

CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE SENATE BILL 5313**

Chapter 410, Laws of 2019

66th Legislature  
2019 Regular Session

SCHOOL LEVIES AND LOCAL EFFORT ASSISTANCE

EFFECTIVE DATE: July 28, 2019

Passed by the Senate April 28, 2019  
Yeas 25 Nays 23

CYRUS HABIB

**President of the Senate**

Passed by the House April 28, 2019  
Yeas 53 Nays 45

FRANK CHOPP

**Speaker of the House of Representatives**

Approved May 21, 2019 9:51 AM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5313** as passed by the Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

**Secretary**

FILED

May 21, 2019

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE SENATE BILL 5313**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2019 Regular Session

**State of Washington                      66th Legislature                      2019 Regular Session**

**By** Senate Early Learning & K-12 Education (originally sponsored by Senator Wellman; by request of Office of Financial Management)

READ FIRST TIME 02/18/19.

1            AN ACT Relating to school levies and local effort assistance; and  
2 amending RCW 28A.500.015, 84.52.0531, 28A.320.330, and 43.09.2856.

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

4            **Sec. 1.** RCW 28A.500.015 and 2018 c 266 s 303 are each amended to  
5 read as follows:

6            (1) Beginning in calendar year ~~((2019))~~2020 and each calendar  
7 year thereafter, the state must provide state local effort assistance  
8 funding to supplement school district enrichment levies as provided  
9 in this section.

10           (2) (a) For an eligible school district ~~((r))~~ with an actual  
11 enrichment levy rate that is less than one dollar and fifty cents per  
12 thousand dollars of assessed value in the school district, the annual  
13 local effort assistance funding is equal to the school district's  
14 maximum local effort assistance multiplied by a fraction equal to the  
15 school district's actual enrichment levy rate divided by one dollar  
16 and fifty cents per thousand dollars of assessed value in the school  
17 district ~~((s maximum allowable))~~.

18           (b) For an eligible school district with an actual enrichment  
19 levy rate that is equal to or greater than one dollar and fifty cents  
20 per thousand dollars of assessed value in the school district, the

1 annual local effort assistance funding is equal to the school  
2 district's maximum local effort assistance.

3 (c) Beginning in calendar year 2022, for state-tribal education  
4 compact schools established under chapter 28A.715 RCW, the annual  
5 local effort assistance funding is equal to the actual enrichment  
6 levy per student as calculated by the superintendent of public  
7 instruction for the previous year for the school district in which  
8 the state-tribal education compact school is located, up to a maximum  
9 per student amount of one thousand five hundred fifty dollars as  
10 increased by inflation from the 2019 calendar year, multiplied by the  
11 student enrollment of the state-tribal education compact school in  
12 the prior school year.

13 (d) For a school district that meets the criteria in this  
14 subsection and is located west of the Cascades in a county that  
15 borders another state, the annual local effort assistance funding is  
16 equal to the local effort assistance funding authorized under (b) of  
17 this subsection and additional local effort assistance funding equal  
18 to the following amounts:

19 (i) Two hundred forty-six dollars per pupil in the 2019-20 school  
20 year for a school district with more than twenty-five thousand annual  
21 full-time equivalent students; and

22 (ii) Two hundred eighty-six dollars per pupil in the 2019-20  
23 school year for a school district with more than twenty thousand  
24 annual full-time equivalent enrolled students but fewer than twenty-  
25 five thousand annual full-time equivalent enrolled students.

26 (3) The state local effort assistance funding provided under this  
27 section is not part of the state's program of basic education deemed  
28 by the legislature to comply with the requirements of Article IX,  
29 section 1 of the state Constitution.

30 (4) The definitions in this subsection apply throughout this  
31 section unless the context clearly requires otherwise.

32 (a) "Eligible school district" means a school district (~~whose~~  
33 ~~maximum allowable enrichment~~) where the amount generated by a levy of  
34 one dollar and fifty cents per thousand dollars of assessed value in  
35 the school district, divided by the school district's total student  
36 enrollment in the prior school year, is less than the state local  
37 effort assistance threshold.

38 (b) For the purpose of this section, "inflation" means, for any  
39 school year, the rate of the yearly increase of the previous calendar  
40 year's annual average consumer price index for all urban consumers,

1 Seattle area, using the official current base compiled by the bureau  
2 of labor statistics, United States department of labor.

3 (c) (~~"Maximum allowable enrichment levy" means the maximum levy~~  
4 ~~permitted by RCW 84.52.0531.~~

5 ~~(d)~~) "Maximum local effort assistance" means the difference  
6 between the following:

7 (i) The school district's actual prior school year enrollment  
8 multiplied by the state local effort assistance threshold; and

9 (ii) The amount generated by a levy of one dollar and fifty cents  
10 per thousand dollars of assessed value in the school district (~~(~~the~~~~  
11 ~~maximum allowable enrichment levy)~~).

12 (~~(e)~~) (d) "Prior school year" means the most recent school year  
13 completed prior to the year in which the state local effort  
14 assistance funding is to be distributed.

15 (~~(f)~~) (e) "State local effort assistance threshold" means one  
16 thousand five hundred fifty dollars per student, increased for  
17 inflation beginning in calendar year 2020.

18 (~~(g)~~) (f) "Student enrollment" means the average annual full-  
19 time equivalent student enrollment.

20 (5) For districts in a high/nonhigh relationship, the enrollments  
21 of the nonhigh students attending the high school shall only be  
22 counted by the nonhigh school districts for purposes of funding under  
23 this section.

24 (6) For school districts participating in an innovation academy  
25 cooperative established under RCW 28A.340.080, enrollments of  
26 students attending the academy shall be adjusted so that each  
27 participant district receives its proportional share of student  
28 enrollments for purposes of funding under this section.

29 **Sec. 2.** RCW 84.52.0531 and 2018 c 266 s 307 are each amended to  
30 read as follows:

31 (1) Beginning with taxes levied for collection in ~~((2019))~~ 2020,  
32 the maximum dollar amount which may be levied by or for any school  
33 district for enrichment levies under RCW 84.52.053 is equal to the  
34 lesser of ~~((one))~~ two dollars and fifty cents per thousand dollars of  
35 the assessed value of property in the school district or the maximum  
36 per-pupil limit. This maximum dollar amount shall be reduced  
37 accordingly as provided under RCW 43.09.2856(2).

38 (2) The definitions in this subsection apply to this section  
39 unless the context clearly requires otherwise.

1 (a) For the purpose of this section, "inflation" means, for any  
2 school year, the rate of the yearly increase of the previous calendar  
3 year's annual average consumer price index for all urban consumers,  
4 Seattle area, using the official current base compiled by the bureau  
5 of labor statistics, United States department of labor.

6 (b) "Maximum per-pupil limit" means:

7 (i) Two thousand five hundred dollars, as increased by inflation  
8 beginning with property taxes levied for collection in 2020,  
9 multiplied by the number of average annual full-time equivalent  
10 students enrolled in the school district in the prior school year,  
11 for school districts with fewer than forty thousand annual full-time  
12 equivalent students enrolled in the school district in the prior  
13 school year; or

14 (ii) Three thousand dollars, as increased by inflation beginning  
15 with property taxes levied for collection in 2020, multiplied by the  
16 number of average annual full-time equivalent students enrolled in  
17 the school district in the prior school year, for school districts  
18 with forty thousand or more annual full-time equivalent students  
19 enrolled in the school district in the prior school year. ((Beginning  
20 with property taxes levied for collection in 2020, the maximum per-  
21 pupil limit shall be increased by inflation.))

22 (c) "Prior school year" means the most recent school year  
23 completed prior to the year in which the levies are to be collected.

24 (3) For districts in a high/nonhigh relationship, the enrollments  
25 of the nonhigh students attending the high school shall only be  
26 counted by the nonhigh school districts for purposes of funding under  
27 this section.

28 (4) For school districts participating in an innovation academy  
29 cooperative established under RCW 28A.340.080, enrollments of  
30 students attending the academy shall be adjusted so that each  
31 participant district receives its proportional share of student  
32 enrollments for purposes of funding under this section.

33 (5) Beginning with propositions for enrichment levies for  
34 collection in calendar year 2020 and thereafter, a district must  
35 receive approval of an enrichment levy expenditure plan under RCW  
36 28A.505.240 before submission of the proposition to the voters.

37 (6) The superintendent of public instruction shall develop rules  
38 and regulations and inform school districts of the pertinent data  
39 necessary to carry out the provisions of this section.

1 (7) Beginning with taxes levied for collection in 2018,  
2 enrichment levy revenues must be deposited in a separate subfund of  
3 the school district's general fund pursuant to RCW 28A.320.330, and  
4 for the 2018-19 school year are subject to the restrictions of RCW  
5 28A.150.276 and the audit requirements of RCW 43.09.2856.

6 (8) Funds collected from levies for transportation vehicles,  
7 construction, modernization, or remodeling of school facilities as  
8 established in RCW 84.52.053 are not subject to the levy limitations  
9 in subsections (1) through (5) of this section.

10 **Sec. 3.** RCW 28A.320.330 and 2018 c 266 s 302 are each amended to  
11 read as follows:

12 School districts shall establish the following funds in addition  
13 to those provided elsewhere by law:

14 (1)(a) A general fund for the school district to account for all  
15 financial operations of the school district except those required to  
16 be accounted for in another fund.

17 (b) By the 2018-19 school year, a local revenue subfund of its  
18 general fund to account for the financial operations of a school  
19 district that are paid from local revenues. The local revenues that  
20 must be deposited in the local revenue subfund are enrichment levies  
21 and transportation vehicle levies collected under RCW 84.52.053,  
22 local effort assistance funding received under chapter 28A.500 RCW,  
23 and other school district local revenues including, but not limited  
24 to, grants, donations, and state and federal payments in lieu of  
25 taxes, but do not include other federal revenues, or local revenues  
26 that operate as an offset to the district's basic education  
27 allocation under RCW 28A.150.250. School districts must track  
28 expenditures from this subfund separately to account for the  
29 expenditure of each of these streams of revenue by source, and must  
30 provide ~~((any))~~the supplemental expenditure schedule~~((s))~~under (c) of  
31 this subsection, and any other supplemental expenditure schedules  
32 required by the superintendent of public instruction or state  
33 auditor, for purposes of RCW 43.09.2856.

34 (c) Beginning in the 2019-20 school year, the superintendent of  
35 public instruction must require school districts to provide a  
36 supplemental expenditure schedule by revenue source that identifies  
37 the amount expended by object for each of the following supplementary  
38 enrichment activities beyond the state funded amount:

1 (i) Minimum instructional offerings under RCW 28A.150.220 or  
2 28A.150.260 not otherwise included on other lines;

3 (ii) Staffing ratios or program components under RCW 28A.150.260,  
4 including providing additional staff for class size reduction beyond  
5 class sizes allocated in the prototypical school model and additional  
6 staff beyond the staffing ratios allocated in the prototypical school  
7 formula;

8 (iii) Program components under RCW 28A.150.200, 28A.150.220, or  
9 28A.150.260, not otherwise included on other lines;

10 (iv) Program components to support students in the program of  
11 special education;

12 (v) Program components of professional learning, as defined by  
13 RCW 28A.415.430, beyond that allocated under RCW 28A.150.415;

14 (vi) Extracurricular activities;

15 (vii) Extended school days or an extended school year;

16 (viii) Additional course offerings beyond the minimum  
17 instructional program established in the state's statutory program of  
18 basic education;

19 (ix) Activities associated with early learning programs;

20 (x) Activities associated with providing the student  
21 transportation program;

22 (xi) Any additional salary costs attributable to the provision or  
23 administration of the enrichment activities allowed under RCW  
24 28A.150.276;

25 (xii) Additional activities or enhancements that the office of  
26 the superintendent of public instruction determines to be a  
27 documented and demonstrated enrichment of the state's statutory  
28 program of basic education under RCW 28A.150.276; and

29 (xiii) All other costs not otherwise identified in other line  
30 items.

31 (d) For any salary and related benefit costs identified in  
32 (c)(xi), (xii), and (xiii) of this subsection, the school district  
33 shall maintain a record describing how these expenditures are  
34 documented and demonstrated enrichment of the state's statutory  
35 program of basic education. School districts shall maintain these  
36 records until the state auditor has completed the audit under RCW  
37 43.09.2856.

38 (2) A capital projects fund shall be established for major  
39 capital purposes. All statutory references to a "building fund" shall  
40 mean the capital projects fund so established. Money to be deposited

1 into the capital projects fund shall include, but not be limited to,  
2 bond proceeds, proceeds from excess levies authorized by RCW  
3 84.52.053, state apportionment proceeds as authorized by RCW  
4 28A.150.270, earnings from capital projects fund investments as  
5 authorized by RCW 28A.320.310 and 28A.320.320, and state forest  
6 revenues transferred pursuant to subsection (3) of this section.

7 Money derived from the sale of bonds, including interest earnings  
8 thereof, may only be used for those purposes described in RCW  
9 28A.530.010, except that accrued interest paid for bonds shall be  
10 deposited in the debt service fund.

11 Money to be deposited into the capital projects fund shall  
12 include but not be limited to rental and lease proceeds as authorized  
13 by RCW 28A.335.060, and proceeds from the sale of real property as  
14 authorized by RCW 28A.335.130.

15 Money legally deposited into the capital projects fund from other  
16 sources may be used for the purposes described in RCW 28A.530.010,  
17 and for the purposes of:

18 (a) Major renovation and replacement of facilities and systems  
19 where periodical repairs are no longer economical or extend the  
20 useful life of the facility or system beyond its original planned  
21 useful life. Such renovation and replacement shall include, but shall  
22 not be limited to, major repairs, exterior painting of facilities,  
23 replacement and refurbishment of roofing, exterior walls, windows,  
24 heating and ventilating systems, floor covering in classrooms and  
25 public or common areas, and electrical and plumbing systems.

26 (b) Renovation and rehabilitation of playfields, athletic fields,  
27 and other district real property.

28 (c) The conduct of preliminary energy audits and energy audits of  
29 school district buildings. For the purpose of this section:

30 (i) "Preliminary energy audits" means a determination of the  
31 energy consumption characteristics of a building, including the size,  
32 type, rate of energy consumption, and major energy using systems of  
33 the building.

34 (ii) "Energy audit" means a survey of a building or complex which  
35 identifies the type, size, energy use level, and major energy using  
36 systems; which determines appropriate energy conservation maintenance  
37 or operating procedures and assesses any need for the acquisition and  
38 installation of energy conservation measures, including solar energy  
39 and renewable resource measures.



1 (iii) "Energy capital improvement" means the installation, or  
2 modification of the installation, of energy conservation measures in  
3 a building which measures are primarily intended to reduce energy  
4 consumption or allow the use of an alternative energy source.

5 (d) Those energy capital improvements which are identified as  
6 being cost-effective in the audits authorized by this section.

7 (e) Purchase or installation of additional major items of  
8 equipment and furniture: PROVIDED, That vehicles shall not be  
9 purchased with capital projects fund money.

10 (f)(i) Costs associated with implementing technology systems,  
11 facilities, and projects, including acquiring hardware, licensing  
12 software, and online applications and training related to the  
13 installation of the foregoing. However, the software or applications  
14 must be an integral part of the district's technology systems,  
15 facilities, or projects.

16 (ii) Costs associated with the application and modernization of  
17 technology systems for operations and instruction including, but not  
18 limited to, the ongoing fees for online applications, subscriptions,  
19 or software licenses, including upgrades and incidental services, and  
20 ongoing training related to the installation and integration of these  
21 products and services. However, to the extent the funds are used for  
22 the purpose under this subsection (2)(f)(ii), the school district  
23 shall transfer to the district's general fund the portion of the  
24 capital projects fund used for this purpose. The office of the  
25 superintendent of public instruction shall develop accounting  
26 guidelines for these transfers in accordance with internal revenue  
27 service regulations.

28 (g) Major equipment repair, painting of facilities, and other  
29 major preventative maintenance purposes. However, to the extent the  
30 funds are used for the purpose under this subsection (2)(g), the  
31 school district shall transfer to the district's general fund the  
32 portion of the capital projects fund used for this purpose. The  
33 office of the superintendent of public instruction shall develop  
34 accounting guidelines for these transfers in accordance with internal  
35 revenue service regulations. Based on the district's most recent two-  
36 year history of general fund maintenance expenditures, funds used for  
37 this purpose may not replace routine annual preventive maintenance  
38 expenditures made from the district's general fund.

39 (3) A debt service fund to provide for tax proceeds, other  
40 revenues, and disbursements as authorized in chapter 39.44 RCW. State

1 forestland revenues that are deposited in a school district's debt  
2 service fund pursuant to RCW 79.64.110 and to the extent not  
3 necessary for payment of debt service on school district bonds may be  
4 transferred by the school district into the district's capital  
5 projects fund.

6 (4) An associated student body fund as authorized by RCW  
7 28A.325.030.

8 (5) Advance refunding bond funds and refunded bond funds to  
9 provide for the proceeds and disbursements as authorized in chapter  
10 39.53 RCW.

11 **Sec. 4.** RCW 43.09.2856 and 2018 c 266 s 406 are each amended to  
12 read as follows:

13 (1) Beginning with the 2019-20 school year, to ensure that school  
14 district local revenues are used solely for purposes of enriching the  
15 state's statutory program of basic education, the state auditor's  
16 regular financial audits of school districts must include a review of  
17 the expenditure of school district local revenues for compliance with  
18 RCW 28A.150.276, including the spending plan approved by the  
19 superintendent of public instruction under RCW 28A.505.240 and its  
20 implementation, and any supplemental contracts entered into under RCW  
21 28A.400.200. The audit must also include a review of the expenditure  
22 schedule and supporting documentation required by RCW  
23 28A.320.330(1)(c).

24 (2) If an audit under subsection (1) of this section results in  
25 findings that a school district has failed to comply with these  
26 requirements, then within ninety days of completing the audit the  
27 auditor must report the findings to the superintendent of public  
28 instruction, the office of financial management, and the education  
29 and operating budget committees of the legislature. If the  
30 superintendent of public instruction receives a report of findings  
31 from the state auditor that an expenditure of a school district is  
32 out of compliance with the requirements of RCW 28A.150.276, and the  
33 finding is not resolved in the subsequent audit, the maximum taxes  
34 levied for collection by the school district under RCW 84.52.0531 in  
35 the following calendar year shall be reduced by the expenditure  
36 amount identified by the state auditor.

37 (3) The use of the state allocation provided for professional  
38 learning under RCW 28A.150.415 must be audited as part of the regular  
39 financial audits of school districts by the state auditor's office to

1 ensure compliance with the limitations and conditions of RCW  
2 28A.150.415.

Passed by the Senate April 28, 2019.

Passed by the House April 28, 2019.

Approved by the Governor May 21, 2019.

Filed in Office of Secretary of State May 21, 2019.

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