
SUBSTITUTE HOUSE BILL 1356

State of Washington

69th Legislature

2025 Regular Session

By House Finance (originally sponsored by Representatives Bergquist, Berg, Ramel, Ormsby, Gregerson, Macri, Obras, Ryu, Berry, Scott, Ortiz-Self, Alvarado, Nance, Pollet, Salahuddin, and Hill)

READ FIRST TIME 02/26/25.

1 AN ACT Relating to K-12 funding; amending RCW 84.52.0531,
2 28A.500.015, 84.55.005, 28A.150.390, 28A.150.392, and 28A.150.560;
3 adding a new section to chapter 28A.150 RCW; creating new sections;
4 providing effective dates; and providing an expiration date.

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

6 **PART I**

7 **ENRICHMENT LEVIES**

8 **AND LOCAL EFFORT ASSISTANCE**

9 **Sec. 101.** RCW 84.52.0531 and 2022 c 108 s 3 are each amended to
10 read as follows:

11 (1) Beginning with taxes levied for collection in 2020, the
12 maximum dollar amount which may be levied by or for any school
13 district for enrichment levies under RCW 84.52.053 is equal to the
14 lesser of (~~two dollars and fifty cents~~) \$2.50 per (~~thousand~~
15 ~~dollars~~) \$1,000 of the assessed value of property in the school
16 district or the maximum per-pupil limit. This maximum dollar amount
17 shall be reduced accordingly as provided under RCW 43.09.2856(2).

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

1 (a) (~~For the purpose of this section, "inflation"~~) "Inflation"
2 means the percentage change in the seasonally adjusted consumer price
3 index for all urban consumers, Seattle area, for the most recent 12-
4 month period as of September 25th of the year before the taxes are
5 payable, using the official current base compiled by the United
6 States bureau of labor statistics.

7 (b) "Inflation enhancement" means:

8 (i) \$500 in the 2026 calendar year; and

9 (ii) 3.33 percentage points added to inflation each year from the
10 2027 to 2030 calendar years.

11 (c) "Maximum per-pupil limit" means:

12 (i) (~~Two thousand five hundred dollars~~) Through the 2030
13 calendar year:

14 (A) \$2,500, as increased by inflation, plus inflation
15 enhancements defined in (b) of this subsection, beginning with
16 property taxes levied for collection in 2020, multiplied by the
17 number of average annual full-time equivalent students enrolled in
18 the school district in the prior school year, for school districts
19 with fewer than (~~forty thousand~~) 40,000 annual full-time equivalent
20 students enrolled in the school district in the prior school year; or

21 (~~(ii) Three thousand dollars~~) (B) \$3,000, as increased by
22 inflation plus the inflation enhancement defined in (b)(i) of this
23 subsection, beginning with property taxes levied for collection in
24 2020, multiplied by the number of average annual full-time equivalent
25 students enrolled in the school district in the prior school year,
26 for school districts with (~~forty thousand~~) 40,000 or more annual
27 full-time equivalent students enrolled in the school district in the
28 prior school year.

29 (~~(c) "Open for in-person instruction to all students" means that~~
30 ~~all students in all grades have the option to participate in at least~~
31 ~~40 hours of planned in-person instruction per month and the school~~
32 ~~follows state department of health guidance and recommendations for~~
33 ~~resuming in-person instruction to the greatest extent practicable.)~~)

34 (ii) Beginning with the 2031 calendar year, \$5,035, as increased by
35 inflation beginning with property taxes levied for collection in
36 2032, multiplied by the number of average annual full-time equivalent
37 students enrolled in the school district in the prior school year.

38 (d) "Prior school year" means the most recent school year
39 completed prior to the year in which the levies are to be
40 collected(~~, except as follows:~~

1 ~~(i) In the 2022 calendar year, if 2019-20 school year average~~
2 ~~annual full-time equivalent enrollment is greater than the school~~
3 ~~district's 2020-21 school year average annual full-time equivalent~~
4 ~~enrollment and the school district is open for in-person instruction~~
5 ~~to all students by the beginning of the 2021-22 school year, "prior~~
6 ~~school year" means the 2019-20 school year.~~

7 ~~(ii) In the 2023 calendar year, if 2019-20 school year average~~
8 ~~annual full-time equivalent enrollment is greater than the school~~
9 ~~district's 2021-22 school year average annual full-time equivalent~~
10 ~~enrollment and the school district was open for in-person instruction~~
11 ~~to all students by the beginning of the 2021-22 school year, "prior~~
12 ~~school year" means the 2019-20 school year).~~

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

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

22 (5) Beginning with propositions for enrichment levies for
23 collection in calendar year 2020 and thereafter, a district must
24 receive approval of an enrichment levy expenditure plan under RCW
25 28A.505.240 before submission of the proposition to the voters.

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

29 (7) Beginning with taxes levied for collection in 2018,
30 enrichment levy revenues must be deposited in a separate subfund of
31 the school district's general fund pursuant to RCW 28A.320.330, and
32 for the 2018-19 school year are subject to the restrictions of RCW
33 28A.150.276 and the audit requirements of RCW 43.09.2856.

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

38 **Sec. 102.** RCW 28A.500.015 and 2022 c 108 s 4 are each amended to
39 read as follows:

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

5 (2)(a) For an eligible school district with an actual enrichment
6 levy rate that is less than (~~(one dollar and fifty cents)~~) \$1.50 per
7 (~~(thousand dollars)~~) \$1,000 of assessed value in the school district,
8 the annual local effort assistance funding is equal to the school
9 district's maximum local effort assistance multiplied by a fraction
10 equal to the school district's actual enrichment levy rate divided by
11 (~~(one dollar and fifty cents)~~) \$1.50 per (~~(thousand dollars)~~) \$1,000
12 of assessed value in the school district.

13 (b) For an eligible school district with an actual enrichment
14 levy rate that is equal to or greater than (~~(one dollar and fifty~~
15 ~~cents)~~) \$1.50 per (~~(thousand dollars)~~) \$1,000 of assessed value in
16 the school district, the annual local effort assistance funding is
17 equal to the school district's maximum local effort assistance.

18 (c) Beginning in calendar year 2022, for state-tribal education
19 compact schools established under chapter 28A.715 RCW, the annual
20 local effort assistance funding is equal to the actual enrichment
21 levy per student as calculated by the superintendent of public
22 instruction for the previous year for the school district in which
23 the state-tribal education compact school is located, up to a maximum
24 per-student amount of (~~(one thousand five hundred fifty dollars)~~)
25 \$1,550 as increased by inflation, plus inflation enhancements, from
26 the 2019 calendar year, multiplied by the student enrollment of the
27 state-tribal education compact school in the prior school year.

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

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

34 (a) "Eligible school district" means a school district where the
35 amount generated by a levy of (~~(one dollar and fifty cents)~~) \$1.50
36 per (~~(thousand dollars)~~) \$1,000 of assessed value in the school
37 district, divided by the school district's total student enrollment
38 in the prior school year, is less than the state local effort
39 assistance threshold.

1 (b) (~~For the purpose of this section, "inflation"~~) "Inflation"
2 means, for any school year, the rate of the yearly increase of the
3 previous calendar year's annual average consumer price index for all
4 urban consumers, Seattle area, using the official current base
5 compiled by the bureau of labor statistics, United States department
6 of labor.

7 (c) "Inflation enhancement" means:

8 (i) \$200 in the 2026, 2029, and 2030 calendar years; and

9 (ii) \$300 in the 2027 calendar year.

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

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

14 (ii) The amount generated by a levy of (~~one dollar and fifty~~
15 ~~cents~~) \$1.50 per (~~thousand dollars~~) \$1,000 of assessed value in
16 the school district.

17 (~~(d)~~) (e) "Prior school year" means the most recent school year
18 completed prior to the year in which the state local effort
19 assistance funding is to be distributed(~~, except as follows:~~

20 ~~(i) In the 2022 calendar year, if 2019-20 school year average~~
21 ~~annual full-time equivalent enrollment is greater than the school~~
22 ~~district's 2020-21 school year average annual full-time equivalent~~
23 ~~enrollment, "prior school year" means the 2019-20 school year.~~

24 ~~(ii) In the 2023 calendar year, if 2019-20 school year average~~
25 ~~annual full-time equivalent enrollment is greater than the school~~
26 ~~district's 2021-22 school year average annual full-time equivalent~~
27 ~~enrollment, "prior school year" means the 2019-20 school year).~~

28 (~~(e)~~) (f) "State local effort assistance threshold" means (~~one~~
29 ~~thousand five hundred fifty dollars~~) \$1,550 per student, increased
30 for inflation, plus inflation enhancements, beginning in calendar
31 year 2020.

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

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

38 (6) For school districts participating in an innovation academy
39 cooperative established under RCW 28A.340.080, enrollments of
40 students attending the academy shall be adjusted so that each

1 participant district receives its proportional share of student
2 enrollments for purposes of funding under this section.

3 **PART II**
4 **REVISING LIMITATIONS ON STATE PROPERTY TAXES**
5 **IN SUPPORT OF COMMON SCHOOLS**
6

7 **Sec. 201.** RCW 84.55.005 and 2014 c 97 s 316 are each amended to
8 read as follows:

9 The definitions in this section apply throughout this chapter
10 unless the context clearly requires otherwise.

11 (1) "Inflation" means the percentage change in the implicit price
12 deflator for personal consumption expenditures for the United States
13 as published for the most recent (~~twelve~~) 12-month period by the
14 bureau of economic analysis of the federal department of commerce by
15 September 25th of the year before the taxes are payable(~~(7)~~)..

16 (2) "Limit factor" means:

17 (a) For taxing districts with a population of less than (~~ten~~
18 ~~thousand~~) 10,000 in the calendar year prior to the assessment year,
19 (~~one hundred one~~) 101 percent;

20 (b) For taxing districts for which a limit factor is authorized
21 under RCW 84.55.0101, the lesser of the limit factor authorized under
22 that section or (~~one hundred one~~) 101 percent;

23 (c) For all other districts, except for the state, the lesser of
24 (~~one hundred one~~) 101 percent or (~~one hundred~~) 100 percent plus
25 inflation; and

26 (~~(3)~~) (d) For the state, 100 percent plus population change and
27 inflation, not to exceed 103 percent.

28 (3) "Population change" means the annual percent increase in the
29 state population between the two most recent years as provided in the
30 official population estimates published by the office of financial
31 management for April 1st of the year before taxes are payable. If the
32 office of financial management estimates a net decrease in state
33 population, for the purposes of this section, the population change
34 is zero.

35 (4) "Regular property taxes" has the meaning given it in RCW
36 84.04.140.

1 ~~((I))~~ (i) 1.12 for students eligible for and receiving special
2 education and reported to be in the general education setting for 80
3 percent or more of the school day; or

4 ~~((II))~~ (ii) 1.06 for students eligible for and receiving
5 special education and reported to be in the general education setting
6 for less than 80 percent of the school day.

7 ~~((ii) If the enrollment percent exceeds 16 percent, the excess
8 cost allocation calculated under (b) (i) of this subsection must be
9 adjusted by multiplying the allocation by 16 percent divided by the
10 enrollment percent.))~~

11 (3) As used in this section(~~(~~

12 ~~(a) "Base~~), "base allocation" means the total state allocation
13 to all schools in the district generated by the distribution formula
14 under RCW 28A.150.260 (4) (a), (5), (6), and (8) and the allocation
15 under RCW 28A.150.415, to be divided by the district's full-time
16 equivalent enrollment.

17 ~~((b) "Basic education enrollment" means enrollment of resident
18 students including nonresident students enrolled under RCW
19 28A.225.225 and students from nonhigh districts enrolled under RCW
20 28A.225.210 and excluding students residing in another district
21 enrolled as part of an interdistrict cooperative program under RCW
22 28A.225.250.~~

23 ~~(c) "Enrollment percent" means the district's resident annual
24 average enrollment of students who are eligible for and receiving
25 special education, excluding students ages three and four and those
26 five year olds not yet enrolled in kindergarten and students enrolled
27 in institutional education programs, as a percent of the district's
28 annual average full-time equivalent basic education enrollment.))~~

29 **Sec. 302.** RCW 28A.150.392 and 2024 c 127 s 2 are each amended to
30 read as follows:

31 (1) (a) To the extent necessary, funds shall be made available for
32 safety net awards for districts with demonstrated needs for special
33 education funding beyond the amounts provided through the special
34 education funding formula under RCW 28A.150.390.

35 (b) If the federal safety net awards based on the federal
36 eligibility threshold exceed the federal appropriation in any fiscal
37 year, then the superintendent shall expend all available federal
38 discretionary funds necessary to meet this need.

1 (2) Safety net funds shall be awarded by the state safety net
2 oversight committee subject to the following conditions and
3 limitations:

4 (a) The committee shall award additional funds for districts that
5 can convincingly demonstrate that all legitimate expenditures for
6 special education exceed all available revenues from state funding
7 formulas. When determining award eligibility and amounts ~~((+))~~, the
8 committee shall limit its review to relevant documentation that
9 illustrates adherence to award criteria. The committee shall not make
10 determinations regarding the content of individualized education
11 programs beyond confirming documented and quantified services and
12 evidence of corresponding expenditures for which a school district
13 seeks reimbursement.

14 (b) In the determination of need, the committee shall consider
15 additional available revenues from federal sources.

16 (c) Differences in program costs attributable to district
17 philosophy, service delivery choice, or accounting practices are not
18 a legitimate basis for safety net awards.

19 (d) In the determination of need, the committee shall require
20 that districts demonstrate that they are maximizing their eligibility
21 for all state revenues related to services for students eligible for
22 special education and all federal revenues from federal impact aid,
23 medicaid, and the individuals with disabilities education act-Part B
24 and appropriate special projects. Awards associated with (e) ~~((and~~
25 ~~(+))~~) of this subsection shall not exceed the total of a district's
26 specific determination of need.

27 (e) The committee shall then consider the extraordinary high cost
28 needs of one or more individual students eligible for and receiving
29 special education. Differences in costs attributable to district
30 philosophy, service delivery choice, or accounting practices are not
31 a legitimate basis for safety net awards.

32 ~~((Using criteria developed by the committee, the committee~~
33 ~~shall then consider extraordinary costs associated with communities~~
34 ~~that draw a larger number of families with children in need of~~
35 ~~special education services, which may include consideration of~~
36 ~~proximity to group homes, military bases, and regional hospitals.~~
37 ~~Safety net awards under this subsection (2)(f) shall be adjusted to~~
38 ~~reflect amounts awarded under (e) of this subsection.~~

39 ~~(g))~~ The committee shall then consider the extraordinary high
40 cost needs of one or more individual students eligible for and

1 receiving special education served in residential schools, programs
2 for juveniles under the department of corrections, and programs for
3 juveniles operated by city and county jails to the extent they are
4 providing a secondary program of education.

5 ~~((h))~~ (g) The maximum allowable indirect cost for calculating
6 safety net eligibility may not exceed the federal restricted indirect
7 cost rate for the district plus one percent.

8 ~~((i))~~ (h) Safety net awards shall be adjusted based on the
9 percent of potential medicaid eligible students billed as calculated
10 by the superintendent of public instruction in accordance with
11 chapter 318, Laws of 1999.

12 ~~((j))~~ (i) Safety net awards must be adjusted for any unresolved
13 audit findings or exceptions related to special education funding.
14 Safety net awards may only be adjusted for errors in safety net
15 applications or individualized education programs that materially
16 affect the demonstration of need.

17 (3) The superintendent of public instruction shall adopt such
18 rules and procedures as are necessary to administer the special
19 education funding and safety net award process. By December 1, 2018,
20 the superintendent shall review and revise the rules to achieve full
21 and complete implementation of the requirements of this subsection
22 and subsection (4) of this section including revisions to rules that
23 provide additional flexibility to access community impact awards.
24 Before revising any standards, procedures, or rules, the
25 superintendent shall consult with the office of financial management
26 and the fiscal committees of the legislature. In adopting and
27 revising the rules, the superintendent shall ensure the application
28 process to access safety net funding is streamlined, timelines for
29 submission are not in conflict, feedback to school districts is
30 timely and provides sufficient information to allow school districts
31 to understand how to correct any deficiencies in a safety net
32 application, and that there is consistency between awards approved by
33 school district and by application period. The office of the
34 superintendent of public instruction shall also provide technical
35 assistance to school districts in preparing and submitting special
36 education safety net applications.

37 (4) (a) On an annual basis, the superintendent shall survey
38 districts regarding their satisfaction with the safety net process
39 and consider feedback from districts to improve the safety net
40 process. Each year by December 1st, the superintendent shall prepare

1 and submit a report to the office of financial management and the
2 appropriate policy and fiscal committees of the legislature that
3 summarizes the survey results and those changes made to the safety
4 net process as a result of the school district feedback.

5 (b) By December 1, 2024, the office of the superintendent of
6 public instruction must develop a survey requesting specific feedback
7 on the safety net application process from school districts with
8 3,000 or fewer students. The survey must include, at a minimum,
9 questions regarding the average amount of time school district staff
10 spend gathering safety net application data, filling out application
11 forms, and correcting application deficiencies. The survey must also
12 include questions to help identify which application components are
13 the most challenging and time consuming for school districts to
14 complete. By December 1, 2025, the office of the superintendent of
15 public instruction must use this feedback to implement a simplified,
16 standardized safety net application for all school districts that
17 reduces barriers to safety net funding.

18 (5) The safety net oversight committee appointed by the
19 superintendent of public instruction shall consist of:

20 (a) One staff member from the office of the superintendent of
21 public instruction;

22 (b) Staff of the office of the state auditor who shall be
23 nonvoting members of the committee; and

24 (c) One or more representatives from school districts or
25 educational service districts knowledgeable of special education
26 programs and funding.

27 (6) (a) ~~((Beginning in the 2019-20 school year, a high-need
28 student is eligible for safety net awards from state funding under
29 subsection (2)(e) and (g) of this section if the student's
30 individualized education program costs exceed two and three-tenths
31 times the average per-pupil expenditure as defined in Title 20 U.S.C.
32 Sec. 7801, the every student succeeds act of 2015.~~

33 ~~(b))~~ Beginning in the 2023-24 school year, a high-need student
34 is eligible for safety net awards from state funding under subsection
35 (2)(e) and ~~((g))~~ (f) of this section if the student's
36 individualized education program costs exceed:

37 (i) 2 times the average per-pupil expenditure, for school
38 districts with fewer than 1,000 full-time equivalent students;

39 (ii) 2.2 times the average per-pupil expenditure, for school
40 districts with 1,000 or more full-time equivalent students.

1 ~~((e))~~ (b) For purposes of ~~((b))~~ (a) of this subsection,
2 "average per-pupil expenditure" has the same meaning as in 20 U.S.C.
3 Sec. 7801, the every student succeeds act of 2015, and excludes
4 safety net funding provided in this section.

5 **Sec. 303.** RCW 28A.150.560 and 2023 c 417 s 6 are each amended to
6 read as follows:

7 (1) It is the policy of the state that for purposes of state
8 funding allocations, students eligible for and receiving special
9 education generate the full basic education allocation under RCW
10 28A.150.260 and, as a class, are to receive the benefits of this
11 allocation for the entire school day, as defined in RCW 28A.150.203,
12 whether the student is placed in the general education setting or
13 another setting.

14 (2) The superintendent of public instruction shall develop an
15 allocation and cost accounting methodology ~~((that ensures state
16 general apportionment funding for students who receive their basic
17 education services primarily in an alternative classroom or setting
18 are prorated and allocated to the special education program and
19 accounted for before calculating special education excess costs))~~ to
20 account for expenditures beyond amounts provided through the special
21 education funding formula under RCW 28A.150.390. This method of
22 accounting must shift 30 percent of a school district's base
23 allocation as defined in RCW 28A.150.390 for students eligible for
24 and receiving special education to the school district's special
25 education program for expenditure.

26 (3) To the extent that a school district's special education
27 program expenditures exceed state funding in a school year provided
28 under RCW 28A.150.390 and 28A.150.392, and redirected general
29 apportionment revenue under subsection (2) of this section, the
30 school district must use the remaining portion of the school
31 district's base allocation as defined in RCW 28A.150.390 for students
32 eligible for and receiving special education for the expenditures
33 prior to using other funding sources.

34 (4) Unless otherwise prohibited by law, nothing in this section
35 prohibits school districts from using other funding and state
36 allocations above the amounts provided under RCW 28A.150.390 and
37 subsections (2) and (3) of this section to serve students eligible
38 for and receiving special education.

1 the superintendent of public instruction shall report the work
2 group's progress and any proposed options to the education and fiscal
3 committees of the legislature. The reports must include, but are not
4 limited to, the following topics:

5 (a) Options for revisions to the funding formula that address
6 system and resource inequities;

7 (b) Options that address state, local, and regional needs;

8 (c) The potential adoption of student weights to direct
9 additional funding to students most in need; and

10 (d) Metrics for monitoring and accountability related to
11 equitable access to resources.

12 (3) The superintendent of public instruction may determine the
13 size, membership, and meeting frequency of the work group. The work
14 group must include representation from education and community
15 partners that are demographically and geographically diverse
16 including, but not limited to, groups representing educators, school
17 and district administrators, labor unions, families, students,
18 community partners who support groups disproportionately impacted by
19 inequities, and legislators.

20 (4) The estimated cost of an option or group of options proposed
21 by the superintendent of public instruction under subsection (2) of
22 this section must not exceed the estimated additional state revenue
23 provided under section 201 of this act when combined with the
24 estimated additional state funding allocated in this act. The
25 department of revenue shall make available relevant data and analyses
26 to the superintendent of public instruction to support the
27 calculations under this subsection (4).

28 (5) This section expires December 1, 2027.

29 **PART V**

30 **OTHER PROVISIONS**

31 NEW SECTION. **Sec. 501.** A new section is added to chapter
32 28A.150 RCW to read as follows:

33 Beginning in the 2028-29 school year, the state shall allocate
34 funding for substitute costs for prototypical school staff as
35 follows:

36 (1) Substitute costs for classroom teachers must be based on five
37 funded substitute days per classroom teacher unit generated under RCW

1 28A.150.260(4) at a daily substitute rate of \$200 adjusted for
2 inflation from the 2028-29 school year; and

3 (2) Substitute costs for classified staff must be based on two
4 funded substitute days per classified staff unit generated under RCW
5 28A.150.260(5) at a daily substitute rate of \$150 adjusted for
6 inflation from the 2028-29 school year.

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