

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|---|
| Bill Number: 1444 HB | Title: Common school trust revenue |
|-----------------------------|---|

Estimated Cash Receipts

NONE

| Agency Name | 2023-25 | | 2025-27 | | 2027-29 | |
|---------------------|------------------|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Local Gov. Courts | | | | | | |
| Loc School dist-SPI | No fiscal impact | | | | | |
| Local Gov. Other | | | | | | |
| Local Gov. Total | | | | | | |

Estimated Operating Expenditures

| Agency Name | 2023-25 | | | | 2025-27 | | | | 2027-29 | | | |
|--------------------------------------|------------|----------|-------------|----------|------------|----------|-------------|----------|------------|----------|-------------|----------|
| | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total |
| Superintendent of Public Instruction | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Total \$ | 0.0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | No fiscal impact | | | | | | | | |
| Local Gov. Other | | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|--------------------------------------|------------|----------|----------|------------|----------|----------|------------|----------|----------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Superintendent of Public Instruction | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | No fiscal impact | | | | | | | | |
| Local Gov. Other | | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Breakout

| | | |
|--------------------------------------|---------------------------------|---------------------------------|
| Prepared by: Kelsey Rote, OFM | Phone: (360) 000-0000 | Date Published: Final |
|--------------------------------------|---------------------------------|---------------------------------|

Individual State Agency Fiscal Note

Revised

| | | |
|-----------------------------|---|---|
| Bill Number: 1444 HB | Title: Common school trust revenue | Agency: 350-Superintendent of Public Instruction |
|-----------------------------|---|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

| | | |
|------------------------------------|-----------------------|------------------|
| Legislative Contact: Alrick Arthur | Phone: 360-786-7717 | Date: 01/24/2023 |
| Agency Preparation: Kirti Vijay | Phone: 3607256261 | Date: 01/24/2023 |
| Agency Approval: Randy Newman | Phone: 360 725-6267 | Date: 01/24/2023 |
| OFM Review: Kelsey Rote | Phone: (360) 000-0000 | Date: 01/24/2023 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The proposed bill states that when the common school construction fund balance exceeds the cost of School Construction Assistance Program (SCAP) grants for small districts as established in RCW 28A.525.159, the common school construction fund must fund the SCAP grants from the prioritized list before funding any other capital projects.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No impact to OSPI's cash receipts.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No impact to OSPI's operating budget.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

The bill proposes the use of the Common School Construction Account to fund the SCAP grants for the small districts as established in RCW 28A.525.159. The Common School Construction Account is currently used to fund the SCAP program which includes construction projects, art in public places grants, study and survey grants, natural hazard grants and other K-12 grants like school district health & safety, healthy kids/healthy schools, and workforce development grants.

For the proposal in the bill to be implemented, the Common School Construction Account must be earmarked for the small district modernization grants beginning in the 2023-25 biennium. To determine the possible financial impact of the proposed legislation, OSPI developed two possible funding scenarios to show the fiscal impact of the proposal.

Scenario 1 – Fiscal Impact

In the first scenario, all the revenue in the Common School Construction Account generated in the 2023-25 biennium would be used to fund the Small District Modernization grant program after the prior biennium SCAP grant obligations re-appropriated in the 2023-25 biennium are funded along with OSPI's 2023-25 K-12 Program Administration. In this scenario, OSPI assumes that the following programs historically funded by the Common School Construction Account would now be funded by state general obligation bonds (State Building Construction Account):

2023-25 SCAP Construction Grants - \$ 11,836,000
2023-25 SCAP Art in Public Places - \$ 1,595,000
2023-25 Study & Survey and Natural Hazards Assessment Grants - \$ 3,684,000
2023-25 School District Health & Safety Grants - \$ 24,300,000
2023-25 Healthy Kids – Healthy Schools - \$ 14,500,000
2023-25 Workforce Development Grants - \$ 6,000,000

Total for 2023-25 \$ 61,915,000

The estimated total fiscal impact of replacing program funding from the Common School Construction Account with funding from the State Building Construction Account in the 2023-25 biennium would be \$ 61.9 million.

Please refer to Attachment 1 for detailed information.

Scenario 2 – Fiscal Impact

In the second scenario, OSPI assumes all revenue from the common school trust lands deposited into the Common School Construction Account would be appropriated to the SCAP Small District Modernization grant program and OSPI's K-12 Capital Administration. In order to use this revenue exclusively for these two programs, the refinancing of the prior biennia SCAP obligations will be required. In addition, this would require all K-12 grants historically funded from the Common School Construction Account to be funded from the State Building Construction Account.

Below is a summary of grant programs historically funded by the Common School Construction Account which would need to be financed by the State Building Construction Account,

SCAP Construction Grants - \$ 11,836,000
SCAP Art in Public Places - \$ 1,595,000
Study & Survey and Natural Hazards Assessment Grants - \$ 3,684,000
School District Health & Safety Grants - \$ 24,300,000
Workforce Development Grants - \$ 6,000,000

Total for 2023-25 \$ 47,415,000

In addition to the above, the following SCAP grant obligations from previous biennia will need to be refinanced with funding from the State Building Construction Account since they are currently supported by funding from common school trust land revenue generated in the 2023-25 biennium.

2017-19 SCAP - \$ 4,627,000

2019-21 SCAP - \$ 53,572,000

2021-23 SCAP - \$ 3,145,000

Total SCAP (previous biennia obligations) \$ 61,344,000

The total estimated impact of refinancing prior biennia SCAP project obligations \$ 61,344,000 and projects historically funded by the Common School Construction Account \$ 47,415,000 in the 2023-25 biennium is \$ 108.8 million.

Please refer to attachment 2 for detailed information.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

**Office of Superintendent of Public Instruction
 HB 1444 Common School Trust Revenue - Attachment 1**

Funding Scenario 1 - Common School Construction Account continues to fund prior SCAP grant obligations in 2023-25

Summary of K-12 Capital Projects Financed by State Building Construction Account

| K-12 Grant Programs | 2023-25 | 2025-27 | 2027-29 | 2029-31 | 2031-33 |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| SCAP Construction Grants | \$ 11,836,000 | \$ 73,091,000 | \$ 72,378,000 | \$ 71,485,000 | \$ 70,620,000 |
| Art in Public Places Grants | \$ 1,595,000 | \$ 2,562,000 | \$ 2,819,000 | \$ 3,102,000 | \$ 3,413,000 |
| Study & Survey and Natural Hazards Assessment Grants | \$ 3,684,000 | \$ 3,878,000 | \$ 4,093,000 | \$ 4,359,000 | \$ 4,634,000 |
| School District Health and Safety Grants | \$ 24,300,000 | \$ 24,300,000 | \$ 24,300,000 | \$ 24,300,000 | \$ 24,300,000 |
| Healthy Kids - Healthy Schools | \$ 14,500,000 | \$ 14,500,000 | \$ 14,500,000 | \$ 14,500,000 | \$ 14,500,000 |
| Workforce Development Grants | \$ 6,000,000 | \$ 6,000,000 | \$ 6,000,000 | \$ 6,000,000 | \$ 6,000,000 |
| Total | \$ 61,915,000 | \$ 124,331,000 | \$ 124,090,000 | \$ 123,746,000 | \$ 123,467,000 |

Summary of K-12 Capital Projects Financed by Common School Construction Account

| K-12 Grant Programs | 2023-25 | 2025-27 | 2027-29 | 2029-31 | 2031-33 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Small District Modernization | \$ 61,915,000 | \$ 124,331,000 | \$ 124,090,000 | \$ 123,746,000 | \$ 123,467,000 |
| SCAP Construction Grants (Federal Funds) | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 |
| K12 Program Administration | \$ 4,839,000 | \$ 5,080,000 | \$ 5,333,000 | \$ 5,599,000 | \$ 5,878,000 |
| 2017-19 SCAP Grant Obligations (Reappropriations) | \$ 4,627,054 | \$ - | \$ - | \$ - | \$ - |
| 2019-21 SCAP Grant Obligations (Reappropriations) | \$ 53,571,743 | \$ - | \$ - | \$ - | \$ - |
| 2021-23 SCAP Grant Obligations (Reappropriations) | \$ 3,145,203 | \$ - | \$ - | \$ - | \$ - |
| Total | \$ 131,098,000 | \$ 132,411,000 | \$ 132,423,000 | \$ 132,345,000 | \$ 132,345,000 |

Funding Scenario 2 - Prior SCAP grant obligations refinanced and funded by state general obligation bonds

Summary of K-12 Capital Projects Financed by State Building Construction Account

| K-12 Grant Programs | 2023-25 | 2025-27 | 2027-29 | 2029-31 | 2031-33 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2017-19 SCAP Refinancing | \$ 4,627,054 | \$ - | \$ - | \$ - | \$ - |
| 2019-21 SCAP Refinancing | \$ 53,571,743 | \$ - | \$ - | \$ - | \$ - |
| 2021-23 SCAP Refinancing | \$ 3,145,203 | \$ - | \$ - | \$ - | \$ - |
| SCAP Construction Grants | \$ 11,836,000 | \$ 73,091,000 | \$ 72,378,000 | \$ 71,485,000 | \$ 70,620,000 |
| Art in Public Places Grants | \$ 1,595,000 | \$ 2,562,000 | \$ 2,819,000 | \$ 3,102,000 | \$ 3,413,000 |
| Study & Survey and Natural Hazards Assessment Grants | \$ 3,684,000 | \$ 3,878,000 | \$ 4,093,000 | \$ 4,359,000 | \$ 4,634,000 |
| School District Health and Safety Grants | \$ 24,300,000 | \$ 24,300,000 | \$ 24,300,000 | \$ 24,300,000 | \$ 24,300,000 |
| Workforce Development Grants | \$ 6,000,000 | \$ 4,928,000 | \$ 5,169,000 | \$ 5,513,000 | \$ 5,792,000 |
| Total | \$ 108,759,000 | \$ 108,759,000 | \$ 108,759,000 | \$ 108,759,000 | \$ 108,759,000 |

Summary of K-12 Capital Projects Financed by Common School Construction Account

| K-12 Grant Programs | 2023-25 | 2025-27 | 2027-29 | 2029-31 | 2031-33 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Small District Modernization | \$ 111,759,000 | \$ 111,759,000 | \$ 111,759,000 | \$ 111,759,000 | \$ 111,759,000 |
| SCAP Construction Grants (Federal Funds) | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 |
| K12 Program Administration | \$ 4,839,000 | \$ 5,080,000 | \$ 5,333,000 | \$ 5,599,000 | \$ 5,878,000 |
| Healthy Kids - Healthy Schools | \$ 14,500,000 | \$ 14,500,000 | \$ 14,500,000 | \$ 14,500,000 | \$ 14,500,000 |
| Workforce Development Grants | \$ - | \$ 1,072,000 | \$ 831,000 | \$ 487,000 | \$ 208,000 |
| Total | \$ 134,098,000 | \$ 135,411,000 | \$ 135,423,000 | \$ 135,345,000 | \$ 135,345,000 |

Individual State Agency Fiscal Note

| | | |
|-----------------------------|---|--|
| Bill Number: 1444 HB | Title: Common school trust revenue | Agency: SDF-School District Fiscal Note - SPI |
|-----------------------------|---|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

| | | |
|------------------------------------|-----------------------|------------------|
| Legislative Contact: Alrick Arthur | Phone: 360-786-7717 | Date: 01/24/2023 |
| Agency Preparation: Kirti Vijay | Phone: 3607256261 | Date: 01/24/2023 |
| Agency Approval: Randy Newman | Phone: 360 725-6267 | Date: 01/24/2023 |
| OFM Review: Kelsey Rote | Phone: (360) 000-0000 | Date: 01/24/2023 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The proposed bill states that when the common school construction fund balance exceeds the School Construction Assistance Program (SCAP) grants for small districts as established in RCW 28A.525.159, the common school construction fund must fund the SCAP grants from the prioritized list before funding any other capital projects.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No impact to local school districts' cash receipts.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No impact to local school districts' operating budget.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

No impact to local school districts' capital budget.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.