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**SHB 1843** - H AMD **27**

By Representative Manweller

**NOT ADOPTED 02/22/2017**

On page 10, line 6, after "RCW 28A.405.380." strike "No" and insert "Pursuant to RCW 28A.150.--- (section 401 of this act), beginning September 1, 2019, districts may enter supplemental contracts under this section solely for enrichment, and no"

On page 10, line 8, after "of the" insert ”state's statutory"

On page 10, line 9, after "section" strike "3" and insert "((~~3~~)) 1"

On page 11, line 22, strike "**MAINTENANCE AND OPERATION**" and insert "**ENRICHMENT**"

On page 11, beginning on line 27, strike "maintenance and operation support" and insert "((~~maintenance and operation support~~)) enrichment funding"

On page 12, line 32, after "28A.500.010" insert ", except that if state matching funds are reduced as a result of an audit finding under section 406 of this act, the district's maximum levy is reduced by the full amount of state matching funds for which the district would otherwise have been eligible"

On page 15, after line 5, insert: "(10) The amount of the levy that a district certifies to the county treasurer must be reduced by any amount of levy revenues determined by an audit under section 406 of this act to have been spent in violation of section 401 of this act."

On page 16, line 10, strike "maintenance and operation" and insert "((~~maintenance and operation~~)) enrichment"

On page 16, after line 35 insert: "(4) A school district's maximum amount of state matching funding under this section is reduced by any amount of state matching funding determined by an audit under section 406 of this act to have been spent in violation of section 401 of this act."

On page 34, after line 4, insert the following:

“**PART IV**

**AUTHORIZING USE OF SCHOOL DISTRICT LOCAL REVENUES SOLELY FOR ENRICHMENT TO THE STATE'S STATUTORY PROGRAM OF BASIC EDUCATION**

NEW SECTION. **Sec. 401.** A new section is added to chapter 28A.150 RCW to read as follows:

BASIC EDUCATION ACT AMENDED TO RESTRICT USE OF SCHOOL DISTRICT LOCAL REVENUES TO ENRICHMENT ONLY. (1) In RCW 28A.150.200 (as amended by section 101 of this act), the state declares that the state's statutory program of basic education established by chapter 28A RCW is deemed by the legislature to comply with the paramount duty of Article IX, section 1 of the state constitution. With the programmatic and funding elements added in this act to the state's statutory program of basic education, the legislature declares that state's program is fully funded, and that any enrichments funded locally are necessarily outside that program. To ensure appropriate implementation of the state's statutory program of basic education, and to ensure that school district funding from both state and local sources complies with Article IX, section 1 of the state constitution, the legislature intends to enact an express statutory requirement that school district enrichment levies, local effort assistance, and other school district local revenues may be used only for enrichment to the state's statutory program of basic education.

(2) Beginning September 1, 2019, school districts may use local revenues only to enrich the state's statutory program of basic education by supplementing the minimum instructional offerings of RCW 28A.150.220 or 28A.150.260 or the staffing ratios of RCW 28A.150.260 (as amended by sections 301 and 302 of this act). For purposes of this section, “local revenues” means enrichment levies collected under RCW 84.52.053, local effort assistance funding received under chapter 28A.500 RCW, and other school district local revenues, including but not limited to grants, donations, and state and federal payments in lieu of taxes, except that “local revenues” does not include other federal revenues, or local revenues that operate as an offset to the district’s basic education allocation under RCW 28A.150.250.

(3) For purposes of this section, permitted enrichment activities include, but are not limited to, extracurricular activities, extended school days, additional staff for class size reduction beyond class sizes allocated in the prototypical school model, and course offerings beyond the minimum instructional program established in the state's statutory program of basic education.

(4) Upon application by a school district, the superintendent of public instruction may authorize the district to use local revenues for other enrichment activities not specifically listed in this section, so long as the activity otherwise complies with this section. The authorization is valid for a period of up to four years. The superintendent must report annually to the appropriate committees of the legislature on authorizations granted pursuant to this subsection and associated educational outcomes.

(5) If an audit under section 406 of this act results in a finding that a school district has spent local revenues in violation of this section, then in the following year the district is subject to the penalties established in this subsection. If the violation resulted from expenditure of enrichment levy revenues, then the amount of the enrichment levy that a district may certify for collection must be reduced by the amount of the audit finding. If the violation resulted from expenditure of local effort assistance funding, then the maximum amount of state matching funds the district may receive as local effort assistance is reduced by the amount of the audit finding. If the violation resulted from expenditure of other local revenues, then the district must pay the amount of the audit finding into the state general fund.

(6) The superintendent may adopt rules to implement this section.

NEW SECTION. **Sec. 402.** OSPI RECOMMENDATIONS AND LEGISLATIVE DEFINITIONS OF ADDITIONAL PERMITTED ENRICHMENTS.

(1) (a) The superintendent of public instruction must develop recommendations on expanding the list of specifically permitted activities in section 401(3) of this act to include additional discrete forms of local enrichment that otherwise comply with section 401 of this act. The recommendations must consider, but are not limited to, existing school district enrichment activities to the extent that those activities are consistent with those requirements.

(b) The superintendent must develop recommendations on a process that permits the superintendent, on application of a school district, to approve use of local revenues for enrichment activities that are not specifically listed in section 401 of this act but otherwise comply with the requirements of that section. The recommendations may be in the form of proposed rules.

(c) The superintendent must submit both sets of recommendations to the appropriate policy and fiscal committees of the legislature by December 1, 2017.

(2) In the 2018 legislative session, the legislature must review and consider the recommendations of the superintendent, and must enact legislation to expand the list of permitted enrichment activities in section 401(3) of this act by codifying additional, specific examples of enrichment activities that may be provided with local revenues under the terms of section 401 of this act.

**Sec. 403.** RCW 84.52.053 and 2012 c 186 s 18 are each amended to read as follows: M&O LEVIES RENAMED "ENRICHMENT LEVIES"; MAY BE USED FOR ENRICHMENT ONLY.

(1) The limitations imposed by RCW 84.52.050 through 84.52.056, and 84.52.043 shall not prevent the levy of taxes by school districts, when authorized so to do by the voters of such school district in the manner and for the purposes and number of years allowable under Article VII, section 2(a) and Article IX, section 1 of the Constitution of this state. Elections for such taxes shall be held in the year in which the levy is made or, in the case of propositions authorizing two-year through four-year levies for ((~~maintenance and operation support of~~)) enrichment funding for a school district, authorizing two-year levies for transportation vehicle funds established in RCW 28A.160.130, or authorizing two-year through six-year levies to support the construction, modernization, or remodeling of school facilities, which includes the purposes of RCW 28A.320.330(2) (f) and (g), in the year in which the first annual levy is made.

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

(b) Notwithstanding (a) of this subsection, any school district that is required to annex or receive territory pursuant to a dissolution of a financially insolvent school district pursuant to RCW 28A.315.225 may call either a replacement or supplemental levy election within the school district, including the territory annexed or transferred, as follows:

(i) An election for a proposition authorizing two-year through four-year levies for ((~~maintenance and operation support of~~)) enrichment funding for a school district may be called and held before the effective date of dissolution to replace existing ((~~maintenance and operation~~)) enrichment levies and to provide for increases due to the dissolution.

(ii) An election for a proposition authorizing additional tax levies may be called and held before the effective date of dissolution to provide for increases due to the dissolution.

(iii) In the event a replacement levy election under (b)(i) of this subsection is held but does not pass, the affected school district may subsequently hold a supplemental levy election pursuant to (b)(ii) of this subsection if the supplemental levy election is held before the effective date of dissolution. In the event a supplemental levy election is held under subsection (b)(ii) of this subsection but does not pass, the affected school district may subsequently hold a replacement levy election pursuant to (b)(i) of this subsection if the replacement levy election is held before the effective date of dissolution. Failure of a replacement levy or supplemental levy election does not affect any previously approved and existing ((~~maintenance and operation~~)) enrichment levy within the affected school district or districts.

(c) For the purpose of applying the limitation of this subsection (2), a two-year through six-year levy to support the construction, modernization, or remodeling of school facilities shall not be deemed to be a tax levy for ((~~maintenance and operation support of~~)) enrichment funding for a school district.

(3) A special election may be called and the time therefor fixed by the board of school directors, by giving notice thereof by publication in the manner provided by law for giving notices of general elections, at which special election the proposition authorizing such excess levy shall be submitted in such form as to enable the voters favoring the proposition to vote "yes" and those opposed thereto to vote "no."

(4) Pursuant to RCW 28A.150.--- (section 401 of this act), beginning September 1, 2019, school districts may use enrichment levies solely to enrich the state's statutory program of basic education by supplementing the minimum instructional offerings of RCW 28A.150.220 or RCW 28A.160.260 or the staffing ratios of RCW 28A.150.260 (as amended by sections 301 and 302 of this act).

**Sec. 404.** RCW 28A.150.220 and 2014 c 217 s 201 are each amended to read as follows: SCHOOL DISTRICT AUTHORITY TO ENRICH PROGRAM OF EDUCATION IS SUBJECT TO NEW REQUIRMENTS.

(1) In order for students to have the opportunity to develop the basic education knowledge and skills under RCW 28A.150.210, school districts must provide instruction of sufficient quantity and quality and give students the opportunity to complete graduation requirements that are intended to prepare them for postsecondary education, gainful employment, and citizenship. The program established under this section shall be the minimum instructional program of basic education offered by school districts.

(2) Each school district shall make available to students the following minimum instructional offering each school year:

(a) For students enrolled in grades one through twelve, at least a district-wide annual average of one thousand hours, which shall be increased beginning in the 2015-16 school year to at least one thousand eighty instructional hours for students enrolled in grades nine through twelve and at least one thousand instructional hours for students in grades one through eight, all of which may be calculated by a school district using a district-wide annual average of instructional hours over grades one through twelve; and

(b) For students enrolled in kindergarten, at least four hundred fifty instructional hours, which shall be increased to at least one thousand instructional hours according to the implementation schedule under RCW 28A.150.315.

(3) The instructional program of basic education provided by each school district shall include:

(a) Instruction in the essential academic learning requirements under RCW 28A.655.070;

(b) Instruction that provides students the opportunity to complete twenty-four credits for high school graduation, beginning with the graduating class of 2019 or as otherwise provided in RCW 28A.230.090. Course distribution requirements may be established by the state board of education under RCW 28A.230.090;

(c) If the essential academic learning requirements include a requirement of languages other than English, the requirement may be met by students receiving instruction in one or more American Indian languages;

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

(e) Supplemental instruction and services for eligible and enrolled students and exited students whose primary language is other than English through the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080;

(f) The opportunity for an appropriate education at public expense as defined by RCW 28A.155.020 for all eligible students with disabilities as defined in RCW 28A.155.020; and

(g) Programs for highly capable students under RCW 28A.185.010 through 28A.185.030.

(4) Nothing contained in this section shall be construed to require individual students to attend school for any particular number of hours per day or to take any particular courses.

(5)(a) Each school district's kindergarten through twelfth grade basic educational program shall be accessible to all students who are five years of age, as provided by RCW 28A.225.160, and less than twenty-one years of age and shall consist of a minimum of one hundred eighty school days per school year in such grades as are conducted by a school district, and one hundred eighty half-days of instruction, or equivalent, in kindergarten, to be increased to a minimum of one hundred eighty school days per school year according to the implementation schedule under RCW 28A.150.315.

(b) Schools administering the Washington kindergarten inventory of developing skills may use up to three school days at the beginning of the school year to meet with parents and families as required in the parent involvement component of the inventory.

(c) In the case of students who are graduating from high school, a school district may schedule the last five school days of the one hundred eighty day school year for noninstructional purposes including, but not limited to, the observance of graduation and early release from school upon the request of a student. All such students may be claimed as a full‑time equivalent student to the extent they could otherwise have been so claimed for the purposes of RCW 28A.150.250 and 28A.150.260. Any hours scheduled by a school district for noninstructional purposes during the last five school days for such students shall count toward the instructional hours requirement in subsection (2)(a) of this section.

(6) Subject to RCW 28A.150.--- (section 401 of this act), nothing in this section precludes a school district from enriching the instructional program of basic education, such as offering additional instruction or providing additional services, programs, or activities that the school district determines to be appropriate for the education of the school district's students.

(7) The state board of education shall adopt rules to implement and ensure compliance with the program requirements imposed by this section, RCW 28A.150.250 and 28A.150.260, and such related supplemental program approval requirements as the state board may establish.

**Sec. 405.** RCW 28A.500.010 and 1999 c 317 s 1 are each amended to read as follows: LOCAL EFFORT ASSISTANCE FUNDING MAY BE USED FOR ENRICHMENT ONLY.

Commencing with calendar year 2000, in addition to a school district's other general fund allocations, each eligible district shall be provided local effort assistance funds. The purpose of these funds is to mitigate the effect that above average property tax rates might have on the ability of a school district to raise local revenues to supplement the state's basic program of education. These funds serve to equalize the property tax rates that individual taxpayers would pay for such levies and to provide tax relief to taxpayers in high tax rate school districts. Such funds are not part of the district's basic education allocation, and pursuant to RCW 28A.150.--- (section 401 of this act), beginning September 1, 2019, local effort assistance funding may be used only to enrich the state's statutory program of basic education by supplementing the minimum instructional offerings of RCW 28A.150.220 or RCW 28A.15.260 or the staffing ratios of RCW 28A.150.260 (as amended by sections 301 and 302 of this act).

NEW SECTION. **Sec. 406.** A new section is added to chapter 43.09 RCW to read as follows:

AUDITOR REVIEWS USE OF LOCAL REVENUES FOR COMPLIANCE WITH ENRICHMENT REQUIREMENTS.

(1)Beginning with the 2019-20 school year, to ensure that school district local revenues are used solely for purposes of enriching the state's statutory program of basic education, the state auditor's regular financial audits of school districts must include a review of the expenditure of school district local revenues for compliance with RCW 28A.150.--- (section 401 of this act), including any supplemental contracts entered into under RCW 28A.400.200 as amended by section 104 of this act.

(2) If an audit results in findings that a school district has failed to comply with these requirements, then within ninety days of completing the audit the auditor must report the findings to the superintendent of public instruction, the office of financial management, and the appropriate policy and fiscal committees of the legislature.”

Renumber remaining parts and sections consecutively and correct internal references accordingly.

Correct the title.

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|  | EFFECT:  Local revenues for enrichment only.The legislature declares that with the revisions in this act, the state's statutory program of basic education is deemed by the Legislature to be fully funded, and any locally funded enrichments are necessarily outside that program.  Beginning September 1, 2019, school district local revenues may be used only to enrich the state's statutory program of basic education. To be permitted as "enrichment," an activity must enrich the minimum statutory program of basic education or enrich the staffing ratios provided by the prototypical school formula. "Local revenues" means enrichment levies (formerly called maintenance and operations (M&O) levies), Local Effort Assistance (LEA), and other local school district revenues, including grants, donations, and state and federal payments in lieu of taxes. However, "local revenues" do not include other federal revenues, or local revenues that operate as an offset to state basic education allocations (i.e., federal forest revenues).  Permitted forms of enrichment. A non-exhaustive list of permitted enrichments is provided, including extracurricular activities and extended school days. By December 2017 the SPI must provide the Legislature with recommendations on additional types of authorized enrichment to add to the statutory list. In the 2018 legislative session, the Legislature must enact legislation to add further types of specifically authorized enrichment to the statutory list.  Districts may enter into supplemental contracts (TRI) only for purposes of permitted enrichment.  M&O levies are renamed "enrichment levies," and the authorizing statutes for enrichment levies and LEA are revised to state that these revenues may be used only for permitted enrichment.  Approval process for additional forms of enrichment.  Upon application by a school district, the Superintendent of Public Instruction (SPI) may for a four-year period authorize the district to use local revenues for enrichment activities not specifically listed in statute so long as those activities otherwise comply with the statutory requirements for enrichment. By December 2017 the SPI must provide the Legislature with recommendations for this approval process.  Auditing and penalties.  The State Auditor must audit compliance with the restrictions on use of school district local revenues. If the Auditor determines that a district has violated the enrichment restrictions, then in the next year a district's certified enrichment (formerly M&O) levy is decreased by the amount of the prohibited expenditure if the spending came from enrichment levy revenues, the district's LEA is decreased if the spending came from LEA, or the district must pay the amount into the State General Fund if the spending came from other local revenues.  Other. An incorrect reference to Art. IX, sec. 3 (Permanent Common School Fund) is corrected to refer to Art. IX, sec. 1 (paramount duty clause). |

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