meet SCAP requirements, with the following two exceptions:

- the estimated cost of the project may be less than 40 percent of the replacement value of the facility; and
- the local funding assistance percentage requirements under SCAP do not apply, though available district resources may be considered in prioritization.

Grant Contracts. OSPI must not execute modernization grant contracts until local project resources have been identified. The contract must specify district reporting requirements, including updating information in applicable data systems and submitting a final project report.

The Office of the Superintendent of Public Instruction Requirements. OSPI must provide administrative staff support to the advisory committee and assist in designing the grant application process and prioritization criteria. OSPI must also assist eligible school districts and state-tribal compact schools that are interested in applying for the small school district modernization grant by providing technical assistance and planning grants within appropriations.

Planning Grants. Districts with incomplete information in the Inventory and Condition of Schools Data System are not eligible to apply for construction grants, but they may apply for planning grants. When seeking a planning grant, a district or state-tribal compact school must provide a statement of the school's condition and deficiencies, financial limitations of the district or compact school, student enrollment, and student achievement measures. If applications for planning grants exceed available funds OSPI may prioritize recipients based on those districts with the most serious building deficiencies and the most limited financial capacity.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):

- Specifies the Office of the Superintendent of Public Instruction proposes the list, rather than the small district modernization program and the prioritized list goes to the Governor.
- Authorizes the award of grants to districts rather than the execution of contracts.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (First Substitute):

- Provides that state-tribal education compact schools with enrollments that are less than or equal to 1,000 students are eligible for small school district modernization grants.

Appropriation: The bill contains a section or sections to limit implementation to the availability of amounts appropriated for that specific purpose.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill (Early Learning & K-12 Education): *The committee recommended a different version of the bill than what was heard.* PRO: A bill similar to this was passed two years ago but it died in the House. There was enough language in the capital budget to get a start on the program but only \$15 million was appropriated and only four school districts received funding. Passing a bond can be challenging in property poor districts, and many school districts are unable to make necessary repairs. This negatively impacts safety and learning. This program represents a pathway for small districts to access resources. It was the number one recommendation of the Joint Legislative Task Force on Improving State Funding for School Construction.

Persons Testifying (Early Learning & K-12 Education): PRO: Senator Jim Honeyford, Prime Sponsor; Jim Kowalkowski, Davenport School District, Superintendent and Rural Education Center, Director; Tyler Muench, Office of the Superintendent of Public Instruction; Elissa Dyson, Washington State School Directors' Small School Advisory Committee.

Persons Signed In To Testify But Not Testifying (Early Learning & K-12 Education): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: This was the highest priority of the Joint Legislative Task Force on improving state support for school construction. It recognizes there is not a property valuation that would allow schools to make modernization investments. The schools are tired, they are not healthy, and they are not safe. This grant program is completely within your control and is the best way to start addressing these projects.

Persons Testifying (Ways & Means): PRO: Brian Sims, Washington State School Directors Association.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.