

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1817 HB	<b>Title:</b> K-12 educational system
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## Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	0	0	(5,400,000)	0	(649,400,000)	0
Department of Revenue	0	319,800,000	0	436,400,000	0	478,400,000
<b>Total \$</b>	<b>0</b>	<b>319,800,000</b>	<b>(5,400,000)</b>	<b>436,400,000</b>	<b>(649,400,000)</b>	<b>478,400,000</b>

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.1	21,100	21,100	.0	0	0	.0	0	0
Superintendent of Public Instruction	6.0	1,374,658,588	1,374,658,588	6.0	2,164,274,408	2,164,274,408	6.0	2,222,870,588	2,222,870,588
<b>Total</b>	<b>6.1</b>	<b>\$1,374,679,688</b>	<b>\$1,374,679,688</b>	<b>6.0</b>	<b>\$2,164,274,408</b>	<b>\$2,164,274,408</b>	<b>6.0</b>	<b>\$2,222,870,588</b>	<b>\$2,222,870,588</b>

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

<b>Prepared by:</b> Amy Skei, OFM	<b>Phone:</b> 360-902-0572	<b>Date Published:</b> Final
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 22316

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1817 HB	<b>Title:</b> K-12 educational system	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
General Fund-State 001-1				(5,400,000)	(649,400,000)
Full Funding of Basic Education Account-State New-1				5,400,000	649,400,000
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
<b>Fund</b>					
<b>Total \$</b>					

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Bob Shirley	Phone: 360-9020420	Date: 01/29/2009
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/02/2009
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/02/2009
OFM Review: Mike Woods	Phone: 360-902-9819	Date: 02/02/2009

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

HB 1817 creates the full funding of basic education account. Earnings from investments will be credited to the general fund.

#### Assumptions:

1. General state revenues as defined in the constitution, article 8, section 1, is used for the HB 1817, section 402 calculation.
2. The November 2008 revenue forecast is used for the section 402 calculation.
3. The legislature will appropriate 100% of the amount available for transfer under section 402.

Only the section 402 monetary impact is reflected in this fiscal note. Any impact to the earnings from investments is not included.

#### Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence different earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2008 Revenue Forecast, the net rate for estimating earnings for FY 10 is 0.62% and FY 11 is 1.56%. Approximately \$6,200 in FY 10 and \$15,600 in FY 11 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

#### Debt Limit:

There may be an impact on the debt service limitation calculation. The transfer to the full funding of basic education account may have an impact on general state revenues. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

HB 1817 creates the full funding of basic education account. Only the section 402 monetary impact is reflected in this fiscal note.

### II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
Total:					

**Part IV: Capital Budget Impact**

**Part V: New Rule Making Required**

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

November 2008 Revenue Forecast  
HB 1817  
General State Revenues - Constitution  
February 2, 2009

Year	Statutory	Constitution	Biennium	5%	Biennial Increase	Comparison	50%	Transfer on
2006		11,810,920,848						
2007		12,931,687,741	24,742,608,589					
2008		13,074,926,297						
2009		12,432,672,084	25,507,598,381	1,237,130,429	764,989,792	(472,140,637)	0	9/30/2009
2010		12,922,923,646						
2011		13,870,881,556	26,793,805,202	1,275,379,919	1,286,206,821	10,826,902	5,413,451	9/30/2011
2012		14,429,763,782						
2013		15,002,514,333	29,432,278,115	1,339,690,260	2,638,472,913	1,298,782,653	649,391,326	9/30/2013
2014		15,606,118,757						
2015		16,234,443,507	31,840,562,264	1,471,613,906	2,408,284,149	936,670,243	468,335,122	9/30/2015

November 2008 Revenue Forecast  
HB 1817  
General State Revenues - Statutory  
February 2, 2009

Year	Statutory	Constitution	Biennium	5%	Biennial Increase	Comparison	50%	Transfer on
2006	13,632,785,292							
2007	14,714,998,066		28,347,783,358					
2008	14,889,549,574							
2009	14,311,332,030		29,200,881,604	1,417,389,168	853,098,246	(564,290,922)	0	9/30/2009
2010	14,854,634,187							
2011	15,828,752,038		30,683,386,225	1,460,044,080	1,482,504,621	22,460,541	11,230,270	9/30/2011
2012	16,461,315,093							
2013	17,111,269,856		33,572,584,949	1,534,169,311	2,889,198,724	1,355,029,413	677,514,706	9/30/2013
2014	17,795,720,650							
2015	18,507,549,476		36,303,270,126	1,678,629,247	2,730,685,177	1,052,055,930	526,027,965	9/30/2015

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1817 HB	<b>Title:</b> K-12 educational system	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
NEW-State 01 - Taxes 50 - Property Tax	110,300,000	209,500,000	319,800,000	436,400,000	478,400,000
<b>Total \$</b>	110,300,000	209,500,000	319,800,000	436,400,000	478,400,000

### Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.2		0.1		
<b>Fund</b>					
GF-STATE-State 001-1	21,100		21,100		
<b>Total \$</b>	21,100		21,100		

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Bob Shirley	Phone: 360-9020420	Date: 01/29/2009
Agency Preparation: Valerie Torres	Phone: 360-5706084	Date: 02/04/2009
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 02/04/2009
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/04/2009

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Note: This fiscal note reflects only those sections applicable to the Department of Revenue (Department). Those sections in Title 84 RCW which are applicable to the Office of the Superintendent of Public Instruction are not addressed.

#### Part 4 (Sections 401 through 403)

The full funding of basic education account (the account) is created in the state treasury. Receipts deposited into the account come from:

- 1) If the prior biennium's general state revenues exceed the previous fiscal biennium's revenues by more than 5 percent, then 50 percent of the amount over 5 percent is deposited in the account.
- 2) The receipts from the full funding for basic education levy.

This proposal reduces the statutory maximum levy rate for the state property tax levy from \$3.60 per thousand dollars of assessed value to \$3.35 per thousand dollars of assessed value. Assessed value is adjusted to the state equalized value in accordance with the indicated ratio fixed by the Department.

Additionally, this proposal adds a second state levy called the full funding for basic education levy (the new levy) and sets the statutory maximum rate at \$0.25 per thousand dollars of assessed value. Assessed value is adjusted to the state equalized value in accordance with the indicated ratio fixed by the Department.

The new levy is excluded from the definition of regular property taxes for the limitations on regular property tax levies (Chapter 84.55 RCW).

This proposal takes effect 90 days after final adjournment of the session in which it is enacted.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### ASSUMPTIONS/DATA SOURCES

##### Department of Revenue State Levy November Forecast

This estimate assumes the new levy is levied beginning with property taxes collected in 2010.

Removing the new levy from the definition of regular property taxes used in chapter 84.55 RCW means the new levy is subject to only the Constitutional 1 percent limitation. Therefore, this estimate assumes the state would levy for the new levy each year at the statutory maximum rate of \$0.25 per thousand dollars of assessed value. The assessed value would be adjusted to the state equalized value.

This estimate assumes court-ordered refunds, highly valued disputed property decisions, the addition of the balance of uncollected taxes from the fifth preceding year, the levy apportionment between counties, and prior year levy adjustment all affect the new levy in the same way these affect the current state levy.

## REVENUE ESTIMATES

The current state property tax levy is predicted to remain below the \$3.60 limit throughout the 2013-2015 Biennium. Reducing the \$3.60 limit to \$3.35 has no effect on the current state property tax levy throughout the 2013-2015 Biennium. Therefore, this proposal does not impact the current state property tax levy.

The new levy would increase revenues by an estimated \$110.3 million for Fiscal Year 2010 and \$209.5 million in Fiscal Year 2011, the first full fiscal year. These revenues would be deposited in the full funding of basic education account.

## COST TO TAXPAYERS

This analysis is limited to those who bear the initial burden of the tax. The analysis does not attempt to determine who pays the tax as it is passed on to others through increased prices, higher costs to business owners, or lower wages.

As a result of this proposal, the owner of a \$200,000 home in Washington will pay an additional \$50 in property taxes in Fiscal Year 2010.

## TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):	full funding of basic education account
FY 2010 - \$ 110,300	
FY 2011 - \$ 209,500	
FY 2012 - \$ 213,200	
FY 2013 - \$ 223,200	
FY 2014 - \$ 233,700	
FY 2015 - \$ 244,700	

## DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis

State Government, Impact on Revenues (\$000):
CY 2010 - \$ 211,200
CY 2011 - \$ 208,000
CY 2012 - \$ 217,900
CY 2013 - \$ 228,100
CY 2014 - \$ 238,900
CY 2015 - \$ 250,100

State Government, (\$000), Shift of Tax Burden: None

## II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing*

To implement this legislation, the Department of Revenue (Department) will incur costs of \$21,100 in Fiscal Year 2010. These costs will be for amending 13 administrative rules. Time and effort equates to approximately 0.2 FTEs.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	13,000		13,000		
B-Employee Benefits	3,200		3,200		
E-Goods and Services	3,700		3,700		
J-Capital Outlays	1,200		1,200		
<b>Total \$</b>	<b>\$21,100</b>		<b>\$21,100</b>		

**III. B - Detail:** List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
HEARINGS SCHEDULER	32,688	0.0		0.0		
TAX POLICY SP 3	69,756	0.2		0.1		
WMS BAND 3	88,546	0.0		0.0		
<b>Total FTE's</b>		<b>0.2</b>		<b>0.1</b>		

## Part IV: Capital Budget Impact

NONE.

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Should this legislation become law, the Department of Revenue will use the expedited process to amend WACs 458-17-101, "Assessment and taxation of ships and vessels"; and WACs 458-19-005, "Definitions"; 458-19-010, "Levy limit and levy rate calculations"; 458-19-020, "Levy limit -- Method of calculation"; 458-19-030, "Levy limit -- Consolidation of districts"; 458-19-035, "Levy limit -- Annexation"; 458-19-045, "Levy limit -- Removal of limit (lid lift)"; 458-19-060, "Emergency medical service levy"; 458-19-065, "Levy limit -- Protection of future levy capacity"; 458-19-075, "Constitutional one percent limit calculation"; 458-19-080, "City annexed by fire protection and/or library districts"; 458-19-085, "Refunds -- Procedures -- Applicable limits"; and 458-19-550, "State levy -- Apportionment between counties." Persons affected by this rule-making would be the taxpayers, assessors, the Superintendent of Public Instruction, taxing districts, and others involved in the levy-setting process.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1817 HB	<b>Title:</b> K-12 educational system	<b>Agency:</b> 350-Supt of Public Instruction
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	<b>FY 2010</b>	<b>FY 2011</b>	<b>2009-11</b>	<b>2011-13</b>	<b>2013-15</b>
FTE Staff Years	6.0	6.0	6.0	6.0	6.0
<b>Fund</b>					
General Fund-State 001-1	443,955,294	930,703,294	1,374,658,588	2,164,274,408	2,222,870,588
<b>Total \$</b>	443,955,294	930,703,294	1,374,658,588	2,164,274,408	2,222,870,588

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Bob Shirley	Phone: 360-9020420	Date: 01/29/2009
Agency Preparation: Jennifer Priddy	Phone: 360-725-6295	Date: 02/11/2009
Agency Approval: Berge JoLynn	Phone: 360725-6293	Date: 02/11/2009
OFM Review: Amy Skei	Phone: 360-902-0572	Date: 02/11/2009

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

#### Sections 103/104

All-day kindergarten is phased in, with phase-in completed by 2012-13 school year (SY).

#### Section 106

Non-employee Related Cost (NERC) allocations are increased by 12.4 percent in the 2009-10 SY; and 23.7 percent in the 2010-11 SY.

Staffing ratios are increased:

For the 2009-10 SY; Grades K-3, Certificated Instructional Staff (CIS) are increased from 49 per 1,000 students to 56.37 per 1,000 students; grades 4-12, CIS are increased from 46 to 47.07; grades K-12, Classified staff (CLS) are increased from 16.67 to 17.21.

For the 2010-11 SY; Grades K-3, Certificated Instructional Staff (CIS) are increased from 49 per 1,000 students to 59.56 per 1,000 students; grades 4-12, CIS are increased from 46 to 48.14; grades K-12, Classified staff (CLS) are increased from 16.67 to 17.41.

Allocations for small schools/districts shall be adjusted accordingly.

#### Section 107

Salaries for all staff shall be increased by 3% above I-732 levels for the 2009-10 SY and by an additional 2% above I-732 levels for the 2010-11 SY.

#### Sections 108/109/110

Intent language regarding the adoption of a new basic education funding formula for the 2011-12 SY and thereafter based on recommendations of the Commission for Quality Education in Washington (CQEW). Current funding allocations that are categorical in nature can be shifted by the Legislature into a single allocation in a foundation formula. Beginning with the 2011-12 SY, Initiative 728 funding (the Student Achievement Act) may be incorporated into the funding formulas, pursuant to the recommendations of the CQEW.

#### Section 111

Learning Improvement Days are expanded in the 2009-10 SY from 2.0 days to 3.2 days and in the 2010-11 SY from 2.0 days to 4.3 days. Accountability language is included.

#### Section 113

The allocation per student for the Learning Assistance Program is increased in the 2009-10 SY from 3.46 CIS per 1,000 students to 5.26; and increased in the 2010-11 SY from 3.46 to 7.61.

#### Sections 201/202/203

Sec. 202 – Quality Education Commission – creates the permanent commission for quality education in Washington to oversee the new system and make recommendations to the legislature each year on the funding needed to meet the state's definition of basic education as needed. Directs the office of the superintendent of public instruction to provide staff and maintain web pages for the commission.

## Section 301

The Superintendent of Public Instruction (SPI), Professional Educator Standards Board (PESB), and State Board of Education (SBE) are required to design an accountability system that shares responsibility between students, teachers, classroom instruction, central administration, local school boards, and the executive and legislative branches. The SPI, PESB, and SBE shall jointly report to the Governor and Legislature on a new system by December 2010.

## Sections 401-404

Not addressed in this fiscal note.

## Section 501

Effective with the 2010-11 SY, school districts shall report expenditures for maintenance and operations levies separately from other expenditures.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The fiscal impact for HB 1817 is projected based on maintenance level enrollment and staffing assumptions, including the assumption that I-732 is funded in the 2009-10 and 2010-11 school years (therefore, salary increases mandated by the legislation build on top of the I-732 COLA(s)).

The fiscal note does not include the cost of the following aspects of the legislation:

- the recommendations of the CQEW for funding in the 2011-12 school year and beyond (nor is an assumption made regarding Legislative adoption of the CQEW recommendations);
- the outcome of the comparable worth salary studies and/or their adoption by the Legislature;
- the cost to school districts of a new accounting structure that isolates local levy funding from other state and federal funding sources;
- the impact of future COLAs (I-732) on the cost of the new staffing levels contained in this legislation; and
- the impact on local levies as a result of an increased levy base and resulting reduction of roll-backs and increases associated with Local Effort Assistance.

Sec. 103, 104, 106, 111, 113 - The attachment contains a table to identify the fiscal impact of each of the basic education funding component changes. The attachment covers the fiscal impact of new staffing allocations, all-day kindergarten, increased non-salary allocations (NERC), increased Learning Improvement Days, and improved funding for the Learning Assistance Program.

Sec. 202 – Quality Education Commission – creates the permanent commission for quality education in Washington to oversee the new system and make recommendations to the legislature each year on the funding needed to meet the state’s definition of basic education as needed. Directs the office of the superintendent of public instruction to provide staff and maintain web pages for the commission.

OSPI assumes this commission would be similar in nature to the Professional Educator Standards Board or the State Board of Education.

Sec. 203 - outlines the Commissions duties. Commission/OSPI staff would be needed to:

- o Determine annually the resources needed to make ample provision for the education of all students by creating and updating prototype school models that contain detailed specifications of all staffing and resources required.
- o Review results of each legislative session to determine fiscal impacts to schools.
- o Adjust prototype schools to account for various factors like demographic factors
- o Conduct a comparative labor market analysis every two years of salaries and other compensation for school district employees.
- o Identify a comprehensive set of performance indicators to track performance of schools.
- o Develop a method to calculate expected performance when depending upon funding levels.
- o By December 1, 2010, and each year thereafter several reports on findings (including a technical report and a report to the public) are due.
- o Review existing data sources and identify additional data necessary to determine the relation between funding and achievement of basic education standards, and report annually these recommendations.
- o Conduct feasibility studies and analysis on student populations and performance levels.
- o Directs commission to use advisory and technical panels to assist them with their work.

OSPI Assumptions for Sections 202 and 203:

1. 6 commission meetings per year.
2. Staffing of 6 FTE: (1) executive director, (1) executive assistant, (3) finance/research staff, (1) website/communications staff.
3. 4 technical/advisory groups, meeting 4 times each per year, with 10 members each.
4. The commission would contract for the salary survey/study each even numbered year in preparation for the biennial budget process.

Assumptions for Section 501:

1. Differentiating expenditures by appropriations code will require reprogramming of 7-11 district accounting systems, including the OSPI system.
2. Districts will have to re-set their chart of accounts; this will be staff intensive for the 2009-10 school year.
3. Districts will have to develop new reports to track their budgets and expenditures with new codes.
4. OSPI assumes that a \$10 million grant program to cover these costs would be sufficient. The grant program would provide resources to re-program accounting systems, and hire staff for the 1 year transition to a new chart of accounts, and new report development.
5. Costs to include school districts in the planning will be covered by the technical advisory groups assumed for sections 202/203 above.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	6.0	6.0	6.0	6.0	6.0
A-Salaries and Wages	483,531	483,531	967,062	966,882	967,062
B-Employee Benefits	117,415	117,415	234,830	234,830	234,830
C-Personal Service Contracts	200,000	200,000	400,000	150,000	150,000
E-Goods and Services	92,340	92,340	184,680	184,680	184,680
G-Travel	301,008	301,008	602,016	602,016	602,016
J-Capital Outlays	30,000		30,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	386,907,000	877,632,000	1,264,539,000	2,079,674,000	2,148,280,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	<b>\$388,131,294</b>	<b>\$878,826,294</b>	<b>\$1,266,957,588</b>	<b>\$2,081,812,408</b>	<b>\$2,150,418,588</b>

**III. B - Detail:** List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
Executive Assistant	51,582	1.0	1.0	1.0	1.0	1.0
Executive Director	111,837	1.0	1.0	1.0	1.0	1.0
Finance and Research Staff	81,500	3.0	3.0	3.0	3.0	3.0
Website/Communications/Reporting	68,112	1.0	1.0	1.0	1.0	1.0
<b>Total FTE's</b>		<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

## Part IV: Capital Budget Impact

## Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

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HOUSE BILL 1817

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State of Washington

61st Legislature

2009 Regular Session

By Representatives Hunt, Cox, Appleton, Conway, Dunshee, Green, Moeller, Williams, Chase, and Quall

Read first time 01/29/09. Referred to Committee on Education Appropriations.

1       AN ACT Relating to education; amending RCW 28A.150.210,  
2 28A.150.220, 28A.150.315, 28A.150.250, 28A.150.260, 28A.150.380,  
3 28A.150.410, 28A.160.150, 28A.165.055, 28A.180.080, 84.52.043,  
4 84.55.005, 84.52.0531, and 84.52.0531; reenacting and amending RCW  
5 28A.150.370; adding new sections to chapter 28A.150 RCW; adding new  
6 sections to chapter 43.79 RCW; creating new sections; providing an  
7 effective date; and providing expiration dates.

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

9                                   **PART 1**

10                               **BASIC EDUCATION**

11       NEW SECTION.   **Sec. 101.**   Article IX, section 1 of the state  
12 Constitution states that "It is the paramount duty of the state to make  
13 ample provision for the education of all children residing within its  
14 borders, without distinction or preference on account of race, color,  
15 caste, or sex."

16       The state's funding is not ample. In 2005, Washington ranked  
17 forty-sixth in the nation in largest class size, forty-fifth for per

1 student spending adjusted for cost-of-living, and below the national  
2 average on teacher salaries. The state salary allocation for all  
3 categories of K-12 employees does not reflect districts' actual costs.

4 In 1993, the state enacted the education reform act. That act made  
5 a significant change in educational requirements to reflect the state's  
6 commitment to bring all students to higher academic standards within a  
7 world-class, internationally competitive public school system.  
8 Although the state set high standards for students and established an  
9 assessment and accountability system for schools and districts, the  
10 state did not provide the funding that districts needed to bring all  
11 students to the new, higher standards.

12 The purpose of this act is to establish a new funding system for  
13 the state's public schools. Under this act, over the next six years  
14 the state will provide adequate resources for school districts to  
15 maintain educational programs that give all students the opportunity to  
16 meet the state's educational standards. The new system will be more  
17 transparent and will allow greater flexibility to districts to  
18 determine which educational programs best meet the needs of their  
19 students. Districts will have more flexibility in spending state funds  
20 but will be held accountable to meet designated performance outcomes  
21 for all of their students. School districts and schools that do not  
22 meet designated performance outcomes will receive progressive levels of  
23 support and assistance with less flexibility as they work to improve  
24 their student outcomes.

25 This act creates a permanent commission to oversee the new system  
26 and make recommendations to the legislature each year on the funding  
27 needed to meet the state's definition of basic education and to review  
28 and update the definition of basic education as needed.

29 **Sec. 102.** RCW 28A.150.210 and 2007 c 400 s 1 are each amended to  
30 read as follows:

31 The goal of the basic education act for the schools of the state of  
32 Washington set forth in this chapter shall be to provide students with  
33 the opportunity to become responsible and respectful global citizens,  
34 to contribute to their economic well-being and that of their families  
35 and communities, to explore and understand different perspectives, and  
36 to enjoy productive and satisfying lives. Additionally, the state of  
37 Washington intends to provide for a public school system that is able

1 to evolve and adapt in order to better focus on strengthening the  
2 educational achievement of all students, which includes high  
3 expectations for all students and gives all students the opportunity to  
4 achieve personal and academic success. To these ends, the goals of  
5 each school district and each school, with the involvement of parents  
6 and community members, shall be to provide opportunities for every  
7 student to develop the knowledge and skills essential to:

8 (1) Read with comprehension, write effectively, and communicate  
9 successfully in a variety of ways and settings and with a variety of  
10 audiences;

11 (2) Know and apply the core concepts and principles of mathematics;  
12 social, physical, and life sciences; civics and history, including  
13 different cultures and participation in representative government;  
14 geography; arts; and health and fitness;

15 (3) Think analytically, logically, and creatively, and to integrate  
16 different experiences and knowledge to form reasoned judgments and  
17 solve problems; and

18 (4) Understand the importance of work and finance and how  
19 performance, effort, and decisions directly affect future career and  
20 educational opportunities.

21 **Sec. 103.** RCW 28A.150.220 and 1993 c 371 s 2 are each amended to  
22 read as follows:

23 (1) ~~((Satisfaction of the basic education program requirements))~~  
24 The program established to provide the basic education for regular  
25 students identified in RCW 28A.150.210 shall be ~~((considered to be))~~  
26 implemented by the following ~~((program))~~:

27 (a) Until the 2013-14 school year, each school district not  
28 receiving allocations for full-day kindergarten pursuant to RCW  
29 28A.150.315 shall make available to students enrolled in kindergarten  
30 at least a total instructional offering of four hundred fifty hours.  
31 Districts receiving funding for full-day kindergarten pursuant to RCW  
32 28A.150.315 shall make available to students enrolled in kindergarten  
33 at least a total instructional offering of one thousand hours. The  
34 program shall include instruction in the essential academic learning  
35 requirements under RCW ~~((28A.630.885))~~ 28A.230.095 and such other  
36 subjects and such activities as the school district shall determine to

1 be appropriate for the education of the school district's students  
2 enrolled in such program, and comport with the program requirements of  
3 RCW 28A.150.315;

4 (b) Each school district shall make available to students enrolled  
5 in grades one through twelve, at least a district-wide annual average  
6 total instructional hour offering of one thousand hours. The state  
7 board of education may define alternatives to classroom instructional  
8 time for students in grades nine through twelve enrolled in alternative  
9 learning experiences. The state board of education shall establish  
10 rules to determine annual average instructional hours for districts  
11 including fewer than twelve grades. The program shall include the  
12 essential academic learning requirements under RCW ((~~28A.630.885~~))  
13 28A.230.095 and such other subjects and such activities as the school  
14 district shall determine to be appropriate for the education of the  
15 school district's students enrolled in such group;

16 (c) If the essential academic learning requirements include a  
17 requirement of languages other than English, the requirement may be met  
18 by students receiving instruction in one or more American Indian  
19 languages.

20 (2) Nothing contained in subsection (1) of this section shall be  
21 construed to require individual students to attend school for any  
22 particular number of hours per day or to take any particular courses.

23 (3) Each school district's kindergarten through twelfth grade basic  
24 educational program shall be accessible to all students who are five  
25 years of age, as provided by RCW 28A.225.160, and less than twenty-one  
26 years of age and shall consist of a minimum of one hundred eighty  
27 school days per school year in such grades as are conducted by a school  
28 district, and one hundred eighty half days or full days of instruction,  
29 or equivalent, in kindergarten in accordance with subsection (1)(a) of  
30 this section and RCW 28A.150.315: PROVIDED, That effective May 1,  
31 1979, a school district may schedule the last five school days of the  
32 one hundred and eighty day school year for noninstructional purposes in  
33 the case of students who are graduating from high school, including,  
34 but not limited to, the observance of graduation and early release from  
35 school upon the request of a student, and all such students may be  
36 claimed as a full-time equivalent student to the extent they could  
37 otherwise have been so claimed for the purposes of RCW 28A.150.250 and  
38 28A.150.260.

(4) The state board of education shall adopt rules to implement and ensure compliance with the program requirements imposed by this section, RCW 28A.150.250 and 28A.150.260, and such related supplemental program approval requirements as the state board may establish.

**Sec. 104.** RCW 28A.150.315 and 2007 c 400 s 2 are each amended to read as follows:

(1) Beginning with the 2007-08 school year, funding for voluntary all-day kindergarten programs shall be phased-in beginning with schools with the highest poverty levels, defined as those schools with the highest percentages of students qualifying for free and reduced-price lunch support in the prior school year. The phase-in shall be completed by the 2012-13 school year. Once a school receives funding for the all-day kindergarten program, that school shall remain eligible for funding in subsequent school years regardless of changes in the school's percentage of students eligible for free and reduced-price lunches as long as other program requirements are fulfilled. Additionally, schools receiving all-day kindergarten program support shall agree to the following conditions:

(a) Provide at least a one thousand-hour instructional program;

(b) Provide a curriculum that offers a rich, varied set of experiences that assist students in:

(i) Developing initial skills in the academic areas of reading, mathematics, and writing;

(ii) Developing a variety of communication skills;

(iii) Providing experiences in science, social studies, arts, health and physical education, and a world language other than English;

(iv) Acquiring large and small motor skills;

(v) Acquiring social and emotional skills including successful participation in learning activities as an individual and as part of a group; and

(vi) Learning through hands-on experiences;

(c) Establish learning environments that are developmentally appropriate and promote creativity;

(d) Demonstrate strong connections and communication with early learning community providers; and

(e) Participate in kindergarten program readiness activities with early learning providers and parents.

1       (2) Subject to funds appropriated for this purpose, the  
2 superintendent of public instruction shall designate one or more school  
3 districts to serve as resources and examples of best practices in  
4 designing and operating a high-quality all-day kindergarten program.  
5 Designated school districts shall serve as lighthouse programs and  
6 provide technical assistance to other school districts in the initial  
7 stages of implementing an all-day kindergarten program. Examples of  
8 topics addressed by the technical assistance include strategic  
9 planning, developing the instructional program and curriculum, working  
10 with early learning providers to identify students and communicate with  
11 parents, and developing kindergarten program readiness activities.

12       (3) ~~((Any))~~ During the phase-in period, funds allocated to support  
13 all-day kindergarten programs under this section shall ~~((not))~~ be  
14 considered as basic education funding in the schools allocated such  
15 funds. When fully implemented in the 2012-13 school year, all-day  
16 kindergarten shall be part of basic education.

17       (4) For purposes of this section, "voluntary all-day kindergarten"  
18 means that in districts offering both all-day or half-day kindergarten  
19 parents may choose either a half-day or all-day kindergarten program  
20 for their children.

21       **Sec. 105.** RCW 28A.150.250 and 1990 c 33 s 107 are each amended to  
22 read as follows:

23       From those funds made available by the legislature for the current  
24 use of the common schools, the superintendent of public instruction  
25 shall distribute annually as provided in RCW 28A.510.250 to each school  
26 district of the state operating a program approved by the state board  
27 of education an amount which, when combined with an appropriate portion  
28 of such locally available revenues, other than receipts from federal  
29 forest revenues distributed to school districts pursuant to RCW  
30 28A.520.010 and 28A.520.020, as the superintendent of public  
31 instruction may deem appropriate for consideration in computing state  
32 equalization support, excluding excess property tax levies, will  
33 constitute a basic education allocation in dollars for each annual  
34 average full-time equivalent student enrolled, based upon one full  
35 school year of one hundred eighty days, except that for kindergartens  
36 one full school year shall be one hundred eighty full or half days of

1 instruction, or the equivalent as provided in RCW 28A.150.220 and  
2 28A.150.315.

3 ~~((Basic education shall be considered to be fully funded by those~~  
4 ~~amounts of dollars appropriated by the legislature pursuant to RCW~~  
5 ~~28A.150.250 and 28A.150.260 to fund those program requirements~~  
6 ~~identified in RCW 28A.150.220 in accordance with the formula and ratios~~  
7 ~~provided in RCW 28A.150.260 and those amounts of dollars appropriated~~  
8 ~~by the legislature to fund the salary requirements of RCW 28A.150.100~~  
9 ~~and 28A.150.410.))~~

10 Operation of a program approved by the state board of education,  
11 for the purposes of this section, shall include a finding that the  
12 ratio of students per classroom teacher in grades kindergarten through  
13 three is not greater than the ratio of students per classroom teacher  
14 in grades four and above for such district: PROVIDED, That for the  
15 purposes of this section, "classroom teacher" shall be defined as an  
16 instructional employee possessing at least a provisional certificate,  
17 but not necessarily employed as a certificated employee, whose primary  
18 duty is the daily educational instruction of students: PROVIDED  
19 FURTHER, That the state board of education shall adopt rules and  
20 regulations to insure compliance with the student/teacher ratio  
21 provisions of this section, and such rules and regulations shall allow  
22 for exemptions for those special programs and/or school districts which  
23 may be deemed unable to practicably meet the student/teacher ratio  
24 requirements of this section by virtue of a small number of students.

25 If a school district's basic education program fails to meet the  
26 basic education requirements enumerated in RCW 28A.150.250,  
27 28A.150.260, and 28A.150.220, the state board of education shall  
28 require the superintendent of public instruction to withhold state  
29 funds in whole or in part for the basic education allocation until  
30 program compliance is assured: PROVIDED, That the state board of  
31 education may waive this requirement in the event of substantial lack  
32 of classroom space.

33 **Sec. 106.** RCW 28A.150.260 and 2006 c 263 s 322 are each amended to  
34 read as follows:

35 The basic education allocation for each annual average full-time  
36 equivalent student shall be determined in accordance with the following  
37 procedures:

1 (1) The governor shall and the superintendent of public instruction  
2 may recommend to the legislature a formula based on a ratio of students  
3 to staff for the distribution of a basic education allocation for each  
4 annual average full-time equivalent student enrolled in a common  
5 school. The distribution formula shall have the primary objective of  
6 equalizing educational opportunities and shall provide appropriate  
7 recognition of the following costs among the various districts within  
8 the state:

9 (a) Certificated instructional staff and their related costs;

10 (b) Certificated administrative staff and their related costs;

11 (c) Classified staff and their related costs;

12 (d) Nonsalary costs;

13 (e) Extraordinary costs, including school facilities, of remote and  
14 necessary schools as judged by the superintendent of public  
15 instruction, with recommendations from the school facilities citizen  
16 advisory panel under RCW 28A.525.025, and small high schools, including  
17 costs of additional certificated and classified staff. Allocations for  
18 extraordinary costs of small school districts shall be increased to  
19 reflect increased staff allocations commencing in the 2009-10 school  
20 year and thereafter; and

21 (f) The attendance of students pursuant to RCW 28A.335.160 and  
22 28A.225.250 who do not reside within the servicing school district.

23 (2) Basic nonemployee-related costs allocations specified in the  
24 omnibus appropriations act for the 2009-10 school year shall be  
25 increased by twelve and four-tenths percent above maintenance level and  
26 twenty-three and seven-tenths percent for the 2010 school year.  
27 Subsequent school year increases shall be based on recommendations of  
28 the commission for quality education in Washington, established  
29 pursuant to section 202 of this act, to the extent adopted by the  
30 legislature and the governor.

31 ~~(3)(a) ((This formula for distribution of basic education funds~~  
32 ~~shall be reviewed biennially by the superintendent and governor. The~~  
33 ~~recommended formula shall be subject to approval, amendment or~~  
34 ~~rejection by the legislature.))~~ The formula shall be for allocation  
35 purposes only. While the legislature intends that the allocations for  
36 additional instructional staff be used to increase the ratio of such  
37 staff to students, nothing in this section shall require districts to  
38 reduce the number of administrative staff below existing levels.

1       (b) For the 2009-10 school year, the formula adopted by the  
2 legislature shall reflect the following ratios at a minimum: (i)  
3 ((~~Forty-nine~~)) Fifty-six and thirty-seven one-hundredths certificated  
4 instructional staff to one thousand annual average full-time equivalent  
5 students enrolled in grades kindergarten through three; (ii) ((~~forty-~~  
6 ~~six~~)) forty-seven and seven one-hundredths certificated instructional  
7 staff to one thousand annual average full-time equivalent students in  
8 grades four through twelve; (iii) four certificated administrative  
9 staff to one thousand annual average full-time equivalent students in  
10 grades kindergarten through twelve; and (iv) ((~~sixteen and sixty-~~  
11 ~~seven~~)) seventeen and twenty-one one-hundredths classified personnel to  
12 one thousand annual average full-time equivalent students enrolled in  
13 grades kindergarten through twelve.

14       (c) ~~((In the event the legislature rejects the distribution formula~~  
15 ~~recommended by the governor, without adopting a new distribution~~  
16 ~~formula, the distribution formula for the previous school year shall~~  
17 ~~remain in effect: PROVIDED, That)) For the 2010-11 school year, the~~  
18 formula adopted by the legislature shall reflect the following ratios  
19 at a minimum: (i) Fifty-nine and fifty-six one-hundredths certificated  
20 instructional staff to one thousand annual average full-time equivalent  
21 students enrolled in grades kindergarten through three; (ii) forty-  
22 eight and fourteen one-hundredths certificated instructional staff to  
23 one thousand annual average full-time equivalent students in grades  
24 four through twelve; (iii) four certificated administrative staff to  
25 one thousand annual average full-time equivalent students in grades  
26 kindergarten through twelve; and (iv) seventeen and forty-one one-  
27 hundredths classified personnel to one thousand annual average full-  
28 time equivalent students enrolled in grades kindergarten through  
29 twelve.

30       (d) The distribution formula developed pursuant to this section  
31 shall be for state apportionment and equalization purposes only and  
32 shall not be construed as mandating specific operational functions of  
33 local school districts other than those program requirements identified  
34 in RCW 28A.150.220 and 28A.150.100. The enrollment of any district  
35 shall be the annual average number of full-time equivalent students and  
36 part time students as provided in RCW 28A.150.350, enrolled on the  
37 first school day of each month and shall exclude full-time equivalent  
38 students with disabilities recognized for the purposes of allocation of

1 state funds for programs under RCW 28A.155.010 through 28A.155.100.  
2 The definition of full-time equivalent student shall be determined by  
3 rules of the superintendent of public instruction: PROVIDED, That the  
4 definition shall be included as part of the superintendent's biennial  
5 budget request: PROVIDED, FURTHER, That any revision of the present  
6 definition shall not take effect until approved by the house  
7 appropriations committee and the senate ways and means committee:  
8 PROVIDED, FURTHER, That the office of financial management shall make  
9 a monthly review of the superintendent's reported full-time equivalent  
10 students in the common schools in conjunction with RCW 43.62.050.

11 ~~((+3+))~~ (4)(a) Certificated instructional staff shall include those  
12 persons employed by a school district who are nonsupervisory employees  
13 within the meaning of RCW 41.59.020(8): PROVIDED, That in exceptional  
14 cases, people of unusual competence but without certification may teach  
15 students so long as a certificated person exercises general  
16 supervision: PROVIDED, FURTHER, That the hiring of such classified  
17 people shall not occur during a labor dispute and such classified  
18 people shall not be hired to replace certificated employees during a  
19 labor dispute.

20 (b) Certificated administrative staff shall include all those  
21 persons who are chief executive officers, chief administrative  
22 officers, confidential employees, supervisors, principals, or assistant  
23 principals within the meaning of RCW 41.59.020(4).

24 (5) This section expires August 31, 2011.

25 NEW SECTION. **Sec. 107.** A new section is added to chapter 28A.150  
26 RCW to read as follows:

27 (1) A 2008 comparative wage analysis conducted by the Washington  
28 institute for public policy that compared educator wages with  
29 noneducator wages found that the prevailing wages for Washington's K-12  
30 teachers and classified staff were below comparable labor market wages.

31 (2) Pending completion of a comparable wage analysis by the  
32 commission for quality education in Washington as established by  
33 section 202 of this act, staff salary allocations required by RCW  
34 28A.150.260(1) (a), (b), and (c) shall be increased above the cost-of-  
35 living adjustments required by RCW 28A.400.205 (Initiative Measure No.  
36 732, chapter 4, Laws of 2001) by three percent for the 2009-10 school  
37 year and two percent for the 2010-11 school year. Subsequent school

1 year salary adjustments, in addition to those required under RCW  
2 28A.150.260, shall be made based on recommendations of the commission  
3 for quality education in Washington as approved by the governor and the  
4 legislature.

5 NEW SECTION. **Sec. 108.** A new section is added to chapter 28A.150  
6 RCW to read as follows:

7 For the 2011-12 school year and thereafter, it is expected that the  
8 legislature will adopt a replacement basic education allocation formula  
9 based on its consideration of recommendations of the commission for  
10 quality education in Washington pursuant to section 203 of this act  
11 that is based on prototype schools and includes funding for the regular  
12 education of students, special education, bilingual, and learning  
13 assistance.

14 **Sec. 109.** RCW 28A.150.370 and 1995 c 335 s 102 and 1995 c 77 s 5  
15 are each reenacted and amended to read as follows:

16 In addition to those state funds provided to school districts for  
17 the regular basic education of students under RCW 28A.150.260, the  
18 legislature shall appropriate ancillary basic education funds for:  
19 Pupil transportation, in accordance with this chapter, RCW 28A.160.150  
20 through 28A.160.210, 28A.300.035, 28A.300.170, and 28A.500.010((, and  
21 for)); special education programs for students with disabilities, in  
22 accordance with RCW 28A.155.010 through 28A.155.100; learning  
23 assistance in accordance with RCW 28A.165.005 through 28A.165.900; and  
24 bilingual instruction in accordance with RCW 28A.180.080. The  
25 legislature may appropriate funds to be distributed to school districts  
26 for population factors such as urban costs, enrollment fluctuations,  
27 and for special programs((7)) including, but not limited to,  
28 ((vocational-technical institutes),) compensatory programs, ((bilingual  
29 education),) urban, rural, racial, and disadvantaged programs, programs  
30 for gifted students, and other special programs. Beginning with the  
31 2011-12 school year and thereafter, allocations for the purposes and  
32 programs in this section may be made as separate categorical program  
33 appropriations or combined in a foundation formula that also includes  
34 the basic education allocation in accordance with RCW 28A.150.260.

1       **Sec. 110.** RCW 28A.150.380 and 2001 c 3 s 10 are each amended to  
2 read as follows:

3       (1) The state legislature shall, at each regular session in an odd-  
4 numbered year, appropriate from the state general fund for the current  
5 use of the common schools such amounts as needed for state support to  
6 the common schools during the ensuing biennium as provided in this  
7 chapter, chapter 28A.165 RCW, and RCW 28A.160.150 through 28A.160.210,  
8 28A.180.080, 28A.300.170, and 28A.500.010.

9       (2) Through the 2010-11 school year, the state legislature shall  
10 also, at each regular session in an odd-numbered year, appropriate from  
11 the student achievement fund and education construction fund solely for  
12 the purposes of and in accordance with the provisions of the student  
13 achievement act during the ensuing biennium. Beginning with the  
14 2011-12 school year, the legislature may incorporate the student  
15 achievement fund into a new foundation formula pursuant to the  
16 recommendations of the commission for quality education in Washington  
17 created in section 202 of this act.

18       **Sec. 111.** RCW 28A.150.410 and 2007 c 403 s 1 are each amended to  
19 read as follows:

20       (1) The legislature shall establish for each school year in the  
21 appropriations act a statewide salary allocation schedule, for  
22 allocation purposes only, to be used to distribute funds for basic  
23 education certificated instructional staff salaries under RCW  
24 28A.150.260.

25       (2) Salary allocations for state-funded basic education  
26 certificated instructional staff shall be calculated by the  
27 superintendent of public instruction by determining the district's  
28 average salary for certificated instructional staff, using the  
29 statewide salary allocation schedule and related documents, conditions,  
30 and limitations established by the omnibus appropriations act.

31       (3) Beginning January 1, 1992, no more than ninety college quarter-  
32 hour credits received by any employee after the baccalaureate degree  
33 may be used to determine compensation allocations under the state  
34 salary allocation schedule and LEAP documents referenced in the omnibus  
35 appropriations act, or any replacement schedules and documents, unless:

36       (a) The employee has a masters degree; or

1 (b) The credits were used in generating state salary allocations  
2 before January 1, 1992.

3 (4)(a) The certificated instructional staff base salary specified  
4 for each district in the omnibus appropriations act pursuant to  
5 subsection (1) of this section shall include allocations for a minimum  
6 of three and two-tenths learning improvement days in the 2009-10 school  
7 year and a minimum of four and three-tenths learning improvement days  
8 in the 2010-11 school year. It is intended that for ensuing school  
9 years, additional learning improvement days, including amounts  
10 available under Initiative Measure No. 728, shall be phased-in by the  
11 legislature considering the recommendations of the commission for  
12 quality education in Washington under section 202 of this act.

13 (b) A school district is eligible for the learning improvement day  
14 funds only if the learning improvement days have been added to the one  
15 hundred eighty-day contract year. If fewer days are added, the  
16 additional learning improvement allocation shall be adjusted  
17 accordingly. The additional days shall be limited to specific  
18 activities identified in the state-required school improvement plan  
19 related to improving student learning that are consistent with  
20 education reform implementation and shall be considered part of the  
21 basic education allocation. The principal in each school shall assure  
22 that the days are used to provide the necessary school-wide, all-staff  
23 professional development that is tied directly to the school  
24 improvement plan. The school principal and the district superintendent  
25 shall maintain documentation as to their approval of these activities.  
26 The length of a learning improvement day shall not be less than the  
27 length of a full day under the base contract. The superintendent of  
28 public instruction shall ensure that school districts adhere to the  
29 intent and purposes of this subsection.

30 (5) Beginning in the 2007-08 school year, the calculation of years  
31 of service for occupational therapists, physical therapists, speech-  
32 language pathologists, audiologists, nurses, social workers,  
33 counselors, and psychologists regulated under Title 18 RCW may include  
34 experience in schools and other nonschool positions as occupational  
35 therapists, physical therapists, speech-language pathologists,  
36 audiologists, nurses, social workers, counselors, or psychologists.  
37 The calculation shall be that one year of service in a nonschool  
38 position counts as one year of service for purposes of this chapter, up

1 to a limit of two years of nonschool service. Nonschool years of  
2 service included in calculations under this subsection shall not be  
3 applied to service credit totals for purposes of any retirement benefit  
4 under chapter 41.32, 41.35, or 41.40 RCW, or any other state retirement  
5 system benefits.

6 **Sec. 112.** RCW 28A.160.150 and 1996 c 279 s 1 are each amended to  
7 read as follows:

8 Funds allocated for transportation costs shall be (~~(in addition to~~  
9 ~~the))~~ an additional basic education allocation. The distribution  
10 formula developed in RCW 28A.160.150 through 28A.160.180 shall be for  
11 allocation purposes only and shall not be construed as mandating  
12 specific levels of pupil transportation services by local districts.  
13 Operating costs as determined under RCW 28A.160.150 through 28A.160.180  
14 shall be funded at one hundred percent or as close thereto as  
15 reasonably possible for transportation of an eligible student to and  
16 from school as defined in RCW 28A.160.160(3). In addition, funding  
17 shall be provided for transportation services for students living  
18 within one radius mile from school as determined under RCW  
19 28A.160.180(2).

20 **Sec. 113.** RCW 28A.165.055 and 2008 c 321 s 10 are each amended to  
21 read as follows:

22 (1)(a) Each school district with an approved program is eligible  
23 for state funds provided for the learning assistance program. The  
24 funds shall be appropriated for the learning assistance program in  
25 accordance with the biennial appropriations act. The distribution  
26 formula is for school district allocation purposes only. The  
27 distribution formula shall be based on one or more family income  
28 factors measuring economic need.

29 (b) The allocation per student specified in the omnibus  
30 appropriations act shall be increased from the three and forty-six one-  
31 hundredths certificated instructional staff per thousand eligible  
32 students in the 2008-09 school year to five and twenty-six one-  
33 hundredths certificated instructional staff per thousand eligible  
34 students in the 2009-10 school year and to seven and six one-hundredths  
35 certificated instructional staff per thousand eligible students in the  
36 2010-11 school year. Subsequent school year increases shall be based

1 on recommendations of the commission for quality education in  
2 Washington, pursuant to section 203 of this act, to the extent adopted  
3 by the legislature and the governor.

4 (2) In addition to the funds allocated to eligible school districts  
5 on the basis of family income factors, enhanced funds shall be  
6 allocated for school districts where more than twenty percent of  
7 students are eligible for and enrolled in the transitional bilingual  
8 instruction program under chapter 28A.180 RCW as provided in this  
9 subsection. The enhanced funding provided in this subsection shall  
10 take effect beginning in the 2008-09 school year.

11 (a) If, in the prior school year, a district's percent of October  
12 headcount student enrollment in grades kindergarten through twelve who  
13 are enrolled in the transitional bilingual instruction program, based  
14 on an average of the program headcount taken in October and May,  
15 exceeds twenty percent, twenty percent shall be subtracted from the  
16 district's percent transitional bilingual instruction program  
17 enrollment and the resulting percent shall be multiplied by the  
18 district's kindergarten through twelve annual average full-time  
19 equivalent enrollment for the prior school year.

20 (b) The number calculated under (a) of this subsection shall be the  
21 number of additional funded students for purposes of this subsection,  
22 to be multiplied by the per-funded student allocation rates specified  
23 in the omnibus appropriations act.

24 (c) School districts are only eligible for the enhanced funds under  
25 this subsection if their percentage of October headcount enrollment in  
26 grades kindergarten through twelve eligible for free or reduced-price  
27 lunch exceeded forty percent in the prior school year.

28 **Sec. 114.** RCW 28A.180.080 and 1995 c 335 s 601 are each amended to  
29 read as follows:

30 The superintendent of public instruction shall prepare and submit  
31 biennially to the governor and the legislature a budget request for  
32 bilingual instruction programs. Through the 2010-11 school year,  
33 moneys appropriated by the legislature for the purposes of RCW  
34 28A.180.010 through 28A.180.080 shall be allocated by the  
35 superintendent of public instruction to school districts for the sole  
36 purpose of operating an approved bilingual instruction program;  
37 priorities for funding shall exist for the early elementary grades.

Beginning with the 2011-12 school year, funding for bilingual instruction programs may be combined into a foundation formula pursuant to RCW 28A.150.370. No moneys shall be allocated pursuant to this section to fund more than three school years of bilingual instruction for each eligible pupil within a district: PROVIDED, That such moneys may be allocated to fund more than three school years of bilingual instruction for any pupil who fails to demonstrate improvement in English language skills adequate to remove impairment of learning when taught only in English. The superintendent of public instruction shall set standards and approve a test for the measurement of such English language skills.

## PART 2

### TWO-WAY ACCOUNTABILITY AND THE COMMISSION FOR QUALITY EDUCATION IN WASHINGTON

NEW SECTION. **Sec. 201.** A new section is added to chapter 28A.150 RCW to read as follows:

State funding formulas have evolved over time to accommodate a variety of factors but have not been updated routinely based on changes in current conditions including changes in the cost-of-living, economic circumstances, or findings on best practices of student instruction, and school management and leadership. Regular updates would reflect new data aligning state funding with the resources students and schools need to meet state standards.

A system in which the state and school districts share accountability for achieving state educational standards requires new mechanisms that will clearly define the relationship of expectations for the state, school districts, and schools.

A commission is established, pursuant to section 202 of this act, that is accountable to the legislature and the governor with duties and responsibilities as specified in section 203 of this act. This commission will devote the necessary time and energy to making reasoned and rational determinations of educational needs and expected performance, make budget and policy recommendations to the legislature and governor, and evaluate the overall functioning of the public schools to optimize system efficiency and effectiveness.

1        NEW SECTION.    **Sec. 202.**    A new section is added to chapter 28A.150  
2    RCW to read as follows:

3        (1) The commission for quality education in Washington is created.

4        (2) The commission shall be composed of eleven members who are  
5    residents of the state of Washington as follows:

6        (a) Five shall be members representing the educational system  
7    appointed by the governor;

8        (b) The superintendent of public instruction; and

9        (c) Five other members appointed by the governor.

10       (3)(a) In order to establish staggered terms, initial appointments  
11    shall be for terms from one to four years in length, with the terms  
12    expiring on the second Monday of January of the applicable year. As  
13    the terms of the first appointees expire or vacancies on the commission  
14    occur, the governor shall appoint or reappoint members of the  
15    commission to complete the initial terms or to four-year terms, as  
16    appropriate.

17       (b) Appointees must be individuals who have demonstrated interest  
18    in public schools and are supportive of educational improvement, have  
19    a positive record of service, and who will devote sufficient time to  
20    the responsibilities of the commission.

21       (c) All gubernatorial appointments to the commission are subject to  
22    confirmation by the senate.

23       (d) With the exception of the superintendent of public instruction,  
24    no person may serve as a member of the commission for more than two  
25    consecutive full four-year terms.

26       (4) The governor may remove an appointed member of the commission  
27    for neglect of duty, misconduct, malfeasance, or misfeasance in office,  
28    or for incompetent or unprofessional conduct as defined in chapter  
29    18.130 RCW. In such a case, the governor shall file with the secretary  
30    of state a statement of the causes for and the order of removal from  
31    office, and the secretary of state shall send a certified copy of the  
32    statement of causes for and order of removal to the last known post  
33    office address of the member.

34       (5)(a) The chair of the commission shall be elected by a majority  
35    vote of the members of the commission. The chair of the commission  
36    shall serve a term of two years, and may be reelected to an additional  
37    term. A member of the commission may not serve as chair for more than  
38    two consecutive terms.

(b) Six voting members of the commission constitute a quorum for the transaction of business.

(6) Members of the commission appointed by the governor who are not public employees shall be compensated in accordance with RCW 43.03.265 and shall be reimbursed for travel expenses incurred in carrying out the duties of the commission in accordance with RCW 43.03.050 and 43.03.060.

NEW SECTION. **Sec. 203.** A new section is added to chapter 28A.150 RCW to read as follows:

(1) In addition to any other powers and duties as provided by law, the commission shall:

(a) Determine annually the resources necessary to make ample provision for the education of all Washington public education students by creating and updating prototype schools that represent hypothetical models of schools that could achieve all basic education standards effectively and at specified levels. These prototypes shall contain detailed specifications of the programs, staffing, and resources sufficient to enable all students to meet state and federal standards and to offer a program of education consistent with state and federal mandates, rules, and regulations;

(b) Review the results of each legislative session pertaining to actions that have a potential fiscal impact on public schools. For each such action, the commission shall determine the fiscal impact and incorporate into the prototype schools sufficient resources to comply with all enacted laws, regulations, and rules;

(c) Apply a set of adjustments to the prototype schools that take into account variations in the cost of educating students to basic education standards by school size, region, family income level, and other relevant student demographic factors;

(d) Conduct a comparative labor market analysis every two years of salaries and other compensation for school district employees in Washington:

(i) That examines salaries and other compensation for teachers, other certificated instructional staff, principals and other building-level certificated administrators, and the types of classified school employees for whom salaries are allocated;

1 (ii) That is calculated at a statewide level and that identifies  
2 labor markets in Washington through the use of data from the United  
3 States bureau of the census and the bureau of labor statistics;

4 (iii) That also includes a comparison of salaries and other  
5 compensation to the appropriate labor market for at least the following  
6 subgroups of educators:

7 (A) Beginning teachers; and

8 (B) Types of educational staff associates;

9 (iv) For the purposes of this subsection (1)(d), "salaries and  
10 other compensation" includes average base salaries, average total  
11 salaries, average employee basic benefits, and retirement benefits;

12 (e) Identify a comprehensive set of performance indicators that can  
13 be quantified and collected longitudinally in order to track the  
14 performance of Washington schools along a number of key dimensions that  
15 represent basic education standards for schooling, including but not  
16 necessarily limited to student performance, and review the results from  
17 the data collected on each of the performance indicators and issue a  
18 report to the governor and the legislature by December 1st of each year  
19 assessing the performance of Washington schools relative to basic  
20 education standards. The assessment shall take into account the  
21 resources provided in relation to the performance achieved;

22 (f) Develop a means to calculate expected performance of Washington  
23 schools relative to basic education standards when provided full  
24 funding at the level identified by the prototype schools and at funding  
25 levels below full funding. The purpose is to establish appropriate  
26 performance expectations for schools in relation to funding provided.  
27 If funding provided is less than that identified as necessary to  
28 accomplish basic education standards, the expectations for schools  
29 shall be adjusted accordingly;

30 (g) Determine annually the projected performance of Washington  
31 schools in relation to the proportion of full funding provided to  
32 schools for basic education and forecast future expected performance of  
33 Washington schools at varying funding levels from less than full  
34 funding sufficient to meet basic education standards to full funding.  
35 By December 1, 2010, and each year thereafter, the commission shall  
36 submit a report of the findings to the governor, legislature, the  
37 superintendent of public instruction, and the state board of education;

1 (h) Review existing data sources and identify additional data  
2 necessary to determine the relation between funding and achievement of  
3 basic education standards. In the process of developing this  
4 relational model, the commission shall identify areas where additional  
5 data are necessary and make recommendations to the governor and  
6 legislature regarding the nature and functioning of a comprehensive  
7 data system to support accurate determinations of school funding needs  
8 and projected performance expectations. By December 1, 2010, and each  
9 year thereafter, the commission shall recommend new data sources  
10 necessary to improve the accuracy of resource and performance estimates  
11 along with ways to improve existing data sources so that they yield  
12 more precise, useful information that improves the descriptive and  
13 predictive capabilities of commission models;

14 (i) By December 1, 2010, and each year thereafter, issue a  
15 technical report to the governor, the superintendent of public  
16 instruction, and appropriate legislative committees. This report shall  
17 document the level of funding necessary to meet all state and federal  
18 standards and basic education requirements and related mandates,  
19 compare this to the current and projected levels of funding for  
20 education, and consider scenarios that describe the impact of various  
21 funding levels on the performance of the educational system;

22 (j) Conduct feasibility studies and analyses to determine the  
23 proportion of the student population that can be expected to achieve  
24 any given performance standard in order to establish the performance  
25 levels schools are expected to meet.

26 (i) The studies in this subsection (1)(j) shall take into account  
27 factors beyond the school's ability to control that might prevent a  
28 student from reaching a performance level or achieving a performance  
29 standard. Examples include students who may have physiological or  
30 cognitive limitations not amenable to instructional intervention, the  
31 proportion of students who at any given time may be unable to engage in  
32 schooling for any of a range of reasons, or any groups of students that  
33 could not be expected to reach a performance standard for reasons such  
34 as having not attended school in Washington long enough to have learned  
35 any of the tested material or to have learned English well enough to  
36 understand material being tested or the test questions themselves.

37 (ii) Before each legislative session, the commission shall review  
38 and update the identified assumptions about the structural limitations

1 inherent in the student population that prevent all students from  
2 achieving target performance levels based on any new evidence or  
3 examples of programs that demonstrated actual performance of students  
4 with special conditions;

5 (k) By December 1, 2010, and each year thereafter, prepare and  
6 release a nontechnical report to the general public highlighting  
7 progress or issues in funding to the level identified by the commission  
8 as necessary to fulfill constitutional obligations. This report shall  
9 contain analyses of the potential reasons Washington schools were  
10 achieving expected performance levels or failing to do so; and

11 (l) To assist in preparing the various reports, use advisory  
12 committees and technical panels composed of educators and members of  
13 the private and public sector with expertise on systems analysis and  
14 data-driven outcomes measurement systems.

15 (2) The office of the superintendent of public instruction shall  
16 provide staff for the commission. The office of the superintendent of  
17 public instruction shall maintain web pages for the commission.

18 NEW SECTION. Sec. 204. A new section is added to chapter 28A.150  
19 RCW to read as follows:

20 The legislature may fund K-12 at levels other than those identified  
21 by the commission for quality education in Washington. The legislature  
22 must issue a report not later than August 1st of each year, detailing  
23 the degree to which appropriated amounts for public schools differ from  
24 recommendation of the commission for quality education in Washington  
25 and the implications and ramifications of the differences on the  
26 performance of students, schools, and school districts.

### 27 **PART 3**

### 28 **ACCOUNTABILITY AND EXPECTATIONS OF A SUCCESSFULLY** 29 **FUNCTIONING FULLY FUNDED K-12 EDUCATION SYSTEM**

30 NEW SECTION. Sec. 301. State expectations of school districts  
31 need to transition from input and seat time variables to accountability  
32 for performance based on multiple measures of achievement, including  
33 assessment results, on-time graduation rates, grade progression, and  
34 attendance. Districts would then be responsible for providing  
35 effective educational opportunities to students in proportion to the

1 state funding provided. Districts exercise local control over how to  
2 best meet the state's performance objectives and accountability  
3 requirements.

4 Struggling schools and school districts should receive progressive  
5 levels of support and assistive measures after a thorough diagnosis is  
6 undertaken to determine the reasons they are struggling. The objective  
7 is to improve these schools and districts so that they are capable of  
8 meeting state standards.

9 By December 1, 2010, the state board of education, the  
10 superintendent of public instruction, and the professional educator  
11 standards board shall report to the governor and the legislature on  
12 ways to measure and implement the following accountability measures:

13 (1) Students:

14 (a) Should enter kindergarten and each subsequent grade level ready  
15 to learn;

16 (b) Are connected to school and engaged in academics and  
17 extracurricular programs;

18 (c) Should reach designated performance standards through  
19 successful completion of academic programs as measured by multiple  
20 assessments at rates established by the commission for quality  
21 education in Washington; and

22 (d) Should progress from grade to grade and graduate on time from  
23 high school at least at rates predicted by the commission for quality  
24 education in Washington based on state funding levels.

25 (2) Classroom practices: Whether curricula and instruction are  
26 aligned with state education standards and are designed to incorporate  
27 effective instructional methods.

28 (3) Teachers:

29 (a) Should possess the content knowledge base, technical skills,  
30 and human relations capabilities to enable students to meet specified  
31 learning requirements; and

32 (b) Are responsible for addressing student learning needs.

33 (4) Schools:

34 (a) Are organized in ways that facilitate student learning;

35 (b) Involve parents and community members;

36 (c) Demonstrate the ability to adapt to changes in the  
37 characteristics of the student population;

1 (d) Create a culture based on the belief that all students can  
2 learn and that all willing students can achieve state learning  
3 requirements;

4 (e) Provide a safe and orderly learning environment;

5 (f) Use data and analysis to improve instructional programs; and

6 (g) Address the needs of the support staff.

7 (5) Central administration:

8 (a) Is accountable to the school board for management and operation  
9 of the district and for achievement of specified performance standards  
10 related to student learning;

11 (b) Supports student learning needs by making strategic and  
12 operational decisions based on improving student learning;

13 (c) Manages long-range strategic and operational plans;

14 (d) Ensures that laws, policies, procedures, and contracts are  
15 followed; and

16 (e) Advocates for student and staff needs.

17 (6) Local school boards:

18 (a) Set long-range policy strategies and purposes;

19 (b) Hold school administrators accountable for achieving designated  
20 goals;

21 (c) Set policies that establish the conditions under which learning  
22 can take place and performance standards can be achieved; and

23 (d) Monitor district operation and adherence to state, state board  
24 of education, and office of the superintendent of public instruction  
25 policies.

26 (7) Executive branch:

27 (a) Appoints and provides resources for the commission for quality  
28 education in Washington;

29 (b) Develops a biennial education budget consistent with commission  
30 for quality education in Washington guidelines; and

31 (c) Forwards recommendations for revisions and adjustments to basic  
32 education definition to the legislature.

33 (8) Legislative branch:

34 (a) Supports basic education by providing ample, stable, and  
35 equitable funding;

36 (b) Reviews its definition of basic education to maintain currency;

37 (c) Establishes state education performance standards; and

38 (d) Sets accountability expectations for schools.

1 **PART 4**

2 **RESOURCES FOR IMPLEMENTING FULL FUNDING OF BASIC EDUCATION**

3 NEW SECTION. **Sec. 401.** A new section is added to chapter 43.79  
4 RCW to read as follows:

5 (1) The full funding of basic education account is created in the  
6 state treasury. Moneys in the account may be spent only after  
7 appropriation. All receipts from section 402 of this act and RCW  
8 84.52.043(1)(b) shall be deposited into the account. The funds may be  
9 expended only for the following purposes:

10 (a) To improve certificated instructional and classified staff per-  
11 student ratios in state basic education allocation formulas above  
12 maintenance levels in each succeeding school year;

13 (b) To increase funding for nonemployee-related costs in basic  
14 education formulas above maintenance level amounts in each succeeding  
15 school year;

16 (c) To phase-in full-day kindergarten for additional schools above  
17 levels funded in the 2008-09 school year in the omnibus appropriations  
18 act, chapter 329, Laws of 2008;

19 (d) To fund the increased costs above maintenance level of  
20 implementing a new pupil transportation formula;

21 (e) To increase the percentage of local school district maintenance  
22 and operation levy revenue equalized through local effort assistance  
23 above the twelve percent rate specified in RCW 28A.500.020.

24 (2) Full funding of basic education account funds shall not be used  
25 for state maintenance level budget adjustments from one school year to  
26 the next and shall be used only for formula improvements in each  
27 succeeding year as specified in subsection (1)(a) through (e) of this  
28 section.

29 NEW SECTION. **Sec. 402.** A new section is added to chapter 43.79  
30 RCW to read as follows:

31 By September 30, 2009, and by September 30th of each odd-numbered  
32 year thereafter, if the prior fiscal biennium's general state revenues  
33 exceed the previous fiscal biennium's revenues by more than five  
34 percent, subject to appropriation by the legislature, the state  
35 treasurer shall transfer fifty percent of the amount over five percent  
36 to the full funding of basic education account.

1       **Sec. 403.** RCW 84.52.043 and 2005 c 122 s 3 are each amended to  
2 read as follows:

3       Within and subject to the limitations imposed by RCW 84.52.050 as  
4 amended, the regular ad valorem tax levies upon real and personal  
5 property by the taxing districts hereafter named shall be as follows:

6       (1) Levies of the senior taxing districts shall be as follows: (a)  
7 The levy by the state shall not exceed three dollars and (~~sixty~~)  
8 thirty-five cents per thousand dollars of assessed value adjusted to  
9 the state equalized value in accordance with the indicated ratio fixed  
10 by the state department of revenue to be used exclusively for the  
11 support of the common schools; (b) the full funding for basic education  
12 levy by the state shall not exceed twenty-five cents per thousand  
13 dollars of assessed value adjusted to the state equalized value in  
14 accordance with the indicated ratio fixed by the state department of  
15 revenue to be used exclusively to support the purposes in section 401  
16 of this act; (c) the levy by any county shall not exceed one dollar and  
17 eighty cents per thousand dollars of assessed value; (~~(+e+)~~) (d) the  
18 levy by any road district shall not exceed two dollars and twenty-five  
19 cents per thousand dollars of assessed value; and (~~(+d+)~~) (e) the levy  
20 by any city or town shall not exceed three dollars and thirty-seven and  
21 one-half cents per thousand dollars of assessed value. However any  
22 county is hereby authorized to increase its levy from one dollar and  
23 eighty cents to a rate not to exceed two dollars and forty-seven and  
24 one-half cents per thousand dollars of assessed value for general  
25 county purposes if the total levies for both the county and any road  
26 district within the county do not exceed four dollars and five cents  
27 per thousand dollars of assessed value, and no other taxing district  
28 has its levy reduced as a result of the increased county levy.

29       (2) The aggregate levies of junior taxing districts and senior  
30 taxing districts, other than the state, shall not exceed five dollars  
31 and ninety cents per thousand dollars of assessed valuation. The term  
32 "junior taxing districts" includes all taxing districts other than the  
33 state, counties, road districts, cities, towns, port districts, and  
34 public utility districts. The limitations provided in this subsection  
35 shall not apply to: (a) Levies at the rates provided by existing law  
36 by or for any port or public utility district; (b) excess property tax  
37 levies authorized in Article VII, section 2 of the state Constitution;  
38 (c) levies for acquiring conservation futures as authorized under RCW

1 84.34.230; (d) levies for emergency medical care or emergency medical  
2 services imposed under RCW 84.52.069; (e) levies to finance affordable  
3 housing for very low-income housing imposed under RCW 84.52.105; (f)  
4 the portions of levies by metropolitan park districts that are  
5 protected under RCW 84.52.120; (g) levies imposed by ferry districts  
6 under RCW 36.54.130; (h) levies for criminal justice purposes under RCW  
7 84.52.135; and (i) the portions of levies by fire protection districts  
8 that are protected under RCW 84.52.125.

9 **Sec. 404.** RCW 84.55.005 and 2007 sp.s. c 1 s 1 are each amended to  
10 read as follows:

11 As used in this chapter:

12 (1) "Inflation" means the percentage change in the implicit price  
13 deflator for personal consumption expenditures for the United States as  
14 published for the most recent twelve-month period by the bureau of  
15 economic analysis of the federal department of commerce in September of  
16 the year before the taxes are payable;

17 (2) "Limit factor" means:

18 (a) For taxing districts with a population of less than ten  
19 thousand in the calendar year prior to the assessment year, one hundred  
20 one percent;

21 (b) For taxing districts for which a limit factor is authorized  
22 under RCW 84.55.0101, the lesser of the limit factor authorized under  
23 that section or one hundred one percent;

24 (c) For all other districts, the lesser of one hundred one percent  
25 or one hundred percent plus inflation; and

26 (3) "Regular property taxes" has the meaning given it in RCW  
27 84.04.140, except that it does not include tax levies under RCW  
28 84.52.043(1)(b).

## 29 **PART 5**

### 30 **MISCELLANEOUS PROVISIONS**

31 **Sec. 501.** RCW 84.52.0531 and 2006 c 119 s 2 are each amended to  
32 read as follows:

33 The maximum dollar amount which may be levied by or for any school  
34 district for maintenance and operation support under the provisions of  
35 RCW 84.52.053 shall be determined as follows:

1 (1) For excess levies for collection in calendar year 1997, the  
2 maximum dollar amount shall be calculated pursuant to the laws and  
3 rules in effect in November 1996.

4 (2) For excess levies for collection in calendar year 1998 and  
5 thereafter, the maximum dollar amount shall be the sum of (a) plus or  
6 minus (b) and (c) of this subsection minus (d) of this subsection:

7 (a) The district's levy base as defined in subsections (3) and (4)  
8 of this section multiplied by the district's maximum levy percentage as  
9 defined in subsection (5) of this section;

10 (b) For districts in a high/nonhigh relationship, the high school  
11 district's maximum levy amount shall be reduced and the nonhigh school  
12 district's maximum levy amount shall be increased by an amount equal to  
13 the estimated amount of the nonhigh payment due to the high school  
14 district under RCW 28A.545.030(3) and 28A.545.050 for the school year  
15 commencing the year of the levy;

16 (c) For districts in an interdistrict cooperative agreement, the  
17 nonresident school district's maximum levy amount shall be reduced and  
18 the resident school district's maximum levy amount shall be increased  
19 by an amount equal to the per pupil basic education allocation included  
20 in the nonresident district's levy base under subsection (3) of this  
21 section multiplied by:

22 (i) The number of full-time equivalent students served from the  
23 resident district in the prior school year; multiplied by:

24 (ii) The serving district's maximum levy percentage determined  
25 under subsection (5) of this section; increased by:

26 (iii) The percent increase per full-time equivalent student as  
27 stated in the state basic education appropriation section of the  
28 biennial budget between the prior school year and the current school  
29 year divided by fifty-five percent;

30 (d) The district's maximum levy amount shall be reduced by the  
31 maximum amount of state matching funds for which the district is  
32 eligible under RCW 28A.500.010.

33 (3) For excess levies for collection in calendar year 2005 and  
34 thereafter, a district's levy base shall be the sum of allocations in  
35 (a) through (c) of this subsection received by the district for the  
36 prior school year and the amounts determined under subsection (4) of  
37 this section, including allocations for compensation increases, plus  
38 the sum of such allocations multiplied by the percent increase per

1 full-time equivalent student as stated in the state basic education  
2 appropriation section of the biennial budget between the prior school  
3 year and the current school year and divided by fifty-five percent. A  
4 district's levy base shall not include local school district property  
5 tax levies or other local revenues, or state and federal allocations  
6 not identified in (a) through (c) of this subsection.

7 (a) The district's basic education allocation for the regular  
8 education of students as determined pursuant to RCW 28A.150.250,  
9 28A.150.260, and 28A.150.350;

10 (b) State and federal categorical allocations for the following  
11 programs:

12 (i) Pupil transportation;

13 (ii) Special education;

14 (iii) Bilingual education;

15 (iv) Education of highly capable students;

16 ~~((+iv))~~ (v) Compensatory education, including but not limited to  
17 learning assistance, migrant education, Indian education, and refugee  
18 programs(~~(, and bilingual education)~~);

19 ~~((+v))~~ (vi) Food services; and

20 ~~((+vi))~~ (vii) Statewide block grant programs; and

21 (c) Any other federal allocations for elementary and secondary  
22 school programs, including direct grants, other than federal impact aid  
23 funds and allocations in lieu of taxes.

24 (4) For levy collections in calendar years 2005 through 2011, in  
25 addition to the allocations included under subsection (3)(a) through  
26 (c) of this section, a district's levy base shall also include the  
27 following:

28 (a) The difference between the allocation the district would have  
29 received in the current school year had RCW 84.52.068 not been amended  
30 by chapter 19, Laws of 2003 1st sp. sess. and the allocation the  
31 district received in the current school year pursuant to RCW 84.52.068.  
32 The office of the superintendent of public instruction shall offset the  
33 amount added to a district's levy base pursuant to this subsection  
34 (4)(a) by any additional per student allocations included in a  
35 district's levy base pursuant to the enactment of an initiative to the  
36 people subsequent to June 10, 2004; and

37 (b) The difference between the allocations the district would have  
38 received the prior school year had RCW 28A.400.205 not been amended by

chapter 20, Laws of 2003 1st sp. sess. and the allocations the district actually received the prior school year pursuant to RCW 28A.400.205. The office of the superintendent of public instruction shall offset the amount added to a district's levy base pursuant to this subsection (4)(b) by any additional salary increase allocations included in a district's levy base pursuant to the enactment of an initiative to the people subsequent to June 10, 2004.

(5) A district's maximum levy percentage shall be twenty-two percent in 1998 and twenty-four percent in 1999 and every year thereafter; plus, for qualifying districts, the grandfathered percentage determined as follows:

(a) For 1997, the difference between the district's 1993 maximum levy percentage and twenty percent; and

(b) For 1998 and thereafter, the percentage calculated as follows:

(i) Multiply the grandfathered percentage for the prior year times the district's levy base determined under subsection (3) of this section;

(ii) Reduce the result of (b)(i) of this subsection by any levy reduction funds as defined in subsection (6) of this section that are to be allocated to the district for the current school year;

(iii) Divide the result of (b)(ii) of this subsection by the district's levy base; and

(iv) Take the greater of zero or the percentage calculated in (b)(iii) of this subsection.

(6) "Levy reduction funds" shall mean increases in state funds from the prior school year for programs included under subsections (3) and (4) of this section: (a) That are not attributable to enrollment changes, compensation increases, or inflationary adjustments; and (b) that are or were specifically identified as levy reduction funds in the appropriations act. If levy reduction funds are dependent on formula factors which would not be finalized until after the start of the current school year, the superintendent of public instruction shall estimate the total amount of levy reduction funds by using prior school year data in place of current school year data. Levy reduction funds shall not include moneys received by school districts from cities or counties.

(7) For the purposes of this section, "prior school year" means the

1 most recent school year completed prior to the year in which the levies  
2 are to be collected.

3 (8) For the purposes of this section, "current school year" means  
4 the year immediately following the prior school year.

5 (9) Funds collected from transportation vehicle fund tax levies  
6 shall not be subject to the levy limitations in this section.

7 (10) The superintendent of public instruction shall develop rules  
8 and regulations and inform school districts of the pertinent data  
9 necessary to carry out the provisions of this section.

10 (11) Effective for the 2010-11 school year, the superintendent  
11 shall make the necessary changes in the accounting manual requiring  
12 school districts to account for expenditures of maintenance and  
13 operations levy revenues as a separate program or programs.

14 **Sec. 502.** RCW 84.52.0531 and 1997 c 259 s 2 are each amended to  
15 read as follows:

16 The maximum dollar amount which may be levied by or for any school  
17 district for maintenance and operation support under the provisions of  
18 RCW 84.52.053 shall be determined as follows:

19 (1) For excess levies for collection in calendar year 1997, the  
20 maximum dollar amount shall be calculated pursuant to the laws and  
21 rules in effect in November 1996.

22 (2) For excess levies for collection in calendar year 1998 and  
23 thereafter, the maximum dollar amount shall be the sum of (a) plus or  
24 minus (b) and (c) of this subsection minus (d) of this subsection:

25 (a) The district's levy base as defined in subsection (3) of this  
26 section multiplied by the district's maximum levy percentage as defined  
27 in subsection (4) of this section;

28 (b) For districts in a high/nonhigh relationship, the high school  
29 district's maximum levy amount shall be reduced and the nonhigh school  
30 district's maximum levy amount shall be increased by an amount equal to  
31 the estimated amount of the nonhigh payment due to the high school  
32 district under RCW 28A.545.030(3) and 28A.545.050 for the school year  
33 commencing the year of the levy;

34 (c) For districts in an interdistrict cooperative agreement, the  
35 nonresident school district's maximum levy amount shall be reduced and  
36 the resident school district's maximum levy amount shall be increased

1 by an amount equal to the per pupil basic education allocation included  
2 in the nonresident district's levy base under subsection (3) of this  
3 section multiplied by:

4 (i) The number of full-time equivalent students served from the  
5 resident district in the prior school year; multiplied by:

6 (ii) The serving district's maximum levy percentage determined  
7 under subsection (4) of this section; increased by:

8 (iii) The percent increase per full-time equivalent student as  
9 stated in the state basic education appropriation section of the  
10 biennial budget between the prior school year and the current school  
11 year divided by fifty-five percent;

12 (d) The district's maximum levy amount shall be reduced by the  
13 maximum amount of state matching funds for which the district is  
14 eligible under RCW 28A.500.010.

15 (3) For excess levies for collection in calendar year 1998 and  
16 thereafter, a district's levy base shall be the sum of allocations in  
17 (a) through (c) of this subsection received by the district for the  
18 prior school year, including allocations for compensation increases,  
19 plus the sum of such allocations multiplied by the percent increase per  
20 full-time equivalent student as stated in the state basic education  
21 appropriation section of the biennial budget between the prior school  
22 year and the current school year and divided by fifty-five percent. A  
23 district's levy base shall not include local school district property  
24 tax levies or other local revenues, or state and federal allocations  
25 not identified in (a) through (c) of this subsection.

26 (a) The district's basic education allocation for the regular  
27 education of students as determined pursuant to RCW 28A.150.250,  
28 28A.150.260, and 28A.150.350;

29 (b) State and federal categorical allocations for the following  
30 programs:

31 (i) Pupil transportation;

32 (ii) Special education;

33 (iii) Bilingual education;

34 (iv) Education of highly capable students;

35 ~~((+iv))~~ (v) Compensatory education, including but not limited to  
36 learning assistance, migrant education, Indian education, and refugee  
37 programs(~~(, and bilingual education)~~);

38 ~~((+v))~~ (vi) Food services; and

1       (~~(vi)~~) (vii) Statewide block grant programs; and

2       (c) Any other federal allocations for elementary and secondary  
3 school programs, including direct grants, other than federal impact aid  
4 funds and allocations in lieu of taxes.

5       (4) A district's maximum levy percentage shall be twenty-two  
6 percent in 1998 and twenty-four percent in 1999 and every year  
7 thereafter; plus, for qualifying districts, the grandfathered  
8 percentage determined as follows:

9       (a) For 1997, the difference between the district's 1993 maximum  
10 levy percentage and twenty percent; and

11       (b) For 1998 and thereafter, the percentage calculated as follows:

12       (i) Multiply the grandfathered percentage for the prior year times  
13 the district's levy base determined under subsection (3) of this  
14 section;

15       (ii) Reduce the result of (b)(i) of this subsection by any levy  
16 reduction funds as defined in subsection (5) of this section that are  
17 to be allocated to the district for the current school year;

18       (iii) Divide the result of (b)(ii) of this subsection by the  
19 district's levy base; and

20       (iv) Take the greater of zero or the percentage calculated in  
21 (b)(iii) of this subsection.

22       (5) "Levy reduction funds" shall mean increases in state funds from  
23 the prior school year for programs included under subsection (3) of  
24 this section: (a) That are not attributable to enrollment changes,  
25 compensation increases, or inflationary adjustments; and (b) that are  
26 or were specifically identified as levy reduction funds in the  
27 appropriations act. If levy reduction funds are dependent on formula  
28 factors which would not be finalized until after the start of the  
29 current school year, the superintendent of public instruction shall  
30 estimate the total amount of levy reduction funds by using prior school  
31 year data in place of current school year data. Levy reduction funds  
32 shall not include moneys received by school districts from cities or  
33 counties.

34       (6) For the purposes of this section, "prior school year" means the  
35 most recent school year completed prior to the year in which the levies  
36 are to be collected.

37       (7) For the purposes of this section, "current school year" means  
38 the year immediately following the prior school year.

1 (8) Funds collected from transportation vehicle fund tax levies  
2 shall not be subject to the levy limitations in this section.

3 (9) The superintendent of public instruction shall develop rules  
4 and regulations and inform school districts of the pertinent data  
5 necessary to carry out the provisions of this section.

6 (10) Effective for the 2010-11 school year and thereafter, the  
7 superintendent shall make the necessary changes in the accounting  
8 manual requiring school districts to account for expenditures of  
9 maintenance and operations levy revenues as a separate program or  
10 programs.

11 NEW SECTION. **Sec. 503.** Section 501 of this act expires January 1,  
12 2012.

13 NEW SECTION. **Sec. 504.** Section 502 of this act takes effect  
14 January 1, 2012.

15 NEW SECTION. **Sec. 505.** Part headings used in this act are not any  
16 part of the law.

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## Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
1817 HB	K-12 educational system

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

### Estimated Cash Receipts (Dollars in Thousands)

Agency Name	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	110,300,000	209,500,000	213,200,000	223,200,000	233,700,000	244,700,000	256,200,000	268,200,000	280,800,000	294,000,000	2,333,800,000
Supt of Public Instruction	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>110,300,000</b>	<b>209,500,000</b>	<b>213,200,000</b>	<b>223,200,000</b>	<b>233,700,000</b>	<b>244,700,000</b>	<b>256,200,000</b>	<b>268,200,000</b>	<b>280,800,000</b>	<b>294,000,000</b>	<b>2,333,800,000</b>



# Ten-Year Analysis

<b>Bill Number</b> 1817 HB	<b>Title</b> K-12 educational system	<b>Agency</b> 090 Office of State Treasurer
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Fee	Acct Code											
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Biennial Totals



# Ten-Year Analysis

<b>Bill Number</b> 1817 HB	<b>Title</b> K-12 educational system	<b>Agency</b> 140 Department of Revenue
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimates

☐ **No Cash Receipts**
☐ **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Fee	Acct Code	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Full funding for basic education levy	new	110,300,000	209,500,000	213,200,000	223,200,000	233,700,000	244,700,000	256,200,000	268,200,000	280,800,000	294,000,000	2,333,800,000
<b>Total</b>		<b>110,300,000</b>	<b>209,500,000</b>	<b>213,200,000</b>	<b>223,200,000</b>	<b>233,700,000</b>	<b>244,700,000</b>	<b>256,200,000</b>	<b>268,200,000</b>	<b>280,800,000</b>	<b>294,000,000</b>	<b>2,333,800,000</b>

**Biennial Totals**
**319,800,000**
**436,400,000**
**478,400,000**
**524,400,000**
**574,800,000**
**2,333,800,000**



# Ten-Year Analysis

<b>Bill Number</b> 1817 HB	<b>Title</b> K-12 educational system	<b>Agency</b> 350 Supt of Public Instruction
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

<b>Name of Fee</b>	<b>Acct Code</b>											
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**Biennial Totals**