

ESSB 5313 - H AMD 960

By Representative Sullivan

ADOPTED 04/28/2019

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

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

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

9 (2) (a) For an eligible school district((7)) with an actual
10 enrichment levy rate that is less than one dollar and fifty cents per
11 thousand dollars of assessed value in the school district, the annual
12 local effort assistance funding is equal to the school district's
13 maximum local effort assistance multiplied by a fraction equal to the
14 school district's actual enrichment levy rate divided by one dollar
15 and fifty cents per thousand dollars of assessed value in the school
16 district(('s maximum allowable)).

17 (b) For an eligible school district with an actual enrichment
18 levy rate that is equal to or greater than one dollar and fifty cents
19 per thousand dollars of assessed value in the school district, the
20 annual local effort assistance funding is equal to the school
21 district's maximum local effort assistance.

22 (c) Beginning in calendar year 2022, for state-tribal education
23 compact schools established under chapter 28A.715 RCW, the annual
24 local effort assistance funding is equal to the actual enrichment
25 levy per student as calculated by the superintendent of public
26 instruction for the previous year for the school district in which
27 the state-tribal education compact school is located, up to a maximum
28 per student amount of one thousand five hundred fifty dollars as
29 increased by inflation from the 2019 calendar year, multiplied by the
30 student enrollment of the state-tribal education compact school in
31 the prior school year.

1 (d) For a school district that meets the criteria in this
2 subsection and is located west of the Cascades in a county that
3 borders another state, the annual local effort assistance funding is
4 equal to the local effort assistance funding authorized under (b) of
5 this subsection and additional local effort assistance funding equal
6 to the following amounts:

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

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

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

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

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

26 (b) For the purpose of this section, "inflation" means, for any
27 school year, the rate of the yearly increase of the previous calendar
28 year's annual average consumer price index for all urban consumers,
29 Seattle area, using the official current base compiled by the bureau
30 of labor statistics, United States department of labor.

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

33 ~~(d))~~ "Maximum local effort assistance" means the difference
34 between the following:

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

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

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

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

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

9 (5) For districts in a high/nonhigh relationship, the enrollments
10 of the nonhigh students attending the high school shall only be
11 counted by the nonhigh school districts for purposes of funding under
12 this section.

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

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

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

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

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

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

35 (i) Two thousand five hundred dollars, as increased by inflation
36 beginning with property taxes levied for collection in 2020,
37 multiplied by the number of average annual full-time equivalent
38 students enrolled in the school district in the prior school year,
39 for school districts with fewer than forty thousand annual full-time

1 equivalent students enrolled in the school district in the prior
2 school year; or

3 (ii) Three thousand dollars, as increased by inflation beginning
4 with property taxes levied for collection in 2020, multiplied by the
5 number of average annual full-time equivalent students enrolled in
6 the school district in the prior school year, for school districts
7 with forty thousand or more annual full-time equivalent students
8 enrolled in the school district in the prior school year. ((Beginning
9 with property taxes levied for collection in 2020, the maximum per-
10 pupil limit shall be increased by inflation.))

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

13 (3) For districts in a high/nonhigh relationship, the enrollments
14 of the nonhigh students attending the high school shall only be
15 counted by the nonhigh school districts for purposes of funding under
16 this section.

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

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

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

29 (7) Beginning with taxes levied for collection in 2018,
30 enrichment levy revenues must be deposited in a separate subfund of
31 the school district's general fund pursuant to RCW 28A.320.330, and
32 for the 2018-19 school year are subject to the restrictions of RCW
33 28A.150.276 and the audit requirements of RCW 43.09.2856.

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

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

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

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

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

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

28 (i) Minimum instructional offerings under RCW 28A.150.220 or
29 28A.150.260 not otherwise included on other lines;

30 (ii) Staffing ratios or program components under RCW 28A.150.260,
31 including providing additional staff for class size reduction beyond
32 class sizes allocated in the prototypical school model and additional
33 staff beyond the staffing ratios allocated in the prototypical school
34 formula;

35 (iii) Program components under RCW 28A.150.200, 28A.150.220, or
36 28A.150.260, not otherwise included on other lines;

37 (iv) Program components to support students in the program of
38 special education;

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

- 1 (vi) Extracurricular activities;
2 (vii) Extended school days or an extended school year;
3 (viii) Additional course offerings beyond the minimum
4 instructional program established in the state's statutory program of
5 basic education;
6 (ix) Activities associated with early learning programs;
7 (x) Activities associated with providing the student
8 transportation program;
9 (xi) Any additional salary costs attributable to the provision or
10 administration of the enrichment activities allowed under RCW
11 28A.150.276;
12 (xii) Additional activities or enhancements that the office of
13 the superintendent of public instruction determines to be a
14 documented and demonstrated enrichment of the state's statutory
15 program of basic education under RCW 28A.150.276; and
16 (xiii) All other costs not otherwise identified in other line
17 items.

18 (d) For any salary and related benefit costs identified in
19 (c)(xi), (xii), and (xiii) of this subsection, the school district
20 shall maintain a record describing how these expenditures are
21 documented and demonstrated enrichment of the state's statutory
22 program of basic education. School districts shall maintain these
23 records until the state auditor has completed the audit under RCW
24 43.09.2856.

25 (2) A capital projects fund shall be established for major
26 capital purposes. All statutory references to a "building fund" shall
27 mean the capital projects fund so established. Money to be deposited
28 into the capital projects fund shall include, but not be limited to,
29 bond proceeds, proceeds from excess levies authorized by RCW
30 84.52.053, state apportionment proceeds as authorized by RCW
31 28A.150.270, earnings from capital projects fund investments as
32 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
33 revenues transferred pursuant to subsection (3) of this section.

34 Money derived from the sale of bonds, including interest earnings
35 thereof, may only be used for those purposes described in RCW
36 28A.530.010, except that accrued interest paid for bonds shall be
37 deposited in the debt service fund.

38 Money to be deposited into the capital projects fund shall
39 include but not be limited to rental and lease proceeds as authorized

1 by RCW 28A.335.060, and proceeds from the sale of real property as
2 authorized by RCW 28A.335.130.

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

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

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

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

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

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

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

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

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

37 (f) (i) Costs associated with implementing technology systems,
38 facilities, and projects, including acquiring hardware, licensing
39 software, and online applications and training related to the
40 installation of the foregoing. However, the software or applications

1 must be an integral part of the district's technology systems,
2 facilities, or projects.

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

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

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

33 (4) An associated student body fund as authorized by RCW
34 28A.325.030.

35 (5) Advance refunding bond funds and refunded bond funds to
36 provide for the proceeds and disbursements as authorized in chapter
37 39.53 RCW.

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

1 (1) Beginning with the 2019-20 school year, to ensure that school
2 district local revenues are used solely for purposes of enriching the
3 state's statutory program of basic education, the state auditor's
4 regular financial audits of school districts must include a review of
5 the expenditure of school district local revenues for compliance with
6 RCW 28A.150.276, including the spending plan approved by the
7 superintendent of public instruction under RCW 28A.505.240 and its
8 implementation, and any supplemental contracts entered into under RCW
9 28A.400.200. The audit must also include a review of the expenditure
10 schedule and supporting documentation required by RCW
11 28A.320.330(1)(c).

12 (2) If an audit under subsection (1) of this section results in
13 findings that a school district has failed to comply with these
14 requirements, then within ninety days of completing the audit the
15 auditor must report the findings to the superintendent of public
16 instruction, the office of financial management, and the education
17 and operating budget committees of the legislature. If the
18 superintendent of public instruction receives a report of findings
19 from the state auditor that an expenditure of a school district is
20 out of compliance with the requirements of RCW 28A.150.276, and the
21 finding is not resolved in the subsequent audit, the maximum taxes
22 levied for collection by the school district under RCW 84.52.0531 in
23 the following calendar year shall be reduced by the expenditure
24 amount identified by the state auditor.

25 (3) The use of the state allocation provided for professional
26 learning under RCW 28A.150.415 must be audited as part of the regular
27 financial audits of school districts by the state auditor's office to
28 ensure compliance with the limitations and conditions of RCW
29 28A.150.415."

30 Correct the title.

EFFECT: Removes language providing annual local effort assistance
funding to charter schools.

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