TWIO

This Week In Olympia

Special Edition: Final 2022 Supplemental Budgets Released **March 10, 2022**

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EQUITY WASA
WASHINGTON ASSOCIATION OF SCHOOL ADMINISTRATORS

About *TWIO*

***This Week in Olympia* (*TWIO*) is published by WASA in support of our members and members of our partners in WASBO, WSPA, and AEA.**

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As we rapidly approach the end of this 2022 Session—today is the last day of this session—there continues to be a whirlwind of activity. Legislators have spent significant amounts of time in their respective House and Senate Chambers moving through lengthy "Concurrence" and "Dispute" Calendars; however, it seems most of their time has been spent behind-closed-doors meeting in Caucus. Other significant work has been done out of the spotlight: budget-writers have been negotiating on the 2022 Supplemental Operating, Capital, and Transportation Budgets. Additionally, those Transportation budget-writers have also been haggling over differences in the proposed $16.8 billion, 16-year transportation package, known as "Move Ahead Washington."

When session reaches this point, there are always questions about whether session will end on time. Just as quickly as the thought popped up, however, news of budget deals were being discussed. First out of the gate was the 2022 Supplemental Capital Budget (**SB 5651**). A final, negotiated compromise was unveiled on Tuesday and was quickly acted upon by the House, which adopted it unanimously. Yesterday, the Senate brought the bill to the Floor and also adopted it unanimously. Details of the K–12 portion of the Capital Budget are below.

Also on Tuesday, Democratic Leaders held their weekly media availability and announced they had a deal on the "framework" of an Operating Budget (**SB 5693**), but were unwilling to discuss any specifics. Yesterday afternoon, the Operating Budget Conference Committee met to sign the Conference Report—the negotiated compromise budget—and released budget documents. Mind you, this was the first and only meeting of the Conference Committee because budget-writers have been meeting in secret, skirting their own Joint Rules (as we have **discussed before**). And while it was always assumed that Majority Party budget-writers were meeting by themselves, it became very clear in the meeting. When each Conferee was given an opportunity to make comments, Representative Drew Stokesbary (R-Auburn), budget lead for the House Republicans, indicated that he had only seen the final budget bill about an hour before the meeting and expressed his disappointment that he was not involved in budget negotiations, noting that he was never even invited to participate. That is not a surprise, but it does leave a bad taste in your mouth. (Remember what they say about **law-making and sausage-making**?)

The four Majority Party Conferees signed the Conference Report, ready to be acted upon by each house. Remember, legislators must accept or reject the Conference Report, with no opportunity to make any amendments. Because the budget must be "on the bar" for 24 hours, the final debate and vote had to wait until today, the last day of the session. Details of the K–12 portion of the Operating Budget are below.

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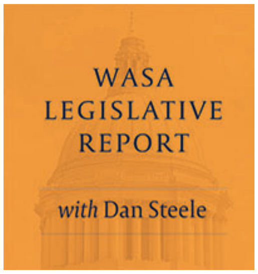
WASA Legislative Report Podcast



The Podcast will be available on a regular basis on the **WASA website**, *or* **subscribe to the Report** *via multiple podcast apps.*

Shortly before the Operating Budget Conferees met, the Conference Committees on the 2022 Supplemental Transportation Budget (**SB 5689**), as well as the 16-year budget package (**SB 5974** and **SB 5975**) unveiled their final compromise and met to sign the Conference Report. We won't provide details on the Transportation Budgets here; however, you do need to be updated about a couple of major changes.

We have talked previously about the concern of $2.5 billion of General Fund money being siphoned off to the Transportation Budget—and the horrible precedent this sets. The $2.5 billion comes from:

- a one-time shift of $2.0 billion from the state's General Fund to the Transportation Budget;
- an annual transfer (beginning 2026) of the sales tax collected on transportation projects, shifting $400.0 million (approximately $31.0 million per year from Fiscal Year 2026 to Fiscal Year 2038); and
- eliminating a currently required "backfill" to address an electric vehicle fuel cell tax credit, shifting approximately $80.0 million over the life of the transportation package.

Unfortunately, this was just the start. Legislators have made a big deal about the fact there is no general gas tax included in the package (which is positive, given that we're close to $5.00 a gallon right now); however, a controversial part of the original plan was to tax exports of fuel, raising $2.0 billion. Our neighbors (Oregon, Idaho, and Alaska, specifically) who would have had to pay the tax came unglued and threatened to retaliate. Transportation budget-writers in the House relented and removed the tax, replacing it with annual transfers ($100.0 million per year) from the Public Works Trust Fund, used by local governments for low-interest loans for necessary capital projects (such as sewer plants, water lines, etc.). This plan is obviously unpopular with city and county leaders, so other options were discussed. The Republicans were happy to present their own idea—one which they have tried to implement for several years. Their idea is to transfer sales tax revenue collected from vehicle sales (at least a portion) from the state's General Fund to the Transportation Budget. This could raise more than $12.0 billion in the next 15 years—and would further siphon revenues out of state's General Fund.

Well, the vehicle sales tax transfer was not picked up, but they ended up raiding the General Fund again with their final deal nevertheless. The new plan is to make annual transfers from the Public Works Trust Fund of $57.0 million (rather than the originally proposed $100.0 million) AND annual transfers of $57.0 million from the state's General Fund to the transportation package. This accounts for over $1.7 billion ($850.0 million from Public Works and $850.0 million from the General Fund) over the life of the plan. So, in total about **$3.3 billion** is siphoned out of the General Fund to the Move Ahead Washington transportation package. The only positive, if you HAVE to be a glass half-full person, is that "only" $2.0 billion is an immediate transfer; the remaining $1.3 billion is a slow bleed. While you're stewing on this news, let me note the fact that the Operating Budget provides $650.0 million to the Capital Budget, as well.

If budget-writers had that much money to throw away, it seems like they could have provided some additional cash to K–12 education, the state's constitutional paramount duty. As it stands, when the 2022 Supplemental Operating Budget is adopted today, the underlying 2021–23 Operating Budget will increase spending from $59.1 billion to $64.1—the biggest increase in a supplemental budget EVER. The plan only leaves $212.0 million in the Ending Fund Balance; even when you include the Budget Stabilization Account, total reserves are only $821.0 million. Just a month ago budget-writers were talking big about the need to maintain a healthy reserve, but instead they tossed a huge chunk of that reserve to transportation.

With the largest Supplemental Budget ever, how did K–12 fare? First, you have to understand there are different ways to view the numbers, but overall, K–12 received in the neighborhood of $830.0 million. That includes a significant

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amount of one-time federal funds from the Coronavirus State Fiscal Recovery Fund (this is the Total Budgeted number). Subtract out the federal funds and focus on just the funding "Subject to the Outlook" and the policy increase is closer to $430.0 million. But both of these numbers are just the straight "adds" to the budget, the Policy Level funding. Match those numbers with the Maintenance Level reduction of $919.0 million (Total Budgeted) or a reduction of $926.0 million (Subject to the Outlook) and K–12 funding ends up with a NET REDUCTION of $89.0 million (Total Budgeted) or a NET REDUCTION of $492.0 million (Subject to the Outlook).

So, let's look at the $830.0 million (Total Budgeted) and the $430.0 million (Subject to Outlook); now subtract one of the biggest increases: compensation (about $208.0 million) and K–12 increases by only $622.0 million and $222.0 million. Oops, I forgot about Maintenance Level reductions—without a 5.5 percent IPD increase (see below) that leaves a net reduction of $297.0 million and a net reduction of $704.0 million.

K–12 education had some big wins this session, but with an $11.0 billion "surplus" (Republicans used $15.0 billion in their talking points, but let's use the more conservative estimate)—with an $11.0 billion budget surplus one would think that the state's paramount duty would fare very well. In recent years, we have complained about legislators suffering from self-diagnosed "*McCleary* fatigue." Perhaps the only thing worse is if they have "*McCleary* amnesia."

Below is a review of the K–12 education portion of the 2022 Supplemental Operating Budget, as will be adopted later today. Please note that there are numerous line-items included in the budget that are not discussed here; this simply addresses the K–12 major highlights. After the dust settles, WASA's forthcoming End of Session Report will provide comprehensive details of the 2022 Supplemental Operating Budget and the 2022 Supplemental Capital Construction Budget. Also included in that Report will be a complete review of the many education-related bills addressed this session. If you want more budget details, sooner, visit the **Washington State Fiscal Website**. You can find information on all three budgets (Operating, Capital, and Transportation), including bill text, in-depth agency details, overviews, and various LEAP documents.

2022 Supplemental Operating Budget

Major K–12 Education Items

Enrollment Stabilization—$346.5 million

$280.9 million in one-time funding from the federal Coronavirus State Fiscal Recovery Fund is provided to support enrollment stabilization funding, as required by **HB 1590**. Under provisions of the bill, enrollment stabilization funding in the 2021–22 school year is provided to school districts that experienced enrollment declines as a result of the COVID-19 pandemic that led to a loss of revenue in the 2021–22 school year when compared to 2019–20 revenue. The calculated difference in revenue loss is divided in half, backfilling 50 percent of a district's revenue loss. This funding will support 230 districts that continue to experience enrollment declines.

The House's proposed methodology of comparing "budgeted" 2021–22 enrollment to "actual" 2021–22 enrollment to calculate stabilization funding, which would have only supported 136 districts, was rejected in the final budget. Instead, as the Senate proposed, "actual" 2019–20 enrollment is compared to "actual" 2021–22 enrollment to calculate stabilization funding.

Another $63.9 million from the federal Coronavirus State Fiscal Recovery Fund is provided to support enrollment stabilization Local Effort Assistance funding, as required by HB 1590. Under provisions of the bill, districts are allowed to use

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2019–20 enrollment values (rather than the "previous year") to calculate Local Effort Assistance (LEA or "levy equalization") in Calendar Years 2022 and 2023.

Finally, another $1.7 million from the federal Coronavirus State Fiscal Recovery Fund is provided to support enrollment stabilization funding for public charter schools, as required by HB 1590.

Staffing Allocations—$90.6 million
Funding is provided to increase staffing ratios and allocations for Physical, Social, and Emotional support staff as a part of the Prototypical School Funding Model. These staff are defined as nurses, social workers, psychologists, counselors, classified staff providing student and staff safety, parent involvement coordinators, and other school district employees and contractors who provide physical, social, and emotional support to students, as defined by OSPI. As required by **HB 1664**, enhanced ratios/allocations are phased in over three years, from the 2022–23 to the 2024–25 school year.

(NOTE: Due to the phase in of enhanced staffing rations/allocations, estimated state funding for Physical, Social, and Emotional support staff jumps in the 2023–25 biennium to $548.3 million.)

LAP Hold Harmless—$27.0 million
Funding is provided to hold school districts harmless by allowing them to use 2019–20 school year Free and Reduced-Price Lunch percentages for calculating Learning Assistance Program (LAP) funding. The funding is also to be used to support high poverty-based allocations in the 2022–23 school year for schools not eligible in the 2022–23 school year that were eligible for high poverty allocation in the previous school year. Funding is provided from the federal Coronavirus State Fiscal Recovery Fund.

Federal Food Assistance—$21.9 million
Federal funding is provided ($18.2 million) by the U.S. Department of Agriculture (USDA) Commodity Credit Corporation for Supply Chain Assistance Funds, which will reimburse schools for the acquisition of unprocessed or minimally processed domestic food products. Additional federal funds are provided ($3.7 million) by the U.S. Department of Agriculture (USDA) for food assistance purchases of domestic local foods for distribution to schools through the USDA Local Food for Schools program.

Community Eligibility Provision—$21.7 million
Funding is provided ($21.5 million) for state reimbursements to school districts for schools and groups of schools required to participate in the federal Community Eligibility Provision (CEP) under **HB 1878**, but are not eligible for the full federal meal reimbursement rate. Additionally, OSPI is provided with $167,000 for necessary staff to implement HB 1878.

Pupil Transportation—$13.0 million
Although neither education community priority pupil transportation bill (**HB 1808** & **SB 5581**) was adopted this session, funding was provided in the final budget to implement a portion of those bills' provisions. $13.0 million is provided in Fiscal Year 2023 for OSPI to provide transportation safety net funding to school districts with a demonstrated need for additional transportation funding for special passengers. Transportation safety net awards will only be provided when a school district's allowable transportation expenditures attributable to serving special passengers exceeds the amount allocated in the biennial budget for Pupil Transportation and any excess transportation costs reimbursed by federal, state, tribal, or local child welfare agencies.

Proviso language also stipulates that to be eligible for additional transportation safety net award funding, the school district must report the amount of the excess costs and the specific activities or services provided to special passengers that created the excess costs. OSPI is required to request an application for transportation

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safety net funding from school districts no later than May 1st. The application must contain the school district's anticipated excess costs through the end of the current school year. Reporting and accountability provisions in the original versions of HB 1808 and SB 5581 were of concern to many school districts, in particular small districts. Adopted amendments, however, would have allowed OSPI to draft rules that would have mitigated those concerns. Presumably, OSPI will still be in a position to adopt rules to ensure applying for transportation safety net funding is not an onerous task.

This one-time funding does not accomplish exactly what we were seeking; however, it will provide some assistance to school districts. While the Legislature's adoption of HB 1808 or SB 5581 would have put funding for special passengers in statute and would have put us in a better position to advocate for a full overhaul of the STARS transportation funding model in 2023, we will still use this partial success as a jump-start for more aggressive changes next session.

Residential Outdoor School—$10.0 million
Funding is appropriated to OSPI to implement and administer a new Outdoor Education Experience Program within a new Outdoor Learning Grant Program. OSPI will provide grants to eligible school districts and outdoor education program providers, as directed by **HB 2078**. The purpose of the Outdoor Education Experiences Program is to develop and support outdoor learning opportunities for 5th and 6th grade students in Washington public schools, with related opportunities for high school students to volunteer as counselors. Proviso language stipulates that OSPI's priority focus must be given to schools that have been identified for improvement through the Washington School Improvement Framework and communities historically underserved by science education.

Small District Support—$8.3 million
Funding is provided to support: small school districts with less than 800 students, located in urban or suburban areas; public charter schools; and state-tribal compact schools. If a district or school budgeted for less than $18,000 per pupil in general fund expenditures in the 2021–22 school year, the district or school is eligible to receive the lesser of $1,692 per pupil (which is the Local Effort Assistance threshold in Calendar Year 2022) or the amount needed to bring the district or school to $18,000 per pupil.

Because public charter schools are eligible for this support, the funding is appropriated from the Washington State Opportunity Pathways Account, rather than the state's General Fund.

After-Exit Running Start—$3.0 million
Funding is provided for after-exit Running Start grants to school districts that identify Running Start students that have exceeded maximum enrollment under Running Start formulas and high school graduates who have 15 or fewer college credits to earn before meeting associate degree requirements. High school graduates who meet these requirements are eligible to receive funds from these grants for fees to the Community and Technical College to earn up to 15 college credits during the summer academic term following their high school graduation.

Financial Literacy Education—$3.0 million
Funding is provided ($2.0 million) for the Financial Education Public-Private Partnership to establish a new Financial Literacy Education Professional Development Grant Program. Grants are to be provided to school districts for integrating financial literacy education into professional development for certificated staff, as required by **SB 5720**. Additional grant activities are permitted, including: coordinating teachers from across a school district to develop new instructional strategies and to share successful strategies; sharing successful practices across a group of school districts; and facilitating coordination between ESDs and school districts to provide training.

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Another $1.0 million is provided to the Financial Education Public-Private Partnership to fulfill additional duties outlined in SB 5720, including: hiring support staff, contracting with ESDs; facilitating the creation and implementation of professional development for certificated instructional staff relating to financial literacy and education; working to facilitate outreach for financial literacy training to foster students, homeless youth, students receiving special education services, and tribal communities; and coordinating with providers in the Early Childhood Education and Assistance Program.

Native American Names—$4.5 million
Additional funding is provided, as requested by Superintendent Reykdal, to continue the grant program for K–12 public schools to discontinue the use of Native American names, images, and symbols as mascots by January 1, 2022, as required in **HB 1356**.

Healthcare Simulation Labs—$3.6 million
One-time funding is provided for OSPI to administer grants for nursing programs to purchase or upgrade simulation laboratory equipment.

MTSS Implementation Supports—$3.5 million
The final budget provides one-time funding for OSPI to contract for regional Multi-Tiered Systems of Support (MTSS) implementation specialists during the 2022–23 school year.

Next Generation Science Standards—$2.0 million
A funding enhancement is provided to continue professional development in the Next Generation Science Standards and to support community-based climate science organizations in partnering with ESDs and school districts.

OSPI State Office Administration—$1.5 million
This is one of the few areas of disagreement between the Senate and the House where they “split the difference. The Senate proposed $1.0 million and the House proposed $2.0 million, to provide additional funding to increase the base operations budget of OSPI. The final budget provides a $1.5 million base increase in Fiscal Year 2023; $500,000 less than requested by OSPI. The final budget also failed to provide for an automatic inflationary adjustment, also requested by OSPI.

Paraeducator Training—$1.5 million
Funding is provided for new paraeducators to receive four days of training in the Paraeducator Certificate program during their first year. (NOTE: **HB 1942**, which would have modified deadlines and in-person requirements for paraeducator training, failed to be adopted.)

ESD Administrative Reduction—$1.2 million
The final budget provides funding to remove a previous administrative reduction taken from the base budget of ESDs.

ESD Funding—$1.0 million
Funding is provided to each ESD for the employer cost of school employees’ benefits for employees of the ESD who are covered by collective bargaining, as required by **SB 5539**.

Intensive Tutoring Grants—$1.0 million
Funding is provided for a grant program for school districts, public charter schools, and state-tribal education compact schools to establish intensive tutoring programs. Grants are to be used to recruit, train, and hire tutors to provide one-on-one tutoring services to K–12 students experiencing learning loss as a result of the COVID-19 pandemic. Tutors must receive training in proven tutoring models to ensure their effectiveness in addressing learning loss.

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Behavioral Health Program Pilot—$1.0 million
One-time funding is provided for OSPI to collaborate with a non-profit entity for a pilot program to provide behavioral health support for youth and provide trauma-informed, culturally responsive training to staff.

Additional Notes of Interest

Inflationary Factor
In the underlying 2021–23 Operating Budget, the inflationary factors—the Implicit Price Deflator or IPD—as adopted were: 2.0 percent for the 2021–22 school year and 1.6 percent for the 2022–23 school year. When the governor introduced his budget request, he increased the 2022–23 school year IPD from 1.6 percent to 2.0 percent. WEA argued all session that because school years do not sync with calendar years or the state's fiscal years, the provision of IPD has not kept pace with actual inflation. Early on, there were conversations about WEA requesting an increase, beyond IPD, in the current 2021–22 school year AND the upcoming 2022–23 school year. They recognized, however, how disruptive a mid-year change would be—for both the unions and management—and opted to request a larger percentage in the 2022–23 school year. They argued that the second-year inflationary factor provided should be at least 5.0 percent—which is calculated as the current year IPD, plus a 2.5 percent "catch up."

After the February Revenue Forecast was released, it was clear that IPD needed to be adjusted beyond the governor's requested 2.0 in 2023. The updated forecast pegged IPD in 2022 at 5.1 percent and the projected IPD in 2023 at 2.8 percent. WEA adjusted their request, arguing that the combined 2022 and 2023 inflationary factor should be 5.9 percent (to clarify, their request was to maintain the current budgeted 2.0 percent in 2022, but increase the second-year factor—which would include the so-called "catch-up"—to 5.9 percent). The 5.9 percent second-year bump request was calculated as the new 2023 2.8 percent plus the "underfunding" from 2022—again, there's a sync up problem between salaries provided in school years, state budgets adopted in fiscal years, and IPD calculated in calendar years.

Legislative budget proposals released after the February Forecast provided updates to the second-year, 2022–23 school year inflationary factor. The original Senate budget proposal increased the second-year IPD to 2.8 percent (which matched the Forecasted 2023 IPD), while the House's initial budget proposal included a 5.5 percent inflationary bump in 2023. The House's budget documents explained the larger increase is an "inflationary rebase, which aligns the new IPD with actual inflation since the 2017–18 school year."

After seeing the Senate's IPD adjustment, WEA went on a full court press on their ask. They activated their members, who sent literally thousands of e-mails, texts, and phone calls in the remaining three weeks of session. The Senate quickly blinked and amended the second-year inflationary bump when the budget was adopted in the Senate Ways & Means Committee; however, they increased their originally proposed 2.8 percent to 4.7 percent, prompting WEA to keep the heat on.

Ultimately, after negotiations were complete and the new compromise budget was rolled out, the House's position won out. The final IPD in 2023 is 5.5 percent. (NOTE: While not included in this budget, the current projection for IPD in 2024 is 2.0 percent and 2.1 percent in 2025.)

It is important to note that this new 2023 inflationary factor is also used to increase funding for the statewide minimum salary allocations. For the 2021–22 school year, minimum salary allocations for Certificated Instructional Staff, Certificated Administrative Staff, and Classified Staff were: $68,937, $102,327, and $49,453, respectively. The second-year minimum salary allocations for CIS, CAS, and CLS in the underlying 2021–23 Operating Budget were scheduled to increase to: $70,040, $103,964, and $50,244, respectively. Using the new 5.5 percent inflationary factor, the 2022 Supplemental Operating Budget provides for the following minimum

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salary allocations for the 2022–23 school year: $72,728 for CIS; $107,955 for CAS; and $52,173 for CLS.

Finally, the 5.5 percent inflationary factor is also used to provide enhanced 2022–23 funding rates per student for Materials, Supplies, and Operating Costs. (NOTE: Previous versions of the budget erroneously used different inflationary factors for compensation and MSOC. This error has been corrected in the final budget.)

SEBB Rate Adjustment
The final 2022 Supplemental Operating Budget funds a School Employees' Benefits Board (SEBB) rate adjustment and a proposed reserve rate reduction. For the 2022–23 school year, the per employee per month rate is reduced to $1,026, from the $1,032 adopted in the underlying budget. New proviso language notes these rates are sufficient to cover the cost to provide virtual access to behavioral health resources and interventions and case management.

PERS and TRS Plan 1 Benefit Increase
The final 2022 Supplemental Operating Budget provides funding to implement **SB 5676**, which provides a one-time, three percent increased benefit, up to $110 per month, for retirees of the Public Employees' Retirement System (PERS) Plan 1 and the Teachers' Retirement System (TRS) Plan 1. Funding ($48,000) is also provided to the Department of Retirement Systems to implement SB 5676, which requires a one-time process to create a permanent increase to PERS Plan 1 and TRS Plan 1 benefits calculated on current monthly benefits including eligible adjustments.

2022 Supplemental Capital Budget

The Operating Budget is always the issue that catches the most attention—and technically, adopting a two-year Operating Budget in odd-year sessions and Supplemental Operating Budgets in even-year sessions is the ONLY specific accomplishment necessary to complete in a session. The Capital Construction Budget, however, is also a major issue. As we have discussed before, crafting and adopting a Capital Budget is often a bi-partisan—or non-partisan—affair. Certainly, that was the case this year with the 2022 Supplemental Capital Budget. A final, compromise budget, **SB 5651**, was released on Tuesday and was adopted unanimously by both the Senate and the House yesterday.

The underlying 2021–23 Capital Budget was a historic, record-setting $6.3 billion package. Following suit, the 2022 Supplemental Capital Budget is also a historic, record-setting package increasing the biennial budget by $1.5 billion. To put that into context, the 2019–21 Capital Budget was a $4.9 billion package (considered at the time to be "massive"), followed by an increase of $175.1 million in the 2020 Supplemental Capital Budget.

Although the 2022 Supplemental Capital Budget provides a substantial increase over the underlying biennial budget, K–12 education receives a net reduction of $84.9 million in the package. This is due to substantial reduction in funding for the School Construction Assistance Program (SCAP). Below are some of the major K–12 highlights in the 2022 Supplemental Capital Construction Budget. Like the Operating Budget above, this is a high-level overview, with more detail to be provided in WASA's End of Session Report.

Major K–12 Education Items

School Seismic Safety Grant Program—$100.0 million
$91.4 million is provided to implement the School Seismic Safety Grant program created under **SB 5933**. SB 5933 provides increased grant funding for schools in high seismic hazard areas, built before 1998 and not retrofitted to 2005 seismic standards. Of the total amount appropriated, $40 million is repurposed from the 2021–23 School Seismic Safety Retrofit Program proviso, which is repealed to conform with the new grant program established by SB 5933.

Another $8.6 million is provided for unanticipated school seismic safety retrofit costs for projects identified as very high risk within the 2019–21 School Seismic Safety Retrofit Program. OSPI may award School Seismic Safety Grant funding (not to exceed $8.6 million) to the following projects that were previously identified as having very high seismic risk:

- North Beach School District, Pacific Beach Elementary;
- South Bend School District, South Bend Junior/Senior High School;
- Boistfort School District, Boistfort Elementary;
- Cosmopolis School District, Cosmopolis Elementary; and
- Marysville School District, Totem Middle School.

Distressed Schools—$21.7 million
Additional funding is provided for the Distressed Schools Program. $13.0 million of the appropriation is provided for the Almira School District to replace the Almira Elementary School that was destroyed by fire in October 2021. OSPI is required to expedite allocation and distribution of any eligible funds for this use. Additionally:

- $2.9 million is provided for the Republic School District to complete design and renovation projects at Republic Junior High School and Republic Senior High School;
- $2.6 million is provided for the completion of a two-classroom early learning addition at the John Muir Elementary School in the Seattle School District;
- $2.0 million is provided for the Nooksack Valley School District for facilities improvements responding to flood damage and future flood risks. State funding provided must be repaid to OSPI to the extent that the Nooksack Valley School District receives an insurance settlement or Federal Emergency Management Agency funding for flood damage and future flood risks;
- $750,000 is provided for a roof replacement project at Oakview Elementary School in the Centralia School District; and
- $515,000 is provided for a facilities accessibility and security improvement project in the Wahkiakum School District.

West Sound Technical Skills Center Modernization—$10.9 million
Funding is provided for grant funding to the Bremerton School District to complete the design and begin construction of a new Career and Technical Education facility at the West Sound Technical Skills Center in Bremerton. In coordination with OSPI, the Bremerton School District's West Sound Technical Skills Center is required to:

a. Ensure the Career and Technical programs planned for in the design and renovation of the Skills Center support high-demand and high-wage sector program needs;
b. Ensure that space needs are reasonable and appropriate for the programs planned and enrollment projections;
c. Evaluate the proposed project budget using value engineering and life-cycle cost analysis techniques; and
d. Use this information to inform the proposed design.

Proviso language clarifies that OSPI must approve the Skills Center programs, design, and budget before requesting allotment of construction phase funding.

Small District and Tribal Compact Schools Modernization—$7.6 million
Additional funds are provided specifically for three districts prioritized by the Small District and Tribal Compact Schools Program Advisory Committee: the Brewster School District ($933,000), the Creston School District ($5,018,000), and the Oroville School District ($1,661,000).

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Additionally, $12.0 million in state bonds replace funding originally provided by the federal Coronavirus Capital Projects Account; there is no net change in funding.

School District Health and Safety—$1.7 million
Funding is enhanced for the School District Health and Safety program, provided for emergency repair grants to address unexpected and imminent health and safety hazards at K–12 public schools, including Skills Centers, that will impact the day-to-day operations of the school facility. There is also a change in the funding sources. $1.9 million in funding provided by the federal Coronavirus Capital Projects Account in the underlying 2021–23 Capital Budget is replaced with funds from the Common School Construction Account.

Pierce College/Bethel High School—$1.6 million
Funding is provided to assist Bethel School District to begin construction on four classrooms and an office for operations by Pierce College within the new Bethel High School. If Pierce College does not occupy this space and offer college credit classes to the community at large as well as Running Start opportunities for Bethel High School students by June 30, 2025, any funds expended under this appropriation must be repaid to the state.

Healthy Kids/Healthy Schools—$1.5 million
$1.5 million is provided for grants to public schools, including public charter schools and state-tribal education compact schools, for the removal, disposal, and replacement of T-12 lighting fixtures and ballasts manufactured in or before 1979 with energy-efficient LED lighting. State grant funding may be used for all school districts, state-tribal education compact, and public charter school buildings, but must be prioritized for buildings that are not under contract to be replaced or modernized. State grant funding may only be expended after all applicable funding from utility company rebate programs available to schools in the state has been exhausted.

OSPI is required to provide information to state grant applicants related to identifying the year of T-12 lighting fixture and ballast manufacture, which may include pertinent information developed by the United States Environmental Protection Agency. In order to receive a state grant, applicants must provide, as determined by OSPI, supporting documentation that includes: (a) the number of T-12 lighting fixtures and ballasts manufactured before 1979 and after 1979 in their facilities; and (b) the age and primary use of each facility where the T-12 lighting fixtures and ballasts under are located. OSPI is allowed to adopt rules to administer this program.

Skills Centers Minor Works—$0
$1.8 million provided for Skills Centers Minor Works in the underlying budget was funded from the federal Coronavirus Capital Projects Account is replaced with funds from the Common School Construction Account in the 2022 Supplemental Capital Budget. There is no change in funding levels.

School Construction Assistance Program—($190.0 million)
The School Construction Assistance Program (SCAP) is reduced from $727.8 million to $537.8 million for 2021–23. The savings reflects lower than anticipated demand to qualified school districts for construction, renovation, and modernization of school facilities in Fiscal Year 2023. In recent years, the second-year funding for SCAP has been reduced; however, the $190.0 million drop is significant. As a comparison, the 2020 Supplemental Capital Budget reduced SCAP by $1.1 million.

Although the huge reduction is a concern, it is anticipated the funding appropriated will be sufficient for eligible projects. The reduced funding level assumes a "drop off" of requests for funding from eligible district projects in the second year of the biennium (the July release of funds). In the last six to eight years, the second release drop off (January through July) has fluctuated between a low of 7.9 percent (2014) and a high of 25.4 percent (2018).

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If the legislative assumptions turn out to be wrong, it is possible there will be a shortfall between available funding and eligible projects. If this occurs, OSPI will have to go through a prioritization process and will provide funding down the list of project requests until funds run out, leaving some projects without SCAP funding. Given the unfortunate recent history of school district bond passage, however, that seems unlikely.

A final note about SCAP funding: $20,000 of the overall appropriations for SCAP is provided for the Sunnyside School District for the transfer of the Yakima Valley Technical Skills Center Sunnyside Satellite Campus and its related property and equipment.

Additional Details

Early Learning Facilities—$30.0 million
Enhanced funding of $23.1 million is provided for competitive grants and loans to purchase, construct, or modernize facilities to add capacity for early learning programs, including the Early Childhood Education and Assistance Program. An additional $6.9 million is provided for specific early learning facilities projects, including $1.0 million for early learning classrooms at Logan Elementary in the Spokane School District.

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