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**SECOND SUBSTITUTE SENATE BILL 5313**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senator Wellman; by request of Office of Financial Management)

AN ACT Relating to K-12 education; amending RCW 28A.500.015, 84.52.0531, 28A.400.200, and 28A.710.150; adding a new section to chapter 41.59 RCW; and providing a contingent effective date.

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

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

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

(2) For an eligible school district, annual local effort assistance funding is equal to the school district's maximum local effort assistance multiplied by a fraction equal to the lesser of the school district's actual enrichment levy or the maximum allowable local effort assistance levy divided by the school district's maximum allowable ((~~enrichment~~)) local effort assistance levy.

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

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

(a) "Eligible school district" means a school district whose maximum allowable ((~~enrichment~~)) local effort assistance levy divided by the school district's total student enrollment in the prior school year is less than the state local effort assistance threshold.

(b) For the purpose of this section, "inflation" means((~~, for any school year,~~)) the ((~~rate of the yearly increase of~~)) percentage change in the ((~~previous calendar year's annual average consumer~~)) implicit price ((~~index for all urban consumers, Seattle area, using the official current base compiled by~~)) deflator for personal consumption expenditures for the ((~~bureau of labor statistics,~~)) United States ((~~department of labor~~)) for the prior calendar year as published in the November economic and revenue forecast by the economic and revenue forecast council or successor agency.

(c) "Maximum allowable ((~~enrichment~~)) local effort assistance levy" means ((~~the maximum levy permitted by RCW 84.52.0531~~)) one dollar and fifty cents per thousand dollars of assessed value in the school district.

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

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

(ii) The school district's maximum allowable ((~~enrichment~~)) local effort assistance levy.

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

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

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

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

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

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

(1) Beginning with taxes levied for collection in ((~~2019~~)) 2020, the maximum dollar amount which may be levied by or for any school district for enrichment levies under RCW 84.52.053 is equal to the lesser of ((~~one~~)) two dollars and fifty cents per thousand dollars of the assessed value of property in the school district or the maximum per-pupil limit.

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

(a) For the purpose of this section, "inflation" means((~~, for any school year,~~)) the ((~~rate of the yearly increase of~~)) percentage change in the ((~~previous calendar year's annual average consumer~~)) implicit price ((~~index for all urban consumers, Seattle area, using the official current base compiled by~~)) deflator for personal consumption expenditures for the ((~~bureau of labor statistics,~~)) United States ((~~department of labor~~)) for the prior calendar year as published in the November economic and revenue forecast by the economic and revenue forecast council or successor agency.

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

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

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

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

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

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

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

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

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

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

(9)(a) To address the funding disparity resulting from charter schools lacking access to local enrichment levy funds, the superintendent of public instruction must distribute to each charter school an amount based on the certified local enrichment levy per pupil for the previous year for the school district in which the charter school is located, multiplied by the student enrollment of the charter school in the current school year, as follows:

(i) Beginning September 1, 2019, fifteen percent;

(ii) Beginning September 1, 2020, thirty percent;

(iii) Beginning September 1, 2021, forty-five percent;

(iv) Beginning September 1, 2022, sixty percent;

(v) Beginning September 1, 2023, seventy-five percent; and

(vi) Beginning September 1, 2024, and thereafter, one hundred percent.

(b) The funding provided under this subsection (9) is not part of the state's statutory program of basic education deemed by the legislature to comply with the requirements of Article IX, section 1 of the state Constitution. Charter schools may use the funding provided under this subsection (9) only to enrich the state's statutory program of basic education.

**Sec.**  RCW 28A.400.200 and 2018 c 266 s 205 are each amended to read as follows:

(1) Every school district board of directors shall fix, alter, allow, and order paid salaries and compensation for all district employees in conformance with this section.

(2)(a) Through the 2017-18 school year, salaries for certificated instructional staff shall not be less than the salary provided in the appropriations act in the statewide salary allocation schedule for an employee with a baccalaureate degree and zero years of service;

(b) Salaries for certificated instructional staff with a master's degree shall not be less than the salary provided in the appropriations act in the statewide salary allocation schedule for an employee with a master's degree and zero years of service; and

(c) Beginning with the 2018-19 school year:

(i) Salaries for full-time certificated instructional staff must not be less than forty thousand dollars, to be adjusted for regional differences in the cost of hiring staff as specified in RCW 28A.150.410, and to be adjusted annually by the same inflationary measure as provided in RCW 28A.400.205;

(ii) Salaries for full-time certificated instructional staff with at least five years of experience must exceed by at least ten percent the value specified in (c)(i) of this subsection;

(iii) A district may not pay full-time certificated instructional staff a salary that exceeds ninety thousand dollars, subject to adjustment for regional differences in the cost of hiring staff as specified in RCW 28A.150.410. This maximum salary is adjusted annually by the inflationary measure in RCW 28A.400.205;

(iv) These minimum and maximum salaries apply to the services provided as part of the state's statutory program of basic education and exclude supplemental contracts for additional time, responsibility, or incentive pursuant to this section or for enrichment pursuant to RCW 28A.150.276;

(v) A district may pay a salary that exceeds this maximum salary by up to ten percent for full-time certificated instructional staff: Who are educational staff associates; who teach in the subjects of science, technology, engineering, or math; or who teach in the transitional bilingual instruction or special education programs.

(3)(a)(i) Through the 2017-18 school year the actual average salary paid to certificated instructional staff shall not exceed the district's average certificated instructional staff salary used for the state basic education allocations for that school year as determined pursuant to RCW 28A.150.410.

(ii) For the 2018-19 school year, salaries for certificated instructional staff are subject to the limitations in RCW 41.59.800.

(iii) Beginning with the 2019-20 school year, for purposes of subsection (4) of this section, RCW 28A.150.276, and 28A.505.100, each school district must annually identify the actual salary paid to each certificated instructional staff for services rendered as part of the state's program of basic education.

(b) Through the 2018-19 school year, fringe benefit contributions for certificated instructional staff shall be included as salary under (a)(i) of this subsection only to the extent that the district's actual average benefit contribution exceeds the amount of the insurance benefits allocation, less the amount remitted by districts to the health care authority for retiree subsidies, provided per certificated instructional staff unit in the state operating appropriations act in effect at the time the compensation is payable. For purposes of this section, fringe benefits shall not include payment for unused leave for illness or injury under RCW 28A.400.210; employer contributions for old age survivors insurance, workers' compensation, unemployment compensation, and retirement benefits under the Washington state retirement system; or employer contributions for health benefits in excess of the insurance benefits allocation provided per certificated instructional staff unit in the state operating appropriations act in effect at the time the compensation is payable. A school district may not use state funds to provide employer contributions for such excess health benefits.

(c) Salary and benefits for certificated instructional staff in programs other than basic education shall be consistent with the salary and benefits paid to certificated instructional staff in the basic education program.

(4)(a) Salaries and benefits for certificated instructional staff may exceed the limitations in subsection (3) of this section only by separate contract for additional time, for additional responsibilities, or for incentives. Supplemental contracts shall not cause the state to incur any present or future funding obligation. Supplemental contracts must be accounted for by a school district when the district is developing its four-year budget plan under RCW 28A.505.040.

(b) Supplemental contracts shall be subject to the collective bargaining provisions of chapter 41.59 RCW and the provisions of RCW 28A.405.240, shall not exceed one year, and if not renewed shall not constitute adverse change in accordance with RCW 28A.405.300 through 28A.405.380. No district may enter into a supplemental contract under this subsection for the provision of services which are a part of the basic education program required by Article IX, section 1 of the state Constitution and RCW 28A.150.220.

(c)(i) Beginning September 1, 2019, supplemental contracts for certificated instructional staff are subject to the following additional restrictions:

(A) School districts may enter into supplemental contracts only for enrichment activities as defined in and subject to the limitations of RCW 28A.150.276;

(B) Until September 1, 2022, the average supplemental contract provided by a district may be no higher than the average supplemental contract from the previous year reduced by the annual salary inflationary increase provided under RCW 28A.400.205;

(C) Beginning September 1, 2022, the average supplemental contract given by a district must be for no more than three percent of the average salary in the district provided as part of the state's statutory program of basic education.

(ii) For a supplemental contract, or portion of a supplemental contract, that is time-based, the hourly rate the district pays may not exceed the hourly rate provided to that same instructional staff for services under the basic education salary identified under subsection (3)(a)(iii) of this section. For a supplemental contract, or portion of a supplemental contract that is not time-based, the contract must document the additional duties, responsibilities, or incentives that are being funded in the contract.

(5) Employee benefit plans offered by any district shall comply with RCW 28A.400.350, 28A.400.275, and 28A.400.280.

NEW SECTION. **Sec.**  A new section is added to chapter 41.59 RCW to read as follows:

A school district collective bargaining agreement that is executed or modified after September 1, 2019, under this chapter may not provide supplemental contracts in excess of the amounts permitted under RCW 28A.400.200(4)(c).

**Sec.**  RCW 28A.710.150 and 2016 c 241 s 115 are each amended to read as follows:

(1) A maximum of forty charter public schools may be established under this chapter ((~~over the five-year period commencing with April 3, 2016~~)). No more than eight charter schools may be established in any year ((~~during the five-year period~~)), except that if in any year fewer than eight charter schools are established, additional charter schools, equal in number to the difference between the number established in that year and eight, may be established in subsequent years ((~~during the five-year period~~)).

(2)(a) To ensure compliance with the limits for establishing new charter schools, certification from the state board of education must be obtained before final authorization of a charter school.

(b) Within ten days of taking action to approve or deny an application under RCW 28A.710.140, an authorizer must submit a report of the action to the applicant and the state board of education. The report must include a copy of the authorizer's resolution setting forth the action taken, the reasons for the decision, and assurances of compliance with the procedural requirements and application elements under RCW 28A.710.130 and 28A.710.140. The authorizer must also indicate whether the charter school is designed to enroll and serve at-risk student populations. The state board of education must establish, for each year in which charter schools may be authorized as part of the timeline to be established pursuant to RCW 28A.710.140, the latest annual date by which the authorizer may submit the report. The state board of education must send to each authorizer notice of the date by which a report must be submitted at least six months before the date established by the board.

(3) Upon the receipt of notice from an authorizer that a charter school has been approved, the state board of education shall certify whether the approval is in compliance with the limits on the maximum number of charters allowed under subsection (1) of this section. If the board receives simultaneous notification of approved charters that exceed the annual allowable limits in subsection (1) of this section, the board must select approved charters for implementation through a lottery process, and must assign implementation dates accordingly.

(4) The state board of education must notify authorizers when the maximum allowable number of charter schools has been reached.

NEW SECTION. **Sec.**  Sections 1 and 2, chapter . . ., Laws of 2019 (sections 1 and 2 of this act) take effect only if sections 3 and 4, chapter . . ., Laws of 2019 (sections 3 and 4 of this act) are enacted by August 1, 2019.

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