

SB 5344 - S AMD 583
By Senator Mullet

ADOPTED 02/13/2024

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that school
4 districts may have school facilities with significant building
5 systems deficiencies that are not adequately served by a large
6 construction project program like the school construction assistance
7 program or a small construction project program like the small school
8 district and state-tribal education compact school modernization
9 program. Therefore, the legislature finds it would be beneficial to
10 local tax payers to establish a low interest loan program that would
11 allow school districts to fund midsize projects through existing
12 resources rather than paying all project costs upfront.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.525
14 RCW to read as follows:

15 (1) Subject to the availability of amounts appropriated for this
16 specific purpose, the office of the superintendent of public
17 instruction, in coordination with the office of the state treasurer,
18 must administer a modernization loan program for school districts and
19 state-tribal education compact schools with significant building
20 system deficiencies. The office of the superintendent of public
21 instruction and the office of the state treasurer may adopt rules to
22 implement this section.

23 (2) The office of the superintendent of public instruction must
24 assist school districts and state-tribal education compact schools
25 interested in seeking modernization loans by providing technical
26 assistance and planning grants. The superintendent of public
27 instruction may prioritize planning grants for school districts and
28 state-tribal education compact schools with the most serious building
29 deficiencies and the most limited financial capacity. Planning grants
30 may not exceed \$75,000 per applicant.

31 (3)(a) An advisory committee with the following membership must
32 assist the office of the superintendent of public instruction in

1 designing the loan application process, developing the prioritization
2 criteria, and evaluating the grant applications:

3 (i) Four members of the legislature of the state of Washington,
4 one of whom is appointed by the chairperson of each of the two
5 largest political caucuses in the senate and house of
6 representatives; and

7 (ii) Three members who have experience in financing and managing
8 school facilities, as appointed by the superintendent of public
9 instruction.

10 (b) Advisory committee members may not be involved in developing
11 projects or applying for loans funded under this section.

12 (c) The office of the superintendent of public instruction must
13 provide administrative and staff support to the advisory committee.

14 (4) The superintendent of public instruction must submit a list
15 of modernization projects, as prioritized by the advisory committee,
16 to the governor and legislature by January 8, 2025, and every
17 November 1st thereafter. The list must include: (a) A description of
18 the project; (b) the proposed state funding level, not to exceed
19 \$6,000,000 or 10 percent of the amount appropriated for this purpose,
20 whichever is greater; (c) estimated total project costs; and (d)
21 local funding resources used as repayment. Loan funds may be awarded
22 only after the legislature approves the list of projects.

23 (5) The office of the state treasurer must administer the loans
24 approved by the legislature under subsection (4) of this section.

25 (a) Modernization loans provided pursuant to this section may not
26 exceed a one percent interest rate or a period of 20 years.

27 (b) Funds collected as repayment of loans issued under this
28 section must be deposited in the common school construction fund.

29 (6) For projects in this section that are also eligible for
30 funding through the school construction assistance program, the
31 office of the superintendent of public instruction must expedite and
32 streamline the administrative requirements, timelines, and matching
33 requirements for the funds provided under this section to be used
34 promptly. Funds provided under this section plus state funds provided
35 in the school construction assistance program grant must not exceed
36 total project costs minus available local resources."

ADOPTED 02/13/2024

1 On page 1, line 1 of the title, after "to" strike the remainder
2 of the title and insert "establishing a school modernization loan
3 program; adding a new section to chapter 28A.525 RCW; and creating a
4 new section."

EFFECT: (1) Removes the underlying bill provisions.

(2) Directs the Office of the Superintendent of Public Instruction (OSPI) to administer a modernization loan program, in coordination with the Office of the State Treasurer, for school districts and state-tribal education compact schools with significant building deficiencies, subject to appropriations.

(3) Directs OSPI to provide technical assistance and planning grants to assist districts and schools interested in seeking modernization loans, up to \$75,000 per applicant.

(4) Directs an advisory committee to assist OSPI in designing the loan application process, developing the prioritization criteria, and evaluating the grant applications. Establishes the advisory committee membership as four legislative members appointed by the largest political caucuses and three members appointed by the Superintendent who have experience in financing and managing school facilities. Provides that members may not be involved in developing projects or applying for loans, and that OSPI must provide staff support to the advisory committee.

(5) Requires the Superintendent to submit a list of prioritized modernization projects to the Governor and Legislature by January 8, 2025, and every November 1st thereafter, with a list of project details.

(6) Specifies that loans may only be awarded after legislative approval, may not exceed a one percent interest rate or a period of 20 years, and must be repaid to the Common School Construction Fund.

(7) Directs the Office of the State Treasurer to administer the loans.

(8) Directs OSPI to expedite and streamline the loan program to align with the School Construction Assistance Program, and limits total state funding to the total project costs minus local resources.

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