
SUBSTITUTE SENATE BILL 5875

State of Washington 65th Legislature 2017 Regular Session

By Senate Ways & Means (originally sponsored by Senator Braun)

READ FIRST TIME 03/23/17.

1 AN ACT Relating to making revisions to education reforms in
2 Substitute Senate Bill No. 5607; amending RCW 28A.150.---, 84.52.065,
3 84.52.---, and 28A.320.---; and amending 2017 c ... (SSB 5607) s 2102
4 (uncodified).

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

6 **Sec. 1.** RCW 28A.150.--- and 2017 c ... (SSB 5607) s 102 are each
7 amended to read as follows:

8 (1) The legislature intends through a basic per pupil guarantee,
9 as well as supplemental per pupil guarantees for existing and several
10 new categorical programs, to provide an educational system in which
11 each child is afforded an equal opportunity to learn, regardless of
12 differences in his or her family and community resources.

13 (2) The purpose of this section is to provide for the
14 distribution of state funding for basic education, which provides the
15 necessary support to school districts to fund the actual cost of the
16 program of basic education under RCW 28A.150.220 and student
17 transportation and transportation services under RCW 28A.150.200. The
18 distribution formulas under this section are for allocation purposes
19 only(~~(, to be adjusted annually for inflation)~~)).

20 (3) Except as otherwise provided in this section, the legislature
21 must provide and the superintendent of public instruction must

1 distribute state funds to school districts on the basis of each
2 annual average full-time equivalent student enrolled in the district.
3 The annual average full-time equivalent student enrolled in the
4 district is calculated on the basis of a minimum required school year
5 of one hundred eighty days. The enrollment of any district must be
6 the annual average number of full-time equivalent students enrolled
7 on the first school day of each month. The definition of full-time
8 equivalent student must be determined by rules of the superintendent
9 of public instruction and must be included as part of the
10 superintendent's biennial budget request. The definition must be
11 based on the minimum instructional hour offerings required under RCW
12 28A.150.220. Any revision of the definition existing on December 14,
13 2017, must not take effect until formally approved by the legislature
14 by enacting legislation or passing a concurrent resolution.

15 (4) The basic and supplemental per pupil guarantees are as
16 follows:

17 (a)(i) A basic per pupil guarantee (~~(of ten thousand dollars)~~)
18 for each annual average full-time equivalent student enrolled in the
19 school district. When apportioning the basic per pupil guarantee to
20 school districts as provided in RCW 28A.510.250, the guarantee for
21 each district must be funded first through an estimate of the local
22 effort levy authorized in RCW 84.52.065(2) that will be collected
23 during the school year within the school district. In school year
24 2018-19, the basic per pupil guarantee is nine thousand two hundred
25 dollars. For school year 2019-20, the basic per pupil guarantee is
26 ten thousand two hundred dollars, and for each year thereafter, the
27 basic per pupil guarantee shall be adjusted annually for inflation.

28 (ii) The basic per pupil guarantee under (a)(i) of this
29 subsection for any school district must be increased by an amount
30 necessary to ensure that the state contribution, which excludes the
31 local effort levy, constitutes at least forty percent of the basic
32 per pupil amount.

33 (iii) Any school district with an enrollment of two thousand five
34 hundred students or less that is estimated to receive less funding
35 under the new formula provided in (a)(i) of this subsection than the
36 funding the district is estimated to receive under the law in effect
37 as of January 1, 2017, for the 2018-19 school year from state general
38 apportionment, state levy equalization funding, state pupil
39 transportation funding, and the district's local school district
40 maintenance and operation levy, the district must receive the higher

1 amount calculated under current law. In school year 2018-19, the
2 current law amount shall be adjusted by the ratio of the total
3 statewide basic per pupil guarantee and the total amount that would
4 have been provided under current law. Beginning ~~((in))~~ with the
5 2019-20 school year, the amount calculated under this subsection
6 (4)(a)(iii) must be ~~((increased))~~ adjusted annually by inflation;

7 (b) An additional supplemental per pupil guarantee of one
8 thousand dollars to provide supplemental instruction and services for
9 students whose primary language is other than English. Allocations
10 are based on the head count number of students in each school who are
11 eligible for and enrolled in the transitional bilingual instruction
12 program under RCW 28A.180.010 through 28A.180.060 or for support for
13 students for up to two years immediately after the student has exited
14 the program. Notwithstanding other provisions of this subsection
15 (4)(b), the actual per-student allocation may be scaled to provide a
16 larger allocation for students needing more intensive intervention
17 and a commensurate reduced allocation for students needing less
18 intensive intervention, as detailed in the omnibus appropriations
19 act;

20 (c) An additional supplemental per pupil guarantee of one
21 thousand dollars to support programs for highly capable students
22 under RCW 28A.185.010 through 28A.185.030. Allocations shall be based
23 on two and three hundred fourteen one-thousandths percent of each
24 school district's average full-time equivalent basic education
25 enrollment;

26 (d) An additional supplemental per pupil guarantee of two
27 thousand dollars for poverty students. However, for school districts
28 with a poverty rate exceeding thirty percent, the supplemental per
29 pupil guarantee is increased to five thousand dollars per pupil for
30 the total number of poverty students exceeding the thirty percent
31 threshold. The supplemental per pupil guarantee under this subsection
32 (4)(d) must be used to provide supplemental instruction and services
33 for underachieving students through the learning assistance program
34 under RCW 28A.165.005 through 28A.165.065. Allocations are based on
35 the most recent estimates of poverty rates within school districts
36 for children ages five to seventeen under the United States census
37 bureau's small area and poverty estimates program;

38 (e) An additional supplemental per pupil guarantee of one
39 thousand five hundred dollars to provide supplemental instruction and
40 services for homeless students. Allocations are based on the number

1 of unsheltered homeless students indicated in the most recent
2 homeless student data report provided by the superintendent of public
3 instruction;

4 (f) An additional supplemental per pupil guarantee of seven
5 thousand five hundred dollars to provide supplemental instructional
6 resources for students with disabilities as determined under RCW
7 28A.150.390; ~~((and))~~

8 (g) An additional supplemental per pupil guarantee of five
9 hundred dollars for career and technical education students and
10 students enrolled in skill centers; and

11 (h) Beginning with the 2019-20 school year, the additional
12 supplemental per pupil guarantees provided in (b) through (g) of this
13 subsection are adjusted annually by inflation.

14 (5)(a) Except as provided in (b) of this subsection, after all
15 other funding calculations are completed, if the total per pupil
16 funding amount for a school district is less than twelve thousand
17 five hundred dollars when including all ~~((local))~~ state~~((r))~~ and
18 federal revenues, the per pupil amount must be increased to twelve
19 thousand five hundred dollars. Beginning with the 2019-20 school
20 year, the twelve thousand five hundred dollar threshold is adjusted
21 annually by inflation.

22 (b) The calculation under (a) of this subsection is a measure
23 intended to decrease funding disparities between school districts and
24 students. However, revisions made to RCW 84.52.0531 during the 2017
25 legislative session may cause greater funding disparities between
26 school districts and students during the 2018-19 school year as the
27 state's transitions to a per pupil funding guarantee. For this
28 reason, for the 2018-19 school year only, the calculation under (a)
29 of this subsection includes local maintenance and operation levies
30 levied for collection in calendar year 2018.

31 (6) For the purpose of this section, the following definitions
32 apply unless the context clearly requires otherwise.

33 (a) "Federal revenues" means the total federal revenues received
34 by a school district during the 2017-18 school year.

35 (b) "Inflation" means the percentage change in the implicit price
36 deflator for personal consumption expenditures for the United States
37 as published for the most recent calendar year by the bureau of
38 economic analysis of the federal department of commerce.

39 (c) "State revenues" means the total state funding appropriated
40 for school districts under the omnibus operating appropriations act.

1 (7) In years where the change in inflation is zero or negative,
2 no adjustment by inflation will be made to any per pupil guarantee or
3 calculation in this section.

4 **Sec. 2.** RCW 84.52.065 and 2017 c . . . (SSB 5607) s 201 are each
5 amended to read as follows:

6 (1) Subject to the limitations in RCW 84.55.010, in each year the
7 state shall levy for collection in the following year for the support
8 of common schools of the state a tax of three dollars and sixty cents
9 per thousand dollars of assessed value upon the assessed valuation of
10 all taxable property within the state adjusted to the state equalized
11 value in accordance with the indicated ratio fixed by the state
12 department of revenue.

13 (2)(a) In addition to the tax authorized under subsection (1) of
14 this section, the state must levy a local effort levy on behalf of
15 school districts for collection beginning in 2018 and every year
16 thereafter, for the support of common schools of the state, at a rate
17 of one dollar and (~~eighty~~) fifty-five cents per thousand dollars of
18 assessed value upon the assessed valuation of all taxable property
19 within the state adjusted to the state equalized value in accordance
20 with the indicated ratio fixed by the state department of revenue.
21 The rate of tax may be reduced as provided in the omnibus
22 appropriations act for the fiscal biennium. Local effort levy taxes
23 collected under this subsection must be deposited into the education
24 legacy trust account. The omnibus appropriations act must specify the
25 applicable tax rate for each calendar year.

26 (b) The local effort levy imposed by the state on behalf of
27 school districts in this subsection is not subject to the limitations
28 in RCW 84.55.010.

29 (c) Beginning in calendar year 2019, the levy imposed in this
30 subsection must be distributed back to school districts
31 proportionally based on the equalized assessed valuation of property
32 within the school district as a percentage of the statewide total
33 equalized assessed valuation of property in all school districts
34 using the apportionment schedule provided in RCW 28A.510.250.

35 (d) In calendar year 2018 only, the rate of tax is forty-five
36 cents per thousand dollars of assessed value upon the assessed
37 valuation of all taxable property within the state adjusted to the
38 state equalized value in accordance with the indicated ratio fixed by
39 the state department of revenue.

1 (3) The aggregate rate limit for the 2018 collection year and
2 thereafter is the sum of the maximum levy rates in subsections (1)
3 and (2) of this section.

4 (4)(a) Beginning July 1, 2019, and ending at such time the
5 condition of (b) of this subsection has been met, to the extent that
6 biennial revenues to the state general fund and related funds exceed
7 state general fund and related fund revenues for the prior fiscal
8 biennium, the legislature must prioritize the use of the increased
9 revenue for meeting enrollment and inflationary increases for the
10 basic per pupil guarantee, the supplemental per pupil guarantees, and
11 other funding components of RCW 28A.150. . . (section 102,
12 chapter . . . (SSB 5607), Laws of 2017). The second priority use for
13 the increased revenues are to reduce the tax rate imposed in
14 subsection (2)(a) of this section with the ultimate goal to reduce
15 the tax rate to one dollar and twenty-five cents per thousand dollars
16 of assessed value.

17 (b) Once the omnibus appropriations act provides the necessary
18 state appropriations for K-12 education programs and specifies that
19 the applicable tax rate imposed under subsection (2)(a) of this
20 section is one dollar and twenty-five cents per thousand dollars of
21 assessed value, the priority requirements of (a) of this subsection
22 will not apply in subsequent fiscal biennia. The calculations
23 necessary to determine compliance with this subsection (4) shall be
24 performed by the economic and revenue forecast council.

25 (5) As used in this section:

26 (a) "Appropriations for K-12 education programs" are state
27 allocations to school districts, charter schools, and educational
28 service districts.

29 (b) "Biennial revenues to the state general fund and related
30 funds" includes the unrestricted ending fund balance from the prior
31 fiscal biennium and includes the transfer or diversion of revenue or
32 money to or from another fund or account but excludes transfers to
33 the budget stabilization account under Article VII, section 12 of the
34 state Constitution.

35 (c) "Related funds" means the Washington opportunity pathways
36 account and the education legacy trust account.

37 (d) "The support of common schools" includes the payment of the
38 principal and interest on bonds issued for capital construction
39 projects for the common schools.

1 **Sec. 3.** RCW 84.52.--- and 2017 c ... (SSB 5607) s 210 are each
2 amended to read as follows:

3 (1) Each tax year, the county assessors must notify the
4 department if the assessor determines that the aggregate limitation
5 in RCW 84.52.050 has been exceeded for any tax code area within their
6 county. The assessor must also provide the department with any
7 associated data or worksheets or other forms used by the assessor's
8 office in making a determination that the aggregate limitation in RCW
9 84.52.050 has been exceeded for any tax code area within the
10 assessor's county and the taxable assessed value for those districts
11 within such tax code areas. The county assessors must also provide
12 the department with any other documentation requested by the
13 department for purposes of carrying out the department's
14 responsibilities under this section. The notification and
15 documentation required under this subsection must be received by the
16 department before March 1st.

17 (2) Each tax year, a taxing district must notify the appropriate
18 county assessor if the taxing district enters into an agreement under
19 the authority of RCW 39.67.010 to avoid or lessen the reduction of
20 its levy under RCW 84.52.010 resulting from the aggregate limitation
21 in RCW 84.52.050 having been exceeded. The notification required
22 under this subsection must include the amount of money that the
23 taxing district agreed to transfer to another taxing district under
24 such agreement. The county assessor must forward the information
25 received under this subsection to the department before March 1st.

26 ~~(3) ((If a county assessor fails to comply with the requirements~~
27 ~~of subsections (1) and (2) of this section before March 1st, no~~
28 ~~impacted taxing districts may receive payments under this section in~~
29 ~~the current fiscal year. If the county assessor complies with the~~
30 ~~notification and documentation requirements in subsections (1) and~~
31 ~~(2) of this section on or after March 1st, impacted taxing districts~~
32 ~~may receive payments in the following state fiscal year, conditioned~~
33 ~~on an appropriation by the legislature.~~

34 (4)) Beginning with the levy of state taxes for collection in
35 2019, in addition to the levy required by RCW 84.48.080, the
36 department must compute a hypothetical levy of state taxes based on
37 the provisions of Title 84 RCW as they existed on January 1, 2018.
38 This hypothetical state levy must be computed before February 1st of
39 each year.

1 ~~((+5))~~ (4) For each county whose assessor has provided the
2 notification and documentation required under subsection (1) or (2)
3 of this section before March 1st of the current calendar year, the
4 department must calculate a hypothetical state levy rate for the
5 current tax year based on the hypothetical state levy computed as
6 required under subsection ~~((+4))~~ (3) of this section.

7 ~~((+6))~~ (5)(a) For each taxing district within a tax code area
8 included in a notification under subsection (1) of this section or
9 included in a notification under subsection (2) of this section, the
10 department must determine whether and how much each potentially
11 impacted taxing district's regular levy was negatively impacted due
12 to an increase in the amount of property taxes levied under RCW
13 84.52.065 after January 1, 2017.

14 (b) Each impacted taxing district ~~((is eligible to))~~ must receive
15 a payment from the state equal to the amount that the taxing
16 district's regular levy was negatively impacted due to an increase in
17 the amount of property taxes levied under RCW 84.52.065 after January
18 1, 2017, as determined by the department under this subsection
19 ~~((+6))~~ (5). ~~((Payments authorized under this subsection (6) are
20 conditioned on an appropriation by the legislature.~~

21 ~~(+7))~~ (6) By June 15th of each year, the department must notify
22 the state treasurer of the amounts that each impacted taxing district
23 are eligible for under subsection ~~((+6))~~ (5) of this section. By
24 June 30th, the state treasurer must transfer such amounts to the
25 treasurer of the county in which the impacted taxing district is
26 wholly located or has its main office if the impacted taxing district
27 is located in more than one county~~((, subject to amounts appropriated
28 for that purpose. If amounts appropriated for these transfers are
29 less than the amounts necessary to make the full amount of each
30 transfer, the state treasurer must reduce the amount of the transfers
31 on a pro rata basis))~~. The county treasurer must forward amounts
32 received from the state treasurer under this subsection to the
33 impacted taxing districts entitled to the funds.

34 ~~((+8))~~ (7) For purposes of this subsection, the following
35 definitions apply:

36 (a) "Appropriate county assessor" means (i) the county assessor
37 of the county within which a taxing district subject to subsection
38 (2) of this section is wholly located or (ii) if that taxing district
39 is located in more than one county, the county assessor of the county

1 in which the greatest amount of assessed value of the taxing district
2 is located.

3 (b) "Impacted taxing district" means a local taxing district
4 whose regular levy was negatively impacted due to an increase in the
5 amount of property taxes levied by the state as a result of increased
6 levy authority provided by the legislature after January 1, 2017, as
7 determined by the department under this section.

8 ~~((+9))~~ (8) The department may adopt rules as the department
9 considers necessary to implement this section, consistent with the
10 purpose of those sections as described in section 212, chapter . . .
11 (SSB 5607), Laws of 2017.

12 ~~((+10))~~ (9) This section expires July 1, 2027.

13 **Sec. 4.** RCW 28A.320.--- and 2017 c ... (SSB 5607) s 507 are each
14 amended to read as follows:

15 (1) Subject to the availability of amounts appropriated for this
16 specific purpose, beginning with the 2018-19 school year, each school
17 district board of directors is authorized to enter into state-funded
18 extended year contracts with qualified nonsupervisory certificated
19 instructional staff to provide remedial education instruction and
20 services to underachieving students as determined by statewide,
21 school, or district assessments or other student performance
22 measurement tools.

23 (2) The state-funded extended year contracts authorized under
24 this section must meet the following limitations and conditions on
25 the use of funds:

26 (a) May be for up to an additional ninety days of employment
27 outside of the one hundred eighty day school district calendar;

28 (b) Must be time-based with compensation at the hourly rate
29 calculated on the individual employee's placement on the immediately
30 previous school year salary schedule;

31 (c) The individual employee's immediate supervisor must certify
32 to the superintendent of the school district that the activity was
33 done in the appropriate time and manner and was provided in
34 compliance with the limitations in this subsection;

35 (d) If not renewed, shall not constitute adverse change in
36 accordance with RCW 28A.405.300 through 28A.405.380;

37 (e) Must be separately accounted for by the school districts; and

1 (f) Must be audited as part of the regular financial audits of
2 school districts by the state auditor's office to ensure compliance
3 with the limitations and conditions of this subsection.

4 (3) The state-funded extended year contracts authorized under
5 this section shall not be considered part of the definition or
6 funding of the instructional program of basic education under Article
7 IX of the state Constitution.

8 (4) State funds appropriated for extended year contracts
9 authorized under this section shall be distributed to each
10 educational service district in proportion to the enrollment of
11 students served by the educational service district as a percentage
12 of statewide enrollment. Educational service districts shall
13 distribute state funds for extended year contracts to school
14 districts in a uniform and equitable manner, except that preference
15 may be given to school districts with a higher percentage of students
16 qualifying for free or reduced-price lunch.

17 **Sec. 5.** 2017 c ... (SSB 5607) s 2102 (uncodified) is amended to
18 read as follows:

19 The secretary of state shall submit this act, except for sections
20 401 through 412 of this act, and Substitute Senate Bill No. 5875
21 (this act) to the people for their adoption and ratification, or
22 rejection, at the next general election to be held in this state, in
23 accordance with Article II, section 1 of the state Constitution and
24 the laws adopted to facilitate its operation.

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