
SECOND SUBSTITUTE SENATE BILL 6362

State of Washington

65th Legislature

2018 Regular Session

By Senate Ways & Means (originally sponsored by Senators Wellman, Rolfes, and Billig; by request of Superintendent of Public Instruction)

READ FIRST TIME 02/06/18.

1 AN ACT Relating to modifying basic education funding provisions;
2 amending RCW 28A.150.260, 28A.150.390, 28A.165.055, 28A.320.330,
3 28A.150.412, 28A.400.006, 28A.400.200, 28A.400.205, 41.05.740,
4 41.56.800, 41.59.800, 28A.150.276, 28A.320.330, 28A.500.015,
5 84.52.053, 84.52.0531, 28A.150.392, 28A.150.415, 28A.505.240,
6 28A.710.280, 28A.715.040, and 43.09.2856; adding a new section to
7 chapter 28A.160 RCW; adding a new section to chapter 84.52 RCW;
8 adding a new section to chapter 28A.150 RCW; creating new sections;
9 and providing an effective date.

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

11 **PART I: PROGRAM FUNDING**

12 **Sec. 101.** RCW 28A.150.260 and 2017 3rd sp.s. c 13 s 402 are each
13 amended to read as follows:

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

19 (1) The governor shall and the superintendent of public
20 instruction may recommend to the legislature a formula for the

1 distribution of a basic education instructional allocation for each
2 common school district.

3 (2)(a) The distribution formula under this section shall be for
4 allocation purposes only. Except as may be required under subsections
5 (4)(b) and (c) and (9) of this section, chapter 28A.155, 28A.165,
6 28A.180, or 28A.185 RCW, or federal laws and regulations, nothing in
7 this section requires school districts to use basic education
8 instructional funds to implement a particular instructional approach
9 or service. Nothing in this section requires school districts to
10 maintain a particular classroom teacher-to-student ratio or other
11 staff-to-student ratio or to use allocated funds to pay for
12 particular types or classifications of staff. Nothing in this section
13 entitles an individual teacher to a particular teacher planning
14 period.

15 (b) To promote transparency in state funding allocations, the
16 superintendent of public instruction must report state per-pupil
17 allocations for each school district for the general apportionment,
18 special education, learning assistance, transitional bilingual,
19 highly capable, and career and technical education programs. The
20 superintendent must also report state general apportionment per-pupil
21 allocations by grade for each school district. The superintendent
22 must report this information in a user-friendly format on the main
23 page of the office's web site and on school district apportionment
24 reports. School districts must include a link to the superintendent's
25 per-pupil allocations report on the main page of the school
26 district's web site. In addition, the budget documents published by
27 the legislature for the enacted omnibus operating appropriations act
28 must report statewide average per-pupil allocations for general
29 apportionment and the categorical programs listed in this subsection.

30 (3)(a) To the extent the technical details of the formula have
31 been adopted by the legislature and except when specifically provided
32 as a school district allocation, the distribution formula for the
33 basic education instructional allocation shall be based on minimum
34 staffing and nonstaff costs the legislature deems necessary to
35 support instruction and operations in prototypical schools serving
36 high, middle, and elementary school students as provided in this
37 section. The use of prototypical schools for the distribution formula
38 does not constitute legislative intent that schools should be
39 operated or structured in a similar fashion as the prototypes.
40 Prototypical schools illustrate the level of resources needed to

1 operate a school of a particular size with particular types and grade
2 levels of students using commonly understood terms and inputs, such
3 as class size, hours of instruction, and various categories of school
4 staff. It is the intent that the funding allocations to school
5 districts be adjusted from the school prototypes based on the actual
6 number of annual average full-time equivalent students in each grade
7 level at each school in the district and not based on the grade-level
8 configuration of the school to the extent that data is available. The
9 allocations shall be further adjusted from the school prototypes with
10 minimum allocations for small schools and to reflect other factors
11 identified in the omnibus appropriations act.

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

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

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

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

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

	General education average class size
31 Grades K-3.	17.00
32 Grade 4.	27.00
33 Grades 5-6.	27.00
34 Grades 7-8.	28.53
35 Grades 9-12.	28.74

36 (ii) The minimum class size allocation for each prototypical high
37 school shall also provide for enhanced funding for class size
38 reduction for two laboratory science classes within grades nine
39 through twelve per full-time equivalent high school student

1 multiplied by a laboratory science course factor of 0.0833, based on
2 the number of full-time equivalent classroom teachers needed to
3 provide instruction over the minimum required annual instructional
4 hours in RCW 28A.150.220, and providing at least one teacher planning
5 period per school day:

6		Laboratory science	
7		average class size	
8	Grades 9-12.		19.98

9 (b)(i) Beginning September 1, 2018, funding for average K-3 class
10 sizes in this subsection (4) may be provided only to the extent of,
11 and proportionate to, the school district's demonstrated actual class
12 size in grades K-3, up to the funded class sizes.

13 (ii) The office of the superintendent of public instruction shall
14 develop rules to implement this subsection (4)(b).

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

19		Career and technical	
20		education average	
21		class size	
22	Approved career and technical education offered at		
23	the middle school and high school level.		23.00
24	Skill center programs meeting the standards established		
25	by the office of the superintendent of public		
26	instruction.		20.00

27 (ii) Funding allocated under this subsection (4)(c) is subject to
28 RCW 28A.150.265.

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

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

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

36 (5) The minimum allocation for each level of prototypical school
37 shall include allocations for the following types of staff in
38 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	1.216	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.	0.0825	0.00	0.00

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

	Staff per 1,000 K-12 students
Technology.	0.628
Facilities, maintenance, and grounds.	1.813
Warehouse, laborers, and mechanics.	0.332

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

33 (7) The distribution formula shall include staffing allocations
34 to school districts for career and technical education and skill

1 center administrative and other school-level certificated staff, as
2 specified in the omnibus appropriations act.

3 (8)(a) Except as provided in (b) of this subsection, the minimum
4 allocation for each school district shall include allocations per
5 annual average full-time equivalent student for the following
6 materials, supplies, and operating costs as provided in the 2017-18
7 school year, after which the allocations shall be adjusted annually
8 for inflation as specified in the omnibus appropriations act:

	Per annual average full-time equivalent student in grades K-12
9 Technology.	\$130.76
10 Utilities and insurance.	\$355.30
11 Curriculum and textbooks.	\$140.39
12 Other supplies and library materials.	\$298.05
13 Instructional professional development for certificated and 14 classified staff.	\$21.71
15 Facilities maintenance.	\$176.01
16 Security and central office administration.	\$121.94

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

	Per annual average full-time equivalent student in grades 9-12
23 Technology.	\$36.35
24 Curriculum and textbooks.	\$39.02
25 Other supplies and library materials.	\$82.84
26 Instructional professional development for certificated and 27 classified staff.	\$6.04

28 (9) In addition to the amounts provided in subsection (8) of this
29 section and subject to RCW 28A.150.265, the omnibus appropriations
30 act shall provide an amount based on full-time equivalent student
31 enrollment in each of the following:
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1 (a) Exploratory career and technical education courses for
2 students in grades seven through twelve;

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

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

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

10 (a)(i) To provide supplemental instruction and services for
11 students who are not meeting academic standards through the learning
12 assistance program under RCW 28A.165.005 through 28A.165.065,
13 allocations shall be based on the district percentage of students in
14 grades K-12 who were eligible for free or reduced-price meals in the
15 prior school year. The minimum allocation for the program shall
16 provide for each level of prototypical school resources to provide,
17 on a statewide average, 2.3975 hours per week in extra instruction
18 with a class size of fifteen learning assistance program students per
19 teacher.

20 (ii) In addition to funding allocated under (a)(i) of this
21 subsection, to provide supplemental instruction and services for
22 students who are not meeting academic standards in (~~schools where at~~
23 ~~least fifty percent of students are eligible for free and reduced-~~
24 ~~price meals~~) qualifying schools. A qualifying school means a school
25 in which the three-year rolling average of the prior year total
26 annual average enrollment that qualifies for free or reduced-price
27 meals equals or exceeds fifty percent or more of its total annual
28 average enrollment. The minimum allocation for this additional high
29 poverty-based allocation must provide for each level of prototypical
30 school resources to provide, on a statewide average, 1.1 hours per
31 week in extra instruction with a class size of fifteen learning
32 assistance program students per teacher, under RCW 28A.165.055,
33 school districts must distribute the high poverty-based allocation to
34 the schools that generated the funding allocation.

35 (b)(i) To provide supplemental instruction and services for
36 students whose primary language is other than English, allocations
37 shall be based on the head count number of students in each school
38 who are eligible for and enrolled in the transitional bilingual
39 instruction program under RCW 28A.180.010 through 28A.180.080. The
40 minimum allocation for each level of prototypical school shall

1 provide resources to provide, on a statewide average, 4.7780 hours
2 per week in extra instruction for students in grades kindergarten
3 through six and 6.7780 hours per week in extra instruction for
4 students in grades seven through twelve, with fifteen transitional
5 bilingual instruction program students per teacher. Notwithstanding
6 other provisions of this subsection (10), the actual per-student
7 allocation may be scaled to provide a larger allocation for students
8 needing more intensive intervention and a commensurate reduced
9 allocation for students needing less intensive intervention, as
10 detailed in the omnibus appropriations act.

11 (ii) To provide supplemental instruction and services for
12 students who have exited the transitional bilingual program,
13 allocations shall be based on the head count number of students in
14 each school who have exited the transitional bilingual program within
15 the previous two years based on their performance on the English
16 proficiency assessment and are eligible for and enrolled in the
17 transitional bilingual instruction program under RCW
18 28A.180.040(1)(g). The minimum allocation for each prototypical
19 school shall provide resources to provide, on a statewide average,
20 3.0 hours per week in extra instruction with fifteen exited students
21 per teacher.

22 (c) To provide additional allocations to support programs for
23 highly capable students under RCW 28A.185.010 through 28A.185.030,
24 allocations shall be based on 5.0 percent of each school district's
25 full-time equivalent basic education enrollment. The minimum
26 allocation for the programs shall provide resources to provide, on a
27 statewide average, 2.1590 hours per week in extra instruction with
28 fifteen highly capable program students per teacher.

29 (11) For the 2017-18 and 2018-19 school years, a school district
30 may carry over from one year to the next up to twenty percent of the
31 funds allocated per program under the provisions of subsection (10)
32 of this section. Carryover moneys must be expended solely for the
33 allowable program costs per program as established in subsection (10)
34 of this section.

35 (12) The allocations under subsections (4)(a), (5), (6), and (8)
36 of this section shall be enhanced as provided under RCW 28A.150.390
37 on an excess cost basis to provide supplemental instructional
38 resources for students with disabilities.

39 ~~((+12+))~~ (13)(a) For the purposes of allocations for prototypical
40 high schools and middle schools under subsections (4) and (10) of

1 this section that are based on the percent of students in the school
2 who are eligible for free and reduced-price meals, the actual percent
3 of such students in a school shall be adjusted by a factor identified
4 in the omnibus appropriations act to reflect underreporting of free
5 and reduced-price meal eligibility among middle and high school
6 students.

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

12 (~~((13))~~) (14)(a) This formula for distribution of basic education
13 funds shall be reviewed biennially by the superintendent and
14 governor. The recommended formula shall be subject to approval,
15 amendment or rejection by the legislature.

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

20 (c) The enrollment of any district shall be the annual average
21 number of full-time equivalent students and part-time students as
22 provided in RCW 28A.150.350, enrolled on the first school day of each
23 month, including students who are in attendance pursuant to RCW
24 28A.335.160 and 28A.225.250 who do not reside within the servicing
25 school district. The definition of full-time equivalent student shall
26 be determined by rules of the superintendent of public instruction
27 and shall be included as part of the superintendent's biennial budget
28 request. The definition shall be based on the minimum instructional
29 hour offerings required under RCW 28A.150.220. Any revision of the
30 present definition shall not take effect until approved by the house
31 ways and means committee and the senate ways and means committee.

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

35 **Sec. 102.** RCW 28A.150.390 and 2017 3rd sp.s. c 13 s 406 are each
36 amended to read as follows:

37 (1) The superintendent of public instruction shall submit to each
38 regular session of the legislature during an odd-numbered year a
39 programmed budget request for special education programs for students

1 with disabilities. Funding for programs operated by local school
2 districts shall be on an excess cost basis from appropriations
3 provided by the legislature for special education programs for
4 students with disabilities and shall take account of state funds
5 accruing through RCW 28A.150.260 (4)(a), (5), (6), and (8).

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

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

13 (b) A district's annual average full-time equivalent basic
14 education enrollment, multiplied by the district's funded enrollment
15 percent, multiplied by the district's base allocation per full-time
16 equivalent student, multiplied by (~~0.9309~~) 0.9609.

17 (3) As used in this section:

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

22 (b) "Basic education enrollment" means enrollment of resident
23 students including nonresident students enrolled under RCW
24 28A.225.225 and students from nonhigh districts enrolled under RCW
25 28A.225.210 and excluding students residing in another district
26 enrolled as part of an interdistrict cooperative program under RCW
27 28A.225.250.

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

33 (d) "Funded enrollment percent" means the lesser of the
34 district's actual enrollment percent or thirteen and five-tenths
35 percent.

36 NEW SECTION. **Sec. 103.** A new section is added to chapter
37 28A.160 RCW to read as follows:

1 (1) Subject to the availability of amounts appropriated for this
2 specific purpose, a transportation alternate funding grant program is
3 created.

4 (2) As part of the award process for the grants, the
5 superintendent of public instruction must include a review of the
6 school district's efficiency rating, key performance indicators, and
7 local school district characteristics such as unique geographic
8 constraints, low enrollment, geographic density of students, or
9 whether the district is a nonhigh district.

10 **Sec. 104.** RCW 28A.165.055 and 2017 3rd sp.s. c 13 s 405 are each
11 amended to read as follows:

12 (1) The funds for the learning assistance program shall be
13 appropriated in accordance with RCW 28A.150.260 and the omnibus
14 appropriations act. The distribution formula is for school district
15 allocation purposes only, except as provided in RCW
16 28A.150.260(10)(a)(ii), but all funds appropriated for the learning
17 assistance program must be expended for the purposes of RCW
18 28A.165.005 through 28A.165.065.

19 (2) A district's high poverty-based allocation is generated by
20 its qualifying schools ~~((buildings))~~ as defined in RCW
21 28A.150.260(10) and must be expended by the district for those
22 buildings. This funding must supplement and not supplant the
23 district's expenditures under this chapter for those school
24 buildings.

25 **PART II: COMPENSATION**

26 NEW SECTION. **Sec. 201.** The legislature recognizes that
27 Initiative Measure No. 1433 was approved by the voters of the state
28 of Washington in 2016 requiring employers to provide paid sick leave
29 to each of its employees. The legislature acknowledges that the
30 enactment of this initiative contributes to the costs of operations
31 of the state's public schools and intends to provide funding in the
32 omnibus appropriations act to support school districts with these
33 additional costs.

34 **Sec. 202.** RCW 28A.150.412 and 2017 3rd sp.s. c 13 s 104 are each
35 amended to read as follows:

1 (1) Beginning with the 2023 regular legislative session, and
2 every six years thereafter, the legislature shall review and rebase
3 state basic education compensation allocations compared to school
4 district compensation data, regionalization factors, whether the use
5 of the implicit price deflator as the inflationary measure creates
6 any inequities, and other economic information. The legislature shall
7 revise the minimum allocations and regionalization factors if
8 necessary to ensure that state basic education allocations continue
9 to provide market-rate salaries and that regionalization adjustments
10 reflect actual economic differences between school districts.

11 (2)(a) For school districts with single-family residential values
12 above the statewide median residential value, regionalization factors
13 for school years 2018-19 through school year 2022-23 are as follows:

14 (i) For school districts in tercile 1, state salary allocations
15 for school district employees are regionalized by six percent;

16 (ii) For school districts in tercile 2, state salary allocations
17 for school district employees are regionalized by twelve percent; and

18 (iii) For school districts in tercile 3, state salary allocations
19 for school district employees are regionalized by eighteen percent.

20 (b) For school districts sharing a boundary with any school
21 district with a regionalization factor more than one tercile higher,
22 the regionalization factor for the district with the lower
23 regionalization factor must be increased by six percent, if the lower
24 district is located west of the crest of the Cascade mountains.

25 (c) Additional school district adjustments are identified in the
26 omnibus appropriations act, and these adjustments are partially
27 reduced or eliminated by the 2022-23 school year as follows:

28 (i) Adjustments that increase the regionalization factor to a
29 value that is greater than the tercile 3 regionalization factor must
30 be reduced by two percentage points each school year beginning with
31 school year 2020-21, through 2022-23.

32 (ii) Adjustments that increase the regionalization factor to a
33 value that is less than or equal to the tercile 3 regionalization
34 factor must be reduced by one percentage point each school year
35 beginning with school year 2020-21, through 2022-23.

36 (3) To aid the legislature in reviewing and rebasing
37 regionalization factors, the department of revenue shall, by November
38 1, 2022, and by November 1st every six years thereafter, determine
39 the median single-family residential value of each school district as
40 well as the median value of proximate districts within fifteen miles

1 of the boundary of the school district for which the median
2 residential value is being calculated.

3 (4) No district may receive less state funding for the minimum
4 state salary allocation as compared to its prior school year salary
5 allocation as a result of adjustments that reflect updated
6 regionalized salaries.

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

9 (a) "Median residential value of each school district" means the
10 median value of all single-family residential parcels included within
11 a school district and any other school district that is proximate to
12 the school district.

13 (b) "Proximate to the school district" means within fifteen miles
14 of the boundary of the school district for which the median
15 residential value is being calculated.

16 (c) "School district employees" means state-funded certificated
17 instructional staff, certificated administrative staff, and
18 classified staff.

19 (d) "School districts in tercile 1" means school districts with
20 median single-family residential values in the first tercile of
21 districts with single-family residential values above the statewide
22 median residential value.

23 (e) "School districts in tercile 2" means school districts with
24 median single-family residential values in the second tercile of
25 districts with single-family residential values above the statewide
26 median residential value.

27 (f) "School districts in tercile 3" means school districts with
28 median single-family residential values in the third tercile of
29 districts with single-family residential values above the statewide
30 median residential value.

31 (g) "Statewide median residential value" means the median value
32 of single-family residential parcels located within all school
33 districts, reduced by five percent.

34 **Sec. 203.** RCW 28A.400.006 and 2017 3rd sp.s. c 13 s 703 are each
35 amended to read as follows:

36 (1) A school district may not (~~provide any~~) increase total
37 school district expenditures for certificated administrative staff
38 (~~with a percentage increase to total salary~~) for the 2018-19 school
39 year (~~, including supplemental contracts, that exceeds~~) by more than

1 the previous calendar year's annual average consumer price index,
2 using the official current base compiled by the bureau of labor
3 statistics, United States department of labor, for the city of
4 Seattle. However, if a district's average certificated administrative
5 staff salary is less than the average certificated administrative
6 salary allocated by the state for that year, the district may
7 increase salaries not to exceed the point where the district's
8 average certificated administrative staff salary equals the average
9 certificated administrative staff salary allocated by the state.

10 (2) This section expires August 31, 2019.

11 **Sec. 204.** RCW 28A.400.200 and 2017 3rd sp.s. c 13 s 103 are each
12 amended to read as follows:

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

16 (2)(a) Through the 2017-18 school year, salaries for certificated
17 instructional staff shall not be less than the salary provided in the
18 appropriations act in the statewide salary allocation schedule for an
19 employee with a baccalaureate degree and zero years of service;

20 (b) Salaries for certificated instructional staff with a master's
21 degree shall not be less than the salary provided in the
22 appropriations act in the statewide salary allocation schedule for an
23 employee with a master's degree and zero years of service; and

24 (c) Beginning with the 2019-20 school year:

25 (i) Salaries for full-time certificated instructional staff must
26 not be less than forty thousand dollars, to be adjusted for regional
27 differences in the cost of hiring staff as specified in RCW
28 28A.150.410, and to be adjusted annually by the same inflationary
29 measure as provided in RCW 28A.400.205;

30 (ii) Salaries for full-time certificated instructional staff with
31 at least five years of experience must exceed by at least ten percent
32 the value specified in (c)(i) of this subsection;

33 ~~(iii) ((A district may not pay full-time certificated
34 instructional staff a salary that exceeds ninety thousand dollars,
35 subject to adjustment for regional differences in the cost of hiring
36 staff as specified in RCW 28A.150.410. This maximum salary is
37 adjusted annually by the inflationary measure in RCW 28A.400.205;~~

38 ~~(iv))~~) These minimum and maximum salaries apply to the services
39 provided as part of the state's statutory program of basic education

1 and exclude supplemental contracts for additional time,
2 responsibility, or incentive pursuant to this section or for
3 enrichment pursuant to RCW 28A.150.276;

4 ~~((+v+))~~ (iv) A district may pay a salary that exceeds this
5 maximum salary by up to ten percent for full-time certificated
6 instructional staff: Who are educational staff associates; who teach
7 in the subjects of science, technology, engineering, or math; or who
8 teach in the transitional bilingual instruction or special education
9 programs.

10 (3)(a)(i) Through the 2017-18 school year the actual average
11 salary paid to certificated instructional staff shall not exceed the
12 district's average certificated instructional staff salary used for
13 the state basic education allocations for that school year as
14 determined pursuant to RCW 28A.150.410.

15 (ii) For the 2018-19 school year, salaries for certificated
16 instructional staff are subject to the limitations in RCW 41.59.800.

17 (iii) Beginning with the 2019-20 school year, for purposes of
18 subsection (4) of this section, RCW 28A.150.276, and 28A.505.100,
19 each school district must annually identify the actual salary paid to
20 each certificated instructional staff for services rendered as part
21 of the state's program of basic education.

22 (b) Through the 2018-19 school year, fringe benefit contributions
23 for certificated instructional staff shall be included as salary
24 under (a)(i) of this subsection only to the extent that the
25 district's actual average benefit contribution exceeds the amount of
26 the insurance benefits allocation, less the amount remitted by
27 districts to the health care authority for retiree subsidies,
28 provided per certificated instructional staff unit in the state
29 operating appropriations act in effect at the time the compensation
30 is payable. For purposes of this section, fringe benefits shall not
31 include payment for unused leave for illness or injury under RCW
32 28A.400.210; employer contributions for old age survivors insurance,
33 workers' compensation, unemployment compensation, and retirement
34 benefits under the Washington state retirement system; or employer
35 contributions for health benefits in excess of the insurance benefits
36 allocation provided per certificated instructional staff unit in the
37 state operating appropriations act in effect at the time the
38 compensation is payable. A school district may not use state funds to
39 provide employer contributions for such excess health benefits.

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

5 (4)(a) Salaries and benefits for certificated instructional staff
6 may exceed the limitations in subsection (3) of this section only by
7 separate contract for additional time, for additional
8 responsibilities, or for incentives. Supplemental contracts shall not
9 cause the state to incur any present or future funding obligation.
10 Supplemental contracts must be accounted for by a school district
11 when the district is developing its four-year budget plan under RCW
12 28A.505.040.

13 (b) Supplemental contracts shall be subject to the collective
14 bargaining provisions of chapter 41.59 RCW and the provisions of RCW
15 28A.405.240, shall not exceed one year, and if not renewed shall not
16 constitute adverse change in accordance with RCW 28A.405.300 through
17 28A.405.380. No district may enter into a supplemental contract under
18 this subsection for the provision of services which are a part of the
19 basic education program required by Article IX, section 1 of the
20 state Constitution and RCW 28A.150.220. Beginning September 1, 2019,
21 supplemental contracts for certificated instructional staff are
22 subject to the following additional restrictions: School districts
23 may enter into supplemental contracts only for enrichment activities
24 as defined in and subject to the limitations of RCW 28A.150.276. The
25 rate the district pays under a supplemental contract may not exceed
26 the hourly rate provided to that same instructional staff for
27 services under the basic education salary identified pursuant to
28 subsection (3)(a)(iii) of this section.

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

31 **Sec. 205.** RCW 28A.400.205 and 2017 3rd sp.s. c 13 s 102 are each
32 amended to read as follows:

33 (1) School district employees shall be provided an annual salary
34 inflationary increase in accordance with this section.

35 (a) The inflationary increase shall be calculated by applying the
36 rate of the yearly increase in the inflationary adjustment index to
37 any state-funded salary base used in state funding formulas for
38 teachers and other school district employees. Beginning with the
39 2020-21 school year, each school district shall be provided an

1 inflationary adjustment allocation sufficient to grant this
2 inflationary increase.

3 (b) A school district shall distribute its inflationary
4 adjustment allocation for salaries and salary-related benefits in
5 accordance with the district's collective bargaining agreements and
6 compensation policies. No later than the end of the school year, each
7 school district shall certify to the superintendent of public
8 instruction that it has spent funds provided for inflationary
9 increases on salaries and salary-related benefits.

10 (c) Any funded inflationary increase shall be included in the
11 salary base used to determine inflationary increases for school
12 employees in subsequent years. For teachers and other certificated
13 instructional staff, the rate of the annual inflationary increase
14 funded for certificated instructional staff shall be applied to the
15 base salary used with the statewide salary allocation methodology
16 established under RCW 28A.150.410 and to any other salary allocation
17 methodologies used to recognize school district personnel costs.

18 (2) For the purposes of this section, "inflationary adjustment
19 index" means, for any school year, the implicit price deflator (~~for~~
20 ~~that fiscal year, using the official current base, compiled by the~~
21 ~~bureau of labor statistics, United States department of labor for the~~
22 ~~state of Washington~~) as compiled by the bureau of economic analysis
23 of the United States department of commerce.

24 **Sec. 206.** RCW 41.05.740 and 2017 3rd sp.s. c 13 s 801 are each
25 amended to read as follows:

26 (1) The school employees' benefits board is created within the
27 authority. The function of the board is to design and approve
28 insurance benefit plans for school employees and to establish
29 eligibility criteria for participation in insurance benefit plans.

30 (2) By September 30, 2017, the governor shall appoint the
31 following voting members to the board as follows:

32 (a) Two members from associations representing certificated
33 employees;

34 (b) Two members from associations representing classified
35 employees;

36 (c) Four members with expertise in employee health benefits
37 policy and administration, one of which is nominated by an
38 association representing school business officials; and

39 (d) The director of the authority or his or her designee.

1 (3) Initial members of the board shall serve staggered terms not
2 to exceed four years. Members appointed thereafter shall serve two-
3 year terms.

4 (4) Members of the board must be compensated in accordance with
5 RCW 43.03.250 and must be reimbursed for their travel expenses while
6 on official business in accordance with RCW 43.03.050 and 43.03.060.

7 (5) The director of the authority or his or her designee shall be
8 the chair and another member shall be selected by the board as vice
9 chair. The chair shall conduct meetings of the board. The vice chair
10 shall preside over meetings in the absence of the chair. The board
11 shall develop bylaws for the conduct of its business.

12 (6) The board shall:

13 (a) Study all matters connected with the provision of health care
14 coverage, life insurance, liability insurance, accidental death and
15 dismemberment, and disability insurance, or any of, or combination
16 of, the enumerated types of insurance for eligible employees and
17 their dependents on the best basis possible with relation both to the
18 welfare of the employees and the state. However, liability insurance
19 should not be made available to dependents;

20 (b) Develop employee benefit plans that include comprehensive,
21 evidence-based health care benefits for employees. In developing
22 these plans, the board shall consider the following elements:

23 (i) Methods of maximizing cost containment while ensuring access
24 to quality health care;

25 (ii) Development of provider arrangements that encourage cost
26 containment and ensure access to quality care including, but not
27 limited to, prepaid delivery systems and prospective payment methods;

28 (iii) Wellness, preventive care, chronic disease management, and
29 other incentives that focus on proven strategies;

30 (iv) Utilization review procedures to support cost-effective
31 benefits delivery;

32 (v) Ways to leverage efficient purchasing by coordinating with
33 the public employees' benefits board;

34 (vi) Effective coordination of benefits; and

35 (vii) Minimum standards for insuring entities;

36 (c) Authorize premium contributions for ~~((an))~~ a school employee
37 and the employee's dependents in a manner that encourages the use of
38 cost-efficient health care systems. For participating school
39 employees, the required employee share of the cost for family
40 coverage ~~((under a plan))~~ premiums may not exceed ~~((the required~~

1 ~~employee share of the cost for employee only coverage))~~ three times
2 the premiums for a school employee purchasing single coverage for the
3 same coverage plan;

4 (d) Determine the terms and conditions of employee and dependent
5 eligibility criteria, enrollment policies, and scope of coverage. At
6 a minimum, the eligibility criteria established by the board shall
7 address the following:

8 (i) The effective date of coverage following hire;

9 (ii) An employee must work at least six hundred thirty hours per
10 year to qualify for coverage; and

11 (iii) Coverage for dependents, including criteria for legal
12 spouses; children up to age twenty-six; children of any age with
13 disabilities, mental illness, or intellectual or other developmental
14 disabilities; and state registered domestic partners, as defined in
15 RCW 26.60.020, and others authorized by the legislature;

16 (e) Determine the terms and conditions of purchasing system
17 participation, consistent with chapter 13, Laws of 2017 3rd sp.
18 sess., including establishment of criteria for employing districts
19 and individual employees;

20 (f) Establish penalties to be imposed when the employing district
21 fails to comply with established participation criteria; and

22 (g) Participate with the authority in the preparation of
23 specifications and selection of carriers contracted for employee
24 benefit plan coverage of eligible employees in accordance with the
25 criteria set forth in rules. To the extent possible, the board shall
26 leverage efficient purchasing by coordinating with the public
27 employees' benefits board.

28 (7) By November 30, 2021, the authority shall review the benefit
29 plans provided through the school employees' benefits board, complete
30 an analysis of the benefits provided and the administration of the
31 benefits plans, and determine whether provisions in chapter 13, Laws
32 of 2017 3rd sp. sess. have resulted in cost savings to the state. The
33 authority shall submit a report to the relevant legislative policy
34 and fiscal committees summarizing the results of the review and
35 analysis.

36 **Sec. 207.** RCW 41.56.800 and 2017 3rd sp.s. c 13 s 701 are each
37 amended to read as follows:

38 (1) A school district collective bargaining agreement that is
39 executed or modified after July 6, 2017, and that is in effect for

1 the 2018-19 school year may not (~~provide~~) increase total school
2 district expenditures for classified staff (~~with a percentage~~
3 ~~increase to total salary~~) salaries for the 2018-19 school year(~~,~~
4 ~~including supplemental contracts, that exceeds~~) by more than the
5 previous calendar year's annual average consumer price index, using
6 the official current base compiled by the bureau of labor statistics,
7 United States department of labor, for the city of Seattle. However,
8 if a district's average classified staff salary is less than the
9 average classified salary allocated by the state for that year, the
10 district may increase salaries not to exceed the point where the
11 district's average classified staff salary equals the average
12 classified staff salary allocated by the state.

13 (2) This section expires August 31, 2019.

14 **Sec. 208.** RCW 41.59.800 and 2017 3rd sp.s. c 13 s 702 are each
15 amended to read as follows:

16 (1) A school district collective bargaining agreement that is
17 executed or modified after July 6, 2017, and that is in effect for
18 the 2018-19 school year may not (~~provide~~) increase total school
19 district expenditures for certificated instructional staff (~~with a~~
20 ~~percentage increase to total salary~~) salaries for the 2018-19 school
21 year(~~, including supplemental contracts, that exceeds~~) by more than
22 the previous calendar year's annual average consumer price index,
23 using the official current base compiled by the bureau of labor
24 statistics, United States department of labor, for the city of
25 Seattle. However, if a district's average certificated instructional
26 staff salary is less than the average certificated instructional
27 staff salary allocated by the state for that year, the district may
28 increase salaries not to exceed the point where the district's
29 average certificated instructional staff salary equals the average
30 certificated instructional staff salary allocated by the state.

31 (2) This section expires August 31, 2019.

32 **PART III: ENRICHMENT LEVIES AND LOCAL EFFORT ASSISTANCE**

33 NEW SECTION. **Sec. 301.** The legislature recognizes that
34 modifications to the local levy and local effort assistance policies
35 adopted as part of Engrossed House Bill No. 2242 (chapter 13, Laws of
36 2017 3rd sp. sess.) in 2017 are necessary in order to ensure that
37 those policies do not negatively impact our schools and our students.

1 It is the intent of the legislature to take action to reform those
2 policies in the 2018 legislative session.

3 **Sec. 302.** RCW 28A.150.276 and 2017 3rd sp.s. c 13 s 501 are each
4 amended to read as follows:

5 (1)(a) Beginning September 1, 2019, school districts may use
6 local revenues only for documented and demonstrated enrichment of the
7 state's statutory program of basic education as authorized in
8 subsection (2) of this section.

9 (b) Nothing in this section revises the definition of the program
10 of basic education under RCW 28A.150.220 and 28A.150.260.

11 (c) For purposes of this section, "local revenues" means
12 enrichment levies collected under RCW 84.52.053, (~~transportation~~
13 ~~vehicle enrichment levies,~~) local effort assistance funding received
14 under chapter 28A.500 RCW, and other school district local revenues
15 including, but not limited to, grants, donations, and state and
16 federal payments in lieu of taxes, except that "local revenues" does
17 not include other federal revenues, or local revenues that operate as
18 an offset to the district's basic education allocation under RCW
19 28A.150.250.

20 (2)(a) Enrichment activities are permitted under this section if
21 they provide supplementation beyond the state:

22 (i) Minimum instructional offerings of RCW 28A.150.220 or
23 28A.150.260;

24 (ii) Staffing ratios or program components of RCW 28A.150.260,
25 including providing additional staff for class size reduction beyond
26 class sizes allocated in the prototypical school model and additional
27 staff beyond the staffing ratios allocated in the prototypical school
28 formula;

29 (iii) Program components of RCW 28A.150.200, 28A.150.220, or
30 28A.150.260; (~~or~~)

31 (iv) Operating costs beyond the state allocation for student
32 transportation to and from school under RCW 28A.160.150; or

33 (v) Program of professional learning as defined by RCW
34 28A.415.430 beyond that allocated pursuant to RCW 28A.150.415.

35 (b) Permitted enrichment activities consist of:

36 (i) Extracurricular activities, extended school days, or an
37 extended school year;

1 (ii) Additional course offerings beyond the minimum instructional
2 program established in the state's statutory program of basic
3 education;

4 (iii) Activities associated with early learning programs;

5 (iv) Any additional salary costs attributable to the provision or
6 administration of the enrichment activities allowed under this
7 subsection; and

8 (v) Additional activities or enhancements that the office of the
9 superintendent of public instruction determines to be a documented
10 and demonstrated enrichment of the state's statutory program of basic
11 education under (a) of this subsection and for which the
12 superintendent approves proposed expenditures during the preballot
13 approval process required by RCW 84.52.053 and 28A.505.240.

14 (3) In addition to the limitations of subsections (1) and (2) of
15 this section and of RCW 28A.400.200, permitted enrichment activities
16 are subject to the following conditions and limitations:

17 (a) If a school district spends local revenues for salary costs
18 attributable to the administration of enrichment programs, the
19 portion of administrator salaries attributable to that purpose may
20 not exceed (~~the proportion~~) twenty-five percent of the (~~district's~~
21 ~~local revenues to its other revenues~~) total district expenditures
22 for administrator salaries; and

23 (b) Supplemental contracts under RCW 28A.400.200 are subject to
24 the limitations of this section.

25 (4) The superintendent of public instruction must adopt rules to
26 implement this section.

27 **Sec. 303.** RCW 28A.320.330 and 2017 3rd sp.s. c 13 s 601 are each
28 amended to read as follows:

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

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

34 (b) By the 2019-20 school year, a local revenue subfund of its
35 general fund to account for the financial operations of a school
36 district that are paid from local revenues. The local revenues that
37 must be deposited in the local revenue subfund are enrichment levies
38 (~~and transportation vehicle enrichment levies~~) collected under RCW
39 84.52.053, local effort assistance funding received under chapter

1 28A.500 RCW, and other school district local revenues including, but
2 not limited to, grants, donations, and state and federal payments in
3 lieu of taxes, but do not include other federal revenues, or local
4 revenues that operate as an offset to the district's basic education
5 allocation under RCW 28A.150.250. School districts must track
6 expenditures from this subfund separately to account for the
7 expenditure of each of these streams of revenue by source, and must
8 provide any supplemental expenditure schedules required by the
9 superintendent of public instruction or state auditor for purposes of
10 RCW 43.09.2856.

11 (2) A capital projects fund shall be established for major
12 capital purposes. All statutory references to a "building fund" shall
13 mean the capital projects fund so established. Money to be deposited
14 into the capital projects fund shall include, but not be limited to,
15 bond proceeds, proceeds from excess levies authorized by RCW
16 84.52.053, state apportionment proceeds as authorized by RCW
17 28A.150.270, earnings from capital projects fund investments as
18 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
19 revenues transferred pursuant to subsection (3) of this section.

20 Money derived from the sale of bonds, including interest earnings
21 thereof, may only be used for those purposes described in RCW
22 28A.530.010, except that accrued interest paid for bonds shall be
23 deposited in the debt service fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (4) An associated student body fund as authorized by RCW
20 28A.325.030.

21 (5) Advance refunding bond funds and refunded bond funds to
22 provide for the proceeds and disbursements as authorized in chapter
23 39.53 RCW.

24 **Sec. 304.** RCW 28A.500.015 and 2017 3rd sp.s. c 13 s 206 are each
25 amended to read as follows:

26 (1) Beginning in calendar year 2019 and each calendar year
27 thereafter, the state must provide state local effort assistance
28 funding to supplement school district enrichment levies as provided
29 in this section.

30 (2) For an eligible school district, annual local effort
31 assistance funding is equal to the school district's maximum local
32 effort assistance multiplied by a fraction equal to the school
33 district's actual enrichment levy divided by the school district's
34 maximum allowable enrichment levy.

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

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

3 (a) "Eligible school district" means a school district whose
4 maximum allowable enrichment levy divided by the school district's
5 total student enrollment in the prior school year is less than the
6 state local effort assistance threshold.

7 (b) "Inflation" means inflation as defined in RCW 84.55.005.

8 (c) "Maximum allowable enrichment levy" means the maximum levy
9 permitted by RCW 84.52.0531.

10 (d) "Maximum local effort assistance" means the school district's
11 student enrollment in the prior school year multiplied by the
12 difference of the state local effort assistance threshold and a
13 school district's maximum allowable enrichment levy divided by the
14 school district's student enrollment in the prior school year.

15 (e) "Prior school year" means the most recent school year
16 completed prior to the year in which the state local effort
17 assistance funding is to be distributed.

18 (f) "State local effort assistance threshold" means one thousand
19 five hundred dollars per student, adjusted for inflation beginning in
20 calendar year 2020.

21 (g) "Student enrollment" means the average annual resident full-
22 time equivalent student enrollment.

23 (h) "Resident" means a student who:

24 (i) Resides within the geographic boundaries of the school
25 district; or

26 (ii) Transfers into the district by choice under RCW 28A.225.225;
27 except students who participate in an online course or online school
28 program as defined in RCW 28A.250.010, and do not also attend a
29 school within the district, are excluded from the definition.

30 (5) The home district of a student who transfers into another
31 district by choice under chapter 28A.225 RCW shall not receive local
32 effort assistance funding under this section.

33 NEW SECTION. Sec. 305. A new section is added to chapter 84.52
34 RCW to read as follows:

35 For districts in a high/nonhigh relationship, if the district is
36 subject to the maximum per pupil limit under RCW 84.52.0531, the high
37 school district's maximum levy amount must be reduced by an amount
38 equal to the estimated amount of the nonhigh payment due to the high

1 school district under RCW 28A.545.030(3) and 28A.545.050 for the
2 school year commencing the year of the levy.

3 **Sec. 306.** RCW 84.52.053 and 2017 3rd sp.s. c 13 s 201 are each
4 amended to read as follows:

5 (1)(a) The limitations imposed by RCW 84.52.050 through
6 84.52.056, and 84.52.043 shall not prevent the levy of taxes by
7 school districts, when authorized so to do by the voters of such
8 school district in the manner and for the purposes and number of
9 years allowable under Article VII, section 2(a) and Article IX,
10 section 1 of the Constitution of this state. Elections for such taxes
11 shall be held in the year in which the levy is made or, in the case
12 of propositions authorizing two-year through four-year levies for
13 enrichment funding for a school district, authorizing two-year levies
14 for transportation vehicle funds established in RCW 28A.160.130
15 through calendar year 2019, authorizing two-year levies for
16 transportation vehicles ~~((enrichment beginning with))~~ only through
17 calendar year 2020, or authorizing two-year through six-year levies
18 to support the construction, modernization, or remodeling of school
19 facilities, which includes the purposes of RCW 28A.320.330(2) (f) and
20 (g), in the year in which the first annual levy is made; and for the
21 portion of transportation vehicles used for enrichment purposes.

22 (b) After November 15, 2018, school districts may not submit a
23 transportation vehicle levy.

24 (2)(a) Once additional tax levies have been authorized for
25 enrichment funding for a school district for a two-year through four-
26 year period as provided under subsection (1) of this section, no
27 further additional tax levies for enrichment funding for the district
28 for that period may be authorized, except for additional levies to
29 provide for subsequently enacted increases affecting the district's
30 maximum levy.

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

37 (i) An election for a proposition authorizing two-year through
38 four-year levies for enrichment funding for a school district may be
39 called and held before the effective date of dissolution to replace

1 existing enrichment levies and to provide for increases due to the
2 dissolution.

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

6 (iii) In the event a replacement levy election under (b)(i) of
7 this subsection is held but does not pass, the affected school
8 district may subsequently hold a supplemental levy election pursuant
9 to (b)(ii) of this subsection if the supplemental levy election is
10 held before the effective date of dissolution. In the event a
11 supplemental levy election is held under (b)(ii) of this subsection
12 but does not pass, the affected school district may subsequently hold
13 a replacement levy election pursuant to (b)(i) of this subsection if
14 the replacement levy election is held before the effective date of
15 dissolution. Failure of a replacement levy or supplemental levy
16 election does not affect any previously approved and existing
17 enrichment levy within the affected school district or districts.

18 (c) For the purpose of applying the limitation of this subsection
19 (2), a two-year through six-year levy to support the construction,
20 modernization, or remodeling of school facilities shall not be deemed
21 to be a tax levy for enrichment funding for a school district.

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

29 (4)(a) Beginning September 1, 2019, school districts may use
30 enrichment levies (~~(and transportation vehicle enrichment levies)~~)
31 solely to enrich the state's statutory program of basic education as
32 authorized under RCW 28A.150.276.

33 (b) Beginning with propositions for enrichment levies (~~(and~~
34 ~~transportation vehicle enrichment levies)~~) for collection in calendar
35 year 2020 and thereafter, a district must receive approval of an
36 enrichment levy expenditure plan from the superintendent of public
37 instruction under RCW 28A.505.240 before submission of the
38 proposition to the voters.

1 **Sec. 307.** RCW 84.52.0531 and 2017 3rd sp.s. c 13 s 203 are each
2 amended to read as follows:

3 (1) Beginning with taxes levied for collection in 2019, the
4 maximum dollar amount which may be levied by or for any school
5 district for enrichment levies under RCW 84.52.053 is equal to the
6 lesser of one dollar and fifty cents per thousand dollars of the
7 assessed value of property in the school district or the maximum per-
8 pupil limit.

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

11 (a) "Inflation" means inflation as defined in RCW 84.55.005.

12 (b) "Maximum per-pupil limit" means two thousand five hundred
13 dollars, multiplied by the number of average annual resident full-
14 time equivalent students enrolled in the school district in the prior
15 school year. Beginning with property taxes levied for collection in
16 2020, the maximum per-pupil limit shall be increased by inflation.

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

19 (d) "Resident" means a student who:

20 (i) Resides within the geographic boundaries of the school
21 district; or

22 (ii) Transfers into the district by choice under RCW 28A.225.225;
23 except students who participate in an online course or online school
24 program as defined in RCW 28A.250.010, and do not also attend a
25 school within the district, are excluded from the definition.

26 (3) Beginning with propositions for enrichment levies for
27 collection in calendar year 2020 and thereafter, a district must
28 receive approval of an enrichment levy expenditure plan under RCW
29 28A.505.240 before submission of the proposition to the voters.

30 (4) The superintendent of public instruction shall develop rules
31 and regulations and inform school districts of the pertinent data
32 necessary to carry out the provisions of this section.

33 (5) Beginning with taxes levied for collection in 2020,
34 enrichment levy revenues must be deposited in a separate subfund of
35 the school district's general fund pursuant to RCW 28A.320.330, and
36 are subject to the restrictions of RCW 28A.150.276 and the audit
37 requirements of RCW 43.09.2856.

38 (~~(6) ((Funds collected from transportation vehicle enrichment~~
39 ~~levies shall not be subject to the levy limitations in this~~
40 ~~section.))~~ The home district of a student who transfers into another

1 district by choice under chapter 28A.225 RCW shall not receive levy
2 revenues under this section.

3 **PART IV: OTHER POLICIES**

4 NEW SECTION. **Sec. 401.** A new section is added to chapter
5 28A.150 RCW to read as follows:

6 For the 2018-19 and 2019-20 school years, a school district
7 qualifies for a hold harmless payment if the sum of the school
8 district's state basic education allocations plus its enrichment levy
9 and local effort assistance under chapter 13, Laws of 2017 3rd sp.
10 sess. is less than the sum of state basic education allocations,
11 local maintenance and operation levy, and local effort assistance
12 provided under the law as it existed on January 1, 2017. For the
13 purposes of this section, the local levy is limited to the lesser of
14 the voter-approved levy as of January 1, 2017, or the maximum levy
15 allowed under the law as of January 1, 2017.

16 **Sec. 402.** RCW 28A.150.392 and 2017 3rd sp.s. c 13 s 407 are each
17 amended to read as follows:

18 (1)(a) To the extent necessary, funds shall be made available for
19 safety net awards for districts with demonstrated needs for special
20 education funding beyond the amounts provided through the special
21 education funding formula under RCW 28A.150.390.

22 (b) If the federal safety net awards based on the federal
23 eligibility threshold exceed the federal appropriation in any fiscal
24 year, then the superintendent shall expend all available federal
25 discretionary funds necessary to meet this need.

26 (2) Safety net funds shall be awarded by the state safety net
27 oversight committee subject to the following conditions and
28 limitations:

29 (a) The committee shall award additional funds for districts that
30 can convincingly demonstrate that all legitimate expenditures for
31 special education exceed all available revenues from state funding
32 formulas.

33 (b) In the determination of need, the committee shall consider
34 additional available revenues from federal sources.

35 (c) Differences in program costs attributable to district
36 philosophy, service delivery choice, or accounting practices are not
37 a legitimate basis for safety net awards.

1 (d) In the determination of need, the committee shall require
2 that districts demonstrate that they are maximizing their eligibility
3 for all state revenues related to services for special education-
4 eligible students and all federal revenues from federal impact aid,
5 medicaid, and the individuals with disabilities education act-Part B
6 and appropriate special projects. Awards associated with (e) and (f)
7 of this subsection shall not exceed the total of a district's
8 specific determination of need.

9 (e) The committee shall then consider the extraordinary high cost
10 needs of one or more individual special education students.
11 Differences in costs attributable to district philosophy, service
12 delivery choice, or accounting practices are not a legitimate basis
13 for safety net awards.

14 (f) Using criteria developed by the committee, the committee
15 shall then consider extraordinary costs associated with communities
16 that draw a larger number of families with children in need of
17 special education services, which may include consideration of
18 proximity to group homes, military bases, and regional hospitals.
19 Safety net awards under this subsection (2)(f) shall be adjusted to
20 reflect amounts awarded under (e) of this subsection.

21 (g) The maximum allowable indirect cost for calculating safety
22 net eligibility may not exceed the federal restricted indirect cost
23 rate for the district plus one percent.

24 (h) Safety net awards shall be adjusted based on the percent of
25 potential medicaid eligible students billed as calculated by the
26 superintendent of public instruction in accordance with chapter 318,
27 Laws of 1999.

28 (i) Safety net awards must be adjusted for any audit findings or
29 exceptions related to special education funding.

30 (3) The superintendent of public instruction shall adopt such
31 rules and procedures as are necessary to administer the special
32 education funding and safety net award process. By September 1,
33 ((2019)) 2018, the superintendent shall review and revise the rules
34 to achieve full and complete implementation of the requirements of
35 this subsection and subsection (4) of this section. Before revising
36 any standards, procedures, or rules, the superintendent shall consult
37 with the office of financial management and the fiscal committees of
38 the legislature. In adopting and revising the rules, the
39 superintendent shall ensure the application process to access safety
40 net funding is streamlined, timelines for submission are not in

1 conflict, feedback to school districts is timely and provides
2 sufficient information to allow school districts to understand how to
3 correct any deficiencies in a safety net application, and that there
4 is consistency between awards approved by school district and by
5 application period. The office of the superintendent of public
6 instruction shall also provide technical assistance to school
7 districts in preparing and submitting special education safety net
8 applications.

9 (4) On an annual basis, the superintendent shall survey districts
10 regarding their satisfaction with the safety net process and consider
11 feedback from districts to improve the safety net process. Each year
12 by December 1st, the superintendent shall prepare and submit a report
13 to the office of financial management and the appropriate policy and
14 fiscal committees of the legislature that summarizes the survey
15 results and those changes made to the safety net process as a result
16 of the school district feedback.

17 (5) The safety net oversight committee appointed by the
18 superintendent of public instruction shall consist of:

19 (a) One staff member from the office of the superintendent of
20 public instruction;

21 (b) Staff of the office of the state auditor who shall be
22 nonvoting members of the committee; and

23 (c) One or more representatives from school districts or
24 educational service districts knowledgeable of special education
25 programs and funding.

26 **Sec. 403.** RCW 28A.150.415 and 2017 3rd sp.s. c 13 s 105 are each
27 amended to read as follows:

28 (1) Beginning with the 2018-19 school year, the legislature shall
29 begin phasing in funding for professional learning days for
30 certificated instructional staff. The state allocation must be used
31 solely for the purpose of providing professional learning. At a
32 minimum, the state must allocate funding for:

33 (a) One professional learning day in the 2018-19 school year;

34 (b) Two professional learning days in the 2019-20 school year;
35 and

36 (c) Three professional learning days in the 2020-21 school year.

37 (2) The calculation for the professional development allocation
38 is as follows:

1 (a) Multiply the number of state allocated certificated
2 instructional staff units by the statewide average salary allocation
3 and the regionalization factor;

4 (b) Divide the result of (a) of this subsection by one hundred
5 eighty to derive a daily rate; and

6 (c) Multiply the daily rate resulting from (b) of this subsection
7 by the number of professional development days described in
8 subsection (1) of this section.

9 (3) Nothing in this section entitles an individual certificated
10 instructional staff to any particular number of professional learning
11 days.

12 ~~((+3))~~ (4) Nothing in this section requires a school district to
13 provide professional learning days in excess of the days that are
14 funded by this allotment.

15 (5) The professional learning days must meet the definitions and
16 standards provided in RCW 28A.415.430, 28A.415.432, and 28A.415.434.

17 (6) The use of the funding provided under this section must be
18 audited as part of the regular financial audits of school districts
19 by the state auditor's office to ensure compliance with the
20 limitations and conditions of this section.

21 **Sec. 404.** RCW 28A.505.240 and 2017 3rd sp.s. c 13 s 204 are each
22 amended to read as follows:

23 (1) As required by RCW 84.52.053(4), before a school district may
24 submit an enrichment levy(~~(, including a transportation vehicle~~
25 ~~enrichment levy,~~) under RCW 84.52.053 to the voters, it must have
26 received approval from the office of the superintendent of public
27 instruction of an expenditure plan for the district's enrichment levy
28 and other local revenues as defined in RCW 28A.150.276. Within thirty
29 days after receiving the plan the office of the superintendent of
30 public instruction must notify the school district whether the
31 spending plan is approved. If the office of the superintendent of
32 public instruction rejects a district's proposed spending plan, then
33 the district may submit a revised spending plan, and the
34 superintendent must approve or reject the revised submission within
35 thirty days. The office of the superintendent of public instruction
36 may approve a spending plan only if it determines that the enrichment
37 levy and other local revenues as defined in RCW 28A.150.276(1) will
38 be used solely for permitted enrichment activities as provided in RCW
39 28A.150.276(2).

1 (2)(a) Except as provided in (b) of this subsection, after a
2 school district has received voter approval for a levy for an
3 enrichment levy under RCW 84.52.053, a school district may change its
4 spending plan for the voter-approved levy by submitting a revised
5 spending plan to the office of the superintendent of public
6 instruction for review and approval. To revise a previously approved
7 spending plan, the district must provide notice and an opportunity
8 for review and comment at an open meeting of the school board, and
9 the board must adopt the revised spending plan by resolution. The
10 board must then submit the plan to the office of the superintendent
11 of public instruction. Within thirty days after receiving the revised
12 spending plan the office must notify the school district whether the
13 revised spending plan is approved. The office of the superintendent
14 of public instruction may approve a revised spending plan only if it
15 determines that the enrichment levy and other local revenues as
16 defined in RCW 28A.150.276(1) will be used solely for permitted
17 enrichment activities as provided in RCW 28A.150.276(2).

18 (b) If the superintendent has approved expenditures for specific
19 purposes under (a) of this subsection, a district may change the
20 relative amounts to be spent for those respective purposes for the
21 same levy in subsequent years without having to first receive
22 approval for the change from the office of the superintendent of
23 public instruction if the district adopts the change as part of its
24 annual budget proposal after a public hearing under RCW 28A.505.060.

25 (3) This section applies to taxes levied for collection beginning
26 in calendar year 2020 and thereafter.

27 **Sec. 405.** RCW 28A.710.280 and 2016 c 241 s 128 are each amended
28 to read as follows:

29 (1) The legislature intends that state funding for charter
30 schools be distributed equitably with state funding provided for
31 other public schools.

32 (2) For eligible students enrolled in a charter school
33 established and operating in accordance with this chapter, the
34 superintendent of public instruction shall transmit to each charter
35 school an amount calculated as provided in this section and based on
36 the statewide average (~~(staff mix factor)~~) salaries set forth in RCW
37 28A.150.410 for certificated instructional staff adjusted by the
38 regionalization factor that applies to the school district in which
39 the charter school is geographically located, including any

1 enrichment to those statutory formulae that is specified in the
2 omnibus appropriations act. The amount must be the sum of (a) and (b)
3 of this subsection(~~(, as applicable)~~).

4 (a) The superintendent shall, for purposes of making
5 distributions under this section, separately calculate and distribute
6 to charter schools moneys appropriated for general apportionment
7 under the same ratios as in RCW 28A.150.260.

8 (b) The superintendent also shall, for purposes of making
9 distributions under this section, and in accordance with the
10 applicable formulae for categorical programs specified in (b)(i)
11 through (v) of this subsection (2) and any enrichment to those
12 statutory formulae that is specified in the omnibus appropriations
13 act, separately calculate and distribute moneys appropriated by the
14 legislature to charter schools for:

15 (i) Supplemental instruction and services for underachieving
16 students through the learning assistance program under RCW
17 28A.165.005 through 28A.165.065;

18 (ii) Supplemental instruction and services for eligible and
19 enrolled students and exited students whose primary language is other
20 than English through the transitional bilingual instruction program
21 under RCW 28A.180.010 through 28A.180.080;

22 (iii) The opportunity for an appropriate education at public
23 expense as defined by RCW 28A.155.020 for all eligible students with
24 disabilities as defined in RCW 28A.155.020;

25 (iv) Programs for highly capable students under RCW 28A.185.010
26 through 28A.185.030; and

27 (v) Pupil transportation services to and from school in
28 accordance with RCW 28A.160.150 through 28A.160.180. Distributions
29 for pupil transportation must be calculated on a per eligible student
30 basis based on the allocation for the previous school year to the
31 school district in which the charter school is located.

32 (3) The superintendent of public instruction must adopt rules
33 necessary for the distribution of funding required by this section
34 and to comply with federal reporting requirements.

35 **Sec. 406.** RCW 28A.715.040 and 2013 c 242 s 5 are each amended to
36 read as follows:

37 (1) A school that is the subject of a state-tribal education
38 compact must report student enrollment. Reporting must be done in the
39 same manner and use the same definitions of enrolled students and

1 annual average full-time equivalent enrollment as is required of
2 school districts. The reporting requirements in this subsection are
3 required for a school to receive state or federal funding that is
4 allocated based on student characteristics.

5 (2) Funding for a school that is the subject of a state-tribal
6 education compact shall be apportioned by the superintendent of
7 public instruction according to the schedule established under RCW
8 28A.510.250, including general apportionment, special education,
9 categorical, and other nonbasic education moneys. Allocations for
10 certificated instructional staff must be based on the statewide
11 average ((~~staff mix ratio of the school, as calculated by the~~
12 ~~superintendent of public instruction using the statewide salary~~
13 ~~allocation schedule and related documents, conditions, and~~
14 ~~limitations established by the omnibus appropriations act)) salary~~
15 set forth in RCW 28A.150.410, adjusted by the regionalization factor
16 that applies to the school district in which the school is located.
17 Allocations for classified staff and certificated administrative
18 staff must be based on the salary allocations of the school district
19 in which the school is located(~~(, subject to conditions and~~
20 ~~limitations established by the omnibus appropriations act)) as set
21 forth in RCW 28A.150.410, adjusted by the regionalization factor that
22 applies to the school district in which the school is located.
23 Nothing in this section requires a school that is the subject of a
24 state-tribal education compact to use the statewide salary allocation
25 schedule. Such a school is eligible to apply for state grants on the
26 same basis as a school district.~~

27 (3) Any moneys received by a school that is the subject of a
28 state-tribal education compact from any source that remain in the
29 school's accounts at the end of any budget year must remain in the
30 school's accounts for use by the school during subsequent budget
31 years.

32 **Sec. 407.** RCW 43.09.2856 and 2017 3rd sp.s. c 13 s 503 are each
33 amended to read as follows:

34 (1) Beginning with the 2019-20 school year, to ensure that school
35 district local revenues are used solely for purposes of enriching the
36 state's statutory program of basic education, the state auditor's
37 regular financial audits of school districts must include a review of
38 the expenditure of school district local revenues for compliance with
39 RCW 28A.150.276, including the spending plan approved by the

1 superintendent of public instruction under RCW 28A.505.240 and its
2 implementation, and any supplemental contracts entered into under RCW
3 28A.400.200.

4 (2) If an audit under subsection (1) of this section results in
5 findings that a school district has failed to comply with these
6 requirements, then within ninety days of completing the audit the
7 auditor must report the findings to the superintendent of public
8 instruction, the office of financial management, and the education
9 and operating budget committees of the legislature.

10 (3) The use of the state allocation provided for professional
11 learning under RCW 28A.150.415 must be audited as part of the regular
12 financial audits of school districts by the state auditor's office to
13 ensure compliance with the limitations and conditions of RCW
14 28A.150.415.

15 NEW SECTION. Sec. 408. Sections 304 and 307 of this act take
16 effect January 1, 2019.

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