
SENATE BILL 6103

State of Washington

64th Legislature

2015 Regular Session

By Senators Hargrove and Ranker

Read first time 04/16/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to providing basic education funding; amending
2 RCW 28A.500.020 and 43.09.265; reenacting and amending RCW
3 84.52.0531, 28A.500.030, 28A.500.030, and 84.52.0531; creating a new
4 section; providing effective dates; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that Engrossed
7 Substitute House Bill No. 2261 (chapter 548, Laws of 2009) created a
8 compensation technical working group to, among other things,
9 recommend the details of an enhanced salary allocation model that
10 aligns with state expectations for educator development and
11 certification. The legislature further finds that the working group
12 issued its final report on June 30, 2012.

13 (2) The legislature finds that research shows that a high quality
14 teacher is one of the most important school-related factors
15 influencing student achievement. The legislature further finds that
16 the Washington supreme court in the *McCleary* decision found that the
17 state allocation for salaries fell short of the actual cost of
18 recruiting and retaining competent teachers.

19 (3) The legislature intends to implement a plan to phase-in a
20 compensation system for K-12 staff in order to attract and retain
21 high quality educators, administrators, and classified staff to

1 Washington schools through full funding of competitive salaries with
2 state resources as required by the Washington state Constitution. The
3 legislature intends to complete the phase-in by the 2021-22 school
4 year.

5 (4) The legislature finds that the Washington supreme court found
6 that the legislature must amply fund the program of basic education
7 from regular and dependable sources. It is the intent of the
8 legislature to amply fund a competitive compensation system with
9 state revenues that are regular and dependable.

10 **Sec. 2.** RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11 are
11 each reenacted and amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (i) Pupil transportation;

32 (ii) Special education;

33 (iii) Education of highly capable students;

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

37 (v) Food services; and

38 (vi) Statewide block grant programs; and

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

4 (4)(a) A district's maximum levy percentage shall be twenty-four
5 percent in 2010 and twenty-eight percent in 2011 through 2017 and
6 twenty-four percent every year thereafter;

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

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

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

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

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

19 (C) Divide the result of (b)(ii)(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)(ii)(C) of this subsection;

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

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

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

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

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

35 (5) "Levy reduction funds" shall mean increases in state funds
36 from the prior school year for programs included under subsection (3)
37 of this section: (a) That are not attributable to enrollment changes,
38 compensation increases, or inflationary adjustments; and (b) that are
39 or were specifically identified as levy reduction funds in the
40 appropriations act. If levy reduction funds are dependent on formula

1 factors which would not be finalized until after the start of the
2 current school year, the superintendent of public instruction shall
3 estimate the total amount of levy reduction funds by using prior
4 school year data in place of current school year data. Levy reduction
5 funds shall not include moneys received by school districts from
6 cities or counties.

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

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

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

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

17 (10)(a) The superintendent of public instruction shall calculate
18 each school district's maximum levy revenue by calendar year. The
19 maximum levy revenue shall be reduced by the prior school year
20 allocations for K-12 salary enhancements provided after August 31,
21 2016.

22 (b) The reductions provided in this subsection (10) shall only be
23 applied until the school district's levy rate reaches one dollar per
24 one thousand dollars of assessed valuation within the school
25 district.

26 (11) For purposes of this section, "maximum levy revenue" means
27 the lesser of a school district's voter approved levy or maximum levy
28 authority calculated pursuant to this section.

29 **Sec. 3.** RCW 28A.500.030 and 2006 c 372 s 904 and 2006 c 119 s 1
30 are each reenacted and amended to read as follows:

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

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

36 (a) The difference between the district's twelve percent levy
37 rate and the statewide average twelve percent levy rate; to

38 (b) The statewide average twelve percent levy rate.

1 (2) The maximum amount of state matching funds for districts
2 eligible for local effort assistance shall be the district's twelve
3 percent levy amount, multiplied by the following percentage:

4 (a) The difference between the district's twelve percent levy
5 rate and the statewide average twelve percent levy rate; divided by

6 (b) The district's twelve percent levy rate.

7 (3) Calendar year 2003 allocations and maximum eligibility under
8 this chapter shall be multiplied by 0.99.

9 (4) From January 1, 2004, to December 31, 2005, allocations and
10 maximum eligibility under this chapter shall be multiplied by 0.937.

11 (5) From January 1, 2006, to December 31, 2006, allocations and
12 maximum eligibility under this chapter shall be multiplied by 0.9563.
13 Beginning with calendar year 2007, allocations and maximum
14 eligibility under this chapter shall be fully funded at one hundred
15 percent and shall not be reduced.

16 (6) For calendar years 2018 through 2022, as increased salary
17 enhancements are phased in, school districts shall receive the
18 allocation provided in calendar year 2017, instead of the
19 calculations provided in this section.

20 **Sec. 4.** RCW 28A.500.020 and 1999 c 317 s 2 are each amended to
21 read as follows:

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

24 (a) (~~("Prior tax collection year" means the year immediately~~
25 ~~preceding the year in which the local effort assistance shall be~~
26 ~~allocated)) "School district's prior school year's resident full-time
27 equivalent student enrollment" means the K-12 full-time equivalent
28 student enrollment of the students residing in the school district as
29 reported by the office of the superintendent of public instruction in
30 the prior school year to include resident charter school full-time
31 equivalent student enrollments for charter schools situated in the
32 district.~~

33 (b) "Statewide ((average twelve percent)) median per pupil levy
34 rate" means ((twelve percent of)) the total levy ((bases as defined
35 in RCW 84.52.0531(3)) at one dollar per thousand dollars of the
36 assessed valuation of all taxable property within the state adjusted
37 to the state equalized value in accordance with the indicated ratio
38 fixed by the department of revenue summed for all school districts,
39 and divided by the ((total assessed valuation for excess levy

1 ~~purposes in the prior tax collection year for all districts as~~
2 ~~adjusted to one hundred percent by the county indicated ratio~~
3 ~~established in RCW 84.48.075)) prior school year's statewide K-12~~
4 ~~full-time equivalent student enrollment as reported by the office of~~
5 ~~the superintendent of public instruction.~~

6 (c) ~~((The "district's twelve percent levy amount" means the~~
7 ~~school district's maximum levy authority after transfers determined~~
8 ~~under RCW 84.52.0531(2) (a) through (c) divided by the district's~~
9 ~~maximum levy percentage determined under RCW 84.52.0531(4) multiplied~~
10 ~~by twelve percent.~~

11 ~~(d))~~ The "district's ~~((twelve percent))~~ per pupil levy rate"
12 means the district's ~~((twelve percent))~~ total levy amount at one
13 dollar per thousand dollars of the assessed valuation of all taxable
14 property within the school district adjusted to the state equalized
15 value in accordance with the indicated ratio fixed by the department
16 of revenue divided by the school district's ~~((assessed valuation for~~

17 ~~excess levy purposes for the prior tax collection year as adjusted to~~

18 ~~one hundred percent by the county indicated ratio)) prior school~~
19 ~~year's resident full-time equivalent student enrollment.~~

20 ~~((e))~~ (d) "Districts eligible for local effort assistance"
21 means those districts levying one dollar per one thousand dollars
22 assessed value with a ~~((twelve percent))~~ per pupil levy rate that
23 ~~((exceeds))~~ is less than the statewide ~~((average twelve percent))~~
24 median per pupil levy rate.

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

28 **Sec. 5.** RCW 28A.500.030 and 2006 c 372 s 904 and 2006 c 119 s 1
29 are each reenacted and amended to read as follows:

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

32 (1) Funds raised by ~~((the))~~ eligible school districts through
33 maintenance and operation levies shall be matched with state funds
34 ~~((using))~~ by calculating the following ~~((ratio of state funds to levy~~
35 ~~funds))~~:

36 ~~((a))~~ The difference between the district's ~~((twelve percent))~~
37 per pupil levy rate and the statewide ~~((average twelve percent levy~~
38 ~~rate; to~~

1 ~~(b) The statewide average twelve percent levy rate)) median per~~
2 ~~pupil levy rate, which is then multiplied by the prior year's~~
3 ~~resident full-time equivalent enrollment.~~

4 (2) The maximum amount of state matching funds for districts
5 eligible for local effort assistance shall be ~~((the district's twelve~~
6 ~~percent levy amount, multiplied by the following percentage:~~

7 ~~(a) The difference between the district's twelve percent levy~~
8 ~~rate and the statewide average twelve percent levy rate; divided by~~

9 ~~(b) The district's twelve percent levy rate.~~

10 ~~(3) Calendar year 2003 allocations and maximum eligibility under~~
11 ~~this chapter shall be multiplied by 0.99.~~

12 ~~(4) From January 1, 2004, to December 31, 2005, allocations and~~
13 ~~maximum eligibility under this chapter shall be multiplied by 0.937.~~

14 ~~(5) From January 1, 2006, to December 31, 2006, allocations and~~
15 ~~maximum eligibility under this chapter shall be multiplied by 0.9563.~~
16 ~~Beginning with calendar year 2007, allocations and maximum~~
17 ~~eligibility under this chapter shall be fully funded at one hundred~~
18 ~~percent and shall not be reduced)) no more than the amount calculated~~
19 ~~in subsection (1) of this section.~~

20 **Sec. 6.** RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11 are
21 each reenacted and amended to read as follows:

22 (1) The maximum ((dollar)) amount which may be levied by or for
23 any school district for maintenance and operation support under the
24 provisions of RCW 84.52.053 beginning in calendar year 2023 shall be
25 ((determined as follows:

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

29 ~~(2) For excess levies for collection in calendar year 1998 and~~
30 ~~thereafter, the maximum dollar amount shall be the sum of (a) plus or~~
31 ~~minus (b), (c), and (d) of this subsection minus (e) of this~~
32 ~~subsection:~~

33 ~~(a) The district's levy base as defined in subsection (3) of this~~
34 ~~section multiplied by the district's maximum levy percentage as~~
35 ~~defined in subsection (4) of this section;~~

36 ~~(b) For districts in a high/nonhigh relationship, the high school~~
37 ~~district's maximum levy amount shall be reduced and the nonhigh~~
38 ~~school district's maximum levy amount shall be increased by an amount~~
39 ~~equal to the estimated amount of the nonhigh payment due to the high~~

1 ~~school district under RCW 28A.545.030(3) and 28A.545.050 for the~~
2 ~~school year commencing the year of the levy;~~

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

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

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

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

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

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

26 ~~(3) For excess levies for collection in calendar year 1998 and~~
27 ~~thereafter, a district's levy base shall be the sum of allocations in~~
28 ~~(a) through (c) of this subsection received by the district for the~~
29 ~~prior school year, including allocations for compensation increases,~~
30 ~~plus the sum of such allocations multiplied by the percent increase~~
31 ~~per full-time equivalent student as stated in the state basic~~
32 ~~education appropriation section of the biennial budget between the~~
33 ~~prior school year and the current school year and divided by fifty-~~
34 ~~five percent. A district's levy base shall not include local school~~
35 ~~district property tax levies or other local revenues, or state and~~
36 ~~federal allocations not identified in (a) through (c) of this~~
37 ~~subsection.~~

38 ~~(a) The district's basic education allocation as determined~~
39 ~~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~~
7 ~~learning assistance, migrant education, Indian education, refugee~~
8 ~~programs, and 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~~
13 ~~aid funds and allocations in lieu of taxes.~~

14 ~~(4)(a) A district's maximum levy percentage shall be twenty-four~~
15 ~~percent in 2010 and twenty-eight percent in 2011 through 2017 and~~
16 ~~twenty-four percent every year thereafter;~~

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

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

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

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

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

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

31 ~~(D) Take the greater of zero or the percentage calculated in~~
32 ~~(b)(ii)(C) of this subsection;~~

33 ~~(iii) For 2018 and thereafter, the percentage shall be calculated~~
34 ~~as follows:~~

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

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

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

3 ~~(D) Take the greater of zero or the percentage calculated in~~
4 ~~(b)(iii)(C) of this subsection.~~

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

17 ~~(6) For the purposes of this section, "prior school year" means~~
18 ~~the most recent school year completed prior to the year in which the~~
19 ~~levies are to be collected.~~

20 ~~(7) For the purposes of this section, "current school year" means~~
21 ~~the year immediately following the prior school year)) no more than~~
22 ~~one dollar per thousand dollars of assessed value of all taxable~~
23 ~~property adjusted to the state equalized value in accordance with the~~
24 ~~indicated ratio fixed by the department.~~

25 ~~(2) Levy funds collected in subsection (1) of this section must~~
26 ~~be used only for enhancement outside the program of basic education~~
27 ~~as defined in RCW 28A.150.220.~~

28 ~~((+8)) (3) Funds collected from transportation vehicle fund tax~~
29 ~~levies shall not be subject to the levy limitations in this section.~~

30 ~~((+9)) (4) The superintendent of public instruction shall~~
31 ~~develop rules ((and regulations)) and inform school districts of the~~
32 ~~pertinent data necessary to carry out the provisions of this section.~~

33 **Sec. 7.** RCW 43.09.265 and 1995 c 301 s 16 are each amended to
34 read as follows:

35 (1) The state auditor shall review the tax levies of all local
36 governments in the regular examinations under RCW 43.09.260.

37 (2) The state auditor shall report to the office of the
38 superintendent of public instruction and the education and finance

1 committees of the legislature any findings of local school district
2 noncompliance with RCW 84.52.0531(2) within ninety days.

3 NEW SECTION. **Sec. 8.** Section 7 of this act takes effect January
4 1, 2017.

5 NEW SECTION. **Sec. 9.** Sections 2 and 3 of this act take effect
6 January 1, 2018.

7 NEW SECTION. **Sec. 10.** Sections 4 through 6 of this act take
8 effect January 1, 2023.

9 NEW SECTION. **Sec. 11.** Sections 2 and 3 of this act expire
10 January 1, 2023.

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