
ENGROSSED SUBSTITUTE SENATE BILL 5313

State of Washington

66th Legislature

2019 Regular Session

By Senate Early Learning & K-12 Education (originally sponsored by Senator Wellman; by request of Office of Financial Management)

READ FIRST TIME 02/18/19.

1 AN ACT Relating to school levies and local effort assistance; and
2 amending RCW 28A.500.015, 84.52.0531, 28A.320.330, 43.09.2856, and
3 28A.710.270.

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

5 **Sec. 1.** RCW 28A.500.015 and 2018 c 266 s 303 are each amended to
6 read as follows:

7 (1) Beginning in calendar year ((2019)) 2020 and each calendar
8 year thereafter, the state must provide state local effort assistance
9 funding to supplement school district enrichment levies as provided
10 in this section.

11 (2) (a) For an eligible school district((7)) with an actual
12 enrichment levy rate that is less than one dollar and fifty cents per
13 thousand dollars of assessed value in the school district, the annual
14 local effort assistance funding is equal to the school district's
15 maximum local effort assistance multiplied by a fraction equal to the
16 school district's actual enrichment levy rate divided by one dollar
17 and fifty cents per thousand dollars of assessed value in the school
18 district((s maximum allowable)).

19 (b) For an eligible school district with an actual enrichment
20 levy rate that is equal to or greater than one dollar and fifty cents
21 per thousand dollars of assessed value in the school district, the

1 annual local effort assistance funding is equal to the school
2 district's maximum local effort assistance.

3 (c) Beginning in calendar year 2022, for state-tribal education
4 compact schools established under chapter 28A.715 RCW, the annual
5 local effort assistance funding is equal to the actual enrichment
6 levy per student as calculated by the superintendent of public
7 instruction for the previous year for the school district in which
8 the state-tribal education compact school is located, up to a maximum
9 per student amount of one thousand five hundred fifty dollars as
10 increased by inflation from the 2019 calendar year, multiplied by the
11 student enrollment of the state-tribal education compact school in
12 the prior school year.

13 (d) Beginning in calendar year 2022, for charter schools
14 established under chapter 28A.710 RCW, the annual local effort
15 assistance funding is equal to the actual enrichment levy per student
16 as calculated by the superintendent of public instruction for the
17 previous year for the school district in which the charter school is
18 located, up to a maximum per student amount of one thousand five
19 hundred fifty dollars as increased by inflation from the 2019
20 calendar year, multiplied by the student enrollment of the charter
21 school in the prior school year. The legislature must appropriate
22 annual local effort assistance funds for charter schools from the
23 Washington opportunity pathways account in accordance with RCW
24 28A.710.270.

25 (e) For a school district that meets the criteria in this
26 subsection and is located west of the Cascades in a county that
27 borders another state, the annual local effort assistance funding is
28 equal to the local effort assistance funding authorized under (b) of
29 this subsection and additional local effort assistance funding equal
30 to the following amounts:

31 (i) Two hundred forty-six dollars per pupil in the 2019-20 school
32 year for a school district with more than twenty-five thousand annual
33 full-time equivalent students; and

34 (ii) Two hundred eighty-six dollars per pupil in the 2019-20
35 school year for a school district with more than twenty thousand
36 annual full-time equivalent enrolled students but fewer than twenty-
37 five thousand annual full-time equivalent enrolled students.

38 (3) The state local effort assistance funding provided under this
39 section is not part of the state's program of basic education deemed

1 by the legislature to comply with the requirements of Article IX,
2 section 1 of the state Constitution.

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

5 (a) "Eligible school district" means a school district (~~whose~~
6 ~~maximum allowable enrichment~~) where the amount generated by a levy
7 of one dollar and fifty cents per thousand dollars of assessed value
8 in the school district, divided by the school district's total
9 student enrollment in the prior school year, is less than the state
10 local effort assistance threshold.

11 (b) For the purpose of this section, "inflation" means, for any
12 school year, the rate of the yearly increase of the previous calendar
13 year's annual average consumer price index for all urban consumers,
14 Seattle area, using the official current base compiled by the bureau
15 of labor statistics, United States department of labor.

16 (c) (~~"Maximum allowable enrichment levy" means the maximum levy~~
17 ~~permitted by RCW 84.52.0531.~~

18 ~~(d)~~) "Maximum local effort assistance" means the difference
19 between the following:

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

22 (ii) The amount generated by a levy of one dollar and fifty cents
23 per thousand dollars of assessed value in the school district(~~is~~
24 ~~maximum allowable enrichment levy~~)).

25 (~~(e)~~) (d) "Prior school year" means the most recent school year
26 completed prior to the year in which the state local effort
27 assistance funding is to be distributed.

28 (~~(f)~~) (e) "State local effort assistance threshold" means one
29 thousand five hundred fifty dollars per student, increased for
30 inflation beginning in calendar year 2020.

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

33 (5) For districts in a high/nonhigh relationship, the enrollments
34 of the nonhigh students attending the high school shall only be
35 counted by the nonhigh school districts for purposes of funding under
36 this section.

37 (6) For school districts participating in an innovation academy
38 cooperative established under RCW 28A.340.080, enrollments of
39 students attending the academy shall be adjusted so that each

1 participant district receives its proportional share of student
2 enrollments for purposes of funding under this section.

3 **Sec. 2.** RCW 84.52.0531 and 2018 c 266 s 307 are each amended to
4 read as follows:

5 (1) Beginning with taxes levied for collection in ~~((2019))~~ 2020,
6 the maximum dollar amount which may be levied by or for any school
7 district for enrichment levies under RCW 84.52.053 is equal to the
8 lesser of ~~((one))~~ two dollars and fifty cents per thousand dollars of
9 the assessed value of property in the school district or the maximum
10 per-pupil limit. This maximum dollar amount shall be reduced
11 accordingly as provided under RCW 43.09.2856(2).

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

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

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

20 (i) Two thousand five hundred dollars, as increased by inflation
21 beginning with property taxes levied for collection in 2020,
22 multiplied by the number of average annual full-time equivalent
23 students enrolled in the school district in the prior school year,
24 for school districts with fewer than forty thousand annual full-time
25 equivalent students enrolled in the school district in the prior
26 school year; or

27 (ii) Three thousand dollars, as increased by inflation beginning
28 with property taxes levied for collection in 2020, multiplied by the
29 number of average annual full-time equivalent students enrolled in
30 the school district in the prior school year, for school districts
31 with forty thousand or more annual full-time equivalent students
32 enrolled in the school district in the prior school year. ((Beginning
33 with property taxes levied for collection in 2020, the maximum per-
34 pupil limit shall be increased by inflation.))

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

37 (3) For districts in a high/nonhigh relationship, the enrollments
38 of the nonhigh students attending the high school shall only be

1 counted by the nonhigh school districts for purposes of funding under
2 this section.

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

8 (5) Beginning with propositions for enrichment levies for
9 collection in calendar year 2020 and thereafter, a district must
10 receive approval of an enrichment levy expenditure plan under RCW
11 28A.505.240 before submission of the proposition to the voters.

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

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

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

24 **Sec. 3.** RCW 28A.320.330 and 2018 c 266 s 302 are each amended to
25 read as follows:

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

28 (1)(a) A general fund for the school district to account for all
29 financial operations of the school district except those required to
30 be accounted for in another fund.

31 (b) By the 2018-19 school year, a local revenue subfund of its
32 general fund to account for the financial operations of a school
33 district that are paid from local revenues. The local revenues that
34 must be deposited in the local revenue subfund are enrichment levies
35 and transportation vehicle levies collected under RCW 84.52.053,
36 local effort assistance funding received under chapter 28A.500 RCW,
37 and other school district local revenues including, but not limited
38 to, grants, donations, and state and federal payments in lieu of
39 taxes, but do not include other federal revenues, or local revenues

1 that operate as an offset to the district's basic education
2 allocation under RCW 28A.150.250. School districts must track
3 expenditures from this subfund separately to account for the
4 expenditure of each of these streams of revenue by source, and must
5 provide ~~((any))~~ the supplemental expenditure schedule~~((s))~~ under (c)
6 of this subsection, and any other supplemental expenditure schedules
7 required by the superintendent of public instruction or state
8 auditor, for purposes of RCW 43.09.2856.

9 (c) Beginning in the 2019-20 school year, the superintendent of
10 public instruction must require school districts to provide a
11 supplemental expenditure schedule by revenue source that identifies
12 the amount expended by object for each of the following supplementary
13 enrichment activities beyond the state funded amount:

14 (i) Minimum instructional offerings under RCW 28A.150.220 or
15 28A.150.260 not otherwise included on other lines;

16 (ii) Staffing ratios or program components under RCW 28A.150.260,
17 including providing additional staff for class size reduction beyond
18 class sizes allocated in the prototypical school model and additional
19 staff beyond the staffing ratios allocated in the prototypical school
20 formula;

21 (iii) Program components under RCW 28A.150.200, 28A.150.220, or
22 28A.150.260, not otherwise included on other lines;

23 (iv) Program components to support students in the program of
24 special education;

25 (v) Program components of professional learning, as defined by
26 RCW 28A.415.430, beyond that allocated under RCW 28A.150.415;

27 (vi) Extracurricular activities;

28 (vii) Extended school days or an extended school year;

29 (viii) Additional course offerings beyond the minimum
30 instructional program established in the state's statutory program of
31 basic education;

32 (ix) Activities associated with early learning programs;

33 (x) Activities associated with providing the student
34 transportation program;

35 (xi) Any additional salary costs attributable to the provision or
36 administration of the enrichment activities allowed under RCW
37 28A.150.276;

38 (xii) Additional activities or enhancements that the office of
39 the superintendent of public instruction determines to be a

1 documented and demonstrated enrichment of the state's statutory
2 program of basic education under RCW 28A.150.276; and

3 (xiii) All other costs not otherwise identified in other line
4 items.

5 (d) For any salary and related benefit costs identified in
6 (c)(xi), (xii), and (xiii) of this subsection, the school district
7 shall maintain a record describing how these expenditures are
8 documented and demonstrated enrichment of the state's statutory
9 program of basic education. School districts shall maintain these
10 records until the state auditor has completed the audit under RCW
11 43.09.2856.

12 (2) A capital projects fund shall be established for major
13 capital purposes. All statutory references to a "building fund" shall
14 mean the capital projects fund so established. Money to be deposited
15 into the capital projects fund shall include, but not be limited to,
16 bond proceeds, proceeds from excess levies authorized by RCW
17 84.52.053, state apportionment proceeds as authorized by RCW
18 28A.150.270, earnings from capital projects fund investments as
19 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
20 revenues transferred pursuant to subsection (3) of this section.

21 Money derived from the sale of bonds, including interest earnings
22 thereof, may only be used for those purposes described in RCW
23 28A.530.010, except that accrued interest paid for bonds shall be
24 deposited in the debt service fund.

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

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

32 (a) Major renovation and replacement of facilities and systems
33 where periodical repairs are no longer economical or extend the
34 useful life of the facility or system beyond its original planned
35 useful life. Such renovation and replacement shall include, but shall
36 not be limited to, major repairs, exterior painting of facilities,
37 replacement and refurbishment of roofing, exterior walls, windows,
38 heating and ventilating systems, floor covering in classrooms and
39 public or common areas, and electrical and plumbing systems.

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

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

5 (i) "Preliminary energy audits" means a determination of the
6 energy consumption characteristics of a building, including the size,
7 type, rate of energy consumption, and major energy using systems of
8 the building.

9 (ii) "Energy audit" means a survey of a building or complex which
10 identifies the type, size, energy use level, and major energy using
11 systems; which determines appropriate energy conservation maintenance
12 or operating procedures and assesses any need for the acquisition and
13 installation of energy conservation measures, including solar energy
14 and renewable resource measures.

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

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

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

24 (f)(i) Costs associated with implementing technology systems,
25 facilities, and projects, including acquiring hardware, licensing
26 software, and online applications and training related to the
27 installation of the foregoing. However, the software or applications
28 must be an integral part of the district's technology systems,
29 facilities, or projects.

30 (ii) Costs associated with the application and modernization of
31 technology systems for operations and instruction including, but not
32 limited to, the ongoing fees for online applications, subscriptions,
33 or software licenses, including upgrades and incidental services, and
34 ongoing training related to the installation and integration of these
35 products and services. However, to the extent the funds are used for
36 the purpose under this subsection (2)(f)(ii), the school district
37 shall transfer to the district's general fund the portion of the
38 capital projects fund used for this purpose. The office of the
39 superintendent of public instruction shall develop accounting

1 guidelines for these transfers in accordance with internal revenue
2 service regulations.

3 (g) Major equipment repair, painting of facilities, and other
4 major preventative maintenance purposes. However, to the extent the
5 funds are used for the purpose under this subsection (2)(g), the
6 school district shall transfer to the district's general fund the
7 portion of the capital projects fund used for this purpose. The
8 office of the superintendent of public instruction shall develop
9 accounting guidelines for these transfers in accordance with internal
10 revenue service regulations. Based on the district's most recent two-
11 year history of general fund maintenance expenditures, funds used for
12 this purpose may not replace routine annual preventive maintenance
13 expenditures made from the district's general fund.

14 (3) A debt service fund to provide for tax proceeds, other
15 revenues, and disbursements as authorized in chapter 39.44 RCW. State
16 forestland revenues that are deposited in a school district's debt
17 service fund pursuant to RCW 79.64.110 and to the extent not
18 necessary for payment of debt service on school district bonds may be
19 transferred by the school district into the district's capital
20 projects fund.

21 (4) An associated student body fund as authorized by RCW
22 28A.325.030.

23 (5) Advance refunding bond funds and refunded bond funds to
24 provide for the proceeds and disbursements as authorized in chapter
25 39.53 RCW.

26 **Sec. 4.** RCW 43.09.2856 and 2018 c 266 s 406 are each amended to
27 read as follows:

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

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

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

19 **Sec. 5.** RCW 28A.710.270 and 2016 c 241 s 127 are each amended to
20 read as follows:

21 The state legislature shall, at each regular session in an odd-
22 numbered year, appropriate from the Washington opportunity pathways
23 account for the current use of charter public schools amounts as
24 determined in accordance with RCW 28A.710.280, and amounts authorized
25 under RCW 28A.710.230(1) and 28A.500.015(2)(d), for state support to
26 charter schools during the ensuing biennium.

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