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ENGROSSED SUBSTITUTE SENATE BILL 5875

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State of Washington                      65th Legislature                      2017 Regular Session

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

READ FIRST TIME 03/23/17.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37        (d) In calendar year 2018 only, the rate of tax is forty-five  
38 cents per thousand dollars of assessed value upon the assessed  
39 valuation of all taxable property within the state adjusted to the

1 state equalized value in accordance with the indicated ratio fixed by  
2 the state department of revenue.

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

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

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

27 (5) As used in this section:

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

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

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

1 (d) "The support of common schools" includes the payment of the  
2 principal and interest on bonds issued for capital construction  
3 projects for the common schools.

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

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

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

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

37 (4)) Beginning with the levy of state taxes for collection in  
38 2019, in addition to the levy required by RCW 84.48.080, the  
39 department must compute a hypothetical levy of state taxes based on

1 the provisions of Title 84 RCW as they existed on January 1, 2018.  
2 This hypothetical state levy must be computed before February 1st of  
3 each year.

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

10 ~~((+6))~~ (5)(a) For each taxing district within a tax code area  
11 included in a notification under subsection (1) of this section or  
12 included in a notification under subsection (2) of this section, the  
13 department must determine whether and how much each potentially  
14 impacted taxing district's regular levy was negatively impacted due  
15 to an increase in the amount of property taxes levied under RCW  
16 84.52.065 after January 1, 2017.

17 (b) Each impacted taxing district ~~((is eligible to))~~ must receive  
18 a payment from the state equal to the amount that the taxing  
19 district's regular levy was negatively impacted due to an increase in  
20 the amount of property taxes levied under RCW 84.52.065 after January  
21 1, 2017, as determined by the department under this subsection  
22 ~~((+6))~~ (5). ~~((Payments authorized under this subsection (6) are  
23 conditioned on an appropriation by the legislature.~~

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

37 ~~((+8))~~ (7) For purposes of this subsection, the following  
38 definitions apply:

39 (a) "Appropriate county assessor" means (i) the county assessor  
40 of the county within which a taxing district subject to subsection



1 (2) of this section is wholly located or (ii) if that taxing district  
2 is located in more than one county, the county assessor of the county  
3 in which the greatest amount of assessed value of the taxing district  
4 is located.

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

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

14 ~~((10) This section expires July 1, 2027.)~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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