

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2824**

Chapter 10, Laws of 2012

62nd Legislature  
2012 1st Special Session

EDUCATION FUNDING

EFFECTIVE DATE: 07/10/12

Passed by the House April 10, 2012  
Yeas 74 Nays 24

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Passed by the Senate April 10, 2012  
Yeas 28 Nays 20

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Approved May 2, 2012, 2:07 p.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2824** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

\_\_\_\_\_  
**Chief Clerk**

FILED

May 2, 2012

**Secretary of State  
State of Washington**

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HOUSE BILL 2824

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AS AMENDED BY THE SENATE

Passed Legislature - 2012 1st Special Session

State of Washington                      62nd Legislature                      2012 1st Special Session

By Representatives Eddy and Hunter

Read first time 04/03/12. Referred to Committee on Ways & Means.

1            AN ACT Relating to addressing comprehensive funding for education  
2 by developing a plan for full funding and by freeing certain existing  
3 revenues for support of the basic education program; amending RCW  
4 28A.600.405, 43.135.045, 67.70.340, and 83.100.230; reenacting and  
5 amending RCW 28A.150.380 and 84.52.0531; repealing RCW 28A.505.210 and  
6 28A.505.220; creating new sections; and providing an expiration date.

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

8            NEW SECTION.    **Sec. 1.** (1) Legislation enacted in 2009 (chapter  
9 548, Laws of 2009) and in 2010 (chapter 236, Laws of 2010) revised the  
10 definition of the program of basic education, established new methods  
11 for distributing state funds to school districts to support this  
12 program of basic education, and provided an outline of specific  
13 enhancements to the program of basic education that are required to be  
14 implemented by 2018. In order to meet the required deadlines to  
15 implement full funding of the enhancements, the joint task force in  
16 section 2 of this act is created to develop and recommend options for  
17 a permanent funding mechanism.

18            (2) Initiative Measure No. 728 (chapter 3, Laws of 2001) dedicated  
19 a portion of state revenues to fund class size reductions and other

1 education improvements. Because class size reductions and similar  
2 improvements are incorporated in the reforms that were enacted in  
3 chapter 548, Laws of 2009, and chapter 236, Laws of 2010, and that are  
4 being incrementally implemented through 2018, Initiative Measure No.  
5 728 is repealed in order to make these dedicated revenues available for  
6 implementation of basic education reform and to facilitate the funding  
7 reform recommendations of the joint task force in section 2 of this  
8 act.

9 (3) Nothing in this act alters or amends the elements included in  
10 the school district levy base set forth in RCW 84.52.0531.

11 NEW SECTION. **Sec. 2.** (1) The joint task force on education  
12 funding is established. The task force shall make recommendations on  
13 how the legislature can meet the requirements outlined in chapter 548,  
14 Laws of 2009 and chapter 236, Laws of 2010. In particular, the task  
15 force shall develop a proposal for a reliable and dependable funding  
16 mechanism to support basic education programs. At a minimum, the  
17 proposed funding mechanism must support full implementation of the  
18 programmatic enhancements required in chapter 548, Laws of 2009, and  
19 chapter 236, Laws of 2010, including full-day kindergarten; reduced K-3  
20 class size; increased allocations for maintenance, supplies, and  
21 operating costs; and a new pupil transportation formula. The task  
22 force shall also consider the specific recommendations for the  
23 transitional bilingual instructional program from the quality education  
24 council to the legislature dated January 6, 2012. It shall provide  
25 recommendations for: Implementation of a scaled funding formula based  
26 on levels of English language proficiency, a supplemental formula based  
27 on students exiting the program due to demonstrated English language  
28 proficiency, and implementing legislation.

29 (2)(a) The joint task force on education funding shall consist of  
30 the following members:

31 (i) Eight legislators, with two members from each of the two  
32 largest caucuses of the senate appointed by the president of the senate  
33 and two members from each of the two largest caucuses of the house of  
34 representatives appointed by the speaker of the house of  
35 representatives; and

36 (ii) Three individuals, to be appointed by the governor.

1 (b) The task force may recommend multiple options, but shall  
2 recommend one preferred alternative, including an outline of necessary  
3 implementing legislation. Should the task force recommend an option to  
4 fully fund the program of basic education with no new revenues, the  
5 task force must identify what areas already in the budget would be  
6 eliminated or reduced.

7 (c) The task force shall be staffed by the house of representatives  
8 office of program research, senate committee services, and the office  
9 of financial management, with assistance from the Washington state  
10 institute for public policy and other agencies as necessary.

11 (3) The task force shall submit a final report to the legislature  
12 by December 31, 2012.

13 **Sec. 3.** RCW 28A.150.380 and 2009 c 548 s 110 and 2009 c 479 s 16  
14 are each reenacted and amended to read as follows:

15 (1) The state legislature shall, at each regular session in an odd-  
16 numbered year, appropriate for the current use of the common schools  
17 such amounts as needed for state support to school districts during the  
18 ensuing biennium for the program of basic education under RCW  
19 28A.150.200.

20 (2) In addition to those state funds provided to school districts  
21 for basic education, the legislature may appropriate funds to be  
22 distributed to school districts for other factors and for other special  
23 programs to enhance or enrich the program of basic education.

24 ~~((3) The state legislature shall also, at each regular session in  
25 an odd-numbered year, appropriate from the general fund and education  
26 construction fund for the purposes of and in accordance with the  
27 provisions of the student achievement act during the ensuing  
28 biennium.))~~

29 **Sec. 4.** RCW 28A.600.405 and 2007 c 355 s 4 are each amended to  
30 read as follows:

31 (1) For purposes of this section and RCW 28B.50.534, "eligible  
32 student" means a student who has completed all state and local high  
33 school graduation requirements except the certificate of academic  
34 achievement under RCW 28A.655.061 or the certificate of individual  
35 achievement under RCW 28A.155.045, who is less than age twenty-one as

1 of September 1st of the academic year the student enrolls at a  
2 community and technical college under this section, and who meets the  
3 following criteria:

4 (a) Receives a level 2 (basic) score on the reading and writing  
5 content areas of the high school (~~Washington assessment of student~~  
6 ~~learning~~) statewide student assessment;

7 (b) Has not successfully met state standards on a retake of the  
8 assessment or an alternative assessment;

9 (c) Has participated in assessment remediation; and

10 (d) Receives a recommendation to enroll in courses or a program of  
11 study made available under RCW 28B.50.534 from his or her high school  
12 principal.

13 (2) An eligible student may enroll in courses or a program of study  
14 made available by a community or technical college participating in the  
15 pilot program created under RCW 28B.50.534 for the purpose of obtaining  
16 a high school diploma.

17 (3) For eligible students in courses or programs delivered directly  
18 by the community or technical college participating in the pilot  
19 program under RCW 28B.50.534 and only for enrollment in courses that  
20 lead to a high school diploma, the superintendent of public instruction  
21 shall transmit to the colleges participating in the pilot program an  
22 amount per each full-time equivalent college student at statewide  
23 uniform rates. The amount shall be the sum of (a), (b), and (c) (~~and~~  
24 ~~(d)~~) of this subsection, as applicable.

25 (a) The superintendent shall separately calculate and allocate  
26 moneys appropriated for basic education under RCW 28A.150.260 for  
27 purposes of making payments under this section. The calculations and  
28 allocations shall be based upon the estimated statewide annual average  
29 per full-time equivalent high school student allocations under RCW  
30 28A.150.260, excluding small high school enhancements, and applicable  
31 rules adopted under chapter 34.05 RCW.

32 (b) The superintendent shall allocate an amount equal to the per  
33 funded student state allocation for the learning assistance program  
34 under chapter 28A.165 RCW for each full-time equivalent college student  
35 or a pro rata amount for less than full-time enrollment.

36 (c) (~~The superintendent shall allocate an amount equal to the per~~  
37 ~~full-time equivalent student allocation for the student achievement~~

1 ~~program under RCW 28A.505.210 for each full-time equivalent college~~  
2 ~~student or a pro rata amount for less than full-time enrollment.~~

3 (d)) For eligible students who meet eligibility criteria for the  
4 state transitional bilingual instruction program under chapter 28A.180  
5 RCW, the superintendent shall allocate an amount equal to the per  
6 student state allocation for the transitional bilingual instruction  
7 program or a pro rata amount for less than full-time enrollment.

8 (4) The superintendent may adopt rules establishing enrollment  
9 reporting, recordkeeping, and accounting requirements necessary to  
10 ensure accountability for the use of basic education, learning  
11 assistance, and transitional bilingual program funds under this section  
12 for the pilot program created under RCW 28B.50.534.

13 (5) All school districts in the geographic area of the two  
14 community and technical colleges selected pursuant to section 8,  
15 chapter 355, Laws of 2007 to participate in the pilot program shall  
16 provide information about the high school completion option under RCW  
17 28B.50.534 to students in grades ten, eleven, and twelve and the  
18 parents or guardians of those students.

19 **Sec. 5.** RCW 43.135.045 and 2011 1st sp.s. c 50 s 950 are each  
20 amended to read as follows:

21 The education construction fund is hereby created in the state  
22 treasury.

23 (1) Funds may be appropriated from the education construction fund  
24 exclusively for common school construction or higher education  
25 construction. During the 2007-2009 fiscal biennium, funds may also be  
26 used for higher education facilities preservation and maintenance.  
27 During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may  
28 transfer from the education construction fund to the state general fund  
29 such amounts as reflect the excess fund balance of the fund.

30 (2) Funds may be appropriated for any other purpose only if  
31 approved by a two-thirds vote of each house of the legislature and if  
32 approved by a vote of the people at the next general election. An  
33 appropriation approved by the people under this subsection shall result  
34 in an adjustment to the state expenditure limit only for the fiscal  
35 period for which the appropriation is made and shall not affect any  
36 subsequent fiscal period.

1           (3) (~~Funds for the student achievement program in RCW 28A.505.210~~  
2 ~~and 28A.505.220 shall be appropriated to the superintendent of public~~  
3 ~~instruction strictly for distribution to school districts to meet the~~  
4 ~~provisions set out in the student achievement act. Allocations shall~~  
5 ~~be made on an equal per full-time equivalent student basis to each~~  
6 ~~school district.~~

7           (4)) After July 1, 2010, the state treasurer shall transfer one  
8 hundred two million dollars from the general fund to the education  
9 construction fund by June 30th of each year.

10           **Sec. 6.** RCW 67.70.340 and 2010 1st sp.s. c 27 s 4 are each amended  
11 to read as follows:

12           (1) The legislature recognizes that creating a shared game lottery  
13 could result in less revenue being raised by the existing state lottery  
14 ticket sales. The legislature further recognizes that the fund most  
15 impacted by this potential event is the Washington opportunity pathways  
16 account. Therefore, it is the intent of the legislature to use some of  
17 the proceeds from the shared game lottery to make up the difference  
18 that the potential state lottery revenue loss would have on the  
19 Washington opportunity pathways account. The legislature further  
20 intends to use some of the proceeds from the shared game lottery to  
21 fund programs and services related to problem and pathological  
22 gambling.

23           (2) The Washington opportunity pathways account is expected to  
24 receive one hundred two million dollars annually from state lottery  
25 games other than the shared game lottery. For fiscal year 2011 and  
26 thereafter, if the amount of lottery revenues earmarked for the  
27 Washington opportunity pathways account is less than one hundred two  
28 million dollars, the commission, after making the transfer required  
29 under subsection (3) of this section, must transfer sufficient moneys  
30 from revenues derived from the shared game lottery into the Washington  
31 opportunity pathways account to bring the total revenue up to one  
32 hundred two million dollars.

33           (3)(a) The commission shall transfer, from revenue derived from the  
34 shared game lottery, to the problem gambling account created in RCW  
35 43.20A.892, an amount equal to the percentage specified in (b) of this  
36 subsection of net receipts. For purposes of this subsection, "net  
37 receipts" means the difference between (i) revenue received from the

1 sale of lottery tickets or shares and revenue received from the sale of  
2 shared game lottery tickets or shares; and (ii) the sum of payments  
3 made to winners.

4 (b) In fiscal year 2006, the percentage to be transferred to the  
5 problem gambling account is one-tenth of one percent. In fiscal year  
6 2007 and subsequent fiscal years, the percentage to be transferred to  
7 the problem gambling account is thirteen one-hundredths of one percent.

8 (4) The commission shall transfer the remaining net revenues, if  
9 any, derived from the shared game lottery "Powerball" authorized in RCW  
10 67.70.044(1) after the transfers pursuant to this section into the  
11 state general fund for (~~the student achievement program under RCW~~  
12 ~~28A.505.220~~) support for the program of basic education under RCW  
13 28A.150.200.

14 (5) The remaining net revenues, if any, in the shared game lottery  
15 account after the transfers pursuant to this section shall be deposited  
16 into the Washington opportunity pathways account.

17 **Sec. 7.** RCW 83.100.230 and 2010 1st sp.s. c 37 s 953 are each  
18 amended to read as follows:

19 The education legacy trust account is created in the state  
20 treasury. Money in the account may be spent only after appropriation.  
21 Expenditures from the account may be used only for (~~deposit into the~~  
22 ~~student achievement fund~~) support of the common schools, and for  
23 expanding access to higher education through funding for new  
24 enrollments and financial aid, and other educational improvement  
25 efforts. (~~During the 2009-2011 fiscal biennium, moneys in the account~~  
26 ~~may also be transferred into the state general fund.~~)

27 **Sec. 8.** RCW 84.52.0531 and 2010 c 237 s 1 and 2010 c 99 s 11 are  
28 each reenacted and amended to read as follows:

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

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

35 (2) For excess levies for collection in calendar year 1998 and

1 thereafter, the maximum dollar amount shall be the sum of (a) plus or  
2 minus (b), (c), and (d) of this subsection minus (e) of this  
3 subsection:

4 (a) The district's levy base as defined in subsections (3) and (4)  
5 of this section multiplied by the district's maximum levy percentage as  
6 defined in subsection (6) of this section;

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

13 (c) Except for nonhigh districts under (d) of this subsection, for  
14 districts in an interdistrict cooperative agreement, the nonresident  
15 school district's maximum levy amount shall be reduced and the resident  
16 school district's maximum levy amount shall be increased by an amount  
17 equal to the per pupil basic education allocation included in the  
18 nonresident district's levy base under subsection (3) of this section  
19 multiplied by:

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

22 (ii) The serving district's maximum levy percentage determined  
23 under subsection (6) of this section; increased by:

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

28 (d) The levy bases of nonhigh districts participating in an  
29 innovation academy cooperative established under RCW 28A.340.080 shall  
30 be adjusted by the office of the superintendent of public instruction  
31 to reflect each district's proportional share of student enrollment in  
32 the cooperative;

33 (e) The district's maximum levy amount shall be reduced by the  
34 maximum amount of state matching funds for which the district is  
35 eligible under RCW 28A.500.010.

36 (3) For excess levies for collection in calendar year 2005 and  
37 thereafter, a district's levy base shall be the sum of allocations in  
38 (a) through (c) of this subsection received by the district for the

1 prior school year and the amounts determined under subsection (4) of  
2 this section, including allocations for compensation increases, plus  
3 the sum of such allocations multiplied by the percent increase per full  
4 time equivalent student as stated in the state basic education  
5 appropriation section of the biennial budget between the prior school  
6 year and the current school year and divided by fifty-five percent. A  
7 district's levy base shall not include local school district property  
8 tax levies or other local revenues, or state and federal allocations  
9 not identified in (a) through (c) of this subsection.

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

12 (b) State and federal categorical allocations for the following  
13 programs:

14 (i) Pupil transportation;

15 (ii) Special education;

16 (iii) Education of highly capable students;

17 (iv) Compensatory education, including but not limited to learning  
18 assistance, migrant education, Indian education, refugee programs, and  
19 bilingual education;

20 (v) Food services; and

21 (vi) Statewide block grant programs; and

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

25 (4) For levy collections in calendar years 2005 through 2017, in  
26 addition to the allocations included under subsection (3)(a) through  
27 (c) of this section, a district's levy base shall also include the  
28 following:

29 (a)(i) For levy collections in calendar year 2010, the difference  
30 between the allocation the district would have received in the current  
31 school year had RCW 84.52.068 not been amended by chapter 19, Laws of  
32 2003 1st sp. sess. and the allocation the district received in the  
33 current school year pursuant to RCW 28A.505.220;

34 (ii) For levy collections in calendar years 2011 through 2017,  
35 (~~the difference between~~) the allocation rate the district would have  
36 received in the prior school year using the Initiative 728 rate (~~and~~  
37 ~~the allocation rate the district received in the prior school year~~

1 ~~pursuant to RCW 28A.505.220~~) multiplied by the full-time equivalent  
2 student enrollment used to calculate the Initiative 728 allocation for  
3 the prior school year; and

4 (b) The difference between the allocations the district would have  
5 received the prior school year using the Initiative 732 base and the  
6 allocations the district actually received the prior school year  
7 pursuant to RCW 28A.400.205.

8 (5) For levy collections in calendar years 2011 through 2017, in  
9 addition to the allocations included under subsections (3)(a) through  
10 (c) and (4)(a) and (b) of this section, a district's levy base shall  
11 also include the difference between an allocation of fifty-three and  
12 two-tenths certificated instructional staff units per thousand full-  
13 time equivalent students in grades kindergarten through four enrolled  
14 in the prior school year and the allocation of certificated  
15 instructional staff units per thousand full-time equivalent students in  
16 grades kindergarten through four that the district actually received in  
17 the prior school year, except that the levy base for a school district  
18 whose allocation in the 2009-10 school year was less than fifty-three  
19 and two-tenths certificated instructional staff units per thousand  
20 full-time equivalent students in grades kindergarten through four shall  
21 include the difference between the allocation the district actually  
22 received in the 2009-10 school year and the allocation the district  
23 actually received in the prior school year.

24 (6)(a) A district's maximum levy percentage shall be twenty-four  
25 percent in 2010 and twenty-eight percent in 2011 through 2017 and  
26 twenty-four percent every year thereafter;

27 (b) For qualifying districts, in addition to the percentage in (a)  
28 of this subsection the grandfathered percentage determined as follows:

29 (i) For 1997, the difference between the district's 1993 maximum  
30 levy percentage and twenty percent; and

31 (ii) For 2011 through 2017, the percentage calculated as follows:

32 (A) Multiply the grandfathered percentage for the prior year times  
33 the district's levy base determined under subsection (3) of this  
34 section;

35 (B) Reduce the result of (b)(ii)(A) of this subsection by any levy  
36 reduction funds as defined in subsection (7) of this section that are  
37 to be allocated to the district for the current school year;

1 (C) Divide the result of (b)(ii)(B) of this subsection by the  
2 district's levy base; and

3 (D) Take the greater of zero or the percentage calculated in  
4 (b)(ii)(C) of this subsection.

5 (7) "Levy reduction funds" shall mean increases in state funds from  
6 the prior school year for programs included under subsections (3) and  
7 (4) of this section: (a) That are not attributable to enrollment  
8 changes, compensation increases, or inflationary adjustments; and (b)  
9 that are or were specifically identified as levy reduction funds in the  
10 appropriations act. If levy reduction funds are dependent on formula  
11 factors which would not be finalized until after the start of the  
12 current school year, the superintendent of public instruction shall  
13 estimate the total amount of levy reduction funds by using prior school  
14 year data in place of current school year data. Levy reduction funds  
15 shall not include moneys received by school districts from cities or  
16 counties.

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

19 (a) "Prior school year" means the most recent school year completed  
20 prior to the year in which the levies are to be collected.

21 (b) "Current school year" means the year immediately following the  
22 prior school year.

23 (c) "Initiative 728 rate" means the allocation rate at which the  
24 student achievement program would have been funded under chapter 3,  
25 Laws of 2001, if all annual adjustments to the initial 2001 allocation  
26 rate had been made in previous years and in each subsequent year as  
27 provided for under chapter 3, Laws of 2001.

28 (d) "Initiative 732 base" means the prior year's state allocation  
29 for annual salary cost-of-living increases for district employees in  
30 the state-funded salary base as it would have been calculated under  
31 chapter 4, Laws of 2001, if each annual cost-of-living increase  
32 allocation had been provided in previous years and in each subsequent  
33 year.

34 (9) Funds collected from transportation vehicle fund tax levies  
35 shall not be subject to the levy limitations in this section.

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

1 (11) For calendar year 2009, the office of the superintendent of  
2 public instruction shall recalculate school district levy authority to  
3 reflect levy rates certified by school districts for calendar year  
4 2009.

5 NEW SECTION. **Sec. 9.** The following acts or parts of acts are each  
6 repealed:

7 (1) RCW 28A.505.210 (Student achievement funds--Use and accounting  
8 of funds--Public hearing--Report) and 2009 c 479 s 17, 2005 c 497 s  
9 105, & 2001 c 3 s 3; and

10 (2) RCW 28A.505.220 (Student achievement program--General fund  
11 allocation) and 2011 1st sp.s. c 17 s 1.

12 NEW SECTION. **Sec. 10.** Section 8 of this act expires January 1,  
13 2018.

Passed by the House April 10, 2012.

Passed by the Senate April 10, 2012.

Approved by the Governor May 2, 2012.

Filed in Office of Secretary of State May 2, 2012.