

HB 2044 - H AMD TO H AMD(2044 AMH FROM GRAH 010)
By Representative Anderson

1 Strike everything after line 2 of the striking amendment and
2 insert the following:

3 "Sec. 1. RCW 28A.400.205 and 2003 1st sp.s. c 20 s 1 are each
4 amended to read as follows:

5 (1) School district employees shall be provided an annual
6 salary cost-of-living increase in accordance with this section.

7 (a) The cost-of-living increase shall be calculated by applying
8 the rate of the yearly increase in the cost-of-living index to any
9 state-funded salary base used in state funding formulas for
10 teachers and other school district employees. Beginning with the
11 2001-02 school year, and for each subsequent school year, except
12 for the 2003-04 and 2004-05 school years, each school district
13 shall be provided a cost-of-living allocation sufficient to grant
14 this cost-of-living increase, except as provided in subsection (3)
15 of this section.

16 (b) A school district shall distribute its cost-of-living
17 allocation for salaries and salary-related benefits in accordance
18 with the district's salary schedules, collective bargaining
19 agreements, and compensation policies. No later than the end of
20 the school year, each school district shall certify to the
21 superintendent of public instruction that it has spent funds
22 provided for cost-of-living increases on salaries and salary-
23 related benefits.

24 (c) Any funded cost-of-living increase shall be included in the
25 salary base used to determine cost-of-living increases for school
26 employees in subsequent years, except as provided in subsection (3)
27 of this section. For teachers and other certificated instructional
28 staff, the rate of the annual cost-of-living increase funded for
29 certificated instructional staff shall be applied to the base
30 salary used with the statewide salary allocation schedule

1 established under RCW 28A.150.410 and to any other salary models
2 used to recognize school district personnel costs.

3 (2) For the purposes of this section, "cost-of-living index"
4 means, for any school year, the previous calendar year's annual
5 average consumer price index, using the official current base,
6 compiled by the bureau of labor statistics, United States
7 department of labor for the state of Washington. If the bureau of
8 labor statistics develops more than one consumer price index for
9 areas within the state, the index covering the greatest number of
10 people, covering areas exclusively within the boundaries of the
11 state, and including all items shall be used for the cost-of-living
12 index in this section.

13 (3) For districts that have historically received teacher
14 salary allocations in excess of the statewide salary schedule
15 included in the appropriations act pursuant to RCW 28A.150.410, the
16 legislature shall decline to provide a cost-of-living increase
17 allocation, or shall provide a cost-of-living increase allocation
18 at a lower rate than otherwise required by this section, in order
19 to bring these districts' general apportionment allocations down to
20 or closer to the statewide salary schedule.

21 **Sec. 2.** RCW 28A.500.020 and 1999 c 317 s 2 are each amended to
22 read as follows:

23 (1) Unless the context clearly requires otherwise, the
24 definitions in this section apply throughout this chapter.

25 (a) "Prior tax collection year" means the year immediately
26 preceding the year in which the local effort assistance shall be
27 allocated.

28 (b) "Statewide average ((~~twelve~~)) fifteen percent levy rate"
29 means ((~~twelve~~)) fifteen percent of the total levy bases as defined
30 in RCW 84.52.0531(3) summed for all school districts, and divided
31 by the total assessed valuation for excess levy purposes in the
32 prior tax collection year for all districts as adjusted to one
33 hundred percent by the county indicated ratio established in RCW
34 84.48.075.

35 (c) The "district's ((~~twelve~~)) fifteen percent levy amount"
36 means the school district's maximum levy authority after transfers
37 determined under RCW 84.52.0531(2) (a) through (c) divided by ((~~the~~
38 ~~district's maximum levy percentage determined under RCW~~

1 84.52.0531(4)) thirty percent, multiplied by ((~~twelve~~)) fifteen
2 percent.

3 (d) The "district's ((~~twelve~~)) fifteen percent levy rate" means
4 the district's ((~~twelve~~)) fifteen percent levy amount divided by
5 the district's assessed valuation for excess levy purposes for the
6 prior tax collection year as adjusted to one hundred percent by the
7 county indicated ratio.

8 (e) "Districts eligible for local effort assistance" means
9 those districts with a ((~~twelve~~)) fifteen percent levy rate that
10 exceeds the statewide average ((~~twelve~~)) fifteen percent levy rate.

11 (2) Unless otherwise stated all rates, percents, and amounts
12 are for the calendar year for which local effort assistance is
13 being calculated under this chapter.

14 **Sec. 3.** RCW 28A.500.030 and 2003 1st sp.s. c 25 s 912 are each
15 amended to read as follows:

16 Allocation of state matching funds to eligible districts for
17 local effort assistance shall be determined as follows:

18 (1) Funds raised by the district through maintenance and
19 operation levies shall be matched with state funds using the
20 following ratio of state funds to levy funds:

21 (a) The difference between the district's ((~~twelve~~)) fifteen
22 percent levy rate and the statewide average ((~~twelve~~)) fifteen
23 percent levy rate; to

24 (b) The statewide average ((~~twelve~~)) fifteen percent levy rate.

25 (2) The maximum amount of state matching funds for districts
26 eligible for local effort assistance shall be the district's
27 ((~~twelve~~)) fifteen percent levy amount, multiplied by the following
28 percentage:

29 (a) The difference between the district's ((~~twelve~~)) fifteen
30 percent levy rate and the statewide average ((~~twelve~~)) fifteen
31 percent levy rate; divided by

32 (b) The district's ((~~twelve~~)) fifteen percent levy rate.

33 (3) Calendar year 2003 allocations and maximum eligibility
34 under this chapter shall be multiplied by 0.99.

35 (4) From January 1, 2004, to June 30, 2005, allocations and
36 maximum eligibility under this chapter shall be multiplied by
37 0.937.

1 **Sec. 4.** RCW 84.52.0531 and 1997 c 259 s 2 are each amended to
2 read as follows:

3 The maximum dollar amount which may be levied by or for any
4 school district for maintenance and operation support under the
5 provisions of RCW 84.52.053 shall be determined as follows:

6 (1) For excess levies for collection in calendar year 1997, the
7 maximum dollar amount shall be calculated pursuant to the laws and
8 rules in effect in November 1996.

9 (2) For excess levies for collection in calendar year (~~1998~~)
10 2005 and thereafter, the maximum dollar amount shall be the sum of
11 (a) plus or minus (b) and (c) of this subsection minus (d) of this
12 subsection:

13 (a) The district's levy base as defined in subsection (3) of
14 this section multiplied by the district's maximum levy percentage
15 as defined in subsection (4) of this section;

16 (b) For districts in a high/nonhigh relationship, the high
17 school district's maximum levy amount shall be reduced and the
18 nonhigh school district's maximum levy amount shall be increased by
19 an amount equal to the estimated amount of the nonhigh payment due
20 to the high school district under RCW 28A.545.030(3) and
21 28A.545.050 for the school year commencing the year of the levy;

22 (c) For districts in an interdistrict cooperative agreement,
23 the nonresident school district's maximum levy amount shall be
24 reduced and the resident school district's maximum levy amount
25 shall be increased by an amount equal to the per pupil basic
26 education allocation included in the nonresident district's levy
27 base under subsection (3) of this section multiplied by:

28 (i) The number of full-time equivalent students served from the
29 resident district in the prior school year; multiplied by:

30 (ii) The serving district's maximum levy percentage determined
31 under subsection (4) of this section; increased by:

32 (iii) The percent increase per full-time equivalent student as
33 stated in the state basic education appropriation section of the
34 biennial budget between the prior school year and the current
35 school year divided by fifty-five percent;

36 (d) The district's maximum levy amount shall be reduced by the
37 maximum amount of state matching funds for which the district is
38 eligible under RCW 28A.500.010.

1 (3) For excess levies for collection in calendar year ((1998))
2 2005 and thereafter, a district's levy base shall be the sum of
3 allocations in (a) through (c) of this subsection received by the
4 district for the prior school year, including allocations for
5 compensation increases, plus the sum of such allocations multiplied
6 by the percent increase per full time equivalent student as stated
7 in the state basic education appropriation section of the biennial
8 budget between the prior school year and the current school year
9 and divided by fifty-five percent. A district's levy base shall
10 not include local school district property tax levies or other
11 local revenues, or state and federal allocations not identified in
12 (a) through (c) of this subsection.

13 (a) The district's basic education allocation as determined
14 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

15 (b) State and federal categorical allocations for the following
16 programs:

17 (i) Pupil transportation;

18 (ii) Special education;

19 (iii) Education of highly capable students;

20 (iv) Compensatory education, including but not limited to
21 learning assistance, migrant education, Indian education, refugee
22 programs, and bilingual education;

23 (v) Food services; and

24 (vi) Statewide block grant programs; and

25 (c) Any other federal allocations for elementary and secondary
26 school programs, including direct grants, other than federal impact
27 aid funds and allocations in lieu of taxes.

28 (4) A district's maximum levy percentage shall be ((twenty-
29 two)) thirty percent ((in 1998 and twenty-four percent in 1999 and
30 every year thereafter; plus, for qualifying districts, the
31 grandfathered percentage determined as follows:

32 (a) For 1997, the difference between the district's 1993
33 maximum levy percentage and twenty percent; and

34 (b) For 1998 and thereafter, the percentage calculated as
35 follows:

36 (i) Multiply the grandfathered percentage for the prior year
37 times the district's levy base determined under subsection (3) of
38 this section;

1 ~~(ii) Reduce the result of (b)(i) of this subsection by any levy~~
2 ~~reduction funds as defined in subsection (5) of this section that~~
3 ~~are to be allocated to the district for the current school year;~~

4 ~~(iii) Divide the result of (b)(ii) of this subsection by the~~
5 ~~district's levy base; and~~

6 ~~(iv) Take the greater of zero or the percentage calculated in~~
7 ~~(b)(iii) of this subsection.~~

8 ~~(5) "Levy reduction funds" shall mean increases in state funds~~
9 ~~from the prior school year for programs included under subsection~~
10 ~~(3) of this section: (a) That are not attributable to enrollment~~
11 ~~changes, compensation increases, or inflationary adjustments; and~~
12 ~~(b) that are or were specifically identified as levy reduction~~
13 ~~funds in the appropriations act. If levy reduction funds are~~
14 ~~dependent on formula factors which would not be finalized until~~
15 ~~after the start of the current school year, the superintendent of~~
16 ~~public instruction shall estimate the total amount of levy~~
17 ~~reduction funds by using prior school year data in place of current~~
18 ~~school year data. Levy reduction funds shall not include moneys~~
19 ~~received by school districts from cities or counties)).~~

20 ~~((+6))~~ (5) For the purposes of this section, "prior school
21 year" means the most recent school year completed prior to the year
22 in which the levies are to be collected.

23 ~~((+7))~~ (6) For the purposes of this section, "current school
24 year" means the year immediately following the prior school year.

25 ~~((+8))~~ (7) Funds collected from transportation vehicle fund
26 tax levies shall not be subject to the levy limitations in this
27 section.

28 ~~((+9))~~ (8) The superintendent of public instruction shall
29 develop rules and regulations and inform school districts of the
30 pertinent data necessary to carry out the provisions of this
31 section.

32 NEW SECTION. Sec. 5. A new section is added to chapter 84.52
33 RCW to read as follows:

34 If the total amount of local effort assistance funds and excess
35 levy revenue received by a district is less under sections 2
36 through 4 of this act than they would have been had sections 2
37 through 4 of this act not been enacted, the district shall receive
38 hold harmless allocations. Hold harmless allocations shall be the

1 difference between the amount of levy revenue and local effort
2 assistance allocations the district would have received had
3 sections 2 through 4 of this act not been enacted, and the amount
4 of levy revenue and levy equalization the district will receive
5 under sections 2 through 4 of this act, multiplied by the
6 following:

- 7 (1) In calendar year 2005, five-sixths;
- 8 (2) In calendar year 2006, four-sixths;
- 9 (3) In calendar year 2007, three-sixths;
- 10 (4) In calendar year 2008, two-sixths; and
- 11 (5) In calendar year 2009, one-sixth.

12 NEW SECTION. **Sec. 6.** (1) Section 1 of this act is necessary
13 for the immediate preservation of the public peace, health, or
14 safety, or support of the state government and its existing public
15 institutions, and takes effect immediately.

16 (2) Sections 2 through 4 of this act take effect January 1,
17 2005.

18 NEW SECTION. **Sec. 7.** Section 5 of this act expires January 1,
19 2010."

20 Correct the title.

EFFECT: Beginning with calendar year 2005 levy calculations, sets the levy lid at 30 percent of state and federal revenues for all districts, changes levy equalization from 12 percent to 15 percent, and provides a declining backfill for five years to those districts losing levy revenue under the bill. In addition, requires the state to withhold salary increase allocations from a grandfathered salary district until the district's base salary is the same as the statewide base salary. The estimated increase in local levy revenue in CY 2005 is \$30 million. The estimated cost to the state in fiscal year 2005 is \$7 million (\$13 million for calendar year 2005) for the backfill and \$23 million (\$41 million for calendar year 2005) for levy equalization. The salary provisions save the state about \$18 million when fully implemented.