



TWIO

This Week In Olympia

Special Edition **TWIO**

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House Releases 2023–25 Capital Budget

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 **WAMOA**.

TWIO is emailed each Friday during the Legislative Session and archived on **WASA's** website at <https://wasa-oly.org/WASA/TWIO>.



Yesterday, we reviewed the [House's 2023–25 Operating Budget](#); today we will review the House's 2023–25 Capital Budget. First, however, we need to provide an IMPORTANT CORRECTION to yesterday's report. In the discussion regarding the "rebase" of regionalization and the experience factor, we noted the House proposal includes a two-year "phase-down" for districts that lose regionalization. We also noted that no similar protection is provided for districts that are losing their 4.0 percent experience factor. **This was INCORRECT.**

In fact, the House's proposal rebases regionalization and the experience factor as a "package"—and provides for a two-year step-down for BOTH regionalization AND the experience factor. As an example, if your district has a regionalization factor of 1.09 and you are slated to be reduced to 1.06, the House's plan would provide for a 1.075 regionalization factor in the 2023–24 school year, before you drop down to 1.06 in the school year 2024–25. Similarly, if you currently have the 4.0 percent experience factor, but you are no longer eligible, the House's plan would provide for a 2.0 percent experience factor in the 2023–24 school year, before you completely lose the experience factor in the 2024–25 school year. We apologize for the error.

See [LEAP Document 3](#), dated March 24, 2023, at 06:09 hours, for a list of district impacts.

House 2023–25 Capital Budget

Budget-writers in the House released its [2023–25 Capital Budget proposal](#) on Monday, March 27. Introduced as a [Proposed Substitute HB 1147](#), the House's plan is substantially similar to the [Senate's proposal](#). Like the Senate Capital Budget, the House's proposal was released jointly by the two Caucus leads on Capital issues: Representative Steve Tharinger (D-Port Townsend), Chair of the House Capital Budget Committee and Representative Mike Steele (R-Chelan), Ranking Minority Member of the House Capital Budget Committee.

Proposed Substitute HB 1147—and the necessary bond bill, a [Proposed Substitute of HB 1148](#)—reduces reappropriations/appropriations in the 2023 Supplemental Budget by \$175.1 million. Overall, the House's 2023–25 Capital Budget would fund \$8.1 billion in construction projects. \$4.7 billion of the total is financed with General Obligation bonds. The remaining \$3.4 billion consists of \$855 million in federal funds, \$303 million in Model Toxic Control Accounts, \$525 million in Climate Commitment Accounts, \$295 million in alternative financing authorizations, and

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\$1.5 billion in other funds. Approximately \$160 million in bond capacity is reserved for a 2024 Supplemental Capital Budget.

The proposed Capital Budget would provide \$893 million for behavioral health needs (including \$613 million for a new Western State Hospital, as long expected); \$700 million for affordable housing projects; and \$330 million to address various human services. Major funding is provided for various general government projects (\$1.6 billion); higher education (\$1.3 billion); and natural resources projects (\$2.3 billion).

Specifically for K–12 education, the House Capital Budget would provide \$847 million. The majority of this appropriation is for the School Construction Assistance Program (SCAP). SCAP receives \$588 million in the new two-year Budget, coupled with a reduction of \$109 million in the 2023 Supplemental Capital Budget. It is important to note that this is not a “cut”—it simply is an adjustment resulting from less districts requesting funding for eligible projects than expected. This is mostly due to unanticipated bond failures. \$3.7 million of the overall SCAP appropriation is provided for study and survey grants and for completing inventory and building condition assessments for public school districts every six years.

Additional K–12 Capital Investments

Small District and Tribal Compact Schools Modernization. \$101.0 million is provided for grants to repair or replace significant building systems in school facilities.

- \$81.4 million of the overall appropriation is provided for modernization grants for small school districts and state-tribal education compact schools with total enrollments of 1,000 students or less with significant building system deficiencies and limited financial capacity as approved by OSPI’s Small District Modernization Grant Advisory Committee.
- \$2.3 million of the overall appropriation is set aside for planning grants. Planning grants may not exceed \$50,000 per district and may only be awarded to school districts with an estimated total project cost of \$5.0 million or less.
- \$12.1 million of the overall appropriation is set aside for planning grants and modernization grants to state-tribal compact schools. OPSI may prioritize planning grants for state-tribal compact schools with the most serious building deficiencies and the most limited financial capacity.
- \$5.0 million of the overall appropriation is set aside for energy assessment grants for small school districts. Grant funding awarded may be used to perform facility energy assessments of instructional buildings.

OSPI must submit a list of small school district modernization projects, as prioritized by the Small District Modernization Grant Advisory Committee, to the Legislature by September 15, 2024. The list must include: (a) a description of the project; (b) the proposed state funding level, not to exceed \$5.0 million; (c) estimated total project costs; and (d) local funding resources.

Appropriations provided may only be awarded to projects approved by the Legislature, as identified in [LEAP Document No. OSPI-1-HB-2023](#) (dated March 24, 2023).

Skills Centers. \$48.2 million is provided to support Skills Centers:

- \$41.4 million is provided to the Bremerton School District to complete design and begin construction of a new Career and Technical Education facility at the West Sound Technical Skills Center in Bremerton. A reappropriation of \$11.0 million is also provided for the project. The reappropriation is subject to proviso language contained in the 2022 Supplemental Capital Budget, which requires the Bremerton School District to coordinate with OSPI to: (a) ensure the Career and Technical

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programs planned for in the design 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. OSPI is required to approve the Skills Center programs, design, and budget before requesting allotment of construction phase funding.

- \$5.1 million is provided for Skills Centers Minor Works.

School Seismic Safety Grants. \$40.0 million is provided to the School Seismic Safety Grant Program, as established in 2022 ([SSB 5933](#)). Under the program, grants are provided to school districts and state-tribal education compact schools to cover the costs of retrofitting or relocating schools located in high seismic hazard areas or within the Washington Tsunami Design Zone. (NOTE: OSPI, in collaboration with its Citizens Advisory Panel (CAP) and Technical Advisory Committee (TAC), has developed administrative Rules to implement the School Seismic Safety Grant Program created by the Legislature in 2022. New Rules, which are awaiting public hearings, would outline how schools apply and receive grant funding provided by the new program. Additionally, if the proposed Rules are adopted, they would allow seismic projects to become eligible for SCAP funding.)

School District Health & Safety. A total of \$22.0 million is provided to support school districts in making their schools safer. Proviso language stipulates the following:

- \$5.0 million is 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. For emergency repair grants only, an emergency declaration must be signed by the school district board of directors and submitted to OSPI for consideration. The emergency declaration must include a description of the imminent health and safety hazard, the possible cause, the proposed scope of emergency repair work and related cost estimate, and identification of local funding to be applied to the project. Grants of emergency repair moneys must be conditioned upon the written commitment and plan of the school district board of directors to repay the grant with any insurance payments or other judgments that may be awarded, if applicable. OSPI is required to notify the Office of Financial Management, the Legislative Evaluation and Accountability Program Committee, the House Capital Budget Committee, and the Senate Ways and Means Committee as projects are approved for funding.
- \$12.0 million is provided for **urgent repair grants** to address nonrecurring urgent small repair projects at K–12 public schools, excluding Skills Centers, that could impact the health and safety of students and staff if not completed. OSPI, after consulting with Maintenance and Operations administrators of school districts, must develop criteria and assurances for providing funding for specific projects through a competitive grant program. The criteria and assurances must include, but are not limited to, the following: (a) limiting school districts to one grant, not to exceed \$500,000, per three-year period; (b) prioritizing applications based on limited school district financial resources for the project; and (c) requiring any district receiving funding provided in this section to demonstrate a consistent commitment to addressing school facility needs. The grant applications must include a comprehensive description of the health and safety issues to be addressed, a detailed description of the remedy, including a detailed cost estimate of the repair or replacement work to be performed, and identification of local funding, if any, which will be applied to the project. Grants may be used for, but are not limited to: Repair or

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replacement of failing building systems, abatement of potentially hazardous materials, and safety-related structural improvements.

- \$5.0 million is provided for **equal access grants** for facility repairs and alterations at K–12 public schools, including Skills Centers, to improve compliance with the Americans with Disabilities Act and Individuals with Disabilities Education Act. OSPI must develop criteria and assurances for providing funding for specific projects through a competitive grant program. The criteria and assurances must include, but are not limited to, the following: (a) limiting districts to one grant, not to exceed \$100,000, per three-year period; (b) prioritizing applications based on limited school district financial resources for the project; and (c) requiring recipient districts to demonstrate a consistent commitment to addressing school facility needs. The grant applications must include a description of the Americans with Disabilities Act and Individuals with Disabilities Education Act compliance deficiency, a comprehensive description of the facility accessibility issues to be addressed, a detailed description of the remedy including a detailed cost estimate of the repair or replacement work to be performed, and identification of local funding, if any, which will be applied to the project. Priority for grant funding must be given to school districts that demonstrate a lack of capital resources to address the compliance deficiencies outlined in the grant application.

Healthy Kids—Healthy Schools. \$13.0 million is provided to support Healthy Kids—Healthy Schools grants. Proviso language stipulates:

- \$10.0 million is provided for Healthy Kids—Healthy Schools grants for projects that are consistent with the Healthiest Next Generation priorities. Funding is provided for grant funding to school districts for the purchase of equipment or to make repairs to existing equipment that is related to improving:
 - children’s physical health, and may include, but is not limited to, fitness playground equipment, covered play areas, and physical education equipment or related structures or renovation; and
 - children’s nutrition, and may include, but is not limited to, garden related structures and greenhouses to provide students access to fresh produce, and kitchen equipment or upgrades.

OSPI must develop criteria for grant funding under this subsection that include, but are not limited to, the following requirements:

- districts may apply for grants, but no single district may receive more than \$200,000 of the appropriation for grants awarded under this section;
- any district receiving funding provided in this section must demonstrate a consistent commitment to addressing school facilities’ needs; and
- applicants with a high percentage of students who are eligible and enrolled in the Free and Reduced-Price Meals program may be prioritized.
- \$1.5 million is provided for grants to school districts for the replacement of lead-contaminated pipes, drinking water fixtures, and the purchase of water filters, including the labor costs of remediation design, installation, and construction.
- \$1.5 million is provided for grants to school districts 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 must be prioritized for buildings that are not under contract to be replaced or modernized.

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Maritime 253 Skills Center. \$8.0 million is provided for the first phase of the Maritime 253 Skills Center Project in the Tacoma School District.

Career Preparation and Launch Capital Grants. \$5.0 million is provided for OSPI to provide competitive grants to school districts to purchase and install Career and Technical Education equipment that expands Career Connected Learning and work-integrated learning opportunities. Proviso language requires OSPI, after consulting with school districts, Career Connect Washington, and the Workforce Training and Education Coordinating Board, to develop criteria and assurances for providing funding and outcomes for specific projects through a competitive grant program. The criteria must include, but are not limited to, the following: (a) districts or schools must demonstrate that the request provides necessary equipment to deliver Career and Technical Education; and (b) applicants with a high percentage of students who are eligible and enrolled in the Free and Reduced-Price Meals program must be prioritized.

Budget language prohibits any single district from receiving more than \$150,000 of the overall appropriation.

K–12 Capital Program Administration. OSPI is provided with \$4.8 million (as requested) for the administrative funding needs of the School Facilities and Organization department within OSPI for the 2023–25 biennium. Funding will support the administration and management of K–12 capital grant programs.

Capital Assistance to Small School Districts. \$4.0 million is provided to support preconstruction grants and administrative implementation, as described in [HB 1044](#). HB 1044 creates a new capital construction and planning grant program for the modernization and replacement of instructional facilities, specifically for financially distressed school districts that meet certain enrollment and eligibility criteria.

Isolation Room Repurposing/Removal. \$3.0 million is provided for grants to school districts to repurpose or remove isolation rooms. In providing grants, OSPI is required to (a) prioritize grant applications on the basis of school district financial capacity; (b) disburse grant funding on a reimbursement basis only; (c) limit the amount reimbursed for an isolation room removed or repurposed to \$20,000 or less; and (d) track, categorize, and report on the types of reimbursements for which school districts apply.

Green Schools: Stormwater Infrastructure. Originally funded under the Healthy Kids–Healthy Schools Grant program, Green Schools: Stormwater Infrastructure Projects began being funded as a stand-alone program in the 2021–23 Capital Budget. The 2023–25 Capital Budget appropriates \$1.0 million to continue the program. The funding must be used to contract with a statewide Community-Based Organization with experience planning and developing green stormwater infrastructure and related educational programs on public school properties. The organization that is awarded the contract must use the funding solely for green stormwater infrastructure projects on public school properties and must use geographic analysis to identify green stormwater infrastructure project locations based on the opportunity to reduce stormwater runoff.

To qualify for a project, schools must be eligible for financial assistance under Title I and the contracted organization must prioritize schools with high percentages of students eligible for the Free and Reduced-Price Meals program that also serve diverse student populations. The stormwater infrastructure projects should aim to:

- Provide equity of opportunity in high-need communities; and
- Engage students in conjunction with K–12 STEM education programs aligned with the Washington state science and learning standards.

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Early Learning Facilities—School Districts Grant. A total of \$5.4 million is provided, via the Department of Commerce, to assist in the building or expansion of early learning facilities. Grants are provided for six school district projects:

- Toppenish School District—\$1.08 million
- Orondo School District—\$1.08 million
- Bethel School District—\$1.08 million
- Issaquah School District—\$1.06 million
- Highline School District—\$809,000
- South Bend School District—\$300,000

Local and Community Projects. Funding is provided to the Department of Commerce for a series of local and community projects, including school construction:

- Kelso School District—construction and renovation—\$165,000
- Tacoma School District—School Based Health Care Facility—\$515,000
- Great Northern School District—emissions improvement planning—\$1.6 million
- Everett School District—Everett Memorial Stadium—\$7.4 million
 - (NOTE: This funding will not be provided directly to the Everett School District or used for school facilities; funding will be used to rebuild a stadium for the Everett AquaSox minor league baseball team.)

Chief Leschi School. \$11.6 million is provided (\$5.0 million, via the Climate Commitment Account; \$6.6 million, via the State Building Construction Account) to Chief Leschi School for the first phase of heating, ventilation, and air-conditioning project.