CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2776

Chapter 236, Laws of 2010

(partial veto)

61st Legislature 2010 Regular Session

K-12 EDUCATION--FUNDING DISTRIBUTION FORMULAS

EFFECTIVE DATE: 06/10/10 - Except section 6, which becomes effective 03/29/10; and sections 2, 3, 4, 8, 10, 13, and 14, which become effective 09/01/11.

Passed by the House March 11, 2010 Yeas 71 Nays 26

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 11, 2010 Yeas 30 Nays 17

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2776** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

BRAD OWEN

Chief Clerk

President of the Senate

Approved March 29, 2010, 2:23 p.m., with the exception of Section 11 which is vetoed.

FILED

March 30, 2010

CHRISTINE GREGOIRE

Secretary of State State of Washington

Governor of the State of Washington

SUBSTITUTE HOUSE BILL 2776

AS AMENDED BY THE SENATE

Passed Legislature - 2010 Regular Session

State of Washington

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18 19 61st Legislature

2010 Regular Session

By House Education Appropriations (originally sponsored by Representatives Sullivan, Priest, Maxwell, Dammeier, Carlyle, Finn, Anderson, Eddy, Nelson, Goodman, Orwall, Hunter, Simpson, Jacks, Kagi, Ormsby, Morrell, Probst, and Santos)

READ FIRST TIME 02/02/10.

ACT Relating to funding distribution formulas for K-12 1 ΑN 28A.150.260, 2 education; amending RCW 28A.150.390, 28A.150.315, 28A.160.192, 28A.150.410, 28A.175.010, 28A.150.100, and 3 43.41.398, 28A.290.010; amending 2009 c 548 s 112 (uncodified); amending 2009 c 4 548 s 302 (uncodified); amending 2009 c 548 s 710 (uncodified); 5 6 amending 2009 c 548 s 805 (uncodified); adding a new section to chapter 7 28A.160 RCW; adding a new section to chapter 28A.300 RCW; adding a new 8 section to chapter 28A.290 RCW; adding a new section to chapter 28A.400 9 RCW; creating a new section; recodifying RCW 43.41.398; providing 10 effective dates; and declaring an emergency.

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

NEW SECTION. Sec. 1. (1) It is the legislature's intent to continue implementation of chapter 548, Laws of 2009, by adopting the technical details of a new distribution formula for the instructional program of basic education and authorizing a phase-in of implementation of a new distribution formula for pupil transportation, both to take effect during the 2011-2013 biennium. Unless otherwise stated, the numeric values adopted in section 2 of this act represent the translation of 2009-2010 state funding levels for the basic education

- act into the funding factors of the prototypical school funding formula, based on the expert advice and extensive work of the funding formula technical working group established by the legislature for this purpose. The legislature intends to continue to review and revise the formulas and may make revisions as necessary for technical purposes and consistency in the event of mathematical or other technical errors.
 - (2) The legislature intends that per-pupil basic education funding for a school district shall not be decreased as a result of the transition of basic education funding formulas in effect during the 2009-2011 biennium to the new funding formulas under RCW 28A.150.260 that take effect during the 2011-2013 biennium.
 - (3) It is also the legislature's intent to begin phasing-in enhancements to the baseline funding levels of 2009-10 in the 2011-2013 biennium for pupil transportation, class size allocations for grades kindergarten through three, full-day kindergarten, and allocations for maintenance, supplies, and operating costs.
 - (4) Finally, it is the legislature's intent to adjust the timelines for other working groups so that their expertise and advice can be received as soon as possible and to make technical adjustments to certain provisions of chapter 548, Laws of 2009.
- 21 **Sec. 2.** RCW 28A.150.260 and 2009 c 548 s 106 are each amended to 22 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.
- 32 (2) The distribution formula under this section shall be for 33 allocation purposes only. Except as may be required under chapter 34 <u>28A.155</u>, 28A.165, 28A.180, or ((28A.155)) <u>28A.185</u> RCW, or federal laws 35 and regulations, nothing in this section requires school districts to 36 use basic education instructional funds to implement a particular 37 instructional approach or service. Nothing in this section requires

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

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- (3)(a) To the extent the technical details of the formula have been 6 7 adopted by the legislature and except when specifically provided as a school district allocation, the distribution formula for the basic 8 education instructional allocation shall be based on minimum staffing 9 and nonstaff costs the legislature deems necessary to support 10 instruction and operations in prototypical schools serving high, 11 middle, and elementary school students as provided in this section. 12 13 The use of prototypical schools for the distribution formula does not 14 constitute legislative intent that schools should be operated or structured in a similar fashion as the prototypes. Prototypical 15 schools illustrate the level of resources needed to operate a school of 16 17 a particular size with particular types and grade levels of students using commonly understood terms and inputs, such as class size, hours 18 of instruction, and various categories of school staff. 19 It is the intent that the funding allocations to school districts be adjusted 20 21 from the school prototypes based on the actual number of annual average 22 full-time equivalent students in each grade level at each school in the district and not based on the grade-level configuration of the school 23 24 to the extent that data is available. The allocations shall be further 25 adjusted from the school prototypes with minimum allocations for small schools and to reflect other factors identified in the omnibus 26 27 appropriations act.
 - (b) For the purposes of this section, prototypical schools are defined as follows:
 - (i) A prototypical high school has six hundred average annual fulltime equivalent students in grades nine through twelve;
 - (ii) A prototypical middle school has four hundred thirty-two average annual full-time equivalent students in grades seven and eight; and
- 35 (iii) A prototypical elementary school has four hundred average 36 annual full-time equivalent students in grades kindergarten through 37 six.

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1	$((\frac{10}{100}))$ $(\frac{1}{100})$ The minimum allocation for each level of
2	prototypical school shall be based on the number of full-time
3	equivalent classroom teachers needed to provide instruction over the
4	minimum required annual instructional hours under RCW 28A.150.220 and
5	provide at least one teacher planning period per school day, and based
6	on ((an)) the following general education average class size ((as
7	specified in the omnibus appropriations act.)) of full-time equivalent
8	students per teacher:
9	General education
10	average
11	<u>class size</u>
12	Grades K-3
13	Grade 4
14	Grades 5-6
15	Grades 7-8
16	Grades 9-12
17	(b) During the 2011-2013 biennium and beginning with schools with
18	the highest percentage of students eligible for free and reduced-price
19	meals in the prior school year, the general education average class
20	size for grades K-3 shall be reduced until the average class size
21	<u>funded_under_this_subsection_(4)_is_no_more_than_17.0_full-time</u>
22	equivalent students per teacher beginning in the 2017-18 school year.
23	(c) The minimum allocation for each prototypical middle and high
24	school shall also provide for full-time equivalent classroom teachers
25	<u>based on the following number of full-time equivalent students per</u>
26	teacher in career and technical education:
27	Career and technical
28	education average
29	<u>class size</u>
30	Approved career and technical education offered at
31	the middle school and high school level
32	Skill center programs meeting the standards established
33	by the office of the superintendent of public instruction 22.76
34	(d) In addition, the omnibus appropriations act shall at a minimum
35	specify:
36	(i) ((Basic average class size;

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(ii) - Basic)) A high-poverty average class size in schools where
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     more than fifty percent of the students are eligible for free and
     reduced-price meals; and
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         (((iii))) (ii) A specialty average class size for ((exploratory and
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     preparatory - career - and - technical - education, )) laboratory science,
     advanced placement, and international baccalaureate courses(( ; and
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         (iv) Average class size in grades kindergarten through three)).
         ((\frac{d}{d})) (5) The minimum allocation for each level of prototypical
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     school shall include allocations for the following types of staff in
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     addition to classroom teachers:
         (((i) - Principals, -including - assistant - principals, -and -other)
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     certificated building-level administrators;
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         (ii) Teacher librarians, performing functions including information
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     literacy, -technology, -and -media -to -support -school -library -media
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     <del>programs;</del>
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         (iii) - Student - health - services, -a - function - that - includes - school
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     nurses, whether certificated instructional or classified employee, and
     social workers;
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         (iv)-Guidance-counselors,-performing-functions-including-parent
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     outreach and graduation advisor;
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         (v) Professional development coaches;
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         (vi) Teaching assistance, which includes any aspect of educational
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     instructional services provided by classified employees;
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         (vii) — Office — support, — technology — support, — and — other
     noninstructional aides;
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         (viii) — Custodians, — warehouse, — maintenance, — laborer, — and
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     professional and technical education support employees; and
         (ix) Classified staff providing student and staff safety.
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         (4)(a))
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                                                       Elementary
                                                                Middle
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                                                      School
                                                                School
                                                                         School
      Principals, assistant principals, and other certificated building-level
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      1.253
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                                                                1.353
                                                                         <u>1.880</u>
      Teacher _ librarians, _ a _ function _ that _ includes _ information _ literacy,
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Health and social services:

1	School nurses	0.076	0.060	0.096
2	Social workers	0.042	0.006	0.015
3	Psychologists	0.017	0.002	0.007
4	Guidance _ counselors, _ a _ function _ that _ includes _ parent _ outreach _ and			
5	graduation advising	0.493	<u>1.116</u>	1.909
6	Teaching assistance, including any aspect of educational instructional			
7	services provided by classified employees	<u>0.936</u>	<u>0.700</u>	0.652
8	Office support and other noninstructional aides	2.012	<u>2.325</u>	3.269
9	Custodians	<u>1.657</u>	<u>1.942</u>	<u>2.965</u>
10	Classified staff providing student and staff safety	<u>0.079</u>	0.092	<u>0.141</u>
11	Parent involvement coordinators	<u>0.00</u>	<u>0.00</u>	0.00
12	(6)(a) The minimum staffing allocation for	r each sc	hool dis	trict to
13	<u>provide district-wide support services shal</u>	<u>l_be_all</u>	located_	<u>per_one</u>
14	thousand annual average full-time equivalent s	tudents i	n grades	K-12 as
15	follows:			
16			Staff p	er 1,000
17			_	students
18	Technology			. 0.628
19	Facilities, maintenance, and grounds			
20	Warehouse, laborers, and mechanics	<u> </u>		<u>.</u> <u>0.332</u>
21	(b) The minimum allocation of staff units	for each	school d	<u>district</u>
22	to <u>support</u> <u>certificated</u> <u>and</u> <u>classified</u>	staffir	<u>ng _ of _</u>	<u>central</u>
23	administration shall be 5.30 percent of the st	aff units	generat	<u>ed under</u>
24	subsections (4)(a) and (b) and (5) of this	section s	and (a)	of this
25	subsection.			
26	(7) The distribution formula shall include	e staffin	g alloca	tions to
27	school districts for career and technical ed	<u>ucation a</u>	ınd skill	<u>center</u>
28	administrative and other school-level certific	cated sta	ff, as s	pecified
29	in the omnibus appropriations act.			
30	(8)(a) Except as provided in (b) of this	subsecti	<u>on, t</u> he	minimum
31	allocation for each school district shall	include	allocati	ons per
32	annual average full-time equivalent stude	ent for	the fo	ollowing
33	materials, supplies, and operating costs, to b	oe adjust	ed for in	<u>nflation</u>
34	from the 2008-09 school year: ((Student	— technol	ogy; —ut:	ilities<i>i</i>

 $\verb|curriculum|, textbooks|, |library materials|, | and | instructional | supplies|;$

Т	instructional—professional—development—for—both—certificated—and
2	${\tt classified-staff}; -{\tt other-building-level-costs-including-maintenance},$
3	<pre>custodial, and security; and central office administration.</pre>))
4	Per annual average
5	<u>full-time equivalent student</u>
6	in grades K-12
7	<u>Technology</u>
8	Utilities and insurance
9	Curriculum and textbooks
10	Other supplies and library materials \$124.07
11	Instructional professional development for certified and
12	classified staff
13	Facilities maintenance
14	Security and central office
15	(b) ((The annual average full-time equivalent student amounts in
16	(a)-of-this-subsection-shall-be-enhanced)) During the 2011-2013
17	biennium, the minimum allocation for maintenance, supplies, and
18	operating costs shall be increased as specified in the omnibus
19	appropriations act. The following allocations, adjusted for inflation
20	from the 2007-08 school year, are provided in the 2015-16 school year,
21	after which the allocations shall be adjusted annually for inflation as
22	specified in the omnibus appropriations act:
23	<u>Per annual average</u>
24	<u>full-time equivalent student</u>
25	in grades K-12
26	<u>Technology</u>
27	Utilities and insurance
28	Curriculum and textbooks
29	Other supplies and library materials \$259.39
30	Instructional professional development for certificated and
31	classified staff
32	Facilities maintenance
33	Security and central office administration \$106.12
34	(9) In addition to the amounts provided in subsection (8) of this
35	section, the omnibus appropriations act shall provide an amount based
36	on full-time equivalent student enrollment in each of the following:

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- - (b) Laboratory science courses for students in grades nine through twelve;
 - (c) Preparatory career and technical education courses for students in grades nine through twelve offered in a high school; and
 - (d) Preparatory career and technical education courses for students in grades eleven and twelve offered through a skill center.
 - (((5))) (10) <u>In addition to the allocations otherwise</u> provided under ((subsections (3) and (4) of)) this section ((shall be enhanced as follows to provide additional allocations for classroom teachers and maintenance, supplies, and operating costs)), amounts shall be provided to support the following programs and services:
 - (a) To provide supplemental instruction and services for underachieving students through the learning assistance program under RCW 28A.165.005 through 28A.165.065, allocations shall be based on the ((percent)) district percentage of students in ((each school)) grades K-12 who ((are)) were eligible for free ((and)) or reduced-price meals in the prior school year. The minimum allocation for the ((learning assistance)) program shall provide ((an-extended-school-day-and extended school-year)) for each level of prototypical school ((and a per student allocation for maintenance, supplies, and operating costs)) resources to provide, on a statewide average, 1.5156 hours per week in extra instruction with a class size of fifteen learning assistance program students per teacher.
 - (b) To provide supplemental instruction and services for students whose primary language is other than English, allocations shall be based on the head_count number of students in each school who are eligible for and enrolled in the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080. The minimum allocation for each level of prototypical school shall provide ((for supplemental instruction based on percent of the school day a student is—assumed—to—receive—supplemental—instruction—and—a—per—student allocation for maintenance, supplies, and operating costs)) resources to provide, on a statewide average, 4.7780 hours per week in extra instruction with fifteen transitional bilingual instruction program students per teacher.

(((6)-The-allocations-provided-under-subsections-(3)-and-(4)-of this section shall be enhanced)) (c) To provide additional allocations to support programs for highly capable students under RCW 28A.185.010 through 28A.185.030, <u>allocations shall be</u> based on two and three hundred fourteen one-thousandths percent of each school district's full-time equivalent <u>basic</u> <u>education</u> enrollment. The allocation for the programs shall provide ((an extended school day and extended school year for each level of prototypical school and a per student-allocation-for-maintenance,-supplies,-and-operating-costs)) resources to provide, on a statewide average, 2.1590 hours per week in extra instruction with fifteen highly capable program students per teacher.

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((+7)) (11) The allocations under subsections ((+3)) (4)(a) and (b), ((+c)(-1), -1) and (d), (+1)) (5), (6), and (8) of this section shall be enhanced as provided under RCW 28A.150.390 on an excess cost basis to provide supplemental instructional resources for students with disabilities.

((8) The distribution formula shall include allocations to school districts to support certificated and classified staffing of central office administration. The minimum allocation shall be calculated as a-percentage, -identified-in-the-omnibus-appropriations-act, -of-the total-allocations-for-staff-under-subsections-(3)-and-(6)-of-this section for all schools in the district.

(9)) (12)(a) For the purposes of allocations for prototypical high schools and middle schools under subsections ((4)) (4) and ((5))) (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 (($\frac{(3)}{and}$)) (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.

 $((\frac{10}{10}))$ (13)(a) This formula for distribution of basic education

- funds shall be reviewed biennially by the superintendent and governor.

 The recommended formula shall be subject to approval, amendment or rejection by the legislature.
 - (b) In the event the legislature rejects the distribution formula recommended by the governor, without adopting a new distribution formula, the distribution formula for the previous school year shall remain in effect.
 - (c) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the first school day of each month, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. The definition of full-time equivalent student shall be determined by rules of the superintendent of public instruction and shall be included as part of the superintendent's biennial budget request. The definition shall be based on the minimum instructional hour offerings required under RCW 28A.150.220. Any revision of the present definition shall not take effect until approved by the house ways and means committee and the senate ways and means committee.
 - (d) The office of financial management shall make a monthly review of the superintendent's reported full-time equivalent students in the common schools in conjunction with RCW 43.62.050.
- **Sec. 3.** RCW 28A.150.390 and 2009 c 548 s 108 are each amended to 24 read as follows:
- (1) The superintendent of public instruction shall submit to each regular session of the legislature during an odd-numbered year a programmed budget request for special education programs for students with disabilities. Funding for programs operated by local school districts shall be on an excess cost basis from appropriations provided by the legislature for special education programs for students with disabilities and shall take account of state funds accruing through RCW 28A.150.260 $((\frac{3}{-1}), -\frac{1}{-1}, -\frac{1}{$ medical-assistance-and-private-funds-accruing-under-RCW-74.09.5249 through 74.09.5253 and 74.09.5254 through 74.09.5256)) (4)(a) and (b), (5), (6), and (8).
- 36 (2) The excess cost allocation to school districts shall be based 37 on the following:

- (a) A district's annual average headcount enrollment of students ages birth through four and those five year olds not yet enrolled in kindergarten who are eligible for and enrolled in special education, multiplied by the district's base allocation per full-time equivalent student, multiplied by 1.15; and
- (b) A district's annual average full-time equivalent basic education enrollment, multiplied by the district's funded enrollment percent, multiplied by the district's base allocation per full-time equivalent student, multiplied by 0.9309.
 - (3) As used in this section:

- (a) "Base allocation" means the total state allocation to all schools in the district generated by the distribution formula under RCW $28A.150.260 \ ((\frac{3}{6}, \frac{b}{c}), \frac{c}{i}, \frac{d}{d}, \frac{d}{d}, \frac{d}{d}, \frac{d}{d}, \frac{d}{d}) \ (\frac{d}{d}) \ (\frac{d}{d$
- (b) "Basic education enrollment" means enrollment of resident students including nonresident students enrolled under RCW 28A.225.225 and students from nonhigh districts enrolled under RCW 28A.225.210 and excluding students residing in another district enrolled as part of an interdistrict cooperative program under RCW 28A.225.250.
- (c) "Enrollment percent" means the district's resident special education annual average enrollment, excluding students ages birth through four and those five year olds not yet enrolled in kindergarten, as a percent of the district's annual average full-time equivalent basic education enrollment.
- 26 (d) "Funded enrollment percent" means the lesser of the district's actual enrollment percent or twelve and seven-tenths percent.
- **Sec. 4.** RCW 28A.150.315 and 2009 c 548 s 107 are each amended to 29 read as follows:
 - (1) Beginning with the 2007-08 school year, funding for voluntary all-day kindergarten programs shall be phased-in beginning with schools with the highest poverty levels, defined as those schools with the highest percentages of students qualifying for free and reduced-price lunch support in the prior school year. During the 2011-2013 biennium, funding shall continue to be phased-in each year until full statewide implementation of all-day kindergarten is achieved in the 2017-18 school year. Once a school receives funding for the all-day

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- 1 kindergarten program, that school shall remain eligible for funding in
- 2 subsequent school years regardless of changes in the school's
- 3 percentage of students eligible for free and reduced-price lunches as
- 4 long as other program requirements are fulfilled. Additionally,
- 5 schools receiving all-day kindergarten program support shall agree to
- 6 the following conditions:

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- (a) Provide at least a one thousand-hour instructional program;
- 8 (b) Provide a curriculum that offers a rich, varied set of 9 experiences that assist students in:
- 10 (i) Developing initial skills in the academic areas of reading, 11 mathematics, and writing;
 - (ii) Developing a variety of communication skills;
- 13 (iii) Providing experiences in science, social studies, arts, 14 health and physical education, and a world language other than English;
 - (iv) Acquiring large and small motor skills;
- 16 (v) Acquiring social and emotional skills including successful 17 participation in learning activities as an individual and as part of a 18 group; and
 - (vi) Learning through hands-on experiences;
- 20 (c) Establish learning environments that are developmentally appropriate and promote creativity;
 - (d) Demonstrate strong connections and communication with early learning community providers; and
 - (e) Participate in kindergarten program readiness activities with early learning providers and parents.
 - funds appropriated for this (2) Subject to purpose, the superintendent of public instruction shall designate one or more school districts to serve as resources and examples of best practices in designing and operating a high-quality all-day kindergarten program. Designated school districts shall serve as lighthouse programs and provide technical assistance to other school districts in the initial stages of implementing an all-day kindergarten program. Examples of topics addressed by the technical assistance include strategic planning, developing the instructional program and curriculum, working with early learning providers to identify students and communicate with parents, and developing kindergarten program readiness activities.

- 1 **Sec. 5.** 2009 c 548 s 112 (uncodified) is amended to read as follows:
- 3 legislature intends to continue to redefine the (1)The instructional program of education under RCW 28A.150.220 that fulfills 4 the obligations and requirements of Article IX of the state 5 Constitution. The funding formulas under RCW 28A.150.260 to support 6 7 the instructional program shall be implemented to the extent the technical details of the formula have been established and according to 8 an implementation schedule to be adopted by the legislature. 9 10 object of the schedule is to assure that any increases in funding allocations are timely, predictable, and occur concurrently with any 11 12 increases in program or instructional requirements. It is the intent 13 of the legislature that no increased programmatic or instructional 14 expectations be imposed upon schools or school districts without an accompanying increase in resources as necessary to support those 15 16 increased expectations.
 - (2) The office of financial management, with assistance and support from the office of the superintendent of public instruction, shall convene a technical working group to:

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- 20 (a) Develop the details of the funding formulas under RCW 21 28A.150.260;
 - (b) Recommend to the legislature an implementation schedule for phasing-in any increased program or instructional requirements concurrently with increases in funding for adoption by the legislature; and
 - (c) Examine possible sources of revenue to support increases in funding allocations and present options to the legislature and the quality education council created in ((section 114 of this act)) RCW 28A.290.010 for consideration.
 - (3) The working group shall include representatives of the legislative evaluation and accountability program committee, school district and educational service district financial managers, the Washington association of school business officers, the Washington education association, the Washington association of school administrators, the association of Washington school principals, the Washington state school directors' association, the public school employees of Washington, and other interested stakeholders with

- expertise in education finance. The working group may convene advisory subgroups on specific topics as necessary to assure participation and input from a broad array of diverse stakeholders.
- 4 (4) The working group shall be monitored and overseen by the legislature and the quality education council established in ((section 114 of this act)) RCW 28A.290.010. The working group shall submit its recommendations to the legislature by December 1, 2009.
 - (5) After the 2009 report to the legislature, the office of financial management and the office of the superintendent of public instruction shall periodically reconvene the working group to monitor and provide advice on further development and implementation of the funding formulas under RCW 28A.150.260 and provide technical assistance to the ongoing work of the quality education council.
- 14 Sec. 6. 2009 c 548 s 302 (uncodified) is amended to read as 15 follows:
 - (1) Beginning ((July)) April 1, 2010, the office of financial management, with assistance and support from the office of the superintendent of public instruction, shall convene a technical working group to develop options for a new system of supplemental school funding through local school levies and local effort assistance.
 - (2) The working group shall consider the impact on overall school district revenues of the new basic education funding system established under ((this-act)) chapter 548, Laws of 2009 and shall recommend a phase-in plan that ensures that no school district suffers a decrease in funding from one school year to the next due to implementation of the new system of supplemental funding.
 - (3) The working group shall also:
 - (a) Examine local school district capacity to address facility needs associated with phasing-in full-day kindergarten across the state and reducing class size in kindergarten through third grade; and
 - (b) Provide the quality education council with analysis on the potential use of local funds that may become available for redeployment and redirection as a result of increased state funding allocations for pupil transportation and maintenance, supplies, and operating costs.
 - (4) The working group shall be composed of representatives from the department of revenue, the legislative evaluation and accountability program committee, school district and educational service district

- financial managers, and representatives of the Washington association of school business officers, the Washington education association, the Washington association of school administrators, the association of Washington school principals, the Washington state school directors' association, the public school employees of Washington, and other interested stakeholders with expertise in education finance. working group may convene advisory subgroups on specific topics as necessary to assure participation and input from a broad array of diverse stakeholders.
- 10 ((\(\frac{(4+)}{4}\))) (\(\frac{5}{2}\) The local funding working group shall be monitored and
 11 overseen by the legislature and by the quality education council
 12 created in ((\(\frac{\text{section } 114 \) of \(\text{this act}\))} \(\text{RCW } \(28A.290.010\). The working
 13 group shall report to the legislature ((\(\text{December } 1\))) \(\text{June } 30\), 2011.
- **Sec. 7.** RCW 43.41.398 and 2009 c 548 s 601 are each amended to read as follows:

- (1) The legislature recognizes that providing students with the opportunity to access a world-class educational system depends on our continuing ability to provide students with access to world-class educators. The legislature also understands that continuing to attract and retain the highest quality educators will require increased investments. The legislature intends to enhance the current salary allocation model and recognizes that changes to the current model cannot be imposed without great deliberation and input from teachers, administrators, and classified employees. Therefore, it is the intent of the legislature to begin the process of developing an enhanced salary allocation model that is collaboratively designed to ensure the rationality of any conclusions regarding what constitutes adequate compensation.
- (2) Beginning July 1, 2011, the office of the superintendent of public instruction, in collaboration with the office of financial management, shall convene a technical working group to recommend the details of an enhanced salary allocation model that aligns state expectations for educator development and certification with the compensation system and establishes recommendations for a concurrent implementation schedule. In addition to any other details the technical working group deems necessary, the technical working group shall make recommendations on the following:

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- 1 (a) How to reduce the number of tiers within the existing salary 2 allocation model;
 - (b) How to account for labor market adjustments;
 - (c) How to account for different geographic regions of the state where districts may encounter difficulty recruiting and retaining teachers;
 - (d) The role of and types of bonuses available;
- 8 (e) Ways to accomplish salary equalization over a set number of 9 years; and
 - (f) Initial fiscal estimates for implementing the recommendations including a recognition that staff on the existing salary allocation model would have the option to grandfather in permanently to the existing schedule.
 - (3) As part of its work, the technical working group shall conduct or contract for a preliminary comparative labor market analysis of salaries and other compensation for school district employees to be conducted and shall include the results in any reports to the legislature. For the purposes of this subsection, "salaries and other compensation" includes average base salaries, average total salaries, average employee basic benefits, and retirement benefits.
- 21 (4) The analysis required under subsection (1) of this section 22 must:
 - (a) Examine salaries and other compensation for teachers, other certificated instructional staff, principals, and other building-level certificated administrators, and the types of classified employees for whom salaries are allocated;
 - (b) Be calculated at a statewide level that identifies labor markets in Washington through the use of data from the United States bureau of the census and the bureau of labor statistics; and
 - (c) Include a comparison of salaries and other compensation to the appropriate labor market for at least the following subgroups of educators: Beginning teachers and types of educational staff associates.
- 34 (5) The working group shall include representatives of the 35 department of personnel, the professional educator standards board, the 36 office of the superintendent of public instruction, the Washington 37 education association, the Washington association of school 38 administrators, the association of Washington school principals, the

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Washington state school directors' association, the public school employees of Washington, and other interested stakeholders with appropriate expertise in compensation related matters. The working group may convene advisory subgroups on specific topics as necessary to assure participation and input from a broad array of diverse stakeholders.

- (6) The working group shall be monitored and overseen by the legislature and the quality education council created in RCW 28A.290.010. The working group shall make an initial report to the legislature by ((December 1)) June 30, 2012, and shall include in its report recommendations for whether additional further work of the group is necessary.
- **Sec. 8.** RCW 28A.160.192 and 2009 c 548 s 311 are each amended to 14 read as follows:
 - (1) The superintendent of public instruction shall phase-in the implementation of the distribution formula under this chapter for allocating state funds to school districts for the transportation of students to and from school. The phase-in shall ((be according to the implementation schedule adopted by the legislature and shall)) begin no later than the ((2013-14 school year)) 2011-2013 biennium and be fully implemented by the 2013-2015 biennium.
 - (a) The formula must be developed and revised on an ongoing basis using the major cost factors in student transportation, including basic and special student loads, school district land area, average distance to school, roadway miles, and number of locations served. Factors must include all those site characteristics that are statistically significant after analysis of the data required by the revised reporting process.
 - (b) The formula must allocate funds to school districts based on the average predicted costs of transporting students to and from school, using a regression analysis.
 - (2) During the phase-in period, funding provided to school districts for student transportation operations shall be distributed on the following basis:
- 35 (a) Annually, each school district shall receive the lesser of the 36 previous school year's pupil transportation operations allocation, or 37 the total of allowable pupil transportation expenditures identified on

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- the previous school year's final expenditure report to the state plus district indirect expenses using the state recovery rate identified by the superintendent; and
 - (b) Annually, any funds appropriated by the legislature in excess of the maintenance level funding amount for student transportation shall be distributed among school districts on a prorated basis using the difference between the amount identified in (a) of this subsection and the amount determined under the formula in RCW 28A.160.180.
- 9 (((3) The superintendent shall develop, implement, and provide a
 10 copy-of-the-rules-specifying-the-student-transportation-reporting
 11 requirements-to-the-legislature-and-school-districts-no-later-than
 12 December 1, 2009.
- (4) Beginning in December 2009, and continuing until December 2014, the superintendent shall provide quarterly updates and progress reports to the fiscal committees of the legislature on the implementation and testing of the distribution formula.))
- NEW SECTION. Sec. 9. A new section is added to chapter 28A.160 RCW to read as follows:
 - (1) The superintendent of public instruction shall develop, implement, and provide a copy of the rules specifying the student transportation reporting requirements to the legislature and school districts no later than December 1, 2010.
- (2) Beginning in December 2010, and continuing until December 2014, the superintendent shall provide quarterly updates and progress reports to the fiscal committees of the legislature on the implementation and testing of the distribution formula.
- 27 (3) This section expires June 30, 2015.
- 28 **Sec. 10.** RCW 28A.150.410 and 2007 c 403 s 1 are each amended to 29 read as follows:
- 30 (1) The legislature shall establish for each school year in the 31 appropriations act a statewide salary allocation schedule, for 32 allocation purposes only, to be used to distribute funds for basic 33 education certificated instructional staff salaries under RCW 34 28A.150.260. For the purposes of this section, the staff allocations 35 for classroom teachers, teacher librarians, guidance counselors, and

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- student health services staff under RCW 28A.150.260 are considered allocations for certificated instructional staff.
 - (2) Salary allocations for state-funded basic education certificated instructional staff shall be calculated by the superintendent of public instruction by determining the district's average salary for certificated instructional staff, using the statewide salary allocation schedule and related documents, conditions, and limitations established by the omnibus appropriations act.
 - (3) Beginning January 1, 1992, no more than ninety college quarter-hour credits received by any employee after the baccalaureate degree may be used to determine compensation allocations under the state salary allocation schedule and LEAP documents referenced in the omnibus appropriations act, or any replacement schedules and documents, unless:
 - (a) The employee has a master's degree; or

- 15 (b) The credits were used in generating state salary allocations 16 before January 1, 1992.
 - (4) Beginning in the 2007-08 school year, the calculation of years of service for occupational therapists, physical therapists, speech-language pathologists, audiologists, nurses, social workers, counselors, and psychologists regulated under Title 18 RCW may include experience in schools and other nonschool positions as occupational therapists, physical therapists, speech-language pathologists, audiologists, nurses, social workers, counselors, or psychologists. The calculation shall be that one year of service in a nonschool position counts as one year of service for purposes of this chapter, up to a limit of two years of nonschool service. Nonschool years of service included in calculations under this subsection shall not be applied to service credit totals for purposes of any retirement benefit under chapter 41.32, 41.35, or 41.40 RCW, or any other state retirement system benefits.

*Sec. 11. RCW 28A.175.010 and 2005 c 207 s 3 are each amended to read as follows:

Each school district shall account for the educational progress of each of its students. To achieve this, school districts shall be required to report annually to the superintendent of public instruction:

- 1 (1) For students enrolled in each of a school district's high 2 school programs:
 - (a) The number of students who graduate in fewer than four years;
 - (b) The number of students who graduate in four years;
 - (c) The number of students who remain in school for more than four years but who eventually graduate and the number of students who remain in school for more than four years but do not graduate;
 - (d) The number of students who transfer to other schools;
- 9 (e) The number of students in the ninth through twelfth grade who 10 drop out of school over a four-year period; and
 - (f) The number of students whose status is unknown.
- 12 (2) Dropout rates of students in each of the grades seven through twelve.
- 14 (3) Dropout rates for student populations in each of the grades 15 seven through twelve by:
 - (a) Ethnicity;
 - (b) Gender;

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- (c) Socioeconomic status; and
- 19 (d) Disability status.
- 20 (4) The causes or reasons, or both, attributed to students for 21 having dropped out of school in grades seven through twelve.
 - (5) The superintendent of public instruction shall adopt rules under chapter 34.05 RCW to assure uniformity in the information districts are required to report under subsections (1) through (4) of this section. In developing rules, the superintendent of public instruction shall consult with school districts, including administrative and counseling personnel, with regard to the methods through which information is to be collected and reported.
 - (6) In reporting on the causes or reasons, or both, attributed to students for having dropped out of school, school building officials shall, to the extent reasonably practical, obtain such information directly from students. In lieu of obtaining such information directly from students, building principals and counselors shall identify the causes or reasons, or both, based on their professional judgment.
- 35 (7) The superintendent of public instruction shall report annually 36 to the legislature the information collected under subsections (1) 37 through (4) of this section.

(8) The Washington state institute for public policy shall calculate an annual estimate of the savings to taxpayers resulting from any improvement compared to the prior school year in the extended graduation rate, as calculated by the superintendent of public instruction. The superintendent shall include the estimate from the institute in an appendix of the report required under subsection (7) of this section, beginning with the 2010 report.
*Sec. 11 was vetoed. See message at end of chapter.

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- 8 <u>NEW SECTION.</u> **Sec. 12.** A new section is added to chapter 28A.300 9 RCW to read as follows:
- 10 The office of the superintendent of public instruction shall implement and maintain an internet-based portal that provides ready 11 12 public access to the state's prototypical school funding model for basic education under RCW 28A.150.260. The portal must provide 13 14 citizens the opportunity to view, for each local school building, the staffing levels and other prototypical school funding elements that are 15 assumed under the state funding formula. The portal must also provide 16 a matrix displaying how individual school districts are deploying those 17 18 same state resources through their allocation of staff and other 19 resources to school buildings, so that citizens are able to compare the state assumptions to district allocation decisions for each local 20 21 school building.
- 22 **Sec. 13.** RCW 28A.150.100 and 1990 c 33 s 103 are each amended to 23 read as follows:
 - (1) For the purposes of this section and RCW 28A.150.410 and 28A.400.200, "basic education certificated instructional staff" ((shall)) means all full_time equivalent classroom teachers, teacher librarians, quidance counselors, certificated student health services staff, and other certificated instructional staff in the following programs as defined for statewide school district accounting purposes: Basic education, secondary vocational education, general instructional support, and general supportive services.
- (2) ((In-the-1988-89-school-year-and-thereafter,)) <u>E</u>ach school district shall maintain a ratio of at least forty-six basic education certificated instructional staff to one thousand annual average full time equivalent students.

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- Sec. 14. 2009 c 548 s 710 (uncodified) is amended to read as follows:
- 3 (1) RCW 28A.150.030 (School day) and 1971 ex.s. c 161 s 1 & 1969 ex.s. c 223 s 28A.01.010;
- 5 (2) RCW 28A.150.060 (Certificated employee) and 2005 c 497 s 212, 6 1990 c 33 s 102, 1977 ex.s. c 359 s 17, 1975 1st ex.s. c 288 s 21, & 7 1973 1st ex.s. c 105 s 1;
- 8 (3) ((RCW 28A.150.100 (Basic education certificated instructional 9 staff—Definition—Ratio to students) and 1990 c 33 s 103 & 1987 1st 10 ex.s. c 2 s 203;
- 11 (4))) RCW 28A.150.040 (School year--Beginning--End) and 1990 c 33
 12 s 101, 1982 c 158 s 5, 1977 ex.s. c 286 s 1, 1975-'76 2nd ex.s. c 118
 13 s 22, & 1969 ex.s. c 223 s 28A.01.020;
- 14 (((5))) <u>(4)</u> RCW 28A.150.370 (Additional programs for which 15 legislative appropriations must or may be made) and 1995 c 335 s 102, 16 1995 c 77 s 5, 1990 c 33 s 114, 1982 1st ex.s. c 24 s 1, & 1977 ex.s. 17 c 359 s 7; and
- 18 $((\frac{(6)}{)})$ (5) RCW 28A.155.180 (Safety net funds--Application--19 Technical assistance--Annual survey) and 2007 c 400 s 8.
- 20 **Sec. 15.** RCW 28A.290.010 and 2009 c 548 s 114 are each amended to read as follows:
- (1) The quality education council is created to recommend and 22 inform the ongoing implementation by the legislature of an evolving 23 24 program of basic education and the financing necessary to support such The council shall develop strategic recommendations on the 25 26 program of basic education for the common schools. The council shall take into consideration the capacity report produced under RCW 27 28A.300.172 and the availability of data and progress of implementing 28 the data systems required under RCW 28A.655.210. Any recommendations 29 30 for modifications to the program of basic education shall be based on 31 evidence that the programs effectively support student learning. council shall update the statewide strategic recommendations every four 32 years. The recommendations of the council are intended to: 33
- 34 (a) Inform future educational policy and funding decisions of the 35 legislature and governor;
- 36 (b) Identify measurable goals and priorities for the educational 37 system in Washington state for a ten-year time period, including the

goals of basic education and ongoing strategies for coordinating statewide efforts to eliminate the achievement gap and reduce student dropout rates; and

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- (c) Enable the state of Washington to continue to implement an evolving program of basic education.
- (2) The council may request updates and progress reports from the office of the superintendent of public instruction, the state board of education, the professional educator standards board, and the department of early learning on the work of the agencies as well as educational working groups established by the legislature.
- (3) The chair of the council shall be selected from the councilmembers. The council shall be composed of the following members:
- (a) Four members of the house of representatives, with two members representing each of the major caucuses and appointed by the speaker of the house of representatives;
- (b) Four members of the senate, with two members representing each of the major caucuses and appointed by the president of the senate; ((and))
- (c) One representative each from the office of the governor, office of the superintendent of public instruction, state board of education, professional educator standards board, and department of early learning; and
- (d) One nonlegislative representative from the achievement gap oversight and accountability committee established under RCW 28A.300.136, to be selected by the members of the committee.
- (4) In the 2009 fiscal year, the council shall meet as often as necessary as determined by the chair. In subsequent years, the council shall meet no more than four times a year.
- (5)(a) The council shall submit an initial report to the governor and the legislature by January 1, 2010, detailing its recommendations, including recommendations for resolving issues or decisions requiring legislative action during the 2010 legislative session, and recommendations for any funding necessary to continue development and implementation of chapter 548, Laws of 2009.
 - (b) The initial report shall, at a minimum, include:
- (i) Consideration of how to establish a statewide beginning teachermentoring and support system;

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- 1 (ii) Recommendations for a program of early learning for at-risk 2 children;
 - (iii) A recommended schedule for the concurrent phase-in of the changes to the instructional program of basic education and the implementation of the funding formulas and allocations to support the new instructional program of basic education as established under chapter 548, Laws of 2009. The phase-in schedule shall have full implementation completed by September 1, 2018; and
- 9 (iv) A recommended schedule for phased-in implementation of the new 10 distribution formula for allocating state funds to school districts for 11 the transportation of students to and from school, with phase-in 12 beginning no later than September 1, 2013.
 - (6) The council shall submit a report to the governor and the legislature by December 1, 2010, that includes:
 - (a) Recommendations for specific strategies, programs, and funding, including funding allocations through the funding distribution formula in RCW 28A.150.260, that are designed to close the achievement gap and increase the high school graduation rate in Washington public schools. The council shall consult with the achievement gap oversight and accountability committee and the building bridges work group in developing its recommendations; and
- 22 <u>(b) Recommendations for assuring adequate levels of state-funded</u> 23 classified staff to support essential school and district services.
 - (7) The council shall be staffed by the office of the superintendent of public instruction and the office of financial management. Additional staff support shall be provided by the state entities with representatives on the committee. Senate committee services and the house of representatives office of program research may provide additional staff support.
 - ((+7)) (8) Legislative members of the council shall serve without additional compensation but may be reimbursed for travel expenses in accordance with RCW 44.04.120 while attending sessions of the council or on official business authorized by the council. Nonlegislative members of the council may be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.
- **Sec. 16.** 2009 c 548 s 805 (uncodified) is amended to read as 37 follows:

- 1 Sections 304 through 311 of this act take effect September 1,
- $2 ((\frac{2013}{})) \underline{2011}$.
- 3 NEW SECTION. Sec. 17. 2009 c 548 s 112, as amended by section 5
- 4 of this act, is codified as a section in chapter 28A.290 RCW.
- 5 NEW SECTION. Sec. 18. RCW 43.41.398 is recodified as a section in
- 6 chapter 28A.400 RCW.
- 7 NEW SECTION. Sec. 19. Sections 2, 3, 4, 8, 10, 13, and 14 of this
- 8 act take effect September 1, 2011.
- 9 <u>NEW SECTION.</u> **Sec. 20.** Section 6 of this act is necessary for the
- 10 immediate preservation of the public peace, health, or safety, or
- 11 support of the state government and its existing public institutions,
- 12 and takes effect immediately.

Passed by the House March 11, 2010.

Passed by the Senate March 11, 2010.

Approved by the Governor March 29, 2010, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 30, 2010.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Section 11, Substitute House Bill 2776 entitled:

"AN ACT Relating to funding distribution formulas for $\mbox{K-}12$ education."

Section 11 amends RCW 28.175.010 to add the requirement that the Washington State Institute for Public Policy annually calculate savings to taxpayers resulting from improved graduation rates. Since this provision is also contained in Senate Bill 6403 which I am also signing today, I am vetoing Section 11 in order to avoid a double amendment regarding the same subject.

For this reason, I have vetoed Section 11 of Substitute House Bill 2776. With the exception of Section 11, Substitute House Bill 2776 is approved."