

HB 2044 - H AMD TO H AMD (H-4321.1/04) **739**
By Representative Anderson

WITHDRAWN 01/29/2004

1 Strike everything after line 2 of the striking amendment and insert
2 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 salary
6 cost-of-living increase in accordance with this section.

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

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

22 (c) Any funded cost-of-living increase shall be included in the
23 salary base used to determine cost-of-living increases for school
24 employees in subsequent years, except as provided in subsection (3) of
25 this section. For teachers and other certificated instructional staff,
26 the rate of the annual cost-of-living increase funded for certificated
27 instructional staff shall be applied to the base salary used with the
28 statewide salary allocation schedule established under RCW 28A.150.410
29 and to any other salary models used to recognize school district
30 personnel costs.

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

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

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

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

22 (a) "Prior tax collection year" means the year immediately
23 preceding the year in which the local effort assistance shall be
24 allocated.

25 (b) "Statewide average (~~((twelve))~~) fifteen percent levy rate" means
26 (~~((twelve))~~) fifteen percent of the total levy bases as defined in RCW
27 84.52.0531(3) summed for all school districts, and divided by the total
28 assessed valuation for excess levy purposes in the prior tax collection
29 year for all districts as adjusted to one hundred percent by the county
30 indicated ratio established in RCW 84.48.075.

31 (c) The "district's (~~((twelve))~~) fifteen percent levy amount" means
32 the school district's maximum levy authority after transfers determined
33 under RCW 84.52.0531(2) (a) through (c) divided by (~~((the district's~~
34 ~~maximum levy percentage determined under RCW 84.52.0531(4))~~) thirty
35 percent, multiplied by (~~((twelve))~~) fifteen percent.

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

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

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

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

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

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

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

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

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

26 (a) The difference between the district's (~~twelve~~) fifteen
27 percent levy rate and the statewide average (~~twelve~~) fifteen percent
28 levy rate; divided by

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (3) For excess levies for collection in calendar year ((1998)) 2005
37 and thereafter, a district's levy base shall be the sum of allocations

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

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

12 (b) State and federal categorical allocations for the following
13 programs:

14 (i) Pupil transportation;

15 (ii) Special education;

16 (iii) Education of highly capable students;

17 (iv) Compensatory education, including but not limited to learning
18 assistance, migrant education, Indian education, refugee programs, and
19 bilingual education;

20 (v) Food services; and

21 (vi) Statewide block grant programs; and

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

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

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

31 ~~(b) For 1998 and thereafter, the percentage calculated as follows:~~

32 ~~(i) Multiply the grandfathered percentage for the prior year times~~
33 ~~the district's levy base determined under subsection (3) of this~~
34 ~~section;~~

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

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

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

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

17 ~~((+6))~~ (5) For the purposes of this section, "prior school year"
18 means the most recent school year completed prior to the year in which
19 the levies are to be collected.

20 ~~((+7))~~ (6) For the purposes of this section, "current school year"
21 means the year immediately following the prior school year.

22 ~~((+8))~~ (7) Funds collected from transportation vehicle fund tax
23 levies shall not be subject to the levy limitations in this section.

24 ~~((+9))~~ (8) The superintendent of public instruction shall develop
25 rules and regulations and inform school districts of the pertinent data
26 necessary to carry out the provisions of this section.

27 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.52 RCW
28 to read as follows:

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

1 been enacted, and the amount of levy revenue and levy equalization the
2 district will receive under sections 2 through 4 of this act,
3 multiplied by the following:

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

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

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

14 NEW SECTION. **Sec. 7.** Section 5 of this act expires January 1,
15 2010."

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.

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