

SENATE BILL REPORT

SB 6531

As Reported by Senate Committee On:
Ways & Means, February 6, 2018

Title: An act relating to the school construction assistance program.

Brief Description: Regarding the school construction assistance program.

Sponsors: 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, Liias, Ranker, Palumbo, McCoy, Saldaña, Wilson, Angel, Wagoner and Short.

Brief History:

Committee Activity: Ways & Means: 1/29/18, 2/06/18 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Increases the funding assistance percentage from 20 percent to 25 percent for the 2019-21 biennium and to 30 percent thereafter.
- Codifies the construction cost allowance and phases it in over five biennia growing from \$219/square foot in 2018 to \$322/square foot in 2027.
- Codifies the student space allowance (SSA); beginning July 1, 2019 the SSA of 90 square feet for students in K-6 is increased by 10 square feet per year until fiscal year 2024, when it reaches 140 square feet.
- Provides enhancements in the SSA for grades 7-8, 9-12, and students with disabilities beginning in 2022.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6531 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Palumbo, Pedersen, Ranker and Van De Wege.

Minority Report: Do not pass.

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.

Signed by Senators Honeyford, Assistant Ranking Member; Bailey, Becker, Brown, Mullet, Schoesler and Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Ranking Member; Warnick.

Staff: Richard Ramsey (786-7412)

Background: The state's SCAP operates as a partnership between local school districts and the state to fund construction of new schools and modernize existing facilities. The state contributes funding, as well as technical assistance, in facility planning, construction, and contracting. State funding assistance is provided for instructional space. Land purchases and auxiliary facilities, such as stadiums and district administrative space, must be funded entirely with local revenues. 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 program is administered by the Office of the Superintendent of Public Instruction.

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 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.

The construction cost allocation is a per-square-foot amount determined by the Superintendent of Public Instruction pursuant to WAC 392-343-060; for the 2017-19 capital budget (SSB 6090, Chapter 2, Laws of 2018), the construction cost allocation is \$219.58 per square foot.

The student space allocation is a square foot amount per student and is specified in regulation (WAC 392-343-035) as follows:

- 90 square feet for students in K-6;
- 117 square feet for students in grades 7-8;
- 130 square feet for students in grades 9-12; and
- 144 square feet for students with disabilities in any grade.

Summary of Bill (First Substitute): The state funding assistance percentage is increased from 20 to 25 percent for the 2019-21 fiscal biennium and 30 percent thereafter.

Both the construction cost allocation and the student space allocation are codified.

Beginning July 1, 2024, the construction cost allocation is phased in over six years to \$322 for the fiscal year ending June 30, 2027. Thereafter, the construction cost allocation will be

based on the average cost of construction for the bid projects adjusted for a construction inflation factor.

Beginning July 1, 2019, the student space allocation of 90 square feet for students in K-6 is increased by 10 square feet per year until fiscal year 2024, when it reaches 140 square feet.

Beginning July 1, 2021, the student space allocations, for students in grades 7-8, 9-12, and all students with disabilities, are phased in to the following allocation for the fiscal year ending June 30, 2027:

- 155 square feet for students in grades 7-8;
- 165 square feet for students in grades 9-12; and
- 165 square feet for students with disabilities in any grade.

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

- The financial assistance percentage minimum is phased-in—25 percent in the 2019-21 biennium and 30 percent thereafter.
- The construction cost allowance is phased over five biennia growing from \$219 per square foot in 2018 to \$322 per square foot in 2027.
- The K-6 student space allowance is enhanced beginning in 2020; by 2023 it is 140 square feet.
- Enhancements in the student space allocation for grades 7-8, 9-12, and students with disabilities begin in 2022.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: It is time to get started in updating the SCAP. I will graduate next year, never having taken a science class in a real lab. The SCAP formula is obsolete. No school district can build schools for \$220 per square foot. SCAP was last changed when I was born in 1979. The last time there was an inflationary adjustment was 2005. Issaquah is a fast growing district, adding 200 students per year, and is able to pass bonds. However, in the last \$1 billion in SCAP, Issaquah received \$10 million. The district has paid over \$80 million on sales taxes for school construction in which the state does not participate. Suggest that you consider starting with K-6 because that is where the greatest need is and will agree with the investment emphasized by the Legislature.

Kitsap is building or renovating on three secondary campuses. The cost allowance is \$219 per square foot, but our actual costs exceed \$500 per square foot. There is extraordinary diversity in the age and condition of school facilities and the districts' ability to get into SCAP. The last Joint Legislative Task Force on SCAP was in 2009. You made some

improvements, but you did not take on the key issues because it requires a great deal of money. We need to do a better job of showing how better facilities link with improved educational outcomes. A better investment in capital will help you achieve what you seek on the operating side. If you front-load the K-6 allowance, you will start to get at the demand for K-3 class size reduction.

Our need for K-3 class size reduction equates to one large elementary school. From a statewide perspective, we support enhancement of construction cost allowance and the student space allocation. It is important that the formula reflect actual costs as well as actual student space needs. Bethel qualifies for a 70 percent state share; in reality, we can expect the state to contribute 35 percent of construction costs.

The state continually updates basic education, but the area allowance has not changed since 1979.

Persons Testifying: PRO: Senator Jamie Pedersen, Prime Sponsor; Gracie Anderson, citizen; Sherry Rudolph, Washington State PTA; Jim Stoffer, Sequim School Board Director; Damon Little, student, Sequim High School; Cindy Kelly, Director, Port Angeles School Board; Holland Bailey, student, Port Angeles High School; Brian Sims, Washington State School Directors Association; Dan Steele, Washington Association of School Administrators, Washington Association of School Business Officials; Paula Bailey, Business Services Director, Central Kitsap School District; Marnie Maraldo, Issaquah School Board; Harlan Gallinger, Issaquah School Board; Jake Kuper, Chief of Finance and Operations, Issaquah School District; Tom Seigel, Superintendent, Bethel School District; Cathy Carlson, Director of Construction, Bethel School District; JoLynn Berge, Seattle Public Schools; Lorrell Noahr, Washington Education Association; Mitch Denning, Alliance of Educational Associations; Randy Newman, Office of the Superintendent of Public Instruction.

Persons Signed In To Testify But Not Testifying: PRO: Cathie Carlson, citizen.