



SB 6574  
Improving Education Financing



Lorrell Noahr, Senate Committee Services

# Part I: A Phase-In Plan for Meeting McCleary Obligations

Enhancement Area	Policy
All Day Kindergarten (ADK) and K-3 Class Size Reduction	A linear phase-in is established in statute for the <b>remaining funding enhancement targets established in SHB 2776.</b>
Staffing and Categorical Programs	<p>The following basic education funding formula statutes are aligned with the funding enhancements provided in the 2013-15 Omnibus Appropriations Act:</p> <ul style="list-style-type: none"><li>• Middle School and High School <b>guidance counselors</b> are increased by 0.1 FTE.</li><li>• Renames the family involvement coordinator to <b>community engagement coordinator</b> and provides an elementary school allocation of 0.0825 FTE.</li><li>• Increases <b>LAP weekly hours</b> from 1.5156 to 2.3975</li><li>• Provides 3.0 hours per week of <b>transitional support</b> for students exiting the TBIP in the prior 2 years.</li></ul> <p>Also, increases <b>TBIP weekly hours</b> for Middle School students from 4.778 to 6.0 and for High School students from 4.778 to 8.0.</p>

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Graduation Requirements and Instructional Hours	<p data-bbox="479 304 1845 554">Requires the SBE to adopt rules to implement a <b>24-credit</b> requirement for <b>HS graduation</b> beginning with the graduating class of 2019, provides a change to <b>instructional hours</b>, creates a <b>laboratory class size enhancement</b> and creates a <b>grade 9-12 MSOC</b> for SY 14-15, similar to E2SSB 6552 (2014). Further enhances the laboratory class size enhancement to 19.0 by SY 2017-18.</p> <p data-bbox="479 611 1845 704">Beginning in the 15-17 biennium the following values are phased-in by SY 17-18:</p> <ul data-bbox="479 718 1845 961" style="list-style-type: none"><li>• <b>General Education Grade 9-12</b> class size decreased from 28.74 to 23.</li><li>• <b>Career and Tech Education</b> class size decreased from 26.57 to 19.</li><li>• <b>Skill Center</b> class size decreased from 22.76 to 16.</li><li>• <b>High School Principals</b> are increased from 1.88 to 1.9 FTE</li><li>• <b>High School Guidance Counselors</b> increased from 2.539 to 3.5 FTE</li></ul> <p data-bbox="479 1018 1845 1110">Additional staffing allocations in the lower grades are provided beginning in the 15-17 biennium and phased-in by SY 17-18:</p> <ul data-bbox="479 1125 1845 1303" style="list-style-type: none"><li>• <b>Guidance Counselors</b> for Elementary Schools are increased by 0.5 FTE and Middle Schools are increased by 2.0 FTE</li><li>• <b>Family &amp; Community Engagement Coordinators</b> are increased by 1.0 FTE for both Middle and Elementary Schools</li></ul>

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## Enhancement Area

## Policy

### Compensation

#### Certificated Instructional Staff

- Phases-in a modified version of the Compensation Technical Working Group recommendations for a **revised salary allocation model** by 2020-21 school year
- For individuals who would not receive a salary increase under the revised salary allocation model in any year of the phase-in the state will provide an amount sufficient to fund an Initiative-732 cost of living increase.

#### Classified and Administrative Staff

- Phases-in state **salary allocation recommendations from the Joint Taskforce on Education Funding** for certificated administrative staff and classified staff by the 2019-20 school year.

#### Supplemental Contracts

- At final implementation, TRI is eliminated and replaced with authorization to provide **local salary enhancements** up to **10 percent** of the state's allocation for salaries.
- During the transition, school districts are authorized to provide local salary enhancements up to 10 percent of the SY 2020-21 amount.

#### Comparable Wage Analysis

A comparable wage analysis is required every 4 years beginning in 2018.

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Levy Reduction	During the phase-in of the new salary allocation schedule, the increased funding must be considered “levy reduction funds” for districts grandfathered at a higher levy authority than the maximum levy percentage for other school districts.

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## Part II: Immediate and Concrete Action Towards Fulfilling the State's Article IX Constitutional Duty

Enhancement Area	Policy
All-Day Kindergarten	ADK funding increased from 43.75% to 57.5% of statewide Kindergarten enrollment in SY 14-15
MSOC	Per student MSOC rate increased from \$781 to \$825
K-3 Class Size Reduction	2 <sup>nd</sup> grade high poverty class size reduced from 24.10 to 20.85 for SY 2014-15
COLA	COLA is provided for SY 14-15 and National Board Certified Teacher bonuses receive an inflationary increase.
State Expenditure Limit	Educational expenditures provided in Part II are exempted from I-601 expenditure limit.

## Part III: Providing New Revenue to Support Meeting the State's Article IX Constitutional Duty

Enhancement Area	Policy
Sales and Use Tax Exemption for Food and Food Ingredients	Repeals sales tax exemption on bottled water
Use Tax Exemption for Extracted Fuel	Repeals use tax exemption for extracted fuel (except hog fuel)
Interstate Sales	Changes tax exemption for qualifying nonresidents to a refund program for the state portion of sales tax
Public Utility Tax	Eliminates preferential B&O tax rate for resellers of prescription drugs