

## Applicant Questions:

### 1. Are charters allowed to develop Private Placement Memoranda to gain private funds?

Private Placement Memoranda (PPM) are generally used to help sell stock or securitized debt in a business. Per the Charter School Act, only non-profit organizations can apply to operate a charter public school. Non-profit organizations do not have stock to sell; therefore, a non-profit using a PPM to sell stocks is irrelevant.

The Charter School Act also prohibits a charter public school pledging, assigning, or encumbering any public funds received or to be received pursuant to RCW [28A.710.220](#) (RCW 28A.710.030(e)).

### 2. Can we issue Certificates of Participation?

Certificates of Participation (CoPs) are a medium term financing instrument used by municipal corporations and other governmental entities to acquire new systems (technology, communications, transportation fleets, etc.). However, the Charter School Act, as mentioned above, prohibits a charter public school pledging, assigning, or encumbering any public funds received or to be received pursuant to RCW [28A.710.220](#) (RCW 28A.710.030(e)).

### 3. Can we issue private bonds?

Per the Charter School Act, a charter school may issue secured and unsecured debt, including pledging, assigning, or encumbering its assets to be used as collateral for loans or extensions of credit to manage cash flow, improve operations, or finance the acquisition of real property or equipment. However, the charter public school may not pledge, assign, or encumber any public funds received or to be received pursuant to RCW [28A.710.220](#). Debt issued under this subsection (1)(e) is not a general, special, or moral obligation of the state, the charter school authorizer, the school district in which the charter school is located, or any other political subdivision or agency of the state. Neither the full faith and credit nor the taxing power of the state, or any political subdivision or agency of the state, may be pledged for the payment of the debt (RCW 28A.710.030(e)). Further, a charter school board may not levy taxes or issue tax-backed bonds (RCW 28A.710.030(3)).

### 4. Does Washington State Initiative 1351, smaller class sizes, apply to charter schools?

When the 2015 Washington Legislative Session ended, the legislature took action to delay full implementation of the staffing values outlined in voter approved Initiative 1351. The delay allows for the staffing values to be potentially implemented during the 2022-2023 school-year.

The initiative states that funding for average class sizes shall be provided only to the extent of, and proportionate to, the school district's demonstrated actual average class size, up to the funded class size. So, it is true that in order to maximize teacher allocations when the initiative is fully implemented, that the district will have to prove that it is hiring enough teachers to provide the class sizes stated in the budget. If they are unable to find teachers to hire, or space for classrooms, then they will not receive the fullest possible allocation from the state.

The compliance only applies to class sizes/teachers, not to any other of the school based staffing being increased in the initiative.