

HB 2824 - S COMM AMD

By Committee on Ways & Means

ADOPTED AND ENGROSSED 4/10/12

1 Strike everything after the enacting clause and insert the
2 following:

3 NEW SECTION. **Sec. 1.** (1) Legislation enacted in 2009 (chapter
4 548, Laws of 2009) and in 2010 (chapter 236, Laws of 2010) revised the
5 definition of the program of basic education, established new methods
6 for distributing state funds to school districts to support this
7 program of basic education, and provided an outline of specific
8 enhancements to the program of basic education that are required to be
9 implemented by 2018. In order to meet the required deadlines to
10 implement full funding of the enhancements, the joint task force in
11 section 2 of this act is created to develop and recommend options for
12 a permanent funding mechanism.

13 (2) Initiative Measure No. 728 (chapter 3, Laws of 2001) dedicated
14 a portion of state revenues to fund class size reductions and other
15 education improvements. Because class size reductions and similar
16 improvements are incorporated in the reforms that were enacted in
17 chapter 548, Laws of 2009, and chapter 236, Laws of 2010, and that are
18 being incrementally implemented through 2018, Initiative Measure No.
19 728 is repealed in order to make these dedicated revenues available for
20 implementation of basic education reform and to facilitate the funding
21 reform recommendations of the joint task force in section 2 of this
22 act.

23 (3) Nothing in this act alters or amends the elements included in
24 the school district levy base set forth in RCW 84.52.0531.

25 NEW SECTION. **Sec. 2.** (1) The joint task force on education
26 funding is established. The task force shall make recommendations on
27 how the legislature can meet the requirements outlined in chapter 548,
28 Laws of 2009 and chapter 236, Laws of 2010. In particular, the task
29 force shall develop a proposal for a reliable and dependable funding

1 mechanism to support basic education programs. At a minimum, the
2 proposed funding mechanism must support full implementation of the
3 programmatic enhancements required in chapter 548, Laws of 2009, and
4 chapter 236, Laws of 2010, including full-day kindergarten; reduced K-3
5 class size; increased allocations for maintenance, supplies, and
6 operating costs; and a new pupil transportation formula. The task
7 force shall also consider the specific recommendations for the
8 transitional bilingual instructional program from the quality education
9 council to the legislature dated January 6, 2012. It shall provide
10 recommendations for: Implementation of a scaled funding formula based
11 on levels of English language proficiency, a supplemental formula based
12 on students exiting the program due to demonstrated English language
13 proficiency, and implementing legislation.

14 (2)(a) The joint task force on education funding shall consist of
15 the following members:

16 (i) Eight legislators, with two members from each of the two
17 largest caucuses of the senate appointed by the president of the senate
18 and two members from each of the two largest caucuses of the house of
19 representatives appointed by the speaker of the house of
20 representatives; and

21 (ii) Three individuals, to be appointed by the governor.

22 (b) The task force may recommend multiple options, but shall
23 recommend one preferred alternative, including an outline of necessary
24 implementing legislation. Should the task force recommend an option to
25 fully fund the program of basic education with no new revenues, the
26 task force must identify what areas already in the budget would be
27 eliminated or reduced.

28 (c) The task force shall be staffed by the house of representatives
29 office of program research, senate committee services, and the office
30 of financial management, with assistance from the Washington state
31 institute for public policy and other agencies as necessary.

32 (3) The task force shall submit a final report to the legislature
33 by December 31, 2012.

34 **Sec. 3.** RCW 28A.150.380 and 2009 c 548 s 110 and 2009 c 479 s 16
35 are each reenacted and amended to read as follows:

36 (1) The state legislature shall, at each regular session in an odd-
37 numbered year, appropriate for the current use of the common schools

1 such amounts as needed for state support to school districts during the
2 ensuing biennium for the program of basic education under RCW
3 28A.150.200.

4 (2) In addition to those state funds provided to school districts
5 for basic education, the legislature may appropriate funds to be
6 distributed to school districts for other factors and for other special
7 programs to enhance or enrich the program of basic education.

8 ~~((3) The state legislature shall also, at each regular session in
9 an odd numbered year, appropriate from the general fund and education
10 construction fund for the purposes of and in accordance with the
11 provisions of the student achievement act during the ensuing
12 biennium.))~~

13 **Sec. 4.** RCW 28A.600.405 and 2007 c 355 s 4 are each amended to
14 read as follows:

15 (1) For purposes of this section and RCW 28B.50.534, "eligible
16 student" means a student who has completed all state and local high
17 school graduation requirements except the certificate of academic
18 achievement under RCW 28A.655.061 or the certificate of individual
19 achievement under RCW 28A.155.045, who is less than age twenty-one as
20 of September 1st of the academic year the student enrolls at a
21 community and technical college under this section, and who meets the
22 following criteria:

23 (a) Receives a level 2 (basic) score on the reading and writing
24 content areas of the high school (~~Washington assessment of student
25 learning~~) statewide student assessment;

26 (b) Has not successfully met state standards on a retake of the
27 assessment or an alternative assessment;

28 (c) Has participated in assessment remediation; and

29 (d) Receives a recommendation to enroll in courses or a program of
30 study made available under RCW 28B.50.534 from his or her high school
31 principal.

32 (2) An eligible student may enroll in courses or a program of study
33 made available by a community or technical college participating in the
34 pilot program created under RCW 28B.50.534 for the purpose of obtaining
35 a high school diploma.

36 (3) For eligible students in courses or programs delivered directly
37 by the community or technical college participating in the pilot

1 program under RCW 28B.50.534 and only for enrollment in courses that
2 lead to a high school diploma, the superintendent of public instruction
3 shall transmit to the colleges participating in the pilot program an
4 amount per each full-time equivalent college student at statewide
5 uniform rates. The amount shall be the sum of (a), (b), and (c)((, ~~and~~
6 ~~(d)~~)) of this subsection, as applicable.

7 (a) The superintendent shall separately calculate and allocate
8 moneys appropriated for basic education under RCW 28A.150.260 for
9 purposes of making payments under this section. The calculations and
10 allocations shall be based upon the estimated statewide annual average
11 per full-time equivalent high school student allocations under RCW
12 28A.150.260, excluding small high school enhancements, and applicable
13 rules adopted under chapter 34.05 RCW.

14 (b) The superintendent shall allocate an amount equal to the per
15 funded student state allocation for the learning assistance program
16 under chapter 28A.165 RCW for each full-time equivalent college student
17 or a pro rata amount for less than full-time enrollment.

18 ~~(c) ((The superintendent shall allocate an amount equal to the per~~
19 ~~full-time equivalent student allocation for the student achievement~~
20 ~~program under RCW 28A.505.210 for each full-time equivalent college~~
21 ~~student or a pro rata amount for less than full-time enrollment.~~

22 ~~(d))~~ For eligible students who meet eligibility criteria for the
23 state transitional bilingual instruction program under chapter 28A.180
24 RCW, the superintendent shall allocate an amount equal to the per
25 student state allocation for the transitional bilingual instruction
26 program or a pro rata amount for less than full-time enrollment.

27 (4) The superintendent may adopt rules establishing enrollment
28 reporting, recordkeeping, and accounting requirements necessary to
29 ensure accountability for the use of basic education, learning
30 assistance, and transitional bilingual program funds under this section
31 for the pilot program created under RCW 28B.50.534.

32 (5) All school districts in the geographic area of the two
33 community and technical colleges selected pursuant to section 8,
34 chapter 355, Laws of 2007 to participate in the pilot program shall
35 provide information about the high school completion option under RCW
36 28B.50.534 to students in grades ten, eleven, and twelve and the
37 parents or guardians of those students.

1 **Sec. 5.** RCW 43.135.045 and 2011 1st sp.s. c 50 s 950 are each
2 amended to read as follows:

3 The education construction fund is hereby created in the state
4 treasury.

5 (1) Funds may be appropriated from the education construction fund
6 exclusively for common school construction or higher education
7 construction. During the 2007-2009 fiscal biennium, funds may also be
8 used for higher education facilities preservation and maintenance.
9 During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may
10 transfer from the education construction fund to the state general fund
11 such amounts as reflect the excess fund balance of the fund.

12 (2) Funds may be appropriated for any other purpose only if
13 approved by a two-thirds vote of each house of the legislature and if
14 approved by a vote of the people at the next general election. An
15 appropriation approved by the people under this subsection shall result
16 in an adjustment to the state expenditure limit only for the fiscal
17 period for which the appropriation is made and shall not affect any
18 subsequent fiscal period.

19 ~~(3) ((Funds for the student achievement program in RCW 28A.505.210
20 and 28A.505.220 shall be appropriated to the superintendent of public
21 instruction strictly for distribution to school districts to meet the
22 provisions set out in the student achievement act. Allocations shall
23 be made on an equal per full-time equivalent student basis to each
24 school district.~~

25 (4)) After July 1, 2010, the state treasurer shall transfer one
26 hundred two million dollars from the general fund to the education
27 construction fund by June 30th of each year.

28 **Sec. 6.** RCW 67.70.340 and 2010 1st sp.s. c 27 s 4 are each amended
29 to read as follows:

30 (1) The legislature recognizes that creating a shared game lottery
31 could result in less revenue being raised by the existing state lottery
32 ticket sales. The legislature further recognizes that the fund most
33 impacted by this potential event is the Washington opportunity pathways
34 account. Therefore, it is the intent of the legislature to use some of
35 the proceeds from the shared game lottery to make up the difference
36 that the potential state lottery revenue loss would have on the
37 Washington opportunity pathways account. The legislature further

1 intends to use some of the proceeds from the shared game lottery to
2 fund programs and services related to problem and pathological
3 gambling.

4 (2) The Washington opportunity pathways account is expected to
5 receive one hundred two million dollars annually from state lottery
6 games other than the shared game lottery. For fiscal year 2011 and
7 thereafter, if the amount of lottery revenues earmarked for the
8 Washington opportunity pathways account is less than one hundred two
9 million dollars, the commission, after making the transfer required
10 under subsection (3) of this section, must transfer sufficient moneys
11 from revenues derived from the shared game lottery into the Washington
12 opportunity pathways account to bring the total revenue up to one
13 hundred two million dollars.

14 (3)(a) The commission shall transfer, from revenue derived from the
15 shared game lottery, to the problem gambling account created in RCW
16 43.20A.892, an amount equal to the percentage specified in (b) of this
17 subsection of net receipts. For purposes of this subsection, "net
18 receipts" means the difference between (i) revenue received from the
19 sale of lottery tickets or shares and revenue received from the sale of
20 shared game lottery tickets or shares; and (ii) the sum of payments
21 made to winners.

22 (b) In fiscal year 2006, the percentage to be transferred to the
23 problem gambling account is one-tenth of one percent. In fiscal year
24 2007 and subsequent fiscal years, the percentage to be transferred to
25 the problem gambling account is thirteen one-hundredths of one percent.

26 (4) The commission shall transfer the remaining net revenues, if
27 any, derived from the shared game lottery "Powerball" authorized in RCW
28 67.70.044(1) after the transfers pursuant to this section into the
29 state general fund for (~~the student achievement program under RCW~~
30 ~~28A.505.220~~) support for the program of basic education under RCW
31 28A.150.200.

32 (5) The remaining net revenues, if any, in the shared game lottery
33 account after the transfers pursuant to this section shall be deposited
34 into the Washington opportunity pathways account.

35 **Sec. 7.** RCW 83.100.230 and 2010 1st sp.s. c 37 s 953 are each
36 amended to read as follows:

37 The education legacy trust account is created in the state

1 treasury. Money in the account may be spent only after appropriation.
2 Expenditures from the account may be used only for (~~deposit into the~~
3 ~~student achievement fund~~) support of the common schools, and for
4 expanding access to higher education through funding for new
5 enrollments and financial aid, and other educational improvement
6 efforts. (~~During the 2009-2011 fiscal biennium, moneys in the account~~
7 ~~may also be transferred into the state general fund.~~)

8 **Sec. 8.** RCW 84.52.0531 and 2010 c 237 s 1 and 2010 c 99 s 11 are
9 each reenacted and amended to read as follows:

10 The maximum dollar amount which may be levied by or for any school
11 district for maintenance and operation support under the provisions of
12 RCW 84.52.053 shall be determined as follows:

13 (1) For excess levies for collection in calendar year 1997, the
14 maximum dollar amount shall be calculated pursuant to the laws and
15 rules in effect in November 1996.

16 (2) For excess levies for collection in calendar year 1998 and
17 thereafter, the maximum dollar amount shall be the sum of (a) plus or
18 minus (b), (c), and (d) of this subsection minus (e) of this
19 subsection:

20 (a) The district's levy base as defined in subsections (3) and (4)
21 of this section multiplied by the district's maximum levy percentage as
22 defined in subsection (6) of this section;

23 (b) For districts in a high/nonhigh relationship, the high school
24 district's maximum levy amount shall be reduced and the nonhigh school
25 district's maximum levy amount shall be increased by an amount equal to
26 the estimated amount of the nonhigh payment due to the high school
27 district under RCW 28A.545.030(3) and 28A.545.050 for the school year
28 commencing the year of the levy;

29 (c) Except for nonhigh districts under (d) of this subsection, for
30 districts in an interdistrict cooperative agreement, the nonresident
31 school district's maximum levy amount shall be reduced and the resident
32 school district's maximum levy amount shall be increased by an amount
33 equal to the per pupil basic education allocation included in the
34 nonresident district's levy base under subsection (3) of this section
35 multiplied by:

36 (i) The number of full-time equivalent students served from the
37 resident district in the prior school year; multiplied by:

1 (ii) The serving district's maximum levy percentage determined
2 under subsection (6) of this section; increased by:

3 (iii) The percent increase per full-time equivalent student as
4 stated in the state basic education appropriation section of the
5 biennial budget between the prior school year and the current school
6 year divided by fifty-five percent;

7 (d) The levy bases of nonhigh districts participating in an
8 innovation academy cooperative established under RCW 28A.340.080 shall
9 be adjusted by the office of the superintendent of public instruction
10 to reflect each district's proportional share of student enrollment in
11 the cooperative;

12 (e) The district's maximum levy amount shall be reduced by the
13 maximum amount of state matching funds for which the district is
14 eligible under RCW 28A.500.010.

15 (3) For excess levies for collection in calendar year 2005 and
16 thereafter, a district's levy base shall be the sum of allocations in
17 (a) through (c) of this subsection received by the district for the
18 prior school year and the amounts determined under subsection (4) of
19 this section, including allocations for compensation increases, plus
20 the sum of such allocations multiplied by the percent increase per full
21 time equivalent student as stated in the state basic education
22 appropriation section of the biennial budget between the prior school
23 year and the current school year and divided by fifty-five percent. A
24 district's levy base shall not include local school district property
25 tax levies or other local revenues, or state and federal allocations
26 not identified in (a) through (c) of this subsection.

27 (a) The district's basic education allocation as determined
28 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

29 (b) State and federal categorical allocations for the following
30 programs:

31 (i) Pupil transportation;

32 (ii) Special education;

33 (iii) Education of highly capable students;

34 (iv) Compensatory education, including but not limited to learning
35 assistance, migrant education, Indian education, refugee programs, and
36 bilingual education;

37 (v) Food services; and

38 (vi) Statewide block grant programs; and

1 (c) Any other federal allocations for elementary and secondary
2 school programs, including direct grants, other than federal impact aid
3 funds and allocations in lieu of taxes.

4 (4) For levy collections in calendar years 2005 through 2017, in
5 addition to the allocations included under subsection (3)(a) through
6 (c) of this section, a district's levy base shall also include the
7 following:

8 (a)(i) For levy collections in calendar year 2010, the difference
9 between the allocation the district would have received in the current
10 school year had RCW 84.52.068 not been amended by chapter 19, Laws of
11 2003 1st sp. sess. and the allocation the district received in the
12 current school year pursuant to RCW 28A.505.220;

13 (ii) For levy collections in calendar years 2011 through 2017,
14 (~~the difference between~~) the allocation rate the district would have
15 received in the prior school year using the Initiative 728 rate (~~and~~
16 ~~the allocation rate the district received in the prior school year~~
17 ~~pursuant to RCW 28A.505.220~~) multiplied by the full-time equivalent
18 student enrollment used to calculate the Initiative 728 allocation for
19 the prior school year; and

20 (b) The difference between the allocations the district would have
21 received the prior school year using the Initiative 732 base and the
22 allocations the district actually received the prior school year
23 pursuant to RCW 28A.400.205.

24 (5) For levy collections in calendar years 2011 through 2017, in
25 addition to the allocations included under subsections (3)(a) through
26 (c) and (4)(a) and (b) of this section, a district's levy base shall
27 also include the difference between an allocation of fifty-three and
28 two-tenths certificated instructional staff units per thousand full-
29 time equivalent students in grades kindergarten through four enrolled
30 in the prior school year and the allocation of certificated
31 instructional staff units per thousand full-time equivalent students in
32 grades kindergarten through four that the district actually received in
33 the prior school year, except that the levy base for a school district
34 whose allocation in the 2009-10 school year was less than fifty-three
35 and two-tenths certificated instructional staff units per thousand
36 full-time equivalent students in grades kindergarten through four shall
37 include the difference between the allocation the district actually

1 received in the 2009-10 school year and the allocation the district
2 actually received in the prior school year.

3 (6)(a) A district's maximum levy percentage shall be twenty-four
4 percent in 2010 and twenty-eight percent in 2011 through 2017 and
5 twenty-four percent every year thereafter;

6 (b) For qualifying districts, in addition to the percentage in (a)
7 of this subsection the grandfathered percentage determined as follows:

8 (i) For 1997, the difference between the district's 1993 maximum
9 levy percentage and twenty percent; and

10 (ii) For 2011 through 2017, the percentage calculated as follows:

11 (A) Multiply the grandfathered percentage for the prior year times
12 the district's levy base determined under subsection (3) of this
13 section;

14 (B) Reduce the result of (b)(ii)(A) of this subsection by any levy
15 reduction funds as defined in subsection (7) of this section that are
16 to be allocated to the district for the current school year;

17 (C) Divide the result of (b)(ii)(B) of this subsection by the
18 district's levy base; and

19 (D) Take the greater of zero or the percentage calculated in
20 (b)(ii)(C) of this subsection.

21 (7) "Levy reduction funds" shall mean increases in state funds from
22 the prior school year for programs included under subsections (3) and
23 (4) of this section: (a) That are not attributable to enrollment
24 changes, compensation increases, or inflationary adjustments; and (b)
25 that are or were specifically identified as levy reduction funds in the
26 appropriations act. If levy reduction funds are dependent on formula
27 factors which would not be finalized until after the start of the
28 current school year, the superintendent of public instruction shall
29 estimate the total amount of levy reduction funds by using prior school
30 year data in place of current school year data. Levy reduction funds
31 shall not include moneys received by school districts from cities or
32 counties.

33 (8) The definitions in this subsection apply throughout this
34 section unless the context clearly requires otherwise.

35 (a) "Prior school year" means the most recent school year completed
36 prior to the year in which the levies are to be collected.

37 (b) "Current school year" means the year immediately following the
38 prior school year.

1 (c) "Initiative 728 rate" means the allocation rate at which the
2 student achievement program would have been funded under chapter 3,
3 Laws of 2001, if all annual adjustments to the initial 2001 allocation
4 rate had been made in previous years and in each subsequent year as
5 provided for under chapter 3, Laws of 2001.

6 (d) "Initiative 732 base" means the prior year's state allocation
7 for annual salary cost-of-living increases for district employees in
8 the state-funded salary base as it would have been calculated under
9 chapter 4, Laws of 2001, if each annual cost-of-living increase
10 allocation had been provided in previous years and in each subsequent
11 year.

12 (9) Funds collected from transportation vehicle fund tax levies
13 shall not be subject to the levy limitations in this section.

14 (10) The superintendent of public instruction shall develop rules
15 and inform school districts of the pertinent data necessary to carry
16 out the provisions of this section.

17 (11) For calendar year 2009, the office of the superintendent of
18 public instruction shall recalculate school district levy authority to
19 reflect levy rates certified by school districts for calendar year
20 2009.

21 NEW SECTION. **Sec. 9.** The following acts or parts of acts are each
22 repealed:

23 (1) RCW 28A.505.210 (Student achievement funds--Use and accounting
24 of funds--Public hearing--Report) and 2009 c 479 s 17, 2005 c 497 s
25 105, & 2001 c 3 s 3; and

26 (2) RCW 28A.505.220 (Student achievement program--General fund
27 allocation) and 2011 1st sp.s. c 17 s 1.

28 NEW SECTION. **Sec. 10.** Section 8 of this act expires January 1,
29 2018."

ADOPTED 4/10/12

1 On page 1, line 3 of the title, after "program;" strike the
2 remainder of the title and insert "amending RCW 28A.600.405,
3 43.135.045, 67.70.340, and 83.100.230; reenacting and amending RCW
4 28A.150.380 and 84.52.0531; repealing RCW 28A.505.210 and 28A.505.220;
5 creating new sections; and providing an expiration date."

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