
SUBSTITUTE SENATE BILL 5898

State of Washington 63rd Legislature 2013 Regular Session

By Senate Ways & Means (originally sponsored by Senators Hill and Hargrove)

READ FIRST TIME 04/15/13.

1 AN ACT Relating to increasing education funding, including
2 adjusting school district levy and state levy equalization provisions;
3 amending RCW 28A.150.260, 28A.160.192, 84.52.0531, 28A.500.020, and
4 28A.500.030; reenacting and amending RCW 84.52.0531; adding a new
5 section to chapter 28A.150 RCW; providing effective dates; and
6 providing an expiration date.

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

8 **Sec. 1.** RCW 28A.150.260 and 2011 1st sp.s. c 27 s 2 are each
9 amended to read as follows:

10 The purpose of this section is to provide for the allocation of
11 state funding that the legislature deems necessary to support school
12 districts in offering the minimum instructional program of basic
13 education under RCW 28A.150.220. The allocation shall be determined as
14 follows:

15 (1) The governor shall and the superintendent of public instruction
16 may recommend to the legislature a formula for the distribution of a
17 basic education instructional allocation for each common school
18 district.

1 (2) The distribution formula under this section shall be for
2 allocation purposes only. Except as may be required under chapter
3 28A.155, 28A.165, 28A.180, or 28A.185 RCW, or federal laws and
4 regulations, nothing in this section requires school districts to use
5 basic education instructional funds to implement a particular
6 instructional approach or service. Nothing in this section requires
7 school districts to maintain a particular classroom teacher-to-student
8 ratio or other staff-to-student ratio or to use allocated funds to pay
9 for particular types or classifications of staff. Nothing in this
10 section entitles an individual teacher to a particular teacher planning
11 period.

12 (3)(a) (~~To the extent the technical details of the formula have~~
13 ~~been adopted by the legislature and~~) Except when specifically provided
14 as a school district allocation, the distribution formula for the basic
15 education instructional allocation shall be based on minimum staffing
16 and nonstaff costs the legislature deems necessary to support
17 instruction and operations in prototypical schools serving high,
18 middle, and elementary school students as provided in this section.
19 The use of prototypical schools for the distribution formula does not
20 constitute legislative intent that schools should be operated or
21 structured in a similar fashion as the prototypes. Prototypical
22 schools illustrate the level of resources needed to operate a school of
23 a particular size with particular types and grade levels of students
24 using commonly understood terms and inputs, such as class size, hours
25 of instruction, and various categories of school staff. It is the
26 intent that the funding allocations to school districts be adjusted
27 from the school prototypes based on the actual number of annual average
28 full-time equivalent students in each grade level at each school in the
29 district and not based on the grade-level configuration of the school
30 to the extent that data is available. The allocations shall be further
31 adjusted from the school prototypes with minimum allocations for small
32 schools and to reflect other factors identified in the omnibus
33 appropriations act.

34 (b) For the purposes of this section, prototypical schools are
35 defined as follows:

36 (i) A prototypical high school has six hundred average annual full-
37 time equivalent students in grades nine through twelve;

1 (ii) A prototypical middle school has four hundred thirty-two
2 average annual full-time equivalent students in grades seven and eight;
3 and

4 (iii) A prototypical elementary school has four hundred average
5 annual full-time equivalent students in grades kindergarten through
6 six.

7 (4)(a) The minimum allocation for each level of prototypical school
8 shall be based on the number of full-time equivalent classroom teachers
9 needed to provide instruction over the minimum required annual
10 instructional hours under RCW 28A.150.220 and provide at least one
11 teacher planning period per school day, and based on the following
12 general education average class size of full-time equivalent students
13 per teacher:

	General education average class size
14	
15	
16	
17 Grades K-3	25.23
18 Grade 4	27.00
19 Grades 5-6	27.00
20 Grades 7-8	28.53
21 Grades 9-12	28.74

22 (b) During the 2011-2013 biennium and beginning with schools with
23 the highest percentage of students eligible for free and reduced-price
24 meals in the prior school year, the general education average class
25 size for grades K-3 shall be reduced until the average class size
26 funded under this subsection (4) is no more than 17.0 full-time
27 equivalent students per teacher beginning in the 2017-18 school year.

28 (c) The minimum allocation for each prototypical middle and high
29 school shall also provide for full-time equivalent classroom teachers
30 based on the following number of full-time equivalent students per
31 teacher in career and technical education:

	Career and technical education average class size
32	
33	
34	
35 Approved career and technical education offered at	
36 the middle school and high school level	26.57
37 Skill center programs meeting the standards established	

1 by the office of the superintendent of public
 2 instruction 22.76

3 (d) In addition, the omnibus appropriations act shall at a minimum
 4 specify:

5 (i) A high-poverty average class size in schools where more than
 6 fifty percent of the students are eligible for free and reduced-price
 7 meals; and

8 (ii) A specialty average class size for laboratory science,
 9 advanced placement, and international baccalaureate courses.

10 (5) The minimum allocation for each level of prototypical school
 11 shall include allocations for the following types of staff in addition
 12 to classroom teachers:

	Elementary	Middle	High
	School	School	School
17 Principals, assistant principals, and other certificated building-level			
18 administrators	1.253	1.353	1.880
19 Teacher librarians, a function that includes information literacy, technology,			
20 and media to support school library media programs	0.663	0.519	0.523
21 Health and social services:			
22 School nurses	0.076	0.060	0.096
23 Social workers	0.042	0.006	0.015
24 Psychologists	0.017	0.002	0.007
25 Guidance counselors, a function that includes parent outreach and graduation			
26 advising	0.493	1.116	1.909
27 Teaching assistance, including any aspect of educational instructional			
28 services provided by classified employees	0.936	0.700	0.652
29 Office support and other noninstructional aides	2.012	2.325	3.269
30 Custodians	1.657	1.942	2.965
31 Classified staff providing student and staff safety	0.079	0.092	0.141
32 Parent involvement coordinators	0.00	0.00	0.00

33 (6)(a) The minimum staffing allocation for each school district to
 34 provide district-wide support services shall be allocated per one

1 thousand annual average full-time equivalent students in grades K-12 as
2 follows:

	Staff per 1,000 K-12 students
3 Technology	0.628
4 Facilities, maintenance, and grounds	1.813
5 Warehouse, laborers, and mechanics	0.332

6 (b) The minimum allocation of staff units for each school district
7 to support certificated and classified staffing of central
8 administration shall be 5.30 percent of the staff units generated under
9 subsections (4)(a) and (b) and (5) of this section and (a) of this
10 subsection.

11 (7) The distribution formula shall include staffing allocations to
12 school districts for career and technical education and skill center
13 administrative and other school-level certificated staff, as specified
14 in the omnibus appropriations act.

15 (8)(a) Except as provided in (b) of this subsection, the minimum
16 allocation for each school district shall include allocations per
17 annual average full-time equivalent student for the following
18 materials, supplies, and operating costs, to be adjusted for inflation
19 from the 2008-09 school year:

	Per annual average full-time equivalent student in grades K-12
20 Technology	\$54.43
21 Utilities and insurance	\$147.90
22 Curriculum and textbooks	\$58.44
23 Other supplies and library materials	\$124.07
24 Instructional professional development for certified and 25 classified staff	\$9.04
26 Facilities maintenance	\$73.27
27 Security and central office	\$50.76
28 <u>Total basic education materials, supplies, and operating</u> 29 <u>costs (MSOC) per student FTE</u>	<u>\$517.91</u>

30 (b) (~~During the 2011-2013 biennium~~) The allocation rates for the
31 2013-14 and 2014-15 school years for materials, supplies, and operating
32 costs shall be enhanced over minimum levels established in (a) of this

1 subsection, as specified in the omnibus appropriations act. Beginning
 2 with the 2015-16 school year, the minimum allocation for
 3 ((maintenance)) each school district for materials, supplies, and
 4 operating costs shall be ((increased as specified in the omnibus
 5 appropriations act. The following allocations, adjusted for inflation
 6 from the 2007-08 school year, are provided in the 2015-16 school year,
 7 after which the allocations shall)) the following allocations, which
 8 shall thereafter be adjusted annually for inflation as specified in the
 9 omnibus appropriations act:

	((Per annual average full-time equivalent student in grades K-12))
	<u>Materials, supplies, and operating costs (MSOC) Rates per student full-time equivalent</u>
16	<u>MSOC component 2015-16 school year</u>
17	Technology ((\$113.80))
18	<u>\$114.57</u>
19	Utilities and insurance ((\$309.21))
20	<u>\$311.29</u>
21	Curriculum and textbooks ((\$122.17))
22	<u>\$122.99</u>
23	Other supplies and library materials ((\$259.39))
24	<u>\$261.13</u>
25	Instructional professional development for certificated and
26	classified staff ((\$18.89))
27	<u>\$19.01</u>
28	Facilities maintenance ((\$153.18)) <u>154.22</u>
29	Security and central office administration ((\$106.12))
30	<u>106.83</u>
31	<u>Total basic education MSOC per student FTE \$1,090.04</u>

32 (9) In addition to the amounts provided in subsection (8) of this
 33 section, the omnibus appropriations act shall provide an amount based
 34 on full-time equivalent student enrollment in each of the following:

35 (a) Exploratory career and technical education courses for students
 36 in grades seven through twelve;

37 (b) Laboratory science courses for students in grades nine through
 38 twelve;

1 (c) Preparatory career and technical education courses for students
2 in grades nine through twelve offered in a high school; and

3 (d) Preparatory career and technical education courses for students
4 in grades eleven and twelve offered through a skill center.

5 (10) In addition to the allocations otherwise provided under this
6 section, amounts shall be provided to support the following programs
7 and services:

8 (a) To provide supplemental instruction and services for
9 underachieving students through the learning assistance program under
10 RCW 28A.165.005 through 28A.165.065, allocations shall be based on the
11 district percentage of students in grades K-12 who were eligible for
12 free or reduced-price meals in the prior school year. The minimum
13 allocation for the program shall provide for each level of prototypical
14 school resources to provide, on a statewide average, 1.5156 hours per
15 week in extra instruction with a class size of fifteen learning
16 assistance program students per teacher.

17 (b) To provide supplemental instruction and services for students
18 whose primary language is other than English, allocations shall be
19 based on the head count number of students in each school who are
20 eligible for and enrolled in the transitional bilingual instruction
21 program under RCW 28A.180.010 through 28A.180.080. The minimum
22 allocation for each level of prototypical school shall provide
23 resources to provide, on a statewide average, 4.7780 hours per week in
24 extra instruction with fifteen transitional bilingual instruction
25 program students per teacher. Notwithstanding other provisions of this
26 subsection (10), the actual per-student allocation may be scaled to
27 provide a larger allocation for students needing more intensive
28 intervention and a commensurate reduced allocation for students needing
29 less intensive intervention, as detailed in the omnibus appropriations
30 act.

31 (c) To provide additional allocations to support programs for
32 highly capable students under RCW 28A.185.010 through 28A.185.030,
33 allocations shall be based on two and three hundred fourteen one-
34 thousandths percent of each school district's full-time equivalent
35 basic education enrollment. The minimum allocation for the programs
36 shall provide resources to provide, on a statewide average, 2.1590
37 hours per week in extra instruction with fifteen highly capable program
38 students per teacher.

1 (11) The allocations under subsections (4)(a) and (b), (5), (6),
2 and (8) of this section shall be enhanced as provided under RCW
3 28A.150.390 on an excess cost basis to provide supplemental
4 instructional resources for students with disabilities.

5 (12)(a) For the purposes of allocations for prototypical high
6 schools and middle schools under subsections (4) and (10) of this
7 section that are based on the percent of students in the school who are
8 eligible for free and reduced-price meals, the actual percent of such
9 students in a school shall be adjusted by a factor identified in the
10 omnibus appropriations act to reflect underreporting of free and
11 reduced-price meal eligibility among middle and high school students.

12 (b) Allocations or enhancements provided under subsections (4),
13 (7), and (9) of this section for exploratory and preparatory career and
14 technical education courses shall be provided only for courses approved
15 by the office of the superintendent of public instruction under chapter
16 28A.700 RCW.

17 (13)(a) This formula for distribution of basic education funds
18 shall be reviewed biennially by the superintendent and governor. The
19 recommended formula shall be subject to approval, amendment or
20 rejection by the legislature.

21 (b) In the event the legislature rejects the distribution formula
22 recommended by the governor, without adopting a new distribution
23 formula, the distribution formula for the previous school year shall
24 remain in effect.

25 (c) The enrollment of any district shall be the annual average
26 number of full-time equivalent students and part-time students as
27 provided in RCW 28A.150.350, enrolled on the first school day of each
28 month, including students who are in attendance pursuant to RCW
29 28A.335.160 and 28A.225.250 who do not reside within the servicing
30 school district. The definition of full-time equivalent student shall
31 be determined by rules of the superintendent of public instruction and
32 shall be included as part of the superintendent's biennial budget
33 request. The definition shall be based on the minimum instructional
34 hour offerings required under RCW 28A.150.220. Any revision of the
35 present definition shall not take effect until approved by the house
36 ways and means committee and the senate ways and means committee.

37 (d) The office of financial management shall make a monthly review

1 of the superintendent's reported full-time equivalent students in the
2 common schools in conjunction with RCW 43.62.050.

3 **Sec. 2.** RCW 28A.160.192 and 2011 1st sp.s. c 27 s 3 are each
4 amended to read as follows:

5 (1) (~~The superintendent of public instruction shall phase in the~~
6 ~~implementation of~~) The distribution formula under this chapter for
7 allocating state funds to school districts for the transportation of
8 students to and from school(~~. The phase in shall begin no later than~~
9 ~~the 2011-2013 biennium and be fully implemented by the 2013-2015~~
10 ~~biennium.~~) must:

11 (a) (~~The formula must~~) Be developed and revised on an ongoing
12 basis using the major cost factors in student transportation, including
13 basic and special student loads, school district land area, average
14 distance to school, roadway miles, and number of locations served.
15 Factors must include all those site characteristics that are
16 statistically significant after analysis of the data required by the
17 revised reporting process.

18 (b) (~~The formula must~~) Allocate funds to school districts based
19 on the average predicted costs of transporting students to and from
20 school, using a regression analysis. Only factors that are
21 statistically significant shall be used in the regression analysis.
22 Employee compensation costs included in the allowable transportation
23 expenditures used for the purpose of establishing each (~~school~~
24 ~~district's independent~~) variable in the regression analysis shall be
25 limited to the base salary or hourly wage rates, fringe benefit rates,
26 and (~~applicable health care~~) the insurance benefit allocation rates
27 provided in the omnibus appropriations act.

28 (2) (~~During the phase in period,~~) Funding provided to school
29 districts for student transportation operations shall be distributed on
30 the following basis:

31 (a) Annually, each school district shall receive the lesser of the
32 (~~previous school year's pupil transportation operations allocation~~)
33 expected cost as predicted by the regression analysis under subsection
34 (1)(b) of this section, or the total of allowable pupil transportation
35 expenditures identified on the previous school year's final expenditure
36 report to the state plus district indirect expenses using the federal

1 restricted indirect rate as calculated in the district annual financial
2 report;

3 (b) Annually, the amount identified in (a) of this subsection shall
4 be adjusted for any budgeted (~~(increases)~~) changes provided in the
5 omnibus appropriations act for salaries (~~(or)~~), fringe benefits, and
6 the insurance benefit allocation rates; and

7 (~~(c) (Annually, any funds appropriated by the legislature in excess~~
8 ~~of the maintenance level funding amount for student transportation~~
9 ~~shall be distributed among school districts on a prorated basis using~~
10 ~~the difference between the amount identified in (a) adjusted by (b) of~~
11 ~~this subsection and the amount determined under the formula in RCW~~
12 ~~28A.160.180; and~~

13 ~~(d))~~ Allocations provided to recognize the cost of depreciation to
14 districts contracting with private carriers for student transportation
15 shall be deducted from the allowable transportation expenditures in (a)
16 of this subsection.

17 **Sec. 3.** RCW 84.52.0531 and 2012 1st sp.s. c 10 s 8 are each
18 amended to read as follows:

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

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

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

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

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

1 (c) Except for nonhigh districts under (d) of this subsection, for
2 districts in an interdistrict cooperative agreement, the nonresident
3 school district's maximum levy amount shall be reduced and the resident
4 school district's maximum levy amount shall be increased by an amount
5 equal to the per pupil basic education allocation included in the
6 nonresident district's levy base under subsection (3) of this section
7 multiplied by:

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

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

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

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

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

24 (3) For excess levies for collection in calendar year 2005 and
25 thereafter, a district's levy base shall be the sum of allocations in
26 (a) through (c) of this subsection received by the district for the
27 prior school year and the amounts determined under subsection (4) of
28 this section, including allocations for compensation increases, plus
29 the sum of such allocations multiplied by the percent increase per full
30 time equivalent student as stated in the state basic education
31 appropriation section of the biennial budget between the prior school
32 year and the current school year and divided by fifty-five percent. A
33 district's levy base shall not include local school district property
34 tax levies or other local revenues, or state and federal allocations
35 not identified in (a) through (c) of this subsection.

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

1 (b) State and federal categorical allocations for the following
2 programs:

3 (i) Pupil transportation;

4 (ii) Special education;

5 (iii) Education of highly capable students;

6 (iv) Compensatory education, including but not limited to learning
7 assistance, migrant education, Indian education, refugee programs, and
8 bilingual education;

9 (v) Food services; and

10 (vi) Statewide block grant programs; and

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

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

18 (a)(i) For levy collections in calendar year 2010, the difference
19 between the allocation the district would have received in the current
20 school year had RCW 84.52.068 not been amended by chapter 19, Laws of
21 2003 1st sp. sess. and the allocation the district received in the
22 current school year pursuant to RCW 28A.505.220;

23 (ii) For levy collections in calendar years 2011 through 2017, the
24 allocation rate the district would have received in the prior school
25 year using the Initiative 728 rate multiplied by the full-time
26 equivalent student enrollment used to calculate the Initiative 728
27 allocation for the prior school year; and

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

32 (5) For levy collections in calendar years 2011 through 2017, in
33 addition to the allocations included under subsections (3)(a) through
34 (c) and (4)(a) and (b) of this section, a district's levy base shall
35 also include the difference between an allocation of fifty-three and
36 two-tenths certificated instructional staff units per thousand full-
37 time equivalent students in grades kindergarten through four enrolled
38 in the prior school year and the allocation of certificated

1 instructional staff units per thousand full-time equivalent students in
2 grades kindergarten through four that the district actually received in
3 the prior school year, except that the levy base for a school district
4 whose allocation in the 2009-10 school year was less than fifty-three
5 and two-tenths certificated instructional staff units per thousand
6 full-time equivalent students in grades kindergarten through four shall
7 include the difference between the allocation the district actually
8 received in the 2009-10 school year and the allocation the district
9 actually received in the prior school year.

10 (6)(a) A district's maximum levy percentage shall be twenty-four
11 percent in 2010 (~~and~~); twenty-eight percent in 2011 through 2014;
12 twenty-seven percent in 2015 through 2017; and twenty-four percent
13 every year thereafter. However, if the condition in section 7 of this
14 act is met, the maximum levy percentage shall be twenty-six percent in
15 2016 and twenty-five percent in 2017;

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

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

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

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

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

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

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

31 (7) "Levy reduction funds" shall mean increases in state funds from
32 the prior school year for programs included under subsections (3) and
33 (4) of this section: (a) That are not attributable to enrollment
34 changes, compensation increases, or inflationary adjustments; and (b)
35 that are or were specifically identified as levy reduction funds in the
36 appropriations act. If levy reduction funds are dependent on formula
37 factors which would not be finalized until after the start of the
38 current school year, the superintendent of public instruction shall

1 estimate the total amount of levy reduction funds by using prior school
2 year data in place of current school year data. Levy reduction funds
3 shall not include moneys received by school districts from cities or
4 counties.

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

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

9 (b) "Current school year" means the year immediately following the
10 prior school year.

11 (c) "Initiative 728 rate" means the allocation rate at which the
12 student achievement program would have been funded under chapter 3,
13 Laws of 2001, if all annual adjustments to the initial 2001 allocation
14 rate had been made in previous years and in each subsequent year as
15 provided for under chapter 3, Laws of 2001.

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

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

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

27 (11) For calendar year 2009, the office of the superintendent of
28 public instruction shall recalculate school district levy authority to
29 reflect levy rates certified by school districts for calendar year
30 2009.

31 **Sec. 4.** RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11 are
32 each reenacted and amended to 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:

36 (1) For excess levies for collection in calendar year 1997, the

1 maximum dollar amount shall be calculated pursuant to the laws and
2 rules in effect in November 1996.

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

7 (a) The district's levy base as defined in subsection (3) of this
8 section multiplied by the district's maximum levy percentage as defined
9 in subsection (4) 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) Except for nonhigh districts under (d) of this subsection, for
17 districts in an interdistrict cooperative agreement, the nonresident
18 school district's maximum levy amount shall be reduced and the resident
19 school district's maximum levy amount shall be increased by an amount
20 equal to the per pupil basic education allocation included in the
21 nonresident district's levy base under subsection (3) of this section
22 multiplied by:

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

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

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

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

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

1 (3) For excess levies for collection in calendar year 1998 and
2 thereafter, a district's levy base shall be the sum of allocations in
3 (a) through (c) of this subsection received by the district for the
4 prior school year, including allocations for compensation increases,
5 plus the sum of such allocations multiplied by the percent increase per
6 full time equivalent student as stated in the state basic education
7 appropriation section of the biennial budget between the prior school
8 year and the current school year and divided by fifty-five percent. A
9 district's levy base shall not include local school district property
10 tax levies or other local revenues, or state and federal allocations
11 not identified in (a) through (c) of this subsection.

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

14 (b) State and federal categorical allocations for the following
15 programs:

- 16 (i) Pupil transportation;
- 17 (ii) Special education;
- 18 (iii) Education of highly capable students;
- 19 (iv) Compensatory education, including but not limited to learning
20 assistance, migrant education, Indian education, refugee programs, and
21 bilingual education;
- 22 (v) Food services; and
- 23 (vi) Statewide block grant programs; and

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

27 (4)(a) A district's maximum levy percentage shall be twenty-four
28 percent in 2010 (~~and~~); twenty-eight percent in 2011 through 2014;
29 twenty-seven percent in 2015 through 2017; and twenty-four percent
30 every year thereafter. However, if the condition in section 7 of this
31 act is met, the maximum levy percentage shall be twenty-six percent in
32 2016 and twenty-five percent in 2017;

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

- 35 (i) For 1997, the difference between the district's 1993 maximum
36 levy percentage and twenty percent; (~~and~~)
- 37 (ii) For 2011 through 2017, the percentage calculated as follows:

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

4 (B) Reduce the result of (b)(ii)(A) of this subsection by any levy
5 reduction funds as defined in subsection (5) of this section that are
6 to be allocated to the district for the current school year;

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

9 (D) Take the greater of zero or the percentage calculated in
10 (b)(ii)(C) of this subsection;

11 (iii) For 2018 and thereafter, the percentage shall be calculated
12 as follows:

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

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

19 (C) Divide the result of (b)(iii)(B) of this subsection by the
20 district's levy base; and

21 (D) Take the greater of zero or the percentage calculated in
22 (b)(iii)(C) of this subsection.

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

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

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

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

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

8 **Sec. 5.** RCW 28A.500.020 and 2010 c 237 s 5 are each amended to
9 read as follows:

10 (1) Unless the context clearly requires otherwise, the definitions
11 in this section apply throughout this chapter.

12 (a) "Prior tax collection year" means the year immediately
13 preceding the year in which the local effort assistance shall be
14 allocated.

15 (b) "Statewide average (~~(fourteen)~~) local effort assistance percent
16 levy rate" means (~~(fourteen)~~) the percent specified in (f) of this
17 subsection of the total levy bases as defined in RCW 84.52.0531 (3) and
18 (4) summed for all school districts, and divided by the total assessed
19 valuation for excess levy purposes in the prior tax collection year for
20 all districts as adjusted to one hundred percent by the county
21 indicated ratio established in RCW 84.48.075.

22 (c) The "district's (~~(fourteen)~~) local effort assistance percent
23 levy amount" means the school district's maximum levy authority after
24 transfers determined under RCW 84.52.0531(2) (a) through (c) divided by
25 the district's maximum levy percentage determined under RCW
26 84.52.0531(~~(+5)~~) (6) multiplied by (~~(fourteen)~~) the percent specified
27 in (f) of this subsection.

28 (d) The "district's (~~(fourteen)~~) local effort assistance percent
29 levy rate" means the district's (~~(fourteen)~~) percent specified in (f)
30 of this subsection levy amount divided by the district's assessed
31 valuation for excess levy purposes for the prior tax collection year as
32 adjusted to one hundred percent by the county indicated ratio.

33 (e) "Districts eligible for local effort assistance" means those
34 districts with a (~~(fourteen)~~) local effort assistance percent levy rate
35 that exceeds the statewide average (~~(fourteen)~~) local effort assistance
36 percent levy rate.

1 (f) Applicable percents for the purposes of (b), (c), (d), and (e)
2 of this subsection are:

3 (i) For calendar years 2013 and 2014, fourteen percent; and

4 (ii) For calendar year 2015, thirteen and one-half percent and
5 thereafter. However, if the condition in section 7 of this act is met,
6 the applicable percentage shall be thirteen percent in 2016 and twelve
7 and one-half percent in 2017.

8 (2) Unless otherwise stated all rates, percents, and amounts are
9 for the calendar year for which local effort assistance is being
10 calculated under this chapter.

11 **Sec. 6.** RCW 28A.500.030 and 2010 c 237 s 6 are each amended to
12 read as follows:

13 Allocation of state matching funds to eligible districts for local
14 effort assistance shall be determined as follows:

15 (1) Funds raised by the district through maintenance and operation
16 levies shall be matched with state funds using the following ratio of
17 state funds to levy funds:

18 (a) The difference between the district's (~~fourteen~~) local effort
19 assistance percent levy rate and the statewide average (~~fourteen~~)
20 local effort assistance percent levy rate; to

21 (b) The statewide average (~~fourteen~~) local effort assistance
22 percent levy rate.

23 (2) The maximum amount of state matching funds for districts
24 eligible for local effort assistance shall be the district's
25 (~~fourteen~~) local effort assistance percent levy amount, multiplied by
26 the following percentage:

27 (a) The difference between the district's (~~fourteen~~) local effort
28 assistance percent levy rate and the statewide average (~~fourteen~~)
29 local effort assistance percent levy rate; divided by

30 (b) The district's (~~fourteen~~) local effort assistance percent
31 levy rate.

32 (3) Beginning with calendar year 2007, allocations and maximum
33 eligibility under this chapter shall be fully funded at one hundred
34 percent and shall not be reduced.

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

1 The condition specified in RCW 84.52.0531 and 28A.500.020 is met
2 if, by June 30, 2015, the director of financial management certifies
3 that the near general fund--state funding as appropriated in the 2015-
4 2017 biennial omnibus appropriations act includes at least one billion
5 dollars in policy-level enhancements for the following programs, in
6 total:

- 7 (1) General apportionment, as defined in RCW 28A.150.260;
- 8 (2) Pupil transportation, as defined in RCW 28A.160.192;
- 9 (3) Special education, pursuant to RCW 28A.150.390;
- 10 (4) Institutions, pursuant to chapters 28A.190, 28A.193, and
11 28A.194 RCW;
- 12 (5) Highly capable, pursuant to RCW 28A.150.260(10)(c);
- 13 (6) Transitional bilingual instructional program, pursuant to RCW
14 28A.150.260(10)(b); and
- 15 (7) Learning assistance program, pursuant to RCW
16 28A.150.260(10)(a).

17 NEW SECTION. **Sec. 8.** Sections 1 and 2 of this act take effect
18 September 1, 2013.

19 NEW SECTION. **Sec. 9.** Sections 3, 5, and 6 of this act take effect
20 January 1, 2014.

21 NEW SECTION. **Sec. 10.** Section 4 of this act takes effect January
22 1, 2018.

23 NEW SECTION. **Sec. 11.** Sections 3, 5, and 6 of this act expire
24 January 1, 2018.

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