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HOUSE BILL 2737

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State of Washington                      58th Legislature                      2004 Regular Session

By Representative Anderson

Read first time 01/20/2004. Referred to Committee on Education.

1            AN ACT Relating to revising school funding by standardizing levy  
2 formulas and salary schedules; amending RCW 28A.400.205, 28A.500.020,  
3 28A.500.030, and 84.52.0531; adding a new section to chapter 84.52 RCW;  
4 providing an effective date; providing an expiration date; and  
5 declaring an emergency.

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

7            **Sec. 1.** RCW 28A.400.205 and 2003 1st sp.s. c 20 s 1 are each  
8 amended to read as follows:

9            (1) School district employees shall be provided an annual salary  
10 cost-of-living increase in accordance with this section.

11            (a) The cost-of-living increase shall be calculated by applying the  
12 rate of the yearly increase in the cost-of-living index to any state-  
13 funded salary base used in state funding formulas for teachers and  
14 other school district employees. Beginning with the 2001-02 school  
15 year, and for each subsequent school year, except for the 2003-04 and  
16 2004-05 school years, each school district shall be provided a cost-of-  
17 living allocation sufficient to grant this cost-of-living increase,  
18 except as provided in subsection (3) of this section.

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

8 (c) Any funded cost-of-living increase shall be included in the  
9 salary base used to determine cost-of-living increases for school  
10 employees in subsequent years, except as provided in subsection (3) of  
11 this section. For teachers and other certificated instructional staff,  
12 the rate of the annual cost-of-living increase funded for certificated  
13 instructional staff shall be applied to the base salary used with the  
14 statewide salary allocation schedule established under RCW 28A.150.410  
15 and to any other salary models used to recognize school district  
16 personnel costs.

17 (2) For the purposes of this section, "cost-of-living index" means,  
18 for any school year, the previous calendar year's annual average  
19 consumer price index, using the official current base, compiled by the  
20 bureau of labor statistics, United States department of labor for the  
21 state of Washington. If the bureau of labor statistics develops more  
22 than one consumer price index for areas within the state, the index  
23 covering the greatest number of people, covering areas exclusively  
24 within the boundaries of the state, and including all items shall be  
25 used for the cost-of-living index in this section.

26 (3) For districts that have historically received teacher salary  
27 allocations in excess of the statewide salary schedule included in the  
28 appropriations act pursuant to RCW 28A.150.410, the legislature shall  
29 decline to provide a cost-of-living increase allocation, or shall  
30 provide a cost-of-living increase allocation at a lower rate than  
31 otherwise required by this section, in order to bring these districts'  
32 general apportionment allocations down to or closer to the statewide  
33 salary schedule.

34 **Sec. 2.** RCW 28A.500.020 and 1999 c 317 s 2 are each amended to  
35 read as follows:

36 (1) Unless the context clearly requires otherwise, the definitions  
37 in this section apply throughout this chapter.

1 (a) "Prior tax collection year" means the year immediately  
2 preceding the year in which the local effort assistance shall be  
3 allocated.

4 (b) "Statewide average (~~((twelve))~~) fifteen percent levy rate" means  
5 (~~((twelve))~~) fifteen percent of the total levy bases as defined in RCW  
6 84.52.0531(3) summed for all school districts, and divided by the total  
7 assessed valuation for excess levy purposes in the prior tax collection  
8 year for all districts as adjusted to one hundred percent by the county  
9 indicated ratio established in RCW 84.48.075.

10 (c) The "district's (~~((twelve))~~) fifteen percent levy amount" means  
11 the school district's maximum levy authority after transfers determined  
12 under RCW 84.52.0531(2) (a) through (c) divided by (~~(the district's~~  
13 ~~maximum levy percentage determined under RCW 84.52.0531(4))~~) thirty  
14 percent, multiplied by (~~((twelve))~~) fifteen percent.

15 (d) The "district's (~~((twelve))~~) fifteen percent levy rate" means the  
16 district's (~~((twelve))~~) fifteen percent levy amount divided by the  
17 district's assessed valuation for excess levy purposes for the prior  
18 tax collection year as adjusted to one hundred percent by the county  
19 indicated ratio.

20 (e) "Districts eligible for local effort assistance" means those  
21 districts with a (~~((twelve))~~) fifteen percent levy rate that exceeds the  
22 statewide average (~~((twelve))~~) fifteen percent levy rate.

23 (2) Unless otherwise stated all rates, percents, and amounts are  
24 for the calendar year for which local effort assistance is being  
25 calculated under this chapter.

26 **Sec. 3.** RCW 28A.500.030 and 2003 1st sp.s. c 25 s 912 are each  
27 amended to read as follows:

28 Allocation of state matching funds to eligible districts for local  
29 effort assistance shall be determined as follows:

30 (1) Funds raised by the district through maintenance and operation  
31 levies shall be matched with state funds using the following ratio of  
32 state funds to levy funds:

33 (a) The difference between the district's (~~((twelve))~~) fifteen  
34 percent levy rate and the statewide average (~~((twelve))~~) fifteen percent  
35 levy rate; to

36 (b) The statewide average (~~((twelve))~~) fifteen percent levy rate.

1 (2) The maximum amount of state matching funds for districts  
2 eligible for local effort assistance shall be the district's (~~twelve~~)  
3 fifteen percent levy amount, multiplied by the following percentage:

4 (a) The difference between the district's (~~twelve~~) fifteen  
5 percent levy rate and the statewide average (~~twelve~~) fifteen percent  
6 levy rate; divided by

7 (b) The district's (~~twelve~~) fifteen percent levy rate.

8 (3) Calendar year 2003 allocations and maximum eligibility under  
9 this chapter shall be multiplied by 0.99.

10 (4) From January 1, 2004, to June 30, 2005, allocations and maximum  
11 eligibility under this chapter shall be multiplied by 0.937.

12 **Sec. 4.** RCW 84.52.0531 and 1997 c 259 s 2 are each amended to read  
13 as follows:

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

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

20 (2) For excess levies for collection in calendar year (~~1998~~) 2005  
21 and thereafter, the maximum dollar amount shall be the sum of (a) plus  
22 or minus (b) and (c) of this subsection minus (d) of this subsection:

23 (a) The district's levy base as defined in subsection (3) of this  
24 section multiplied by the district's maximum levy percentage as defined  
25 in subsection (4) of this section;

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

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

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

3 (ii) The serving district's maximum levy percentage determined  
4 under subsection (4) of this section; increased by:

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

9 (d) The district's maximum levy amount shall be reduced by the  
10 maximum amount of state matching funds for which the district is  
11 eligible under RCW 28A.500.010.

12 (3) For excess levies for collection in calendar year (~~(1998)~~) 2005  
13 and thereafter, a district's levy base shall be the sum of allocations  
14 in (a) through (c) of this subsection received by the district for the  
15 prior school year, including allocations for compensation increases,  
16 plus the sum of such allocations multiplied by the percent increase per  
17 full time equivalent student as stated in the state basic education  
18 appropriation section of the biennial budget between the prior school  
19 year and the current school year and divided by fifty-five percent. A  
20 district's levy base shall not include local school district property  
21 tax levies or other local revenues, or state and federal allocations  
22 not identified in (a) through (c) of this subsection.

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

25 (b) State and federal categorical allocations for the following  
26 programs:

27 (i) Pupil transportation;

28 (ii) Special education;

29 (iii) Education of highly capable students;

30 (iv) Compensatory education, including but not limited to learning  
31 assistance, migrant education, Indian education, refugee programs, and  
32 bilingual education;

33 (v) Food services; and

34 (vi) Statewide block grant programs; and

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

1           (4) A district's maximum levy percentage shall be ~~((twenty-two))~~  
2 thirty percent ~~((in 1998 and twenty-four percent in 1999 and every year~~  
3 ~~thereafter; plus, for qualifying districts, the grandfathered~~  
4 ~~percentage determined as follows:~~

5           ~~(a) For 1997, the difference between the district's 1993 maximum~~  
6 ~~levy percentage and twenty percent; and~~

7           ~~(b) For 1998 and thereafter, the percentage calculated as follows:~~

8           ~~(i) Multiply the grandfathered percentage for the prior year times~~  
9 ~~the district's levy base determined under subsection (3) of this~~  
10 ~~section;~~

11           ~~(ii) Reduce the result of (b)(i) of this subsection by any levy~~  
12 ~~reduction funds as defined in subsection (5) of this section that are~~  
13 ~~to be allocated to the district for the current school year;~~

14           ~~(iii) Divide the result of (b)(ii) of this subsection by the~~  
15 ~~district's levy base; and~~

16           ~~(iv) Take the greater of zero or the percentage calculated in~~  
17 ~~(b)(iii) of this subsection.~~

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

30           ~~((6))~~ (5) For the purposes of this section, "prior school year"  
31 means the most recent school year completed prior to the year in which  
32 the levies are to be collected.

33           ~~((7))~~ (6) For the purposes of this section, "current school year"  
34 means the year immediately following the prior school year.

35           ~~((8))~~ (7) Funds collected from transportation vehicle fund tax  
36 levies shall not be subject to the levy limitations in this section.

37           ~~((9))~~ (8) The superintendent of public instruction shall develop

1 rules and regulations and inform school districts of the pertinent data  
2 necessary to carry out the provisions of this section.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.52 RCW  
4 to read as follows:

5 If the total amount of local effort assistance funds and excess  
6 levy revenue received by a district is less under sections 2 through 4  
7 of this act than they would have been had sections 2 through 4 of this  
8 act not been enacted, the district shall receive hold harmless  
9 allocations. Hold harmless allocations shall be the difference between  
10 the amount of levy revenue and local effort assistance allocations the  
11 district would have received had sections 2 through 4 of this act not  
12 been enacted, and the amount of levy revenue and levy equalization the  
13 district will receive under sections 2 through 4 of this act,  
14 multiplied by the following:

- 15 (1) In calendar year 2005, five-sixths;
- 16 (2) In calendar year 2006, two-thirds;
- 17 (3) In calendar year 2007, one-half;
- 18 (4) In calendar year 2008, one-third; and
- 19 (5) In calendar year 2009, one-sixth.

20 NEW SECTION. **Sec. 6.** (1) Section 1 of this act is necessary for  
21 the immediate preservation of the public peace, health, or safety, or  
22 support of the state government and its existing public institutions,  
23 and takes effect immediately.

24 (2) Sections 2 through 4 of this act take effect January 1, 2005.

25 NEW SECTION. **Sec. 7.** Section 5 of this act expires January 1,  
26 2010.

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