
ENGROSSED SUBSTITUTE SENATE BILL 5702

State of Washington

65th Legislature

2017 Regular Session

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

READ FIRST TIME 02/24/17.

1 AN ACT Relating to improving state funding for school
2 construction, modernization, and asset preservation; amending RCW
3 28A.525.025, 28A.525.020, 28A.525.090, 28A.525.058, and 28A.525.310;
4 adding a new chapter to Title 28A RCW; creating new sections;
5 recodifying RCW 28A.525.020, 28A.525.025, 28A.525.058, 28A.525.070,
6 28A.525.080, 28A.525.090, and 28A.525.310; repealing RCW 28A.525.010,
7 28A.525.030, 28A.525.040, 28A.525.050, 28A.525.055, 28A.525.060,
8 28A.525.095, 28A.525.161, 28A.525.162, 28A.525.164, 28A.525.166,
9 28A.525.168, 28A.525.170, 28A.525.172, 28A.525.174, 28A.525.176,
10 28A.525.178, 28A.525.180, 28A.525.190, and 28A.525.200; providing
11 effective dates; providing expiration dates; and declaring an
12 emergency.

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

14 NEW SECTION. **Sec. 1.** (1) The legislature finds that local
15 school districts design, build, own, and manage public school
16 facilities. The Washington state Constitution provides two ways to
17 fund construction of public school facilities. First, the state
18 Constitution provides the means for school districts to levy taxes
19 and issue bonds to finance school construction. Article VII, section
20 2 of the state Constitution authorizes school districts to collect
21 capital levies to support the construction, remodeling, or

1 modernization of school facilities. In addition, Article VIII,
2 section 6 of the state Constitution authorizes school districts to
3 incur debt up to eleven and one-half percent of the total assessed
4 value of taxable property for school construction. Article VII,
5 section 2 of the state Constitution authorizes school districts to
6 issue general obligation bonds for these capital purposes. Second,
7 Article IX, section 3 of the state Constitution establishes the
8 common school construction fund and dedicates revenues derived from
9 school and state trust lands and earnings of the permanent common
10 school fund to funding common school construction. In addition to
11 these constitutional means for local school districts to finance
12 construction of school facilities, the legislature provides further
13 state financial assistance through appropriations that support the
14 state school construction assistance grant program established in
15 this chapter. This state grant program is not intended to replace the
16 financing provisions established in the state Constitution, but
17 rather to provide state assistance that supplements the
18 constitutional financing provisions. The state grant program helps
19 finance new school capacity to accommodate enrollment growth and to
20 modernize, renew, and replace existing schools while respecting local
21 decisions and control by locally elected school boards.

22 (2) The legislature also finds that the state school construction
23 assistance grant program established in this chapter is not fully
24 specified in state law, and does not recognize the design, size,
25 quality, and costs of schools that support the kinds of teaching and
26 learning expected in effective public schools. The program also does
27 not adequately support small rural school districts with little local
28 property tax capacity to adequately build and modernize school
29 facilities. The program's assistance for modernizing school
30 facilities does not support a schedule of building systems renewal
31 that optimizes asset preservation.

32 (3)(a) The legislature intends to improve state financial
33 assistance for school construction over the next several state fiscal
34 biennia.

35 (b) Immediate improvements are intended to: (i) Align space
36 allocations for elementary school facility grants with calculation
37 made for the K-3 class-size reduction grants so the benefits of the
38 K-3 grants are not negated by obsolete space allocations; (ii) reduce
39 the gap between the actual cost of construction of school facilities
40 and the estimated costs assumed in the omnibus capital appropriations

1 act; (iii) simplify and fully describe in state law the school
2 construction assistance program; (iv) improve state assistance for
3 small rural school districts with poor capacity to raise local funds
4 for school facilities; and (v) expand membership and clarify the
5 responsibilities of the citizens advisory committee specified in RCW
6 28A.525.025 (as recodified by this act).

7 (c) Longer range improvements are intended to: (i) Continue to
8 revise space allocation and construction costs funding assumptions to
9 provide state support that more accurately reflects the design and
10 cost of affordable and effective schools; (ii) align state financial
11 support with principles of asset preservation; and (iii) require
12 periodic review of the school construction assistance program to
13 evaluate how it is supporting the construction and renewal of
14 affordable and effective public schools.

15 **PART I**
16 **EXPANDED CITIZENS ADVISORY COMMITTEE WITH**
17 **NEW MEMBERS AND RESPONSIBILITIES**

18 **Sec. 101.** RCW 28A.525.025 and 2006 c 263 s 308 are each amended
19 to read as follows:

20 (1) To maintain citizen oversight on issues pertaining to school
21 facilities and funding for school construction and modernization, a
22 school facilities citizen advisory (~~panel~~) committee shall be
23 created and supported by the (~~state board of education~~) office of
24 the superintendent of public instruction. The (~~panel~~) committee
25 shall advise and make recommendations to the superintendent of public
26 instruction, the governor, and the legislature regarding school
27 facilities, funding for school construction, joint planning and
28 financing of educational facilities, facility plans and programs for
29 nonhigh school districts, and determinations of remote and necessary
30 schools.

31 (2) The membership of the school facilities citizen advisory
32 (~~panel~~) committee shall be as follows:

33 (a) One member of the state board of education, appointed by the
34 state board of education;

35 (b) Two school district directors representing school districts
36 of various sizes and geographic locations, who are appointed by the
37 (~~state board of education~~) superintendent of public instruction and

1 selected from a list of five names submitted (~~to the board~~) by the
2 Washington state school directors' association; (~~and~~)

3 (c) Two school district administrators who are appointed by the
4 superintendent of public instruction and selected from a list of five
5 names submitted by the Washington association of school
6 administrators; and

7 (d) Four additional citizen members appointed by the (~~state~~
8 board of education) governor who have experience with concerns for
9 student educational outcomes, school performance and accountability,
10 school design, and school construction and asset preservation.

11 (3) Members of the (~~panel~~) committee shall be reimbursed for
12 travel expenses in accordance with RCW 43.03.050 and 43.03.060.

13 (4) (~~In addition to~~) The school facilities citizen advisory
14 (~~panel, the superintendent of public instruction~~) committee may
15 select a chair from among its members, and determine how the
16 committee will operate. The school facilities citizen advisory
17 committee may convene ((a)) technical advisory work groups
18 ((including representatives from)) with expertise in local school
19 ((business officers)) financial management, building and construction
20 contracting ((and trade organizations)), architecture and engineering
21 ((organizations)), and other ((organizations with expertise in))
22 disciplines regarding school facilities. The office of the
23 superintendent of public instruction must provide administrative and
24 technical support to the committee.

25 (5)(a) The committee must prepare a biennial report to the
26 governor and appropriate committees of the legislature that
27 summarizes the condition of Washington public schools and recent
28 school construction activities.

29 (b) The report on school condition must be based on the inventory
30 and condition of schools (ICOS) system maintained by local school
31 districts and the office of the superintendent of public instruction.
32 The report must identify school districts with incomplete inventory
33 and condition of schools data.

34 (c) The report on recent school construction activities must
35 include an analysis of school construction costs that describes major
36 components of typical school construction costs and what contributes
37 to school construction costs beyond expected cost ranges. The
38 February 2017 educational service district 112 K-12 capital
39 facilities cost study will serve as a key consideration and reference
40 in the development of the committee report on school construction

1 costs. The report must include recommendations for changes to state
2 financial assistance for school construction that reflect an average
3 of actual school construction costs.

4 (d) The report must be submitted in electronic form by September
5 1st in even-numbered years.

6 (e) The committee must evaluate the effect of student circulation
7 space in older school buildings on the eligible school facility
8 space. The committee must recommend adjustments to reduce the effect
9 of student circulation space in older school buildings to the
10 eligible school facility space to the joint legislative task force
11 created in section 501 of this act.

12 (f) The committee may also provide other periodic reports,
13 including reports about how school design and quality influence
14 student performance.

15 (g) The committee must submit an interim report by July 1, 2018,
16 to the joint legislative task force created in section 501 of this
17 act.

18 **PART II**

19 **DEFINE FIVE PROGRAM COMPONENTS OF THE** 20 **SCHOOL CONSTRUCTION ASSISTANCE PROGRAM**

21 NEW SECTION. Sec. 201. The definitions in this section apply
22 throughout this chapter unless the context clearly requires
23 otherwise.

24 (1) "Affordable and effective public schools" means school
25 buildings that can be expanded and are flexible to meet the
26 requirements of an increasing school population and a changing
27 educational program.

28 (2) "Construction cost allowance" means an amount per gross
29 square feet that is established by fiscal year in the omnibus capital
30 appropriations act.

31 (3) "Contract" means an interagency agreement entered into
32 between the office of the superintendent of public instruction and a
33 school district receiving: A modernization grant under section 205 of
34 this act; a grant for preservation and renewal of school facilities
35 under section 206 of this act; an enrollment growth grant under
36 section 207 of this act; or a small, rural district modernization
37 grant under section 208 of this act.

1 (4) "District students," "pupil," or "pupils" means the headcount
2 enrollment submitted by the district under rules established by the
3 office of the superintendent of public instruction and adjusted as
4 provided in section 202 of this act.

5 (5) "Eligible school facility space" includes all gross square
6 feet of school facilities excluding:

7 (a) Space that has been constructed for educational and community
8 activities from grants received from nonstate funds. Nonstate funds
9 as used in this subsection means all funds except funds provided by
10 the state or federal government for the purposes identified in this
11 chapter;

12 (b) Schools that have been replaced with new construction funded
13 in part by modernization grants;

14 (c) Portable classrooms installed before 1990; and

15 (d) Specialized multidistrict facilities such as skill centers.

16 (6) "Preschool students with disabilities" means children of
17 preschool age who have developmental disabilities who are entitled to
18 services under RCW 28A.155.010 through 28A.155.100 and are not
19 included in the kindergarten enrollment count of the district.

20 (7) "School facility" means a facility owned by a Washington
21 public school district that is used to conduct educational programs
22 for students. School facility does not include facilities that house
23 district administrative offices, transportation facilities, athletic
24 stadiums and fields, or centralized food service and maintenance
25 facilities not part of a school facility. School facility does
26 include physical education facilities and playgrounds.

27 (8) "Soft cost allowance" means a percentage of construction cost
28 allowance to cover project costs in addition to construction costs,
29 including architectural and engineering services, permits,
30 furnishings and equipment, sales tax on all project costs,
31 construction management services, value engineering services,
32 constructability review, building commissioning, impact fees, and
33 other costs directly related to the school facility construction
34 project. Project costs excluded from soft cost allowance include land
35 acquisition and any allocation of district administrative costs. The
36 soft cost allowance is established in the omnibus capital
37 appropriations act.

38 (9) "Space allocation" means an amount of gross square feet per
39 student that is established in the omnibus capital appropriations
40 act.

1 (10) "State funding assistance percentage" means the ratio of the
2 school district's total assessed property values per pupil divided by
3 the ratio of the statewide total assessed property values per pupil
4 subtracted from three, and then divided by three plus the ratio of
5 the school district's total assessed property values per pupil
6 divided by the ratio of the statewide total assessed property values:
7 PROVIDED, That the minimum state funding assistance percentage must
8 be twenty percent.

9 (11) "Under-housed students" and "over-housed students" refers to
10 a comparison of the projected district student enrollment six school
11 years from the date of application for a school construction
12 assistance grant with the number of students who can be housed in
13 school facilities based on the applicable space allocation,
14 determined in accordance with section 203 of this act.

15 NEW SECTION. **Sec. 202.** The headcount enrollment of district
16 students or pupils must be adjusted to:

17 (1) Exclude the count of total students residing outside the
18 school district who are enrolled in district alternative learning
19 experience courses under RCW 28A.232.010. In lieu of the exclusion in
20 this subsection (1), a district may submit an alternative calculation
21 for excluding students enrolled in alternative learning experience
22 courses. The alternative calculation must show the student headcount
23 use of district classroom facilities on a regular basis for a
24 reasonable duration by out-of-district alternative learning
25 experience students subtracted by the headcount of in-district
26 alternative learning experience students not using district classroom
27 facilities on a regular basis for a reasonable duration. The
28 alternative calculation must be submitted in a form approved by the
29 office of the superintendent of public instruction. The office of the
30 superintendent of public instruction must develop rules to define
31 "regular basis" and "reasonable duration";

32 (2) For districts that have been designated as serving high
33 school districts under RCW 28A.540.110, exclude from enrollment count
34 students residing in the nonhigh district if the student is enrolled
35 in any grade level not offered by the nonhigh district;

36 (3) Increase the enrollment count in nonhigh school districts by
37 the number of students residing within the district who are enrolled
38 in a serving high school district so designated by the nonhigh school

1 district under RCW 28A.540.110, including only students who are
2 enrolled in grade levels not offered by the nonhigh school district;

3 (4) Multiply by one-half the number of preschool students with
4 disabilities included in the enrollment count; and

5 (5) Count as one headcount student, kindergarten students
6 included in the enrollment count, regardless of whether the student
7 is a full-time or half-time student.

8 NEW SECTION. **Sec. 203.** (1) For projected district student
9 enrollment purposes:

10 (a) Over-housed students exists when the projected number of
11 students is less than the number who can be housed in existing
12 eligible school facility space; and

13 (b) Under-housed students exists when the projected number of
14 students exceeds the number who can be housed in existing eligible
15 school facility space.

16 (2) The office of the superintendent of public instruction must
17 consult with the caseload forecast council staff in the development
18 or modification of methods and data used to project the districts'
19 number of students.

20 NEW SECTION. **Sec. 204.** (1) The school construction assistance
21 program includes the components in this section.

22 (2) Pre-2017 school construction assistance program. For school
23 construction assistance program grants awarded before the effective
24 date of this section, the rules, policies, funding formula, and other
25 requirements are those established in law, rules, and budget
26 assumptions within the omnibus capital appropriations act prior to
27 and including the 2015-2017 fiscal biennium.

28 (3) School modernization school construction assistance program.
29 Section 205 of this act describes the school construction assistance
30 program for modernization of school facilities constructed or
31 modernized and accepted as complete by school board of directors
32 before January 1, 1994.

33 (4) School preservation and renewal school construction
34 assistance program. Section 206 of this act describes the school
35 construction assistance program for modernization of school
36 facilities constructed or modernized and accepted as complete by
37 school board of directors on or after January 1, 1994.

1 (5) Enrollment growth school construction assistance program.
2 Section 207 of this act describes the school construction assistance
3 program for districts with enrollment growth that requires additional
4 classroom capacity.

5 (6) Small rural district school construction assistance program.
6 Section 208 of this act describes the school construction assistance
7 program for districts with enrollments that are less than or equal to
8 one thousand students.

9 NEW SECTION. **Sec. 205.** (1) School construction assistance
10 program grants for modernization of school facilities constructed or
11 modernized and accepted as complete by school boards of directors
12 before January 1, 1994, must be determined in accordance with this
13 section.

14 (2) Eligibility. Modernization grants are for school facilities
15 that are older than thirty years from the date they were constructed
16 or last modernized with state financial support and that require
17 major building systems repair or replacement with an estimated cost
18 that exceeds forty percent of the estimated value of the facility.
19 Modernization grants may be used for new construction to replace a
20 school facility that requires major building systems repair or
21 replacement but this replacement does not change the calculation of
22 the modernization grant. The school facility that is replaced must
23 not be reused as a school facility unless district student enrollment
24 growth justifies the added space, and then only after the facility
25 has been modernized to acceptable standards. Modernization for the
26 reuse of a closed school facility may be eligible for a modernization
27 grant under this section if applicable rules are met.

28 (3) Grant calculation. Modernization grants are calculated by
29 multiplying the eligible square feet by the applicable construction
30 cost allowance with the addition of the soft cost allowance and
31 multiplying the resulting product by the district's state funding
32 assistance percentage. Eligible square feet for a modernization grant
33 is the eligible school facility space of the school facility or
34 facilities for which modernization grants are sought minus the number
35 of over-housed students in the applicable grades multiplied by the
36 applicable space allocation per student. If the district has under-
37 housed students, the eligible square feet can be increased by the
38 number of unhoused students in the applicable grades multiplied by
39 the space allocation per student, as long as the district's plan will

1 increase the square footage of the facility or facilities being
2 modernized. In calculating modernization grants, all variables set by
3 the omnibus capital appropriations act must be used for the fiscal
4 years in which the grant awards are made.

5 (4) Disbursement of grant funds and reporting requirements. The
6 office of the superintendent of public instruction must execute a
7 contract with school districts receiving modernization grants. The
8 contract must not be executed until the district has identified
9 available sources of local funds sufficient to complete the approved
10 project considering the amount of the state grant. The contract must
11 include provisions for disbursing state funds proportionate to
12 eligible project costs incurred multiplied by the state funding
13 assistance percentage. When a district has used local funds for costs
14 eligible for state fund reimbursement under a modernization grant, if
15 the state funds are not applied to eligible modernization project
16 costs, use of the state funds must comply with the requirements of
17 the applicable source of local funds. The contract must specify
18 reporting requirements from the district, which must include updating
19 all pertinent information in the inventory and condition of schools
20 system and submitting a final project report as specified by the
21 office of the superintendent of public instruction in consultation
22 with the school facilities citizens advisory committee created in RCW
23 28A.525.025 (as recodified by this act).

24 NEW SECTION. **Sec. 206.** (1) School construction assistance
25 program grants for preservation and renewal of school facilities
26 constructed or modernized and accepted as complete by school boards
27 of directors after January 1, 1994, must be determined in accordance
28 with this section.

29 (2) Eligibility. Preservation and renewal grants are for
30 replacement or renewal of school facility major building systems that
31 have reached their expected life. The definitions of major building
32 systems and their expected lives must be developed and recommended by
33 the school facilities citizens advisory committee created in RCW
34 28A.525.025 (as recodified by this act). The committee must recommend
35 initial definitions and expected reliable building systems expected
36 life cycles in a report to the joint legislative task force created
37 in section 501 of this act by July 1, 2018. Recommendations must: (a)
38 Provide incentives to school districts to provide effective building
39 system preventative maintenance programs; (b) maximize long-term

1 value from state and local investment in school facilities; and (c)
2 provide affordable and effective public schools.

3 (3) Grant calculation. Preservation and renewal grants are
4 calculated by multiplying the cost to renew or replace the major
5 building system by the district's state funding assistance
6 percentage. This amount must then be reduced by the percent of over-
7 housed students divided by total students at the applicable grade
8 levels if that percentage exceeds twenty-five percent. The cost of
9 this renewal or replacement must be within an established cost range
10 set in the omnibus capital appropriations act. By July 1, 2018, the
11 school facilities citizens advisory committee created in RCW
12 28A.525.025 (as recodified by this act) must recommend initial cost
13 ranges for renewal or replacement of major building systems in a
14 report to the joint legislative task force created in section 501 of
15 this act. In calculating preservation and renewal grants, all
16 variables set by the omnibus capital appropriations act must be used
17 for the fiscal years in which the grant awards are made. The joint
18 legislative task force created in section 501 of this act shall
19 evaluate how declining enrollment may prevent school districts from
20 qualifying for preservation and renewal grants and recommend measures
21 to enable these school districts to qualify for preservation and
22 renewal grants.

23 (4) Disbursement of grant funds and reporting requirements. The
24 office of the superintendent of public instruction must execute a
25 contract with school districts receiving preservation and renewal
26 grants. The contract must not be executed until the district has
27 identified available sources of local funds sufficient to complete
28 the approved project considering the amount of the state grant. The
29 contract must include provisions for disbursing state funds
30 proportionate to eligible project costs incurred multiplied by the
31 state funding assistance percentage. When a district has used local
32 funds for costs eligible for state fund reimbursement under a
33 preservation and renewal grant, if the state funds are not applied to
34 eligible preservation and renewal project costs, use of the state
35 funds must comply with the requirements of the applicable source of
36 local funds. The contract must specify reporting requirements from
37 the district, which must include updating all pertinent information
38 in the inventory and condition of schools system and submitting a
39 final project report as specified by the office of the superintendent
40 of public instruction in consultation with the school facilities

1 citizens advisory committee specified in RCW 28A.525.025 (as
2 recodified by this act).

3 (5) The office of the superintendent of public instruction must
4 not solicit grant applications from school districts for preservation
5 and renewal grants until funds for such grants have been appropriated
6 in the omnibus capital appropriations act. The legislature does not
7 intend to fund these grants until after receipt of the report by the
8 joint legislative task force created in section 501 of this act.

9 NEW SECTION. **Sec. 207.** (1) School construction assistance
10 program grants for enrollment growth must be determined in accordance
11 with this section.

12 (2) Eligibility. Enrollment growth grants are for school
13 districts with under-housed students.

14 (3) Grant calculation. Enrollment growth grants are calculated by
15 multiplying the number of under-housed students in the applicable
16 grades by the space allocation and then multiplying the resulting
17 product by the applicable construction cost allowance with the
18 addition of the soft cost allowance and multiplying the resulting
19 product by the district's state funding assistance percentage.
20 Eligible square feet for an enrollment growth grant can be increased
21 by the eligible school facility space contained in portable
22 classrooms if the facility funded with an enrollment growth grant
23 will replace those portable classrooms and result in the removal of
24 those portable classrooms. In calculating enrollment growth grants,
25 all variables set by the omnibus capital appropriations act must be
26 used for the fiscal years in which the grant awards are made.

27 (4) Disbursement of grant funds and reporting requirements. The
28 office of the superintendent of public instruction must execute a
29 contract with school districts receiving enrollment growth grants.
30 The contract must not be executed until the district has identified
31 available sources of local funds sufficient to complete the approved
32 project considering the amount of the state grant. The contract must
33 include provisions for disbursing state funds proportionate to
34 eligible project costs incurred multiplied by the state funding
35 assistance percentage. When a district has used local funds for costs
36 eligible for state fund reimbursement under a modernization grant, if
37 the state funds are not applied to eligible modernization project
38 costs, use of the state funds must comply with the requirements of
39 the applicable source of local funds. The contract must specify

1 reporting requirements from the district, which must include updating
2 all pertinent information in the inventory and condition of schools
3 system and submitting a final project report as specified by the
4 office of the superintendent of public instruction in consultation
5 with the school facilities citizens advisory committee specified in
6 RCW 28A.525.025 (as recodified by this act).

7 NEW SECTION. **Sec. 208.** (1) School construction assistance
8 program grants for small, rural districts must be determined in
9 accordance with this section.

10 (2) Eligibility. Small, rural district modernization grants are
11 for school districts with enrollments that are less than or equal to
12 one thousand students. For school districts that, because of low
13 assessed property values or high indebtedness, are not eligible for
14 school construction assistance program modernization grants, the
15 joint legislative task force established in section 501 of this act
16 shall recommend measures for those school districts to become
17 eligible in the small, rural district school construction assistance
18 program. Districts with incomplete information in the inventory and
19 condition of schools data system are not eligible to apply.

20 (3) Prioritized grants and advisory committee.

21 (a) The small, rural district school modernization program must
22 propose a list of prioritized grants by September 1st of even-
23 numbered years. The superintendent of public instruction must appoint
24 an advisory committee to prioritize applications for small, rural
25 school districts. Committee members must have experience in
26 financing, managing, repairing, and improving school facilities in
27 small, rural districts but must not be involved in a small, rural
28 modernization program request for the biennium under consideration.
29 The office of the superintendent of public instruction must provide
30 administrative and staff support to the committee. The committee must
31 review and rank applications in the three-step process in this
32 subsection (3).

33 (b) Step one must involve a simplified application from
34 interested districts with a brief statement of the school condition,
35 its deficiencies, student enrollment, student achievement measures,
36 and financial limitations of the district. The advisory committee
37 created in (a) of this subsection must identify a preliminary list of
38 school districts with the most serious building deficiencies, the

1 most limited financial capacity, and the greatest student opportunity
2 gaps given the condition of school facilities.

3 (c) After identifying the list of school districts under (b) of
4 this subsection, the advisory committee created in (a) of this
5 subsection and the office of superintendent of public instruction
6 must offer technical assistance to the districts on the list to
7 develop affordable and effective proposals to resolve the most
8 serious building deficiencies.

9 (d) After offering technical assistance under (c) of this
10 subsection, the advisory committee created in (a) of this subsection
11 must evaluate final applications from the school districts on the
12 first list interested in pursuing a grant. The advisory committee
13 must submit a prioritized list of grants to the superintendent of
14 public instruction and the governor. The list must prioritize
15 applications to achieve the greatest improvement of school
16 facilities, in the districts with the most limited financial
17 capacity, for projects that are likely to improve student health,
18 safety, and academic performance for the largest number of students
19 for the amount of state grant support. The advisory committee must
20 develop specific criteria to achieve the prioritization. The
21 submitted prioritized list must describe the project, the proposed
22 state funding level, and the estimated total project cost including
23 other funding and in-kind resources. The list must also indicate
24 student achievement measures that will be used to evaluate the
25 benefits of the project. The superintendent of public instruction and
26 the governor may determine the level of funding in their omnibus
27 capital appropriations act requests to support small, rural school
28 district grants, but their funding requests must follow the
29 prioritized list prepared by the advisory committee unless new
30 information determines that a specific project is no longer viable as
31 proposed.

32 (4) Disbursement of grant funds and reporting requirements. The
33 office of the superintendent of public instruction must execute a
34 contract with school districts receiving small, rural school
35 modernization grants. The contract must not be executed until the
36 district has identified available local and other resources
37 sufficient to complete the approved project considering the amount of
38 the state grant. The contract must include provisions for disbursing
39 state funds for eligible project costs incurred. When a district has
40 used local funds for costs eligible for state fund reimbursement

1 under a small, rural modernization grant, if the state funds are not
2 applied to eligible project costs, use of the state funds must comply
3 with the requirements of the applicable source of local funds. The
4 contract must specify reporting requirements from the district, which
5 must include updating all pertinent information in the inventory and
6 condition of schools system and submitting a final project report as
7 specified by the office of the superintendent of public instruction
8 in consultation with the school facilities citizens advisory
9 committee specified in RCW 28A.525.025 (as recodified by this act).

10 **PART III**

11 **ADMINISTRATIVE REQUIREMENTS AND AUTHORITIES FOR THE OFFICE OF THE**
12 **SUPERINTENDENT OF PUBLIC INSTRUCTION**

13 **Sec. 301.** RCW 28A.525.020 and 2006 c 263 s 301 are each amended
14 to read as follows:

15 The office of the superintendent of public instruction,
16 considering policy recommendations from the school facilities citizen
17 advisory ((panel)) committee, shall have the power and duty ((+1))
18 to ((~~prescribe rules governing the administration, control, terms,~~
19 ~~conditions, and disbursements of allotments to school districts to~~
20 ~~assist them in providing school plant facilities; (2) to approve~~
21 ~~allotments to districts that apply for state assistance whenever such~~
22 ~~action is advisable; (3) to authorize the payment of approved~~
23 ~~allotments by warrant of the state treasurer; and (4) in the event~~
24 ~~that the amount of state assistance applied for exceeds the funds~~
25 ~~available for such assistance during any biennium, to make allotments~~
26 ~~on the basis of the urgency of need for school facilities in the~~
27 ~~districts that apply for assistance and/or to prorate allotments~~
28 ~~among such districts in conformity with applicable procedures and~~
29 ~~rules))):~~

30 (1) Establish rules, application materials, contracts, monitoring
31 and reporting requirements, and all other necessary administrative
32 processes necessary for the implementation of this chapter in
33 conformity with the requirements and assumptions in the omnibus
34 capital appropriations act necessary to fund the grant programs
35 described in this chapter; and

36 (2) Develop and update a manual to inform and guide local school
37 district authorities and others responsible for and concerned with
38 the designing, planning, maintenance, and operation of school

1 facilities for the common schools, which must include, but not be
2 limited to:

3 (a) The requirements and calculations for grants provided by this
4 chapter;

5 (b) Suggested procedures for conducting a school facilities
6 planning program, including standards for selection and development
7 of school sites and the design and construction of affordable and
8 effective school facilities; and

9 (c) A description of an effective school facilities maintenance
10 program that achieves the purposes of asset preservation and supports
11 the health, safety, and educational progress of pupils.

12 **Sec. 302.** RCW 28A.525.090 and 2009 c 129 s 4 are each amended to
13 read as follows:

14 (1) The superintendent of public instruction, considering policy
15 recommendations from the school facilities citizen advisory (~~panel~~)
16 committee, shall adopt rules for appropriate use of the following
17 construction management techniques: Value engineering,
18 constructibility review, building commissioning, and construction
19 management. Rules adopted under this section shall:

20 (a) Define each technique as it applies to school buildings;

21 (b) Describe the scope of work for each technique;

22 (c) Define the timing for implementing each technique in the
23 construction process;

24 (d) Determine the appropriate size of projects for the use of
25 each technique; and

26 (e) Determine standards for qualification and performance for
27 each technique.

28 ~~(2) ((Except as provided in rules adopted under subsection (1)(d)~~
29 ~~of this section, in allocating state moneys provided under this~~
30 ~~chapter, the superintendent of public instruction shall include in~~
31 ~~funding for each project, at the state funding assistance percentage,~~
32 ~~the cost of each of the construction management techniques listed in~~
33 ~~subsection (1) of this section.~~

34 ~~(3) When assigning priority and allocating state funds for~~
35 ~~construction of common school facilities, the superintendent shall~~
36 ~~consider the adequacy of the construction management techniques used~~
37 ~~by a district and the compliance with the rules adopted under~~
38 ~~subsection (1) of this section.~~

1 ~~(4)~~) Except as provided in rules adopted under subsection (1)(d)
2 of this section, the construction management techniques in subsection
3 (1) of this section shall be used on each project submitted for
4 approval by the superintendent.

5 ~~((5))~~ (3)(a) School districts applying for state funding
6 assistance for school facilities shall:

7 (i) Cause value engineering, constructibility review, and
8 building commissioning to be performed by contract with a
9 professional firm specializing in those construction management
10 techniques; and

11 (ii) Contract or employ personnel to perform professional
12 construction management.

13 (b) All recommendations from the value engineering and
14 constructibility review construction techniques for a school project
15 shall be presented to the school district's board of directors for
16 acceptance or rejection. If the board of directors rejects a
17 recommendation it shall provide a statement explaining the reasons
18 for rejecting the recommendation and include the statement in the
19 application for state funding assistance to the superintendent of
20 public instruction.

21 ~~((6))~~ (4) The office of the superintendent of public
22 instruction shall provide:

23 (a) An information and training program for school districts on
24 the use of the construction management techniques; and

25 (b) Consulting services to districts on the benefits and best
26 uses of these construction management techniques.

27 **PART IV**

28 **UPDATE TO K-3 GRANT PROGRAM**

29 **Sec. 401.** RCW 28A.525.058 and 2015 3rd sp.s. c 41 s 201 are each
30 amended to read as follows:

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

35 (a) Step 1: A verified count of necessary added classrooms in a
36 district applying for a grant must be completed by the district and
37 verified by the Washington State University extension energy office.

1 The count of necessary added classrooms must be calculated in
2 accordance with the following requirements:

3 (i) An inventory of all classrooms in all elementary schools in
4 the district applying for the grant must be completed.

5 (ii) For purposes of this section, elementary school is any
6 district school facility containing students in kindergarten through
7 fifth grade or sixth grade. All classrooms include any room in an
8 elementary school in a permanent or portable structure that is in use
9 as a classroom or that could be used as a classroom if one of the
10 following conditions are met:

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

14 (B) A classroom in a portable building installed after 1992 and
15 that meets the building code requirements for use as a classroom
16 without requiring repairs or renovations that exceed fifty thousand
17 dollars.

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

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

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

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

31 (C) Classrooms in elementary schools that are regularly used for
32 prekindergarten students not participating in special education
33 programs if such use started prior to July 14, 2015;

34 (D) Seventy-five percent of classrooms in elementary schools that
35 are regularly used for kindergarten through sixth grade students
36 participating in special education programs or that are regularly
37 used for English language learner programs;

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

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

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

29 (v) A calculation of necessary added classrooms must be completed
30 for each school district applying for a grant. Necessary added
31 classrooms are calculated by subtracting the available school
32 district classrooms from the school district needed classrooms.

33 (b) Step 2: A determination must be made whether the number of
34 necessary added classrooms is sufficient to justify constructing a
35 new school or modernizing a previously closed school, or whether the
36 number of necessary added classrooms can be provided with the
37 addition of modular classrooms or increasing the number of classrooms
38 in a planned school approved at the "D6" stage of the school
39 construction assistance program.

1 (i) If the number of necessary added classrooms is twelve or
2 greater, the presumption is a new school is required. For this
3 purpose a new school means a newly constructed school, an addition of
4 twelve or more classrooms to an existing school, or modernization of
5 a previously closed school. A school district may choose to locate
6 any necessary added classrooms among existing school facilities.

7 (ii) If the number of necessary added classrooms is less than
8 twelve, the presumption is the added classrooms can be provided with
9 the addition of modular classrooms or by increasing the number of
10 classrooms in a planned school approved at the "D6" stage of the
11 school construction assistance program. A school district may choose
12 to provide necessary added classrooms with modular classrooms or
13 construct new classrooms or modernize existing school buildings to
14 create additional classrooms.

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

17 (i) Grants for necessary added classrooms that can be provided
18 with the addition of modular classrooms must not exceed two hundred
19 ten thousand dollars multiplied by the number of necessary added
20 classrooms multiplied by the state matching ratio defined in (c)(iii)
21 of this subsection.

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

27 (iii) The state matching ratio for use in this section only is
28 the computed state (~~(ratio defined in RCW 28A.525.166)~~) funding
29 assistance percentage plus twenty percent of the percent of district
30 head count eligible and enrolled in the free and reduced school lunch
31 program.

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

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

1 (d) Step 4: Grant funds must be awarded and disbursed in
2 accordance with the following requirements:

3 (i) A determination that the school district is ready to begin
4 the project or projects to provide the necessary added classrooms
5 must be made. To be determined ready, a district must:

6 (A) Have had classrooms inventoried in (a)(i) of this subsection;

7 (B) Certify that the required local funds are authorized to
8 complete the project;

9 (C) Have an available site or sites for the project; and

10 (D) Demonstrate that additional classrooms will achieve progress
11 towards the average class size objectives for the 2017-18 school year
12 enumerated in RCW 28A.150.260 in effect as of October 31, 2014, and
13 all-day kindergarten as funded pursuant to RCW 28A.150.315.

14 (ii) The office of financial management must approve allotments
15 prior to issuing grant award letters. The office of the
16 superintendent of public instruction must submit documentation to the
17 office of financial management to justify the project grant award,
18 including steps taken to verify counts and calculations, in
19 requesting allotment approval.

20 (iii) Grant funds may be disbursed only after the required local
21 match has been fully expended.

22 (2) If grant applications for the K-3 class size reduction
23 construction grant pilot program exceed available funding, the office
24 of the superintendent of public instruction must prioritize grant
25 awards based on the following criteria in the following order of
26 importance:

27 (a) Districts that applied for and were eligible to receive a
28 grant from the 2015-2017 K-3 grant appropriation, but did not receive
29 a grant due to lack of state funds. Such districts must only update
30 the information in their previous application to be considered for a
31 grant;

32 (b) Applicants with high necessary added classrooms to available
33 classrooms ratio in kindergarten through third grades;

34 ~~((b))~~ (c) Applicants with high student to teacher ratios in
35 kindergarten through third grades;

36 ~~((c))~~ (d) Applicants with high percentages of students who are
37 eligible and enrolled in the free and reduced-price meals program;
38 and

39 ~~((d))~~ (e) Applicants that have not raised capital funds through
40 levies or bonds in the prior ten-year period.

1 (3) The superintendent of public instruction must report annually
2 on the grants awarded and school district applicants. The report must
3 include (a) grant amounts and the status of all awarded grants by
4 school district; (b) data documenting actual class size reductions
5 and all-day kindergarten achieved in school districts that have
6 received grants provided under this section; (c) a list of school
7 districts that applied for grants during the current and previous
8 fiscal years with estimates of necessary added classrooms; and (d)
9 any other information relevant to the pilot program. Beginning in
10 2015, the report must be submitted to the office of financial
11 management and the appropriate committees of the legislature by
12 December 1st.

13 (4) This section expires July 1, (~~2017~~) 2021.

14

PART V

15

MISCELLANEOUS PROVISIONS

16 NEW SECTION. **Sec. 501.** JOINT LEGISLATIVE TASK FORCE ON
17 IMPROVING STATE FUNDING FOR SCHOOL CONSTRUCTION. (1) The joint
18 legislative task force on improving state funding for school
19 construction is established. The task force must recommend
20 improvements to state financial assistance to be implemented over the
21 next several fiscal biennia.

22 (2) The task force must consider the findings and recommendations
23 of the school facilities citizen advisory committee, established in
24 section 101 of this act, and other information about the history of
25 state assistance to help local school districts design, build, and
26 maintain public schools in order to make recommendations on
27 improvements in how that state assistance is provided.

28 (3)(a) The joint legislative task force on improving state
29 funding for school construction consists of eight members, two
30 members each, one from each major caucus, from the house of
31 representatives committees on capital budget and on education,
32 appointed by the majority and minority leaders of the two major
33 caucuses of the house of representatives, and two members each, one
34 from each major caucus, from the senate committees on ways and means
35 and on early learning and K-12 education, appointed by the majority
36 and minority leaders of the two major caucuses of the senate.

37 (b) The task force shall select a chair from among its
38 membership.

1 (c) Staff support for the task force must be provided by the
2 house of representatives office of program research and senate
3 committee services.

4 (d) The office of the superintendent of public instruction and
5 the office of financial management shall cooperate with the task
6 force and maintain liaison representatives.

7 (e) The task force shall coordinate with the appropriate standing
8 committees of the legislature and may consult with other interested
9 parties, as may be appropriate, for technical advice and assistance.

10 (4) Legislative members of the task force must be reimbursed for
11 travel expenses in accordance with RCW 44.04.120. Nonlegislative
12 members, except those representing an employer or organization, are
13 entitled to be reimbursed for travel expenses in accordance with RCW
14 43.03.050 and 43.03.060.

15 (5) The expenses of the task force must be paid jointly by the
16 senate and the house of representatives. Task force expenditures are
17 subject to approval by the senate facilities and operations committee
18 and the house of representatives executive rules committee, or their
19 successor committees.

20 (6) The task force must report its findings and recommendations
21 to the appropriate committees of the legislature by December 1, 2018.

22 (7) This section expires June 30, 2019.

23 **Sec. 502.** RCW 28A.525.310 and 1999 c 386 s 2 are each amended to
24 read as follows:

25 The board of directors of any school district may use the
26 proceeds of (~~voter-approved bonds,~~) voter-approved levies(~~(, state~~
27 ~~allocations for financial assistance,~~) or other funds available to
28 the district for: (1) Payment of an installment purchase contract for
29 school plant facilities; or (2) payments under any financing lease
30 the term of which is ten years or longer and that contains an option
31 by the school district to purchase the leased property for nominal
32 consideration. The authority granted by this section for the use of
33 moneys from such sources is in addition to, and not in limitation of,
34 any other authority provided by law, and the proceeds of voter-
35 approved (~~bonds or~~) tax levies may be used for such payments to the
36 full extent allowed by Article VII, section 2 of the state
37 Constitution.

1 NEW SECTION. **Sec. 503.** The following acts or parts of acts are
2 each repealed:

3 (1) RCW 28A.525.010 (Statement of intent) and 1969 ex.s. c 223 s
4 28A.47.050;

5 (2) RCW 28A.525.030 (Modernization of existing school facilities)
6 and 2006 c 263 s 302, 1995 c 77 s 23, 1980 c 154 s 17, & 1969 ex.s. c
7 223 s 28A.47.073;

8 (3) RCW 28A.525.040 (Portable buildings or classrooms) and 2009 c
9 129 s 3 & 1969 ex.s. c 223 s 28A.47.075;

10 (4) RCW 28A.525.050 (Applications for aid—Recommendations) and
11 2006 c 263 s 303 & 1969 ex.s. c 223 s 28A.47.080;

12 (5) RCW 28A.525.055 (Eligibility for state assistance for new
13 construction—Inventory assessment exclusions—Rules) and 2016 c 159 s
14 1, 2006 c 263 s 304, & 1994 c 219 s 11;

15 (6) RCW 28A.525.060 (Manual—Contents—Preparation and revision)
16 and 1990 c 33 s 431, 1979 c 141 s 36, & 1969 ex.s. c 223 s
17 28A.47.090;

18 (7) RCW 28A.525.095 (Condensed compliance reports—Second-class
19 districts) and 2011 c 45 s 39;

20 (8) RCW 28A.525.161 (School construction assistance calculations
21 for shared or colocated facilities—Rules) and 2012 c 245 s 1;

22 (9) RCW 28A.525.162 (Allotment of appropriations for school plant
23 facilities—Local school district participation—Computing state
24 funding assistance—Rules) and 2013 2nd sp.s. c 18 s 513, 2012 c 244 s
25 2, 2009 c 129 s 5, 2006 c 263 s 309, 1995 c 77 s 24, 1990 c 33 s 455,
26 1989 c 321 s 1, 1980 c 154 s 18, 1974 ex.s. c 56 s 1, 1970 ex.s. c 42
27 s 5, & 1969 ex.s. c 244 s 2;

28 (10) RCW 28A.525.164 (Allotment of appropriations for school
29 plant facilities—Duties of superintendent of public instruction) and
30 2006 c 263 s 310, 1990 c 33 s 456, 1989 c 321 s 2, 1974 ex.s. c 56 s
31 2, & 1969 ex.s. c 244 s 3;

32 (11) RCW 28A.525.166 (Allotment of appropriations for school
33 plant facilities—Computation of state aid for school plant project)
34 and 2015 3rd sp.s. c 3 s 7018, 2013 2nd sp.s. c 18 s 514, & 2012 c
35 244 s 3;

36 (12) RCW 28A.525.168 (Allotment of appropriations for school
37 plant facilities—Use of taxable valuation and state funding
38 assistance percentage in determining eligibility) and 2009 c 129 s 7,
39 2006 c 263 s 312, 1990 c 33 s 458, & 1969 ex.s. c 244 s 5;

1 (13) RCW 28A.525.170 (Allotment of appropriations for school
2 plant facilities—Additional allotment authorized—Effect of allotment
3 on future disbursements to district) and 2006 c 263 s 313, 1990 c 33
4 s 459, 1974 ex.s. c 56 s 4, & 1969 ex.s. c 244 s 6;

5 (14) RCW 28A.525.172 (Allotment of appropriations for school
6 plant facilities—Application by district for state assistance—
7 Studies and surveys by the superintendent of public instruction) and
8 2006 c 263 s 314 & 1969 ex.s. c 244 s 7;

9 (15) RCW 28A.525.174 (Allotment of appropriations for school
10 plant facilities—Manual, other materials to guide and provide
11 information to district) and 2006 c 263 s 315, 1990 c 33 s 460, 1979
12 c 141 s 39, 1974 ex.s. c 56 s 5, & 1969 ex.s. c 244 s 8;

13 (16) RCW 28A.525.176 (Allotment of appropriations for school
14 plant facilities—Consultatory and advisory service from the
15 superintendent of public instruction) and 2006 c 263 s 316, 1990 c 33
16 s 461, 1974 ex.s. c 56 s 6, & 1969 ex.s. c 244 s 9;

17 (17) RCW 28A.525.178 (Allotment of appropriations for school
18 plant facilities—Modifiable basic or standard plans for school
19 buildings) and 2006 c 263 s 317, 1990 c 33 s 462, 1974 ex.s. c 56 s
20 7, & 1969 ex.s. c 244 s 10;

21 (18) RCW 28A.525.180 (Allotment of appropriations for school
22 plant facilities—Reduction of appropriation for receipt of federal
23 funds) and 2006 c 263 s 318, 1990 c 33 s 463, 1974 ex.s. c 56 s 8, &
24 1969 ex.s. c 244 s 11;

25 (19) RCW 28A.525.190 (Prioritizing construction of common school
26 facilities) and 2006 c 263 s 319 & 1975 1st ex.s. c 98 s 2; and

27 (20) RCW 28A.525.200 (Allocation and distribution of funds for
28 school plant facilities governed by chapter) and 2015 1st sp.s. c 4 s
29 24, 2006 c 263 s 320, 1990 c 33 s 465, 1985 c 136 s 2, & 1977 ex.s. c
30 227 s 1.

31 NEW SECTION. **Sec. 504.** RCW 28A.525.020, 28A.525.025,
32 28A.525.058, 28A.525.070, 28A.525.080, 28A.525.090, and 28A.525.310
33 are each recodified as sections in the new chapter created in section
34 505 of this act.

35 NEW SECTION. **Sec. 505.** Sections 1 and 201 through 208 of this
36 act constitute a new chapter in Title 28A RCW to be named state
37 assistance for school construction.

1 NEW SECTION. **Sec. 506.** This act does not affect any existing
2 right acquired or liability or obligation incurred under the sections
3 amended or repealed or under any rule or order adopted under those
4 sections, nor does it affect any proceeding instituted under those
5 sections.

6 NEW SECTION. **Sec. 507.** If any provision of this act or its
7 application to any person or circumstance is held invalid, the
8 remainder of the act or the application of the provision to other
9 persons or circumstances is not affected.

10 NEW SECTION. **Sec. 508.** Section 501 of this act takes effect
11 July 1, 2018.

12 NEW SECTION. **Sec. 509.** Section 401 of this act is necessary for
13 the immediate preservation of the public peace, health, or safety, or
14 support of the state government and its existing public institutions,
15 and takes effect June 30, 2017.

16 NEW SECTION. **Sec. 510.** Except for sections 401 and 501 of this
17 act, this act is necessary for the immediate preservation of the
18 public peace, health, or safety, or support of the state government
19 and its existing public institutions, and takes effect July 1, 2017.

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