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**SUBSTITUTE SENATE BILL 6080**

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**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Dammeier, Keiser, Honeyford, Conway, and Pedersen)

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 bonds and appropriate  
19 the bond proceeds over the next several fiscal biennia to assist  
20 school districts construct or acquire additional classrooms to  
21 support state-funded all-day kindergarten and class size reduction in  
22 kindergarten through 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 NEW SECTION. **Sec. 204.** (1) Bonds issued under section 201 of  
21 this act must state that they are a general obligation of the state  
22 of Washington, must pledge the full faith and credit of the state to  
23 the payment of the principal thereof and the interest thereon, and  
24 must contain an unconditional promise to pay the principal and  
25 interest as the same becomes due.

26 (2) 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 section 203 of this act.

30 NEW SECTION. **Sec. 205.** 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, and  
33 section 203 of this act shall not be deemed to provide an exclusive  
34 method for the payment.



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

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

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

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

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

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

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

1 students, the actual number of fourth and fifth grade classrooms may  
2 be used to calculate the total needed classrooms.

3 (iv) A calculation of necessary added classrooms must be  
4 completed for each school district applying for a grant. Necessary  
5 added classrooms are calculated by subtracting the available school  
6 district classrooms from the school district needed classrooms.

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

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

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

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

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

38 (ii) Grants for necessary added classrooms that must be provided  
39 with a new school or modernization of an existing school building  
40 must not exceed six hundred fifteen thousand eighty-three dollars

1 multiplied by the number of necessary added classrooms multiplied by  
2 the state matching ratio defined in (c)(iii) of this subsection.

3 (iii) The state matching ratio for use in this section only is  
4 the computed state ratio defined in RCW 28A.525.166 plus twenty  
5 percent of the percent of district head count eligible and enrolled  
6 in the free and reduced school lunch program.

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

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

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

28 (3) The superintendent of public instruction must compile an  
29 annual report of grants awarded during each fiscal year. The report  
30 must show how each grant award was calculated and the status of all  
31 awarded grants. The annual report must also include a report on  
32 actual class size reductions achieved in school districts which have  
33 received grants provided under this section. The report must be  
34 submitted to the appropriate committees of the legislature by October  
35 1st for the preceding fiscal year.

36 (4) The office of the superintendent of public instruction must  
37 write rules to ensure new permanent instructional square feet or  
38 portable structural square feet added with funding provided by grants  
39 awarded through this section is included in the school construction  
40 assistance program instructional space inventory for determining

1 eligibility for funding assistance through the school construction  
2 assistance program, provided that new space provided with portable  
3 classrooms must only be counted in the inventory for fifteen years  
4 after installation. Classroom capacity funded through this grant  
5 program is not also eligible for funding under the school  
6 construction assistance program. Grant funds provided under this  
7 section and the local match required by this program must not be  
8 considered as local match under the school construction assistance  
9 program.

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

11 **PART 4: Appropriation**

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

28 **PART 5: Miscellaneous**

29 NEW SECTION. **Sec. 501.** Sections 201 through 206 of this act  
30 constitute a new chapter in Title 43 RCW.

31 NEW SECTION. **Sec. 502.** If any provision of this act or its  
32 application to any person or circumstance is held invalid, the  
33 remainder of the act or the application of the provision to other  
34 persons or circumstances is not affected.

1        NEW SECTION.    **Sec. 503.**    This act is necessary for the immediate  
2    preservation of the public peace, health, or safety, or support of  
3    the state government and its existing public institutions, and takes  
4    effect immediately.

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