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**SENATE BILL 5825**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senators Mullet, Hobbs, and Takko

AN ACT Relating to addressing the state's paramount duty to fully fund K-12 education by creating a new partnership between the state and local school districts; amending RCW 84.52.053, 84.36.381, 28A.545.070, 28A.500.010, 28A.500.050, 28A.320.330, 28A.505.140, 28A.505.100, 28A.400.200, 28A.150.260, and 28A.150.390; reenacting and amending RCW 28A.150.260; adding new sections to chapter 84.52 RCW; adding new sections to chapter 28A.500 RCW; adding a new section to chapter 43.09 RCW; creating new sections; repealing RCW 28A.500.020, 28A.500.030, and 84.52.0531; and providing effective dates.

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

**Part I**

**School District Levy Authority**

NEW SECTION. **Sec.**  A new section is added to chapter 84.52 RCW to read as follows:

(1) Beginning with taxes due and payable in calendar year 2018, a school district must impose a regular property tax levy as provided in this section. The tax rate is equal to the lesser of five dollars per thousand dollars of assessed value or the tax rate imposed by the school district for its enrichment levy under RCW 84.52.053 in calendar year 2017 and further reduced, at the discretion of the school district, by an amount necessary to reflect all or part of the state funds provided under section 204 of this act.

(2) The county treasurer shall remit the tax to the state as provided under RCW 84.56.280. Taxes required under this section must be deposited in the local school district property tax account hereby created in the state treasury. All taxes deposited in the local school district property tax account and all earnings of investments of balances in the local school district property tax account must be credited to the account and distributed to the school districts on a monthly basis.

(3) A school district must use the proceeds under this section only for expenditures related to the school district's program of basic education.

NEW SECTION. **Sec.**  A new section is added to chapter 84.52 RCW to read as follows:

(1) Except as otherwise provided in this section, the maximum dollar amount which may be levied by or for any school district for an enrichment levy is the annual average full-time equivalent students within the school district multiplied by the per pupil limit.

(2) This section applies to school district enrichment levies due and payable beginning in calendar year 2018.

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

(a) "Annual average full-time equivalent students" means the average annual full-time equivalent student enrollment in the completed school year prior to the calendar year in which the enrichment levy is due and payable.

(b) "Enrichment levy" means a levy imposed by a school district under RCW 84.52.053.

(c) "Per pupil limit" means one thousand dollars, adjusted on an annual basis in the same manner as school district employee salaries under RCW 28A.400.205.

**Sec.**  RCW 84.52.053 and 2012 c 186 s 18 are each amended to read as follows:

(1) The limitations imposed by RCW 84.52.050 through 84.52.056, and 84.52.043 ((~~shall~~)) do not prevent the levy of taxes by school districts, when authorized so to do by the voters of such school district in the manner and for the purposes and number of years allowable under Article VII, section 2(a) of the Constitution of this state. Elections for such taxes ((~~shall~~)) must be held in the year in which the levy is made or, in the case of propositions authorizing two-year through four-year levies for ((~~maintenance and operation~~)) enrichment support of a school district, authorizing two-year levies for transportation vehicle funds established in RCW 28A.160.130, or authorizing two-year through six-year levies to support the construction, modernization, or remodeling of school facilities, which includes the purposes of RCW 28A.320.330(2) (f) and (g), in the year in which the first annual levy is made.

(2)(a) Once additional tax levies have been authorized for ((~~maintenance and operation~~)) enrichment support of a school district for a two-year through four-year period as provided under subsection (1) of this section, no further additional tax levies for ((~~maintenance and operation~~)) enrichment support of the district for that period may be authorized, except for additional levies to provide for subsequently enacted increases affecting the district's levy base or maximum levy percentage.

(b) Notwithstanding (a) of this subsection, any school district that is required to annex or receive territory pursuant to a dissolution of a financially insolvent school district pursuant to RCW 28A.315.225 may call either a replacement or supplemental levy election within the school district, including the territory annexed or transferred, as follows:

(i) An election for a proposition authorizing two-year through four-year levies for ((~~maintenance and operation~~)) enrichment support of a school district may be called and held before the effective date of dissolution to replace existing ((~~maintenance and operation~~)) enrichment levies and to provide for increases due to the dissolution.

(ii) An election for a proposition authorizing additional tax levies may be called and held before the effective date of dissolution to provide for increases due to the dissolution.

(iii) In the event a replacement levy election under (b)(i) of this subsection is held but does not pass, the affected school district may subsequently hold a supplemental levy election pursuant to (b)(ii) of this subsection if the supplemental levy election is held before the effective date of dissolution. In the event a supplemental levy election is held under ((~~subsection~~)) (b)(ii) of this subsection but does not pass, the affected school district may subsequently hold a replacement levy election pursuant to (b)(i) of this subsection if the replacement levy election is held before the effective date of dissolution. Failure of a replacement levy or supplemental levy election does not affect any previously approved and existing ((~~maintenance and operation~~)) enrichment levy within the affected school district or districts.

(c) For the purpose of applying the limitation of this subsection (2), a two-year through six-year levy to support the construction, modernization, or remodeling of school facilities ((~~shall~~)) may not be deemed to be a tax levy for ((~~maintenance and operation~~)) enrichment support of a school district.

(3) A special election may be called and the time therefor fixed by the board of school directors, by giving notice thereof by publication in the manner provided by law for giving notices of general elections, at which special election the proposition authorizing such excess levy ((~~shall~~)) must be submitted in such form as to enable the voters favoring the proposition to vote "yes" and those opposed thereto to vote "no."

(4) To ensure that enrichment levies are not used for basic education programs, beginning with ballot propositions submitted to the voters in calendar year 2018, districts must provide a report to the office of the superintendent of public instruction detailing the programs and activities to be funded through a proposed enrichment levy. The report must be submitted to, and approved by, the office of the superintendent of public instruction prior to the election for the proposition.

NEW SECTION. **Sec.**  RCW 84.52.0531 (Levies by school districts—Maximum dollar amount for maintenance and operation support—Restrictions—Maximum levy percentage—Levy reduction funds—Rules) and 2013 c 242 s 8, 2012 1st sp.s. c 10 s 8, 2010 c 237 s 2, 2010 c 99 s 11, 1997 c 259 s 2, 1995 1st sp.s. c 11 s 1, 1994 c 116 s 2, 1993 c 465 s 1, 1992 c 49 s 1, 1990 c 33 s 601, 1989 c 141 s 1, 1988 c 252 s 1, 1987 1st ex.s. c 2 s 101, 1987 c 185 s 40, & 1985 c 374 s 1 are each repealed.

**Sec.**  RCW 84.36.381 and 2015 3rd sp.s. c 30 s 2 are each amended to read as follows:

A person is exempt from any legal obligation to pay all or a portion of the amount of excess and regular real property taxes due and payable in the year following the year in which a claim is filed, and thereafter, in accordance with the following:

(1) The property taxes must have been imposed upon a residence which was occupied by the person claiming the exemption as a principal place of residence as of the time of filing. However, any person who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant may receive an exemption on more than one residence in any year. Moreover, confinement of the person to a hospital, nursing home, assisted living facility, or adult family home does not disqualify the claim of exemption if:

(a) The residence is temporarily unoccupied;

(b) The residence is occupied by a spouse or a domestic partner and/or a person financially dependent on the claimant for support; or

(c) The residence is rented for the purpose of paying nursing home, hospital, assisted living facility, or adult family home costs;

(2) The person claiming the exemption must have owned, at the time of filing, in fee, as a life estate, or by contract purchase, the residence on which the property taxes have been imposed or if the person claiming the exemption lives in a cooperative housing association, corporation, or partnership, such person must own a share therein representing the unit or portion of the structure in which he or she resides. For purposes of this subsection, a residence owned by a marital community or state registered domestic partnership or owned by cotenants is deemed to be owned by each spouse or each domestic partner or each cotenant, and any lease for life is deemed a life estate;

(3)(a) The person claiming the exemption must be:

(i) Sixty-one years of age or older on December 31st of the year in which the exemption claim is filed, or must have been, at the time of filing, retired from regular gainful employment by reason of disability; or

(ii) A veteran of the armed forces of the United States entitled to and receiving compensation from the United States department of veterans affairs at a total disability rating for a service-connected disability.

(b) However, any surviving spouse or surviving domestic partner of a person who was receiving an exemption at the time of the person's death will qualify if the surviving spouse or surviving domestic partner is fifty-seven years of age or older and otherwise meets the requirements of this section;

(4) The amount that the person is exempt from an obligation to pay is calculated on the basis of combined disposable income, as defined in RCW 84.36.383. If the person claiming the exemption was retired for two months or more of the assessment year, the combined disposable income of such person must be calculated by multiplying the average monthly combined disposable income of such person during the months such person was retired by twelve. If the income of the person claiming exemption is reduced for two or more months of the assessment year by reason of the death of the person's spouse or the person's domestic partner, or when other substantial changes occur in disposable income that are likely to continue for an indefinite period of time, the combined disposable income of such person must be calculated by multiplying the average monthly combined disposable income of such person after such occurrences by twelve. If it is necessary to estimate income to comply with this subsection, the assessor may require confirming documentation of such income prior to May 31 of the year following application;

(5)(a) A person who otherwise qualifies under this section and has a combined disposable income of forty thousand dollars or less is exempt from all excess property taxes and a school district levy imposed under section 101 of this act; and

(b)(i) A person who otherwise qualifies under this section and has a combined disposable income of thirty-five thousand dollars or less but greater than thirty thousand dollars is exempt from all regular property taxes on the greater of fifty thousand dollars or thirty-five percent of the valuation of his or her residence, but not to exceed seventy thousand dollars of the valuation of his or her residence; or

(ii) A person who otherwise qualifies under this section and has a combined disposable income of thirty thousand dollars or less is exempt from all regular property taxes on the greater of sixty thousand dollars or sixty percent of the valuation of his or her residence;

(6)(a) For a person who otherwise qualifies under this section and has a combined disposable income of forty thousand dollars or less, the valuation of the residence is the assessed value of the residence on the later of January 1, 1995, or January 1st of the assessment year the person first qualifies under this section. If the person subsequently fails to qualify under this section only for one year because of high income, this same valuation must be used upon requalification. If the person fails to qualify for more than one year in succession because of high income or fails to qualify for any other reason, the valuation upon requalification is the assessed value on January 1st of the assessment year in which the person requalifies. If the person transfers the exemption under this section to a different residence, the valuation of the different residence is the assessed value of the different residence on January 1st of the assessment year in which the person transfers the exemption.

(b) In no event may the valuation under this subsection be greater than the true and fair value of the residence on January 1st of the assessment year.

(c) This subsection does not apply to subsequent improvements to the property in the year in which the improvements are made. Subsequent improvements to the property must be added to the value otherwise determined under this subsection at their true and fair value in the year in which they are made.

**Sec.**  RCW 28A.545.070 and 1990 c 33 s 491 are each amended to read as follows:

(1) The superintendent of public instruction ((~~shall~~)) must annually determine the estimated amount due by a nonhigh school district to a high school district for the school year as follows:

(a) The total of the high school district's ((~~maintenance and operation~~)) enrichment excess tax levy that has been authorized and determined by the superintendent of public instruction to be allowable pursuant to ((~~RCW 84.52.0531~~)) section 102 of this act, as now or hereafter amended, for collection during the next calendar year, ((~~shall~~)) must first be divided by the total estimated number of annual average full-time equivalent students which the high school district superintendent or the superintendent of public instruction has certified pursuant to RCW 28A.545.060 will be enrolled in the high school district during the school year;

(b) The result of the calculation provided for in ((~~subsection (1)~~))(a) of this subsection ((~~shall~~)) must then be multiplied by the estimated number of annual average full-time equivalent students residing in the nonhigh school district that will be enrolled in the high school district during the school year which has been established pursuant to RCW 28A.545.060; and

(c) The result of the calculation provided for in ((~~subsection (1)~~))(b) of this subsection ((~~shall~~)) must be adjusted upward to the extent the estimated amount due by a nonhigh school district for the prior school year was less than the actual amount due based upon actual annual average full-time equivalent student enrollments during the previous school year and the actual per annual average full-time equivalent student ((~~maintenance and operation~~)) enrichment excess tax levy rate for the current tax collection year, of the high school district, or adjusted downward to the extent the estimated amount due was greater than such actual amount due or greater than such lesser amount as a high school district may have elected to assess pursuant to RCW 28A.545.090.

(2) The amount arrived at pursuant to subsection (1)(c) of this ((~~sub~~))section ((~~shall~~)) constitutes the estimated amount due by a nonhigh school district to a high school district for the school year.

**Part II**

**Reforming State Levy Equalization**

**Sec.**  RCW 28A.500.010 and 1999 c 317 s 1 are each amended to read as follows:

Commencing with calendar year 2000, in addition to a school district's other general fund allocations, each eligible district shall be provided local effort assistance funds. The purpose of ((~~these~~)) the funds under section 203 of this act is to mitigate the effect that above average property tax rates might have on the ability of a school district to raise local revenues to supplement the state's basic program of education. These funds serve to equalize the property tax rates that individual taxpayers would pay for such levies and to provide tax relief to taxpayers in high tax rate school districts. ((~~Such~~)) Funds under section 203 of this act are not part of the district's basic education allocation.

NEW SECTION. **Sec.**  A new section is added to chapter 28A.500 RCW to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Average district rate" means the school district excess levy limit divided by the total assessed valuation within the school district for excess levy purposes.

(2) "Average statewide rate" means the statewide excess levy limit divided by the total statewide assessed valuation for school district excess levy purposes.

(3) "Enrichment levy" and "per pupil limit" have the same meaning as provided under section 102 of this act.

(4) "Excess levy limit" means the maximum dollar amount allowable under section 102(1) of this act.

(5) "Local effort factor" means a school district's actual enrichment levy divided by the product of the average statewide rate and the total assessed valuation within the school district for excess levy purposes. The local effort factor may not exceed one.

(6) "Regular levy adjustment factor" means the difference of the average district rate and average statewide rate divided by the average district rate.

(7) "School district's excess cost" means the school district's adjusted assessed valuation multiplied by the difference of the average district rate and the average statewide rate.

NEW SECTION. **Sec.**  A new section is added to chapter 28A.500 RCW to read as follows:

(1) Beginning in calendar year 2018, and each calendar year thereafter, the state must provide matching funds for school district enrichment levies as provided in this section.

(2) Only districts with an average district rate above the average statewide rate are eligible for state matching funds under this section.

(3) The amount of matching funds is equal to fifty percent of the school district's excess cost multiplied by the local effort factor.

NEW SECTION. **Sec.**  A new section is added to chapter 28A.500 RCW to read as follows:

(1) Beginning in calendar year 2018, and each calendar year thereafter, the state must provide matching funds for school district regular levies under section 101 of this act as provided in this section.

(2) Only districts with an average district rate above the average statewide rate are eligible for state matching funds under this section.

(3)(a) The amount of state matching funds is equal to the maximum levy a school district may impose under section 101 of this act multiplied by the regular levy adjustment factor.

(b) In addition to the funds provided in (a) of this subsection (3), an additional amount of state funds is provided each calendar year for school districts with an enrichment property tax rate in calendar year 2017 in excess of five dollars per thousand dollars of assessed value. The amount is equal to the enrichment property tax rate in calendar year 2017 in excess of five dollars per thousand dollars of assessed value multiplied by the assessed value of property in the school district for the current calendar year.

**Sec.**  RCW 28A.500.050 and 2009 c 548 s 301 are each amended to read as follows:

(1) The legislature finds that while the state has the responsibility to provide for a general and uniform system of public schools, there is also a need for some diversity in the public school system. A successful system of public education must permit some variation among school districts outside the basic education provided for by the state to respond to and reflect the unique desires of local communities. The opportunity for local communities to invest in enriched education programs promotes support for local public schools. Further, the ability of local school districts to experiment with enriched programs can inform the legislature's long-term evolution of the definition of basic education. Therefore, local levy authority remains an important component of the overall finance system in support of the public schools even though it is outside the state's obligation for basic education.

(2) However, the value of permitting local levies must be balanced with the value of equity and fairness to students and to taxpayers, neither of whom should be unduly disadvantaged due to differences in the tax bases used to support local levies. Equity and fairness require both an equitable basis for supplemental funding outside basic education and a mechanism for property tax-poor school districts to fairly access supplemental funding. As such, local effort assistance under section 203 of this act, while also outside the state's obligation for basic education, is another important component of school finance.

NEW SECTION. **Sec.**  The following acts or parts of acts as now existing or hereafter amended, are each repealed, effective January 1, 2018:

(1)RCW 28A.500.020 (Definitions) and 2013 2nd sp.s. c 4 s 957, 2010 c 237 s 5, 2004 c 21 s 1, & 1999 c 317 s 2; and

(2)RCW 28A.500.030 (Allocation of state matching funds—Determination) and 2010 c 237 s 6, 2006 c 372 s 904, 2006 c 119 s 1, 2005 c 518 s 914, 2003 1st sp.s. c 25 s 912, 2002 c 317 s 4, & 1999 c 317 s 3.

**Part III**

**Improving Fiscal Accountability and Transparency**

NEW SECTION. **Sec.**  The legislature intends to provide additional procedural safeguards to eliminate the use of local excess levies to fund basic education.

**Sec.**  RCW 28A.320.330 and 2009 c 460 s 1 are each amended to read as follows:

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

(1)(a) A general fund for ((~~maintenance and operation~~)) enrichment of the school district to account for all financial operations of the school district except those required to be accounted for in another fund.

(b) By the 2018-19 school year, a local revenue subfund of the general fund must be established for the purpose of accounting for the financial operations of a school district that are paid from local revenues, except the local school district property tax under section 101 of this act, which must be deposited in the school district's general fund. Money deposited into the local revenue subfund must include proceeds from school district enrichment excess levies as authorized by RCW 84.52.053 and state funds distributed under section 203 of this act. Expenditures from this subfund must be tracked separately to account for the expenditure of each of these streams of funds by revenue sources within a school district.

(2) A capital projects fund shall be established for major capital purposes. All statutory references to a "building fund" shall mean the capital projects fund so established. Money to be deposited into the capital projects fund shall include, but not be limited to, bond proceeds, proceeds from excess levies authorized by RCW 84.52.053, state apportionment proceeds as authorized by RCW 28A.150.270, earnings from capital projects fund investments as authorized by RCW 28A.320.310 and 28A.320.320, and state forest revenues transferred pursuant to subsection (3) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) A debt service fund to provide for tax proceeds, other revenues, and disbursements as authorized in chapter 39.44 RCW. State forestland revenues that are deposited in a school district's debt service fund pursuant to RCW 79.64.110 and to the extent not necessary for payment of debt service on school district bonds may be transferred by the school district into the district's capital projects fund.

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

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

**Sec.**  RCW 28A.505.140 and 2006 c 263 s 202 are each amended to read as follows:

(1) Notwithstanding any other provision of law, the superintendent of public instruction shall adopt such rules as will ensure proper budgetary procedures and practices, including monthly financial statements consistent with the provisions of RCW 43.09.200, and this chapter. By the 2018-19 school year, the rules must require school districts to provide separate accounting of state, federal, and local revenues to expenditures, including the identification and separate accounting of basic education and nonbasic education expenditures by revenue source.

(2) If the superintendent of public instruction determines upon a review of the budget of any district that said budget does not comply with the budget procedures established by this chapter or by rules adopted by the superintendent of public instruction, or the provisions of RCW 43.09.200, the superintendent shall give written notice of this determination to the board of directors of the local school district.

(3) The local school district, notwithstanding any other provision of law, shall, within thirty days from the date the superintendent of public instruction issues a notice pursuant to subsection (2) of this section, submit a revised budget which meets the requirements of RCW 43.09.200, this chapter, and the rules of the superintendent of public instruction.

**Sec.**  RCW 28A.505.100 and 1990 c 33 s 420 are each amended to read as follows:

The budget ((~~shall~~)) must set forth the estimated revenues from all sources for the ensuing fiscal year, the estimated revenues for the fiscal year current at the time of budget preparation, the actual revenues for the last completed fiscal year, and the reserved and unreserved fund balances for each year. The estimated revenues from all sources for the ensuing fiscal year shall not include any revenue not anticipated to be available during that fiscal year((~~: PROVIDED, That~~)). However, school districts, pursuant to RCW 28A.505.110, can be granted permission by the superintendent of public instruction to include as revenues in their budgets, receivables collectible in future fiscal years.

(2)(a) The budget ((~~shall~~)) must set forth by detailed items or classes the estimated expenditures for the ensuing fiscal year, the estimated expenditures for the fiscal year current at the time of budget preparation, and the actual expenditures for the last completed fiscal year.

(b) The budget shall set forth:

(i) The state-funded salary amounts, locally funded salary amounts, total salary amounts, full-time equivalents((~~,~~)) for each individual certificated instructional staff, certificated administrative staff, and classified staff; and

(ii) The high, low, and average annual salaries, which shall be displayed by job classification within each budget classification. ((~~If individual salaries within each job classification are not displayed, districts shall provide the individual salaries together with the title or position of the recipient and the total amounts of salary under each budget class upon request. Salary schedules shall be displayed.~~))

(3) In districts where negotiations have not been completed, the district may budget the salaries at the current year's rate and restrict fund balance for the amount of anticipated increase in salaries, so long as an explanation ((~~shall be~~)) is attached to the budget on such restriction of fund balance.

NEW SECTION. **Sec.**  A new section is added to chapter 43.09 RCW to read as follows:

(1) To ensure that school district excess levy funds authorized under RCW 84.52.053 are not being expended for basic education purposes, the state auditor's regular financial audits of school districts must include a review of the expenditure of school district excess levy funds to ensure that such excess levy funds are not expended for any basic education purpose.

(2) As part of the regular financial audits of school districts, the state auditor must audit the supplemental contracts under RCW 28A.400.200 to ensure compliance with the limitations and conditions provided in that section.

**Part IV**

**Compensation**

**Sec.**  RCW 28A.400.200 and 2010 c 235 s 401 are each amended to read as follows:

(1) Every school district board of directors ((~~shall~~)) must fix, alter, allow, and order paid salaries and compensation for all district employees in conformance with this section.

(2)((~~(a) Salaries for certificated instructional staff shall not be less than the salary provided in the appropriations act in the statewide salary allocation schedule for an employee with a baccalaureate degree and zero years of service; and~~

~~(b)~~)) Salaries for all full-time certificated instructional staff ((~~with a master's degree shall not be less than the salary provided in the appropriations act in the statewide salary allocation schedule for an employee with a master's degree and zero years of service~~)) shall not be less than forty-five thousand dollars. Salaries for part-time certificated instructional staff must be adjusted proportionally. The minimum salary requirement under this subsection (2) applies to certificated instructional staff providing services within the state's program of basic education.

(3)((~~(a) The actual average salary paid to certificated instructional staff shall not exceed the district's average certificated instructional staff salary used for the state basic education allocations for that school year as determined pursuant to RCW 28A.150.410.~~

~~(b) Fringe benefit contributions for certificated instructional staff shall be included as salary under (a) of this subsection only to the extent that the district's actual average benefit contribution exceeds the amount of the insurance benefits allocation provided per certificated instructional staff unit in the state operating appropriations act in effect at the time the compensation is payable. For purposes of this section, fringe benefits shall not include payment for unused leave for illness or injury under RCW 28A.400.210; employer contributions for old age survivors insurance, workers' compensation, unemployment compensation, and retirement benefits under the Washington state retirement system; or employer contributions for health benefits in excess of the insurance benefits allocation provided per certificated instructional staff unit in the state operating appropriations act in effect at the time the compensation is payable. A school district may not use state funds to provide employer contributions for such excess health benefits.~~

~~(c)~~)) Salary and benefits for certificated instructional staff in programs other than basic education ((~~shall~~)) must be consistent with the salary and benefits paid to certificated instructional staff in the basic education program.

(4) Additional salaries and benefits for certificated instructional staff ((~~may exceed the limitations in subsection (3) of this section only~~)) for activities not related to the state's program of basic education may only be by separate contract for additional time, for additional responsibilities, for incentives, or for implementing specific measurable innovative activities, including professional development, specified by the school district to: (a) Close one or more achievement gaps, (b) focus on development of science, technology, engineering, and mathematics (STEM) learning opportunities, or (c) provide arts education. Beginning September 1, 2011, school districts ((~~shall~~)) must annually provide a brief description of the innovative activities included in any supplemental contract to the office of the superintendent of public instruction. The office of the superintendent of public instruction ((~~shall~~)) must summarize the district information and submit an annual report to the education committees of the house of representatives and the senate. Supplemental contracts ((~~shall~~)) may not cause the state to incur any present or future funding obligation. Supplemental contracts ((~~shall be~~)) are subject to the collective bargaining provisions of chapter 41.59 RCW and the provisions of RCW 28A.405.240, ((~~shall~~)) may not exceed one year, and if not renewed ((~~shall~~)) may not constitute adverse change in accordance with RCW 28A.405.300 through 28A.405.380. No district may enter into a supplemental contract under this subsection for the provision of services which are a part of the basic education program required by Article IX, section ((~~3~~)) 1 of the state Constitution.

(5) Employee benefit plans offered by any district ((~~shall~~)) must comply with RCW 28A.400.350 ((~~and~~)), 28A.400.275, and 28A.400.280.

**Part V**

**Establishing a Per Pupil Funding Model for General Education Expenditures**

**Sec.**  RCW 28A.150.260 and 2014 c 217 s 206 are each amended to read as follows:

The purpose of this section is to provide for the uniform allocation of state funding that the legislature deems necessary to support school districts in offering the minimum instructional program of basic education under RCW 28A.150.220. The allocation shall be determined as follows:

(1) The governor shall and the superintendent of public instruction may recommend to the legislature a formula for the distribution of a uniform basic education instructional allocation for each common school district.

(2) The ((~~distribution~~)) formula under this section ((~~shall be~~)) must be for establishing uniform per pupil amounts for allocation purposes only. Except as may be required under chapter 28A.155, 28A.165, 28A.180, or 28A.185 RCW, or federal laws and regulations, nothing in this section requires school districts to use basic education instructional funds to implement a particular instructional approach or service. Nothing in this section requires school districts to maintain a particular classroom teacher-to-student ratio or other staff-to-student ratio or to use allocated funds to pay for particular types or classifications of staff. Nothing in this section entitles an individual teacher to a particular teacher planning period. The superintendent of public instruction must determine an average per pupil amount for the allocations under subsections (4) through (9) of this section by dividing the total estimated allocations under subsections (4) through (9) of this section by the annual average full-time equivalent students. If one or more of the allocations in subsections (4) through (9) of this section are separately addressed in the omnibus appropriations act, such allocations shall be used instead.

(3)(a) To the extent the technical details of the formula have been adopted by the legislature and except when specifically provided as a school district allocation, the distribution formula for the basic education instructional allocation shall be based on minimum staffing and nonstaff costs the legislature deems necessary to support instruction and operations in prototypical schools serving high, middle, and elementary school students as provided in this section. The use of prototypical schools for the distribution formula does not constitute legislative intent that schools should be operated or structured in a similar fashion as the prototypes. Prototypical schools illustrate the level of resources needed to operate a school of a particular size with particular types and grade levels of students using commonly understood terms and inputs, such as class size, hours of instruction, and various categories of school staff. It is the intent that the funding allocations to school districts be adjusted from the school prototypes based on the actual number of annual average full-time equivalent students in each grade level at each school in the district and not based on the grade-level configuration of the school to the extent that data is available. The allocations shall be further adjusted from the school prototypes with minimum allocations for small schools and to reflect other factors identified in the omnibus appropriations act.

(b) For the purposes of this section, prototypical schools are defined as follows:

(i) A prototypical high school has six hundred average annual full-time equivalent students in grades nine through twelve;

(ii) A prototypical middle school has four hundred thirty-two average annual full-time equivalent students in grades seven and eight; and

(iii) A prototypical elementary school has four hundred average annual full-time equivalent students in grades kindergarten through six.

(4)(a)(i) The minimum allocation for each level of prototypical school shall be based on the number of full-time equivalent classroom teachers needed to provide instruction over the minimum required annual instructional hours under RCW 28A.150.220 and provide at least one teacher planning period per school day, and based on the following general education average class size of full-time equivalent students per teacher:

General education

average class size

Grades K-3 25.23

Grade 4 27.00

Grades 5-6 27.00

Grades 7-8 28.53

Grades 9-12 28.74

(ii) The minimum class size allocation for each prototypical high school shall also provide for enhanced funding for class size reduction for two laboratory science classes within grades nine through twelve per full-time equivalent high school student multiplied by a laboratory science course factor of 0.0833, based on the number of full-time equivalent classroom teachers needed to provide instruction over the minimum required annual instructional hours in RCW 28A.150.220, and providing at least one teacher planning period per school day:

Laboratory science

average class size

Grades 9-12 19.98

(b) During the 2011-2013 biennium and beginning with schools with the highest percentage of students eligible for free and reduced-price meals in the prior school year, the general education average class size for grades K-3 shall be reduced until the average class size funded under this subsection (4) is no more than 17.0 full-time equivalent students per teacher beginning in the 2017-18 school year.

(c) The minimum allocation for each prototypical middle and high school shall also provide for full-time equivalent classroom teachers based on the following number of full-time equivalent students per teacher in career and technical education:

Career and technical

education average

class size

Approved career and technical education offered at

the middle school and high school level 26.57

Skill center programs meeting the standards established

by the office of the superintendent of public

instruction 22.76

(d) In addition, the omnibus appropriations act shall at a minimum specify:

(i) A high-poverty average class size in schools where more than fifty percent of the students are eligible for free and reduced-price meals; and

(ii) A specialty average class size for advanced placement and international baccalaureate courses.

(5) The minimum allocation for each level of prototypical school shall include allocations for the following types of staff in addition to classroom teachers:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Elementary School | Middle School | High School |
| Principals, assistant principals, and other certificated building‑level administrators  | 1.253 | 1.353 | 1.880 |
| Teacher librarians, a function that includes information literacy, technology, and media to support school library media programs  | 0.663 | 0.519 | 0.523 |
| Health and social services: |  |  |  |
| School nurses  | 0.076 | 0.060 | 0.096 |
| Social workers  | 0.042 | 0.006 | 0.015 |
| Psychologists  | 0.017 | 0.002 | 0.007 |
| Guidance counselors, a function that includes parent outreach and graduation advising  | 0.493 | 1.116 | 2.539 |
| Teaching assistance, including any aspect of educational instructional services provided by classified employees  | 0.936 | 0.700 | 0.652 |
| Office support and other noninstructional aides  | 2.012 | 2.325 | 3.269 |
| Custodians  | 1.657 | 1.942 | 2.965 |
| Classified staff providing student and staff safety  | 0.079 | 0.092 | 0.141 |
| Parent involvement coordinators  | 0.00 | 0.00 | 0.00 |

(6)(a) The minimum staffing allocation for each school district to provide district‑wide support services shall be allocated per one thousand annual average full‑time equivalent students in grades K‑12 as follows:

Staff per 1,000

K-12 students

Technology 0.628

Facilities, maintenance, and grounds 1.813

Warehouse, laborers, and mechanics 0.332

(b) The minimum allocation of staff units for each school district to support certificated and classified staffing of central administration shall be 5.30 percent of the staff units generated under subsections (4)(a) and (b) and (5) of this section and (a) of this subsection.

(7) The distribution formula shall include staffing allocations to school districts for career and technical education and skill center administrative and other school-level certificated staff, as specified in the omnibus appropriations act.

(8)(a) Except as provided in (b) and (c) of this subsection, the minimum allocation for each school district shall include allocations per annual average full-time equivalent student for the following materials, supplies, and operating costs, to be adjusted for inflation from the 2008-09 school year:

Per annual average

full-time equivalent student

in grades K-12

Technology $54.43

Utilities and insurance $147.90

Curriculum and textbooks $58.44

Other supplies and library materials $124.07

Instructional professional development for certified and

classified staff $9.04

Facilities maintenance $73.27

Security and central office $50.76

(b) During the 2011-2013 biennium, the minimum allocation for maintenance, supplies, and operating costs shall be increased as specified in the omnibus appropriations act. The following allocations, adjusted for inflation from the 2007-08 school year, are provided in the 2015-16 school year, after which the allocations shall be adjusted annually for inflation as specified in the omnibus appropriations act:

Per annual average

full-time equivalent student

in grades K-12

Technology $113.80

Utilities and insurance $309.21

Curriculum and textbooks $122.17

Other supplies and library materials $259.39

Instructional professional development for certificated and

classified staff $18.89

Facilities maintenance $153.18

Security and central office administration $106.12

(c) In addition to the amounts provided in (a) and (b) of this subsection, beginning in the 2014-15 school year, the omnibus appropriations act shall provide the following minimum allocation for each annual average full-time equivalent student in grades nine through twelve for the following materials, supplies, and operating costs, to be adjusted annually for inflation:

Per annual average

full-time equivalent student

in grades 9-12

Technology $36.35

Curriculum and textbooks $39.02

Other supplies and library materials $82.84

Instructional professional development for certificated and

classified staff $6.04

(9) In addition to the amounts provided in subsection (8) of this section, the omnibus appropriations act shall provide an amount based on full-time equivalent student enrollment in each of the following:

(a) Exploratory career and technical education courses for students in grades seven through twelve;

(b) Preparatory career and technical education courses for students in grades nine through twelve offered in a high school; and

(c) Preparatory career and technical education courses for students in grades eleven and twelve offered through a skill center.

(10) In addition to the allocations otherwise provided under this section, amounts shall be provided to support the following programs and services:

(a) To provide supplemental instruction and services for underachieving students through the learning assistance program under RCW 28A.165.005 through 28A.165.065, allocations shall be based on the district percentage of students in grades K-12 who were eligible for free or reduced-price meals in the prior school year. The minimum allocation for the program shall provide for each level of prototypical school resources to provide, on a statewide average, 1.5156 hours per week in extra instruction with a class size of fifteen learning assistance program students per teacher. Each school district shall receive a uniform per pupil distribution under this subsection (10)(a). The office of the superintendent of public instruction must calculate a uniform per pupil amount based on the statewide total calculated under this subsection (10)(a).

(b) To provide supplemental instruction and services for students whose primary language is other than English, allocations shall be based on the head count number of students in each school who are eligible for and enrolled in the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080. The minimum allocation for each level of prototypical school shall provide resources to provide, on a statewide average, 4.7780 hours per week in extra instruction with fifteen transitional bilingual instruction program students per teacher. Notwithstanding other provisions of this subsection (10), the actual per-student allocation may be scaled to provide a larger allocation for students needing more intensive intervention and a commensurate reduced allocation for students needing less intensive intervention, as detailed in the omnibus appropriations act. Each school district shall receive a uniform per pupil distribution under this subsection (10)(b). The office of the superintendent of public instruction must calculate a uniform per pupil amount based on the statewide total calculated under this subsection (10)(b).

(c) To provide additional allocations to support programs for highly capable students under RCW 28A.185.010 through 28A.185.030, allocations shall be based on two and three hundred fourteen one-thousandths percent of each school district's full-time equivalent basic education enrollment. The minimum allocation for the programs shall provide resources to provide, on a statewide average, 2.1590 hours per week in extra instruction with fifteen highly capable program students per teacher. Each school district shall receive a uniform per pupil distribution under this subsection (10)(c). The office of the superintendent of public instruction must calculate a uniform per pupil amount based on the statewide total calculated under this subsection (10)(c).

(11) The allocations under subsections (4)(a) and (b), (5), (6), and (8) of this section shall be enhanced as provided under RCW 28A.150.390 on an excess cost basis to provide supplemental instructional resources for students with disabilities. Each school district shall receive a uniform per pupil distribution under this subsection (11). The office of the superintendent of public instruction must calculate a uniform per pupil amount based on the statewide total calculated under this subsection (11).

(12)(a) For the purposes of allocations for prototypical high schools and middle schools under subsections (4) and (10) of this section that are based on the percent of students in the school who are eligible for free and reduced-price meals, the actual percent of such students in a school shall be adjusted by a factor identified in the omnibus appropriations act to reflect underreporting of free and reduced-price meal eligibility among middle and high school students.

(b) Allocations or enhancements provided under subsections (4), (7), and (9) of this section for exploratory and preparatory career and technical education courses shall be provided only for courses approved by the office of the superintendent of public instruction under chapter 28A.700 RCW.

(c) For any school district, the minimum total allocation per annual average full-time equivalent student for all allocations under subsections (4) through (11) of this section and sections 203 and 204 of this act, and estimated levies collected under sections 101 and 102 of this act, is eleven thousand five hundred dollars per annual average full-time equivalent student.

(13)(a) This formula for distribution of basic education funds shall be reviewed biennially by the superintendent and governor. The recommended formula shall be subject to approval, amendment or rejection by the legislature.

(b) In the event the legislature rejects the distribution formula recommended by the governor, without adopting a new distribution formula, the distribution formula for the previous school year shall remain in effect.

(c) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the first school day of each month, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. The definition of full-time equivalent student shall be determined by rules of the superintendent of public instruction and shall be included as part of the superintendent's biennial budget request. The definition shall be based on the minimum instructional hour offerings required under RCW 28A.150.220. Any revision of the present definition ((~~shall~~)) does not take effect until approved by the house ways and means committee and the senate ways and means committee.

(d) The office of financial management shall make a monthly review of the superintendent's reported full-time equivalent students in the common schools in conjunction with RCW 43.62.050.

**Sec.**  RCW 28A.150.260 and 2015 c 2 s 2 and 2014 c 217 s 206 are each reenacted and amended to read as follows:

The purpose of this section is to provide for the uniform allocation of state funding that the legislature deems necessary to support school districts in offering the minimum instructional program of basic education under RCW 28A.150.220. The allocation shall be determined as follows:

(1) The governor shall and the superintendent of public instruction may recommend to the legislature a formula for the distribution of a uniform basic education instructional allocation for each common school district.

(2) The ((~~distribution~~)) formula under this section ((~~shall be~~)) must be for establishing uniform per pupil amounts for allocation purposes only. Except as required for class size reduction funding provided under subsection (4)(f) of this section and as may be required under chapter 28A.155, 28A.165, 28A.180, or 28A.185 RCW, or federal laws and regulations, nothing in this section requires school districts to use basic education instructional funds to implement a particular instructional approach or service. Nothing in this section requires school districts to maintain a particular classroom teacher-to-student ratio or other staff-to-student ratio or to use allocated funds to pay for particular types or classifications of staff. Nothing in this section entitles an individual teacher to a particular teacher planning period. The superintendent of public instruction must determine an average per pupil amount for the allocations under subsections (4) through (9) of this section by dividing the total estimated allocations under subsections (4) through (9) of this section by the annual average full-time equivalent students. If one or more of the allocations in subsections (4) through (9) of this section are separately addressed in the omnibus appropriations act, such allocations shall be used instead.

(3)(a) To the extent the technical details of the formula have been adopted by the legislature and except when specifically provided as a school district allocation, the distribution formula for the basic education instructional allocation shall be based on minimum staffing and nonstaff costs the legislature deems necessary to support instruction and operations in prototypical schools serving high, middle, and elementary school students as provided in this section. The use of prototypical schools for the distribution formula does not constitute legislative intent that schools should be operated or structured in a similar fashion as the prototypes. Prototypical schools illustrate the level of resources needed to operate a school of a particular size with particular types and grade levels of students using commonly understood terms and inputs, such as class size, hours of instruction, and various categories of school staff. It is the intent that the funding allocations to school districts be adjusted from the school prototypes based on the actual number of annual average full-time equivalent students in each grade level at each school in the district and not based on the grade-level configuration of the school to the extent that data is available. The allocations shall be further adjusted from the school prototypes with minimum allocations for small schools and to reflect other factors identified in the omnibus appropriations act.

(b) For the purposes of this section, prototypical schools are defined as follows:

(i) A prototypical high school has six hundred average annual full-time equivalent students in grades nine through twelve;

(ii) A prototypical middle school has four hundred thirty-two average annual full-time equivalent students in grades seven and eight; and

(iii) A prototypical elementary school has four hundred average annual full-time equivalent students in grades kindergarten through six.

(4)(a)(i) The minimum allocation for each level of prototypical school shall be based on the number of full-time equivalent classroom teachers needed to provide instruction over the minimum required annual instructional hours under RCW 28A.150.220 and provide at least one teacher planning period per school day, and based on the following general education average class size of full-time equivalent students per teacher:

General education

average

class size

Grades K-3 17.00

Grade 4 25.00

Grades 5-6 25.00

Grades 7-8 25.00

Grades 9-12 25.00

(ii) The minimum class size allocation for each prototypical high school shall also provide for enhanced funding for class size reduction for two laboratory science classes within grades nine through twelve per full-time equivalent high school student multiplied by a laboratory science course factor of 0.0833, based on the number of full-time equivalent classroom teachers needed to provide instruction over the minimum required annual instructional hours in RCW 28A.150.220, and providing at least one teacher planning period per school day:

Laboratory science

average class size

Grades 9-12 19.98

(b) During the 2011-2013 biennium and beginning with schools with the highest percentage of students eligible for free and reduced-price meals in the prior school year, the general education average class size for grades K-3 shall be reduced until the average class size funded under this subsection (4) is no more than 17.0 full-time equivalent students per teacher beginning in the 2017-18 school year.

(c) The minimum allocation for each prototypical middle and high school shall also provide for full-time equivalent classroom teachers based on the following number of full-time equivalent students per teacher in career and technical education:

Career and technical

education average

class size

Approved career and technical education offered at

the middle school and high school level 19.0

Skill center programs meeting the standards established

by the office of the superintendent of public

instruction 16.0

(d) In addition, the omnibus appropriations act shall at a minimum specify a specialty average class size for advanced placement and international baccalaureate courses.

(e) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

General education average

class size in

high poverty

Grades K-3 15.0

Grade 4 22.0

Grades 5-6 23.0

Grades 7-8 23.0

Grades 9-12 23.0

(f)(i) Funding for average class sizes in this subsection (4) 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 sizes.

(ii) Districts that demonstrate capital facility needs that prevent them from reducing actual class sizes to funded levels, may use funding in this subsection (4) for school-based personnel who provide direct services to students. Districts that use this funding for purposes other than reducing actual class sizes must annually report the number and dollar value for each type of personnel funded by school and grade level.

(iii) The office of the superintendent of public instruction shall develop rules to implement this subsection (4).

(5) The minimum allocation for each level of prototypical school shall include allocations necessary for the safe and effective operation of a school, to meet individual student needs, and to ensure all required school functions can be performed by appropriately trained personnel, for the following types of staff in addition to classroom teachers:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Elementary School | Middle School | High School |
| Principals, assistant principals, and other certificated building‑level administrators  | 1.3 | 1.4 | 1.9 |
| Teacher librarians, a function that includes information literacy, technology, and media to support school library media programs  | 1.0 | 1.0 | 1.0 |
| Health and social services: |  |  |  |
| School nurses  | 0.585 | 0.888 | 0.824 |
| Social workers  | 0.311 | 0.088 | 0.127 |
| Psychologists  | 0.104 | 0.024 | 0.049 |
| Guidance counselors, a function that includes parent outreach and graduation advising  | 0.50 | 2.0 | 3.5 |
| Teaching assistance, including any aspect of educational instructional services provided by classified employees  | 2.0 | 1.0 | 1.0 |
| Office support and other noninstructional aides  | 3.0 | 3.5 | 3.5 |
| Custodians  | 1.7 | 2.0 | 3.0 |
| Classified staff providing student and staff safety  | 0.0 | 0.7 | 1.3 |
| Parent involvement coordinators  | 1.0 | 1.0 | 1.0 |

(6)(a) The minimum staffing allocation for each school district to provide district-wide support services shall be allocated per one thousand annual average full-time equivalent students in grades K-12 as follows:

Staff per 1,000

K-12 students

Technology 2.8

Facilities, maintenance, and grounds 4.0

Warehouse, laborers, and mechanics 1.9

(b) The minimum allocation of staff units for each school district to support certificated and classified staffing of central administration shall be 5.30 percent of the staff units generated under subsections (4)(a) and (b) and (5) of this section and (a) of this subsection.

(7) The distribution formula shall include staffing allocations to school districts for career and technical education and skill center administrative and other school-level certificated staff, as specified in the omnibus appropriations act.

(8)(a) Except as provided in (b) and (c) of this subsection, the minimum allocation for each school district shall include allocations per annual average full-time equivalent student for the following materials, supplies, and operating costs, to be adjusted for inflation from the 2008-09 school year:

Per annual average

full-time equivalent student

in grades K-12

Technology $54.43

Utilities and insurance $147.90

Curriculum and textbooks $58.44

Other supplies and library materials $124.07

Instructional professional development for certified and

classified staff $9.04

Facilities maintenance $73.27

Security and central office $50.76

(b) During the 2011-2013 biennium, the minimum allocation for maintenance, supplies, and operating costs shall be increased as specified in the omnibus appropriations act. The following allocations, adjusted for inflation from the 2007-08 school year, are provided in the 2015-16 school year, after which the allocations shall be adjusted annually for inflation as specified in the omnibus appropriations act:

Per annual average

full-time equivalent student

in grades K-12

Technology $113.80

Utilities and insurance $309.21

Curriculum and textbooks $122.17

Other supplies and library materials $259.39

Instructional professional development for certificated and

classified staff $18.89

Facilities maintenance $153.18

Security and central office administration $106.12

(c) In addition to the amounts provided in (a) and (b) of this subsection, beginning in the 2014-15 school year, the omnibus appropriations act shall provide the following minimum allocation for each annual average full-time equivalent student in grades nine through twelve for the following materials, supplies, and operating costs, to be adjusted annually for inflation:

Per annual average

full-time equivalent student

in grades 9-12

Technology $36.35

Curriculum and textbooks $39.02

Other supplies and library materials $82.84

Instructional professional development for certificated and

classified staff $6.04

(9) In addition to the amounts provided in subsection (8) of this section, the omnibus appropriations act shall provide an amount based on full-time equivalent student enrollment in each of the following:

(a) Exploratory career and technical education courses for students in grades seven through twelve;

(b) Preparatory career and technical education courses for students in grades nine through twelve offered in a high school; and

(c) Preparatory career and technical education courses for students in grades eleven and twelve offered through a skill center.

(10) In addition to the allocations otherwise provided under this section, amounts shall be provided to support the following programs and services:

(a) To provide supplemental instruction and services for underachieving students through the learning assistance program under RCW 28A.165.005 through 28A.165.065, allocations shall be based on the district percentage of students in grades K-12 who were eligible for free or reduced-price meals in the prior school year. The minimum allocation for the program shall provide for each level of prototypical school resources to provide, on a statewide average, 1.5156 hours per week in extra instruction with a class size of fifteen learning assistance program students per teacher. Each school district shall receive a uniform per pupil distribution under this subsection (10)(a). The office of the superintendent of public instruction must calculate a uniform per pupil amount based on the statewide total calculated under this subsection (10)(a).

(b) To provide supplemental instruction and services for students whose primary language is other than English, allocations shall be based on the head count number of students in each school who are eligible for and enrolled in the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080. The minimum allocation for each level of prototypical school shall provide resources to provide, on a statewide average, 4.7780 hours per week in extra instruction with fifteen transitional bilingual instruction program students per teacher. Notwithstanding other provisions of this subsection (10), the actual per-student allocation may be scaled to provide a larger allocation for students needing more intensive intervention and a commensurate reduced allocation for students needing less intensive intervention, as detailed in the omnibus appropriations act. Each school district shall receive a uniform per pupil distribution under this subsection (10)(b). The office of the superintendent of public instruction must calculate a uniform per pupil amount based on the statewide total calculated under this subsection (10)(b).

(c) To provide additional allocations to support programs for highly capable students under RCW 28A.185.010 through 28A.185.030, allocations shall be based on two and three hundred fourteen one- thousandths percent of each school district's full-time equivalent basic education enrollment. The minimum allocation for the programs shall provide resources to provide, on a statewide average, 2.1590 hours per week in extra instruction with fifteen highly capable program students per teacher. Each school district shall receive a uniform per pupil distribution under this subsection (10)(c). The office of the superintendent of public instruction must calculate a uniform per pupil amount based on the statewide total calculated under this subsection (10)(c).

(11) The allocations under subsections (4)(a) and (b), (5), (6), and (8) of this section shall be enhanced as provided under RCW 28A.150.390 on an excess cost basis to provide supplemental instructional resources for students with disabilities. Each school district shall receive a uniform per pupil distribution under this subsection (11). The office of the superintendent of public instruction must calculate a uniform per pupil amount based on the statewide total calculated under this subsection (11).

(12)(a) For the purposes of allocations for prototypical high schools and middle schools under subsections (4) and (10) of this section that are based on the percent of students in the school who are eligible for free and reduced-price meals, the actual percent of such students in a school shall be adjusted by a factor identified in the omnibus appropriations act to reflect underreporting of free and reduced-price meal eligibility among middle and high school students.

(b) Allocations or enhancements provided under subsections (4), (7), and (9) of this section for exploratory and preparatory career and technical education courses shall be provided only for courses approved by the office of the superintendent of public instruction under chapter 28A.700 RCW.

(c) For any school district, the minimum total allocation per annual average full-time equivalent student for all allocations under subsections (4) through (11) of this section and sections 203 and 204 of this act, and estimated levies collected under sections 101 and 102 of this act, is eleven thousand five hundred dollars per annual average full-time equivalent student.

(13)(a) This formula for distribution of basic education funds shall be reviewed biennially by the superintendent and governor. The recommended formula shall be subject to approval, amendment or rejection by the legislature.

(b) In the event the legislature rejects the distribution formula recommended by the governor, without adopting a new distribution formula, the distribution formula for the previous school year shall remain in effect.

(c) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the first school day of each month, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. The definition of full-time equivalent student shall be determined by rules of the superintendent of public instruction and shall be included as part of the superintendent's biennial budget request. The definition shall be based on the minimum instructional hour offerings required under RCW 28A.150.220. Any revision of the present definition ((~~shall~~)) does not take effect until approved by the house ways and means committee and the senate ways and means committee.

(d) The office of financial management shall make a monthly review of the superintendent's reported full-time equivalent students in the common schools in conjunction with RCW 43.62.050.

**Sec.**  RCW 28A.150.390 and 2010 c 236 s 3 are each amended to read as follows:

(1) The superintendent of public instruction shall submit to each regular session of the legislature during an odd-numbered year a programmed budget request for special education programs for students with disabilities. Funding for programs operated by local school districts shall be on an excess cost basis from appropriations provided by the legislature for special education programs for students with disabilities and shall take account of state funds accruing through RCW 28A.150.260 ((~~(4)(a) and (b), (5), (6), and (8)~~)) (11).

(2) The excess cost allocation to school districts shall be based on the following:

(a) A district's annual average headcount enrollment of students ages birth through four and those five year olds not yet enrolled in kindergarten who are eligible for and enrolled in special education, multiplied by the ((~~district's base allocation per full-time equivalent student, multiplied by 1.15~~)) per pupil amount specified in RCW 28A.150.260(11); and

(b) A district's annual average full-time equivalent basic education enrollment, multiplied by the district's funded enrollment percent, multiplied by the ((~~district's base allocation per full-time equivalent student, multiplied by 0.9309~~)) per pupil amount specified in RCW 28A.150.260(11).

(3) As used in this section:

(a) ((~~"Base allocation" means the total state allocation to all schools in the district generated by the distribution formula under RCW 28A.150.260 (4)(a) and (b), (5), (6), and (8), to be divided by the district's full-time equivalent enrollment.~~

~~(b)~~)) "Basic education enrollment" means enrollment of resident students including nonresident students enrolled under RCW 28A.225.225 and students from nonhigh districts enrolled under RCW 28A.225.210 and excluding students residing in another district enrolled as part of an interdistrict cooperative program under RCW 28A.225.250.

((~~(c)~~)) (b) "Enrollment percent" means the district's resident special education annual average enrollment, excluding students ages birth through four and those five year olds not yet enrolled in kindergarten, as a percent of the district's annual average full-time equivalent basic education enrollment.

((~~(d)~~)) (c) "Funded enrollment percent" means the lesser of the district's actual enrollment percent or twelve and seven-tenths percent.

**Part VI**

**Miscellaneous Provisions**

NEW SECTION. **Sec.**  If the provisions of this act would cause any school district to receive less funds than the district would receive under the law in effect on January 1, 2017, the office of the superintendent of public instruction shall increase the amount apportioned to the district under chapter 28A.510 RCW to prevent such reduction.

NEW SECTION. **Sec.**  Sections 401 and 501 of this act take effect September 1, 2017.

NEW SECTION. **Sec.**  Section 502 of this act takes effect September 1, 2022.

**--- END ---**