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**SUBSTITUTE HOUSE BILL 2551**

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**State of Washington                      52nd Legislature                      1992 Regular Session**

**By** House Committee on Education (originally sponsored by Representatives H. Sommers, Peery, Brough and Valle)

Read first time 02/05/92.

1            AN ACT Relating to special educational services demonstration  
2 projects; amending RCW 28A.630.820 and 28A.630.840; adding a new  
3 section to chapter 28A.630 RCW; providing an expiration date; and  
4 declaring an emergency.

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

6            **Sec. 1.** RCW 28A.630.820 and 1991 c 265 s 1 are each amended to  
7 read as follows:

8            It is the intent of the legislature to (1) encourage school  
9 districts, individually and cooperatively, to develop innovative  
10 special services demonstration projects that use resources efficiently  
11 and increase student learning; (2) promote noncategorical approaches to  
12 special services program design, funding, and administration; (3)  
13 develop efficient and cost-effective means for identifying students as  
14 specific learning disabled, in order to increase the proportion of

1 resources devoted to classroom instruction; ~~((and))~~ (4) avoid  
2 unnecessary labeling of students while still providing state funding  
3 for needed services; and (5) provide a means to grant waivers from  
4 state rules.

5 **Sec. 2.** RCW 28A.630.840 and 1991 c 265 s 5 are each amended to  
6 read as follows:

7 (1) Project funding may include state, federal, and local funds, as  
8 specified by the district in its approved project ~~((est))~~ proposal.  
9 ~~((The superintendent of public instruction shall include all project~~  
10 ~~funding for a participating district in a project contract and disburse~~  
11 ~~the funds as contract payments.))~~

12 (2) As a general guideline, subject to refinements in the district  
13 ~~((est))~~ proposal and approval by the superintendent of public  
14 instruction, the portion of state handicapped funding included as  
15 project funding shall be determined as follows:

16 (a) If the district serves specific learning disabled students in  
17 the project, the portion of the handicapped allocation attributed to  
18 specific learning disabled students shall be included, with  
19 proportional adjustments if the project serves only part of the  
20 district's specific learning disabled population;

21 (b) If other handicapped students are served in the project, the  
22 portions of the handicapped allocation attributed to those students  
23 shall be included, with proportional adjustments if the project serves  
24 only part of the district's population in those categories of  
25 handicapped students.

26 (3) State handicapped allocations shall be calculated for project  
27 districts according to the handicapped funding formula in use for other  
28 districts, ~~((but))~~ except for the provisions of section 3 of this act  
29 and with the following changes:

1       (a) (~~Except as provided in (b) of this subsection, funding in each~~  
2 ~~school year for specific learning disabled and other handicapped~~  
3 ~~students served in a project shall be based on the average percentage~~  
4 ~~of the kindergarten through twelfth grade enrollment in the particular~~  
5 ~~handicapped category during the prior three years.~~

6       **(b))** Project funding for school districts that had pilot projects  
7 approved under section 13, chapter 233, Laws of 1989, and that were  
8 participating in projects under this section on January 31, 1992, shall  
9 be based for the duration of a project under RCW 28A.630.820 through  
10 28A.630.840 on four percent of the kindergarten through twelfth grade  
11 enrollment considered as specific learning disabled, without regard to  
12 the actual number of students so identified. The legislature  
13 recognizes the importance of continuing and developing the pilot  
14 projects.

15       **((e)) (b)** The funding percentages for demonstration projects  
16 specified in (a) (~~and (b))~~) of this subsection shall be used to adjust  
17 basic education allocations under RCW 28A.150.260 and learning  
18 assistance program allocations under RCW 28A.165.070.

19       **((d)) (c)** State handicapped allocations under subsection (2) of  
20 this section up to the level required by federal maintenance of effort  
21 rules shall be expended for services to handicapped students in the  
22 project. Allocations greater than the amount needed to comply with  
23 federal maintenance of effort rules (~~shall~~) may at the option of the  
24 district be designated as noncategorical project funds and may be  
25 expended on services to any student served in the project.

26       (4) Federal handicapped allocations may be designated in whole or  
27 in part for project use (~~(, if the amounts are included in the~~  
28 ~~district's approved cost proposal and the project contract))~~).

29       (5) Learning assistance program allocations may be designated in  
30 whole or in part for project use(~~(, if the amounts are included in the~~

1 ~~district's approved cost proposal and the project contract~~). These  
2 allocations shall be calculated for project districts according to the  
3 funding formula in use for other districts, except that any increases  
4 in the district allocation above the fiscal year 1991 amount shall be  
5 designated as noncategorical project funds and may be expended on  
6 services to any student served in the project.

7 (6) Transitional bilingual program allocations may be designated in  
8 whole or in part for project use(~~(, if the amounts are included in the~~  
9 ~~district's approved cost proposal and the project contract~~). These  
10 allocations shall be calculated for project districts according to the  
11 funding formula in use for other districts, except that any increases  
12 in the district allocation above the fiscal year 1991 amount shall be  
13 designated as noncategorical project funds and may be expended on  
14 services to any student served in the project.

15 (7) Funding under the federal remediation program allocations may  
16 be designated in whole or in part for project use(~~(, if the amounts are~~  
17 ~~included in the district's approved cost proposal and the project~~  
18 ~~contract~~)).

19 (8) Funding from local sources may be designated for project use(~~(,~~  
20 ~~if the amounts are included in the district's approved cost proposal~~  
21 ~~and the project contract~~)).

22 (9) Expenditures of noncategorical project funds under subsections  
23 (3)~~((d))~~(c), (5), and (6) of this section shall be accounted for in  
24 new and discrete program or subprogram codes designated by the  
25 superintendent of public instruction. The codes shall take effect by  
26 September 1, 1991.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 28A.630  
28 RCW to read as follows:

1           (1) The legislature finds that the state system of funding  
2 handicapped education has fiscal incentives to label children as  
3 handicapped and that unnecessary labeling can be detrimental to  
4 children. The legislature encourages demonstration projects that  
5 provide needed services without unnecessary labeling. To test this  
6 approach, the legislature intends to maintain the funding level for  
7 innovative special services programs that reduce the incidence of  
8 unnecessary labeling.

9           (2) School districts may propose demonstration projects under this  
10 section to provide needed services and achieve major reductions in the  
11 percentage of district students labeled as handicapped in one or more  
12 specified categories. State handicapped funding for districts with  
13 such projects shall be based for the duration of the project and for  
14 two years after the end of the project on the average percentage of the  
15 kindergarten through twelfth grade enrollment in the specified  
16 categories during the 1991-92 school year or, for projects approved  
17 after the effective date of this section, during the school year before  
18 the start of the project.

19           (3) Funding under subsection (2) of this section is contingent on  
20 the following: (a) The funding is spent on children needing special  
21 services; and (b) the overall percentage of first through twelfth grade  
22 students in the district labeled as handicapped declines each year of  
23 the project after the 1991-92 school year, excluding handicapped  
24 students who transfer into the district.

25           (4) School districts with approved demonstration projects that wish  
26 to convert to a project under this section shall by May 1, 1992, notify  
27 the selection advisory committee and the superintendent of public  
28 instruction and propose appropriate modifications to the project.

29           (5) This section expires September 1, 1997.

1        NEW SECTION.    **Sec. 4.**        Sections 1 and 2 of this act shall  
2 expire January 1, 1996.

3        NEW SECTION.    **Sec. 5.**        This act is necessary for the immediate  
4 preservation of the public peace, health, or safety, or support of the  
5 state government and its existing public institutions, and shall take  
6 effect immediately.