

1 AN ACT Relating to financing facilities to support education reform
2 with general obligation bonds; adding a new section to chapter 28A.188
3 RCW; adding new sections to chapter 28A.150 RCW; adding new sections to
4 2013 2nd sp.s. c 19 (uncodified); adding a new chapter to Title 43 RCW;
5 creating a new section; making appropriations; and declaring an
6 emergency.

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

8 **PART 1**
9 **INTENT**

10 NEW SECTION. **Sec. 101.** (1) The legislature finds that local
11 school districts design, build, own, and manage public school
12 facilities. School districts are assisted in providing public school
13 facilities primarily through the school construction assistance grant
14 program specified in chapter 28A.525 RCW. This grant program provides
15 financial assistance for new schools to accommodate enrollment growth
16 and for the modernization and replacement of existing schools while
17 respecting local decisions and control by locally elected school
18 boards.

1 (2) The legislature also finds that some school districts may need
2 additional assistance to provide school facilities to meet education
3 reforms as provided in chapter 548, Laws of 2009 (Engrossed Substitute
4 House Bill No. 2261), chapter 236, Laws of 2010 (Substitute House Bill
5 No. 2776), and chapter 25, Laws of 2013 2nd sp.s. (Engrossed Second
6 Substitute House Bill No. 1872), related to all-day kindergarten, K-3
7 class size reduction, and science, technology, engineering, and math
8 literacy.

9 (3) The legislature intends to provide financial assistance to
10 school districts that need additional help to provide school facilities
11 that may facilitate the implementation of these educational reforms.
12 The most cost-effective way to provide that assistance without
13 impairing operating budget funds currently devoted to educational
14 purposes is through high rated general obligation bonds. It is the
15 intent of the legislature to authorize eight hundred twenty-five
16 million dollars in general obligation bonds and appropriate those bond
17 proceeds in this and the following three fiscal biennia to accomplish
18 the purpose of this act.

19 **PART 2**
20 **BOND AUTHORIZATION**

21 NEW SECTION. **Sec. 201.** For the purpose of providing state funds
22 for public school facilities, the state finance committee is authorized
23 to issue general obligation bonds of the state of Washington in the sum
24 of eight hundred twenty-five million dollars, or as much thereof as may
25 be required, to finance projects and grant programs specified in this
26 act and all costs incidental thereto. Bonds authorized in this section
27 may be sold at such price as the state finance committee shall
28 determine. No bonds authorized in this section may be offered for sale
29 without prior legislative appropriation of the net proceeds of the sale
30 of the bonds.

31 NEW SECTION. **Sec. 202.** The proceeds from the sale of the bonds
32 authorized in section 201 of this act shall be deposited in the state
33 building construction account created by RCW 43.83.020. If the state
34 finance committee deems it necessary to issue taxable bonds in order to
35 comply with federal internal revenue service rules and regulations

1 pertaining to the use of nontaxable bond proceeds, the proceeds of such
2 taxable bonds shall be transferred to the state taxable building
3 construction account in lieu of any deposits otherwise provided by this
4 section. The state treasurer shall submit written notice to the
5 director of financial management if it is determined that any such
6 transfer to the state taxable building construction account is
7 necessary. Moneys in the account may be spent only after
8 appropriation. These proceeds shall be used exclusively for the
9 purposes specified in section 101 of this act and for the payment of
10 expenses incurred in the issuance and sale of the bonds. These
11 proceeds shall be administered by the office of financial management
12 subject to legislative appropriation.

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

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

25 NEW SECTION. **Sec. 204.** (1) Bonds issued under section 201 of this
26 act shall state that they are a general obligation of the state of
27 Washington, shall pledge the full faith and credit of the state to the
28 payment of the principal thereof and the interest thereon, and shall
29 contain an unconditional promise to pay the principal and interest as
30 the same shall become due.

31 (2) The owner and holder of each of the bonds or the trustee for
32 the owner and holder of any of the bonds may by mandamus or other
33 appropriate proceeding require the transfer and payment of funds as
34 directed in this section.

1 criteria specified in subsection (4) of this section and recommend a
2 single rank-ordered list of grant applications. The superintendent of
3 public instruction may modify the rank-ordered list received by the
4 statewide STEM organization for inclusion in the office's capital
5 budget request, but must also submit to the governor and fiscal
6 committees of the legislature the original ranking by the statewide
7 STEM organization with explanations for any changes made to the
8 ranking. The governor may use the original list prepared by the
9 statewide STEM organization or may consider any changes recommended by
10 the office of the superintendent of public instruction in preparing the
11 governor's capital budget request.

12 (3) One hundred percent of project costs are eligible for grants
13 under this program for:

14 (a) Facilities owned by public school districts or public charter
15 schools used for grades nine through twelve;

16 (b) Facilities built or modernized more than ten years prior to the
17 grant application; and

18 (c) Project costs for design, construction, project management,
19 capitalized and noncapitalized equipment and fixtures, and necessary
20 utility, educational technology infrastructure, and information
21 technology systems upgrades to support the specialized STEM facilities.

22 (4) The criteria listed in this subsection must be used to rank
23 grant requests. In applying these criteria, the statewide STEM
24 organization should seek to recommend funding for projects that
25 modernize the most inadequate facilities, to be used by the most
26 qualified STEM teachers, expected to result in the greatest gains in
27 STEM literacy for the greatest number of students for the aggregate
28 amount of proposed grant funding, while improving specialized STEM
29 facilities in rural, suburban, and urban districts in all parts of the
30 state. The criteria are:

31 (a) The extent that existing STEM facilities are inadequate
32 including the lack of adequate STEM facilities to meet graduation
33 requirements in RCW 28A.150.220;

34 (b) A demonstration that existing STEM faculty are in place and are
35 qualified to deliver an interactive, project-based STEM curriculum in
36 the proposed specialized STEM facilities, or a plan and budget are in
37 place to recruit or train such STEM faculty;

1 (c) The expected gains in STEM literacy that are expected from the
2 proposed specialized STEM facilities in comparison to the proposed
3 project costs;

4 (d) The STEM facilities are needed in schools with the highest free
5 and reduced-price school lunch enrollment percentages;

6 (e) A broad distribution of grants across the state benefiting
7 rural, suburban, and urban districts; and

8 (f) Economic conditions within the district that limit the ability
9 of the district to finance the necessary classroom space from local
10 sources.

11 (5) For the first round of grant applications to be considered for
12 grants from the appropriation provided in section 302(2) of this act or
13 for inclusion in the governor's capital budget request for the 2015-
14 2017 biennium, an expedited grant application and review process must
15 be conducted by the superintendent of public instruction and the
16 statewide STEM organization. The first rank-ordered list must
17 consider, in addition to the criteria in subsection (4) of this
18 section, projects that demonstrate innovative approaches to the design
19 and construction of specialized STEM facilities, including facilities
20 for smaller schools that are flexible and convertible to support
21 education in a variety of STEM disciplines. The first rank-ordered
22 list of proposed grants must be submitted to the office of financial
23 management and the appropriate committees of the legislature by October
24 30, 2014. Following that first submission, the superintendent of
25 public instruction must prepare a biennial grant application cycle for
26 subsequent biennia.

27 (6) Modernized spaces funded with this grant program in the prior
28 ten years are not eligible to receive state funding for modernization
29 through this grant program or the school construction assistance
30 program for the space that has been modernized with this grant program.
31 The office of the superintendent of public instruction shall write
32 rules to ensure new space added with funding provided by this grant is
33 included in the eligible inventory for the school construction
34 assistance program.

35 (7) The office of the superintendent of public instruction, in
36 consultation with the STEM education innovation alliance, must prepare
37 a plan for evaluating the student performance outcomes resulting from
38 the STEM facility grant program. The evaluation plan and estimated

1 cost must be submitted to the appropriate committees of the legislature
2 by January 1, 2015. The evaluation plan must provide an initial
3 evaluation report on student outcomes by January 1, 2019. The report
4 must also consider options for expanding the grant program to improve
5 specialized STEM facilities for middle and elementary schools.

6 NEW SECTION. **Sec. 302.** A new section is added to 2013 2nd sp.s.
7 c 19 (uncodified) to read as follows:

8 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

9 2013-2015 Specialized STEM Facility Grant Program (92000021)

10 The appropriation in this section is subject to the following
11 conditions and limitations:

12 (1) \$9,000,000 of the appropriation is for grants for the following
13 list of STEM facility improvement projects:

14	Franklin Pierce - Washington High School	\$7,500,000
15	University Place - Curtis High School	\$850,000
16	Zillah School District - Expand Engineering Facility . . .	\$450,000
17	Enumclaw - Stem Computer Lab	\$200,000

18 (2) \$40,750,000 of the appropriation is for the top ranked projects
19 under the process specified in section 301 of this act.

20 (3) \$250,000 of the appropriation is provided solely for the
21 contract with the statewide STEM organization specified in section 301
22 of this act.

23 Appropriation:

24	State Building Construction Account--State	\$50,000,000
25	Prior Biennia (Expenditures)\$0
26	Future Biennia (Projected Costs)	\$225,000,000
27	TOTAL	\$275,000,000

28 **PART 4**
29 **ALL-DAY KINDERGARTEN**

30 NEW SECTION. **Sec. 401.** A new section is added to chapter 28A.150
31 RCW to read as follows:

32 (1) The legislature recognizes that some school districts may need
33 additional financial assistance to provide classroom capacity to
34 support the phase-in of state-funded all-day kindergarten specified in

1 this chapter even though the school construction assistance program
2 under chapter 28A.525 RCW has included all-day kindergarten in the
3 calculation of necessary classroom space since 2001. The legislature
4 intends to assist school districts in the phase-in of all-day
5 kindergarten with the grant program described in this section.

6 (2) The all-day kindergarten facility grant program must be
7 administered by the superintendent of public instruction in
8 consultation with an advisory committee. The advisory committee must
9 include three school district facility managers, one each from an
10 urban, suburban, and rural school district, selected by the
11 superintendent of public instruction, and four community members
12 selected by the governor representing parents and organizations
13 concerned with early education and student academic performance. The
14 superintendent of public instruction must develop grant application
15 materials in consultation with the advisory committee, must review
16 applications for accuracy and financial reasonableness, and must
17 administer awarded grants. The advisory committee must review
18 applications against the criteria specified in subsection (4) of this
19 section and recommend a single rank-ordered list. The superintendent
20 of public instruction may modify the rank-ordered list received by the
21 advisory committee for inclusion in the agency's capital budget
22 request, but must also submit to the governor and fiscal committees of
23 the legislature the original ranking by the advisory committee with
24 explanations for any changes made to the ranking. The governor may use
25 the original list prepared by the advisory committee or may consider
26 any changes recommended by the office of the superintendent of public
27 instruction in preparing the governor's capital budget request.

28 (3) One hundred percent of project costs necessary to provide
29 additional classroom space at existing elementary schools are eligible
30 for kindergarten classroom grants under this program for:

31 (a) Facilities owned by public school districts or public charter
32 schools;

33 (b) Facilities built or modernized prior to 2003; and

34 (c) Project costs for design, construction, purchase, and
35 installation of modular buildings, project management, capitalized
36 equipment, and fixtures. Costs for purchase or lease of portables or
37 other facilities not installed on permanent foundations are not
38 eligible.

1 (4) The criteria listed in this subsection must be used to rank
2 grant requests. In applying these criteria, the advisory committee
3 should seek to recommend funding for projects that provide necessary
4 classroom space in districts furthest behind in implementing state-
5 funded all-day kindergarten, or for districts that have implemented
6 state-funded all-day kindergarten in temporary spaces, with the highest
7 enrollment percentages of students eligible for free and reduced-price
8 school lunches, in districts least able to provide the necessary
9 classroom space from local sources. The criteria are:

10 (a) The extent that implementing state-funded all-day kindergarten
11 may be assisted by additional classroom capacity as verified by site
12 visits by the office of the superintendent of public instruction.
13 School districts that have implemented state-funded all-day
14 kindergarten in temporary spaces must be ranked as high as schools not
15 having implemented state-funded all-day kindergarten due to a lack of
16 space. For the purposes of this subsection, temporary spaces mean
17 spaces that are not designed as a classroom nor typically used as a
18 classroom, such as the library, auditorium, gymnasium, or in
19 neighboring community facilities not owned by the district;

20 (b) The kindergarten classroom space is needed in schools with the
21 highest free and reduced-price school lunch enrollment percentages; and

22 (c) Economic conditions within the district that limit the ability
23 of the district to finance the necessary classroom space from local
24 sources.

25 (5) For the first round of grant applications to be considered for
26 grants from the appropriation provided in section 402(1) of this act or
27 for inclusion in the governor's capital budget request for the 2015-
28 2017 biennium, an expedited grant application and review process must
29 be conducted by the superintendent of public instruction and the
30 advisory committee. The first rank-ordered list of proposed grants
31 must be submitted to the office of financial management and the
32 appropriate committees of the legislature by October 30, 2014.
33 Following that first submission, the superintendent of public
34 instruction must prepare a biennial grant application cycle for
35 subsequent biennia.

36 (6) The office of the superintendent of public instruction shall
37 write rules to ensure new space added with funding provided by this
38 grant is included in the eligible inventory for the school construction

1 assistance program. Grant funds provided under this section must not
2 be counted as local match for the school construction assistance
3 program. The all-day kindergarten program is not intended to replace
4 the school construction assistance program for providing state
5 assistance for the construction of new schools.

6 NEW SECTION. **Sec. 402.** A new section is added to 2013 2nd sp.s.
7 c 19 (uncodified) to read as follows:

8 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

9 2013-2015 State-Funded All-Day Kindergarten Grant Program
10 (92000027)

11 The appropriation in this section is subject to the following
12 conditions and limitations:

13 (1) \$49,750,000 of the appropriation is provided solely for the top
14 ranked projects under the process specified in section 401 of this act.

15 (2) \$250,000 of the appropriation is for administrative costs for
16 implementing the grant program specified in section 401 of this act.

17 Appropriation:

18	State Building Construction Account--State	\$50,000,000
19	Prior Biennia (Expenditures)\$0
20	Future Biennia (Projected Costs)	\$225,000,000
21	TOTAL	\$275,000,000

22 **PART 5**

23 **K-3 CLASS SIZE**

24 NEW SECTION. **Sec. 501.** A new section is added to chapter 28A.150
25 RCW to read as follows:

26 (1) The legislature recognizes that some school districts may need
27 additional financial assistance to provide classroom capacity and
28 facilities to support the phase-in of state-funded smaller class sizes
29 in kindergarten through third grade. The legislature intends to
30 determine the extent that class size reductions might be facilitated by
31 providing financial assistance to school districts for increasing
32 classroom capacity and facilities and whether the benefits of class
33 size reductions are influenced by the number of students in a physical
34 classroom, or by the student to teacher ratio. The legislature intends

1 to assist school districts implementing state-funded class size
2 reductions in kindergarten through third grade through the grant
3 program required in this section.

4 (2)(a) Prior to implementing the intended grant program described
5 in this section the office of the superintendent of public instruction
6 must determine what features of smaller class sizes, specified in (b)
7 of this subsection, most reliably produce improvements in student
8 outcomes, what is the current status of those class size features in
9 the state's public schools, and how best to achieve class size
10 reductions for kindergarten through third grade based on the class size
11 features that produce the most reliable gains in student outcomes.

12 (b) The office of the superintendent for public instruction must
13 review research compiled and evaluated by the Washington institute for
14 public policy on the benefits of reductions in kindergarten through
15 third grade class size to determine which of the following class size
16 features are most reliably associated with gains in student outcomes:

17 (i) An actual smaller number of students in a physical classroom;
18 or

19 (ii) A smaller student to teacher ratio.

20 (c) The office of the superintendent of public instruction must
21 complete the currently funded inventory of public school classroom
22 capacity in order to determine the current status of the actual number
23 of students in physical classrooms in elementary schools. This
24 determination must be specified by grade level, or by kindergarten,
25 primary grades, and elementary grades for classrooms with multigrade
26 enrollments. The office of the superintendent of public instruction
27 must also determine the current status of student-teacher ratios in
28 elementary schools. This determination must be specified by grade
29 level, or by kindergarten, primary grades, and elementary grades for
30 classrooms with multigrade enrollments.

31 (d) The office of the superintendent of public instruction must
32 consider the information and determinations resulting from (b) and (c)
33 of this subsection in recommending to the appropriate committees of the
34 legislature provisions and criteria for a grant program to assist
35 school districts to implement state-funded class size reductions in
36 kindergarten through third grade. At a minimum, the provisions must
37 require the use of an advisory committee in evaluating grant requests,
38 the provision of grants that fund one hundred percent of project costs

1 necessary to provide additional classroom space or other modifications
2 at existing elementary schools to achieve state-funded class size
3 reductions in kindergarten through third grade for facilities owned by
4 public school districts or public charter schools, including costs for
5 design, construction, purchase, and installation of modular buildings,
6 project management, capitalized equipment, and fixtures. At a minimum,
7 the recommended criteria for prioritizing projects must include the
8 school's free and reduced-price school lunch enrollment percentage.
9 Costs for purchase or lease of portables or other facilities not
10 installed on permanent foundations must not be eligible for grants.

11 NEW SECTION. **Sec. 502.** A new section is added to 2013 2nd sp.s.
12 c 19 (uncodified) to read as follows:

13 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

14 2013-2015 Kindergarten/Third Grade Class Size Reduction Grant
15 Program (92000028)

16 The appropriation in this section is subject to the following
17 conditions and limitations: \$500,000 of the appropriation is provided
18 solely to accomplish the tasks specified in section 501 of this act and
19 prepare a report on the determinations and recommendations to be
20 submitted to the appropriate committees of the legislature by December
21 1, 2014.

22 Appropriation:

23	State Building Construction Account--State	\$500,000
24	Prior Biennia (Expenditures)\$0
25	Future Biennia (Projected Costs)	\$274,500,000
26	TOTAL	\$275,000,000

27 **PART 6**
28 **MISCELLANEOUS**

29 NEW SECTION. **Sec. 601.** Sections 201 through 206 of this act
30 constitute a new chapter in Title 43 RCW.

31 NEW SECTION. **Sec. 602.** This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of the

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

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