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## Capital Budget Committee

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### SSB 6531

**Brief Description:** Regarding the school construction assistance program.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Pedersen, Warnick, Carlyle, Rivers, Keiser, Fain, Rolfes, King, Hobbs, Nelson, O'Ban, Zeiger, Billig, Bailey, Darneille, Miloscia, Frockt, Cleveland, Conway, Wellman, Kuderer, Hasegawa, Chase, Hunt, Van De Wege, Takko, Dhingra, Lias, Ranker, Palumbo, McCoy, Saldaña, Wilson, Angel, Wagoner and Short).

#### Brief Summary of Substitute Bill

- Makes phased changes to the Construction Cost Allocation (CCA), Student Space Allocation (SSA), and the statutory Funding Assistance Percentage (FAP), the funding components of the School Construction Assistance Program (SCAP), beginning July 1, 2019 and ending June 30, 2027.
- Codifies the CCA and the SSA funding components of the SCAP.

**Hearing Date:** 2/19/18

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

#### **Background:**

##### School Construction Assistance Program.

Washington provides financial assistance to school districts for the construction of new schools and modernization of existing facilities through the School Construction Assistance Program (SCAP) administered by the Office of Superintendent of Public Instruction (OSPI).

Appropriations for the SCAP are provided in the state capital budget. 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. A school district must first secure local funding before it becomes eligible for state financial assistance. Local funds 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

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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 in developing the omnibus biennial capital budget, and a statutory funding assistance percentage based on the relative wealth of the district.

#### Student Space Allocation.

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. For state assistance purposes, per student space allocations are computed in accordance with the following:

- Grades K–6: 90 square feet;
- Grades 7–8: 117 square feet;
- Grades 9–12: 130 square feet; and
- Students with Disabilities: 144 square feet.

#### Construction Cost Allocation.

The construction cost allocation is a per square foot amount set by the Legislature and used to determine the level of state funding assistance. The OSPI submits requests to the Legislature for increases in the allocation to, at a minimum, keep pace with inflation. For the 2017-19 biennium, the construction cost allocation is \$219.58 per square foot for fiscal year (FY) 2018 and \$225.98 per square foot for FY 2019.

#### State Funding Assistance Percentage.

The amount of state funding contribution to eligible project costs is determined by applying the funding assistance percentage. A district's funding assistance percentage is calculated each calendar year. The intent of the formula is to equalize funding by providing a higher percentage of assistance to less wealthy school districts, as demonstrated by a district's ability to generate revenue through property taxes. The wealthiest districts receive a 20 percent funding assistance percentage, while less wealthy districts may receive an amount up to 100 percent. For school districts with higher assessed values per student, the formula may produce funding assistance percentages that are less than 20 percent or even negative. In this case, school districts receive a "floor" funding assistance percentage of 20 percent. All districts approved for state funding receive a funding assistance percentage allocation of at least 20 percent.

### **Summary of Bill:**

#### Student Space Allocation.

The minimum state space allocation per student (SSA) is set in statute and increase over the course of eight years beginning July 1, 2019. The beginning SSA remains at current levels for grades 7-12 and for students with disabilities. The K-6 SSA changes in the first fiscal year and is increased to 110 square feet per student. Upon completion of the phased implementation, the final maximum SSA in the fiscal year ending June 30, 2027 and thereafter is as follows:

- Grades K–6: 140 square feet;
- Grades 7–8: 155 square feet;
- Grades 9–12: 165 square feet; and
- Students with Disabilities: 165 square feet.

Space allocations for state funding assistance purposes for districts with fewer than 400 students in grades kindergarten through eight or fewer than 400 students in senior or four-year high schools are established in statute.

Construction Cost Allocation.

The state construction cost allocation (CCA) is set in statute and increases over the course of eight years beginning July 1, 2019. The initial CCA is about \$232 and the final CCA in the fiscal year ending June 30, 2027 is \$322. Beginning in the fiscal year 28 and thereafter, the CCA is based on the average cost of new construction at the time of bid of the projects funded by the SCAP in the previous fiscal year adjusted for construction cost inflation.

State Funding Assistance Percentage.

For the 2019-21 fiscal biennium, the Superintendent of Public Instruction (SPI) must set the minimum funding assistance percentage at 25 percent. Beginning July 1, 2021, the SPI must set the minimum funding assistance percentage at 30 percent.

**Appropriation:** None.

**Fiscal Note:** Available on original bill. Requested for substitute.

**Effective Date:** The bill takes effect July 1, 2019.