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HOUSE BILL 2271

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State of Washington                      58th Legislature                      2003 Regular Session

By Representatives McIntire, Sommers, Hunter and Fromhold

Read first time 04/17/2003. Referred to Committee on Appropriations.

1            AN ACT Relating to education funds; amending RCW 84.52.068,  
2 28A.505.210, 28A.150.380, 67.70.240, and 67.70.340; reenacting and  
3 amending RCW 43.135.045; adding a new section to chapter 43.79 RCW;  
4 providing an effective date; and declaring an emergency.

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

6            **Sec. 1.** RCW 84.52.068 and 2001 c 3 s 5 are each amended to read as  
7 follows:

8            (1) A portion of the proceeds of the state property tax levy shall  
9 be distributed to school districts in the amounts and in the manner  
10 provided in this section.

11            (2) The amount of the distribution to each school district shall be  
12 based upon the average number of full-time equivalent students in the  
13 school district during the previous school year, and shall be  
14 calculated as follows:

15            (a) Out of taxes collected in calendar years 2001 through and  
16 including 2003, an annual amount equal to one hundred forty dollars per  
17 each full-time equivalent student in all school districts shall be  
18 deposited in the student achievement fund to be distributed to each  
19 school district based on one hundred forty dollars per full-time

1 equivalent student in the school district for each year beginning with  
2 the school year 2001-2002 and through the end of the 2003-04 school  
3 year.

4 ~~(b) ((Out of taxes collected in calendar year 2004, an annual~~  
5 ~~amount equal to four hundred fifty dollars per full-time equivalent~~  
6 ~~student in all school districts shall be deposited in the student~~  
7 ~~achievement fund to be distributed to each school district based on~~  
8 ~~four hundred fifty dollars per full-time equivalent student for each~~  
9 ~~year beginning with the school year 2004-2005.)) In fiscal year 2006,~~  
10 out of taxes collected in calendar year 2005, an annual amount equal to  
11 one hundred forty-nine dollars per full-time equivalent student in all  
12 school districts shall be deposited in the student achievement fund to  
13 be distributed to each school district based on one hundred forty-nine  
14 dollars per full-time equivalent student for school year 2005-06.

15 (c) In fiscal year 2007, out of taxes collected in calendar year  
16 2006, an annual amount equal to one hundred ninety-one dollars per  
17 full-time equivalent student in all school districts shall be deposited  
18 in the student achievement fund to be distributed to each school  
19 district based on one hundred ninety-one dollars per full-time  
20 equivalent student for school year 2006-07.

21 (d) In fiscal year 2008, out of taxes collected in calendar year  
22 2007, an annual amount equal to two hundred thirty-two dollars per  
23 full-time equivalent student in all school districts shall be deposited  
24 in the student achievement fund to be distributed to each school  
25 district based on two hundred thirty-two dollars per full-time  
26 equivalent student for school year 2007-08. Each subsequent year  
27 following the 2007-08 school year, the amount deposited and distributed  
28 shall be adjusted for inflation as defined in RCW 43.135.025((+7))  
29 (8).

30 (3) The office of the superintendent of public instruction shall  
31 verify the average number of full-time equivalent students in each  
32 school district from the previous school year to the state treasurer by  
33 August 1st of each year.

34 NEW SECTION. Sec. 2. A new section is added to chapter 43.79 RCW  
35 to read as follows:

36 The student achievement fund is created in the state treasury.

1 Appropriations from the student achievement fund may be made for the  
2 following purposes:

3 (1) Distributions to school districts based on the average number  
4 of full-time equivalent students in the school district during the  
5 previous school year for the purposes set forth in RCW 28A.505.210 as  
6 follows:

7 (a) For the 2003-04 school year, moneys in the student achievement  
8 fund shall be distributed on the basis of an equal amount per full-time  
9 equivalent student as provided in RCW 84.52.068 and 43.135.045(5);

10 (b) For the 2004-05 school year, the legislature shall appropriate  
11 an annual amount equal to three hundred sixteen dollars per full-time  
12 equivalent student to the superintendent of public instruction for  
13 distribution to each school district based on three hundred sixteen  
14 dollars per full-time equivalent student from the sales tax established  
15 for deposit in the student achievement fund in RCW 82.08.020 as amended  
16 by chapter . . . , Laws of 2003 (H-2947/03) and from the lottery game  
17 created under chapter . . . (HB 2213), Laws of 2003. If sufficient  
18 revenue is not generated from these sources, the amount provided per  
19 full-time equivalent student under this subsection (1)(b) shall be  
20 reduced;

21 (c) For the 2005-06 school year, the legislature shall appropriate:  
22 (i) An annual amount equal to one hundred forty-nine dollars per full-  
23 time equivalent student from the property tax as provided in RCW  
24 84.52.068 and (ii) two hundred one dollars per full-time equivalent  
25 student from the sales tax established for deposit in the student  
26 achievement fund in RCW 82.08.020 as amended by chapter . . . , Laws of  
27 2003 (H-2947/03) and from the lottery game created under chapter . . .  
28 (HB 2213), Laws of 2003. If sufficient revenue is not generated from  
29 these sources, the amount provided per full-time equivalent student  
30 under (c)(ii) of this subsection shall be reduced;

31 (d) For the 2006-07 school year, the legislature shall appropriate:  
32 (i) An annual amount equal to one hundred ninety-one dollars per full-  
33 time equivalent student from the property tax as provided in RCW  
34 84.52.068 and (ii) two hundred nine dollars per full-time equivalent  
35 student from the sales tax established for deposit in the student  
36 achievement fund in RCW 82.08.020 as amended by chapter . . . , Laws of  
37 2003 (H-2947/03) and from the lottery game created under chapter. . .

1 (HB 2213), Laws of 2003. If sufficient revenue is not generated from  
2 these sources, the amount provided per full-time equivalent student  
3 under (d)(ii) of this subsection shall be reduced;

4 (e) For the 2007-08 school year, the legislature shall appropriate:

5 (i) An annual amount equal to two hundred thirty-two dollars per full-  
6 time equivalent student from the property tax as provided in RCW  
7 84.52.068 and (ii) two hundred eighteen dollars per full-time  
8 equivalent student from the sales tax established for deposit in the  
9 student achievement fund in RCW 82.08.020 as amended by chapter ...,  
10 Laws of 2003 (H-2947/03) and from the lottery game created under  
11 chapter . . . (HB 2213), Laws of 2003. If sufficient revenue is not  
12 generated from these sources, the amount provided per full-time  
13 equivalent student under (e)(ii) of this subsection shall be reduced;

14 (f) Each subsequent year following the 2007-08 school year, the per  
15 student distributions from the property tax and the sales tax shall  
16 each be adjusted for inflation as defined in RCW 43.135.025(8);

17 (2) Beginning with school year 2004-05, allocations to school  
18 districts for the better schools program, subject to any conditions,  
19 limitations, and formulae in the omnibus operating appropriations act;

20 (3) Beginning with school year 2004-05, appropriations to the  
21 higher education coordinating board and two-year and four-year  
22 institutions of higher education for programs that increase access to  
23 higher education, including but not limited to the Washington promise  
24 scholarship program and high-demand enrollments, and subject to any  
25 conditions or limitations in the omnibus operating appropriations act;  
26 and

27 (4) The legislature, in the omnibus operating appropriations act,  
28 may transfer unappropriated balances in the student achievement fund to  
29 the general fund.

30 **Sec. 3.** RCW 28A.505.210 and 2001 c 3 s 3 are each amended to read  
31 as follows:

32 (~~School~~) For student achievement fund moneys distributed to  
33 school districts pursuant to RCW 84.52.068 and section 2(1) of this  
34 act, the districts shall have the authority to decide the best use of  
35 student achievement funds to assist students in meeting and exceeding  
36 the new, higher academic standards in each district consistent with the  
37 provisions of chapter 3, Laws of 2001.

1 (1) Student achievement funds shall be allocated for the following  
2 uses:

3 (a) To reduce class size by hiring certificated elementary  
4 classroom teachers in grades K-4 and paying nonemployee-related costs  
5 associated with those new teachers;

6 (b) To make selected reductions in class size in grades 5-12, such  
7 as small high school writing classes;

8 (c) To provide extended learning opportunities to improve student  
9 academic achievement in grades K-12, including, but not limited to,  
10 extended school year, extended school day, before-and-after-school  
11 programs, special tutoring programs, weekend school programs, summer  
12 school, and all-day kindergarten;

13 (d) To provide additional professional development for educators,  
14 including additional paid time for curriculum and lesson redesign and  
15 alignment, training to ensure that instruction is aligned with state  
16 standards and student needs, reimbursement for higher education costs  
17 related to enhancing teaching skills and knowledge, and mentoring  
18 programs to match teachers with skilled, master teachers. The funding  
19 shall not be used for salary increases or additional compensation for  
20 existing teaching duties, but may be used for extended year and  
21 extended day teaching contracts;

22 (e) To provide early assistance for children who need  
23 prekindergarten support in order to be successful in school;

24 (f) To provide improvements or additions to school building  
25 facilities which are directly related to the class size reductions and  
26 extended learning opportunities under (a) through (c) of this  
27 subsection.

28 (2) Annually on or before May 1st, the school district board of  
29 directors shall meet at the time and place designated for the purpose  
30 of a public hearing on the proposed use of these funds to improve  
31 student achievement for the coming year. Any person may appear or by  
32 written submission have the opportunity to comment on the proposed plan  
33 for the use of these funds. No later than August 31st, as a part of  
34 the process under RCW 28A.505.060, each school district shall adopt a  
35 plan for the use of these funds for the upcoming school year.  
36 Annually, each school district shall provide to the citizens of their  
37 district a public accounting of the funds made available to the  
38 district during the previous school year under chapter 3, Laws of 2001,

1 how the funds were used, and the progress the district has made in  
2 increasing student achievement, as measured by required state  
3 assessments and other assessments deemed appropriate by the district.  
4 Copies of this report shall be provided to the superintendent of public  
5 instruction and to the academic achievement and accountability  
6 commission.

7 **Sec. 4.** RCW 28A.150.380 and 2001 c 3 s 10 are each amended to read  
8 as follows:

9 (1) The state legislature shall, at each regular session in an odd-  
10 numbered year, appropriate from the state general fund for the current  
11 use of the common schools such amounts as needed for state support to  
12 the common schools during the ensuing biennium as provided in this  
13 chapter, RCW 28A.160.150 through 28A.160.210, 28A.300.170, and  
14 28A.500.010.

15 (2) The state legislature shall also, at each regular session in an  
16 odd-numbered year, appropriate from the student achievement fund (~~and~~  
17 ~~education construction fund solely for the purposes of and in~~  
18 ~~accordance with the provisions of the student achievement act during~~  
19 ~~the ensuing biennium~~) as provided in RCW 84.52.068 and section 2 of  
20 this act.

21 **Sec. 5.** RCW 67.70.240 and 2001 c 3 s 4 are each amended to read as  
22 follows:

23 The moneys in the state lottery account shall be used only:

24 (1) For the payment of prizes to the holders of winning lottery  
25 tickets or shares;

26 (2) For purposes of making deposits into the reserve account  
27 created by RCW 67.70.250 and into the lottery administrative account  
28 created by RCW 67.70.260;

29 (3) For purposes of making deposits into the education construction  
30 fund and student achievement fund created in RCW 43.135.045. For the  
31 transition period from July 1, 2001, until and including June 30, 2002,  
32 fifty percent of the moneys not otherwise obligated under this section  
33 shall be placed in the student achievement fund and fifty percent of  
34 these moneys shall be placed in the education construction fund. On  
35 and after July 1, 2002, until June 30, 2004, seventy-five percent of  
36 these moneys shall be placed in the student achievement fund and

1 twenty-five percent shall be placed in the education construction fund,  
2 except for moneys generated from the game created under chapter . . .  
3 (HB 2213), Laws of 2003 which shall be placed into the student  
4 achievement fund. On and after July 1, 2004, all deposits not  
5 otherwise obligated under this section shall be placed in the education  
6 construction fund, except for moneys generated from the game created  
7 under chapter . . . (HB 2213), Laws of 2003 which shall be placed into  
8 the student achievement fund. However, after July 1, 2004, the  
9 legislature may direct the transfer of lottery deposits from the  
10 education construction fund to the state general fund in the omnibus  
11 operating appropriations act. Moneys in the state lottery account  
12 deposited in the education construction fund and the student  
13 achievement fund are included in "general state revenues" under RCW  
14 39.42.070;

15 (4) For distribution to a county for the purpose of paying the  
16 principal and interest payments on bonds issued by the county to  
17 construct a baseball stadium, as defined in RCW 82.14.0485, including  
18 reasonably necessary preconstruction costs. Three million dollars  
19 shall be distributed under this subsection during calendar year 1996.  
20 During subsequent years, such distributions shall equal the prior  
21 year's distributions increased by four percent. Distributions under  
22 this subsection shall cease when the bonds issued for the construction  
23 of the baseball stadium are retired, but not more than twenty years  
24 after the tax under RCW 82.14.0485 is first imposed;

25 (5) For distribution to the stadium and exhibition center account,  
26 created in RCW 43.99N.060. Subject to the conditions of RCW  
27 43.99N.070, six million dollars shall be distributed under this  
28 subsection during the calendar year 1998. During subsequent years,  
29 such distribution shall equal the prior year's distributions increased  
30 by four percent. No distribution may be made under this subsection  
31 after December 31, 1999, unless the conditions for issuance of the  
32 bonds under RCW 43.99N.020(2) are met. Distributions under this  
33 subsection shall cease when the bonds are retired, but not later than  
34 December 31, 2020;

35 (6) For the purchase and promotion of lottery games and game-  
36 related services; and

37 (7) For the payment of agent compensation.

1           The office of financial management shall require the allotment of  
2 all expenses paid from the account and shall report to the ways and  
3 means committees of the senate and house of representatives any changes  
4 in the allotments.

5           **Sec. 6.** RCW 67.70.340 and 2002 c 349 s 3 are each amended to read  
6 as follows:

7           (1) The legislature recognizes that creating a shared game lottery  
8 could result in less revenue being raised by the existing state lottery  
9 ticket sales. The legislature further recognizes that the two funds  
10 most impacted by this potential event are the student achievement fund  
11 and the education construction account. Therefore, it is the intent of  
12 the legislature to use some of the proceeds from the shared game  
13 lottery to make up the difference that the potential state lottery  
14 revenue loss would have on the student achievement fund and the  
15 education construction account.

16           (2) The student achievement fund and the education construction  
17 account are expected to collectively receive one hundred two million  
18 dollars annually from state lottery games other than the shared game  
19 lottery and from the lottery game created under chapter . . . (HB  
20 2213), Laws of 2003. For fiscal year 2003 and thereafter, if the  
21 amount of lottery revenues, other than revenues generated under the  
22 lottery game created under chapter . . . (HB 2213), Laws of 2003,  
23 earmarked for the student achievement fund and the education  
24 construction account are less than one hundred two million dollars, the  
25 commission must transfer sufficient moneys from revenues derived from  
26 the shared game lottery into the student achievement fund and the  
27 education construction account to bring the total revenue up to one  
28 hundred two million dollars. The funds transferred from the shared  
29 game lottery account under this subsection must be divided between the  
30 student achievement fund and the education construction account in a  
31 manner consistent with RCW 67.70.240(3).

32           (3) For fiscal year 2003, the commission shall transfer from  
33 revenues derived from the shared game lottery to the violence reduction  
34 and drug enforcement account under RCW 69.50.520 five hundred thousand  
35 dollars exclusively for the treatment of pathological gambling as  
36 prescribed by RCW 67.70.350.



1 (4) The remaining net revenues, if any, in the shared game lottery  
2 account after the transfers shall be deposited into the general fund.

3 **Sec. 7.** RCW 43.135.045 and 2001 c 3 s 9, 2000 2nd sp.s. c 5 s 1,  
4 and 2000 2nd sp.s. c 2 s 3 are each reenacted and amended to read as  
5 follows:

6 (1) The emergency reserve fund is established in the state  
7 treasury. During each fiscal year, the state treasurer shall deposit  
8 in the emergency reserve fund all general fund--state revenues in  
9 excess of the state expenditure limit for that fiscal year. Deposits  
10 shall be made at the end of each fiscal quarter based on projections of  
11 state revenues and the state expenditure limit. The treasurer shall  
12 make transfers between these accounts as necessary to reconcile actual  
13 annual revenues and the expenditure limit for fiscal year 2000 and  
14 thereafter.

15 (2) The legislature may appropriate moneys from the emergency  
16 reserve fund only with approval of at least two-thirds of the members  
17 of each house of the legislature, and then only if the appropriation  
18 does not cause total expenditures to exceed the state expenditure limit  
19 under this chapter.

20 (3) The emergency reserve fund balance shall not exceed five  
21 percent of annual general fund--state revenues as projected by the  
22 official state revenue forecast. Any balance in excess of five percent  
23 shall be transferred on a quarterly basis by the state treasurer as  
24 follows: Seventy-five percent to the student achievement fund (~~hereby~~  
25 ~~created in the state treasury~~) and twenty-five percent to the general  
26 fund balance. The treasurer shall make transfers between these  
27 accounts as necessary to reconcile actual annual revenues for fiscal  
28 year 2000 and thereafter. When per-student state funding for the  
29 maintenance and operation of K-12 education meets a level of no less  
30 than ninety percent of the national average of total funding from all  
31 sources per student as determined by the most recent published data  
32 from the national center for education statistics of the United States  
33 department of education, as calculated by the office of financial  
34 management, further deposits to the student achievement fund shall be  
35 required only to the extent necessary to maintain the ninety-percent  
36 level. Remaining funds are part of the general fund balance and these  
37 funds are subject to the expenditure limits of this chapter.

1 (4) The education construction fund is hereby created in the state  
2 treasury.

3 (a) Funds may be appropriated from the education construction fund  
4 exclusively for common school construction or higher education  
5 construction or, after July 1, 2004, for transfer to the state general  
6 fund.

7 (b) Funds may be appropriated for any other purpose only if  
8 approved by a two-thirds vote of each house of the legislature and if  
9 approved by a vote of the people at the next general election. An  
10 appropriation approved by the people under this subsection shall result  
11 in an adjustment to the state expenditure limit only for the fiscal  
12 period for which the appropriation is made and shall not affect any  
13 subsequent fiscal period.

14 (5) Until June 30, 2004, funds from the student achievement fund  
15 shall be appropriated to the superintendent of public instruction  
16 strictly for distribution to school districts to meet the provisions  
17 set out in the student achievement act. Allocations shall be made on  
18 an equal per full-time equivalent student basis to each school  
19 district.

20 (6) Earnings of the emergency reserve fund under RCW  
21 43.84.092(4)(a) shall be transferred quarterly to the multimodal  
22 transportation account, except for those earnings that are in excess of  
23 thirty-five million dollars each fiscal year. Within thirty days  
24 following any fiscal year in which earnings transferred to the  
25 multimodal transportation account under this subsection did not total  
26 thirty-five million dollars, the state treasurer shall transfer from  
27 the emergency reserve fund an amount necessary to bring the total  
28 deposited in the multimodal transportation account under this  
29 subsection to thirty-five million dollars. The revenues to the  
30 multimodal transportation account reflected in this subsection provide  
31 ongoing support for the transportation programs of the state. However,  
32 it is the intent of the legislature that any new long-term financial  
33 support that may be subsequently provided for transportation programs  
34 will be used to replace and supplant the revenues reflected in this  
35 subsection, thereby allowing those revenues to be returned to the  
36 purposes to which they were previously dedicated.

1        NEW SECTION.   **Sec. 8.**   This act is necessary for the immediate  
2   preservation of the public peace, health, or safety, or support of the  
3   state government and its existing public institutions, and takes effect  
4   July 1, 2003.

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