

# HOUSE BILL REPORT

## E2SHB 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:** House Committee on General Government Appropriations (originally sponsored by 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]; 1/19/10, 1/21/10 [DP3S].

General Government Appropriations: 2/25/09, 2/26/09 [DP2S (w/o subCB)].

**Brief Summary of Third Substitute Bill**

- Directs the Department of Commerce 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.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The third substitute bill be substituted therefor and the third substitute bill do pass. Signed by 9 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Blake, Chase, Jacks, Maxwell, Morrell, 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.

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

**Background:**

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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.*

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 Commerce (Department) include the Building for the Arts Program, the Building Communities Fund Program, and the Youth Recreational Facilities Program.

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 Third Substitute Bill:**

The Department 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 Department 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 Department is required to submit a prioritized list annually to the Governor and the Legislature in the Department's capital budget request beginning with the 2011-13 biennium. In recommending projects for funding, the Department 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; with respect to surplus schools, any nonprofit, community use or purpose; and primary health, dental care, and mental health prevention and treatment services.

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

- a list of partner entities and the qualified services to be provided by each entity;
- a memorandum of understanding between the applicant and its partner entities describing the role each entity will assume;
- plans for joint utilization and maintenance of the facility, including liability considerations;
- the student, family, and community population to be served by the project;
- existing qualified services available at each school to be served and in the community involved;
- the location of the proposed project; and
- 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.

For grants authorized under the bill, the Department may not sign contracts or obligate funds until the Legislature has approved a specific list of projects. The Department 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.

As part of the study and survey process, school districts that apply for state funding assistance are encouraged to include an inventory of school district facilities that are jointly used with other entities, or that could potentially be used for other community purposes.

### **Third Substitute Bill Compared to Engrossed Second Substitute Bill:**

The priority consideration given to project applicants under the Youth Recreational Facilities program 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 is removed from the bill.

School districts are encouraged, rather than required to submit an inventory of facilities that are jointly used or may be used for community purposes in studies and surveys.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Third 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 bill provides an opportunity to make better use of public assets for community purposes. Communities statewide will benefit from the Program.

(Opposed) None.

**Persons Testifying:** Representative White, prime sponsor.

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