

Joint Legislative Task Force on School Construction Funding

Phase 1 Final Recommendations and

2008 Capital Budget Provisos in ESHB 2765

- 1. Recommendation:** The work of the Joint Task Force on School Construction should be divided into two phases. In the first phase, the task force will complete a review of spending issues by January 2008. In the second phase, the task force will complete a final report with recommendations on funding issues by December 2008.

2008 Legislative Action:

Sec. 6014 2007 c 520 s 6016 (uncodified) is amended to read as follows:

(1) A joint legislative task force on school construction funding is established to review the following:

(a) The statutory provisions regarding the funding of school construction projects;

(b) Eligibility requirements and distribution formulas for the state's school construction assistance grant program;

(c) Flexibility needed in the system to address diverse district and geographic needs including, but not limited to, the construction needs unique to high growth areas, as well as the needs of school districts that have experienced consecutive school levy failures; and

(d) Potential revenue sources and alternative funding mechanisms for school construction including, but not limited to, funding mechanisms that may: (i) Phase out and replace revenue collected under RCW 82.02.050 through 82.02.100 for school facilities; and (ii) encourage cooperative partnerships with early learning providers, skill centers, community and technical colleges, or public baccalaureate institutions through the use of a supermatch concept.

(2) The office of the superintendent of public instruction shall provide progress updates to the task force on the development of the pilot inventory of school district facility information and the design of a process for developing a ten-year projection of the facility needs of school districts as provided for in section 5014 of this act for review and comment by the task force.

(3)(a) The joint legislative task force on school construction funding shall consist of eight members, two members each, one from each major caucus, from the house of

representatives committees on capital budget and education, appointed by the speaker of the house of representatives, and two members each, one from each major caucus, from the senate committees on ways and means and early learning and K-12 education, appointed by the president of the senate.

(b) The president of the senate and the speaker of the house of representatives jointly shall appoint two members representing school districts.

(c) The office of the superintendent of public instruction and the office of financial management shall cooperate with the task force and maintain liaison representatives.

(d) The task force shall coordinate with the appropriate standing committees of the legislature and may consult with other interested parties, as may be appropriate, for technical advice and assistance.

(e) The task force shall select a chair from among its legislative membership.

(4) Staff support for the task force must be provided by the house of representatives office of program research and the senate committee services.

(5) Legislative members of the task force must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(6) The expenses of the task force must be paid jointly by the senate and the house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(7) The task force must report preliminary findings and recommendations to the appropriate committees of the legislature by December 1, 2007, and a final report by January 1, 2009.

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- 2. Recommendation:** The current State School Construction Assistance formula should be made more transparent in terms of the assumptions about what is actually funded, as well as information on state and local funding sources.

2008 Legislative Action:

Sec. 5008 A new section is added to 2007 c 520 (uncodified) to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

K-12 Formula Methods Study (08-2-856)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for the office of the superintendent of public instruction to convene a work group to develop methods and options for making the current school construction assistance grant program more transparent in terms of the formula components, assumptions, and expected funding sources for projects funded from the grant program. Within this amount, the office of the superintendent of public instruction shall also develop a pilot template for providing information related to funding sources, including the amount of either bond or other local sources, or both, estimated for each project released in fiscal year 2009. The office of the superintendent of public instruction shall update and consult with the joint legislative task force on school construction funding as work progresses on this effort and must provide a final report to the task force by October 1, 2008.

Appropriation:

Education Construction Account--State.	\$150,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$150,000

3. Recommendation: As part of their feasibility study of establishing a statewide school facility information system, the Office of Superintendent of Public Instruction should ensure that the necessary data elements are included. This should include a focus on comparable information across school districts and needed information regarding the impact of educational reform and other programmatic changes (e.g. all day kindergarten, class size reduction, etc). Consideration should be given to jointly working with planned energy audits conducted by the Construction Services Group and information from the school mapping project.

2008 Legislative Action: Moved inventory pilot project from OSPI to the Joint Legislative Audit and Review Committee.

NEW SECTION. **Sec. 1001** A new section is added to 2007 c 520 (uncodified) to read as follows:

FOR THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE

K-12 Inventory Pilot Project (08-2-850)

The appropriation in this section is subject to the following conditions and limitations:

(1) Funding is provided solely for the joint legislative audit and review committee to define and develop a pilot facility condition and inventory system for K-12 public school facilities. In developing and conducting the pilot, the joint legislative audit and review committee shall seek input from the superintendent of public instruction, participating school districts, the construction services group within educational service district 112, the state board for community and technical colleges, the office of financial management, the department of information services, and other entities as determined by the joint legislative audit and review committee. It is the intent of the legislature to build on the experience of the community and technical college capital facility assessment and inventory process, which includes an independent condition assessment of facilities, to establish a baseline of basic public school facility building data and information. It is also the intent of the legislature that once developed, a facility condition and inventory system must be housed in and operated by the office of the superintendent of public instruction for school districts statewide.

(2) The joint legislative audit and review committee shall select up to ten public school districts to participate in the pilot. The school districts must represent a cross-section of large and small districts, urban and rural districts, districts with facilities of varying age and condition, districts with varying fiscal capacity, and at least one district that serves as the host for a skills center.

(3) The facility condition and inventory system must include facility and site information necessary for facility assessment and maintenance. The facility condition and inventory system must also inform statewide policy options related to: (a) Class size; (b) all-day kindergarten; (c) specialized educational spaces, including math and science classrooms and labs, as well as other specialized spaces; (d) environmental health and safety improvements; (e) joint use of school facilities beyond the traditional school day; (f) high performance buildings; (g) use of portables; and (h) other policy options as identified by the joint legislative audit and review committee.

(4) Data elements in the facility condition and inventory system may include, but are not limited to, facility location, facility condition including health and safety considerations, type, size, current use, enrollment

and space by grade level, information on specialized educational spaces, functionality of space, energy efficiency information, date and cost of original construction, date and cost of any major remodeling or renovation, operations and maintenance information and expenditures, and other data elements as determined by the joint legislative audit and review committee.

(5) By January 1, 2009, the joint legislative audit and review committee shall provide a report to the appropriate legislative fiscal committees on the following: (a) A proposed scope of work for the facility condition and inventory system pilot project; (b) identification of current sources of school district facility information and where the data resides; (c) recommended criteria for evaluating school facilities; (d) potential school district participants; (e) an implementation plan for the pilot group of school districts; and (f) a review of other states' scope and use of public school facility condition and inventory information.

(6) By January 1, 2010, the joint legislative audit and review committee shall submit findings and recommendations on the pilot program to the appropriate legislative fiscal committees. At a minimum, the final report must include the following: (a) A summary of data collected and analyzed for each participating school district; (b) an analysis of study and survey data for several participating school districts compared to an independent facility assessment; (c) a cost/benefit analysis of expanding the pilot to school districts statewide, including potential timelines; (d) possible methods and frequency for collecting, inventorying, updating, and sharing facility information by the office of the superintendent of public instruction; (e) possible interaction of a facility condition and inventory system with the statewide first responder building mapping system and other data collection efforts that are ongoing, including student educational data managed by the office of the superintendent of public instruction; (f) methods that allow for the efficient transfer of information between school districts and the facility condition and inventory system; and (g) other recommendations as determined by the joint legislative audit and review committee.

Appropriation:

Education Construction Account--State . . .	\$230,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$230,000

- 4. Recommendation:** A more robust program to provide regional assistance in school construction management and other kinds of technical assistance should be established. Possible entities to be included: Educational Service Districts; Department of General Administration; architectural services partners with the state's community and technical college system for project management; and the Construction Services Group. As part of this effort, the feasibility of model contracts for school construction projects should be evaluated.

2008 Legislative Action:

NEW SECTION. **Sec. 5009** A new section is added to 2007 c 520 (uncodified) to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Regional School Construction Assistance Program (08-2-857)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for the office of the superintendent of public instruction to develop and implement a regional school construction technical assistance program for school districts primarily delivered through educational service districts. The program will be prioritized towards school districts with the greatest need in terms of school construction management and school construction capabilities. In developing and implementing this program, to the maximum extent possible and appropriate, the office of the superintendent of public instruction shall receive assistance from the architectural and engineering services division of the department of general administration and the construction services group based out of educational service district 112. As part of the work, the office of the superintendent of public instruction shall review voluntary model contracts for school construction.

Appropriation:

Education Construction Account--State	\$1,100,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$1,100,000

- 5. Recommendation:** The Office of Superintendent of Public Instruction should prepare an implementation plan for changing from a July annual release cycle to one that allows school districts to take better advantage of the seasonal nature of the construction bid environment.

2008 Legislative Action:

Sec. 5001 (3) 2007 c 520 s 5008 (uncodified) is amended to read as follows: Within the amounts appropriated in this section, the office of the superintendent of public instruction shall review and evaluate the cost and other implications of changing the current annual release cycle for the school construction assistance program. The office of the superintendent of public instruction shall prepare a report resulting from their review and evaluation by December 1, 2008. This report must include a specific plan for implementing the change in the 2009-2011 biennium.

- 6. Recommendation:** An independent analysis of the current method of projecting enrollment used for determining eligibility should be conducted.

2008 Legislative Action:

NEW SECTION. **Sec. 5016** A new section is added to 2007 c 520 (uncodified) to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION
Enrollment Projections Evaluation Study (08-2-859)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the office of the superintendent of public instruction to contract with a research organization to conduct an evaluation of the accuracy and reliability of the current method used for forecasting school district enrollment for determining eligibility for the school assistance program. This evaluation must also include a review of different methodologies used by school districts in projecting their enrollment for capital planning and budgeting purposes. A final report resulting from this evaluation must be submitted by January 1, 2009.

Appropriation:

Education Construction Account--State . . .	\$150,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$150,000

7. Recommendation: Methods for encouraging/incentivizing cooperative partnerships/joint use of facilities with early learning providers, social service providers, skills centers, community and technical colleges, and public baccalaureate institutions should be implemented. These steps must be taken with appropriate safeguards to ensure that the policy is implemented as intended and it is truly a partnership.

2008 Legislative Action: HB 3291/SB 6872 establishing a “Community Schools Act” was considered by the Legislature but was not enacted.

8. Recommendation: The Legislature should look at revising the method of determining “instructional space” as it relates to community facilities partnerships and should also review barriers, such as liability and maintenance considerations, in schools being used for this purpose.

2008 Legislative Action: None.

9. Recommendation: The current statutory six year limit for the expenditure of impact fee revenues should be extended to ten years to allow for land acquisition and other possible longer term school construction related needs. Criteria will be developed for extension and this will require an evaluation for each respective school board of the appropriateness of this extension.

2008 Legislative Action: HB 3246 & SB 6892 were acted on by committees in both chambers but were not enacted.

10. Recommendation: More information needs to be gathered regarding the current subcontractor performance bond thresholds and the impact that this has on school construction costs.

Recommended Next Action Steps: *The task force will have a presentation by appropriate entities at their first meeting in phase II of their work.*

11. Recommendation: Methods for promoting and coordinating funding for the improvements of safe walking conditions and sidewalks should be explored.

Recommended Next Action Steps: *The task force will have a presentation by appropriate entities at their first meeting in phase II of their work.*

- 12. Recommendation:** The Office of Superintendent of Public Instruction and the Department of Natural Resources should conduct a feasibility analysis and develop options for using existing state lands or acquire new lands in high growth areas of the state for schools (aka land banking).

2008 Legislative Action:

NEW SECTIONS. **Sec. 3044** and Sec. 5015*

FOR THE DEPARTMENT OF NATURAL RESOURCES

Potential School Sites-State Trust Land Study
(08-2-854)

The appropriation in this section is subject to the following conditions and limitations:

(1) The joint legislative committee on school construction funding finds that high growth school districts are often unable to acquire lands best suited for siting new schools. Current funding capacity is devoted to current needs and land development in rapidly growing areas of the state competes with the present and future need for undeveloped sites to build new schools.

(2) The appropriation in this section is provided solely for the superintendent of public instruction and the commissioner of public lands to establish a work group to analyze the feasibility of and develop options for using existing state lands in high growth areas of the state for potential future school sites. The work group shall: (a) Prepare an inventory of existing state trust lands suitable for use as school sites; (b) prepare a projection of the needs for school sites in high growth school districts; and (c) develop options for holding and valuing the land for future school district use that are consistent with legal requirements and management objectives for state trust lands and any other state lands.

(3) The work group shall report to the legislature by December 1, 2008.

Appropriation:

Resource Management Cost Account--State. . .
\$30,000

Education Construction Account--State	\$25,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Cost)	\$0
TOTAL.	\$55,000

Global Recommendations To Be Reviewed in Phase II of the Task Force

1. The Office of Superintendent of Public Instruction and Institute for Public Policy should provide the Legislature with research information about the connection between school facility condition and student performance.
2. The School Construction Assistance Program funding formula should be analyzed and possibly revised to better address the following:
 - School districts that are unable to access state assistance due to multiple bond levy failures, lack of property tax base, low property tax valuation and/or small district size.
 - Regional cost differences for school construction, including construction inflation implications.
 - More timely distribution of funds to fast growing school districts.
 - Whether the 20% floor used in the state matching ratio should be maintained, increased, or decreased.
 - The need for specialized program spaces or unique building circumstances. Examples include science labs, special education spaces, historic school facilities, etc.
 - Increased need for transparency in the funding formula.
3. The appropriate use of portable classrooms to meet the shortfall in permanent school facilities should be reviewed.
4. As part of phase two, the Joint Task Force on School Construction should review the feasibility and desirability of more significant overhaul of the state's method of funding school construction.
 - Does the current system produce the needed type of school facilities? Is this true statewide and for all districts?
 - Are modifications needed to the current funding system based on programmatic changes (eg. education reform, class size reduction, technology, etc)?