

Multiple Agency Fiscal Note Summary

Bill Number: 4207 HJR	Title: School district bond voting
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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				145,330,000		312,372,000
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
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
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

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	145,330,000	145,330,000	.0	312,372,000	312,372,000
Total \$	0.0	0	0	0.0	145,330,000	145,330,000	0.0	312,372,000	312,372,000

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						1,520,109,000			1,825,181,000
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Agency Name	2023-25	2025-27	2027-29
	Total	Total	Total
Construction	0	1,520,109,000	1,825,181,000
Grants/Loans	0	145,330,000	312,372,000
Total \$	0	1,665,439,000	2,137,553,000

Prepared by: Brian Fechter, OFM	Phone: (360) 688-4225	Date Published: Final 1/23/2024
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Department of Revenue Fiscal Note

Bill Number: 4207 HJR	Title: School district bond voting	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated 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: Megan Wargacki	Phone: 60-786-7194	Date: 01/09/2024
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 01/11/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/11/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/12/2024

Request # 4207-1-1

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.

This resolution amends Article VII, section 2 and Article VIII, section 6 of the Constitution reducing the voter approval from 60% to 55% for school districts to issue general obligation bonds, incur indebtedness beyond certain limitations, and pass school district bond levies to pay such bonds.

This proposed constitutional amendment requires voter approval at the November 2024 general election.

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.

This resolution grants the Legislature the authority to reduce the voter approval from 60% to 55% to pass a school district bond levy. By itself, this resolution has no revenue impact.

An implementing bill's fiscal note will include any impacts.

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.

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

III. C - 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

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 4207 HJR	Title: School district bond voting	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	145,330,000	152,451,000	159,921,000
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	0	0	145,330,000	152,451,000	159,921,000

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: Megan Wargacki	Phone: 360-786-7194	Date: 01/09/2024
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 01/12/2024
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 01/12/2024
OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 01/14/2024

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.

Changes Article VII, Section 2(b) of the Constitution of the state of Washington to allow school districts to issue bonds be authorized by a 55% of the voters voting on the proposition, without regard to the total number of voters voting on the proposition.

Article VIII, Section 6 reads that the authorization necessary for a school district to incur debt shall be by a 55% of the voters voting on the proposition, without regard to the total number of voters voting on the proposition.

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 the Office of Superintendent of Public Instruction's (OSPI) 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	0	0	0	145,330,000	312,372,000
Total \$			0	0	0	145,330,000	312,372,000

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				145,330,000	312,372,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	145,330,000	312,372,000

IV. C - Capital Budget Breakout

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

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Pre-design/Design					
Construction					
Grants/Loans				145,330,000	312,372,000
Staff					
Other					
Total \$				145,330,000	312,372,000

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

NONE

The fiscal impact for this proposal is indeterminate because the dates of future bond elections and voter participation for all 295 local school districts are not known. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

The following are two potential impacts of lowering the threshold for passing local school district bond issues from sixty percent (60%) “super-majority” level to a level of fifty-five (55%) percent:

First, by lowering the threshold, school districts could be more successful in gaining voter to approve school construction initiatives through levying taxes, issuing bonds, and incurring debt.

Second, if school districts are more successful, then the demand for state funding assistance through the School Construction Assistance Program (SCAP) would be expected to increase.

Fiscal Analysis (See Attachment 1 for Cost Detail)

The analysis provided is based on school district bond elections from 2009 to 2019 and does not include bond elections for years 2020 through 2023 due to historic small number of bond elections presented to voters.

According to county election data results, school district voters have approved over \$15.2 billion in capital bonds for school construction projects from 2009 to 2019 which averages to approximately \$1.3 billion per year. In the same time period, SCAP has approved \$3.1 billion (\$285 million average yearly funding) in state funding assistance to local school districts. Based on this historical data, the ratio of state funding to local funding amounted to 21%.

During the time period 2009 through 2019, local school district bond issues in elections receiving voter approval rates of 55% - 59.99% totaled \$5.8 billion which averages almost \$532 million per year. Applying the same ratio of state funding (21%) to these bond issues which would have passed with at least 55% approval, the estimated additional annual state funding cost to SCAP would be \$109 million before construction inflation.

OSPI assumes the legislature and voters would approve the change to the constitution in 2024. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not seek state assistance until the July 2026 grant release (Fiscal Year 2027).

The estimated additional SCAP funding assistance due to lowering the level of voter approval for school districts to issue bonds is the following:

- FY 2024 – No Fiscal Impact
- FY 2025 – No Fiscal Impact
- FY 2026 - No Fiscal Impact
- FY 2027 - \$145,330,000
- FY 2028 - \$152,451,000
- FY 2029 - \$159,921,000
- FY 2030 - \$167,757,000
- FY 2031 - \$175,977,000
- FY 2032 - \$184,600,000
- FY 2033 - \$193,645,000
- FY 2034 - \$203,134,000
- FY 2035 - \$213,088,000

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
School District Elections- Attachment 1**

Bond Issue Elections with passage > 60%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Average
Number of Bond Elections Which Passed The First Time	11	9	5	10	12	12	23	24	21	16	12	8	0	4	2	155	14
Value of Bond Elections Which Passed The First Time	\$ 490,896,550	\$ 544,995,000	\$ 91,490,000	\$ 503,531,500	\$ 1,157,987,000	\$ 1,544,400,000	\$ 1,696,275,474	\$ 3,372,159,242	\$ 1,999,880,773	\$ 2,449,662,812	\$ 1,383,308,000	\$ 1,765,000,000	\$ -	\$ 1,741,397,000	\$ 275,300,000	\$ 15,234,586,351	\$ 1,384,962,396
SCAP Calendar Release Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Average
State Funding for Projects (Base Grant)	\$ 148,988,403	\$ 225,347,126	\$ 314,661,309	\$ 212,963,558	\$ 184,767,661	\$ 212,729,963	\$ 229,188,284	\$ 312,012,979	\$ 336,129,669	\$ 572,139,295	\$ 386,434,460	\$ 617,346,992	\$ 256,827,541	\$ 162,546,331	\$ 81,134,246	\$ 3,135,362,706	\$ 285,032,973
State Art Allocation	\$ 321,528	\$ 641,589	\$ 1,211,351	\$ 537,467	\$ 767,054	\$ 889,390	\$ 696,833	\$ 1,043,134	\$ 928,911	\$ 1,836,120	\$ 1,469,290	\$ 1,836,429	\$ 795,583	\$ 570,333	\$ 269,698	\$ 10,342,669	\$ 940,243
Total State Funding	\$ 149,309,932	\$ 225,988,715	\$ 315,872,660	\$ 213,501,025	\$ 185,534,715	\$ 213,619,353	\$ 229,885,116	\$ 313,056,113	\$ 337,058,580	\$ 573,975,414	\$ 387,903,750	\$ 619,183,421	\$ 257,623,124	\$ 163,116,664	\$ 81,403,944	\$ 3,145,705,375	\$ 285,973,216

Calendar Year 2020-2023 is for informational purposes only, not used in calculations due to the low number of bond issues presented to voters.

Calculation of Rate of Need for State Funding with respect to Bond Passage

11 Year Average of Bond Elections with passage >60%	\$ 1,384,962,396
11 Year Average of State Funding Assistance	\$ 285,973,216
Ratio of State Funding to Bond Passed	21%

Bond Election and State Funding Assistance data for years 2009 to 2019 was used for the calculation

Bond Issue Elections with approval rates > 55% - 59.99%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Average
Number of "First" Elections	4	1	6	3	9	9	4	7	7	11	2	63	6
Bond Value of "First" Elections	\$ 372,000,000	\$ 234,000,000	\$ 254,004,868	\$ 226,800,000	\$ 391,965,554	\$ 1,591,045,156	\$ 114,030,830	\$ 783,592,867	\$ 272,536,828	\$ 1,417,665,000	\$ 196,000,000	\$ 5,853,641,103	\$ 532,149,191
Ratio of State Funding to Bonds Passed													21%
Estimated State Funding Assistance (Average Bonds Issues with passage >55% - 59.99% X Ratio of State Funding to Bonds Passed)													\$ 109,881,000

Inflation Used in Maintenance Level Models

Biennium	2019-21		2021-23		2023-25		2025-27	
Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation Rate (Maintenance Level)	102.71%	102.64%	101.70%	101.89%	104.90%	104.90%	104.90%	104.90%
Simple Majority (>55%)	\$ 112,860,000	\$ 115,836,000	\$ 117,799,000	\$ 120,020,000	\$ 125,901,000	\$ 132,070,000	\$ 138,541,000	

Estimated SCAP funding

Biennium	2025-27		2027-29		2029-31		2031-33		2033-35	
Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Estimated Average Inflation Rate		104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%
Estimated SCAP Funding with Inflation										
55% voter approval	\$ 145,330,000	\$ 152,451,000	\$ 159,921,000	\$ 167,757,000	\$ 175,977,000	\$ 184,600,000	\$ 193,645,000	\$ 203,134,000	\$ 213,088,000	

If the bill becomes law in April 2024 and is ratified in November 2024, school districts would need 6-8 months for bond planning. The earliest of bonds with the simple majority may pass in November 2025 enabling them to be part of the SCAP release starting in fiscal year 2027.

**Office of Superintendent of Public Instruction
School District Elections- Attachment 2
Local School District Capital Budget Impact**

Bond Issue Elections with approval rates > 55% - 59.99%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Average
Number of "First" Elections	4	1	6	3	9	9	4	7	7	11	2	63	6
Bond Value of "First" Elections	\$ 372,000,000	\$ 234,000,000	\$ 254,004,868	\$ 226,800,000	\$ 391,965,554	\$ 1,591,045,156	\$ 114,030,830	\$ 783,592,867	\$ 272,536,828	\$ 1,417,665,000	\$ 196,000,000	\$ 5,853,641,103	\$ 532,149,191
Ratio of State Funding to Bonds Passed													21%
Estimated State Funding Assistance (Average Bonds Issues with passage >55% - 59.99% X Ratio of State Funding to Bonds Passed)													\$ 109,881,000

Inflation Used in Maintenance Level Models

Biennium	2019-21		2021-23		2023-25		2025-27	
Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation Rate (Maintenance Level)	102.71%	102.64%	101.70%	101.89%	104.90%	104.90%	104.90%	
55% Majority	\$ 112,860,000	\$ 115,836,000	\$ 117,799,000	\$ 120,020,000	\$ 125,901,000	\$ 132,070,000	\$ 138,541,000	
Estimated Increase of Local Bond Issues passed >55% to 59.99%	\$ 546,576,000	\$ 560,989,000	\$ 570,498,000	\$ 581,252,000	\$ 609,733,000	\$ 639,610,000		

Estimated bond passage funding + SCAP funding

Biennium	2025-27		2027-29		2029-31		2031-33		2033-35	
Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Estimated Average Inflation Rate	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%
Estimated SCAP Funding with Inflation - 55% voter approval		\$ 145,330,000	\$ 152,451,000	\$ 159,921,000	\$ 167,757,000	\$ 175,977,000	\$ 184,600,000	\$ 193,645,000	\$ 203,134,000	\$ 213,088,000
Estimate additional local bond issues for School Construction	\$ 670,951,000	\$ 703,828,000	\$ 738,316,000	\$ 774,493,000	\$ 812,443,000	\$ 852,253,000	\$ 894,013,000	\$ 937,820,000	\$ 983,773,000	\$ 1,031,978,000
Biennial Total		\$ 1,520,109,000		\$ 1,825,181,000		\$ 2,008,430,000		\$ 2,210,078,000		\$ 2,431,973,000

If the bill becomes law in April 2024 and is ratified in November 2024, school districts would need 6-8 months for bond planning. The earliest of bonds with the simple majority may pass in November 2025 enabling them to be part of the SCAP release starting in fiscal year 2027.

Individual State Agency Fiscal Note

Bill Number: 4207 HJR	Title: School district bond voting	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Local School District-Private/Local New-7				145,330,000	312,372,000
Total \$				145,330,000	312,372,000

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	670,951,000	849,158,000	890,767,000	934,414,000
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	0	670,951,000	849,158,000	890,767,000	934,414,000

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: Megan Wargacki	Phone: 360-786-7194	Date: 01/09/2024
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 01/12/2024
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 01/12/2024
OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 01/14/2024

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.

Changes Article VII, Section 2(b) of the Constitution of the state of Washington to allow school districts to issue bonds be authorized by a 55% of the voters voting on the proposition, without regard to the total number of voters voting on the proposition.

Article VIII, Section 6 reads that the authorization necessary for a school district to incur debt shall be by a 55% of the voters voting on the proposition, without regard to the total number of voters voting on the proposition.

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.

By lowering the voter approval level for bonds, it will be easier for local school districts to access funding through the school construction assistance program (SCAP) administered by the Office of Superintendent of Public Instruction (OSPI). The amount of cash receipts is indeterminate because the amount of future bond issues and voter approval is unknown. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

Fiscal Analysis (See Attachments 1 and 2) – The cash receipts estimate is based on the amount of funding local school districts would receive from the state through SCAP using the assumptions in OSPI’s fiscal note to compute the impact to SCAP.

School district voters have approved over \$15.2 billion in capital bonds from 2009 to 2019 which averages to approximately \$1.3 billion per year. In the same time period, SCAP has provided \$3.1 billion (\$285 million average yearly funding) in funding to local school districts. Based on this historical data, the ratio of state funding to local funding amounted to 21%.

In the same time period (2009 through 2019), local school district bond issues in all elections receiving voter approval rate of 55%- 59.99% totaled \$5.8 billion which averaged almost \$532 million per year. Applying the same ratio of state funding (21%) to these bond issues, the estimated additional annual cost to SCAP would be \$109 million before construction inflation.

OSPI assumes the legislature and voters would approve the change to the constitution in 2024. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not seek state assistance until the July 2026 grant release (Fiscal Year 2027).

The estimated additional SCAP funding assistance due to lowering the level of voter approval for school districts to issue general obligation bonds is the following:

FY 2024 – No Fiscal Impact
FY 2025 – No Fiscal Impact
FY 2026 - No Fiscal Impact
FY 2027 - \$145,330,000
FY 2028 - \$152,451,000
FY 2029 - \$159,921,000
FY 2030 - \$167,757,000
FY 2031 - \$175,977,000
FY 2032 - \$184,600,000

FY 2033 - \$193,645,000

FY 2034 - \$203,134,000

FY 2035 - \$213,088,000

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.

Local school districts pay for the cost of their bond elections. If the voter approval rate is lowered, it's assumed a majority of bond issues will pass on their first attempt and will decrease the number of bond elections which will fail. The amount of savings which would be incurred by districts by not having a second bond election is not known.

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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
New-7	Local School District	State	0	0	0	1,520,109,000	1,825,181,000
Total \$			0	0	0	1,520,109,000	1,825,181,000

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays				1,520,109,000	1,825,181,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	1,520,109,000	1,825,181,000

IV. C - Capital Budget Breakout

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

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Pre-design/Design					
Construction				1,520,109,000	1,825,181,000
Grants/Loans					
Staff					
Other					
Total \$				1,520,109,000	1,825,181,000

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

NONE

With the lower voter approval level, OSPI estimates school districts will be more successful in passing bonds related to school construction.

The fiscal impact for this proposal is indeterminate because the dates of future bond elections of all 295 local school districts are not known and voter participation and behavior is not known. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

Fiscal Analysis (See attachments 1 and 2)

Local school districts have offered bond issues to voters which did not achieve a 3/5 approval (60%) but did receive a 55% of yes votes, which would satisfy the threshold in the proposal in the amount of \$5.8 billion from 2009 to 2019. The yearly average of these bonds was \$532 million. OSPI assumes local school districts will offer the same level of bond issues plus construction inflation to its voters in this cost estimate.

OSPI assumes the legislature and voters would approve the changes to the constitution in 2024. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not see state assistance until the July 2026 grant release (Fiscal Year 2027).

The estimated additional funding available for school construction raised by local school districts due to lowering of the voter approval threshold to issue general obligation bonds is:

- FY 2024 – No Fiscal Impact
- FY 2025 – No Fiscal Impact
- FY 2026 - \$ 670,951,000 Local Share
- FY 2027 - \$ 703,828,000 Local Share + \$145,330,000 State Funding
- FY 2028 - \$ 738,316,000 Local Share + \$152,451,000 State Funding
- FY 2029 - \$ 774,493,000 Local Share + \$159,921,000 State Funding
- FY 2030 - \$ 812,443,000 Local Share + \$167,757,000 State Funding
- FY 2031 - \$ 852,253,000 Local Share + \$175,977,000 State Funding
- FY 2032 - \$ 894,013,000 Local Share + \$184,600,000 State Funding
- FY 2033 - \$ 983,820,000 Local Share + \$193,645,000 State Funding
- FY 2034 - \$ 983,773,000 Local Share + \$203,134,000 State Funding
- FY 2035 - \$1,031,978,000 Local Share + \$213,088,000 State Funding

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
School District Elections- Attachment 1**

Bond Issue Elections with passage > 60%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Average
Number of Bond Elections Which Passed The First Time	11	9	5	10	12	12	23	24	21	16	12	8	0	4	2	155	14
Value of Bond Elections Which Passed The First Time	\$ 490,896,550	\$ 544,995,000	\$ 91,490,000	\$ 503,531,500	\$ 1,157,987,000	\$ 1,544,400,000	\$ 1,696,275,474	\$ 3,372,159,242	\$ 1,999,880,773	\$ 2,449,662,812	\$ 1,383,308,000	\$ 1,765,000,000	\$ -	\$ 1,741,397,000	\$ 275,300,000	\$ 15,234,586,351	\$ 1,384,962,396

SCAP Calendar Release Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Average
State Funding for Projects (Base Grant)	\$ 148,988,403	\$ 225,347,126	\$ 314,661,309	\$ 212,963,558	\$ 184,767,661	\$ 212,729,963	\$ 229,188,284	\$ 312,012,979	\$ 336,129,669	\$ 572,139,295	\$ 386,434,460	\$ 617,346,992	\$ 256,827,541	\$ 162,546,331	\$ 81,134,246	\$ 3,135,362,706	\$ 285,032,973
State Art Allocation	\$ 321,528	\$ 641,589	\$ 1,211,351	\$ 537,467	\$ 767,054	\$ 889,390	\$ 696,833	\$ 1,043,134	\$ 928,911	\$ 1,836,120	\$ 1,469,290	\$ 1,836,429	\$ 795,583	\$ 570,333	\$ 269,698	\$ 10,342,669	\$ 940,243
Total State Funding	\$ 149,309,932	\$ 225,988,715	\$ 315,872,660	\$ 213,501,025	\$ 185,534,715	\$ 213,619,353	\$ 229,885,116	\$ 313,056,113	\$ 337,058,580	\$ 573,975,414	\$ 387,903,750	\$ 619,183,421	\$ 257,623,124	\$ 163,116,664	\$ 81,403,944	\$ 3,145,705,375	\$ 285,973,216

Calendar Year 2020-2023 is for informational purposes only, not used in calculations due to the low number of bond issues presented to voters.

Calculation of Rate of Need for State Funding with respect to Bond Passage

11 Year Average of Bond Elections with passage >60%	\$ 1,384,962,396
11 Year Average of State Funding Assistance	\$ 285,973,216
Ratio of State Funding to Bond Passed	21%

Bond Election and State Funding Assistance data for years 2009 to 2019 was used for the calculation

Bond Issue Elections with approval rates > 55% - 59.99%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Average
Number of "First" Elections	4	1	6	3	9	9	4	7	7	11	2	63	6
Bond Value of "First" Elections	\$ 372,000,000	\$ 234,000,000	\$ 254,004,868	\$ 226,800,000	\$ 391,965,554	\$ 1,591,045,156	\$ 114,030,830	\$ 783,592,867	\$ 272,536,828	\$ 1,417,665,000	\$ 196,000,000	\$ 5,853,641,103	\$ 532,149,191
Ratio of State Funding to Bonds Passed													21%
Estimated State Funding Assistance (Average Bonds Issues with passage >55% - 59.99% X Ratio of State Funding to Bonds Passed)													\$ 109,881,000

Inflation Used in Maintenance Level Models

Biennium	2019-21		2021-23		2023-25		2025-27	
Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation Rate (Maintenance Level)	102.71%	102.64%	101.70%	101.89%	104.90%	104.90%	104.90%	104.90%
Simple Majority (>55%)	\$ 112,860,000	\$ 115,836,000	\$ 117,799,000	\$ 120,020,000	\$ 125,901,000	\$ 132,070,000	\$ 138,541,000	

Estimated SCAP funding

Biennium	2025-27		2027-29		2029-31		2031-33		2033-35	
Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Estimated Average Inflation Rate		104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%
Estimated SCAP Funding with Inflation										
55% voter approval	\$ 145,330,000	\$ 152,451,000	\$ 159,921,000	\$ 167,757,000	\$ 175,977,000	\$ 184,600,000	\$ 193,645,000	\$ 203,134,000	\$ 213,088,000	

If the bill becomes law in April 2024 and is ratified in November 2024, school districts would need 6-8 months for bond planning. The earliest of bonds with the simple majority may pass in November 2025 enabling them to be part of the SCAP release starting in fiscal year 2027.

**Office of Superintendent of Public Instruction
School District Elections- Attachment 2
Local School District Capital Budget Impact**

Bond Issue Elections with approval rates > 55% - 59.99%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Average
Number of "First" Elections	4	1	6	3	9	9	4	7	7	11	2	63	6
Bond Value of "First" Elections	\$ 372,000,000	\$ 234,000,000	\$ 254,004,868	\$ 226,800,000	\$ 391,965,554	\$ 1,591,045,156	\$ 114,030,830	\$ 783,592,867	\$ 272,536,828	\$ 1,417,665,000	\$ 196,000,000	\$ 5,853,641,103	\$ 532,149,191
Ratio of State Funding to Bonds Passed													21%
Estimated State Funding Assistance (Average Bonds Issues with passage >55% - 59.99% X Ratio of State Funding to Bonds Passed)													\$ 109,881,000

Inflation Used in Maintenance Level Models

Biennium	2019-21		2021-23		2023-25		2025-27	
Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation Rate (Maintenance Level)	102.71%	102.64%	101.70%	101.89%	104.90%	104.90%	104.90%	
55% Majority	\$ 112,860,000	\$ 115,836,000	\$ 117,799,000	\$ 120,020,000	\$ 125,901,000	\$ 132,070,000	\$ 138,541,000	
Estimated Increase of Local Bond Issues passed >55% to 59.99%	\$ 546,576,000	\$ 560,989,000	\$ 570,498,000	\$ 581,252,000	\$ 609,733,000	\$ 639,610,000		

Estimated bond passage funding + SCAP funding

Biennium	2025-27		2027-29		2029-31		2031-33		2033-35	
Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Estimated Average Inflation Rate	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%
Estimated SCAP Funding with Inflation - 55% voter approval		\$ 145,330,000	\$ 152,451,000	\$ 159,921,000	\$ 167,757,000	\$ 175,977,000	\$ 184,600,000	\$ 193,645,000	\$ 203,134,000	\$ 213,088,000
Estimate additional local bond issues for School Construction	\$ 670,951,000	\$ 703,828,000	\$ 738,316,000	\$ 774,493,000	\$ 812,443,000	\$ 852,253,000	\$ 894,013,000	\$ 937,820,000	\$ 983,773,000	\$ 1,031,978,000
Biennial Total		\$ 1,520,109,000		\$ 1,825,181,000		\$ 2,008,430,000		\$ 2,210,078,000		\$ 2,431,973,000

If the bill becomes law in April 2024 and is ratified in November 2024, school districts would need 6-8 months for bond planning. The earliest of bonds with the simple majority may pass in November 2025 enabling them to be part of the SCAP release starting in fiscal year 2027.