

**HB 2824** - S COMM AMD

By Committee on Ways & Means

ADOPTED AS AMENDED 04/10/2012

1 Strike everything after the enacting clause and insert the  
2 following:

3 NEW SECTION. **Sec. 1.** (1) Legislation enacted in 2009 (chapter  
4 548, Laws of 2009) and in 2010 (chapter 236, Laws of 2010) revised the  
5 definition of the program of basic education, established new methods  
6 for distributing state funds to school districts to support this  
7 program of basic education, and provided an outline of specific  
8 enhancements to the program of basic education that are required to be  
9 implemented by 2018. In order to meet the required deadlines to  
10 implement full funding of the enhancements, the joint task force in  
11 section 2 of this act is created to develop and recommend options for  
12 a permanent funding mechanism.

13 (2) Initiative Measure No. 728 (chapter 3, Laws of 2001) dedicated  
14 a portion of state revenues to fund class size reductions and other  
15 education improvements. Because class size reductions and similar  
16 improvements are incorporated in the reforms that were enacted in  
17 chapter 548, Laws of 2009, and chapter 236, Laws of 2010, and that are  
18 being incrementally implemented through 2018, Initiative Measure No.  
19 728 is repealed in order to make these dedicated revenues available for  
20 implementation of basic education reform and to facilitate the funding  
21 reform recommendations of the joint task force in section 2 of this  
22 act.

23 (3) Nothing in this act alters or amends the elements included in  
24 the school district levy base set forth in RCW 84.52.0531.

25 NEW SECTION. **Sec. 2.** (1) The joint task force on education  
26 funding is established. The task force shall make recommendations on  
27 how the legislature can meet the requirements outlined in chapter 548,  
28 Laws of 2009 and chapter 236, Laws of 2010. In particular, the task  
29 force shall develop a proposal for a reliable and dependable funding

1 mechanism to support basic education programs. At a minimum, the  
2 proposed funding mechanism must support full implementation of the  
3 programmatic enhancements required in chapter 548, Laws of 2009, and  
4 chapter 236, Laws of 2010, including full-day kindergarten; reduced K-3  
5 class size; increased allocations for maintenance, supplies, and  
6 operating costs; and a new pupil transportation formula.

7 (2)(a) The joint task force on education funding shall consist of  
8 the following members:

9 (i) Eight legislators, with two members from each of the two  
10 largest caucuses of the senate appointed by the president of the senate  
11 and two members from each of the two largest caucuses of the house of  
12 representatives appointed by the speaker of the house of  
13 representatives; and

14 (ii) Three individuals, to be appointed by the governor.

15 (b) The task force may recommend multiple options, but shall  
16 recommend one preferred alternative, including an outline of necessary  
17 implementing legislation. Should the task force recommend an option to  
18 fully fund the program of basic education with no new revenues, the  
19 task force must identify what areas already in the budget would be  
20 eliminated or reduced.

21 (c) The task force shall be staffed by the house of representatives  
22 office of program research, senate committee services, and the office  
23 of financial management, with assistance from the Washington state  
24 institute for public policy and other agencies as necessary.

25 (3) The task force shall submit a final report to the legislature  
26 by December 31, 2012.

27 **Sec. 3.** RCW 28A.150.380 and 2009 c 548 s 110 and 2009 c 479 s 16  
28 are each reenacted and amended to read as follows:

29 (1) The state legislature shall, at each regular session in an odd-  
30 numbered year, appropriate for the current use of the common schools  
31 such amounts as needed for state support to school districts during the  
32 ensuing biennium for the program of basic education under RCW  
33 28A.150.200.

34 (2) In addition to those state funds provided to school districts  
35 for basic education, the legislature may appropriate funds to be  
36 distributed to school districts for other factors and for other special  
37 programs to enhance or enrich the program of basic education.

1       (~~(3) The state legislature shall also, at each regular session in~~  
2 ~~an odd-numbered year, appropriate from the general fund and education~~  
3 ~~construction fund for the purposes of and in accordance with the~~  
4 ~~provisions of the student achievement act during the ensuing~~  
5 ~~biennium.))~~)

6       **Sec. 4.** RCW 28A.600.405 and 2007 c 355 s 4 are each amended to  
7 read as follows:

8       (1) For purposes of this section and RCW 28B.50.534, "eligible  
9 student" means a student who has completed all state and local high  
10 school graduation requirements except the certificate of academic  
11 achievement under RCW 28A.655.061 or the certificate of individual  
12 achievement under RCW 28A.155.045, who is less than age twenty-one as  
13 of September 1st of the academic year the student enrolls at a  
14 community and technical college under this section, and who meets the  
15 following criteria:

16       (a) Receives a level 2 (basic) score on the reading and writing  
17 content areas of the high school (~~Washington assessment of student~~  
18 ~~learning~~) statewide student assessment;

19       (b) Has not successfully met state standards on a retake of the  
20 assessment or an alternative assessment;

21       (c) Has participated in assessment remediation; and

22       (d) Receives a recommendation to enroll in courses or a program of  
23 study made available under RCW 28B.50.534 from his or her high school  
24 principal.

25       (2) An eligible student may enroll in courses or a program of study  
26 made available by a community or technical college participating in the  
27 pilot program created under RCW 28B.50.534 for the purpose of obtaining  
28 a high school diploma.

29       (3) For eligible students in courses or programs delivered directly  
30 by the community or technical college participating in the pilot  
31 program under RCW 28B.50.534 and only for enrollment in courses that  
32 lead to a high school diploma, the superintendent of public instruction  
33 shall transmit to the colleges participating in the pilot program an  
34 amount per each full-time equivalent college student at statewide  
35 uniform rates. The amount shall be the sum of (a), (b), and (c) (~~, and~~  
36 ~~(d)~~) of this subsection, as applicable.

1 (a) The superintendent shall separately calculate and allocate  
2 moneys appropriated for basic education under RCW 28A.150.260 for  
3 purposes of making payments under this section. The calculations and  
4 allocations shall be based upon the estimated statewide annual average  
5 per full-time equivalent high school student allocations under RCW  
6 28A.150.260, excluding small high school enhancements, and applicable  
7 rules adopted under chapter 34.05 RCW.

8 (b) The superintendent shall allocate an amount equal to the per  
9 funded student state allocation for the learning assistance program  
10 under chapter 28A.165 RCW for each full-time equivalent college student  
11 or a pro rata amount for less than full-time enrollment.

12 ~~(c) ((The superintendent shall allocate an amount equal to the per  
13 full-time equivalent student allocation for the student achievement  
14 program under RCW 28A.505.210 for each full-time equivalent college  
15 student or a pro rata amount for less than full-time enrollment.~~

16 ~~(d))~~ For eligible students who meet eligibility criteria for the  
17 state transitional bilingual instruction program under chapter 28A.180  
18 RCW, the superintendent shall allocate an amount equal to the per  
19 student state allocation for the transitional bilingual instruction  
20 program or a pro rata amount for less than full-time enrollment.

21 (4) The superintendent may adopt rules establishing enrollment  
22 reporting, recordkeeping, and accounting requirements necessary to  
23 ensure accountability for the use of basic education, learning  
24 assistance, and transitional bilingual program funds under this section  
25 for the pilot program created under RCW 28B.50.534.

26 (5) All school districts in the geographic area of the two  
27 community and technical colleges selected pursuant to section 8,  
28 chapter 355, Laws of 2007 to participate in the pilot program shall  
29 provide information about the high school completion option under RCW  
30 28B.50.534 to students in grades ten, eleven, and twelve and the  
31 parents or guardians of those students.

32 **Sec. 5.** RCW 43.135.045 and 2011 1st sp.s. c 50 s 950 are each  
33 amended to read as follows:

34 The education construction fund is hereby created in the state  
35 treasury.

36 (1) Funds may be appropriated from the education construction fund  
37 exclusively for common school construction or higher education

1 construction. During the 2007-2009 fiscal biennium, funds may also be  
2 used for higher education facilities preservation and maintenance.  
3 During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may  
4 transfer from the education construction fund to the state general fund  
5 such amounts as reflect the excess fund balance of the fund.

6 (2) Funds may be appropriated for any other purpose only if  
7 approved by a two-thirds vote of each house of the legislature and if  
8 approved by a vote of the people at the next general election. An  
9 appropriation approved by the people under this subsection shall result  
10 in an adjustment to the state expenditure limit only for the fiscal  
11 period for which the appropriation is made and shall not affect any  
12 subsequent fiscal period.

13 ~~(3) ((Funds for the student achievement program in RCW 28A.505.210  
14 and 28A.505.220 shall be appropriated to the superintendent of public  
15 instruction strictly for distribution to school districts to meet the  
16 provisions set out in the student achievement act. Allocations shall  
17 be made on an equal per full-time equivalent student basis to each  
18 school district.~~

19 ~~(4))~~ After July 1, 2010, the state treasurer shall transfer one  
20 hundred two million dollars from the general fund to the education  
21 ~~((construction fund))~~ legacy trust account by June 30th of each year.

22 **Sec. 6.** RCW 67.70.340 and 2010 1st sp.s. c 27 s 4 are each amended  
23 to read as follows:

24 (1) The legislature recognizes that creating a shared game lottery  
25 could result in less revenue being raised by the existing state lottery  
26 ticket sales. The legislature further recognizes that the fund most  
27 impacted by this potential event is the Washington opportunity pathways  
28 account. Therefore, it is the intent of the legislature to use some of  
29 the proceeds from the shared game lottery to make up the difference  
30 that the potential state lottery revenue loss would have on the  
31 Washington opportunity pathways account. The legislature further  
32 intends to use some of the proceeds from the shared game lottery to  
33 fund programs and services related to problem and pathological  
34 gambling.

35 (2) The Washington opportunity pathways account is expected to  
36 receive one hundred two million dollars annually from state lottery  
37 games other than the shared game lottery. For fiscal year 2011 and

1 thereafter, if the amount of lottery revenues earmarked for the  
2 Washington opportunity pathways account is less than one hundred two  
3 million dollars, the commission, after making the transfer required  
4 under subsection (3) of this section, must transfer sufficient moneys  
5 from revenues derived from the shared game lottery into the Washington  
6 opportunity pathways account to bring the total revenue up to one  
7 hundred two million dollars.

8 (3)(a) The commission shall transfer, from revenue derived from the  
9 shared game lottery, to the problem gambling account created in RCW  
10 43.20A.892, an amount equal to the percentage specified in (b) of this  
11 subsection of net receipts. For purposes of this subsection, "net  
12 receipts" means the difference between (i) revenue received from the  
13 sale of lottery tickets or shares and revenue received from the sale of  
14 shared game lottery tickets or shares; and (ii) the sum of payments  
15 made to winners.

16 (b) In fiscal year 2006, the percentage to be transferred to the  
17 problem gambling account is one-tenth of one percent. In fiscal year  
18 2007 and subsequent fiscal years, the percentage to be transferred to  
19 the problem gambling account is thirteen one-hundredths of one percent.

20 (4) The commission shall transfer the remaining net revenues, if  
21 any, derived from the shared game lottery "Powerball" authorized in RCW  
22 67.70.044(1) after the transfers pursuant to this section into the  
23 state general fund for (~~the student achievement program under RCW~~  
24 ~~28A.505.220~~) support for the program of basic education under RCW  
25 28A.150.200.

26 (5) The remaining net revenues, if any, in the shared game lottery  
27 account after the transfers pursuant to this section shall be deposited  
28 into the Washington opportunity pathways account.

29 **Sec. 7.** RCW 83.100.230 and 2010 1st sp.s. c 37 s 953 are each  
30 amended to read as follows:

31 The education legacy trust account is created in the state  
32 treasury. Money in the account may be spent only after appropriation.  
33 Expenditures from the account may be used only for (~~deposit into the~~  
34 ~~student achievement fund~~) support of the common schools, for transfer  
35 to the common school construction account for state assistance to  
36 public school facilities construction projects, and for expanding  
37 access to higher education through funding for new enrollments and

1 financial aid, and other educational improvement efforts. ((During the  
2 2009-2011 fiscal biennium, moneys in the account may also be  
3 transferred into the state general fund.))

4 **Sec. 8.** RCW 84.52.0531 and 2010 c 237 s 1 and 2010 c 99 s 11 are  
5 each reenacted and amended to read as follows:

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

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

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

16 (a) The district's levy base as defined in subsections (3) and (4)  
17 of this section multiplied by the district's maximum levy percentage as  
18 defined in subsection (6) of this section;

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

25 (c) Except for nonhigh districts under (d) of this subsection, for  
26 districts in an interdistrict cooperative agreement, the nonresident  
27 school district's maximum levy amount shall be reduced and the resident  
28 school district's maximum levy amount shall be increased by an amount  
29 equal to the per pupil basic education allocation included in the  
30 nonresident district's levy base under subsection (3) of this section  
31 multiplied by:

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

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

36 (iii) The percent increase per full-time equivalent student as

1 stated in the state basic education appropriation section of the  
2 biennial budget between the prior school year and the current school  
3 year divided by fifty-five percent;

4 (d) The levy bases of nonhigh districts participating in an  
5 innovation academy cooperative established under RCW 28A.340.080 shall  
6 be adjusted by the office of the superintendent of public instruction  
7 to reflect each district's proportional share of student enrollment in  
8 the cooperative;

9 (e) The district's maximum levy amount shall be reduced by the  
10 maximum amount of state matching funds for which the district is  
11 eligible under RCW 28A.500.010.

12 (3) For excess levies for collection in calendar year 2005 and  
13 thereafter, a district's levy base shall be the sum of allocations in  
14 (a) through (c) of this subsection received by the district for the  
15 prior school year and the amounts determined under subsection (4) of  
16 this section, including allocations for compensation increases, plus  
17 the sum of such allocations multiplied by the percent increase per full  
18 time equivalent student as stated in the state basic education  
19 appropriation section of the biennial budget between the prior school  
20 year and the current school year and divided by fifty-five percent. A  
21 district's levy base shall not include local school district property  
22 tax levies or other local revenues, or state and federal allocations  
23 not identified in (a) through (c) of this subsection.

24 (a) The district's basic education allocation as determined  
25 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

26 (b) State and federal categorical allocations for the following  
27 programs:

- 28 (i) Pupil transportation;
- 29 (ii) Special education;
- 30 (iii) Education of highly capable students;
- 31 (iv) Compensatory education, including but not limited to learning  
32 assistance, migrant education, Indian education, refugee programs, and  
33 bilingual education;
- 34 (v) Food services; and
- 35 (vi) Statewide block grant programs; and

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

1 (4) For levy collections in calendar years 2005 through 2017, in  
2 addition to the allocations included under subsection (3)(a) through  
3 (c) of this section, a district's levy base shall also include the  
4 following:

5 (a)(i) For levy collections in calendar year 2010, the difference  
6 between the allocation the district would have received in the current  
7 school year had RCW 84.52.068 not been amended by chapter 19, Laws of  
8 2003 1st sp. sess. and the allocation the district received in the  
9 current school year pursuant to RCW 28A.505.220;

10 (ii) For levy collections in calendar years 2011 through 2017,  
11 (~~the difference between~~) the allocation rate the district would have  
12 received in the prior school year using the Initiative 728 rate (~~and~~  
13 ~~the allocation rate the district received in the prior school year~~  
14 ~~pursuant to RCW 28A.505.220~~) multiplied by the full-time equivalent  
15 student enrollment used to calculate the Initiative 728 allocation for  
16 the prior school year; and

17 (b) The difference between the allocations the district would have  
18 received the prior school year using the Initiative 732 base and the  
19 allocations the district actually received the prior school year  
20 pursuant to RCW 28A.400.205.

21 (5) For levy collections in calendar years 2011 through 2017, in  
22 addition to the allocations included under subsections (3)(a) through  
23 (c) and (4)(a) and (b) of this section, a district's levy base shall  
24 also include the difference between an allocation of fifty-three and  
25 two-tenths certificated instructional staff units per thousand full-  
26 time equivalent students in grades kindergarten through four enrolled  
27 in the prior school year and the allocation of certificated  
28 instructional staff units per thousand full-time equivalent students in  
29 grades kindergarten through four that the district actually received in  
30 the prior school year, except that the levy base for a school district  
31 whose allocation in the 2009-10 school year was less than fifty-three  
32 and two-tenths certificated instructional staff units per thousand  
33 full-time equivalent students in grades kindergarten through four shall  
34 include the difference between the allocation the district actually  
35 received in the 2009-10 school year and the allocation the district  
36 actually received in the prior school year.

37 (6)(a) A district's maximum levy percentage shall be twenty-four

1 percent in 2010 and twenty-eight percent in 2011 through 2017 and  
2 twenty-four percent every year thereafter;

3 (b) For qualifying districts, in addition to the percentage in (a)  
4 of this subsection the grandfathered percentage determined as follows:

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

7 (ii) For 2011 through 2017, the percentage calculated as follows:

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

11 (B) Reduce the result of (b)(ii)(A) of this subsection by any levy  
12 reduction funds as defined in subsection (7) of this section that are  
13 to be allocated to the district for the current school year;

14 (C) Divide the result of (b)(ii)(B) of this subsection by the  
15 district's levy base; and

16 (D) Take the greater of zero or the percentage calculated in  
17 (b)(ii)(C) of this subsection.

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

30 (8) The definitions in this subsection apply throughout this  
31 section unless the context clearly requires otherwise.

32 (a) "Prior school year" means the most recent school year completed  
33 prior to the year in which the levies are to be collected.

34 (b) "Current school year" means the year immediately following the  
35 prior school year.

36 (c) "Initiative 728 rate" means the allocation rate at which the  
37 student achievement program would have been funded under chapter 3,

1 Laws of 2001, if all annual adjustments to the initial 2001 allocation  
2 rate had been made in previous years and in each subsequent year as  
3 provided for under chapter 3, Laws of 2001.

4 (d) "Initiative 732 base" means the prior year's state allocation  
5 for annual salary cost-of-living increases for district employees in  
6 the state-funded salary base as it would have been calculated under  
7 chapter 4, Laws of 2001, if each annual cost-of-living increase  
8 allocation had been provided in previous years and in each subsequent  
9 year.

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

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

15 (11) For calendar year 2009, the office of the superintendent of  
16 public instruction shall recalculate school district levy authority to  
17 reflect levy rates certified by school districts for calendar year  
18 2009.

19 NEW SECTION. **Sec. 9.** The following acts or parts of acts are each  
20 repealed:

21 (1) RCW 28A.505.210 (Student achievement funds--Use and accounting  
22 of funds--Public hearing--Report) and 2009 c 479 s 17, 2005 c 497 s  
23 105, & 2001 c 3 s 3; and

24 (2) RCW 28A.505.220 (Student achievement program--General fund  
25 allocation) and 2011 1st sp.s. c 17 s 1.

26 NEW SECTION. **Sec. 10.** Section 8 of this act expires January 1,  
27 2018."

**HB 2824** - S COMM AMD  
By Committee on Ways & Means

**ADOPTED AS AMENDED 04/10/2012**

28 On page 1, line 3 of the title, after "program;" strike the

1 remainder of the title and insert "amending RCW 28A.600.405,  
2 43.135.045, 67.70.340, and 83.100.230; reenacting and amending RCW  
3 28A.150.380 and 84.52.0531; repealing RCW 28A.505.210 and 28A.505.220;  
4 creating new sections; and providing an expiration date."

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