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**HOUSE BILL 1140**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Couture, Walsh, Corry, Ley, Jacobsen, and Barnard

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1 AN ACT Relating to creating school choice with empowerED  
2 scholarships using educational savings accounts; amending RCW  
3 28A.225.350; reenacting and amending RCW 43.79A.040 and 43.79A.040;  
4 adding a new section to chapter 28B.77 RCW; adding a new chapter to  
5 Title 28A RCW; adding a new chapter to Title 82 RCW; creating new  
6 sections; providing an effective date; and providing an expiration  
7 date.

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

9 NEW SECTION. **Sec. 1.** (1) The state Constitution makes clear  
10 that it is the paramount duty of the state to make ample provision  
11 for the education of all children residing within its borders,  
12 without distinction or preference on account of race, color, caste,  
13 or sex. The legislature finds the state is failing to meet that  
14 paramount duty by providing an education system that, as it exists in  
15 statute, discriminates based on these protected classes by forcing  
16 children into schools based on their zip code. This creates a system  
17 where children and their families often have no other choice but a  
18 failing local public school. The state does not provide for the  
19 education of children outside of the public school system which means  
20 the quality of their education is set by what neighborhood they live

1 in. This is a blatant injustice and a profound violation of civil  
2 rights.

3 (2) The legislature also recognizes the power entrusted to  
4 parents to do what is best for their children. Parents can choose to  
5 place their student in a common school, charter public school,  
6 private school, micro school, or provide home-based instruction.  
7 However, not all parents have access to every option. Public charter  
8 schools are limited in number and space, while private school options  
9 require an extra financial investment from families. Home school  
10 requires both, extra financial and time investments, from parents.  
11 The legislature knows that wealthy families can pay to send their  
12 students to a private school but the families for many kids in rural  
13 and poor communities often do not have this ability. The legislature  
14 intends to allow all students regardless of protected or  
15 socioeconomic status to have the same opportunity to succeed.

16 (3) While the legislature has spent years increasing funding to  
17 the public school system, the legislature acknowledges many students  
18 have been left behind. National test scores for Washington students  
19 have been falling over the last decade and, after extensive school  
20 closures, state test scores are down to the lowest levels since  
21 administration of the smarter balanced assessment began. For the  
22 2023-24 school year, over 60 percent of Washington's students did not  
23 meet grade level standards in math and half did not meet grade level  
24 standards in English. School closures also disproportionately  
25 impacted students with the most need, specifically those from  
26 underrepresented communities. Students with disabilities who were  
27 eligible for special education services were delayed in getting their  
28 needed supports for too long. It is clear Washington state's public  
29 school system is failing families by not preparing students for their  
30 future.

31 (4) Academic outcomes are not the only reason public schools in  
32 Washington are failing students and families. Our schools are unsafe,  
33 and it is unacceptable. With a shift in focus toward divisive  
34 instruction, rising childhood mental and behavioral health problems,  
35 ineffective discipline policies, rampant bullying, drug abuse, and  
36 troubling allegations of sexual misconduct, parents, teachers, and  
37 communities are abandoning the system. Recent data paints a  
38 disturbing picture: 18 percent of students statewide report feeling  
39 unsafe at school, and a staggering 70 percent of teachers feel afraid  
40 to go to work. Even more alarming, 79 percent of teachers have been

1 subjected to physical violence, and 67 percent say that violence has  
2 driven them to consider leaving the profession. Yet, school districts  
3 and the state continue failing to fix these issues, allowing this  
4 crisis to fester. Since the 2018-19 school year, there has been a 10  
5 percent increase in private school students and an over 32 percent  
6 increase in students receiving home-based instruction. This means  
7 less funding for public schools. Pair that with communities failing  
8 to pass levies and bonds and you have an even tougher financial  
9 dilemma for public schools. If Washington is serious about fixing its  
10 schools, we must allow funding to follow students, shattering the  
11 public school monopoly and forcing the system to address its deep-  
12 rooted problems. By introducing more educational competition, the  
13 legislature has the opportunity to rebuild trust, confront these  
14 urgent challenges, and provide every child with a safe and world-  
15 class education, worthwhile of the investment from Washington  
16 taxpayers.

17 (5) The legislature understands many interests served by the  
18 current system of public education in our state will oppose families  
19 having the freedom to find an adequate education for their children.  
20 Longstanding jurisprudence has said that education is a foundational  
21 purpose of government, therefore education savings accounts are in no  
22 way a gift of public funds. It is in the best interest of Washington  
23 state to educate its citizenry and empower parents to do what is best  
24 for their child, regardless of their zip code.

25 (6) The legislature also acknowledges that some will object to  
26 some of the choices families may make. Namely that some families will  
27 choose for a myriad of reasons to send their student to a religious  
28 private school. However, the United States supreme court has made it  
29 clear through two recent cases, *Carson v. Makin* and *Espinoza v.*  
30 *Montana Department of Revenue*, that if the government creates a  
31 program, it cannot then discriminate against religious institutions'  
32 participation. This is not a new concept for Washington state. This  
33 state has a history of providing education funding support in private  
34 religious institutions, specifically for postsecondary education  
35 programs.

36 (7) The legislature anticipates that some advocates for public  
37 schools and public school teachers will argue this scholarship will  
38 defund or damage public schools. However, in no state where education  
39 savings accounts have been implemented has this been the case. To the  
40 contrary, research shows that test results and outcomes for students

1 in public schools have universally improved in states that have  
2 implemented education savings accounts. The competition introduced  
3 into these state systems have actually alleviated the harms that a  
4 public school monopoly creates.

5 (8) The legislature finds that the increased funding and current  
6 leadership of the public school system has not led to any positive  
7 measurable outcomes for students. The current approach of increasing  
8 funding to teachers and administration in hopes of it trickling down  
9 to better educational outcomes for students has failed. It is time to  
10 empower parents to do what is best for their children by joining the  
11 majority of states in expanding school choice. Measures like this  
12 enjoy overwhelming, bipartisan support wherever they are implemented.  
13 Washington now has the opportunity to not just follow suit, but to  
14 take the lead in improving their model of success. This is the civil  
15 rights issue of our time, and it is time for Washington to follow the  
16 majority of other states in confronting it head on.

17 (9) Therefore, the legislature intends to allow the money  
18 invested in students to follow the student by establishing the  
19 empowerED scholarship program. The program would fund education  
20 savings accounts for students with priority given to those students  
21 who are being failed by the current model, specifically students  
22 eligible for special education services, low-income students, and  
23 students in failing schools. Parents who apply for the scholarship on  
24 behalf of their students are legally required to only use the funds  
25 for education-related expenses. The legislature intends to make the  
26 funds accessible with the use of a debit card managed by the state  
27 with oversight capability so that the system can be audited. The  
28 accounts will be funded on a progressive scale, with the lowest  
29 income students, qualifying for a greater award. Students eligible  
30 for special education services will qualify for additional support.  
31 The fund will receive revenue from the legislature, as well as a B&O  
32 tax credit, so businesses can provide direct support to students.  
33 This measure will empower parents to do what is best for their  
34 student regardless of income level or zip code, while also meeting  
35 the state's moral and constitutional obligation to put all students  
36 first, not just the wealthy ones.

37 NEW SECTION. **Sec. 2.** The definitions in this section apply  
38 throughout this chapter unless the context clearly requires  
39 otherwise.

1 (1) "Agreement" means a written agreement between the council and  
2 the parent of an eligible student that establishes the obligations of  
3 the parent and the council.

4 (2) "Council" means the student achievement council created under  
5 chapter 28B.77 RCW.

6 (3) "Eligible student" means a person residing in Washington who  
7 is at least five years of age and less than 21 years of age, unless  
8 the person is ineligible to attend a public school in the state.

9 (4) "EmpowerED scholarship program" means the Washington  
10 education savings account program established under this chapter.

11 (5) "Home-based instruction" has the meaning as described in RCW  
12 28A.225.010.

13 (6) "Participating student" means an eligible student whose  
14 parent has submitted a signed agreement to the council.

15 (7) "Participating student's account" means a Washington  
16 education savings account accessible by the parent of a participating  
17 student.

18 (8) "Private school" means a school approved under chapter  
19 28A.195 RCW.

20 (9) "Public school" has the same meaning as in RCW 28A.150.010.

21 (10) "Qualified expenses" means those enumerated in section 3 of  
22 this act.

23 (11) "Scholarship" means the amount of money deposited by the  
24 council into a participating student's account.

25 (12) "Student with a disability" means an eligible student who  
26 has been evaluated and determined to need special education and  
27 related services under the federal individuals with disabilities  
28 education act, Title 20 U.S.C. Sec. 1400 et seq.

29 NEW SECTION. **Sec. 3.** Qualified expenses means expenses related  
30 to the education of a participating student for which money in a  
31 participating student's account may be used, for example:

32 (1) Tuition, fees, or both at a private school;

33 (2) Textbooks required by a private school;

34 (3) Tutoring and other services with a direct nexus to academics;

35 (4) Curricula and other materials necessary to provide home-based  
36 instruction;

37 (5) Tuition, fees, or both for a private online learning program;

1 (6) Fees for nationally standardized norm-referenced achievement  
2 tests, advanced placement examinations, and any examinations related  
3 to college or university admission;

4 (7) Uniforms required to attend a private school;

5 (8) Costs for annual standardized testing or the academic  
6 progress assessment required under RCW 28A.200.010 for participating  
7 students receiving home-based instruction;

8 (9) Educational services and related therapies, services, and  
9 supports, including assistive technology devices and services;

10 (10) Expenses associated with participating in classes or  
11 extracurricular activities, including athletics, at a public school;

12 (11) Postsecondary education and workforce program costs;

13 (12) Computer hardware and technological devices primarily used  
14 for an educational purpose, which may include calculators, personal  
15 computers, laptops, tablet devices, microscopes, telescopes, and  
16 printers. The following technological devices are not qualified  
17 expenses: Entertainment and other primarily noneducational devices,  
18 for example, televisions, telephones, video game consoles and  
19 accessories, and home theater and audio equipment;

20 (13) Expenses related to transporting a participating student to  
21 and from educational activities and services, and related therapies  
22 and services; and

23 (14) Consumer goods not otherwise listed in this subsection,  
24 whether consumable or nonconsumable, primarily used for an  
25 educational purpose.

26 NEW SECTION. **Sec. 4.** (1) The empowerED scholarship program is  
27 established to assist parents with the qualifying educational  
28 expenses of their elementary and secondary students.

29 (2) The council shall administer the empowerED scholarship  
30 program as required by this chapter.

31 (3)(a) On an annual basis, the council shall calculate  
32 scholarship amounts as described in (b) and (c) of this subsection  
33 (3) and deposit scholarships in participating students' accounts  
34 until funds in the empowerED scholarship program account created in  
35 section 10 of this act are exhausted or nearly exhausted.

36 (b)(i) The maximum scholarship amount for participating students  
37 without disabilities is \$12,700.

1 (ii) The maximum scholarship amount for participating students  
2 with disabilities is the sum of (b)(ii)(A) and (B) of this subsection  
3 (3):

4 (A) \$10,700 multiplied by the special education cost multiplier  
5 rate identified under RCW 28A.150.390(2)(b)(i)(A)(I); and

6 (B) \$12,700.

7 (iii) Beginning with fiscal year 2026, the maximum scholarship  
8 amounts identified in (b)(i) and (ii) of this subsection (3) must be  
9 adjusted annually for inflation as measured by the consumer price  
10 index.

11 (c) Participating students with family incomes between zero and  
12 55 percent of the state median family income, adjusted for family  
13 size, must receive the maximum scholarship amount identified in (b)  
14 of this subsection (3) appropriate to their disability status.  
15 Scholarship amounts for participating students with family incomes  
16 between 56 and 100 percent of the state median family income,  
17 adjusted for family size, must be prorated at the following  
18 percentages of the maximum scholarship amount identified in (b) of  
19 this subsection (3):

20 (i) 70 percent of the maximum scholarship amount for students  
21 with family incomes between 56 and 60 percent of the state median  
22 family income, adjusted for family size;

23 (ii) 60 percent of the maximum scholarship amount for students  
24 with family incomes between 61 and 65 percent of the state median  
25 family income, adjusted for family size;

26 (iii) 50 percent of the maximum scholarship amount for students  
27 with family incomes between 66 and 70 percent of the state median  
28 family income, adjusted for family size;

29 (iv) 24.5 percent of the maximum scholarship amount for students  
30 with family incomes between 71 and 75 percent of the state median  
31 family income, adjusted for family size; and

32 (v) 10 percent of the maximum scholarship amount for students  
33 with family incomes between 76 and 100 percent of the state median  
34 family income, adjusted for family size.

35 (4) The council shall prioritize scholarships to eligible  
36 students in the following order:

37 (a) First, to eligible students who participated in the empowerED  
38 scholarship program during the prior school year;

39 (b) Second, to eligible students who are the siblings of  
40 participating students, where "sibling" means both an eligible

1 student who shares at least one biological or legal parent with  
2 another eligible student and an eligible student who is the subject  
3 of a dependency proceeding as defined in RCW 28A.150.510 and who  
4 resides in the same household as another eligible student; and

5 (c) Third, to eligible students who either:

6 (i) Have a disability;

7 (ii) Are in households at or below 300 percent of the federal  
8 poverty level; or

9 (iii) Are enrolled in public schools identified as challenged  
10 schools in need of improvement under RCW 28A.657.020.

11 (5) The council shall adopt rules under chapter 34.05 RCW for the  
12 administration of the empowerED scholarship program.

13 NEW SECTION. **Sec. 5.** (1) To apply for the empowerED scholarship  
14 program, the parent of an eligible student must submit an application  
15 to the council in the manner and by the deadline set by the council.

16 (2) For an eligible student to participate in the empowerED  
17 scholarship program, the parent of the participating student must  
18 enter into a written agreement with the council that obligates the  
19 parent to:

20 (a) Withdraw from or not enroll in the public school the  
21 participating student attends or is eligible to attend, and release  
22 the public school and, if applicable, the school district, from all  
23 obligations to provide an education, and educational and related  
24 services, to the participating student;

25 (b) Enroll the participating student in a private school or  
26 adhere to the home-based instruction requirements of RCW 28A.225.010  
27 and 28A.200.010;

28 (c) Use the scholarship and any interest that may accrue in the  
29 participating student's account only for qualified expenses of the  
30 participating student as provided in section 3 of this act; and

31 (d) Maintain documentation of all expenses paid using the  
32 participating student's account and provide the documentation of the  
33 expenses to the council upon request.

34 (3) (a) The parent of a participating student may terminate the  
35 agreement entered into under this section by notifying the council in  
36 the manner specified by the council.

37 (b) An agreement entered into under this section terminates  
38 automatically if the participating student is no longer an eligible  
39 student.



1 (c) Any money remaining in a participating student's account that  
2 is terminated under this subsection (3) reverts to the council to be  
3 redeposited to the empowerED scholarship program account created in  
4 section 10 of this act.

5 NEW SECTION. **Sec. 6.** (1) Parents and private schools that  
6 accept scholarships from the empowerED scholarship program are not  
7 agents of the state or federal government and must be given maximum  
8 freedom to provide for the educational needs of participating  
9 students without governmental control.

10 (2) Private schools must not be required to alter their creed,  
11 practices, admissions policies, or curricula in order to admit  
12 participating students whose parents pay tuition or fees using  
13 empowerED scholarships.

14 (3) Nothing in this chapter may be construed to expand the  
15 regulatory authority of the state, the council, the state board of  
16 education, the office of the superintendent of public instruction, or  
17 any of their officers, to impose any additional regulations on  
18 private schools or parents providing home-based instruction beyond  
19 those necessary to enforce the requirements of the empowerED  
20 scholarship program.

21 NEW SECTION. **Sec. 7.** (1) The council shall establish a process  
22 to receive comments from parents about the empowerED scholarship  
23 program, including the management of the participating students'  
24 accounts.

25 (2) The council shall establish a process to receive student  
26 assessment or other outcome data submitted by the parents of  
27 participating students. Parents are not required to submit student  
28 assessment or other outcome data.

29 (3) The council shall annually notify the parents of  
30 participating students of the processes established under this  
31 section.

32 NEW SECTION. **Sec. 8.** (1) Annually by November 1st, and in  
33 accordance with RCW 43.01.036, the council shall submit to the  
34 appropriate committees of the legislature a report on the empowerED  
35 scholarship program.

36 (2) The report must include the following information from the  
37 prior school year:

1 (a) The number of participating students and the number of  
2 applicants, disaggregated by grade level, gender, race, and ethnicity  
3 as described in RCW 28A.300.042(1), resident school district or other  
4 geographical region, family income level, disability status, if any,  
5 and other relevant characteristics;

6 (b) The amount of money deposited in the participating students'  
7 accounts at the beginning of the school year and the amount of money  
8 remaining in the accounts at the end of the school year;

9 (c) A summary of student assessment or other outcome data  
10 submitted by the parents of participating students through the process  
11 established under section 7 of this act, for example the number of  
12 assessments submitted, the types of assessments submitted, and the  
13 percentage of participating students who met standard on the  
14 submitted assessments;

15 (d) A summary of any comments from parents about the program  
16 received through the process established under section 7 of this act,  
17 and a summary of how the council is responding to the comments;

18 (e) Information on any entity contracted to manage the  
19 participating students' accounts as permitted under section 9 of this  
20 act; and

21 (f) Information on whether the program or any of its accounts,  
22 including participating students' accounts and the empowerED  
23 scholarship program account, have been audited and the results of the  
24 audit.

25 NEW SECTION. **Sec. 9.** (1) The council may contract for the  
26 management of the participating students' accounts.

27 (2) The manager of the accounts must comply with generally  
28 accepted accounting principles and may charge reasonable fees for the  
29 management of participating students' accounts.

30 (3) The manager of the participating students' accounts may use  
31 the money in the accounts to earn interest.

32 (4) The parent of a participating student must be able to access  
33 the money in the participating student's account using a debit card  
34 or other electronic means.

35 (5) The empowerED scholarship program and all accounts, including  
36 participating students' accounts and the empowerED scholarship  
37 program account, are subject to audit by the state auditor's office  
38 and by an independent public accounting firm retained by the council  
39 for this purpose.

1        NEW SECTION.    **Sec. 10.**    The empowerED scholarship program account  
2 is created in the custody of the state treasurer. All receipts from  
3 transfers made by the legislature, contributions received by  
4 taxpayers utilizing the education choice tax credit created in  
5 section 13 of this act, moneys received from gifts, grants, and  
6 bequests, and interest earned on the fund must be deposited in the  
7 account. Expenditures from the account may be used only for the  
8 purposes within this chapter. Only the executive director of the  
9 council or the director's designee may authorize expenditures from  
10 the account. Moneys within the account may not be appropriated into  
11 any other fund or account. The account is subject to the allotment  
12 procedures under chapter 43.88 RCW, but an appropriation is not  
13 required for expenditures.

14        **Sec. 11.**    RCW 43.79A.040 and 2024 c 327 s 16 and 2024 c 168 s 10  
15 are each reenacted and amended to read as follows:

16        (1) Money in the treasurer's trust fund may be deposited,  
17 invested, and reinvested by the state treasurer in accordance with  
18 RCW 43.84.080 in the same manner and to the same extent as if the  
19 money were in the state treasury, and may be commingled with moneys  
20 in the state treasury for cash management and cash balance purposes.

21        (2) All income received from investment of the treasurer's trust  
22 fund must be set aside in an account in the treasury trust fund to be  
23 known as the investment income account.

24        (3) The investment income account may be utilized for the payment  
25 of purchased banking services on behalf of treasurer's trust funds  
26 including, but not limited to, depository, safekeeping, and  
27 disbursement functions for the state treasurer or affected state  
28 agencies. The investment income account is subject in all respects to  
29 chapter 43.88 RCW, but no appropriation is required for payments to  
30 financial institutions. Payments must occur prior to distribution of  
31 earnings set forth in subsection (4) of this section.

32        (4)(a) Monthly, the state treasurer must distribute the earnings  
33 credited to the investment income account to the state general fund  
34 except under (b), (c), and (d) of this subsection.

35        (b) The following accounts and funds must receive their  
36 proportionate share of earnings based upon each account's or fund's  
37 average daily balance for the period: The 24/7 sobriety account, the  
38 Washington promise scholarship account, the Gina Grant Bull memorial  
39 legislative page scholarship account, the Rosa Franklin legislative

1 internship program scholarship account, the Washington advanced  
2 college tuition payment program account, the Washington college  
3 savings program account, the empowerED scholarship program account,  
4 the accessible communities account, the Washington achieving a better  
5 life experience program account, the Washington career and college  
6 pathways innovation challenge program account, the community and  
7 technical college innovation account, the agricultural local fund,  
8 the American Indian scholarship endowment fund, the behavioral health  
9 loan repayment and scholarship program account, the Billy Frank Jr.  
10 national statuary hall collection fund, the foster care scholarship  
11 endowment fund, the foster care endowed scholarship trust fund, the  
12 contract harvesting revolving account, the Washington state combined  
13 fund drive account, the commemorative works account, the county 911  
14 excise tax account, the county road administration board emergency  
15 loan account, the toll collection account, the developmental  
16 disabilities endowment trust fund, the energy account, the energy  
17 facility site evaluation council account, the fair fund, the family  
18 and medical leave insurance account, the Fern Lodge maintenance  
19 account, the fish and wildlife federal lands revolving account, the  
20 natural resources federal lands revolving account, the food animal  
21 veterinarian conditional scholarship account, the forest health  
22 revolving account, the fruit and vegetable inspection account, the  
23 educator conditional scholarship account, the game farm alternative  
24 account, the GET ready for math and science scholarship account, the  
25 Washington global health technologies and product development  
26 account, the grain inspection revolving fund, the Washington history  
27 day account, the industrial insurance rainy day fund, the juvenile  
28 accountability incentive account, the law enforcement officers' and  
29 firefighters' plan 2 expense fund, the local tourism promotion  
30 account, the low-income home rehabilitation account, the medication  
31 for people living with HIV rebate revenue account, the homeowner  
32 recovery account, the multiagency permitting team account, the  
33 northeast Washington wolf-livestock management account, the pollution  
34 liability insurance program trust account, the produce railcar pool  
35 account, the public use general aviation airport loan revolving  
36 account, the regional transportation investment district account, the  
37 rural rehabilitation account, the Washington sexual assault kit  
38 account, the stadium and exhibition center account, the youth  
39 athletic facility account, the self-insurance revolving fund, the  
40 children's trust fund, the Washington horse racing commission

1 Washington bred owners' bonus fund and breeder awards account, the  
2 Washington horse racing commission class C purse fund account, the  
3 individual development account program account, the Washington horse  
4 racing commission operating account, the life sciences discovery  
5 fund, the Washington state library-archives building account, the  
6 reduced cigarette ignition propensity account, the center for deaf  
7 and hard of hearing youth account, the school for the blind account,  
8 the Millersylvania park trust fund, the public employees' and  
9 retirees' insurance reserve fund, the school employees' benefits  
10 board insurance reserve fund, the public employees' and retirees'  
11 insurance account, the school employees' insurance account, the long-  
12 term services and supports trust account, the radiation perpetual  
13 maintenance fund, the Indian health improvement reinvestment account,  
14 the department of licensing tuition recovery trust fund, the student  
15 achievement council tuition recovery trust fund, the tuition recovery  
16 trust fund, the industrial insurance premium refund account, the  
17 mobile home park relocation fund, the natural resources deposit fund,  
18 the Washington state health insurance pool account, the federal  
19 forest revolving account, the Washington saves administrative  
20 treasury trust account, and the library operations account.

21 (c) The following accounts and funds must receive 80 percent of  
22 their proportionate share of earnings based upon each account's or  
23 fund's average daily balance for the period: The advance right-of-way  
24 revolving fund, the advanced environmental mitigation revolving  
25 account, the federal narcotics asset forfeitures account, the high  
26 occupancy vehicle account, the local rail service assistance account,  
27 and the miscellaneous transportation programs account.

28 (d) Any state agency that has independent authority over accounts  
29 or funds not statutorily required to be held in the custody of the  
30 state treasurer that deposits funds into a fund or account in the  
31 custody of the state treasurer pursuant to an agreement with the  
32 office of the state treasurer shall receive its proportionate share  
33 of earnings based upon each account's or fund's average daily balance  
34 for the period.

35 (5) In conformance with Article II, section 37 of the state  
36 Constitution, no trust accounts or funds shall be allocated earnings  
37 without the specific affirmative directive of this section.

38 **Sec. 12.** RCW 43.79A.040 and 2024 c 327 s 17 and 2024 c 168 s 11  
39 are each reenacted and amended to read as follows:

1 (1) Money in the treasurer's trust fund may be deposited,  
2 invested, and reinvested by the state treasurer in accordance with  
3 RCW 43.84.080 in the same manner and to the same extent as if the  
4 money were in the state treasury, and may be commingled with moneys  
5 in the state treasury for cash management and cash balance purposes.

6 (2) All income received from investment of the treasurer's trust  
7 fund must be set aside in an account in the treasury trust fund to be  
8 known as the investment income account.

9 (3) The investment income account may be utilized for the payment  
10 of purchased banking services on behalf of treasurer's trust funds  
11 including, but not limited to, depository, safekeeping, and  
12 disbursement functions for the state treasurer or affected state  
13 agencies. The investment income account is subject in all respects to  
14 chapter 43.88 RCW, but no appropriation is required for payments to  
15 financial institutions. Payments must occur prior to distribution of  
16 earnings set forth in subsection (4) of this section.

17 (4) (a) Monthly, the state treasurer must distribute the earnings  
18 credited to the investment income account to the state general fund  
19 except under (b), (c), and (d) of this subsection.

20 (b) The following accounts and funds must receive their  
21 proportionate share of earnings based upon each account's or fund's  
22 average daily balance for the period: The 24/7 sobriety account, the  
23 Washington promise scholarship account, the Gina Grant Bull memorial  
24 legislative page scholarship account, the Rosa Franklin legislative  
25 internship program scholarship account, the Washington advanced  
26 college tuition payment program account, the Washington college  
27 savings program account, the empowerED scholarship program account,  
28 the accessible communities account, the Washington achieving a better  
29 life experience program account, the Washington career and college  
30 pathways innovation challenge program account, the community and  
31 technical college innovation account, the agricultural local fund,  
32 the American Indian scholarship endowment fund, the behavioral health  
33 loan repayment and scholarship program account, the Billy Frank Jr.  
34 national statuary hall collection fund, the foster care scholarship  
35 endowment fund, the foster care endowed scholarship trust fund, the  
36 contract harvesting revolving account, the Washington state combined  
37 fund drive account, the commemorative works account, the county 911  
38 excise tax account, the county road administration board emergency  
39 loan account, the toll collection account, the developmental  
40 disabilities endowment trust fund, the energy account, the energy

1 facility site evaluation council account, the fair fund, the family  
2 and medical leave insurance account, the Fern Lodge maintenance  
3 account, the fish and wildlife federal lands revolving account, the  
4 natural resources federal lands revolving account, the food animal  
5 veterinarian conditional scholarship account, the forest health  
6 revolving account, the fruit and vegetable inspection account, the  
7 educator conditional scholarship account, the game farm alternative  
8 account, the GET ready for math and science scholarship account, the  
9 Washington global health technologies and product development  
10 account, the grain inspection revolving fund, the Washington history  
11 day account, the industrial insurance rainy day fund, the juvenile  
12 accountability incentive account, the law enforcement officers' and  
13 firefighters' plan 2 expense fund, the local tourism promotion  
14 account, the low-income home rehabilitation account, the medication  
15 for people living with HIV rebate revenue account, the homeowner  
16 recovery account, the multiagency permitting team account, the  
17 northeast Washington wolf-livestock management account, the produce  
18 railcar pool account, the public use general aviation airport loan  
19 revolving account, the regional transportation investment district  
20 account, the rural rehabilitation account, the Washington sexual  
21 assault kit account, the stadium and exhibition center account, the  
22 youth athletic facility account, the self-insurance revolving fund,  
23 the children's trust fund, the Washington horse racing commission  
24 Washington bred owners' bonus fund and breeder awards account, the  
25 Washington horse racing commission class C purse fund account, the  
26 individual development account program account, the Washington horse  
27 racing commission operating account, the life sciences discovery  
28 fund, the Washington state library-archives building account, the  
29 reduced cigarette ignition propensity account, the center for deaf  
30 and hard of hearing youth account, the school for the blind account,  
31 the Millersylvania park trust fund, the public employees' and  
32 retirees' insurance reserve fund, the school employees' benefits  
33 board insurance reserve fund, the public employees' and retirees'  
34 insurance account, the school employees' insurance account, the long-  
35 term services and supports trust account, the radiation perpetual  
36 maintenance fund, the Indian health improvement reinvestment account,  
37 the department of licensing tuition recovery trust fund, the student  
38 achievement council tuition recovery trust fund, the tuition recovery  
39 trust fund, the industrial insurance premium refund account, the  
40 mobile home park relocation fund, the natural resources deposit fund,

1 the Washington state health insurance pool account, the federal  
2 forest revolving account, the Washington saves administrative  
3 treasury trust account, and the library operations account.

4 (c) The following accounts and funds must receive 80 percent of  
5 their proportionate share of earnings based upon each account's or  
6 fund's average daily balance for the period: The advance right-of-way  
7 revolving fund, the advanced environmental mitigation revolving  
8 account, the federal narcotics asset forfeitures account, the high  
9 occupancy vehicle account, the local rail service assistance account,  
10 and the miscellaneous transportation programs account.

11 (d) Any state agency that has independent authority over accounts  
12 or funds not statutorily required to be held in the custody of the  
13 state treasurer that deposits funds into a fund or account in the  
14 custody of the state treasurer pursuant to an agreement with the  
15 office of the state treasurer shall receive its proportionate share  
16 of earnings based upon each account's or fund's average daily balance  
17 for the period.

18 (5) In conformance with Article II, section 37 of the state  
19 Constitution, no trust accounts or funds shall be allocated earnings  
20 without the specific affirmative directive of this section.

21 NEW SECTION. **Sec. 13.** Beginning January 1, 2026, a credit equal  
22 to 100 percent of contributions to the empowerED scholarship program  
23 or the empowerED scholarship program account is allowed against taxes  
24 imposed by chapters 82.04 RCW and 82.16 RCW.

25 NEW SECTION. **Sec. 14.** (1) Applications for tax credits under  
26 this chapter must be submitted to the department before making a  
27 contribution to the empowerED scholarship program or to the empowerED  
28 scholarship program account. The application must be made to the  
29 department in a form and manner prescribed by the department. The  
30 application must contain information regarding the proposed amount of  
31 contribution to the empowerED scholarship program or the empowerED  
32 scholarship program account and other information required by the  
33 department to determine eligibility under this chapter. The  
34 department must rule on the application within 30 days. Applications  
35 must be approved on a first-come basis.

36 (2) The department may not accept any applications before the  
37 second Monday in January of each calendar year.



1 (3) A taxpayer approved for a credit as provided in this act,  
2 must send the total approved contribution by November 15th of the  
3 calendar year in which the application is approved. If November 15th  
4 falls upon a Saturday, Sunday, or legal holiday, the payment of the  
5 contribution will be considered timely if sent on the next business  
6 day.

7 (4) (a) A taxpayer that does not make an approved contribution as  
8 required in subsection (1) of this section forfeits all credits for  
9 the approved contribution.

10 (b) The department must make credits forfeited as provided in (a)  
11 of this subsection available to new applicants.

12 (c) A taxpayer that was approved for credit as provided in this  
13 chapter after November 15th must make the total approved contribution  
14 by the end of the calendar year in which the contribution was  
15 approved.

16 (5) The credit claimed may not exceed the tax that would  
17 otherwise be due under chapters 82.04 and 82.16 RCW. Refunds may not  
18 be granted in the place of credits. Any amount of credit earned under  
19 this section not claimed by the taxpayer in one calendar year may be  
20 carried forward for no more than two calendar years immediately  
21 following the year that the credit was earned.

22 NEW SECTION. **Sec. 15.** (1) The total credits allowed under this  
23 chapter for contributions made to the empowerED scholarship program  
24 or the empowerED scholarship program account may not exceed  
25 \$300,000,000 in a calendar year.

26 (2) The department must keep a running total of all credits  
27 approved under this chapter for each calendar year.

28 (3) If approved contributions in a calendar year exceed 90  
29 percent of total allowable credits, the total allowable credit amount  
30 must be increased by 10 percent beginning with the calendar year  
31 immediately following the calendar year in which the contributions  
32 exceed 90 percent.

33 NEW SECTION. **Sec. 16.** No taxpayer may claim a credit against  
34 taxes due under both chapter 82.04 and 82.16 RCW for the same  
35 contribution.

36 NEW SECTION. **Sec. 17.** For purposes of this chapter, the  
37 following definitions apply:

1 (1) "Applicant" means a person applying for a tax credit under  
2 this chapter.

3 (2) "Approved contribution" means cash contributions to the  
4 empowerED scholarship program or the empowerED scholarship program  
5 account which have been approved pursuant to the department's  
6 application requirements.

7 (3) "EmpowerED scholarship program" means the Washington  
8 educational savings account program established in section 4 of this  
9 act.

10 (4) "EmpowerED scholarship program account" means the empowerED  
11 scholarship program account created under section 10 of this act.

12 NEW SECTION. **Sec. 18.** The superintendent of public instruction  
13 must provide information to the department to administer this  
14 chapter.

15 NEW SECTION. **Sec. 19.** Chapter 82.32 RCW applies to the  
16 administration of this chapter.

17 NEW SECTION. **Sec. 20.** A new section is added to chapter 28B.77  
18 RCW to read as follows:

19 The council shall administer the empowerED scholarship program  
20 established under section 4 of this act.

21 **Sec. 21.** RCW 28A.225.350 and 2022 c 78 s 4 are each amended to  
22 read as follows:

23 (1)(a) The protocols required by RCW 74.13.560 for making best  
24 interest determinations for students who are the subject of a  
25 dependency proceeding pursuant to chapter 13.34 RCW must comply with  
26 the provisions of this section.

27 (b) The requirements of this section, and the development  
28 protocols described in RCW 74.13.560 for making best interest  
29 determinations for students who are the subject of a dependency  
30 proceeding pursuant to chapter 13.34 RCW, may also be applied to  
31 students who are the subject of a federally recognized tribal court  
32 shelter care or dependency order that is the equivalent of a shelter  
33 care or dependency order issued pursuant to chapter 13.34 RCW, and  
34 students who are eligible for benefits under the federal foster care  
35 system as defined in RCW 28B.117.020.

1 (2) (a) Best interest determinations should be made as quickly as  
2 possible in order to prevent educational discontinuity for the  
3 student.

4 (b) When making best interest determinations, every effort should  
5 be made to gather meaningful input from relevant and appropriate  
6 persons on their perspectives regarding which school the student  
7 should attend while the subject of a dependency proceeding,  
8 consistent with the student's case plan. Relevant and appropriate  
9 persons include:

10 (i) Representatives of the department of children, youth, and  
11 families for students who are the subject of a dependency proceeding  
12 pursuant to chapter 13.34 RCW, or representatives of other applicable  
13 child welfare agencies;

14 (ii) Representatives of the school of origin, such as a teacher,  
15 counselor, coach, or other meaningful person in the student's life;

16 (iii) Biological parents;

17 (iv) Foster parents;

18 (v) Educational liaisons identified under RCW 13.34.045;

19 (vi) The student's relatives; and

20 (vii) Depending on the student's age, the student.

21 (3) In accordance with RCW 74.13.550, whenever practical and in  
22 their best interest, students who are the subject of a dependency  
23 proceeding must remain enrolled in their school of origin.

24 (4) Student-centered factors must be used to determine what is in  
25 a student's best interest. In order to make a well-informed best  
26 interest determination, a variety of student-centered factors should  
27 be considered, including:

28 (a) How long is the student's current care placement expected to  
29 last?

30 (b) What is the student's permanency plan and how does it relate  
31 to school stability?

32 (c) How many schools has the student attended in the current  
33 year?

34 (d) How many schools has the student attended over the past few  
35 years?

36 (e) Considering the impacts of past transfers, how may  
37 transferring to a new school impact the student academically,  
38 emotionally, physically, and socially?

39 (f) What are the immediate and long-term educational plans of,  
40 and for, the student?

- 1 (g) How strong is the student academically?
- 2 (h) If the student has special needs, what impact will  
3 transferring to a new school have on the student's progress and  
4 services?
- 5 (i) To what extent are the programs and activities at the  
6 potential new school comparable to, or more appropriate than, those  
7 at the school of origin?
- 8 (j) Does one school have programs and activities that address the  
9 unique needs or interests of the student that the other school does  
10 not have?
- 11 (k) Which school does the student prefer?
- 12 (l) How deep are the student's ties to the student's school of  
13 origin?
- 14 (m) Would the timing of the school transfer coincide with a  
15 logical juncture, such as after testing, after an event that is  
16 significant to the student, or at the end of the school year?
- 17 (n) How would changing schools affect the student's ability to  
18 earn full academic credit, participate in sports or other  
19 extracurricular activities, proceed to the next grade, or graduate on  
20 time?
- 21 (o) How would the commute to the school under consideration  
22 impact the student, in terms of distance, mode of transportation, and  
23 travel time?
- 24 (p) How anxious is the student about having been removed from the  
25 home or about any upcoming moves?
- 26 (q) What school does the student's sibling attend?
- 27 (r) Are there safety issues to consider?
- 28 (s) Would the availability of the empowerED scholarship program  
29 established in section 4 of this act make private school or another  
30 alternative to traditional public school the best option for the  
31 student?
- 32 (5) The student must remain in the student's school of origin  
33 while a best interest determination is made and while disputes are  
34 resolved in order to minimize disruption and reduce the number of  
35 school transfers.
- 36 (6) School districts are encouraged to use any:
- 37 (a) Best interest determination guide developed by the office of  
38 the superintendent of public instruction during the discussion about  
39 the advantages and disadvantages of keeping the student in the school  
40 of origin or transferring the student to a new school; and

1 (b) Dispute resolution process developed by the office of the  
2 superintendent of public instruction when there is a disagreement  
3 about school placement, a best interest determination, or a dispute  
4 between agencies.

5 (7) The special education services of a student must not be  
6 interrupted by a transfer to a new school.

7 (8) (a) If the student's care placement changes to an area served  
8 by another school district, and it is determined to be in the best  
9 interest of the student to remain in the school of origin, the school  
10 district of origin and the school district in which the student is  
11 living shall agree upon a method to apportion the responsibility and  
12 costs for providing the student with transportation to and from the  
13 school of origin. If the school districts are unable to agree upon an  
14 apportionment method, the responsibility and costs for transportation  
15 shall be shared equally between the districts.

16 (b) In accordance with this subsection, the department of  
17 children, youth, and families will reimburse school districts for  
18 half of all excess transportation costs for students under the  
19 placement and care authority of the department of children, youth,  
20 and families.

21 (9) For the purposes of this section, "students who are the  
22 subject of a dependency proceeding" has the same meaning as in RCW  
23 28A.150.510, and "school of origin" means the school in which a child  
24 is enrolled at the time of placement in foster care. If a child's  
25 foster care placement changes, the school of origin must be  
26 considered the school in which the child is enrolled at the time of  
27 the placement change.

28 NEW SECTION. **Sec. 22.** The provisions of RCW 82.32.805 and  
29 82.32.808 do not apply to this act.

30 NEW SECTION. **Sec. 23.** Sections 2 through 10 of this act  
31 constitute a new chapter in Title 28A RCW.

32 NEW SECTION. **Sec. 24.** Sections 13 through 19 of this act  
33 constitute a new chapter in Title 82 RCW.

34 NEW SECTION. **Sec. 25.** Section 11 of this act expires July 1,  
35 2030.

1        NEW SECTION.    **Sec. 26.**    Section 12 of this act takes effect July  
2    1, 2030.

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