
HOUSE BILL 2876

State of Washington

66th Legislature

2020 Regular Session

By Representatives Callan, Volz, and Pollet

Read first time 01/28/20. Referred to Committee on Appropriations.

1 AN ACT Relating to reductions to maximum enrichment levy
2 authority due to audit findings; amending RCW 43.09.2856 and
3 84.52.0531; reenacting and amending RCW 43.09.2856; providing an
4 effective date; and providing an expiration date.

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

6 **Sec. 1.** RCW 43.09.2856 and 2019 c 410 s 4 and 2019 c 387 s 5 are
7 each reenacted and amended to read as follows:

8 (1) (~~Beginning with the 2019-20 school year, to~~) To ensure that
9 school district local revenues are used solely for purposes of
10 enriching the state's statutory program of basic education, the state
11 auditor's regular financial audits of school districts must include a
12 review of the expenditure of school district local revenues for
13 compliance with RCW 28A.150.276, including the spending plan approved
14 by the superintendent of public instruction under RCW 28A.505.240 and
15 its implementation, and any supplemental contracts entered into under
16 RCW 28A.400.200. The audit must also include a review of the
17 expenditure schedule and supporting documentation required by RCW
18 28A.320.330(1)(c).

19 (2) If an audit under subsection (1) of this section results in
20 findings that a school district has failed to comply with these
21 requirements, then within ninety days of completing the audit the

1 auditor must report the findings to the superintendent of public
2 instruction, the office of financial management, and the education
3 and operating budget committees of the legislature. (~~If the~~
4 ~~superintendent of public instruction receives a report of findings~~
5 ~~from the state auditor that an expenditure of a school district is~~
6 ~~out of compliance with the requirements of RCW 28A.150.276, and the~~
7 ~~finding is not resolved in the subsequent audit, the maximum taxes~~
8 ~~levied for collection by the school district under RCW 84.52.0531 in~~
9 ~~the following calendar year shall be reduced by the expenditure~~
10 ~~amount identified by the state auditor.))~~

11 (3) The use of the state allocation provided for professional
12 learning under RCW 28A.150.415 must be audited as part of the regular
13 financial audits of school districts by the state auditor's office to
14 ensure compliance with the limitations and conditions of RCW
15 28A.150.415.

16 (4) (a) The state auditor must conduct a financial or
17 accountability audit of each school district by June 1, 2020, for the
18 2018-19 school year to include a review of the following:

19 (i) Special education revenues and the sources of those revenues,
20 by school district; and

21 (ii) Special education expenditures and the object of those
22 expenditures, by school district.

23 (b) Special education data reported for each school district
24 through the audits under this subsection must be compiled and
25 submitted to the education committees of the legislature by December
26 1, 2020.

27 **Sec. 2.** RCW 43.09.2856 and 2019 c 410 s 4 are each amended to
28 read as follows:

29 (1) (~~Beginning with the 2019-20 school year, to~~) To ensure that
30 school district local revenues are used solely for purposes of
31 enriching the state's statutory program of basic education, the state
32 auditor's regular financial audits of school districts must include a
33 review of the expenditure of school district local revenues for
34 compliance with RCW 28A.150.276, including the spending plan approved
35 by the superintendent of public instruction under RCW 28A.505.240 and
36 its implementation, and any supplemental contracts entered into under
37 RCW 28A.400.200. The audit must also include a review of the
38 expenditure schedule and supporting documentation required by RCW
39 28A.320.330(1)(c).

1 (2) If an audit under subsection (1) of this section results in
2 findings that a school district has failed to comply with these
3 requirements, then within ninety days of completing the audit the
4 auditor must report the findings to the superintendent of public
5 instruction, the office of financial management, and the education
6 and operating budget committees of the legislature. (~~If the~~
7 ~~superintendent of public instruction receives a report of findings~~
8 ~~from the state auditor that an expenditure of a school district is~~
9 ~~out of compliance with the requirements of RCW 28A.150.276, and the~~
10 ~~finding is not resolved in the subsequent audit, the maximum taxes~~
11 ~~levied for collection by the school district under RCW 84.52.0531 in~~
12 ~~the following calendar year shall be reduced by the expenditure~~
13 ~~amount identified by the state auditor.))~~

14 (3) The use of the state allocation provided for professional
15 learning under RCW 28A.150.415 must be audited as part of the regular
16 financial audits of school districts by the state auditor's office to
17 ensure compliance with the limitations and conditions of RCW
18 28A.150.415.

19 **Sec. 3.** RCW 84.52.0531 and 2019 c 410 s 2 are each amended to
20 read as follows:

21 (1) Beginning with taxes levied for collection in 2020, the
22 maximum dollar amount which may be levied by or for any school
23 district for enrichment levies under RCW 84.52.053 is equal to the
24 lesser of two dollars and fifty cents per thousand dollars of the
25 assessed value of property in the school district or the maximum per-
26 pupil limit. (~~This maximum dollar amount shall be reduced~~
27 ~~accordingly as provided under RCW 43.09.2856(2).)~~

28 (2) The definitions in this subsection apply to this section
29 unless the context clearly requires otherwise.

30 (a) For the purpose of this section, "inflation" means, for any
31 school year, the rate of the yearly increase of the previous calendar
32 year's annual average consumer price index for all urban consumers,
33 Seattle area, using the official current base compiled by the bureau
34 of labor statistics, United States department of labor.

35 (b) "Maximum per-pupil limit" means:

36 (i) Two thousand five hundred dollars, as increased by inflation
37 beginning with property taxes levied for collection in 2020,
38 multiplied by the number of average annual full-time equivalent
39 students enrolled in the school district in the prior school year,

1 for school districts with fewer than forty thousand annual full-time
2 equivalent students enrolled in the school district in the prior
3 school year; or

4 (ii) Three thousand dollars, as increased by inflation beginning
5 with property taxes levied for collection in 2020, multiplied by the
6 number of average annual full-time equivalent students enrolled in
7 the school district in the prior school year, for school districts
8 with forty thousand or more annual full-time equivalent students
9 enrolled in the school district in the prior school year.

10 (c) "Prior school year" means the most recent school year
11 completed prior to the year in which the levies are to be collected.

12 (3) For districts in a high/nonhigh relationship, the enrollments
13 of the nonhigh students attending the high school shall only be
14 counted by the nonhigh school districts for purposes of funding under
15 this section.

16 (4) For school districts participating in an innovation academy
17 cooperative established under RCW 28A.340.080, enrollments of
18 students attending the academy shall be adjusted so that each
19 participant district receives its proportional share of student
20 enrollments for purposes of funding under this section.

21 (5) Beginning with propositions for enrichment levies for
22 collection in calendar year 2020 and thereafter, a district must
23 receive approval of an enrichment levy expenditure plan under RCW
24 28A.505.240 before submission of the proposition to the voters.

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

28 (7) Beginning with taxes levied for collection in 2018,
29 enrichment levy revenues must be deposited in a separate subfund of
30 the school district's general fund pursuant to RCW 28A.320.330, and
31 for the 2018-19 school year are subject to the restrictions of RCW
32 28A.150.276 and the audit requirements of RCW 43.09.2856.

33 (8) Funds collected from levies for transportation vehicles,
34 construction, modernization, or remodeling of school facilities as
35 established in RCW 84.52.053 are not subject to the levy limitations
36 in subsections (1) through (5) of this section.

37 NEW SECTION. **Sec. 4.** Section 1 of this act expires December 1,
38 2021.

1 NEW SECTION. **Sec. 5.** Section 2 of this act takes effect
2 December 1, 2021.

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