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**HOUSE BILL 1356**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Bergquist, Berg, Ramel, Ormsby, Gregerson, Macri, Obras, Ryu, Berry, Scott, Ortiz-Self, Alvarado, Nance, Pollet, Salahuddin, and Hill

Read first time 01/17/25. Referred to Committee on Appropriations.

1 AN ACT Relating to K-12 funding; amending RCW 84.52.0531,  
2 28A.500.015, 84.55.005, 84.55.100, 28A.150.390, 28A.150.392, and  
3 28A.150.560; adding a new section to chapter 28A.150 RCW; creating  
4 new sections; providing effective dates; and providing an expiration  
5 date.

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

7 **PART I**

8 **ENRICHMENT LEVIES**

9 **AND LOCAL EFFORT ASSISTANCE**

10 **Sec. 101.** RCW 84.52.0531 and 2022 c 108 s 3 are each amended to  
11 read as follows:

12 (1) Beginning with taxes levied for collection in 2020, the  
13 maximum dollar amount which may be levied by or for any school  
14 district for enrichment levies under RCW 84.52.053 is equal to the  
15 lesser of (~~two dollars and fifty cents~~) \$2.50 per (~~thousand~~  
16 ~~dollars~~) \$1,000 of the assessed value of property in the school  
17 district or the maximum per-pupil limit. This maximum dollar amount  
18 shall be reduced accordingly as provided under RCW 43.09.2856(2).

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

1 (a) (~~For the purpose of this section, "inflation"~~) "Inflation"  
2 means the percentage change in the seasonally adjusted consumer price  
3 index for all urban consumers, Seattle area, for the most recent 12-  
4 month period as of September 25th of the year before the taxes are  
5 payable, using the official current base compiled by the United  
6 States bureau of labor statistics.

7 (b) "Inflation enhancement" means:

8 (i) \$500 in the 2026 calendar year; and

9 (ii) 3.33 percentage points added to inflation each year from the  
10 2027 to 2030 calendar years.

11 (c) "Maximum per-pupil limit" means:

12 (i) (~~Two thousand five hundred dollars~~) Through the 2030  
13 calendar year:

14 (A) \$2,500, as increased by inflation, plus inflation  
15 enhancements defined in (b) of this subsection, beginning with  
16 property taxes levied for collection in 2020, multiplied by the  
17 number of average annual full-time equivalent students enrolled in  
18 the school district in the prior school year, for school districts  
19 with fewer than (~~forty thousand~~) 40,000 annual full-time equivalent  
20 students enrolled in the school district in the prior school year; or

21 (~~(ii) Three thousand dollars~~) (B) \$3,000, as increased by  
22 inflation plus the inflation enhancement defined in (b)(i) of this  
23 subsection, beginning with property taxes levied for collection in  
24 2020, multiplied by the number of average annual full-time equivalent  
25 students enrolled in the school district in the prior school year,  
26 for school districts with (~~forty thousand~~) 40,000 or more annual  
27 full-time equivalent students enrolled in the school district in the  
28 prior school year.

29 (~~(c) "Open for in-person instruction to all students" means that~~  
30 ~~all students in all grades have the option to participate in at least~~  
31 ~~40 hours of planned in-person instruction per month and the school~~  
32 ~~follows state department of health guidance and recommendations for~~  
33 ~~resuming in-person instruction to the greatest extent practicable.)~~)

34 (ii) Beginning with the 2031 calendar year, \$5,035, as increased by  
35 inflation beginning with property taxes levied for collection in  
36 2032, multiplied by the number of average annual full-time equivalent  
37 students enrolled in the school district in the prior school year.

38 (d) "Prior school year" means the most recent school year  
39 completed prior to the year in which the levies are to be  
40 collected(~~, except as follows:~~

1 ~~(i) In the 2022 calendar year, if 2019-20 school year average~~  
2 ~~annual full-time equivalent enrollment is greater than the school~~  
3 ~~district's 2020-21 school year average annual full-time equivalent~~  
4 ~~enrollment and the school district is open for in-person instruction~~  
5 ~~to all students by the beginning of the 2021-22 school year, "prior~~  
6 ~~school year" means the 2019-20 school year.~~

7 ~~(ii) In the 2023 calendar year, if 2019-20 school year average~~  
8 ~~annual full-time equivalent enrollment is greater than the school~~  
9 ~~district's 2021-22 school year average annual full-time equivalent~~  
10 ~~enrollment and the school district was open for in-person instruction~~  
11 ~~to all students by the beginning of the 2021-22 school year, "prior~~  
12 ~~school year" means the 2019-20 school year).~~

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

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

22 (5) Beginning with propositions for enrichment levies for  
23 collection in calendar year 2020 and thereafter, a district must  
24 receive approval of an enrichment levy expenditure plan under RCW  
25 28A.505.240 before submission of the proposition to the voters.

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

29 (7) Beginning with taxes levied for collection in 2018,  
30 enrichment levy revenues must be deposited in a separate subfund of  
31 the school district's general fund pursuant to RCW 28A.320.330, and  
32 for the 2018-19 school year are subject to the restrictions of RCW  
33 28A.150.276 and the audit requirements of RCW 43.09.2856.

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

38 **Sec. 102.** RCW 28A.500.015 and 2022 c 108 s 4 are each amended to  
39 read as follows:

1 (1) Beginning in calendar year 2020 and each calendar year  
2 thereafter, the state must provide state local effort assistance  
3 funding to supplement school district enrichment levies as provided  
4 in this section.

5 (2) (a) For an eligible school district with an actual enrichment  
6 levy rate that is less than (~~one dollar and fifty cents~~) \$1.50 per  
7 (~~thousand dollars~~) \$1,000 of assessed value in the school district,  
8 the annual local effort assistance funding is equal to the school  
9 district's maximum local effort assistance multiplied by a fraction  
10 equal to the school district's actual enrichment levy rate divided by  
11 (~~one dollar and fifty cents~~) \$1.50 per (~~thousand dollars~~) \$1,000  
12 of assessed value in the school district.

13 (b) For an eligible school district with an actual enrichment  
14 levy rate that is equal to or greater than (~~one dollar and fifty~~  
15 ~~cents~~) \$1.50 per (~~thousand dollars~~) \$1,000 of assessed value in  
16 the school district, the annual local effort assistance funding is  
17 equal to the school district's maximum local effort assistance.

18 (c) Beginning in calendar year 2022, for state-tribal education  
19 compact schools established under chapter 28A.715 RCW, the annual  
20 local effort assistance funding is equal to the actual enrichment  
21 levy per student as calculated by the superintendent of public  
22 instruction for the previous year for the school district in which  
23 the state-tribal education compact school is located, up to a maximum  
24 per-student amount of (~~one thousand five hundred fifty dollars~~)  
25 \$1,550 as increased by inflation, plus inflation enhancements, from  
26 the 2019 calendar year, multiplied by the student enrollment of the  
27 state-tribal education compact school in the prior school year.

28 (d) (i) Subject to (d) (iii) of this subsection, beginning in  
29 calendar year 2026, for charter schools established under chapter  
30 28A.710 RCW, the annual local effort assistance funding is equal to  
31 the actual enrichment levy per student as calculated by the  
32 superintendent of public instruction for the previous year for the  
33 school district in which the charter school is located, up to a  
34 maximum per-student amount of \$1,550 as increased for inflation, plus  
35 inflation enhancements, from the 2019 calendar year, multiplied by  
36 the student enrollment of the charter school in the prior school  
37 year.

38 (ii) The legislature must appropriate annual local effort  
39 assistance funds for charter schools from the Washington opportunity  
40 pathways account in accordance with RCW 28A.710.270.

1 (iii) Funding per pupil under (d)(i) of this subsection may only  
2 be provided to the extent that the sum of (d)(iii)(A) and (B) of this  
3 subsection does not exceed the per-student amount used for the  
4 maximum per-pupil limit defined in RCW 84.52.0531 plus revenues per  
5 pupil for the school district in which the charter school is located  
6 in the previous school year from gifts, private foundations, and  
7 donations.

8 (A) Per-pupil funding under (d)(i) of this subsection.

9 (B) Per-pupil revenue in the previous school year from gifts,  
10 private foundations, and donations.

11 (3) The state local effort assistance funding provided under this  
12 section is not part of the state's program of basic education deemed  
13 by the legislature to comply with the requirements of Article IX,  
14 section 1 of the state Constitution.

15 (4) The definitions in this subsection apply throughout this  
16 section unless the context clearly requires otherwise.

17 (a) "Eligible school district" means a school district where the  
18 amount generated by a levy of ~~((one dollar and fifty cents))~~ \$1.50  
19 ~~per ((thousand dollars))~~ \$1,000 of assessed value in the school  
20 district, divided by the school district's total student enrollment  
21 in the prior school year, is less than the state local effort  
22 assistance threshold.

23 (b) ~~((For the purpose of this section, "inflation"))~~ "Inflation"  
24 means, for any school year, the rate of the yearly increase of the  
25 previous calendar year's annual average consumer price index for all  
26 urban consumers, Seattle area, using the official current base  
27 compiled by the bureau of labor statistics, United States department  
28 of labor.

29 (c) "Inflation enhancement" means:

30 (i) \$200 in the 2026 calendar year; and

31 (ii) \$300 in the 2027 calendar year.

32 (d) "Maximum local effort assistance" means the difference  
33 between the following:

34 (i) The school district's actual prior school year enrollment  
35 multiplied by the state local effort assistance threshold; and

36 (ii) The amount generated by a levy of one dollar and fifty cents  
37 per thousand dollars of assessed value in the school district.

38 ~~((d))~~ (e) "Prior school year" means the most recent school year  
39 completed prior to the year in which the state local effort  
40 assistance funding is to be distributed~~((, except as follows:~~

1 ~~(i) In the 2022 calendar year, if 2019-20 school year average~~  
2 ~~annual full-time equivalent enrollment is greater than the school~~  
3 ~~district's 2020-21 school year average annual full-time equivalent~~  
4 ~~enrollment, "prior school year" means the 2019-20 school year.~~

5 ~~(ii) In the 2023 calendar year, if 2019-20 school year average~~  
6 ~~annual full-time equivalent enrollment is greater than the school~~  
7 ~~district's 2021-22 school year average annual full-time equivalent~~  
8 ~~enrollment, "prior school year" means the 2019-20 school year)).~~

9 ~~((e))~~ (f) "State local effort assistance threshold" means ~~((one~~  
10 ~~thousand five hundred fifty dollars))~~ \$1,550 per student, increased  
11 for inflation, plus inflation enhancements, beginning in calendar  
12 year 2020.

13 ~~((f))~~ (g) "Student enrollment" means the average annual full-  
14 time equivalent student enrollment.

15 (5) For districts in a high/nonhigh relationship, the enrollments  
16 of the nonhigh students attending the high school shall only be  
17 counted by the nonhigh school districts for purposes of funding under  
18 this section.

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

## 24 PART II

### 25 REVISING LIMITATIONS ON STATE PROPERTY TAXES 26 IN SUPPORT OF COMMON SCHOOLS 27

28 **Sec. 201.** RCW 84.55.005 and 2014 c 97 s 316 are each amended to  
29 read as follows:

30 The definitions in this section apply throughout this chapter  
31 unless the context clearly requires otherwise.

32 (1) "Inflation" means the percentage change in the implicit price  
33 deflator for personal consumption expenditures for the United States  
34 as published for the most recent ~~((twelve))~~ 12-month period by the  
35 bureau of economic analysis of the federal department of commerce by  
36 September 25th of the year before the taxes are payable~~((t))~~.

37 (2) "Limit factor" means:

1 (a) For taxing districts with a population of less than (~~ten~~  
2 ~~thousand~~) 10,000 in the calendar year prior to the assessment year,  
3 (~~one hundred one~~) 101 percent;

4 (b) For taxing districts for which a limit factor is authorized  
5 under RCW 84.55.0101, the lesser of the limit factor authorized under  
6 that section or (~~one hundred one~~) 101 percent;

7 (c) For all other districts, except for the state, the lesser of  
8 (~~one hundred one~~) 101 percent or (~~one hundred~~) 100 percent plus  
9 inflation; and

10 (~~(3)~~) (d) For the state, 100 percent plus population change and  
11 inflation, not to exceed 103 percent.

12 (3)(a) "Population change" means the annual percent increase in  
13 the population of a taxing district between the two most recent years  
14 as provided in the official population estimates published by the  
15 office of financial management for April 1st of the year before taxes  
16 are payable. If the office of financial management estimates a net  
17 decrease in a taxing district's population, for the purposes of this  
18 section, the population change is zero. For a county, the "population  
19 of a taxing district" means the population within the county's  
20 incorporated and unincorporated areas, unless the county taxing  
21 district boundaries are limited to the unincorporated county areas,  
22 in which case the "population of a taxing district" means the  
23 population of the unincorporated county areas only. For taxing  
24 districts that are not coterminous with one or more cities, towns,  
25 counties, or unincorporated county areas, or any combination thereof,  
26 as provided in the official population estimates published by the  
27 office of financial management in April of the year before the taxes  
28 are payable, "population change" means:

29 (i) The population change for the city or town within which the  
30 taxing district is wholly located;

31 (ii) The population change for the county in which the taxing  
32 district is wholly located, when the taxing district is not wholly  
33 located within a city or town; or

34 (iii) For taxing districts located in more than one county, the  
35 county population change for the county in which the greatest total  
36 taxable assessed value of the taxing district for the prior  
37 assessment year is located.

38 (b) For the purposes of this subsection (3), the annual percent  
39 increase in population is calculated to the nearest tenth of one

1 percent, rounding up to the next tenth of one percent if the second  
2 decimal place of the annual percent increase is five or greater.

3 (4) "Regular property taxes" has the meaning given it in RCW  
4 84.04.140.

5 **Sec. 202.** RCW 84.55.100 and 1983 c 223 s 1 are each amended to  
6 read as follows:

7 (1) The property tax limitation contained in this chapter shall  
8 be determined by the county assessors of the respective counties in  
9 accordance with the provisions of this chapter: PROVIDED, That the  
10 limitation for any state levy shall be determined by the department  
11 of revenue and the limitation for any intercounty rural library  
12 district shall be determined by the library district in consultation  
13 with the respective county assessors.

14 (2) By September 1, 2025, and by September 1st every year  
15 thereafter, the department of revenue must provide county assessors  
16 the limit factors necessary for the county assessor to comply with  
17 this section.

18 NEW SECTION. **Sec. 203.** Sections 201 and 202 of this act apply  
19 to taxes levied for collection in 2026 and thereafter.

20 **PART III**

21 **FUNDING FOR SPECIAL EDUCATION ENROLLMENT**

22 **Sec. 301.** RCW 28A.150.390 and 2024 c 229 s 1 are each amended to  
23 read as follows:

24 (1) The superintendent of public instruction shall submit to each  
25 regular session of the legislature during an odd-numbered year a  
26 programmed budget request for special education programs for students  
27 with disabilities. Funding for programs operated by local school  
28 districts shall be on an excess cost basis from appropriations  
29 provided by the legislature for special education programs for  
30 students with disabilities and shall take account of state funds  
31 accruing through RCW 28A.150.260 (4)(a), (5), (6), and (8) and  
32 28A.150.415.

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

35 (a) A district's annual average head count enrollment of students  
36 ages three and four and those five year olds not yet enrolled in



1 kindergarten who are eligible for and receiving special education,  
2 multiplied by the district's base allocation per full-time equivalent  
3 student, multiplied by 1.2;

4 ~~(b) ((i) Subject to the limitation in (b) (ii) of this subsection~~  
5 ~~(2), a) A~~ district's annual average enrollment of resident students  
6 who are eligible for and receiving special education, excluding  
7 students ages three and four and those five year olds not yet  
8 enrolled in kindergarten, multiplied by the district's base  
9 allocation per full-time equivalent student, multiplied by the  
10 special education cost multiplier rate of (~~+~~

11 ~~(A) Beginning in the 2020-21 school year, either:~~

12 ~~(I) 1.0075 for students eligible for and receiving special~~  
13 ~~education and reported to be in the general education setting for 80~~  
14 ~~percent or more of the school day; or~~

15 ~~(II) 0.995 for students eligible for and receiving special~~  
16 ~~education and reported to be in the general education setting for~~  
17 ~~less than 80 percent of the school day;~~

18 ~~(B) Beginning in the 2023-24 school year,~~) either:

19 ~~((I))~~ (i) 1.12 for students eligible for and receiving special  
20 education and reported to be in the general education setting for 80  
21 percent or more of the school day; or

22 ~~((II))~~ (ii) 1.06 for students eligible for and receiving  
23 special education and reported to be in the general education setting  
24 for less than 80 percent of the school day.

25 ~~((ii) If the enrollment percent exceeds 16 percent, the excess~~  
26 ~~cost allocation calculated under (b) (i) of this subsection must be~~  
27 ~~adjusted by multiplying the allocation by 16 percent divided by the~~  
28 ~~enrollment percent.))~~

29 (3) As used in this section (~~+~~

30 ~~(a) "Base~~), "base allocation" means the total state allocation  
31 to all schools in the district generated by the distribution formula  
32 under RCW 28A.150.260 (4) (a), (5), (6), and (8) and the allocation  
33 under RCW 28A.150.415, to be divided by the district's full-time  
34 equivalent enrollment.

35 ~~((b) "Basic education enrollment" means enrollment of resident~~  
36 ~~students including nonresident students enrolled under RCW~~  
37 ~~28A.225.225 and students from nonhigh districts enrolled under RCW~~  
38 ~~28A.225.210 and excluding students residing in another district~~  
39 ~~enrolled as part of an interdistrict cooperative program under RCW~~  
40 ~~28A.225.250.~~

1 ~~(c) "Enrollment percent" means the district's resident annual~~  
2 ~~average enrollment of students who are eligible for and receiving~~  
3 ~~special education, excluding students ages three and four and those~~  
4 ~~five year olds not yet enrolled in kindergarten and students enrolled~~  
5 ~~in institutional education programs, as a percent of the district's~~  
6 ~~annual average full-time equivalent basic education enrollment.)~~)

7 **Sec. 302.** RCW 28A.150.392 and 2024 c 127 s 2 are each amended to  
8 read as follows:

9 (1) (a) To the extent necessary, funds shall be made available for  
10 safety net awards for districts with demonstrated needs for special  
11 education funding beyond the amounts provided through the special  
12 education funding formula under RCW 28A.150.390.

13 (b) If the federal safety net awards based on the federal  
14 eligibility threshold exceed the federal appropriation in any fiscal  
15 year, then the superintendent shall expend all available federal  
16 discretionary funds necessary to meet this need.

17 (2) Safety net funds shall be awarded by the state safety net  
18 oversight committee subject to the following conditions and  
19 limitations:

20 (a) The committee shall award additional funds for districts that  
21 can convincingly demonstrate that all legitimate expenditures for  
22 special education exceed all available revenues from state funding  
23 formulas. When determining award eligibility and amounts ~~((+))~~, the  
24 committee shall limit its review to relevant documentation that  
25 illustrates adherence to award criteria. The committee shall not make  
26 determinations regarding the content of individualized education  
27 programs beyond confirming documented and quantified services and  
28 evidence of corresponding expenditures for which a school district  
29 seeks reimbursement.

30 (b) In the determination of need, the committee shall consider  
31 additional available revenues from federal sources.

32 (c) Differences in program costs attributable to district  
33 philosophy, service delivery choice, or accounting practices are not  
34 a legitimate basis for safety net awards.

35 (d) In the determination of need, the committee shall require  
36 that districts demonstrate that they are maximizing their eligibility  
37 for all state revenues related to services for students eligible for  
38 special education and all federal revenues from federal impact aid,  
39 medicaid, and the individuals with disabilities education act-Part B

1 and appropriate special projects. Awards associated with (e) (~~and~~  
2 ~~(f)~~) of this subsection shall not exceed the total of a district's  
3 specific determination of need.

4 (e) The committee shall then consider the extraordinary high cost  
5 needs of one or more individual students eligible for and receiving  
6 special education. Differences in costs attributable to district  
7 philosophy, service delivery choice, or accounting practices are not  
8 a legitimate basis for safety net awards.

9 ~~(f) (Using criteria developed by the committee, the committee~~  
10 ~~shall then consider extraordinary costs associated with communities~~  
11 ~~that draw a larger number of families with children in need of~~  
12 ~~special education services, which may include consideration of~~  
13 ~~proximity to group homes, military bases, and regional hospitals.~~  
14 ~~Safety net awards under this subsection (2)(f) shall be adjusted to~~  
15 ~~reflect amounts awarded under (e) of this subsection.~~

16 ~~(g)~~) The committee shall then consider the extraordinary high  
17 cost needs of one or more individual students eligible for and  
18 receiving special education served in residential schools, programs  
19 for juveniles under the department of corrections, and programs for  
20 juveniles operated by city and county jails to the extent they are  
21 providing a secondary program of education.

22 ~~((h))~~ (g) The maximum allowable indirect cost for calculating  
23 safety net eligibility may not exceed the federal restricted indirect  
24 cost rate for the district plus one percent.

25 ~~((i))~~ (h) Safety net awards shall be adjusted based on the  
26 percent of potential medicaid eligible students billed as calculated  
27 by the superintendent of public instruction in accordance with  
28 chapter 318, Laws of 1999.

29 ~~((j))~~ (i) Safety net awards must be adjusted for any unresolved  
30 audit findings or exceptions related to special education funding.  
31 Safety net awards may only be adjusted for errors in safety net  
32 applications or individualized education programs that materially  
33 affect the demonstration of need.

34 (3) The superintendent of public instruction shall adopt such  
35 rules and procedures as are necessary to administer the special  
36 education funding and safety net award process. By December 1, 2018,  
37 the superintendent shall review and revise the rules to achieve full  
38 and complete implementation of the requirements of this subsection  
39 and subsection (4) of this section including revisions to rules that  
40 provide additional flexibility to access community impact awards.

1 Before revising any standards, procedures, or rules, the  
2 superintendent shall consult with the office of financial management  
3 and the fiscal committees of the legislature. In adopting and  
4 revising the rules, the superintendent shall ensure the application  
5 process to access safety net funding is streamlined, timelines for  
6 submission are not in conflict, feedback to school districts is  
7 timely and provides sufficient information to allow school districts  
8 to understand how to correct any deficiencies in a safety net  
9 application, and that there is consistency between awards approved by  
10 school district and by application period. The office of the  
11 superintendent of public instruction shall also provide technical  
12 assistance to school districts in preparing and submitting special  
13 education safety net applications.

14 (4) (a) On an annual basis, the superintendent shall survey  
15 districts regarding their satisfaction with the safety net process  
16 and consider feedback from districts to improve the safety net  
17 process. Each year by December 1st, the superintendent shall prepare  
18 and submit a report to the office of financial management and the  
19 appropriate policy and fiscal committees of the legislature that  
20 summarizes the survey results and those changes made to the safety  
21 net process as a result of the school district feedback.

22 (b) By December 1, 2024, the office of the superintendent of  
23 public instruction must develop a survey requesting specific feedback  
24 on the safety net application process from school districts with  
25 3,000 or fewer students. The survey must include, at a minimum,  
26 questions regarding the average amount of time school district staff  
27 spend gathering safety net application data, filling out application  
28 forms, and correcting application deficiencies. The survey must also  
29 include questions to help identify which application components are  
30 the most challenging and time consuming for school districts to  
31 complete. By December 1, 2025, the office of the superintendent of  
32 public instruction must use this feedback to implement a simplified,  
33 standardized safety net application for all school districts that  
34 reduces barriers to safety net funding.

35 (5) The safety net oversight committee appointed by the  
36 superintendent of public instruction shall consist of:

37 (a) One staff member from the office of the superintendent of  
38 public instruction;

39 (b) Staff of the office of the state auditor who shall be  
40 nonvoting members of the committee; and

1 (c) One or more representatives from school districts or  
2 educational service districts knowledgeable of special education  
3 programs and funding.

4 ~~(6) (a) ((Beginning in the 2019-20 school year, a high-need  
5 student is eligible for safety net awards from state funding under  
6 subsection (2) (e) and (g) of this section if the student's  
7 individualized education program costs exceed two and three-tenths  
8 times the average per-pupil expenditure as defined in Title 20 U.S.C.  
9 Sec. 7801, the every student succeeds act of 2015.~~

10 ~~(b))~~ Beginning in the 2023-24 school year, a high-need student  
11 is eligible for safety net awards from state funding under subsection  
12 (2) (e) and ~~((g))~~ (f) of this section if the student's  
13 individualized education program costs exceed:

14 (i) 2 times the average per-pupil expenditure, for school  
15 districts with fewer than 1,000 full-time equivalent students;

16 (ii) 2.2 times the average per-pupil expenditure, for school  
17 districts with 1,000 or more full-time equivalent students.

18 ~~((e))~~ (b) For purposes of ~~((b))~~ (a) of this subsection,  
19 "average per-pupil expenditure" has the same meaning as in 20 U.S.C.  
20 Sec. 7801, the every student succeeds act of 2015, and excludes  
21 safety net funding provided in this section.

22 **Sec. 303.** RCW 28A.150.560 and 2023 c 417 s 6 are each amended to  
23 read as follows:

24 (1) It is the policy of the state that for purposes of state  
25 funding allocations, students eligible for and receiving special  
26 education generate the full basic education allocation under RCW  
27 28A.150.260 and, as a class, are to receive the benefits of this  
28 allocation for the entire school day, as defined in RCW 28A.150.203,  
29 whether the student is placed in the general education setting or  
30 another setting.

31 (2) The superintendent of public instruction shall develop an  
32 allocation and cost accounting methodology ~~((that ensures state  
33 general apportionment funding for students who receive their basic  
34 education services primarily in an alternative classroom or setting  
35 are prorated and allocated to the special education program and  
36 accounted for before calculating special education excess costs))~~ to  
37 account for expenditures beyond amounts provided through the special  
38 education funding formula under RCW 28A.150.390. This method of  
39 accounting must shift 30 percent of a school district's base

1 allocation as defined in RCW 28A.150.390 for students eligible for  
2 and receiving special education to the school district's special  
3 education program for expenditure.

4 (3) To the extent that a school district's special education  
5 program expenditures exceed state funding in a school year provided  
6 under RCW 28A.150.390 and 28A.150.392, and redirected general  
7 apportionment revenue under subsection (2) of this section, the  
8 school district must use the remaining portion of the school  
9 district's base allocation as defined in RCW 28A.150.390 for students  
10 eligible for and receiving special education for the expenditures  
11 prior to using other funding sources.

12 (4) Unless otherwise prohibited by law, nothing in this section  
13 prohibits school districts from using other funding and state  
14 allocations above the amounts provided under RCW 28A.150.390 and  
15 subsections (2) and (3) of this section to serve students eligible  
16 for and receiving special education.

17 (5) Nothing in this section requires districts to provide  
18 services in a manner inconsistent with the student's individualized  
19 education program or other than in the least restrictive environment  
20 as determined by the individualized education program team.

21 ~~((3))~~ (6) The superintendent of public instruction shall  
22 provide the legislature with an accounting of prorated general  
23 apportionment allocations provided to special education programs  
24 broken down by school district by January 1, 2024, and then every  
25 January 1st of odd-numbered years thereafter.

26 NEW SECTION. Sec. 304. Sections 301 and 302 of this act take  
27 effect September 1, 2027.

28 NEW SECTION. Sec. 305. Section 303 of this act takes effect  
29 September 1, 2025.

#### PART IV

#### IMPROVING EQUITY IN K-12 FUNDING FORMULAE

32 NEW SECTION. Sec. 401. The superintendent of public instruction  
33 shall convene a K-12 funding equity work group to analyze K-12  
34 funding formulas and explore options for revisions to the funding  
35 formula that are responsive to student needs, including economic,  
36 demographic, and geographic differences in student and community

1 populations. The office of the superintendent of public instruction  
2 may contract with institutions of higher education and public,  
3 nonpartisan research entities to support the work group's analysis.

4 (1) At a minimum, the work group's analysis must include:

5 (a) Impacts of changes to per-pupil funding formulas and local  
6 revenue;

7 (b) Compensation factors described in RCW 28A.150.412;

8 (c) Funding distribution trends resulting from the prototypical  
9 school funding formula; and

10 (d) Current formulas that benefit specific populations of  
11 students including, but not limited to, the learning assistance  
12 program, local effort assistance, and small school funding.

13 (2) The superintendent of public instruction must use the work  
14 group's analysis conducted under subsection (1) of this section to  
15 consider options for revising state and local school funding  
16 formulas. By November 1, 2025, and annually thereafter through 2027,  
17 the superintendent of public instruction shall report the work  
18 group's progress and any proposed options to the education and fiscal  
19 committees of the legislature. The reports must include, but are not  
20 limited to, the following topics:

21 (a) Options for revisions to the funding formula that address  
22 system and resource inequities;

23 (b) Options that address state, local, and regional needs;

24 (c) The potential adoption of student weights to direct  
25 additional funding to students most in need; and

26 (d) Metrics for monitoring and accountability related to  
27 equitable access to resources.

28 (3) The superintendent of public instruction may determine the  
29 size, membership, and meeting frequency of the work group. The work  
30 group must include representation from education and community  
31 partners that are demographically and geographically diverse  
32 including, but not limited to, groups representing educators, school  
33 and district administrators, labor unions, families, students,  
34 community partners who support groups disproportionately impacted by  
35 inequities, and legislators.

36 (4) The estimated cost of an option or group of options proposed  
37 by the superintendent of public instruction under subsection (2) of  
38 this section must not exceed the estimated additional state revenue  
39 provided under section 201 of this act when combined with the  
40 estimated additional state funding allocated in this act. The

1 department of revenue shall make available relevant data and analyses  
2 to the superintendent of public instruction to support the  
3 calculations under this subsection (4).

4 (5) This section expires December 1, 2027.

5 **PART V**  
6 **OTHER PROVISIONS**

7 NEW SECTION. **Sec. 501.** A new section is added to chapter  
8 28A.150 RCW to read as follows:

9 Beginning in the 2027-28 school year, the state shall allocate  
10 funding for substitute costs for prototypical school staff as  
11 follows:

12 (1) Substitute costs for classroom teachers must be based on five  
13 funded substitute days per classroom teacher unit generated under RCW  
14 28A.150.260(4) at a daily substitute rate of \$200 adjusted for  
15 inflation from the 2027-28 school year; and

16 (2) Substitute costs for classified staff must be based on two  
17 funded substitute days per classified staff unit generated under RCW  
18 28A.150.260(5) at a daily substitute rate of \$150 adjusted for  
19 inflation from the 2027-28 school year.

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