

1 calendar year 2017 and further reduced, at the discretion of the
2 school district, by an amount necessary to reflect all or part of the
3 state funds provided under section 204 of this act.

4 (2) The county treasurer shall remit the tax to the state as
5 provided under RCW 84.56.280. Taxes required under this section must
6 be deposited in the local school district property tax account hereby
7 created in the state treasury. All taxes deposited in the local
8 school district property tax account and all earnings of investments
9 of balances in the local school district property tax account must be
10 credited to the account and distributed to the school districts on a
11 monthly basis.

12 (3) A school district must use the proceeds under this section
13 only for expenditures related to the school district's program of
14 basic education.

15 NEW SECTION. **Sec. 102.** A new section is added to chapter 84.52
16 RCW to read as follows:

17 (1) Except as otherwise provided in this section, the maximum
18 dollar amount which may be levied by or for any school district for
19 an enrichment levy is the annual average full-time equivalent
20 students within the school district multiplied by the per pupil
21 limit.

22 (2) This section applies to school district enrichment levies due
23 and payable beginning in calendar year 2018.

24 (3) The definitions in this subsection apply throughout this
25 section unless the context clearly requires otherwise.

26 (a) "Annual average full-time equivalent students" means the
27 average annual full-time equivalent student enrollment in the
28 completed school year prior to the calendar year in which the
29 enrichment levy is due and payable.

30 (b) "Enrichment levy" means a levy imposed by a school district
31 under RCW 84.52.053.

32 (c) "Per pupil limit" means one thousand dollars, adjusted on an
33 annual basis in the same manner as school district employee salaries
34 under RCW 28A.400.205.

35 **Sec. 103.** RCW 84.52.053 and 2012 c 186 s 18 are each amended to
36 read as follows:

37 (1) The limitations imposed by RCW 84.52.050 through 84.52.056,
38 and 84.52.043 (~~shall~~) do not prevent the levy of taxes by school

1 districts, when authorized so to do by the voters of such school
2 district in the manner and for the purposes and number of years
3 allowable under Article VII, section 2(a) of the Constitution of this
4 state. Elections for such taxes (~~(shall)~~) must be held in the year in
5 which the levy is made or, in the case of propositions authorizing
6 two-year through four-year levies for (~~(maintenance and operation)~~)
7 enrichment support of a school district, authorizing two-year levies
8 for transportation vehicle funds established in RCW 28A.160.130, or
9 authorizing two-year through six-year levies to support the
10 construction, modernization, or remodeling of school facilities,
11 which includes the purposes of RCW 28A.320.330(2) (f) and (g), in the
12 year in which the first annual levy is made.

13 (2)(a) Once additional tax levies have been authorized for
14 (~~(maintenance and operation)~~) enrichment support of a school district
15 for a two-year through four-year period as provided under subsection
16 (1) of this section, no further additional tax levies for
17 (~~(maintenance and operation)~~) enrichment support of the district for
18 that period may be authorized, except for additional levies to
19 provide for subsequently enacted increases affecting the district's
20 levy base or maximum levy percentage.

21 (b) Notwithstanding (a) of this subsection, any school district
22 that is required to annex or receive territory pursuant to a
23 dissolution of a financially insolvent school district pursuant to
24 RCW 28A.315.225 may call either a replacement or supplemental levy
25 election within the school district, including the territory annexed
26 or transferred, as follows:

27 (i) An election for a proposition authorizing two-year through
28 four-year levies for (~~(maintenance and operation)~~) enrichment support
29 of a school district may be called and held before the effective date
30 of dissolution to replace existing (~~(maintenance and operation)~~)
31 enrichment levies and to provide for increases due to the
32 dissolution.

33 (ii) An election for a proposition authorizing additional tax
34 levies may be called and held before the effective date of
35 dissolution to provide for increases due to the dissolution.

36 (iii) In the event a replacement levy election under (b)(i) of
37 this subsection is held but does not pass, the affected school
38 district may subsequently hold a supplemental levy election pursuant
39 to (b)(ii) of this subsection if the supplemental levy election is
40 held before the effective date of dissolution. In the event a

1 supplemental levy election is held under (~~subsection~~) (b)(ii) of
2 this subsection but does not pass, the affected school district may
3 subsequently hold a replacement levy election pursuant to (b)(i) of
4 this subsection if the replacement levy election is held before the
5 effective date of dissolution. Failure of a replacement levy or
6 supplemental levy election does not affect any previously approved
7 and existing (~~maintenance and operation~~) enrichment levy within the
8 affected school district or districts.

9 (c) For the purpose of applying the limitation of this subsection
10 (2), a two-year through six-year levy to support the construction,
11 modernization, or remodeling of school facilities (~~shall~~) may not
12 be deemed to be a tax levy for (~~maintenance and operation~~)
13 enrichment support of a school district.

14 (3) A special election may be called and the time therefor fixed
15 by the board of school directors, by giving notice thereof by
16 publication in the manner provided by law for giving notices of
17 general elections, at which special election the proposition
18 authorizing such excess levy (~~shall~~) must be submitted in such form
19 as to enable the voters favoring the proposition to vote "yes" and
20 those opposed thereto to vote "no."

21 (4) To ensure that enrichment levies are not used for basic
22 education programs, beginning with ballot propositions submitted to
23 the voters in calendar year 2018, districts must provide a report to
24 the office of the superintendent of public instruction detailing the
25 programs and activities to be funded through a proposed enrichment
26 levy. The report must be submitted to, and approved by, the office of
27 the superintendent of public instruction prior to the election for
28 the proposition.

29 NEW SECTION. Sec. 104. RCW 84.52.0531 (Levies by school
30 districts—Maximum dollar amount for maintenance and operation support
31 —Restrictions—Maximum levy percentage—Levy reduction funds—Rules)
32 and 2013 c 242 s 8, 2012 1st sp.s. c 10 s 8, 2010 c 237 s 2, 2010 c
33 99 s 11, 1997 c 259 s 2, 1995 1st sp.s. c 11 s 1, 1994 c 116 s 2,
34 1993 c 465 s 1, 1992 c 49 s 1, 1990 c 33 s 601, 1989 c 141 s 1, 1988
35 c 252 s 1, 1987 1st ex.s. c 2 s 101, 1987 c 185 s 40, & 1985 c 374 s
36 1 are each repealed.

37 **Sec. 105.** RCW 84.36.381 and 2015 3rd sp.s. c 30 s 2 are each
38 amended to read as follows:

1 A person is exempt from any legal obligation to pay all or a
2 portion of the amount of excess and regular real property taxes due
3 and payable in the year following the year in which a claim is filed,
4 and thereafter, in accordance with the following:

5 (1) The property taxes must have been imposed upon a residence
6 which was occupied by the person claiming the exemption as a
7 principal place of residence as of the time of filing. However, any
8 person who sells, transfers, or is displaced from his or her
9 residence may transfer his or her exemption status to a replacement
10 residence, but no claimant may receive an exemption on more than one
11 residence in any year. Moreover, confinement of the person to a
12 hospital, nursing home, assisted living facility, or adult family
13 home does not disqualify the claim of exemption if:

14 (a) The residence is temporarily unoccupied;

15 (b) The residence is occupied by a spouse or a domestic partner
16 and/or a person financially dependent on the claimant for support; or

17 (c) The residence is rented for the purpose of paying nursing
18 home, hospital, assisted living facility, or adult family home costs;

19 (2) The person claiming the exemption must have owned, at the
20 time of filing, in fee, as a life estate, or by contract purchase,
21 the residence on which the property taxes have been imposed or if the
22 person claiming the exemption lives in a cooperative housing
23 association, corporation, or partnership, such person must own a
24 share therein representing the unit or portion of the structure in
25 which he or she resides. For purposes of this subsection, a residence
26 owned by a marital community or state registered domestic partnership
27 or owned by cotenants is deemed to be owned by each spouse or each
28 domestic partner or each cotenant, and any lease for life is deemed a
29 life estate;

30 (3)(a) The person claiming the exemption must be:

31 (i) Sixty-one years of age or older on December 31st of the year
32 in which the exemption claim is filed, or must have been, at the time
33 of filing, retired from regular gainful employment by reason of
34 disability; or

35 (ii) A veteran of the armed forces of the United States entitled
36 to and receiving compensation from the United States department of
37 veterans affairs at a total disability rating for a service-connected
38 disability.

39 (b) However, any surviving spouse or surviving domestic partner
40 of a person who was receiving an exemption at the time of the

1 person's death will qualify if the surviving spouse or surviving
2 domestic partner is fifty-seven years of age or older and otherwise
3 meets the requirements of this section;

4 (4) The amount that the person is exempt from an obligation to
5 pay is calculated on the basis of combined disposable income, as
6 defined in RCW 84.36.383. If the person claiming the exemption was
7 retired for two months or more of the assessment year, the combined
8 disposable income of such person must be calculated by multiplying
9 the average monthly combined disposable income of such person during
10 the months such person was retired by twelve. If the income of the
11 person claiming exemption is reduced for two or more months of the
12 assessment year by reason of the death of the person's spouse or the
13 person's domestic partner, or when other substantial changes occur in
14 disposable income that are likely to continue for an indefinite
15 period of time, the combined disposable income of such person must be
16 calculated by multiplying the average monthly combined disposable
17 income of such person after such occurrences by twelve. If it is
18 necessary to estimate income to comply with this subsection, the
19 assessor may require confirming documentation of such income prior to
20 May 31 of the year following application;

21 (5)(a) A person who otherwise qualifies under this section and
22 has a combined disposable income of forty thousand dollars or less is
23 exempt from all excess property taxes and a school district levy
24 imposed under section 101 of this act; and

25 (b)(i) A person who otherwise qualifies under this section and
26 has a combined disposable income of thirty-five thousand dollars or
27 less but greater than thirty thousand dollars is exempt from all
28 regular property taxes on the greater of fifty thousand dollars or
29 thirty-five percent of the valuation of his or her residence, but not
30 to exceed seventy thousand dollars of the valuation of his or her
31 residence; or

32 (ii) A person who otherwise qualifies under this section and has
33 a combined disposable income of thirty thousand dollars or less is
34 exempt from all regular property taxes on the greater of sixty
35 thousand dollars or sixty percent of the valuation of his or her
36 residence;

37 (6)(a) For a person who otherwise qualifies under this section
38 and has a combined disposable income of forty thousand dollars or
39 less, the valuation of the residence is the assessed value of the
40 residence on the later of January 1, 1995, or January 1st of the

1 assessment year the person first qualifies under this section. If the
2 person subsequently fails to qualify under this section only for one
3 year because of high income, this same valuation must be used upon
4 requalification. If the person fails to qualify for more than one
5 year in succession because of high income or fails to qualify for any
6 other reason, the valuation upon requalification is the assessed
7 value on January 1st of the assessment year in which the person
8 requalifies. If the person transfers the exemption under this section
9 to a different residence, the valuation of the different residence is
10 the assessed value of the different residence on January 1st of the
11 assessment year in which the person transfers the exemption.

12 (b) In no event may the valuation under this subsection be
13 greater than the true and fair value of the residence on January 1st
14 of the assessment year.

15 (c) This subsection does not apply to subsequent improvements to
16 the property in the year in which the improvements are made.
17 Subsequent improvements to the property must be added to the value
18 otherwise determined under this subsection at their true and fair
19 value in the year in which they are made.

20 **Sec. 106.** RCW 28A.545.070 and 1990 c 33 s 491 are each amended
21 to read as follows:

22 (1) The superintendent of public instruction (~~shall~~) must
23 annually determine the estimated amount due by a nonhigh school
24 district to a high school district for the school year as follows:

25 (a) The total of the high school district's (~~maintenance and~~
26 ~~operation~~) enrichment excess tax levy that has been authorized and
27 determined by the superintendent of public instruction to be
28 allowable pursuant to (~~RCW 84.52.0531~~) section 102 of this act, as
29 now or hereafter amended, for collection during the next calendar
30 year, (~~shall~~) must first be divided by the total estimated number
31 of annual average full-time equivalent students which the high school
32 district superintendent or the superintendent of public instruction
33 has certified pursuant to RCW 28A.545.060 will be enrolled in the
34 high school district during the school year;

35 (b) The result of the calculation provided for in (~~subsection~~
36 ~~(1)~~) (a) of this subsection (~~shall~~) must then be multiplied by the
37 estimated number of annual average full-time equivalent students
38 residing in the nonhigh school district that will be enrolled in the

1 high school district during the school year which has been
2 established pursuant to RCW 28A.545.060; and

3 (c) The result of the calculation provided for in (~~subsection~~
4 ~~(1)~~)(b) of this subsection (~~(shall)~~) must be adjusted upward to the
5 extent the estimated amount due by a nonhigh school district for the
6 prior school year was less than the actual amount due based upon
7 actual annual average full-time equivalent student enrollments during
8 the previous school year and the actual per annual average full-time
9 equivalent student (~~(maintenance and operation)~~) enrichment excess
10 tax levy rate for the current tax collection year, of the high school
11 district, or adjusted downward to the extent the estimated amount due
12 was greater than such actual amount due or greater than such lesser
13 amount as a high school district may have elected to assess pursuant
14 to RCW 28A.545.090.

15 (2) The amount arrived at pursuant to subsection (1)(c) of this
16 (~~(sub))~~section (~~(shall)~~) constitutes the estimated amount due by a
17 nonhigh school district to a high school district for the school
18 year.

19 **Part II**
20 **Reforming State Levy Equalization**

21 **Sec. 201.** RCW 28A.500.010 and 1999 c 317 s 1 are each amended to
22 read as follows:

23 Commencing with calendar year 2000, in addition to a school
24 district's other general fund allocations, each eligible district
25 shall be provided local effort assistance funds. The purpose of
26 (~~(these))~~ the funds under section 203 of this act is to mitigate the
27 effect that above average property tax rates might have on the
28 ability of a school district to raise local revenues to supplement
29 the state's basic program of education. These funds serve to equalize
30 the property tax rates that individual taxpayers would pay for such
31 levies and to provide tax relief to taxpayers in high tax rate school
32 districts. (~~(Such))~~ Funds under section 203 of this act are not part
33 of the district's basic education allocation.

34 NEW SECTION. **Sec. 202.** A new section is added to chapter
35 28A.500 RCW to read as follows:

36 The definitions in this section apply throughout this chapter
37 unless the context clearly requires otherwise.

1 (1) "Average district rate" means the school district excess levy
2 limit divided by the total assessed valuation within the school
3 district for excess levy purposes.

4 (2) "Average statewide rate" means the statewide excess levy
5 limit divided by the total statewide assessed valuation for school
6 district excess levy purposes.

7 (3) "Enrichment levy" and "per pupil limit" have the same meaning
8 as provided under section 102 of this act.

9 (4) "Excess levy limit" means the maximum dollar amount allowable
10 under section 102(1) of this act.

11 (5) "Local effort factor" means a school district's actual
12 enrichment levy divided by the product of the average statewide rate
13 and the total assessed valuation within the school district for
14 excess levy purposes. The local effort factor may not exceed one.

15 (6) "Regular levy adjustment factor" means the difference of the
16 average district rate and average statewide rate divided by the
17 average district rate.

18 (7) "School district's excess cost" means the school district's
19 adjusted assessed valuation multiplied by the difference of the
20 average district rate and the average statewide rate.

21 NEW SECTION. **Sec. 203.** A new section is added to chapter
22 28A.500 RCW to read as follows:

23 (1) Beginning in calendar year 2018, and each calendar year
24 thereafter, the state must provide matching funds for school district
25 enrichment levies as provided in this section.

26 (2) Only districts with an average district rate above the
27 average statewide rate are eligible for state matching funds under
28 this section.

29 (3) The amount of matching funds is equal to fifty percent of the
30 school district's excess cost multiplied by the local effort factor.

31 NEW SECTION. **Sec. 204.** A new section is added to chapter
32 28A.500 RCW to read as follows:

33 (1) Beginning in calendar year 2018, and each calendar year
34 thereafter, the state must provide matching funds for school district
35 regular levies under section 101 of this act as provided in this
36 section.

1 (2) Only districts with an average district rate above the
2 average statewide rate are eligible for state matching funds under
3 this section.

4 (3)(a) The amount of state matching funds is equal to the maximum
5 levy a school district may impose under section 101 of this act
6 multiplied by the regular levy adjustment factor.

7 (b) In addition to the funds provided in (a) of this subsection
8 (3), an additional amount of state funds is provided each calendar
9 year for school districts with an enrichment property tax rate in
10 calendar year 2017 in excess of five dollars per thousand dollars of
11 assessed value. The amount is equal to the enrichment property tax
12 rate in calendar year 2017 in excess of five dollars per thousand
13 dollars of assessed value multiplied by the assessed value of
14 property in the school district for the current calendar year.

15 **Sec. 205.** RCW 28A.500.050 and 2009 c 548 s 301 are each amended
16 to read as follows:

17 (1) The legislature finds that while the state has the
18 responsibility to provide for a general and uniform system of public
19 schools, there is also a need for some diversity in the public school
20 system. A successful system of public education must permit some
21 variation among school districts outside the basic education provided
22 for by the state to respond to and reflect the unique desires of
23 local communities. The opportunity for local communities to invest in
24 enriched education programs promotes support for local public
25 schools. Further, the ability of local school districts to experiment
26 with enriched programs can inform the legislature's long-term
27 evolution of the definition of basic education. Therefore, local levy
28 authority remains an important component of the overall finance
29 system in support of the public schools even though it is outside the
30 state's obligation for basic education.

31 (2) However, the value of permitting local levies must be
32 balanced with the value of equity and fairness to students and to
33 taxpayers, neither of whom should be unduly disadvantaged due to
34 differences in the tax bases used to support local levies. Equity and
35 fairness require both an equitable basis for supplemental funding
36 outside basic education and a mechanism for property tax-poor school
37 districts to fairly access supplemental funding. As such, local
38 effort assistance under section 203 of this act, while also outside

1 the state's obligation for basic education, is another important
2 component of school finance.

3 NEW SECTION. **Sec. 206.** The following acts or parts of acts as
4 now existing or hereafter amended, are each repealed, effective
5 January 1, 2018:

6 (1) RCW 28A.500.020 (Definitions) and 2013 2nd sp.s. c 4 s 957,
7 2010 c 237 s 5, 2004 c 21 s 1, & 1999 c 317 s 2; and

8 (2) RCW 28A.500.030 (Allocation of state matching funds—
9 Determination) and 2010 c 237 s 6, 2006 c 372 s 904, 2006 c 119 s 1,
10 2005 c 518 s 914, 2003 1st sp.s. c 25 s 912, 2002 c 317 s 4, & 1999 c
11 317 s 3.

12 **Part III**
13 **Improving Fiscal Accountability and Transparency**

14 NEW SECTION. **Sec. 301.** The legislature intends to provide
15 additional procedural safeguards to eliminate the use of local excess
16 levies to fund basic education.

17 **Sec. 302.** RCW 28A.320.330 and 2009 c 460 s 1 are each amended to
18 read as follows:

19 School districts shall establish the following funds in addition
20 to those provided elsewhere by law:

21 (1)(a) A general fund for (~~maintenance and operation~~)
22 enrichment of the school district to account for all financial
23 operations of the school district except those required to be
24 accounted for in another fund.

25 (b) By the 2018-19 school year, a local revenue subfund of the
26 general fund must be established for the purpose of accounting for
27 the financial operations of a school district that are paid from
28 local revenues, except the local school district property tax under
29 section 101 of this act, which must be deposited in the school
30 district's general fund. Money deposited into the local revenue
31 subfund must include proceeds from school district enrichment excess
32 levies as authorized by RCW 84.52.053 and state funds distributed
33 under section 203 of this act. Expenditures from this subfund must be
34 tracked separately to account for the expenditure of each of these
35 streams of funds by revenue sources within a school district.

1 (2) A capital projects fund shall be established for major
2 capital purposes. All statutory references to a "building fund" shall
3 mean the capital projects fund so established. Money to be deposited
4 into the capital projects fund shall include, but not be limited to,
5 bond proceeds, proceeds from excess levies authorized by RCW
6 84.52.053, state apportionment proceeds as authorized by RCW
7 28A.150.270, earnings from capital projects fund investments as
8 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
9 revenues transferred pursuant to subsection (3) of this section.

10 Money derived from the sale of bonds, including interest earnings
11 thereof, may only be used for those purposes described in RCW
12 28A.530.010, except that accrued interest paid for bonds shall be
13 deposited in the debt service fund.

14 Money to be deposited into the capital projects fund shall
15 include but not be limited to rental and lease proceeds as authorized
16 by RCW 28A.335.060, and proceeds from the sale of real property as
17 authorized by RCW 28A.335.130.

18 Money legally deposited into the capital projects fund from other
19 sources may be used for the purposes described in RCW 28A.530.010,
20 and for the purposes of:

21 (a) Major renovation and replacement of facilities and systems
22 where periodical repairs are no longer economical or extend the
23 useful life of the facility or system beyond its original planned
24 useful life. Such renovation and replacement shall include, but shall
25 not be limited to, major repairs, exterior painting of facilities,
26 replacement and refurbishment of roofing, exterior walls, windows,
27 heating and ventilating systems, floor covering in classrooms and
28 public or common areas, and electrical and plumbing systems.

29 (b) Renovation and rehabilitation of playfields, athletic fields,
30 and other district real property.

31 (c) The conduct of preliminary energy audits and energy audits of
32 school district buildings. For the purpose of this section:

33 (i) "Preliminary energy audits" means a determination of the
34 energy consumption characteristics of a building, including the size,
35 type, rate of energy consumption, and major energy using systems of
36 the building.

37 (ii) "Energy audit" means a survey of a building or complex which
38 identifies the type, size, energy use level, and major energy using
39 systems; which determines appropriate energy conservation maintenance
40 or operating procedures and assesses any need for the acquisition and

1 installation of energy conservation measures, including solar energy
2 and renewable resource measures.

3 (iii) "Energy capital improvement" means the installation, or
4 modification of the installation, of energy conservation measures in
5 a building which measures are primarily intended to reduce energy
6 consumption or allow the use of an alternative energy source.

7 (d) Those energy capital improvements which are identified as
8 being cost-effective in the audits authorized by this section.

9 (e) Purchase or installation of additional major items of
10 equipment and furniture: PROVIDED, That vehicles shall not be
11 purchased with capital projects fund money.

12 (f)(i) Costs associated with implementing technology systems,
13 facilities, and projects, including acquiring hardware, licensing
14 software, and online applications and training related to the
15 installation of the foregoing. However, the software or applications
16 must be an integral part of the district's technology systems,
17 facilities, or projects.

18 (ii) Costs associated with the application and modernization of
19 technology systems for operations and instruction including, but not
20 limited to, the ongoing fees for online applications, subscriptions,
21 or software licenses, including upgrades and incidental services, and
22 ongoing training related to the installation and integration of these
23 products and services. However, to the extent the funds are used for
24 the purpose under this subsection (2)(f)(ii), the school district
25 shall transfer to the district's general fund the portion of the
26 capital projects fund used for this purpose. The office of the
27 superintendent of public instruction shall develop accounting
28 guidelines for these transfers in accordance with internal revenue
29 service regulations.

30 (g) Major equipment repair, painting of facilities, and other
31 major preventative maintenance purposes. However, to the extent the
32 funds are used for the purpose under this subsection (2)(g), the
33 school district shall transfer to the district's general fund the
34 portion of the capital projects fund used for this purpose. The
35 office of the superintendent of public instruction shall develop
36 accounting guidelines for these transfers in accordance with internal
37 revenue service regulations. Based on the district's most recent two-
38 year history of general fund maintenance expenditures, funds used for
39 this purpose may not replace routine annual preventive maintenance
40 expenditures made from the district's general fund.

1 (3) A debt service fund to provide for tax proceeds, other
2 revenues, and disbursements as authorized in chapter 39.44 RCW. State
3 forestland revenues that are deposited in a school district's debt
4 service fund pursuant to RCW 79.64.110 and to the extent not
5 necessary for payment of debt service on school district bonds may be
6 transferred by the school district into the district's capital
7 projects fund.

8 (4) An associated student body fund as authorized by RCW
9 28A.325.030.

10 (5) Advance refunding bond funds and refunded bond funds to
11 provide for the proceeds and disbursements as authorized in chapter
12 39.53 RCW.

13 **Sec. 303.** RCW 28A.505.140 and 2006 c 263 s 202 are each amended
14 to read as follows:

15 (1) Notwithstanding any other provision of law, the
16 superintendent of public instruction shall adopt such rules as will
17 ensure proper budgetary procedures and practices, including monthly
18 financial statements consistent with the provisions of RCW 43.09.200,
19 and this chapter. By the 2018-19 school year, the rules must require
20 school districts to provide separate accounting of state, federal,
21 and local revenues to expenditures, including the identification and
22 separate accounting of basic education and nonbasic education
23 expenditures by revenue source.

24 (2) If the superintendent of public instruction determines upon a
25 review of the budget of any district that said budget does not comply
26 with the budget procedures established by this chapter or by rules
27 adopted by the superintendent of public instruction, or the
28 provisions of RCW 43.09.200, the superintendent shall give written
29 notice of this determination to the board of directors of the local
30 school district.

31 (3) The local school district, notwithstanding any other
32 provision of law, shall, within thirty days from the date the
33 superintendent of public instruction issues a notice pursuant to
34 subsection (2) of this section, submit a revised budget which meets
35 the requirements of RCW 43.09.200, this chapter, and the rules of the
36 superintendent of public instruction.

37 **Sec. 304.** RCW 28A.505.100 and 1990 c 33 s 420 are each amended
38 to read as follows:

1 The budget (~~shall~~) must set forth the estimated revenues from
2 all sources for the ensuing fiscal year, the estimated revenues for
3 the fiscal year current at the time of budget preparation, the actual
4 revenues for the last completed fiscal year, and the reserved and
5 unreserved fund balances for each year. The estimated revenues from
6 all sources for the ensuing fiscal year shall not include any revenue
7 not anticipated to be available during that fiscal year(~~(-PROVIDED,~~
8 ~~That)~~). However, school districts, pursuant to RCW 28A.505.110, can
9 be granted permission by the superintendent of public instruction to
10 include as revenues in their budgets, receivables collectible in
11 future fiscal years.

12 (2)(a) The budget (~~shall~~) must set forth by detailed items or
13 classes the estimated expenditures for the ensuing fiscal year, the
14 estimated expenditures for the fiscal year current at the time of
15 budget preparation, and the actual expenditures for the last
16 completed fiscal year.

17 (b) The budget shall set forth:

18 (i) The state-funded salary amounts, locally funded salary
19 amounts, total salary amounts, full-time equivalents((-)) for each
20 individual certificated instructional staff, certificated
21 administrative staff, and classified staff; and

22 (ii) The high, low, and average annual salaries, which shall be
23 displayed by job classification within each budget classification.
24 ((If individual salaries within each job classification are not
25 displayed, districts shall provide the individual salaries together
26 with the title or position of the recipient and the total amounts of
27 salary under each budget class upon request. Salary schedules shall
28 be displayed.))

29 (3) In districts where negotiations have not been completed, the
30 district may budget the salaries at the current year's rate and
31 restrict fund balance for the amount of anticipated increase in
32 salaries, so long as an explanation (~~shall be~~) is attached to the
33 budget on such restriction of fund balance.

34 NEW SECTION. Sec. 305. A new section is added to chapter 43.09
35 RCW to read as follows:

36 (1) To ensure that school district excess levy funds authorized
37 under RCW 84.52.053 are not being expended for basic education
38 purposes, the state auditor's regular financial audits of school
39 districts must include a review of the expenditure of school district

1 excess levy funds to ensure that such excess levy funds are not
2 expended for any basic education purpose.

3 (2) As part of the regular financial audits of school districts,
4 the state auditor must audit the supplemental contracts under RCW
5 28A.400.200 to ensure compliance with the limitations and conditions
6 provided in that section.

7 **Part IV**
8 **Compensation**

9 **Sec. 401.** RCW 28A.400.200 and 2010 c 235 s 401 are each amended
10 to read as follows:

11 (1) Every school district board of directors (~~shall~~) must fix,
12 alter, allow, and order paid salaries and compensation for all
13 district employees in conformance with this section.

14 ~~(2)((a) Salaries for certificated instructional staff shall not~~
15 ~~be less than the salary provided in the appropriations act in the~~
16 ~~statewide salary allocation schedule for an employee with a~~
17 ~~baccalaureate degree and zero years of service; and~~

18 ~~(b))~~ Salaries for all full-time certificated instructional staff
19 ~~((with a master's degree shall not be less than the salary provided~~
20 ~~in the appropriations act in the statewide salary allocation schedule~~
21 ~~for an employee with a master's degree and zero years of service))~~
22 shall not be less than forty-five thousand dollars. Salaries for
23 part-time certificated instructional staff must be adjusted
24 proportionally. The minimum salary requirement under this subsection
25 (2) applies to certificated instructional staff providing services
26 within the state's program of basic education.

27 (3)~~((a) The actual average salary paid to certificated~~
28 ~~instructional staff shall not exceed the district's average~~
29 ~~certificated instructional staff salary used for the state basic~~
30 ~~education allocations for that school year as determined pursuant to~~
31 ~~RCW 28A.150.410.~~

32 ~~(b) Fringe benefit contributions for certificated instructional~~
33 ~~staff shall be included as salary under (a) of this subsection only~~
34 ~~to the extent that the district's actual average benefit contribution~~
35 ~~exceeds the amount of the insurance benefits allocation provided per~~
36 ~~certificated instructional staff unit in the state operating~~
37 ~~appropriations act in effect at the time the compensation is payable.~~
38 ~~For purposes of this section, fringe benefits shall not include~~

1 ~~payment for unused leave for illness or injury under RCW 28A.400.210;~~
2 ~~employer contributions for old age survivors insurance, workers'~~
3 ~~compensation, unemployment compensation, and retirement benefits~~
4 ~~under the Washington state retirement system; or employer~~
5 ~~contributions for health benefits in excess of the insurance benefits~~
6 ~~allocation provided per certificated instructional staff unit in the~~
7 ~~state operating appropriations act in effect at the time the~~
8 ~~compensation is payable. A school district may not use state funds to~~
9 ~~provide employer contributions for such excess health benefits.~~

10 (e)) Salary and benefits for certificated instructional staff in
11 programs other than basic education ((shall)) must be consistent with
12 the salary and benefits paid to certificated instructional staff in
13 the basic education program.

14 (4) Additional salaries and benefits for certificated
15 instructional staff ((may exceed the limitations in subsection (3) of
16 this section only)) for activities not related to the state's program
17 of basic education may only be by separate contract for additional
18 time, for additional responsibilities, for incentives, or for
19 implementing specific measurable innovative activities, including
20 professional development, specified by the school district to: (a)
21 Close one or more achievement gaps, (b) focus on development of
22 science, technology, engineering, and mathematics (STEM) learning
23 opportunities, or (c) provide arts education. Beginning September 1,
24 2011, school districts ((shall)) must annually provide a brief
25 description of the innovative activities included in any supplemental
26 contract to the office of the superintendent of public instruction.
27 The office of the superintendent of public instruction ((shall)) must
28 summarize the district information and submit an annual report to the
29 education committees of the house of representatives and the senate.
30 Supplemental contracts ((shall)) may not cause the state to incur any
31 present or future funding obligation. Supplemental contracts ((shall
32 be)) are subject to the collective bargaining provisions of chapter
33 41.59 RCW and the provisions of RCW 28A.405.240, ((shall)) may not
34 exceed one year, and if not renewed ((shall)) may not constitute
35 adverse change in accordance with RCW 28A.405.300 through
36 28A.405.380. No district may enter into a supplemental contract under
37 this subsection for the provision of services which are a part of the
38 basic education program required by Article IX, section ((3)) 1 of
39 the state Constitution.

1 (5) Employee benefit plans offered by any district (~~shall~~) must
2 comply with RCW 28A.400.350 (~~and~~), 28A.400.275, and 28A.400.280.

3 **Part V**

4 **Establishing a Per Pupil Funding Model for General Education**
5 **Expenditures**

6 **Sec. 501.** RCW 28A.150.260 and 2014 c 217 s 206 are each amended
7 to read as follows:

8 The purpose of this section is to provide for the uniform
9 allocation of state funding that the legislature deems necessary to
10 support school districts in offering the minimum instructional
11 program of basic education under RCW 28A.150.220. The allocation
12 shall be determined as follows:

13 (1) The governor shall and the superintendent of public
14 instruction may recommend to the legislature a formula for the
15 distribution of a uniform basic education instructional allocation
16 for each common school district.

17 (2) The (~~distribution~~) formula under this section (~~shall be~~)
18 must be for establishing uniform per pupil amounts for allocation
19 purposes only. Except as may be required under chapter 28A.155,
20 28A.165, 28A.180, or 28A.185 RCW, or federal laws and regulations,
21 nothing in this section requires school districts to use basic
22 education instructional funds to implement a particular instructional
23 approach or service. Nothing in this section requires school
24 districts to maintain a particular classroom teacher-to-student ratio
25 or other staff-to-student ratio or to use allocated funds to pay for
26 particular types or classifications of staff. Nothing in this section
27 entitles an individual teacher to a particular teacher planning
28 period. The superintendent of public instruction must determine an
29 average per pupil amount for the allocations under subsections (4)
30 through (9) of this section by dividing the total estimated
31 allocations under subsections (4) through (9) of this section by the
32 annual average full-time equivalent students. If one or more of the
33 allocations in subsections (4) through (9) of this section are
34 separately addressed in the omnibus appropriations act, such
35 allocations shall be used instead.

36 (3)(a) To the extent the technical details of the formula have
37 been adopted by the legislature and except when specifically provided
38 as a school district allocation, the distribution formula for the

1 basic education instructional allocation shall be based on minimum
2 staffing and nonstaff costs the legislature deems necessary to
3 support instruction and operations in prototypical schools serving
4 high, middle, and elementary school students as provided in this
5 section. The use of prototypical schools for the distribution formula
6 does not constitute legislative intent that schools should be
7 operated or structured in a similar fashion as the prototypes.
8 Prototypical schools illustrate the level of resources needed to
9 operate a school of a particular size with particular types and grade
10 levels of students using commonly understood terms and inputs, such
11 as class size, hours of instruction, and various categories of school
12 staff. It is the intent that the funding allocations to school
13 districts be adjusted from the school prototypes based on the actual
14 number of annual average full-time equivalent students in each grade
15 level at each school in the district and not based on the grade-level
16 configuration of the school to the extent that data is available. The
17 allocations shall be further adjusted from the school prototypes with
18 minimum allocations for small schools and to reflect other factors
19 identified in the omnibus appropriations act.

20 (b) For the purposes of this section, prototypical schools are
21 defined as follows:

22 (i) A prototypical high school has six hundred average annual
23 full-time equivalent students in grades nine through twelve;

24 (ii) A prototypical middle school has four hundred thirty-two
25 average annual full-time equivalent students in grades seven and
26 eight; and

27 (iii) A prototypical elementary school has four hundred average
28 annual full-time equivalent students in grades kindergarten through
29 six.

30 (4)(a)(i) The minimum allocation for each level of prototypical
31 school shall be based on the number of full-time equivalent classroom
32 teachers needed to provide instruction over the minimum required
33 annual instructional hours under RCW 28A.150.220 and provide at least
34 one teacher planning period per school day, and based on the
35 following general education average class size of full-time
36 equivalent students per teacher:

	General education average class size
37	
38	
39	Grades K-3. 25.23

1	Grade 4.	27.00
2	Grades 5-6.	27.00
3	Grades 7-8.	28.53
4	Grades 9-12.	28.74

5 (ii) The minimum class size allocation for each prototypical high
6 school shall also provide for enhanced funding for class size
7 reduction for two laboratory science classes within grades nine
8 through twelve per full-time equivalent high school student
9 multiplied by a laboratory science course factor of 0.0833, based on
10 the number of full-time equivalent classroom teachers needed to
11 provide instruction over the minimum required annual instructional
12 hours in RCW 28A.150.220, and providing at least one teacher planning
13 period per school day:

14		Laboratory science	
15		average class size	
16	Grades 9-12.		19.98

17 (b) During the 2011-2013 biennium and beginning with schools with
18 the highest percentage of students eligible for free and reduced-
19 price meals in the prior school year, the general education average
20 class size for grades K-3 shall be reduced until the average class
21 size funded under this subsection (4) is no more than 17.0 full-time
22 equivalent students per teacher beginning in the 2017-18 school year.

23 (c) The minimum allocation for each prototypical middle and high
24 school shall also provide for full-time equivalent classroom teachers
25 based on the following number of full-time equivalent students per
26 teacher in career and technical education:

27		Career and technical	
28		education average	
29		class size	
30	Approved career and technical education offered at		
31	the middle school and high school level.		26.57
32	Skill center programs meeting the standards established		
33	by the office of the superintendent of public		
34	instruction.		22.76

35 (d) In addition, the omnibus appropriations act shall at a
36 minimum specify:

1 (i) A high-poverty average class size in schools where more than
 2 fifty percent of the students are eligible for free and reduced-price
 3 meals; and

4 (ii) A specialty average class size for advanced placement and
 5 international baccalaureate courses.

6 (5) The minimum allocation for each level of prototypical school
 7 shall include allocations for the following types of staff in
 8 addition to classroom teachers:

	Elementary School	Middle School	High School
9 Principals, assistant principals, and other certificated building-level			
10 administrators.	1.253	1.353	1.880
11 Teacher librarians, a function that includes information literacy, technology,			
12 and media to support school library media programs.	0.663	0.519	0.523
13 Health and social services:			
14 School nurses.	0.076	0.060	0.096
15 Social workers.	0.042	0.006	0.015
16 Psychologists.	0.017	0.002	0.007
17 Guidance counselors, a function that includes parent outreach and graduation			
18 advising.	0.493	1.116	2.539
19 Teaching assistance, including any aspect of educational instructional services			
20 provided by classified employees.	0.936	0.700	0.652
21 Office support and other noninstructional aides.	2.012	2.325	3.269
22 Custodians.	1.657	1.942	2.965
23 Classified staff providing student and staff safety.	0.079	0.092	0.141
24 Parent involvement coordinators.	0.00	0.00	0.00

27 (6)(a) The minimum staffing allocation for each school district
 28 to provide district-wide support services shall be allocated per one
 29 thousand annual average full-time equivalent students in grades K-12
 30 as follows:

	Staff per 1,000 K-12 students
31 Technology.	0.628
32 Facilities, maintenance, and grounds.	1.813
33 Warehouse, laborers, and mechanics.	0.332

1 (b) The minimum allocation of staff units for each school
2 district to support certificated and classified staffing of central
3 administration shall be 5.30 percent of the staff units generated
4 under subsections (4)(a) and (b) and (5) of this section and (a) of
5 this subsection.

6 (7) The distribution formula shall include staffing allocations
7 to school districts for career and technical education and skill
8 center administrative and other school-level certificated staff, as
9 specified in the omnibus appropriations act.

10 (8)(a) Except as provided in (b) and (c) of this subsection, the
11 minimum allocation for each school district shall include allocations
12 per annual average full-time equivalent student for the following
13 materials, supplies, and operating costs, to be adjusted for
14 inflation from the 2008-09 school year:

	Per annual average full-time equivalent student in grades K-12
18 Technology.	\$54.43
19 Utilities and insurance.	\$147.90
20 Curriculum and textbooks.	\$58.44
21 Other supplies and library materials.	\$124.07
22 Instructional professional development for certified and 23 classified staff.	\$9.04
24 Facilities maintenance.	\$73.27
25 Security and central office.	\$50.76

26 (b) During the 2011-2013 biennium, the minimum allocation for
27 maintenance, supplies, and operating costs shall be increased as
28 specified in the omnibus appropriations act. The following
29 allocations, adjusted for inflation from the 2007-08 school year, are
30 provided in the 2015-16 school year, after which the allocations
31 shall be adjusted annually for inflation as specified in the omnibus
32 appropriations act:

	Per annual average full-time equivalent student in grades K-12
36 Technology.	\$113.80
37 Utilities and insurance.	\$309.21
38 Curriculum and textbooks.	\$122.17

1	Other supplies and library materials.	\$259.39
2	Instructional professional development for certificated and	
3	classified staff.	\$18.89
4	Facilities maintenance.	\$153.18
5	Security and central office administration.	\$106.12

6 (c) In addition to the amounts provided in (a) and (b) of this
7 subsection, beginning in the 2014-15 school year, the omnibus
8 appropriations act shall provide the following minimum allocation for
9 each annual average full-time equivalent student in grades nine
10 through twelve for the following materials, supplies, and operating
11 costs, to be adjusted annually for inflation:

12		Per annual average
13		full-time equivalent student
14		in grades 9-12
15	Technology.	\$36.35
16	Curriculum and textbooks.	\$39.02
17	Other supplies and library materials.	\$82.84
18	Instructional professional development for certificated and	
19	classified staff.	\$6.04

20 (9) In addition to the amounts provided in subsection (8) of this
21 section, the omnibus appropriations act shall provide an amount based
22 on full-time equivalent student enrollment in each of the following:

- 23 (a) Exploratory career and technical education courses for
- 24 students in grades seven through twelve;
- 25 (b) Preparatory career and technical education courses for
- 26 students in grades nine through twelve offered in a high school; and
- 27 (c) Preparatory career and technical education courses for
- 28 students in grades eleven and twelve offered through a skill center.

29 (10) In addition to the allocations otherwise provided under this
30 section, amounts shall be provided to support the following programs
31 and services:

32 (a) To provide supplemental instruction and services for
33 underachieving students through the learning assistance program under
34 RCW 28A.165.005 through 28A.165.065, allocations shall be based on
35 the district percentage of students in grades K-12 who were eligible
36 for free or reduced-price meals in the prior school year. The minimum
37 allocation for the program shall provide for each level of
38 prototypical school resources to provide, on a statewide average,
39 1.5156 hours per week in extra instruction with a class size of

1 fifteen learning assistance program students per teacher. Each school
2 district shall receive a uniform per pupil distribution under this
3 subsection (10)(a). The office of the superintendent of public
4 instruction must calculate a uniform per pupil amount based on the
5 statewide total calculated under this subsection (10)(a).

6 (b) To provide supplemental instruction and services for students
7 whose primary language is other than English, allocations shall be
8 based on the head count number of students in each school who are
9 eligible for and enrolled in the transitional bilingual instruction
10 program under RCW 28A.180.010 through 28A.180.080. The minimum
11 allocation for each level of prototypical school shall provide
12 resources to provide, on a statewide average, 4.7780 hours per week
13 in extra instruction with fifteen transitional bilingual instruction
14 program students per teacher. Notwithstanding other provisions of
15 this subsection (10), the actual per-student allocation may be scaled
16 to provide a larger allocation for students needing more intensive
17 intervention and a commensurate reduced allocation for students
18 needing less intensive intervention, as detailed in the omnibus
19 appropriations act. Each school district shall receive a uniform per
20 pupil distribution under this subsection (10)(b). The office of the
21 superintendent of public instruction must calculate a uniform per
22 pupil amount based on the statewide total calculated under this
23 subsection (10)(b).

24 (c) To provide additional allocations to support programs for
25 highly capable students under RCW 28A.185.010 through 28A.185.030,
26 allocations shall be based on two and three hundred fourteen one-
27 thousandths percent of each school district's full-time equivalent
28 basic education enrollment. The minimum allocation for the programs
29 shall provide resources to provide, on a statewide average, 2.1590
30 hours per week in extra instruction with fifteen highly capable
31 program students per teacher. Each school district shall receive a
32 uniform per pupil distribution under this subsection (10)(c). The
33 office of the superintendent of public instruction must calculate a
34 uniform per pupil amount based on the statewide total calculated
35 under this subsection (10)(c).

36 (11) The allocations under subsections (4)(a) and (b), (5), (6),
37 and (8) of this section shall be enhanced as provided under RCW
38 28A.150.390 on an excess cost basis to provide supplemental
39 instructional resources for students with disabilities. Each school
40 district shall receive a uniform per pupil distribution under this

1 subsection (11). The office of the superintendent of public
2 instruction must calculate a uniform per pupil amount based on the
3 statewide total calculated under this subsection (11).

4 (12)(a) For the purposes of allocations for prototypical high
5 schools and middle schools under subsections (4) and (10) of this
6 section that are based on the percent of students in the school who
7 are eligible for free and reduced-price meals, the actual percent of
8 such students in a school shall be adjusted by a factor identified in
9 the omnibus appropriations act to reflect underreporting of free and
10 reduced-price meal eligibility among middle and high school students.

11 (b) Allocations or enhancements provided under subsections (4),
12 (7), and (9) of this section for exploratory and preparatory career
13 and technical education courses shall be provided only for courses
14 approved by the office of the superintendent of public instruction
15 under chapter 28A.700 RCW.

16 (c) For any school district, the minimum total allocation per
17 annual average full-time equivalent student for all allocations under
18 subsections (4) through (11) of this section and sections 203 and 204
19 of this act, and estimated levies collected under sections 101 and
20 102 of this act, is eleven thousand five hundred dollars per annual
21 average full-time equivalent student.

22 (13)(a) This formula for distribution of basic education funds
23 shall be reviewed biennially by the superintendent and governor. The
24 recommended formula shall be subject to approval, amendment or
25 rejection by the legislature.

26 (b) In the event the legislature rejects the distribution formula
27 recommended by the governor, without adopting a new distribution
28 formula, the distribution formula for the previous school year shall
29 remain in effect.

30 (c) The enrollment of any district shall be the annual average
31 number of full-time equivalent students and part-time students as
32 provided in RCW 28A.150.350, enrolled on the first school day of each
33 month, including students who are in attendance pursuant to RCW
34 28A.335.160 and 28A.225.250 who do not reside within the servicing
35 school district. The definition of full-time equivalent student shall
36 be determined by rules of the superintendent of public instruction
37 and shall be included as part of the superintendent's biennial budget
38 request. The definition shall be based on the minimum instructional
39 hour offerings required under RCW 28A.150.220. Any revision of the
40 present definition (~~shall~~) does not take effect until approved by

1 the house ways and means committee and the senate ways and means
2 committee.

3 (d) The office of financial management shall make a monthly
4 review of the superintendent's reported full-time equivalent students
5 in the common schools in conjunction with RCW 43.62.050.

6 **Sec. 502.** RCW 28A.150.260 and 2015 c 2 s 2 and 2014 c 217 s 206
7 are each reenacted and amended to read as follows:

8 The purpose of this section is to provide for the uniform
9 allocation of state funding that the legislature deems necessary to
10 support school districts in offering the minimum instructional
11 program of basic education under RCW 28A.150.220. The allocation
12 shall be determined as follows:

13 (1) The governor shall and the superintendent of public
14 instruction may recommend to the legislature a formula for the
15 distribution of a uniform basic education instructional allocation
16 for each common school district.

17 (2) The ~~((distribution))~~ formula under this section ~~((shall be))~~
18 must be for establishing uniform per pupil amounts for allocation
19 purposes only. Except as required for class size reduction funding
20 provided under subsection (4)(f) of this section and as may be
21 required under chapter 28A.155, 28A.165, 28A.180, or 28A.185 RCW, or
22 federal laws and regulations, nothing in this section requires school
23 districts to use basic education instructional funds to implement a
24 particular instructional approach or service. Nothing in this section
25 requires school districts to maintain a particular classroom teacher-
26 to-student ratio or other staff-to-student ratio or to use allocated
27 funds to pay for particular types or classifications of staff.
28 Nothing in this section entitles an individual teacher to a
29 particular teacher planning period. The superintendent of public
30 instruction must determine an average per pupil amount for the
31 allocations under subsections (4) through (9) of this section by
32 dividing the total estimated allocations under subsections (4)
33 through (9) of this section by the annual average full-time
34 equivalent students. If one or more of the allocations in subsections
35 (4) through (9) of this section are separately addressed in the
36 omnibus appropriations act, such allocations shall be used instead.

37 (3)(a) To the extent the technical details of the formula have
38 been adopted by the legislature and except when specifically provided
39 as a school district allocation, the distribution formula for the

1 basic education instructional allocation shall be based on minimum
2 staffing and nonstaff costs the legislature deems necessary to
3 support instruction and operations in prototypical schools serving
4 high, middle, and elementary school students as provided in this
5 section. The use of prototypical schools for the distribution formula
6 does not constitute legislative intent that schools should be
7 operated or structured in a similar fashion as the prototypes.
8 Prototypical schools illustrate the level of resources needed to
9 operate a school of a particular size with particular types and grade
10 levels of students using commonly understood terms and inputs, such
11 as class size, hours of instruction, and various categories of school
12 staff. It is the intent that the funding allocations to school
13 districts be adjusted from the school prototypes based on the actual
14 number of annual average full-time equivalent students in each grade
15 level at each school in the district and not based on the grade-level
16 configuration of the school to the extent that data is available. The
17 allocations shall be further adjusted from the school prototypes with
18 minimum allocations for small schools and to reflect other factors
19 identified in the omnibus appropriations act.

20 (b) For the purposes of this section, prototypical schools are
21 defined as follows:

22 (i) A prototypical high school has six hundred average annual
23 full-time equivalent students in grades nine through twelve;

24 (ii) A prototypical middle school has four hundred thirty-two
25 average annual full-time equivalent students in grades seven and
26 eight; and

27 (iii) A prototypical elementary school has four hundred average
28 annual full-time equivalent students in grades kindergarten through
29 six.

30 (4)(a)(i) The minimum allocation for each level of prototypical
31 school shall be based on the number of full-time equivalent classroom
32 teachers needed to provide instruction over the minimum required
33 annual instructional hours under RCW 28A.150.220 and provide at least
34 one teacher planning period per school day, and based on the
35 following general education average class size of full-time
36 equivalent students per teacher:

37
38
39
General education
average
class size

1	Grades K-3.	17.00
2	Grade 4.	25.00
3	Grades 5-6.	25.00
4	Grades 7-8.	25.00
5	Grades 9-12.	25.00

6 (ii) The minimum class size allocation for each prototypical high
7 school shall also provide for enhanced funding for class size
8 reduction for two laboratory science classes within grades nine
9 through twelve per full-time equivalent high school student
10 multiplied by a laboratory science course factor of 0.0833, based on
11 the number of full-time equivalent classroom teachers needed to
12 provide instruction over the minimum required annual instructional
13 hours in RCW 28A.150.220, and providing at least one teacher planning
14 period per school day:

15		Laboratory science
16		average class size
17	Grades 9-12.	19.98

18 (b) During the 2011-2013 biennium and beginning with schools with
19 the highest percentage of students eligible for free and reduced-
20 price meals in the prior school year, the general education average
21 class size for grades K-3 shall be reduced until the average class
22 size funded under this subsection (4) is no more than 17.0 full-time
23 equivalent students per teacher beginning in the 2017-18 school year.

24 (c) The minimum allocation for each prototypical middle and high
25 school shall also provide for full-time equivalent classroom teachers
26 based on the following number of full-time equivalent students per
27 teacher in career and technical education:

28		Career and technical
29		education average
30		class size
31	Approved career and technical education offered at	
32	the middle school and high school level.	19.0
33	Skill center programs meeting the standards established	
34	by the office of the superintendent of public	
35	instruction.	16.0

36 (d) In addition, the omnibus appropriations act shall at a
37 minimum specify a specialty average class size for advanced placement
38 and international baccalaureate courses.

1 (e) For each level of prototypical school at which more than
 2 fifty percent of the students were eligible for free and reduced-
 3 price meals in the prior school year, the superintendent shall
 4 allocate funding based on the following average class size of full-
 5 time equivalent students per teacher:

6		General education average
7		class size in
8		high poverty
9	Grades K-3.	15.0
10	Grade 4.	22.0
11	Grades 5-6.	23.0
12	Grades 7-8.	23.0
13	Grades 9-12.	23.0

14 (f)(i) Funding for average class sizes in this subsection (4)
 15 shall be provided only to the extent of, and proportionate to, the
 16 school district's demonstrated actual average class size, up to the
 17 funded class sizes.

18 (ii) Districts that demonstrate capital facility needs that
 19 prevent them from reducing actual class sizes to funded levels, may
 20 use funding in this subsection (4) for school-based personnel who
 21 provide direct services to students. Districts that use this funding
 22 for purposes other than reducing actual class sizes must annually
 23 report the number and dollar value for each type of personnel funded
 24 by school and grade level.

25 (iii) The office of the superintendent of public instruction
 26 shall develop rules to implement this subsection (4).

27 (5) The minimum allocation for each level of prototypical school
 28 shall include allocations necessary for the safe and effective
 29 operation of a school, to meet individual student needs, and to
 30 ensure all required school functions can be performed by
 31 appropriately trained personnel, for the following types of staff in
 32 addition to classroom teachers:

33		Elementary	Middle	High
34		School	School	School
35	Principals, assistant principals, and other certificated building-level			
36	administrators.	1.3	1.4	1.9
37	Teacher librarians, a function that includes information literacy, technology,			
38	and media to support school library media programs.	1.0	1.0	1.0

1	Health and social services:			
2	School nurses.....	0.585	0.888	0.824
3	Social workers.....	0.311	0.088	0.127
4	Psychologists.....	0.104	0.024	0.049
5	Guidance counselors, a function that includes parent outreach and graduation			
6	advising.....	0.50	2.0	3.5
7	Teaching assistance, including any aspect of educational instructional services			
8	provided by classified employees.....	2.0	1.0	1.0
9	Office support and other noninstructional aides.....	3.0	3.5	3.5
10	Custodians.....	1.7	2.0	3.0
11	Classified staff providing student and staff safety.....	0.0	0.7	1.3
12	Parent involvement coordinators.....	1.0	1.0	1.0

13 (6)(a) The minimum staffing allocation for each school district
14 to provide district-wide support services shall be allocated per one
15 thousand annual average full-time equivalent students in grades K-12
16 as follows:

17		Staff per 1,000
18		K-12 students
19	Technology.	2.8
20	Facilities, maintenance, and grounds.	4.0
21	Warehouse, laborers, and mechanics.	1.9

22 (b) The minimum allocation of staff units for each school
23 district to support certificated and classified staffing of central
24 administration shall be 5.30 percent of the staff units generated
25 under subsections (4)(a) and (b) and (5) of this section and (a) of
26 this subsection.

27 (7) The distribution formula shall include staffing allocations
28 to school districts for career and technical education and skill
29 center administrative and other school-level certificated staff, as
30 specified in the omnibus appropriations act.

31 (8)(a) Except as provided in (b) and (c) of this subsection, the
32 minimum allocation for each school district shall include allocations
33 per annual average full-time equivalent student for the following
34 materials, supplies, and operating costs, to be adjusted for
35 inflation from the 2008-09 school year:

36 Per annual average

1		full-time equivalent student	
2			in grades K-12
3	Technology.		\$54.43
4	Utilities and insurance.		\$147.90
5	Curriculum and textbooks.		\$58.44
6	Other supplies and library materials.		\$124.07
7	Instructional professional development for certified and		
8	classified staff.		\$9.04
9	Facilities maintenance.		\$73.27
10	Security and central office.		\$50.76

11 (b) During the 2011-2013 biennium, the minimum allocation for
 12 maintenance, supplies, and operating costs shall be increased as
 13 specified in the omnibus appropriations act. The following
 14 allocations, adjusted for inflation from the 2007-08 school year, are
 15 provided in the 2015-16 school year, after which the allocations
 16 shall be adjusted annually for inflation as specified in the omnibus
 17 appropriations act:

18		Per annual average	
19		full-time equivalent student	
20			in grades K-12
21	Technology.		\$113.80
22	Utilities and insurance.		\$309.21
23	Curriculum and textbooks.		\$122.17
24	Other supplies and library materials.		\$259.39
25	Instructional professional development for certificated and		
26	classified staff.		\$18.89
27	Facilities maintenance.		\$153.18
28	Security and central office administration.		\$106.12

29 (c) In addition to the amounts provided in (a) and (b) of this
 30 subsection, beginning in the 2014-15 school year, the omnibus
 31 appropriations act shall provide the following minimum allocation for
 32 each annual average full-time equivalent student in grades nine
 33 through twelve for the following materials, supplies, and operating
 34 costs, to be adjusted annually for inflation:

35		Per annual average	
36		full-time equivalent student	
37			in grades 9-12
38	Technology.		\$36.35

1	Curriculum and textbooks.	\$39.02
2	Other supplies and library materials.	\$82.84
3	Instructional professional development for certificated and	
4	classified staff.	\$6.04

5 (9) In addition to the amounts provided in subsection (8) of this
6 section, the omnibus appropriations act shall provide an amount based
7 on full-time equivalent student enrollment in each of the following:

8 (a) Exploratory career and technical education courses for
9 students in grades seven through twelve;

10 (b) Preparatory career and technical education courses for
11 students in grades nine through twelve offered in a high school; and

12 (c) Preparatory career and technical education courses for
13 students in grades eleven and twelve offered through a skill center.

14 (10) In addition to the allocations otherwise provided under this
15 section, amounts shall be provided to support the following programs
16 and services:

17 (a) To provide supplemental instruction and services for
18 underachieving students through the learning assistance program under
19 RCW 28A.165.005 through 28A.165.065, allocations shall be based on
20 the district percentage of students in grades K-12 who were eligible
21 for free or reduced-price meals in the prior school year. The minimum
22 allocation for the program shall provide for each level of
23 prototypical school resources to provide, on a statewide average,
24 1.5156 hours per week in extra instruction with a class size of
25 fifteen learning assistance program students per teacher. Each school
26 district shall receive a uniform per pupil distribution under this
27 subsection (10)(a). The office of the superintendent of public
28 instruction must calculate a uniform per pupil amount based on the
29 statewide total calculated under this subsection (10)(a).

30 (b) To provide supplemental instruction and services for students
31 whose primary language is other than English, allocations shall be
32 based on the head count number of students in each school who are
33 eligible for and enrolled in the transitional bilingual instruction
34 program under RCW 28A.180.010 through 28A.180.080. The minimum
35 allocation for each level of prototypical school shall provide
36 resources to provide, on a statewide average, 4.7780 hours per week
37 in extra instruction with fifteen transitional bilingual instruction
38 program students per teacher. Notwithstanding other provisions of
39 this subsection (10), the actual per-student allocation may be scaled

1 to provide a larger allocation for students needing more intensive
2 intervention and a commensurate reduced allocation for students
3 needing less intensive intervention, as detailed in the omnibus
4 appropriations act. Each school district shall receive a uniform per
5 pupil distribution under this subsection (10)(b). The office of the
6 superintendent of public instruction must calculate a uniform per
7 pupil amount based on the statewide total calculated under this
8 subsection (10)(b).

9 (c) To provide additional allocations to support programs for
10 highly capable students under RCW 28A.185.010 through 28A.185.030,
11 allocations shall be based on two and three hundred fourteen one-
12 thousandths percent of each school district's full-time equivalent
13 basic education enrollment. The minimum allocation for the programs
14 shall provide resources to provide, on a statewide average, 2.1590
15 hours per week in extra instruction with fifteen highly capable
16 program students per teacher. Each school district shall receive a
17 uniform per pupil distribution under this subsection (10)(c). The
18 office of the superintendent of public instruction must calculate a
19 uniform per pupil amount based on the statewide total calculated
20 under this subsection (10)(c).

21 (11) The allocations under subsections (4)(a) and (b), (5), (6),
22 and (8) of this section shall be enhanced as provided under RCW
23 28A.150.390 on an excess cost basis to provide supplemental
24 instructional resources for students with disabilities. Each school
25 district shall receive a uniform per pupil distribution under this
26 subsection (11). The office of the superintendent of public
27 instruction must calculate a uniform per pupil amount based on the
28 statewide total calculated under this subsection (11).

29 (12)(a) For the purposes of allocations for prototypical high
30 schools and middle schools under subsections (4) and (10) of this
31 section that are based on the percent of students in the school who
32 are eligible for free and reduced-price meals, the actual percent of
33 such students in a school shall be adjusted by a factor identified in
34 the omnibus appropriations act to reflect underreporting of free and
35 reduced-price meal eligibility among middle and high school students.

36 (b) Allocations or enhancements provided under subsections (4),
37 (7), and (9) of this section for exploratory and preparatory career
38 and technical education courses shall be provided only for courses
39 approved by the office of the superintendent of public instruction
40 under chapter 28A.700 RCW.

1 (c) For any school district, the minimum total allocation per
2 annual average full-time equivalent student for all allocations under
3 subsections (4) through (11) of this section and sections 203 and 204
4 of this act, and estimated levies collected under sections 101 and
5 102 of this act, is eleven thousand five hundred dollars per annual
6 average full-time equivalent student.

7 (13)(a) This formula for distribution of basic education funds
8 shall be reviewed biennially by the superintendent and governor. The
9 recommended formula shall be subject to approval, amendment or
10 rejection by the legislature.

11 (b) In the event the legislature rejects the distribution formula
12 recommended by the governor, without adopting a new distribution
13 formula, the distribution formula for the previous school year shall
14 remain in effect.

15 (c) The enrollment of any district shall be the annual average
16 number of full-time equivalent students and part-time students as
17 provided in RCW 28A.150.350, enrolled on the first school day of each
18 month, including students who are in attendance pursuant to RCW
19 28A.335.160 and 28A.225.250 who do not reside within the servicing
20 school district. The definition of full-time equivalent student shall
21 be determined by rules of the superintendent of public instruction
22 and shall be included as part of the superintendent's biennial budget
23 request. The definition shall be based on the minimum instructional
24 hour offerings required under RCW 28A.150.220. Any revision of the
25 present definition (~~shall~~) does not take effect until approved by
26 the house ways and means committee and the senate ways and means
27 committee.

28 (d) The office of financial management shall make a monthly
29 review of the superintendent's reported full-time equivalent students
30 in the common schools in conjunction with RCW 43.62.050.

31 **Sec. 503.** RCW 28A.150.390 and 2010 c 236 s 3 are each amended to
32 read as follows:

33 (1) The superintendent of public instruction shall submit to each
34 regular session of the legislature during an odd-numbered year a
35 programmed budget request for special education programs for students
36 with disabilities. Funding for programs operated by local school
37 districts shall be on an excess cost basis from appropriations
38 provided by the legislature for special education programs for
39 students with disabilities and shall take account of state funds

1 accruing through RCW 28A.150.260 (~~((4)(a) and (b), (5), (6), and~~
2 ~~(8))~~) (11).

3 (2) The excess cost allocation to school districts shall be based
4 on the following:

5 (a) A district's annual average headcount enrollment of students
6 ages birth through four and those five year olds not yet enrolled in
7 kindergarten who are eligible for and enrolled in special education,
8 multiplied by the (~~(district's base allocation per full-time~~
9 ~~equivalent student, multiplied by 1.15)~~) per pupil amount specified
10 in RCW 28A.150.260(11); and

11 (b) A district's annual average full-time equivalent basic
12 education enrollment, multiplied by the district's funded enrollment
13 percent, multiplied by the (~~(district's base allocation per full-time~~
14 ~~equivalent student, multiplied by 0.9309)~~) per pupil amount specified
15 in RCW 28A.150.260(11).

16 (3) As used in this section:

17 (a) (~~("Base allocation" means the total state allocation to all~~
18 ~~schools in the district generated by the distribution formula under~~
19 ~~RCW 28A.150.260 (4)(a) and (b), (5), (6), and (8), to be divided by~~
20 ~~the district's full-time equivalent enrollment.~~

21 ~~(b))~~ "Basic education enrollment" means enrollment of resident
22 students including nonresident students enrolled under RCW
23 28A.225.225 and students from nonhigh districts enrolled under RCW
24 28A.225.210 and excluding students residing in another district
25 enrolled as part of an interdistrict cooperative program under RCW
26 28A.225.250.

27 (~~(c))~~ (b) "Enrollment percent" means the district's resident
28 special education annual average enrollment, excluding students ages
29 birth through four and those five year olds not yet enrolled in
30 kindergarten, as a percent of the district's annual average full-time
31 equivalent basic education enrollment.

32 (~~(d))~~ (c) "Funded enrollment percent" means the lesser of the
33 district's actual enrollment percent or twelve and seven-tenths
34 percent.

35 **Part VI**
36 **Miscellaneous Provisions**

37 NEW SECTION. **Sec. 601.** If the provisions of this act would
38 cause any school district to receive less funds than the district

1 would receive under the law in effect on January 1, 2017, the office
2 of the superintendent of public instruction shall increase the amount
3 apportioned to the district under chapter 28A.510 RCW to prevent such
4 reduction.

5 NEW SECTION. **Sec. 602.** Sections 401 and 501 of this act take
6 effect September 1, 2017.

7 NEW SECTION. **Sec. 603.** Section 502 of this act takes effect
8 September 1, 2022.

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