

# HOUSE BILL REPORT

## HB 1618

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

**Title:** An act relating to community and surplus schools.

**Brief Description:** Concerning community and surplus schools.

**Sponsors:** Representatives White, Nelson, Hudgins, Kenney, Sullivan, Carlyle, Hasegawa, Santos, Green, Miloscia, Orwall, Pedersen, Cody, Dickerson, Lias, Kelley, Pettigrew, Goodman, Simpson, Morrell and Ormsby.

**Brief History:**

**Committee Activity:**

Capital Budget: 2/3/09, 2/9/09 [DPS].

**Brief Summary of Substitute Bill**

- Directs the Department of Community, Trade and Economic Development (DCTED) to establish a competitive grant process to assist eligible entities in acquiring, constructing, rehabilitating, or improving facilities, including surplus schools, to be used for nonresidential coordinated services for children and families.
- Amends the Youth Recreational Facilities program within the DCTED to give priority consideration to projects that include cooperative partnerships or joint use agreements for facilities shared with public school districts, local governments, early learning providers, post-secondary institutions, and tribal governments.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Blake, Chase, Jacks, Maxwell, Orwall and White.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Warnick, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Anderson, Hope, McCune and Smith.

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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:** Nona Snell (786-7153)

**Background:**

Washington has traditionally provided capital funding to local governments and other entities through a variety of competitive grant programs. Examples of grant programs funded through the Capital Budget and administered by the Department of Community, Trade and Economic Development (DCTED) include the Building for the Arts program, the Building Communities Fund program, and the Youth Recreational Facilities (YRF) program.

The YRF program was created by the Legislature in 2003 to provide grants to nonprofit, community-based organizations to defray up to 25 percent of the eligible capital costs for the acquisition, major construction or renovation of nonresidential projects that provide a youth recreation opportunity that is supported by a social service or educational component at the same location.

School district boards are authorized in statute to make full use of school district facilities by permitting the rental, lease, or occasional use of the district's surplus property to any person, corporation, or government entity for profit or nonprofit, commercial or noncommercial purposes, so long as the use does not interfere with conduct of the district's educational program and related activities. School district boards are also authorized to sell district property that is no longer required for school purposes. Proceeds from sales, rentals, or leases must be deposited into the school district's debt service fund and/or capital projects fund, except that moneys expended for the maintenance, utility, and insurance costs associated with the lease or rental of such property must be deposited into the district's general fund. Sale proceeds may be used for costs associated with the sale of surplus school property.

A public school district with student enrollment of less than 2,000 pupils is considered a second class school district. School boards of second class districts may provide for the free, comfortable, and convenient use of school property for meetings, discussion, study, improvement, and other community purposes, especially in matters pertaining to agriculture, household economies, home industries, good roads, and community vocations and industries.

School districts are eligible for a Study and Survey grant every six years. The Study and Survey is an overall analysis of the school district's facilities, educational programs and plans, student population projections, capital finance and operating capabilities, and identification of needs for new construction, modernization or replacement of facilities. A school district must complete a Study and Survey in order to be considered for state assistance in providing school plant facilities.

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**Summary of Substitute Bill:**

The DCTED is directed to establish and conduct a statewide competitive capital grant solicitation and evaluation process to assist eligible entities in acquiring, constructing, rehabilitating, or improving facilities, including surplus schools, to be used for nonresidential

coordinated services for children and families. The DCTED must evaluate and rank applications in consultation with an independent advisory board using objective criteria and establish a tiered system to determine the amount of matching funds required from a grantee based on financial need, taking into consideration community purpose and the ability of the applicant to obtain matching funds. The DCTED is required to submit a prioritized list annually to the Governor and the Legislature in the DCTED's capital budget request beginning with the 2011-13 biennium. In recommending projects for funding, the DCTED may not set a monetary limit on funding requests or require that state funds be the last to be spent on a project.

Eligible entities that may apply for grant funds through the program include public school districts, local governments, nonprofit organizations, nonprofit early learning providers, and tribal governments.

Qualified services include, but are not limited to: early childhood education; remedial education and academic enrichment activities; programs that promote parental involvement; leadership, and education activities including family literacy; youth development programs; programs that assist students who have been truant, suspended or expelled; child care services; nutrition services; job training and career counseling services; community service opportunities; and primary health, dental care, and mental health prevention and treatment services.

Applicants must submit a comprehensive plan to the DCTED that includes the following:

1. a list of partner entities and the qualified services to be provided by each entity;
2. a memorandum of understanding between the applicant and its partner entities describing the role each entity will assume;
3. plans for joint utilization and maintenance of the facility, including liability considerations;
4. the student, family, and community population to be served by the project;
5. existing qualified services available at each school to be served and in the community involved; and
6. an examination of capital and operating funds that applicants intend to apply to the project and qualified services by fund source.

Applicants must also demonstrate that the proposed project is ready to proceed, will make timely use of the funds, and that state funding will accomplish a discrete, usable phase of the project.

Any grant funds used for the acquisition of surplus school facilities must be used by the local school board disposing of such property for renovation, replacement, or new construction of school facilities within the district. Sales of surplus schools under the Community Schools Program (Program) are exempt from the procedural requirements for districts' sales of schools generally.

For grants authorized under the Program, the DCTED may not sign contracts or obligate funds until the Legislature has approved a specific list of projects. The DCTED must also require that capital improvements be held by the grantee for a specified period of time

appropriate to the amount of the grant and that the facilities must be used for the express purposes of the grant. Grantees found to be out of compliance with the terms of the grant must repay to the State General Fund the principal amount plus interest calculated at the rate of interest on state bonds issued most closely to the date of the grant authorization.

The YRF program is amended to give priority consideration to projects that include cooperative partnerships or joint use agreements for facilities shared with public school districts, local governments, early learning providers, post-secondary institutions, and tribal governments.

As part of the Study and Survey process, school districts that apply for state funding assistance in providing school plant facilities must include an inventory of school district facilities that are jointly used with other entities, or that could potentially be used for other community purposes. School districts must submit a long-range plan for future community use of school buildings.

The Office of the Superintendent of Public Instruction (OSPI) is directed to provide a 10 percent enhancement to the area cost allowance for school districts requesting funding through the School Construction Assistance Grant Program if the district can certify and provide documentation that they have a comprehensive plan for cooperative partnerships that include the joint use of school facilities for qualified services for the facility being proposed for state assistance. The OSPI is directed to develop rules for implementation of this enhancement by September 1, 2009.

The Community Schools Program is exempted from complying with school district procedural requirements pertaining to the sale of property.

**Substitute Bill Compared to Original Bill:**

The substitute bill removes the requirement that school districts applying for state funding assistance through the School Construction Assistance Grant Program submit a long-term comprehensive plan for community use of school buildings. The provision for a 10 percent enhancement to the area cost allowance for school districts that receive state capital funding assistance is also removed, along with the procedural exemptions for school district sales of surplus schools under the Community Schools Program.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute 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) The Community Schools Program is a competitive program that would require DCTED to submit a prioritized list to the Legislature and the Governor with the agency budget request. The program would not begin until the 2011-13 biennium. There are opportunities for the use of surplus schools and interest in facilities for community services.

(Concerns) The DCTED has technical concerns about the bill.

(Opposed) None.

**Persons Testifying:** (In support) Representative White, prime sponsor.

(Concerns) Marie Sullivan, Department of Community, Trade and Economic Development.

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