SENATE BILL 6362

State of Washington 65th Legislature 2018 Regular Session

By Senators Wellman, Rolfes, and Billig; by request of Superintendent of Public Instruction

AN ACT Relating to modifying basic education funding provisions; 1 2 amending RCW 28A.150.200, 28A.150.203, 28A.150.260, 28A.150.276, 3 28A.150.415, 28A.165.055, 28A.320.330, 28A.400.205, 28A.500.015, 28A.710.280, 4 28A.715.040, 41.56.800, 41.59.800, 28A.400.006, 5 84.52.053, and 84.52.0531; repealing RCW 28A.505.240; providing an 6 effective date; and providing an expiration date.

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

8 **Sec. 1.** RCW 28A.150.200 and 2017 3rd sp.s. c 13 s 401 are each 9 amended to read as follows:

(1) The program of basic education established under this chapter 10 11 is deemed by the legislature to comply with the requirements of Article IX, section 1 of the state Constitution, which states that 12 13 "It is the paramount duty of the state to make ample provision for 14 the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex," 15 16 and is adopted pursuant to Article IX, section 2 of the state 17 Constitution, which states that "The legislature shall provide for a general and uniform system of public schools." 18

19 (2) The legislature defines the program of basic education under 20 this chapter as that which is necessary to provide the opportunity to 21 develop the knowledge and skills necessary to meet the stateestablished high school graduation requirements that are intended to allow students to have the opportunity to graduate with a meaningful diploma that prepares them for postsecondary education, gainful employment, and citizenship. Basic education by necessity is an evolving program of instruction intended to reflect the changing educational opportunities that are needed to equip students for their role as productive citizens and includes the following:

8 (a) The instructional program of basic education the minimum 9 components of which are described in RCW 28A.150.220;

(b) The program of education provided by chapter 28A.190 RCW for students in residential schools as defined by RCW 28A.190.020 and for juveniles in detention facilities as identified by RCW 28A.190.010;

13 (c) The program of education provided by chapter 28A.193 RCW for 14 individuals under the age of eighteen who are incarcerated in adult 15 correctional facilities;

16 (d) Transportation and transportation services to and from school 17 for eligible students as provided under RCW 28A.160.150 through 18 28A.160.180; and

(e) Statewide salary allocations necessary to hire and retainqualified staff for the state's statutory program of basic education.

21 (3) For the 2018-19 and 2019-20 school years, a school district qualifies for a hold harmless payment if the sum of the school 22 district's state basic education allocations plus its enrichment levy 23 24 and local effort assistance under chapter 13, Laws of 2017 3rd sp. sess. is less than the sum of state basic education allocations, 25 local maintenance and operation levy, and local effort assistance 26 provided under the law as it existed on January 1, 2017. For the 27 28 purposes of this subsection, the local levy is limited to the lesser 29 of the voter-approved levy as of January 1, 2017, or the maximum levy allowed under the law as of January 1, 2017. 30

31 Sec. 2. RCW 28A.150.203 and 2017 c 237 s 15 are each amended to 32 read as follows:

33 The definitions in this section apply throughout this chapter 34 unless the context clearly requires otherwise.

(1) "Basic education goal" means the student learning goals andthe student knowledge and skills described under RCW 28A.150.210.

37 (2) "Certificated administrative staff" means all those persons38 who are chief executive officers, chief administrative officers,

confidential employees, supervisors, principals, or assistant
 principals within the meaning of RCW 41.59.020(4).

3 (3) "Certificated employee" as used in this chapter and RCW
4 28A.195.010, 28A.405.100, 28A.405.210, 28A.405.240, 28A.405.250,
5 28A.405.300 through 28A.405.380, and chapter 41.59 RCW, means those
6 persons who hold certificates as authorized by rule of the Washington
7 professional educator standards board.

8 (4) "Certificated instructional staff" means those persons 9 employed by a school district who are nonsupervisory certificated 10 employees within the meaning of RCW 41.59.020(8), except for 11 paraeducators.

12 (5) "Class size" means an instructional grouping of students 13 where, on average, the ratio of students to teacher is the number 14 specified.

15 (6) "Classified employee" means a person who is employed as a 16 paraeducator and a person who does not hold a professional education 17 certificate or is employed in a position that does not require such a 18 certificate.

19 (7) "Classroom teacher" means a person who holds a professional education certificate and is employed in a position for which such 20 certificate is required whose primary duty is the daily educational 21 22 instruction of students. In exceptional cases, people of unusual competence but without certification may teach students so long as a 23 certificated person exercises general supervision, but the hiring of 24 25 such classified employees shall not occur during a labor dispute, and 26 such classified employees shall not be hired to replace certificated employees during a labor dispute. 27

(8) "Instructional program of basic education" means the minimum program required to be provided by school districts and includes instructional hour requirements and other components under RCW 28A.150.220.

(9) "Program of basic education" means the overall program under
 RCW 28A.150.200 and deemed by the legislature to comply with the
 requirements of Article IX, section 1 of the state Constitution.

35 (10) <u>"Resident student" means a student residing within the</u> 36 <u>geographic boundaries of the school district and excludes students</u> 37 <u>who:</u>

38 (a) Transfer into the district by choice; or

39 (b) Are enrolled in prekindergarten.

1 <u>(11)</u> "School day" means each day of the school year on which 2 pupils enrolled in the common schools of a school district are 3 engaged in academic and career and technical instruction planned by 4 and under the direction of the school.

(((11))) (12) "School year" includes the minimum number of school 5 6 days required under RCW 28A.150.220 and begins on the first day of 7 September and ends with the last day of August, except that any school district may elect to commence the annual school term in the 8 month of August of any calendar year and in such case the operation 9 of a school district for such period in August shall be credited by 10 11 the superintendent of public instruction to the succeeding school 12 year for the purpose of the allocation and distribution of state funds for the support of such school district. 13

(((12))) (13) "Teacher planning period" means a period of a 14 school day as determined by the administration and board of directors 15 16 of the district that may be used by teachers for instruction-related 17 activities including but not limited to preparing instructional materials; reviewing student performance; recording student data; 18 consulting with other teachers, instructional assistants, mentors, 19 instructional coaches, administrators, and parents; or participating 20 21 in professional development.

22 **Sec. 3.** RCW 28A.150.260 and 2017 3rd sp.s. c 13 s 402 are each 23 amended to read as follows:

The purpose of this section is to provide for the 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 basic education instructional allocation for each common school district.

(2)(a) The distribution formula under this section shall be for allocation purposes only. Except as may be required under subsections (4)(b) and (c) and (9) of this section, 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

1 maintain a particular classroom teacher-to-student ratio or other 2 staff-to-student ratio or to use allocated funds to pay for 3 particular types or classifications of staff. Nothing in this section 4 entitles an individual teacher to a particular teacher planning 5 period.

6 (b) To promote transparency ((in state funding allocations)), the superintendent of public instruction must report state per-pupil 7 ((allocations)) expenditures for each school district for the general 8 apportionment, special education, learning assistance, transitional 9 bilingual, highly capable, and career and technical 10 education 11 programs. The superintendent must also report state general 12 apportionment ((per-pupil allocations by grade)) expenditures for each school ((district)). The superintendent must report this 13 information in a user-friendly format on the main page of the 14 office's web site and on school district apportionment reports. 15 16 School districts must include a link to the superintendent's per-17 pupil ((allocations)) expenditures report on the main page of the school district's web site. ((In addition, the budget documents 18 published by the legislature for the enacted omnibus operating 19 appropriations act must report statewide average per-pupil 20 21 allocations for general apportionment and the categorical programs 22 listed in this subsection.))

(3)(a) To the extent the technical details of the formula have 23 been adopted by the legislature and except when specifically provided 24 25 as a school district allocation, the distribution formula for the basic education instructional allocation shall be based on minimum 26 staffing and nonstaff costs the legislature deems necessary to 27 28 support instruction and operations in prototypical schools serving 29 high, middle, and elementary school students as provided in this section. The use of prototypical schools for the distribution formula 30 31 does not constitute legislative intent that schools should be 32 operated or structured in a similar fashion as the prototypes. Prototypical schools illustrate the level of resources needed to 33 operate a school of a particular size with particular types and grade 34 levels of students using commonly understood terms and inputs, such 35 as class size, hours of instruction, and various categories of school 36 staff. It is the intent that the funding allocations to school 37 districts be adjusted from the school prototypes based on the actual 38 39 number of annual average full-time equivalent students in each grade 40 level at each school in the district and not based on the grade-level

1 configuration of the school to the extent that data is available. The 2 allocations shall be further adjusted from the school prototypes with 3 minimum allocations for small schools and to reflect other factors 4 identified in the omnibus appropriations act.

5 (b) For the purposes of this section, prototypical schools are6 defined as follows:

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

9 (ii) A prototypical middle school has four hundred thirty-two 10 average annual full-time equivalent students in grades seven and 11 eight; and

12 (iii) A prototypical elementary school has four hundred average 13 annual full-time equivalent students in grades kindergarten through 14 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

23	average class	s size
24	Grades K-3	17.00
25	Grade 4	27.00
26	Grades 5-6	27.00
27	Grades 7-8	28.53
28	Grades 9-12	28.74

(ii) The minimum class size allocation for each prototypical high 29 school shall also provide for enhanced funding for class size 30 reduction for two laboratory science classes within grades nine 31 32 through twelve per full-time equivalent high school student multiplied by a laboratory science course factor of 0.0833, based on 33 the number of full-time equivalent classroom teachers needed to 34 provide instruction over the minimum required annual instructional 35 hours in RCW 28A.150.220, and providing at least one teacher planning 36 37 period per school day:

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1	Grades 9-12			19.98
2	(b)(i) Beginning ((September 1, 2018))	with the	2019-20	school
3	year, funding for average K-3 class sizes in	this sub	osection	(4) may
4	be provided only to the extent of, and prop	ortionate	to, the	school
5	district's demonstrated actual class size is	n grades	K-3, up	to the
6	funded class sizes.			
7	(ii) The office of the superintendent of	public in	nstructio	on shall
8	develop rules to implement this subsection (4)(b).		
9	(c)(i) The minimum allocation for each	prototyp.	ical mid	dle and
10	high school shall also provide for full-t:	ime equiv	alent c	lassroom
11	teachers based on the following number	of full-	time equ	uivalent
12	students per teacher in career and technical	education	:	
13		Care	er and te	echnical
14		e	ducation	average
15			cla	ass size
16	Approved career and technical education offer	ed at		
17	the middle school and high school level			23.00
18	Skill center programs meeting the standards e	stablishe	d	
19	by the office of the superintendent of public			
20	instruction			20.00
21	(ii) Funding allocated under this subsect	zion (4)(c	c) is sub	oject to
22	RCW 28A.150.265.			
23	(d) In addition, the omnibus appropri	ations a	.ct shal	l at a
24	minimum specify:			
25	(i) A high-poverty average class size in	schools	where mo	ore than
26	fifty percent of the students are eligible for	or free an	nd reduce	ed-price
27	meals; and			
28	(ii) A specialty average class size for	advance	d placem	ent and
29	international baccalaureate courses.			
30	(5) The minimum allocation for each leve	l of prot	cotypical	school
31	shall include allocations for the follow	ing type	s of st	caff in
32	addition to classroom teachers:			
33		Elementary	Middle	High
34		School	School	School
35	Principals, assistant principals, and other certificated building-level			
36	administrators.	1.253	1.353	1.880
37			1.000	
37 38	Teacher-librarians, a function that includes information literacy, technology,	0.662	0.510	0.522
50	and media to support school library media programs.	0.663	0.519	0.523
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1	Health and social services:			
2	School nurses.	0.076	0.060	0.096
3	Social workers.	0.042	0.006	0.015
4	Psychologists	0.017	0.002	0.007
5	Guidance counselors, a function that includes parent outreach and graduation			
б	advising	0.493	1.216	2.539
7	Teaching assistance, including any aspect of educational instructional services			
8	provided by classified employees.	0.936	0.700	0.652
9	Office support and other noninstructional aides	2.012	2.325	3.269
10	Custodians	1.657	1.942	2.965
11	Classified staff providing student and staff safety.	0.079	0.092	0.141
12	Parent involvement coordinators.	0.0825	0.00	0.00

(6)(a) The minimum staffing allocation for each school district 13 14 to provide district-wide support services shall be allocated per one 15 thousand annual average full-time equivalent students in grades K-12 16 as follows:

17		S	lta	ff	p	er	1,000
18			K	-1	2	stı	udents
19	Technology	•	•	•	•		0.628
20	Facilities, maintenance, and grounds	•	•	•	•		1.813
21	Warehouse, laborers, and mechanics	•	•	•	•		0.332

22 (b) The minimum allocation of staff units for each school district to support certificated and classified staffing of central 23 administration shall be 5.30 percent of the staff units generated 24 25 under subsections (4)(a) and (5) of this section and (a) of this subsection. 26

27 (7) The distribution formula shall include staffing allocations to school districts for career and technical education and skill 28 center administrative and other school-level certificated staff, as 29 30 specified in the omnibus appropriations act.

31 (8)(a) Except as provided in (b) of this subsection, the minimum allocation for each school district shall include allocations per 32 annual average full-time equivalent student for the following 33 materials, supplies, and operating costs as provided in the 2017-18 34 35 school year, after which the allocations shall be adjusted annually 36 for inflation as specified in the omnibus appropriations act:

1	Per annual average
2	full-time equivalent student
3	in grades K-12
4	Technology
5	Utilities and insurance
б	Curriculum and textbooks
7	Other supplies and library materials
8	Instructional professional development for certificated and
9	classified staff
10	Facilities maintenance
11	Security and central office administration
12 13 14	(b) In addition to the amounts provided in (a) of this subsection, beginning in the 2014-15 school year, the omnibus appropriations act shall provide the following minimum allocation for
15	each annual average full-time equivalent student in grades nine
16	through twelve for the following materials, supplies, and operating
17	costs, to be adjusted annually for inflation:
18	Per annual average
19	full-time equivalent student
20	in grades 9-12
21	Technology
22	Curriculum and textbooks
23	Other supplies and library materials
24	Instructional professional development for certificated and
25	classified staff
26	(9) In addition to the amounts provided in subsection (8) of this
27	section and subject to RCW 28A.150.265, the omnibus appropriations
28	act shall provide an amount based on full-time equivalent student
29	enrollment in each of the following:
30	(a) Exploratory career and technical education courses for
31	students in grades seven through twelve;
32	(b) Preparatory career and technical education courses for
33	students in grades nine through twelve offered in a high school; and
34	(c) Preparatory career and technical education courses for
35	students in grades eleven and twelve offered through a skill center.
36	(10) In addition to the allocations otherwise provided under this
37	section, amounts shall be provided to support the following programs
38	and services:

1 (a)(i) To provide supplemental instruction and services for students who are not meeting academic standards through the learning 2 assistance program under RCW 28A.165.005 through 28A.165.065, 3 allocations shall be based on the district percentage of students in 4 grades K-12 who were eligible for free or reduced-price meals in the 5 б prior school year. The minimum allocation for the program shall provide for each level of prototypical school resources to provide, 7 on a statewide average, 2.3975 hours per week in extra instruction 8 with a class size of fifteen learning assistance program students per 9 10 teacher.

(ii) In addition to funding allocated under (a)(i) of this 11 12 subsection, to provide supplemental instruction and services for students who are not meeting academic standards in schools where at 13 14 least fifty percent of students are eligible for free and reducedprice meals. The minimum allocation for this additional high poverty-15 16 based allocation must provide for each level of prototypical school 17 resources to provide, on a statewide average, 1.1 hours per week in extra instruction with a class size of fifteen learning assistance 18 19 program students per teacher, under RCW 28A.165.055, school districts must distribute the high poverty-based allocation to the schools that 20 21 generated the funding allocation.

(b)(i) To provide supplemental instruction and services for 22 students whose primary language is other than English, allocations 23 shall be based on the head count number of students in each school 24 25 who are eligible for and enrolled in the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080. The 26 minimum allocation for each level of prototypical school shall 27 28 provide resources to provide, on a statewide average, 4.7780 hours per week in extra instruction for students in grades kindergarten 29 through six and 6.7780 hours per week in extra instruction for 30 31 students in grades seven through twelve, with fifteen transitional 32 bilingual instruction program students per teacher. Notwithstanding other provisions of this subsection (10), the actual per-student 33 allocation may be scaled to provide a larger allocation for students 34 needing more intensive intervention and a commensurate reduced 35 allocation for students needing less intensive intervention, 36 as detailed in the omnibus appropriations act. 37

(ii) To provide supplemental instruction and services for
 students who have exited the transitional bilingual program,
 allocations shall be based on the head count number of students in

1 each school who have exited the transitional bilingual program within the previous two years based on their performance on the English 2 proficiency assessment and are eligible for and enrolled in the 3 instruction 4 transitional bilingual program under RCW 5 28A.180.040(1)(g). The minimum allocation for each prototypical 6 school shall provide resources to provide, on a statewide average, 7 3.0 hours per week in extra instruction with fifteen exited students 8 per teacher.

9 (c) To provide additional allocations to support programs for highly capable students under RCW 28A.185.010 through 28A.185.030, 10 allocations shall be based on 5.0 percent of each school district's 11 12 equivalent basic education enrollment. full-time The minimum allocation for the programs shall provide resources to provide, on a 13 14 statewide average, 2.1590 hours per week in extra instruction with fifteen highly capable program students per teacher. 15

16 (11) The allocations under subsections (4)(a), (5), (6), and (8) 17 of this section shall be enhanced as provided under RCW 28A.150.390 18 on an excess cost basis to provide supplemental instructional 19 resources for students with disabilities.

(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.

32 (13)(a) This formula for distribution of basic education funds 33 shall be reviewed biennially by the superintendent and governor. The 34 recommended formula shall be subject to approval, amendment or 35 rejection by the legislature.

36 (b) In the event the legislature rejects the distribution formula 37 recommended by the governor, without adopting a new distribution 38 formula, the distribution formula for the previous school year shall 39 remain in effect.

1 (c) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as 2 provided in RCW 28A.150.350, enrolled on the first school day of each 3 month, including students who are in attendance pursuant to RCW 4 28A.335.160 and 28A.225.250 who do not reside within the servicing 5 6 school district. The definition of full-time equivalent student shall 7 be determined by rules of the superintendent of public instruction and shall be included as part of the superintendent's biennial budget 8 request. The definition shall be based on the minimum instructional 9 hour offerings required under RCW 28A.150.220. Any revision of the 10 11 present definition shall not take effect until approved by the house 12 ways and means committee and the senate ways and means committee.

13 (d) The office of financial management shall make a monthly 14 review of the superintendent's reported full-time equivalent students 15 in the common schools in conjunction with RCW 43.62.050.

16 **Sec. 4.** RCW 28A.150.276 and 2017 3rd sp.s. c 13 s 501 are each 17 amended to read as follows:

18 (1)(a) Beginning September 1, 2019, school districts may use 19 local revenues only for documented and demonstrated enrichment of the 20 state's statutory program of basic education as authorized in 21 subsection (2) of this section.

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

24 (c) For purposes of this section, "local revenues" means 25 enrichment levies collected under RCW 84.52.053, ((transportation vehicle enrichment levies,)) local effort assistance funding received 26 27 under chapter 28A.500 RCW, and other school district local revenues including, but not limited to, grants, donations, and state and 28 federal payments in lieu of taxes, except that "local revenues" does 29 30 not include other federal revenues, or local revenues that operate as 31 an offset to the district's basic education allocation under RCW 28A.150.250. 32

33 (2)(a) Enrichment activities are permitted under this section if 34 they provide supplementation beyond the state:

35 (i) Minimum instructional offerings of RCW 28A.150.220 or 36 28A.150.260;

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

staff beyond the staffing ratios allocated in the prototypical school
formula;

3 (iii) Program components of RCW 28A.150.200, 28A.150.220, or 4 28A.150.260; or

5 (iv) Program of professional learning as defined by RCW 6 28A.415.430 beyond that allocated pursuant to RCW 28A.150.415.

(b) Permitted enrichment activities consist of:

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8 (i) Extracurricular activities, extended school days, or an 9 extended school year;

10 (ii) Additional course offerings beyond the minimum instructional 11 program established in the state's statutory program of basic 12 education;

13 (iii) Activities associated with early learning programs;

14 (iv) Any additional salary costs attributable to the provision or 15 administration of the enrichment activities allowed under this 16 subsection; and

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

23 (3) ((In addition to the limitations of subsections (1) and (2) 24 of this section and of RCW 28A.400.200, permitted enrichment 25 activities are subject to the following conditions and limitations:

26 (a) If a school district spends local revenues for salary costs 27 attributable to the administration of enrichment programs, the 28 portion of administrator salaries attributable to that purpose may 29 not exceed the proportion of the district's local revenues to its 30 other revenues; and

31 (b) Supplemental contracts under RCW 28A.400.200 are subject to 32 the limitations of this section.

33 (4))) The superintendent of public instruction must adopt rules 34 to implement this section.

35 **Sec. 5.** RCW 28A.150.415 and 2017 3rd sp.s. c 13 s 105 are each 36 amended to read as follows:

37 (1) Beginning with the 2018-19 school year, the legislature shall38 begin phasing in funding for professional learning days for

1 certificated instructional staff. At a minimum, the state must 2 allocate funding for: (a) One professional learning day in the 2018-19 school year; 3 (b) Two professional learning days in the 2019-20 school year; 4 5 and б (c) Three professional learning days in the 2020-21 school year. 7 (2) The calculation for the professional development allocation is as follows: 8 (a) Multiply the number of state allocated certificated 9 instructional staff units by the statewide average salary allocation 10 and the regionalization factor; 11 (b) Divide the result of (a) of this subsection by one hundred 12 eighty to derive a daily rate; and 13 14 (c) Multiply the daily rate resulting from (b) of this subsection by the number of professional development days described 15 in 16 subsection (1) of this section. 17 (3) Nothing in this section entitles an individual certificated 18 instructional staff to any particular number of professional learning 19 days. (((3))) (4) Nothing in this section requires a school district to 20 provide professional learning days in excess of the days that are 21 22 funded by this allotment. 23 (5) The professional learning days must meet the definitions and 24 standards provided in RCW 28A.415.430, 28A.415.432, and 28A.415.434. 25 Sec. 6. RCW 28A.165.055 and 2017 3rd sp.s. c 13 s 405 are each amended to read as follows: 26 27 (1) The funds for the learning assistance program shall be appropriated in accordance with RCW 28A.150.260 and the omnibus 28 appropriations act. The distribution formula is for school district 29 30 allocation purposes only, except as provided in RCW 31 28A.150.260(10)(a)(ii), but all funds appropriated for the learning 32 assistance program must be expended for the purposes of RCW 28A.165.005 through 28A.165.065. 33 (2) A district's high poverty-based allocation is generated by 34 35 its qualifying school buildings and must be expended by the district for those buildings. This funding must supplement and not supplant 36 37 the district's expenditures under this chapter for those school 38 buildings.

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(3) A school may continue to receive funding for one year after
 it no longer meets the definition of qualifying school.

3 (4) For the purposes of this section, "qualifying school" means a 4 school in which the three-year rolling average of the prior year 5 total annual average enrollment that qualifies for free or reduced 6 price lunches equals or exceeds fifty percent or more of its total 7 annual average enrollment.

8 Sec. 7. RCW 28A.320.330 and 2017 3rd sp.s. c 13 s 601 are each 9 amended to read as follows:

10 School districts shall establish the following funds in addition 11 to those provided elsewhere by law:

(1)(a) A general fund for 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 2019-20 school year, a local revenue subfund of its 15 16 general fund to account for the financial operations of a school district that are paid from local revenues. The local revenues that 17 18 must be deposited in the local revenue subfund are enrichment levies ((and transportation vehicle enrichment levies)) collected under RCW 19 84.52.053, local effort assistance funding received under chapter 20 28A.500 RCW, and other school district local revenues including, but 21 not limited to, grants, donations, and state and federal payments in 22 lieu of taxes, but do not include other federal revenues, or local 23 24 revenues that operate as an offset to the district's basic education allocation under RCW 28A.150.250. School districts must track 25 expenditures from this subfund separately to account for the 26 27 expenditure of each of these streams of revenue by source, and must 28 provide any supplemental expenditure schedules required by the superintendent of public instruction or state auditor for purposes of 29 30 RCW 43.09.2856.

31 (2) A capital projects fund shall be established for major capital purposes. All statutory references to a "building fund" shall 32 mean the capital projects fund so established. Money to be deposited 33 into the capital projects fund shall include, but not be limited to, 34 35 bond proceeds, proceeds from excess levies authorized by RCW 84.52.053, state apportionment proceeds as authorized by RCW 36 28A.150.270, earnings from capital projects fund investments as 37 38 authorized by RCW 28A.320.310 and 28A.320.320, and state forest revenues transferred pursuant to subsection (3) of this section. 39

1 Money derived from the sale of bonds, including interest earnings 2 thereof, may only be used for those purposes described in RCW 3 28A.530.010, except that accrued interest paid for bonds shall be 4 deposited in the debt service fund.

5 Money to be deposited into the capital projects fund shall 6 include but not be limited to rental and lease proceeds as authorized 7 by RCW 28A.335.060, and proceeds from the sale of real property as 8 authorized by RCW 28A.335.130.

9 Money legally deposited into the capital projects fund from other 10 sources may be used for the purposes described in RCW 28A.530.010, 11 and for the purposes of:

12 (a) Major renovation and replacement of facilities and systems where periodical repairs are no longer economical or extend the 13 14 useful life of the facility or system beyond its original planned useful life. Such renovation and replacement shall include, but shall 15 16 not be limited to, major repairs, exterior painting of facilities, 17 replacement and refurbishment of roofing, exterior walls, windows, heating and ventilating systems, floor covering in classrooms and 18 public or common areas, and electrical and plumbing systems. 19

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

(c) The conduct of preliminary energy audits and energy audits ofschool 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.

38 (d) Those energy capital improvements which are identified as39 being cost-effective in the audits authorized by this section.

1 (e) Purchase or installation of additional major items of 2 equipment and furniture: PROVIDED, That vehicles shall not be 3 purchased with capital projects fund money.

4 (f)(i) Costs associated with implementing technology systems, 5 facilities, and projects, including acquiring hardware, licensing 6 software, and online applications and training related to the 7 installation of the foregoing. However, the software or applications 8 must be an integral part of the district's technology systems, 9 facilities, or projects.

(ii) Costs associated with the application and modernization of 10 11 technology systems for operations and instruction including, but not 12 limited to, the ongoing fees for online applications, subscriptions, or software licenses, including upgrades and incidental services, and 13 ongoing training related to the installation and integration of these 14 products and services. However, to the extent the funds are used for 15 16 the purpose under this subsection (2)(f)(ii), the school district 17 shall transfer to the district's general fund the portion of the capital projects fund used for this purpose. The office of the 18 19 superintendent of public instruction shall develop accounting guidelines for these transfers in accordance with internal revenue 20 21 service regulations.

(q) Major equipment repair, painting of facilities, and other 22 major preventative maintenance purposes. However, to the extent the 23 funds are used for the purpose under this subsection (2)(g), the 24 25 school district shall transfer to the district's general fund the portion of the capital projects fund used for this purpose. The 26 office of the superintendent of public instruction shall develop 27 28 accounting guidelines for these transfers in accordance with internal revenue service regulations. Based on the district's most recent two-29 year history of general fund maintenance expenditures, funds used for 30 31 this purpose may not replace routine annual preventive maintenance 32 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. 1 (4) An associated student body fund as authorized by RCW 2 28A.325.030.

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

6 Sec. 8. RCW 28A.400.205 and 2017 3rd sp.s. c 13 s 102 are each 7 amended to read as follows:

8 (1) School district employees shall be provided an annual salary 9 inflationary increase in accordance with this section.

10 (a) The inflationary increase shall be calculated by applying the 11 rate of the yearly increase in the inflationary adjustment index to 12 any state-funded salary base used in state funding formulas for 13 teachers and other school district employees. Beginning with the 14 2020-21 school year, each school district shall be provided an 15 inflationary adjustment allocation sufficient to grant this 16 inflationary increase.

17 (b) A school district shall distribute its inflationary 18 adjustment allocation for salaries and salary-related benefits in 19 accordance with the district's collective bargaining agreements and 20 compensation policies. No later than the end of the school year, each 21 school district shall certify to the superintendent of public 22 instruction that it has spent funds provided for inflationary 23 increases on salaries and salary-related benefits.

24 (c) Any funded inflationary increase shall be included in the salary base used to determine inflationary increases for school 25 employees in subsequent years. For teachers and other certificated 26 27 instructional staff, the rate of the annual inflationary increase funded for certificated instructional staff shall be applied to the 28 base salary used with the statewide salary allocation methodology 29 30 established under RCW 28A.150.410 and to any other salary allocation 31 methodologies used to recognize school district personnel costs.

32 (2) For the purposes of this section, "inflationary adjustment index" means, for ((any)) the school year beginning September 1st, 33 the <u>annual change in the</u> implicit price deflator for ((that fiscal 34 year, using the official current base, compiled by the bureau of 35 labor statistics, United States department of labor for the state of 36 Washington)) personal expenditure consumption as reported in the 37 38 March publication of the Washington economic and revenue forecast 39 council for that calendar year.

1 Sec. 9. RCW 28A.500.015 and 2017 3rd sp.s. c 13 s 206 are each 2 amended to read as follows:

3 (1) Beginning in calendar year 2019 and each calendar year 4 thereafter, the state must provide state local effort assistance 5 funding to supplement school district enrichment levies as provided 6 in this section.

7 (2) For an eligible school district, annual local effort assistance funding is equal to ((the school district's maximum local 8 effort assistance multiplied)) the state local effort assistance 9 threshold. If a school district's actual enrichment levy is less than 10 the maximum allowable enrichment levy, the state local effort 11 12 assistance threshold is reduced by a fraction equal to the school district's actual enrichment levy divided by the school district's 13 14 maximum allowable enrichment levy.

15 (3) The state local effort assistance funding provided under this 16 section is not part of the state's program of basic education deemed 17 by the legislature to comply with the requirements of Article IX, 18 section 1 of the state Constitution.

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

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

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

26 (c) "Maximum allowable enrichment levy" means the maximum levy 27 permitted by RCW 84.52.0531 <u>divided by the school district's resident</u> 28 <u>students in the prior school year</u>.

(d) "Maximum local effort assistance" means the <u>amount that</u> <u>results from multiplying the</u> school district's <u>resident</u> students ((<u>enrollment</u>)) in the prior school year ((<u>multiplied</u>)) by the difference of the state local effort assistance threshold and a school district's maximum allowable enrichment levy ((divided by the school district's student enrollment in the prior school year)).

35 (e) "Prior school year" means the most recent school year 36 completed prior to the year in which the state local effort 37 assistance funding is to be distributed.

38 (f) "State local effort assistance threshold" means ((one 39 thousand five)) two thousand one hundred dollars per resident student <u>in the prior school year</u>, adjusted for inflation beginning in
 calendar year 2020.

3 (g) "<u>Resident student ((enrollment))</u>" means the average annual 4 ((resident)) full-time equivalent student enrollment <u>of students who</u> 5 <u>meet the definition of "resident student" under RCW 28A.150.203</u>.

6 Sec. 10. RCW 28A.710.280 and 2016 c 241 s 128 are each amended 7 to read as follows:

8 (1) The legislature intends that state funding for charter 9 schools be distributed equitably with state funding provided for 10 other public schools.

11 For eligible students enrolled in a charter school (2) established and operating in accordance with this chapter, the 12 superintendent of public instruction shall transmit to each charter 13 school an amount calculated as provided in this section and based on 14 15 the statewide average ((staff mix factor)) salaries set forth in RCW 16 28A.150.410 for certificated instructional staff adjusted by the regionalization factor that applies to the school district in which 17 the charter school is geographically located, including any 18 enrichment to those statutory formulae that is specified in the 19 20 omnibus appropriations act. The amount must be the sum of (a) and (b) 21 of this subsection, as applicable.

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

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

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

36 (ii) Supplemental instruction and services for eligible and 37 enrolled students and exited students whose primary language is other 38 than English through the transitional bilingual instruction program 39 under RCW 28A.180.010 through 28A.180.080; (iii) The opportunity for an appropriate education at public
 expense as defined by RCW 28A.155.020 for all eligible students with
 disabilities as defined in RCW 28A.155.020;

4 (iv) Programs for highly capable students under RCW 28A.185.010 5 through 28A.185.030; and

6 (v) Pupil transportation services to and from school in 7 accordance with RCW 28A.160.150 through 28A.160.180. Distributions 8 for pupil transportation must be calculated on a per eligible student 9 basis based on the allocation for the previous school year to the 10 school district in which the charter school is located.

11 (3) The superintendent of public instruction must adopt rules 12 necessary for the distribution of funding required by this section 13 and to comply with federal reporting requirements.

14 **Sec. 11.** RCW 28A.715.040 and 2013 c 242 s 5 are each amended to 15 read as follows:

16 (1) A school that is the subject of a state-tribal education 17 compact must report student enrollment. Reporting must be done in the 18 same manner and use the same definitions of enrolled students and 19 annual average full-time equivalent enrollment as is required of 20 school districts. The reporting requirements in this subsection are 21 required for a school to receive state or federal funding that is 22 allocated based on student characteristics.

(2) Funding for a school that is the subject of a state-tribal 23 24 education compact shall be apportioned by the superintendent of public instruction according to the schedule established under RCW 25 28A.510.250, including general apportionment, special education, 26 27 categorical, and other nonbasic education moneys. Allocations for 28 certificated instructional staff must be based on the statewide average ((staff mix ratio of the school, as calculated by the 29 30 superintendent of public instruction using the statewide salary allocation schedule and related documents, conditions, and 31 limitations established by the omnibus appropriations act)) salary 32 set forth in RCW 28A.150.410 adjusted by the regionalization factor 33 that applies to the school district in which the school is located. 34 Allocations for classified staff and certificated administrative 35 staff must be based on the salary allocations of the school district 36 which the school is located((, subject to conditions and 37 in 38 limitations established by the omnibus appropriations act)) as set 39 forth in RCW 28A.150.410 adjusted by the regionalization factor that 1 <u>applies to the school district in which the school is located</u>.
2 Nothing in this section requires a school that is the subject of a
3 state-tribal education compact to use the statewide salary allocation
4 schedule. Such a school is eligible to apply for state grants on the
5 same basis as a school district.

6 (3) Any moneys received by a school that is the subject of a 7 state-tribal education compact from any source that remain in the 8 school's accounts at the end of any budget year must remain in the 9 school's accounts for use by the school during subsequent budget 10 years.

11 **Sec. 12.** RCW 41.56.800 and 2017 3rd sp.s. c 13 s 701 are each 12 amended to read as follows:

13 (1) A school district collective bargaining agreement that is executed or modified after July 6, 2017, and that is in effect for 14 the 2018-19 school year may not ((provide)) increase total school 15 16 district <u>expenditures</u> for classified staff ((with a percentage increase to total salary)) salaries for the 2018-19 school year((, 17 18 including supplemental contracts, that exceeds)) by more than the 19 previous calendar year's annual average consumer price index, using 20 the official current base compiled by the bureau of labor statistics, United States department of labor, for the city of Seattle. However, 21 if a district's average classified staff salary is less than the 22 average classified salary allocated by the state for that year, the 23 24 district may increase salaries not to exceed the point where the 25 district's average classified staff salary equals the average classified staff salary allocated by the state. 26

(2) Nothing in this section prohibits individuals from receiving additional compensation for service including, but not limited to, additional days or hours of service, additional responsibilities, step increases, and expansions of academic programs that require additional personnel or increased service provided by current personnel.

33

(3) This section expires August 31, 2019.

34 **Sec. 13.** RCW 41.59.800 and 2017 3rd sp.s. c 13 s 702 are each 35 amended to read as follows:

36 (1) A school district collective bargaining agreement that is 37 executed or modified after July 6, 2017, and that is in effect for 38 the 2018-19 school year may not ((provide)) <u>increase total</u> school

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

13 (2) Nothing in this section prohibits individuals from receiving 14 additional compensation for service including, but not limited to, 15 additional days or hours of service, additional responsibilities, 16 step increases, and expansions of academic programs that require 17 additional personnel or increased service provided by current 18 personnel.

19

(3) This section expires August 31, 2019.

20 **Sec. 14.** RCW 28A.400.006 and 2017 3rd sp.s. c 13 s 703 are each 21 amended to read as follows:

22 (1) A school district may not ((provide any)) increase total school district expenditures for certificated administrative staff 23 24 ((with a percentage increase to total salary)) for the 2018-19 school year((, including supplemental contracts, that exceeds)) by more than 25 the previous calendar year's annual average consumer price index, 26 27 using the official current base compiled by the bureau of labor statistics, United States department of labor, for the city of 28 Seattle. However, if a district's average certificated administrative 29 30 staff salary is less than the average certificated administrative 31 salary allocated by the state for that year, the district may increase salaries not to exceed the point where the district's 32 average certificated administrative staff salary equals the average 33 certificated administrative staff salary allocated by the state. 34

35 (2) Nothing in this section prohibits individuals from receiving
 36 additional compensation for service including, but not limited to,
 37 additional days or hours of service, additional responsibilities,
 38 step increases, and expansions of academic programs that require

1 additional personnel or increased service provided by current

2 <u>personnel.</u>

3

(3) This section expires August 31, 2019.

4 Sec. 15. RCW 84.52.053 and 2017 3rd sp.s. c 13 s 201 are each 5 amended to read as follows:

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

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

(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 enrichment funding for a school district may be called and held before the effective date of dissolution to replace existing enrichment levies and to provide for increases due to the dissolution. 1 (ii) An election for a proposition authorizing additional tax 2 levies may be called and held before the effective date of 3 dissolution to provide for increases due to the dissolution.

(iii) In the event a replacement levy election under (b)(i) of 4 this subsection is held but does not pass, the affected school 5 б district may subsequently hold a supplemental levy election pursuant to (b)(ii) of this subsection if the supplemental levy election is 7 held before the effective date of dissolution. In the event a 8 supplemental levy election is held under (b)(ii) of this subsection 9 but does not pass, the affected school district may subsequently hold 10 11 a replacement levy election pursuant to (b)(i) of this subsection if 12 the replacement levy election is held before the effective date of dissolution. Failure of a replacement levy or supplemental levy 13 election does not affect any previously approved and existing 14 enrichment levy within the affected school district or districts. 15

16 (c) For the purpose of applying the limitation of this subsection 17 (2), a two-year through six-year levy to support the construction, 18 modernization, or remodeling of school facilities shall not be deemed 19 to be a tax levy for enrichment funding for 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 be submitted in such form as to enable the voters favoring the proposition to vote "yes" and those opposed thereto to vote "no."

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

31 (b) Beginning with propositions for enrichment levies ((and 32 transportation vehicle enrichment levies)) for collection in calendar 33 year 2020 and thereafter, a district must receive approval of an 34 enrichment levy expenditure plan from the superintendent of public 35 instruction ((under RCW 28A.505.240)) before submission of the 36 proposition to the voters.

37 **Sec. 16.** RCW 84.52.0531 and 2017 3rd sp.s. c 13 s 203 are each 38 amended to read as follows:

1 (1) Beginning with taxes levied for collection in 2019, the 2 maximum dollar amount which may be levied by or for any school 3 district for enrichment levies under RCW 84.52.053 is ((equal to the 4 lesser of one dollar and fifty cents per thousand dollars of the 5 assessed value of property in the school district)) the dollar amount 6 approved by voters for the 2018 tax year or the maximum per-pupil 7 limit.

8 (2) If the local levy rate produced by subsection (1) of this 9 section exceeds the sum of one dollar and fifty cents per thousand 10 dollars of assessed valuation plus the rate of the state property tax 11 levy under RCW 84.52.065(2), the local levy rate must be reduced by 12 the amount of the state property tax levy under RCW 84.52.065(2).

13 (3) The definitions in this subsection apply to this section 14 unless the context clearly requires otherwise.

15

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

16 (b) "Maximum per-pupil limit" means two thousand five hundred 17 dollars, multiplied by the number of average annual resident full-18 time equivalent students enrolled in the school district in the prior 19 school year. Beginning with property taxes levied for collection in 20 2020, the maximum per-pupil limit shall be increased by inflation.

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

23 (((3) Beginning with propositions for enrichment levies for 24 collection in calendar year 2020 and thereafter, a district must 25 receive approval of an enrichment levy expenditure plan under RCW 26 28A.505.240 before submission of the proposition to the voters.))

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

30 (5) Beginning with taxes levied for collection in 2020, 31 enrichment levy revenues must be deposited in a separate subfund of 32 the school district's general fund pursuant to RCW 28A.320.330, and 33 are subject to the restrictions of RCW 28A.150.276 and the audit 34 requirements of RCW 43.09.2856.

(6) Funds collected from transportation vehicle ((enrichment))
 levies shall not be subject to the levy limitations in this section.

37 <u>NEW SECTION.</u> **Sec. 17.** RCW 28A.505.240 (Enrichment levy spending 38 plans—Preballot approval—Revised spending plan for voter-approved 39 levies) and 2017 3rd sp.s. c 13 s 204 are each repealed.

NEW SECTION.Sec. 18.Sections 9, 15, and 16 of this act take2effect January 1, 2019.

3 <u>NEW SECTION.</u> Sec. 19. Section 1 of this act expires August 31, 4 2020.

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