

PSSB 6080
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EFFECT:

Adjusts how the grant amounts are calculated.

1 AN ACT Relating to financing public school facilities necessary
2 to support state-funded all-day kindergarten and class size reduction
3 in kindergarten through third grade; adding a new section to chapter
4 28A.525 RCW; adding a new chapter to Title 43 RCW; creating new
5 sections; providing an expiration date; and declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **PART 1: Findings and Intent**

8 NEW SECTION. **Sec. 101.** (1) The legislature finds that local
9 school districts design, build, own, and manage public school
10 facilities. The Washington state Constitution provides two ways to
11 finance public school facilities. Article VIII, section 6 of the
12 state Constitution authorizes school districts to incur debt up to
13 eleven and one-half percent of the total assessed value of taxable
14 property for school construction. Article IX, section 3 of the state
15 Constitution establishes the common school construction fund and
16 dedicates revenues derived from school and state trust lands and the
17 permanent common school fund to financing public school construction.
18 The legislature provides further assistance to school districts
19 through the issuance of general obligation bonds that are
20 appropriated in support of the school construction assistance grant

1 program specified in chapter 28A.525 RCW. This grant program is not
2 intended to replace the financing provisions established in the state
3 Constitution, but rather to supplement those financing provisions.
4 The grant program helps finance new school capacity to accommodate
5 enrollment growth and to modernize and replace existing schools while
6 respecting local decisions and control by locally elected school
7 boards.

8 (2) The legislature also finds that some school districts may
9 benefit from additional financial assistance to provide school
10 facilities beyond that which is provided through the school
11 construction assistance grant program for the purpose of constructing
12 or acquiring additional classrooms to support state-funded all-day
13 kindergarten and class size reduction in kindergarten through third
14 grade. Based on preliminary estimates over two thousand additional
15 classrooms may be required, with about eighty percent of those
16 classrooms provided through the construction of new elementary
17 schools or major additions to existing elementary schools.

18 (3) The legislature intends to authorize and appropriate bonds
19 over the next several fiscal biennia to assist school districts
20 construct or acquire additional classrooms to support state-funded
21 all-day kindergarten and class size reduction in kindergarten through
22 third grade.

23 **PART 2: Bond Authorization**

24 NEW SECTION. **Sec. 201.** For the purpose of providing funds for
25 financial assistance to local school districts for capital facilities
26 necessary to provide all-day kindergarten and reduce class size in
27 kindergarten through third grade the state finance committee is
28 authorized to issue general obligation bonds of the state of
29 Washington in the sum of two hundred eighty million dollars, or as
30 much thereof as may be required, to finance the projects and all
31 costs incidental thereto. Bonds authorized in this section may be
32 sold at such price as the state finance committee shall determine. No
33 bonds authorized in this section may be offered for sale without
34 prior legislative appropriation of the net proceeds of the sale of
35 the bonds.

36 NEW SECTION. **Sec. 202.** The proceeds from the sale of the bonds
37 authorized in section 201 of this act must be deposited in the K-3

1 class size reduction account hereby created in the state treasury.
2 Moneys in the account may be spent only after appropriation. The
3 proceeds must be used exclusively for the purposes specified in
4 section 201 of this act and for the payment of expenses incurred in
5 the issuance and sale of the bonds. The office of financial
6 management shall administer these proceeds, subject to legislative
7 appropriation.

8 NEW SECTION. **Sec. 203.** (1) The debt-limit general fund bond
9 retirement account must be used for the payment of the principal of
10 and interest on the bonds authorized in section 201 of this act.

11 (2) The state finance committee shall, on or before June 30th of
12 each year, certify to the state treasurer the amount needed in the
13 ensuing twelve months to meet the bond retirement and interest
14 requirements. On each date on which any interest or principal and
15 interest payment is due, the state treasurer shall withdraw from any
16 general state revenues received in the state treasury and deposit in
17 the debt-limit general fund bond retirement account an amount equal
18 to the amount certified by the state finance committee to be due on
19 the payment date.

20 (3) Bonds issued under section 201 of this act must state that
21 they are a general obligation of the state of Washington, must pledge
22 the full faith and credit of the state to the payment of the
23 principal thereof and the interest thereon, and must contain an
24 unconditional promise to pay the principal and interest as the same
25 becomes due.

26 (4) The owner and holder of each of the bonds or the trustee for
27 the owner and holder of any of the bonds may by mandamus or other
28 appropriate proceeding require the transfer and payment of funds as
29 directed in this section.

30 NEW SECTION. **Sec. 204.** The legislature may provide additional
31 means for raising moneys for the payment of the principal of and
32 interest on the bonds authorized in section 201 of this act may not
33 be deemed to provide an exclusive method for the payment.

34 NEW SECTION. **Sec. 205.** The bonds authorized in section 201 of
35 this act are a legal investment for all state funds or funds under
36 state control and for all funds of any other public body.

PART 3: K-3 Class Size Grant Program

NEW SECTION. **Sec. 301.** A new section is added to chapter 28A.525 RCW to read as follows:

(1) The K-3 class size reduction grant program must be administered by the office of the superintendent of public instruction within the provisions of this section. Grants must be calculated and awarded based on the following four steps:

(a) Step 1: A verified count of necessary added classrooms in a district must be completed by the district and verified by the office of the superintendent of public instruction in accordance with the following requirements:

(i) An inventory of all district classrooms in all elementary schools must be completed. For purposes of this section, elementary school is any district school facility containing students in kindergarten through fifth grade or sixth grade if the sixth grade students are in schools with younger students. All classrooms include any room in an elementary school in a permanent or portable structure that is in use as a classroom or that could be used as a classroom if one of the following conditions are met:

(A) A classroom in a permanent building was designed as a classroom at the time the school was constructed or was subsequently added as part of a modernization or renovation.

(B) A classroom in a portable building meets the building code requirements for use as a classroom without requiring repairs or renovations that exceed fifty thousand dollars.

The count of all district classrooms must also include all planned elementary school classrooms in projects approved at the "D6" stage or later of the school construction assistance program. This inventory of classrooms must be entered in the inventory and condition of school system maintained by the office of the superintendent of public instruction.

(ii) A count of available classrooms in each elementary school in a district must be completed. Available classrooms include all classrooms inventoried in (a)(i) of this subsection minus:

(A) Classrooms in elementary schools that are regularly used for students in grades seventh or higher;

(B) Classrooms in elementary schools that are regularly used for prekindergarten students participating in special education programs;

1 (C) Classrooms in elementary schools that are regularly used for
2 prekindergarten students not participating in special education
3 programs if such use started prior to the effective date of this
4 section;

5 (D) Seventy-five percent of classrooms in elementary schools that
6 are regularly used for kindergarten through sixth grade students
7 participating in special education programs;

8 (E) Fifty percent of classrooms in elementary schools that are
9 regularly used for students in gifted and talented education;

10 (F) Fifty percent of classrooms in elementary schools that are
11 regularly used for laboratory space, music, or art if such regular
12 use exceeds fifty percent of school hours in the average week.

13 (iii) A calculation of needed classrooms must be completed. The
14 number of needed classrooms is calculated by dividing the number of
15 students in each grade in the most recent final October head count by
16 the average class size objectives for the 2017-18 school year
17 enumerated in RCW 28A.150.260 in effect as of October 31, 2014.
18 Students residing outside the school district who are enrolled in
19 alternative learning experience courses under RCW 28A.232.010 must be
20 excluded from the count of total pupils. In lieu of the exclusion in
21 this subsection, a district may submit an alternative calculation for
22 excluding students enrolled in alternative learning experience
23 courses. The alternative calculation must show the student head count
24 use of district classroom facilities on a regular basis for a
25 reasonable duration by out-of-district alternative learning
26 experience students subtracted by the head count of in-district
27 alternative learning experience students not using district classroom
28 facilities on a regular basis for a reasonable duration. The
29 alternative calculation must be submitted in a form approved by the
30 office of the superintendent of public instruction. The office of the
31 superintendent of public instruction must develop rules to define
32 "regular basis" and "reasonable duration." If the calculation of
33 needed classrooms for fourth and fifth grade students using the
34 average class size ratios in RCW 28A.150.260 is less than the actual
35 number of classrooms regularly used for fourth and fifth grade
36 students, the actual number of fourth and fifth grade classrooms may
37 be used to calculate the total needed classrooms.

38 (iv) A calculation of necessary added classrooms must be
39 completed for each school district applying for a grant. Necessary

1 added classrooms are calculated by subtracting the available school
2 district classrooms from the school district needed classrooms.

3 (b) Step 2: A determination must be made whether the number of
4 necessary added classrooms is sufficient to justify constructing a
5 new school or modernizing a previously closed school, or whether the
6 number of necessary added classrooms can be provided with the
7 addition of portable or modular classrooms or increasing the number
8 of classrooms in a planned school approved at the "D6" stage of the
9 school construction assistance program.

10 (i) If the number of necessary added classrooms is twelve or
11 greater, the presumption is a new school is required. For this
12 purpose a new school means a newly constructed school, an addition of
13 twelve or more classrooms to an existing school, or modernization of
14 a previously closed school. A school district may choose to locate
15 any necessary added classrooms among existing school facilities.

16 (ii) If the number of necessary added classrooms is less than
17 twelve, the presumption is the added classrooms can be provided with
18 the addition of portable or modular classrooms or by increasing the
19 number of classrooms in a planned school approved at the "D6" stage
20 of the school construction assistance program. A school district may
21 choose to provide necessary added classrooms with portable or modular
22 classrooms or construct new classrooms or modernize existing school
23 buildings to create additional classrooms. Portable classrooms
24 obtained through this grant program must be of a quality and
25 durability such that the life expectancy of the portable exceeds
26 fifteen years.

27 (c) Step 3: A calculation of the grant amount a school district
28 is eligible for must be determined.

29 (i) Grants for necessary added classrooms that can be provided
30 with the addition of portable or modular classrooms must not exceed
31 two hundred ten thousand dollars multiplied by the number of
32 necessary added classrooms multiplied by the state matching ratio
33 defined in (c)(iii) of this subsection.

34 (ii) Grants for necessary added classrooms that must be provided
35 with a new school or modernization of an existing school building
36 must not exceed six hundred fifteen thousand eighty-three dollars
37 multiplied by the number of necessary added classrooms multiplied by
38 the state matching ratio defined in (c)(iii) of this subsection.

39 (iii) The state matching ratio for use in this section only is
40 the computed state ratio defined in RCW 28A.525.166 plus twenty

1 percent of the percent of district head count eligible and enrolled
2 in the free and reduced school lunch program.

3 (iv) Grants may not exceed the total project cost for providing
4 the necessary added classrooms multiplied by the state matching ratio
5 defined in (c)(iii) of this subsection.

6 (v) The amounts in (c)(i) and (ii) of this subsection must be
7 increased for the fiscal year of the grant award by the same
8 percentage increase as the school construction assistance program
9 construction cost allocation is increased from fiscal year 2014 as
10 authorized in the omnibus capital appropriations act.

11 (d) Step 4: A determination that the school district is ready to
12 begin the project or projects to provide the necessary added
13 classrooms must be made. To be determined ready, a district must
14 certify that the required local funds are authorized to complete the
15 project and the district has an available site or sites for the
16 project. Grant award letters may not be issued for any project prior
17 to the office of financial management approving allotments for the
18 project award. The office of the superintendent of public instruction
19 must submit documentation to the office of financial management to
20 justify the project grant award, including steps taken to verify
21 counts and calculations, in requesting allotment approval. Grant
22 funds may only be disbursed after the required local match has been
23 fully expended.

24 (3) The superintendent of public instruction must compile an
25 annual report of grants awarded during each fiscal year. The report
26 must show how each grant award was calculated and the status of all
27 awarded grants. The annual report must also include a report on
28 actual class size reductions achieved in school districts which have
29 received grants provided under this section. The report must be
30 submitted to the appropriate committees of the legislature by October
31 1st for the preceding fiscal year.

32 (4) The office of the superintendent of public instruction must
33 write rules to ensure new permanent instructional square feet or
34 portable structural square feet added with funding provided by grants
35 awarded through this section is included in the school construction
36 assistance program instructional space inventory for determining
37 eligibility for funding assistance through the school construction
38 assistance program, provided that new space provided with portable
39 classrooms must only be counted in the inventory for fifteen years
40 after installation. Classroom capacity funded through this grant

1 program is not also eligible for funding under the school
2 construction assistance program. Grant funds provided under this
3 section and the local match required by this program must not be
4 considered as local match under the school construction assistance
5 program.

6 (5) This section expires July 1, 2023.

7 **PART 4: Appropriation**

8 NEW SECTION. **Sec. 401.** Two hundred eighty million dollars of
9 the K-3 class size reduction account—state are appropriated to the
10 office of the superintendent of public instruction solely for the
11 purposes of section 301 of this act. Up to one and one-half million
12 dollars of the appropriation may be expended for the costs of
13 administering the K-3 class size reduction program, including for the
14 cost of on-site verification. The office of the superintendent of
15 public instruction must develop a schedule for calculating and
16 awarding grants from this appropriation in one or more rounds based
17 on consultation with stakeholders and the office of financial
18 management. The office of the superintendent of public instruction
19 must compile a list of school districts that may be interested in
20 applying for grants during the 2015-2017 biennium and report that
21 list with preliminary estimates of necessary added classrooms to the
22 office of financial management and the appropriate committees of the
23 legislature by December 1, 2015.

24 **PART 5: Miscellaneous**

25 NEW SECTION. **Sec. 501.** Sections 201 through 205 of this act
26 constitute a new chapter in Title 43 RCW.

27 NEW SECTION. **Sec. 502.** If any provision of this act or its
28 application to any person or circumstance is held invalid, the
29 remainder of the act or the application of the provision to other
30 persons or circumstances is not affected.

31 NEW SECTION. **Sec. 503.** This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes
2 effect immediately.

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