Senate Early Learning & K-12 Education Committee Working/Listening Tour

September/October 2015

I. Report Introduction

As part of the Senate Early Learning and K-12 Education Committee 2015 Interim Plan, the Committee conducted a statewide working/listening tour in September and October. The Tour was designed to hear directly from parents, teachers and school staff, school district officials, taxpayers, community members, and others about their concerns and ideas for the State to meet its constitutional mandate to fund a program of basic education without reliance on local levies. The working/listening tour meetings were held in seven of the Educational Service Districts (ESDs) to get input from across the state.

The dates of the working/listening tour meetings were as follows:

- September 30, 2015, at ESD 112 in Vancouver, Washington.
- October 6, 2015, in the Northwest ESD 189 at the Everett School District Performing Arts Center in Everett, Washington.
- October 8, 2015, in the Olympic ESD 114 at the Bremerton School District Performing Arts Center in Bremerton, Washington.
- October 19, 2015, at the Puget Sound ESD 121 in Renton, Washington.
- October 21, 2015, at the Northeast Washington ESD 101 in Spokane, Washington.
- October 26, 2015, in the North Central ESD 171 at the Confluence Technology Center in Wenatchee, Washington.
- October 27, 2015, at ESD 105 in Yakima, Washington.

House and Senate members whose legislative districts are located in the ESD where the meetings were held were invited to attend the meetings. The materials for each of the meetings can be found at: Senate Early Learning and K-12 Education Committee Working/Listening Tour meeting materials by date. The meetings were scheduled for 5:00 p.m. to 7:00 p.m.; however, most of the meetings were extended in order to provide time for all who signed up to make their comments.

Senate Bill 6130 (2015), sponsored by Senators Dammeier, Rolfes, Rivers, and Hargrove, was used as the starting point for the dialogue at the meetings (*See, Appendix A*). This bill addresses the following:

- Clarifies what is and is not basic education.
- Specifies that basic education includes statewide salaries that are competitive and market-based.
- Phases-in new salaries for all staff that include a localization factor and implements a revised salary allocation model for teachers that is linked to certification.
- Requires a comparable wage analysis every four years to maintain competitive salaries.
- Modifies the law governing supplemental contracts.
- Creates accounting & accountability procedures for monitoring the use of local funds & supplemental contracts.
- Changes the school district levy and local effort assistance structures.
- Establishes the Education Funding Council to monitor the phase-in of the new policies & make recommendations to avoid any unintended consequences.
- Recognizes that additional sources of revenue are needed and that these changes should not be accomplished by reducing other parts of the State budget

Each meeting began with the working/listening tour's bipartisan co-chairs, Senators Dammeier and Rolfes, calling the meeting to order. Then the legislators in attendance introduced themselves. Next the co-chairs welcomed everyone to the meeting and provided some background information about the process that was used to create Senate Bill 6130. This process included meeting with other legislators prior to and during the 2015 legislative session. To create the bill the Senators also drew from provisions from other bills that had been introduced in the 2015 legislative session; met with business officers in small and large school districts, the teachers union, and the public employees union; and held a public hearing on the bill.

Next, at each of the meetings on the Tour, a staff presentation (*See, Appendix B*) provided additional background information and context for the specific questions that the Committee asked for input upon:

- Should the State fund a localization factor in a new compensation system?
- How can the State create a varied salary system that lessens the reliance on local levy revenue?
- How can the State enable school districts to use supplemental contracts in an equitable way and without creating an unconstitutional reliance on local levies?
- Should the structure of local levies be changed?
- How can the State ensure that local levy funds are not being used for basic education?
- How long should the transition be? Immediately, 2 years, 4 years, 6 years, more?
- How should oversight and course corrections be provided?

After the staff presentation, invited panelists representing the State education associations were asked to present input and specific ideas on how the State should meet its constitutional duty to provide a program of basic education to all students in the State and provided answers to the questions posed by the Committee. The following State associations provided representatives to serve on the panels:

- Washington State School Directors Association;
- Washington Association of School Administrators;
- Washington Association of School Business Officers;
- Washington Education Association;
- Public School Employees of Washington/Service Employees International Union 1948; and
- Washington State Parent and Teacher Association.

Public comment followed the panel presentation.

This report provides some of the common themes heard at the meetings, summaries of the comments and suggestions on the questions posed by the Committee, and summaries of the comments and suggestions on other topics that were raised.

Appendix C provides meeting notes of the panelists' and public comments and suggestions. These notes are not intended to be comprehensive or complete transcriptions of the meetings. At the beginning of the meeting notes there are hyperlinks to the audio recording for each of the meetings.

II. Common Themes

In general, the following themes were consistently heard on the Working/Listening Tour

- Because the State is underfunding basic education, including compensation, districts have had to rely more on local levies which has created inequities for students and school staff.
- There is currently wide disparities in compensation, the amount of professional development provided, local levy rates, and the amount of funding raised through local levies for school districts across the State.
- Salaries should be competitive statewide and market-based.
- The prototypical school funding model does not provide enough funds to adequately staff schools, especially small schools.
- Levy equalization, also known as Local Effort Assistance, should be maintained or increased no matter how local levies are addressed.
- Communities are supportive of local schools but want those funds used for programs that supplement not support the State program of basic education.
- The sooner the State meets its constitutional obligations for funding basic education the better.

III. Comments and Suggestions

The following two tables summarize comments and suggestions of the invited panelists and public. They are not intended to be comprehensive of every comment made.

A. Responses to the questions posed by the Committee

The first table displays responses to the questions proposed by the Committee and organized by the group represented by the person providing the responses:

- School board directors;
- School district superintendents;
- School District Business Officials;
- Principals;
- Teachers and other certificated staff;
- Classified staff;
- Parents and students; and
- Citizens and others.

The questions posed by the Committee are, grouped together by like topics as provided below:

- **Localization Factor:** Should the State fund a localization factor in a new compensation system?
- **Supplemental Contracts:** How can the State create a varied salary system that lessens the reliance on local levy revenue? How can the State enable school districts to use supplemental contracts in an equitable way and without creating an unconstitutional reliance on local levies?

- **Local Levies:** Should the structure of local levies be changed? How can the State ensure that local levy funds are not being used for basic education?
- **Transition:** How long should the transition be? Immediately, 2 years, 4 years, 6 years, more? How should oversight and course corrections be provided?

There was no revenue question posed by the Committee for input, but there was a PowerPoint slide addressing revenue during the staff presentation, which showed estimated amounts that different legislative revenue actions might raise. *(See, Appendix B)*

B. Responses raising other topics

The second table presents comments and suggestions of the panelists and public on other topics arranged in alphabetical order, including the basic education definition and funding, collective bargaining, and salaries.

A. Responses to the questions posed by the Committee

The following table displays responses to the questions proposed by the Committee and organized by the group represented by the person providing the responses.

FIRST TABLE	Localization Factor	Supplemental Contracts	Local Levies	Transition
School Board Directors	• Support the concept of a localization factor if in addition to a cost of living factor it also includes an incentive for teachers to work in hard to staff positions and/or geographic areas, especially areas with high levels of poverty. • If there is a localization factor then it must be truly be local and not regional. • One director made a specific suggestion to consider using a standard deviation from the average of the cost of living indexes (CPI and IPD) and have 5 or 6 different bands in which school district would be placed. Remote districts could jump up one or two bands.	• State must clearly define what is basic education and the permissible uses of supplemental contracts. • The definitions must be sufficiently flexible so that districts can use levies when the actual circumstances of the prototypical school funding formula do not match the reality of the district's needs. • Supplemental contracts must be used only for duties outside the definition of basic education, including the State funded work day and work year. • Implement appropriate audit processes to ensure local funds are not used for basic education but be careful not to implement accountability requirements that overburden school districts.	• When school districts must use their local levies for staffing ratios or curriculum it results in inequities in the education programs that the district provides. • The $1.00 or $1.50 structure will not work for each school district and needs to be modified. • Consider using $1.00 or 10 percent, whichever is more. • Levy equalization must be maintained or increased over the current rates. • If you continue to base levies on property values then you will continue inequities. • Keep levy equalization.	• Must hold districts harmless during the transition so no district gets less than it currently is funding with local and State funds. But the hold harmless cannot go into perpetuity. • Grandfathering and higher lids should be eliminated but districts currently using higher levy lids need to be given a safe harbor while the new funding formula is implemented. • The shorter the transition the better but no longer than six years. • Oversight could be aided by a Council, but it should have broad representation and include members of all the State education associations.

FIRST TABLE	Localization Factor	Supplemental Contracts	Local Levies	Transition
School District Superintendents	• Superintendents are split on this issue: o Some believe that a localization factor will continue to drive the same inequities that districts experience now when they are competing for staff with other school districts that can pay more. o Others believe that a localization factor would be helpful. • If there is a localization factor then it must truly be local and not regional. • If there is a localization factor then it should include a cost of living factor <u>and</u> an incentive for teachers to work in hard to staff positions and/or geographic areas, <u>and</u> a differential for areas with high levels of poverty. • Use the staff mix as an indicator of turnover in a district and factor that in to the localization factor	• State must clearly define what is basic education and the permissible uses of supplemental contracts. • The State must immediately prohibit salary enhancements using local levies or other State provided funds for MSOC, etc., for basic education duties. • Supplemental contracts must only be used for work outside the definition of basic education and outside the State-funded work day and work year. • The definitions must be sufficiently flexible that districts can use levies when the actual circumstances of the prototypical school funding formula do not match the reality of the district's needs. • Implement audit processes to ensure local funds are not used for basic education.	• If the structure of levies is changed just to implement a revenue neutral levy swap then the structure should not be changed. • Consider using a dollar amount or a percentage rather than a fixed amount. • Levies should be used only for enhancements and not for basic education. Allow local levies to be used to add people and programs that are not basic education. • Levy equalization must be preserved. • Make sure that the State is fully funding basic education and all the districts obligations before there is any restriction on local levies. • School districts may need to use local levies to supplement the State funding for special education because the federal funding is not sufficient and parents want comprehensive programs.	• Fund salaries first. • The transition must allow for the building of additional classroom space, and provide for sufficient teachers to be trained to implement K-3 class size reduction. • There needs to be an adequate transition for the State to address the current district obligations. • Must immediately develop a roadmap for the transition so districts can plan. • Temporarily prohibit the use of other of State funds provided for MSOC, etc. for supplemental compensation until the transition is completed. • The shorter the transition the better. • No oversight council is necessary and will likely be ignored. The Legislature should do this. • Include small, rural districts on any workgroup.

FIRST TABLE	Localization Factor	Supplemental Contracts	Local Levies	Transition
School District Business Officials	• A localization factor should replace the TRI contracts that are currently used to address regional differences. • The factor must be district by district and not regionalized. • Establish a workgroup of school fiscal representatives to develop a multi-variant formula. The workgroup should consider factors that include the differences in cost of living, other factors affecting a district's ability to attract and retain teachers, difficult to staff subject areas, geographic boundaries, housing costs, staff mix, poverty, transportation, traffic, and district demographics.	• State must clearly define basic education, enrichment, and the permissible uses of supplemental contracts. • Immediately freeze the use of local levies for basic education compensation to mitigate and eliminate inequities. • Put temporary restrictions on using other State funds, such as MSOC, etc., for compensation until the State is fully funding basic education. • Supplemental contracts should be permitted only for work outside of basic education and outside of the defined work day and work year. • Implement reporting, audit, and accountability processes to ensure local funds are not used for basic education, but the State will also need to provide additional staff for these new obligations.	• It is not a structural problem but a problem in how local levy funds are used for basic education. • The levy base should not include ghost money. • Districts must be able to use levy funds to hire additional staff when the prototypical funding model does not meet the student needs in a district, to fund programs that are a priority of the community, or when the State and federal funding provided for special education and transportation are not sufficient to fulfill the legal obligations of the district. • Keep levy equalization.	• Fully fund compensation, salaries and benefits, first. • Must begin immediately and complete within four to six years. • An oversight committee should be established through the Office of the Superintendent of Public Instruction to monitor progress.

FIRST TABLE	Localization Factor	Supplemental Contracts	Local Levies	Transition
Principals	• A localization factor would perpetuate inequities that currently exist. • Salaries should be the same across the State because regardless of where a teacher works the responsibility to prepare students to be college and career ready is the same. • Instead of implementing a localization factor the State should increase salaries across the State to match the highest grandfathered districts.	• Supplemental contracts should be used for specific time-based activities, such as professional development.	• The restructure of levies to cap levies at $1.50 will cause many districts to lose money. • Keep levy equalization.	• Fix compensation first. • Should be completed as soon as possible. Even four years is too long. If it takes four years then none of the students currently in high school will benefit. If it takes six years, half of the students in the system will not benefit. • Transition should honor current contract obligations.

FIRST TABLE	Localization Factor	Supplemental Contracts	Local Levies	Transition
Teachers and Other Certificated Staff	• Salaries should be the same across the State because regardless of where a teacher works the responsibility to prepare students to be college and career ready is the same. • When teachers are paid differently it is demoralizing and impacts their abilities to repay the high debt that it took to obtain their teaching certificate. • How would a localization factor recognize when a teacher works in one school district but lives in another? • Instead of implementing a localization factor the State should increase salaries across the State to meet competitive wages or at least match the highest grandfathered districts to eliminate the current salary inequities. • The Compensation Technical Working Group did not recommend a localization factor.	• If the State fully funded basic education, then there would be no inappropriate reliance on levies. • Do not limit local control. • If you freeze the amount of local levy funds that can be used for teacher salaries then this will negatively affect teachers' retirement.	• The levy structure does not need to be changed and is not part of the Court Order. • There is a lack of trust that the Legislature will fully and amply fund basic education so do not reduce or restrict the levy capacity of school districts. • Local levies allow schools to fund programs that are a priority of the community and serve as a means of accountability to the community. • Do not limit local control or restrict local levies because that will cause schools to lose the connection that they have with their communities. • The community keeps us accountable through its approval or rejection of levies. • Levy funds are necessary to fund special education because it is not fully funded by the federal government.	• Should be done by 2018, which is when the Legislature and the Court said it would be done.

FIRST TABLE	Localization Factor	Supplemental Contracts	Local Levies	Transition
Classified Staff	Since classified employee salaries are locally negotiated their salaries reflect the differences between local regions.	Classified employees do not have supplemental contracts.	Local levies provide much of the compensation for classified staff.	Act now.
Parent and Students	Localization needs to really be local and not regional.		• Our schools are a success because our levies provide the necessary funds to help our students. • Local levies must be used only for local needs and community driven efforts. • Parents are tired of working on levy campaigns that get eaten up by basic education obligations that the State should be providing. • The levy swap is necessary to fix the disparity in funding. • Do not continue the grandfathering.	Start now and get done by 2018.

FIRST TABLE	Localization Factor	Supplemental Contracts	Local Levies	Transition
Citizens and Others	• If a teacher is certificated to teach in the State then they should have the same salary across the State. • If everyone's pay is raised then the need for regional pay goes down. • Wages should be the same for occupations and professions that are found in both rural and urban areas. Wages should be different when the occupation or profession is not found in both rural and urban areas.	• School salaries are out of control. • There is no correlation to the level of teacher and administrator salaries and student performance.	Do not let levy dollars be collectively bargained.	

B. Responses raising other topics

The following table presents comments and suggestions of the panelists and public on topics other than the topics addressed in the questions posed by the Committee. These comments and suggestions are arranged in alphabetical order and include basic education definition and funding, collective bargaining, health care, revenue, and salaries and other topics.

SECOND TABLE	Other
School Board of Directors	Basic Education Definition and Funding: • The prototypical school funding needs to provide more for counselors, nurses, and others to take care of the other needs of students so that the teacher can focus on teaching. • School districts may need to use local levies to supplement the State funding for special education because the federal funding is not sufficient and parents want high quality programs. • Do not impose unfunded mandates, such as class size reduction without paying for the capital costs. Collective Bargaining: Collective bargaining for salaries and benefits should be done at the State level but the allocation model for distribution should be maintained. Health Care: We need statewide health care. Revenue: Consider regionalizing special programs like the State has done for skill centers to save money. Salaries: • Teacher strikes have resulted because the State does not provide sufficient funding for the additional mandates that the State has placed on them with new assessments, new evaluations, etc.; and the suspension of the COLAs. • The State must fully fund level of compensation obligations that is currently funded by State and local funds. • Competitive, market-based salaries are needed for all K-12 staff. The Compensation Working Group's recommendations are a good place to start. • Prohibit the use of levy funds and other of State funds provided for MSOC, etc. for supplemental compensation.

SECOND TABLE	Other
School District Superintendents	Basic Education Definition and Funding: • The definition of basic education must be more than the opportunity to graduate. We must get all students to graduate from high school. • The basic education definition needs to include professional development. • The prototypical school funding model needs to provide more for teachers, counselors, nurses, and others to take care of the needs of students. • The State must fully fund the program for highly capable students. • Expand the safety net funding that is available to school districts for special education funding to include funding needed for excess costs for English language learners, homeless students, and other differently abled students. Collective Bargaining: Collective bargaining for salaries and benefits should be done at the State level. Construction Costs: Increase the State match to reflect the true cost of buildings and have a simple majority for bonds to modernize our buildings. Focus: Stay focused on what is best for students. Health Care: We subsidize health care for our staff. Revenue: Shifting revenue will not be sufficient. New revenue is needed. Salaries: • Implement the recommendations of the Compensation Working Group to have competitive salaries that are market-based, which is necessary to retain high quality staff and regularly review and update salaries to ensure they are market-based. • The State must fully fund the current level of compensation obligations and honor existing collective bargaining agreements. Small School Districts: Do not act to the detriment of small school districts. Teacher and Substitute Teacher Shortage: One of the PESB recommendations to address the shortage is to increase beginning and early teacher salaries.

SECOND TABLE	Other
School District Business Officers	Basic Education Definition and Funding: • The State must hold school district harmless, provide current level of compensation obligations, and honor existing collective bargaining agreements. • Districts also need to hire additional staff when the prototypical model does not meet the student needs in a district, including counselors, nurses, and mental health professionals.
Principals	Basic Education Definition and Funding: • Concerned with drawing a bright line between basic education and non-basic education because how can you determine which part of a principal's duties are basic education? All the duties are important to the culture of the school. This will cause reporting and compliance issues. Principal Autonomy: The Legislature needs to give principals more power to manage their schools and staff. Salaries: • Wages need to be sufficient to incent people to enter into the education field. • Make teachers a high demand field and provide a high demand salary to match. Small School Districts: • Small school districts have unique issues and challenges from large school districts. Please consider the impact of any changes on small school districts. • The prototypical school funding model does not provide enough funds for schools, especially small schools, to adequately staff the school. • Career and technical education (CTE) is a critical component of basic education that needs to be funded at an enhanced rate. • Teaching has become more complex and difficult, so professional development must be included in the definition of basic education. Teacher and Substitute Teacher Shortage: Build capacity for our teachers by providing half-price tuition to those who want to enter the teaching profession.

SECOND TABLE	Other
Teachers and Other Certificated Staff	Basic Education Definition and Funding: • The State must provide additional funding to fund the true cost of basic education and that includes salaries necessary to attract and retain quality teachers; lowering class sizes in grades 4-12 and not just K-3; more school psychologists, counselors, librarians, nurses, janitors, paraeducators and other staff; and ample funding for special education, English language learners, the Learning Assistance Program, and gifted education. • Provide teachers more time without students to plan, collaborate, meet with parents, and grade student assignments. • Class sizes are too large for teachers to provide individual supports and they need to be decreased. Voters approved this. You must provide funds for the capital costs to accomplish it. Collective Bargaining: The Legislature must protect collective bargaining rights. Health Care: What is the plan for the State to restore and keep up with health care benefits for teachers? Revenue • Do not just shift the money from other State programs or from local levies. • There needs to be new revenue that is a stable source of funding for education. • Tax the people who can most afford it. • Tax big business to get the money to educate their future workforce. • Repeal the tax exemption for the wealthy. • Update the antiquated and regressive tax system. Salaries: • A competitive wage is a sign of respect. • Teachers need higher salaries just to make ends meet and provide for their families. • To retain the best and brightest the State needs to provide competitive salaries for teachers. • The COLA was approved by taxpayers and needs to be provided. When the COLA is suspended it affects teachers' retirement. • A comparable wage analysis every four years already happens through the local bargaining process.

SECOND TABLE	Other
Teachers and Other Certificated Staff ***(continued)***	• Given the State's track record on suspending COLAs and not providing health care increases for K-12, there is little trust that the State will amply fund compensation and, even if it did, no confidence that the State will keep up with market rates over time. • The Legislature continually implements new, unfunded requirements for teachers that they should be paid for and receive professional development on, such as the revised teacher evaluations, high school graduation requirements, Common Core State Standards, New Generation science standards, SBAC assessments, etc. Teacher and Substitute Teacher Shortage: • People are not going into teaching and teachers are leaving the profession because they can make more money elsewhere. • The State needs show that you value teachers and pay them more. • The overemphasis on testing is driving teachers out of the profession. • You need to address the critical shortage of school psychologists. The Arts: Integrate the arts with academics, including STEM, to help struggling students find their passion.
Classified Staff	Basic Education Definition and Funding: • The prototypical school funding formula underfunds facilities and the level of staff, including classified staff who provide essential services in schools. • If schools had more funding and resources then I could do my job better. • Fully fund transportation. Collective Bargaining: Collective bargaining is about more than compensation. It gives staff a voice in how the instruction and working conditions can be improved. Health Care: Classified staff work longer hours and for less funding because health benefits costs are going up and classified staff have had to pay the additional costs. Paraeducators: Pass Senate Bill 5179 to provide professional standards and training for paraeducators, who are providing direct instruction. Revenue: Redistribution of funds is not enough. There must be new revenue. Salaries: Classified staff are part of the school team and deserve professional salaries.

SECOND TABLE	Other
Parents and Students	Basic Education Definition and Funding: • Money raised by PTAs is being used for basic education. • Fully fund the gifted program to get the students to their maximum potential. • Provide sufficient supports for students who are learning disabled or need additional help even if it is expensive. • Basic education needs to include funding to build and maintain schools, and not portables, to reduce K-3 class sizes. • Teacher training should be part of basic education. Guiding principles for the Legislature: • Schools offer different educational opportunities across the State. Funding should increase not decrease equity. • Every student should have access to high quality teachers, administrators, and classified staff and the resources they need to learn. Revenue: • Shifting money will not solve the problem. • Do not divert revenue from other State programs because these program are necessary to support the whole child and families. • There needs to be a new revenue stream to fully fund basic education. • Reform the tax structure. • A graduated income tax needs to be implemented and corporate welfare needs to be stopped. • Sunset all tax breaks and then require a vote of the Legislature to reinState any of them. • Get big business to take responsibility for educating their future employees. Salaries: The Compensation Technical Working Group recommended increasing teacher compensation, collapsing the SAM, tying advanced degrees to what teachers are teaching, and funding for teacher collaboration and professional development. This is a good start. Small School Districts: Small schools and small school districts have different issues and challenges from large school districts. Testing: Our children are being over-tested in the name of accountability.

SECOND TABLE	Other
Citizens and Others	Basic Education Definition and Funding: • Parents provide many of the basics for their children's classrooms because the State is underfunding education. • Fully fund basic education first and then decide what other State services can be provided. • Quality pre-K programs are the most basic education and has lasting benefits so it should be funded as basic education. • Non-profits support students outside the school day and that support should be part of the definition of basic education because struggling students need this additional support to be successful. • The Legislature needs to fund all paths of learning and not just the standard path; this includes funding for CTE, art, and music. • Fully fund gifted education and implement the recommendations of the Highly Capable Work Group. • Classes are so large they are unsafe. Fund capital costs so school can reduce class sizes. Revenue: • Do not just shift money. Find a progressive non-regressive new funding stream for education. • Eliminate all tax exemptions, especially those for big business, or at least reduce them. • Instead of raising taxes the Legislature should streamline all the State programs that have been expanded over the last 30 years and use the money to pay for education. • Eliminate SBAC student assessments to save money but use NAEP assessment. • Require legislators to pay the contempt of court fine out of their own pockets. • Pay only for public schools -- not charter schools. • Disengage from federal education mandates and return control of education to the State and local school boards. • Raise the sales and B&O tax. • Repeal the 747 cap on property taxes. • Impose a State income tax on residents, except those living in poverty or earning a minimum wage. • Charge businesses for all the costs associated with State assistance programs that their workers access because the business pays less than a living wage.

SECOND TABLE	Other
Citizens and Others	Revenue: *(continued)* • Implement a capital gains tax. • Implement a carbon pollution tax. • If you raise the taxes on businesses too much then the businesses will leave. Safety: Support Senate Bill 5252 to replicate the ESD 105 safety coop across the State. Teacher and Substitute Teacher Shortage: • Pass House Bill 1737, which would expand the retire/rehire statutes to allow our retired teachers to come back to work. • Get rid of the "highly qualified" federal requirement. Testing: The mandated State testing takes too much time away from instruction.

Addendum (Added 3/24/16)

C. Additional Feedback

The following table displays feedback received on Senate Bill 6130 that was not submitted during the Working/Listening Tour meetings.

	Additional Feedback
School Board of Directors	Regional Salary: Regional salary funding presumes making cost of living adjustments for teachers a factor in pay and making it part of basic education. Where in the paramount duty is making sure teachers have the same buying power a part of basic education? Research overwhelmingly shows that the richest areas of the state that would benefit from regional salary funding already have the least difficulty attracting and retaining teachers while the poorest areas in the state have the greatest difficulty attracting and retaining teachers. Rural and property poor areas are not asking for anything greater than equal state salary funding. They are not asking for higher pay to improve their ability to attract and retain teachers or otherwise level the playing field in attracting and retaining teachers. They are just asking that state salary funding for teachers be equal. Rural taxpayers pay for more than their fair share of state taxes. As percent of personal incomes, the poorer citizens in rural counties pay far more in state and local taxes. They deserve to get comparable state salary funding for their teachers. Levies: Statements that levies won't matter if basic education is fully funded simply deny the facts that supplemental programs and other non-basic education programs do matter and will matter. While we can define many activities as non-basic education, the fact is many of these non-basic education activities will enhance the overall school system and the richest schools with far more per student levy funds will continue to provide the best school systems in the state while rural and property poor schools remain far behind. Levy Equalization: 6130 results in huge, devastating cuts to levy equalization. By changing the tax rate cap from $1.25 per thousand as proposed in 6109 to $1.50 per thousand, over 80 property poor school districts would be cut from receiving any levy equalization at all. SB 6130 will also allow property rich schools to collect more money and, for the most property rich, substantially more money per student from their levies than poorer districts will receive, even counting the new match proposed. Current levy equalization is equitable, dynamic, and flexible, don't change it. Provide added basic education dollars to make up the lost levy capacity by reducing levies from 28% to 14%.

	Additional Feedback
School District Superintendent	Pros of 6130: The bill phases in the new teacher compensation and adjusts allocations for classified staff and certificated administrators over time. The bill caps additional compensation unless it is for added time or new "documented" responsibilities. This bill equalizes the allocations for positions and eliminates the inequities resulting from the 1979 Doran decision. The implementation of this bill is based on additional revenue. The COLA language is included for annual review. There is a mechanism for providing additional staff development for staff outside of basic education through the local levy. LEA appears to be retained and revised. Additional funding coming to the district in salary reduces the levy authority. Concerns with 6130: It is difficult to find a high quality administrator who will work for 220 days for $105, 158 (2021-22) when a high end teacher salary is 75,286 (180 days) at the same time. Most teacher contracts have a 7.5 required work day that includes lunch and even if principals had an 8 hour work day, the per diem rate is so close that it will make finding and retaining principals very difficult. If you have an assistant superintendent for business and finance, human resources or other areas that are often filled by non-certificated people, what is the allocation from the state? It appears to be $45,486. It appears that the new levy authority in 2022-23 will be either $1.00 mil rate or $1.50 mil rate. The issue is that those districts with the lowest assessed value will continue to have to pay additional higher rates to access the LEA funding. It seems that the equalized funding should be available to them at the $1.00 rate. (This may be present, but my eyes couldn't pick it up on the first read.) The reduction of levy authority over four years and the subsequent unequal cap of $1.00 and $1.50 "may" eliminate Central Kitsap School District from qualifying for Heavy Impact funding. We are officially eligible again in FY 2015, (though we are still missing the appealed funding from 2010-2013), and did receive a spring check of over $7 million. These funds will allow us to complete more of the projects that we identified on the 2011 Capital Projects Levy. We believe we are positioned to remain eligible for the next three years, but these restricted changes and the way that the reductions in levy authority are implemented "could" have a negative impact on CK and therefore, would negatively impact our citizens who continue to bear a larger than average burden of the local costs for our students in a highly impacted military community. This will take more time and effort to review and consider prior to understanding the full impact of SB 6130 in this area.

	Additional Feedback
Classified Staff	Basic Education: Increase State Auditor Office (SAO) staff so they can more closely monitor school district implementation. Require school districts to provide the SAO the data that will allow them to do their job. Reduce state funding by the amount that school districts use local levies for basic education. Salary limitations: Whatever system you are considering be aware that classified employee salary monitoring and limitations were tried in the early 1980s and abandoned within a couple years. Some problems they encountered were: • small pool size (when one employee leaves or a position is eliminated or added, it has a significant impact on salary increases); • hiring decisions impacted salary increases (replace higher paid employee with lower paid employee increased capacity, on the other hand, replacing a lower paid employee with a higher paid employee reduced capacity); and • normal experience step salary increases. Localization factor: We welcome state funding for these local school district differences but we are concerned with how will the localization factor adequately reflect the local market and how will the local market be determined? Levies: Use the same method being used to fund basic education transportation employee salary & benefits-- Allow local negotiations to establish salaries and then fund the difference based upon a regression analysis, (including something like the efficiency ratings system that goes along with the regression analysis.) Establish a per student levy rate. Set it high enough to eliminate the need to grandfather school districts. Increase the state property tax and slowly ratchet down local levies. As the state implements a new system of basic education funding for compensation and staffing, local levies should be reduced a certain amount, for example, 10 cents for each new state property tax dollar received. As the state comes closer to fully funding basic education, local levies should be reduced closer to a $:$ match. Health Insurance Funding: Should state funding for health insurance be part of basic education? If not, why not? Other Compensation: Should other forms of classified employee compensation be considered basic education? Compensation such as paid holidays, vacation credit pay, tool or uniform allowances? Staffing: If a school district has more basic education staff than are funded by the prototypical formula, should the state fund these positions or should local levies?

	Additional Feedback
Classified Staff *(continued)*	Transition: This problem has puzzled legislators for over 30 years. The legislature should take 10 - 12 years to implement a comprehensive plan. Oversight: Oversight and course corrections should be provided by having the state auditor report to the Quality Education Council (QEC) on how school districts are implementing "the plan". The QEC should be composed of one leader from each caucus plus SPI serving as the facilitator/tie breaker. The QEC should deliver an annual report, including recommendations for adjustments to the plan, describing the progress each school district is making implementing the plan.
	Preschool: We really need to find a way to move toward providing every child quality preschool before age 5. The science clearly shows quality pre-k education is one of the most effective ways to spend our education dollars to improve reading and math skills at all grade levels. Students coming out of kindergarten below grade-level rarely catch up in spite of all the money spent on interventions and remedial courses. Every child deserves an equal opportunity to get the full benefit of their kindergarten experience to lay the foundation for academic success. No child should start out behind as they enter the door to kindergarten on the first day of school. Further, our state deserves the benefits that come from universal quality pre-k education. Efficiency in State Government: The legislature should look at all departments of state government and make sure they are as efficient as the best in the country. I believe there are way too many middle managers and special project people in our state government.
State Board of Education	Student focus: Our general entreaty to you at this point, as you encounter political pressures on these issues, is to not forget the lens of student achievement. The pressures that you are subject to when you address taxes, collective bargaining, levy lid limits, and educator salary schedules are not necessarily always student-centered. They may also be borne out of adult self-interest. Adults have a lot to gain and lose in the decisions you make this session. But what about the students themselves? Funding: You need to maintain funding equity for all students in the state, regardless of zip code.

C. Appendices

A. Appendix A

S-3238.4

SENATE BILL 6130

State of Washington 64th Legislature 2015 2nd Special Session

By Senators Dammeier, Rolfes, Rivers, and Hargrove

Read first time 06/11/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to the state's constitutional basic education
2 obligation, including reducing overreliance on local levies; amending
3 RCW 28A.150.200, 28A.300.173, 28A.320.330, 28A.505.140, 28A.505.040,
4 28A.505.050, 28A.505.060, 28A.505.100, 28A.150.410, 28A.400.205,
5 28A.400.200, 84.52.0531, 28A.500.020, 43.09.265, 28A.175.075,
6 28A.230.090, 28A.300.136, and 28A.400.201; amending 2013 2nd sp.s. c
7 4 s 1905 (uncodified); reenacting and amending RCW 84.52.0531,
8 84.52.0531, 84.52.0531, 28A.500.030, and 28A.500.030; adding a new
9 section to chapter 28A.320 RCW; adding a new section to chapter 43.09
10 RCW; adding a new section to chapter 41.59 RCW; adding a new section
11 to chapter 41.56 RCW; adding new sections to chapter 28A.630 RCW;
12 adding a new chapter to Title 28A RCW; creating new sections;
13 recodifying RCW 28A.150.010, 28A.150.020, 28A.150.100, 28A.150.198,
14 28A.150.1981, 28A.150.200, 28A.150.203, 28A.150.205, 28A.150.210,
15 28A.150.220, 28A.150.260, 28A.150.261, 28A.150.315, 28A.150.392,
16 28A.150.070, 28A.150.270, 28A.150.275, 28A.150.290, 28A.150.310,
17 28A.150.390, 28A.150.400, and 28A.150.410; repealing RCW 28A.290.010
18 and 28A.290.020; providing effective dates; providing contingent
19 effective dates; providing expiration dates; and declaring an
20 emergency.

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

NEW SECTION. **Sec. 1.** INTENT. (1) The legislature recognizes that Article IX, section 1 of the Washington state Constitution provides, "It is the paramount duty of the state to make ample provision for the education of all children residing within its borders." The legislature acknowledges that the education policies and funding provided by the legislature has not fulfilled this obligation. The legislature finds that there is not sufficient clarity in statute regarding the definition of basic education, that the permissible uses of local levy funds are not fully understood, and that the state allocation for educator salaries and benefits do not reflect the actual cost of recruiting and retaining professional teachers, which has caused school districts to subsidize salaries with local levy funds. The legislature declares that this has created uneven access to a quality education and equitable salaries across the state. The legislature intends to increase equity in the state funding of basic education and the educational opportunities provided for students across the state, create greater stability for school districts and educators, and fulfill the state's paramount constitutional duty. To accomplish these goals, the legislature has developed a plan and intends to take the following actions on a timeline established in this act:

(a) Clarifying the definition and state funding required for the instructional program of basic education and recodifying basic education statutes, except for those addressing the basic education categorical programs, into a single chapter;

(b) Creating greater clarity, transparency, and accountability procedures for monitoring the expenditures of state, federal, and local revenues, including basic and nonbasic education expenditures;

(c) Phasing in a streamlined and less complicated salary allocation model for certificated instructional staff that is informed by the work of the compensation technical working group and aligned to the certification progression of an educator. The use of an annual cost-of-living adjustment and a comparable wage analysis conducted every four years are intended to keep salaries for all state-funded K-12 school employees competitive and aligned with market forces;

(d) Reducing reliance on local levies for basic education by assuming full responsibility for providing state basic education salary allocations that are sufficient to attract and retain professional certificated instructional staff, statewide and locally;

(e) Providing additional specificity on how local levy funds may be expended for enhancements, which may include an enhanced salary for certificated administrators or instructional staff if for additional hours or responsibilities that are outside of their basic education duties. Such enhancements must be provided in a detailed supplemental contract;

(f) Improving transparency and equity among school districts by modifying a school district's levy authority to be based on assessed property values in the school district and adapting the state's local effort assistance to be based on the statewide average per pupil rate;

(g) Implementing the changes under this act in a manner that each school district has the flexibility to use local levies to preserve the current level of locally provided salaries until the state basic education allocation for K-12 employee salaries reaches that locally provided salary level;

(h) Creating the education funding council to review the changes made under this act before the changes are implemented and continuing through full implementation, and to make recommendations, if necessary, to more effectively implement the changes, avoid unintended consequences, or provide a better plan to meet the Article IX constitutional duties of the state.

(2) The legislature recognizes that to accomplish all of these actions requires additional sources of revenue and should not be accomplished through reductions to other parts of the state budget. Additionally, the legislature acknowledges that future legislatures may consider alternative schedules and plans to implement emerging educational research and may make additional revisions, including revisions for technical purposes and consistency in the event of mathematical or other technical errors.

PART I
CLARIFYING THE DEFINITION AND STATE FUNDING OF THE INSTRUCTIONAL PROGRAM OF BASIC EDUCATION

Sec. 101. RCW 28A.150.200 and 2009 c 548 s 101 are each amended to read as follows:

(1) The program of basic education established under this chapter is deemed by the legislature to comply with the requirements of Article IX, section 1 of the state Constitution, which states that

"It is the paramount duty of the state to make ample provision for the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex," and is adopted pursuant to Article IX, section 2 of the state Constitution, which states that "The legislature shall provide for a general and uniform system of public schools."

(2) The legislature defines the program of basic education under this chapter as that which is necessary to provide the opportunity to develop the knowledge and skills necessary to meet the state-established high school graduation requirements that are intended to allow students to have the opportunity to graduate with a meaningful diploma that prepares them for postsecondary education, gainful employment, and citizenship. Basic education by necessity is an evolving program of instruction intended to reflect the changing educational opportunities that are needed to equip students for their role as productive citizens and includes the following:

(a) The instructional program of basic education the minimum components of which are described in RCW 28A.150.220 (as recodified by this act);

(b) The program of education provided by chapter 28A.190 RCW for students in residential schools as defined by RCW 28A.190.020 and for juveniles in detention facilities as identified by RCW 28A.190.010;

(c) The program of education provided by chapter 28A.193 RCW for individuals under the age of eighteen who are incarcerated in adult correctional facilities; ((~~and~~))

(d) Transportation and transportation services to and from school for eligible students as provided under RCW 28A.160.150 through 28A.160.180; and

(e) Statewide salary allocations that are competitive, market-based, and informed by periodic wage analyses of comparable occupations in accordance with section 306 of this act and phased in under RCW 28A.150.410 (as recodified by this act), for K-12 basic education staff funded under RCW 28A.150.260 (as recodified by this act) to implement the instructional program of basic education under RCW 28A.150.220 (as recodified by this act).

NEW SECTION. **Sec. 102.** (1) Every school district board of directors shall fix, alter, allow, and order paid salaries and compensation for all district employees using state-provided allocations in conformance with this section.

(2)(a) Salaries for basic education certificated instructional staff specified in RCW 28A.150.200 and 28A.150.260 (as recodified by this act) shall not be less than the salary provided in the omnibus appropriations act in the statewide salary allocation model for an employee with a baccalaureate degree and zero years of service.

(b) Salaries for basic education certificated instructional staff specified in RCW 28A.150.200 and 28A.150.260 (as recodified by this act) who have an advanced degree shall not be less than the salary provided in the omnibus appropriations act in the statewide salary allocation model for an employee with an advanced degree and zero years of service.

(c) The actual average salary paid to basic education certificated instructional staff specified in RCW 28A.150.200 and 28A.150.260 (as recodified by this act) shall not exceed the district's average certificated instructional staff salary used for the state basic education allocations for that school year as determined pursuant to RCW 28A.150.410 (as recodified by this act).

(d) Fringe benefit contributions for basic education certificated instructional staff specified in RCW 28A.150.200 and 28A.150.260 (as recodified by this act) shall be included as salary under (a) of this subsection only to the extent that the district's actual average benefit contribution exceeds the amount of the insurance benefits allocation provided per certificated instructional staff unit in the state omnibus appropriations act in effect at the time the compensation is payable. For purposes of this section, fringe benefits shall not include payment for unused leave for illness or injury under RCW 28A.400.210; employer contributions for old age survivors insurance, workers' compensation, unemployment compensation, and retirement benefits under the Washington state retirement system; or employer contributions for health benefits in excess of the insurance benefits allocation provided per certificated instructional staff unit in the state omnibus appropriations act in effect at the time the compensation is payable. A school district may not use state funds to provide employer contributions for such excess health benefits.

(3) Salary and benefits for certificated instructional staff in programs other than basic education shall be consistent with the salary and benefits paid to certificated instructional staff in the basic education program.

(4) Salaries for basic education certificated administrative staff specified in RCW 28A.150.260 (as recodified by this act) shall be based on a two hundred twenty-day base contract. Excluding school district superintendents, the aggregate amount of the salaries provided for basic education certificated administrative salaries must not exceed the aggregate amount of the state allocation provided for basic education certificated administrative salaries, which shall include the localization factor as determined under section 306 of this act. This does not preclude the use of supplemental contracts in compliance with RCW 28A.400.200.

(5) The aggregate amount of the salaries provided for basic education classified staff specified in RCW 28A.150.260 (as recodified by this act) must not exceed the aggregate amount of the state allocation provided for basic education classified staff salaries, which shall include the localization factor as determined under section 306 of this act.

PART II
CREATING GREATER CLARITY, TRANSPARENCY, AND ACCOUNTABILITY REGARDING THE PROGRAM OF BASIC EDUCATION

Sec. 201. RCW 28A.300.173 and 2010 c 236 s 12 are each amended to read as follows:

(1) The office of the superintendent of public instruction shall implement and maintain an internet-based portal that provides ready public access to the state's prototypical school funding model for basic education under RCW 28A.150.260 (as recodified by this act).

(2) The portal must provide ((~~citizens~~)) the opportunity to view, for each local school building, the following:

(a) Staffing levels and other prototypical school funding elements that are assumed under the state funding formula((~~. The portal must also provide~~));

(b) A matrix displaying how individual school districts are deploying those same state resources through their allocation of staff and other resources to school buildings, so that citizens are able to compare the state assumptions to district allocation decisions for each local school building; and

(c) Beginning with the 2016-17 school year financial data, how local levy and other funds are expended to enhance the state-provided

staffing levels and other prototypical school funding elements in RCW 28A.150.260 (as recodified by this act).

Sec. 202. RCW 28A.320.330 and 2009 c 460 s 1 are each amended to read as follows:

School districts shall establish the following funds in addition to those provided elsewhere by law:

(1) A general fund for maintenance and operation of the school district to account for all financial operations of the school district except those required to be accounted for in another fund.

(2) A capital projects fund shall be established for major capital purposes. All statutory references to a "building fund" shall mean the capital projects fund so established. Money to be deposited into the capital projects fund shall include, but not be limited to, bond proceeds, proceeds from excess levies authorized by RCW 84.52.053, state apportionment proceeds as authorized by RCW 28A.150.270 (as recodified by this act), earnings from capital projects fund investments as authorized by RCW 28A.320.310 and 28A.320.320, and state forest revenues transferred pursuant to subsection (3) of this section.

Money derived from the sale of bonds, including interest earnings thereof, may only be used for those purposes described in RCW 28A.530.010, except that accrued interest paid for bonds shall be deposited in the debt service fund.

Money to be deposited into the capital projects fund shall include but not be limited to rental and lease proceeds as authorized by RCW 28A.335.060, and proceeds from the sale of real property as authorized by RCW 28A.335.130.

Money legally deposited into the capital projects fund from other sources may be used for the purposes described in RCW 28A.530.010, and for the purposes of:

(a) Major renovation and replacement of facilities and systems where periodical repairs are no longer economical or extend the useful life of the facility or system beyond its original planned useful life. Such renovation and replacement shall include, but shall not be limited to, major repairs, exterior painting of facilities, replacement and refurbishment of roofing, exterior walls, windows, heating and ventilating systems, floor covering in classrooms and public or common areas, and electrical and plumbing systems.

(b) Renovation and rehabilitation of playfields, athletic fields, and other district real property.

(c) The conduct of preliminary energy audits and energy audits of school district buildings. For the purpose of this section:

(i) "Preliminary energy audits" means a determination of the energy consumption characteristics of a building, including the size, type, rate of energy consumption, and major energy using systems of the building.

(ii) "Energy audit" means a survey of a building or complex which identifies the type, size, energy use level, and major energy using systems; which determines appropriate energy conservation maintenance or operating procedures and assesses any need for the acquisition and installation of energy conservation measures, including solar energy and renewable resource measures.

(iii) "Energy capital improvement" means the installation, or modification of the installation, of energy conservation measures in a building which measures are primarily intended to reduce energy consumption or allow the use of an alternative energy source.

(d) Those energy capital improvements which are identified as being cost-effective in the audits authorized by this section.

(e) Purchase or installation of additional major items of equipment and furniture: PROVIDED, That vehicles shall not be purchased with capital projects fund money.

(f)(i) Costs associated with implementing technology systems, facilities, and projects, including acquiring hardware, licensing software, and online applications and training related to the installation of the foregoing. However, the software or applications must be an integral part of the district's technology systems, facilities, or projects.

(ii) Costs associated with the application and modernization of technology systems for operations and instruction including, but not limited to, the ongoing fees for online applications, subscriptions, or software licenses, including upgrades and incidental services, and ongoing training related to the installation and integration of these products and services. However, to the extent the funds are used for the purpose under this subsection (2)(f)(ii), the school district shall transfer to the district's general fund the portion of the capital projects fund used for this purpose. The office of the superintendent of public instruction shall develop accounting

guidelines for these transfers in accordance with internal revenue service regulations.

(g) Major equipment repair, painting of facilities, and other major preventative maintenance purposes. However, to the extent the funds are used for the purpose under this subsection (2)(g), the school district shall transfer to the district's general fund the portion of the capital projects fund used for this purpose. The office of the superintendent of public instruction shall develop accounting guidelines for these transfers in accordance with internal revenue service regulations. Based on the district's most recent two-year history of general fund maintenance expenditures, funds used for this purpose may not replace routine annual preventive maintenance expenditures made from the district's general fund.

(3) A debt service fund to provide for tax proceeds, other revenues, and disbursements as authorized in chapter 39.44 RCW. State forest land revenues that are deposited in a school district's debt service fund pursuant to RCW 79.64.110 and to the extent not necessary for payment of debt service on school district bonds may be transferred by the school district into the district's capital projects fund.

(4) An associated student body fund as authorized by RCW 28A.325.030.

(5) Advance refunding bond funds and refunded bond funds to provide for the proceeds and disbursements as authorized in chapter 39.53 RCW.

<u>(6) By the 2016-17 school year, a local revenue fund shall be established for the purpose of accounting for the financial operations of a school district that are paid for from local revenue. Money deposited into the local revenue fund shall include, but not be limited to, proceeds from maintenance and operations levies as authorized by RCW 84.52.053, and local effort assistance payments from the state as authorized by RCW 84.52.0531. Expenditures from this fund shall be tracked separately to account for the usage of local funds within a school district.</u>

Sec. 203. RCW 28A.505.140 and 2006 c 263 s 202 are each amended to read as follows:

(1) Notwithstanding any other provision of law, the superintendent of public instruction shall adopt such rules as will ensure proper budgetary procedures and practices, including monthly

financial statements consistent with the provisions of RCW 43.09.200, and this chapter. By the 2016-17 school year, the rules shall require school districts to provide separate accounting of state, federal, and local revenues and expenditures, and also separate accounting of basic education and nonbasic education expenditures.

(2) If the superintendent of public instruction determines upon a review of the budget of any district that said budget does not comply with the budget procedures established by this chapter or by rules adopted by the superintendent of public instruction, or the provisions of RCW 43.09.200, the superintendent shall give written notice of this determination to the board of directors of the local school district.

(3) The local school district, notwithstanding any other provision of law, shall, within thirty days from the date the superintendent of public instruction issues a notice pursuant to subsection (2) of this section, submit a revised budget which meets the requirements of RCW 43.09.200, this chapter, and the rules of the superintendent of public instruction.

Sec. 204. RCW 28A.505.040 and 1995 c 121 s 1 are each amended to read as follows:

(1) On or before the tenth day of July in each year, all school districts shall prepare their budget for the ensuing fiscal year. The annual budget development process shall include the development or update of a four-year budget outlook that includes a four-year enrollment projection.

(2) The completed budget must include a summary of the four-year budget outlook and four-year enrollment projection and set forth the complete financial plan of the district for the ensuing fiscal year.

(3)(a) Upon completion of their budgets, every school district shall electronically publish a notice stating that the district has completed the budget, posted it electronically, placed it on file in the school district administration office, and that a copy ((~~thereof~~)) of the budget and a summary of the four-year outlook and enrollment projection will be furnished to any person who calls upon the district for it. ((~~The district shall provide a sufficient number of copies of the budget to meet the reasonable demands of the public.~~))

(b) School districts shall submit one copy of their budget and the four-year budget outlook summary and the four-year enrollment

projection to their educational service districts and the office of the superintendent of public instruction for review and comment by July 10th. The superintendent of public instruction may delay the date in this section if the state's operating budget is not finally approved by the legislature until after June 1st.

(c) The office of the superintendent of public instruction shall consider the information provided under (b) of this subsection when ranking each school district by the financial health of the school district in order to provide information for districts to avoid potential financial difficulty, insolvency, or binding conditions.

(d) Beginning in the 2018-19 school year as the state begins to implement the revised salary allocation model and through the 2024-25 school year, the office of the superintendent of public instruction must present information to the legislature on whether any districts are trending towards potential financial difficulty, insolvency, or binding conditions.

Sec. 205. RCW 28A.505.050 and 1995 c 121 s 2 are each amended to read as follows:

(1) Upon completion of their budgets as provided in RCW 28A.505.040, every school district shall publish a notice stating that the board of directors will meet for the purpose of fixing and adopting the budget of the district for the ensuing fiscal year.

(2) Such notice shall designate the date, time, and place of said meeting which shall occur no later than the thirty-first day of August for first-class school districts, and the first day of August for second-class school districts.

(3) The notice shall also state that any person may appear ((~~thereat~~)) at the meeting and be heard for or against any part of such budget, the four-year budget outlook summary, and the four-year enrollment projection. ((~~Said~~)) The notice shall be electronically published and published at least once each week for two consecutive weeks in a newspaper of general circulation in the district, or, if there be none, in a newspaper of general circulation in the county or counties in which such district is a part. The last notice shall be published no later than seven days immediately prior to the hearing.

Sec. 206. RCW 28A.505.060 and 1990 c 33 s 418 are each amended to read as follows:

(1) On the date given in said notice as provided in RCW 28A.505.050 the school district board of directors shall meet at the time and place designated. Any person may appear ((~~thereat~~)) at the meeting and be heard for or against any part of such budget, the four-year budget outlook summary, and the four-year enrollment projection.

(2) Such hearing may be continued not to exceed a total of two days: PROVIDED, That the budget must be adopted no later than August 31st in first-class school districts, and not later than August 1st in second-class school districts.

(3) Upon conclusion of the hearing, the board of directors shall fix and determine the appropriation from each fund contained in the budget separately, and shall by resolution adopt the budget, the four-year budget outlook summary, the four-year enrollment projection, and the appropriations as so finally determined, and enter the same in the official minutes of the board: PROVIDED, That first-class school districts shall file copies of their adopted budget with their educational service district no later than September 3rd, and second-class school districts shall forward copies of their adopted budget to their educational service district no later than August 3rd for review, alteration, and approval as provided for in RCW 28A.505.070 by the budget review committee.

Sec. 207. RCW 28A.505.100 and 1990 c 33 s 420 are each amended to read as follows:

(1) The budget shall set forth the estimated revenues for the ensuing fiscal year, the estimated revenues from all sources for the fiscal year current at the time of budget preparation, the actual revenues for the last completed fiscal year, and the reserved and unreserved fund balances for each year. The estimated revenues from all sources for the ensuing fiscal year shall not include any revenue not anticipated to be available during that fiscal year: PROVIDED, That school districts, pursuant to RCW 28A.505.110, can be granted permission by the superintendent of public instruction to include as revenues in their budgets, receivables collectible in future fiscal years.

(2)(a) The budget shall set forth by detailed items or classes the estimated expenditures for the ensuing fiscal year, the estimated expenditures for the fiscal year current at the time of budget

preparation, and the actual expenditures for the last completed fiscal year.

(b) The budget shall set forth the state-funded salary amounts, locally funded salary amounts, total salary amounts, full-time equivalents((~~,~~)) for each individual certificated instructional staff, certificated administrative staff, and classified staff; and the high, low, and average annual salaries, which shall be displayed by job classification within each budget classification. ((~~If individual salaries within each job classification are not displayed, districts shall provide the individual salaries together with the title or position of the recipient and the total amounts of salary under each budget class upon request.~~)) Additionally, the district's salary schedules shall be displayed.

(3) In districts where negotiations have not been completed, the district may budget the salaries at the current year's rate and restrict fund balance for the amount of anticipated increase in salaries, so long as an explanation shall be attached to the budget on such restriction of fund balance.

NEW SECTION. **Sec. 208.** A new section is added to chapter 28A.320 RCW to read as follows:

Each school district is encouraged to annually use the four-year budget outlook and the four-year enrollment projection developed under RCW 28A.505.140 to inform the school district's decisions regarding the district's instructional priorities and program offerings and to communicate this information to the local community.

NEW SECTION. **Sec. 209.** A new section is added to chapter 43.09 RCW to read as follows:

To ensure local funds are not being expended for basic education purposes except for locally provided salaries under section 304(3) of this act, the state auditor's regular financial audits of school districts must include a review of the expenditure of local levy funds, including any supplemental contracts entered into under RCW 28A.400.200.

PART III
PHASE-IN PLAN FOR EDUCATOR COMPENSATION

NEW SECTION. **Sec. 301.** The legislature intends to assume the responsibility for funding basic education salaries by implementing a plan to phase in a modified version of the compensation working group's recommendations for a revised compensation system. The plan includes an increase in the state allocation for base salaries, a localization factor for all staff in order to attract and retain quality educators and other school employees to Washington schools, and other actions to maintain competitive salaries. The legislature intends to begin the phase in during the 2018-19 school year and complete the phase in by the 2021-22 school year.

NEW SECTION. **Sec. 302.** (1)(a) Beginning in the 2018-19 school year, the legislature shall provide sufficient funds for whichever is greater:

(i) The certificated administrative and classified salary allocation amounts shown on LEAP Document 2 for the 2018-19 school year; or

(ii) The average state salary allocation amounts for basic education state-funded certificated administrative staff and classified staff units per full-time equivalent as follows:

Certificated administrative staff. $99,765
Classified staff. $43,153

(b) The minimum allocations provided in (a) of this subsection shall be enhanced in a linear fashion to provide sufficient state funds for the average state salary allocations for basic education state-funded certificated administrative staff and classified staff units per full-time equivalent in the 2021-22 school year as follows:

Certificated administrative staff. $105,158
Classified staff. $45,486

(2) The allocations established in subsection (1) of this section shall be adjusted for the following:

(a) Cost-of-living increases in accordance with RCW 28A.400.205 and as provided in the omnibus appropriations act; and

(b) A localization factor in accordance with section 306 of this act.

(3) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund

the increased salary allocations established in this section and sections 303 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by this section and sections 303 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

(4) This section expires August 1, 2023.

Sec. 303. RCW 28A.150.410 and 2010 c 236 s 10 are each amended to read as follows:

(1) The legislature shall establish for each school year in the appropriations act a statewide salary allocation ((~~schedule~~)) model, for allocation purposes only((~~, to be~~)) and used to distribute funds for basic education certificated instructional staff salaries under RCW 28A.150.260 (as recodified by this act). For the purposes of this section, the staff allocations for classroom teachers, teacher librarians, guidance counselors, and student health services staff under RCW 28A.150.260 (as recodified by this act) are considered allocations for certificated instructional staff.

(2) Salary allocations for state-funded basic education certificated instructional staff shall be calculated by the superintendent of public instruction by determining the district's average salary for certificated instructional staff, using the statewide salary allocation ((~~schedule~~)) model and related documents, conditions, and limitations established by the omnibus appropriations act.

(3) Beginning January 1, 1992, and until the 2021-22 school year, no more than ninety college quarter-hour credits received by any employee after the baccalaureate degree may be used to determine compensation allocations under the state salary allocation ((~~schedule~~)) model and LEAP documents referenced in the omnibus appropriations act, or any replacement schedules and documents, unless:

(a) The employee has a master's degree; or

(b) The credits were used in generating state salary allocations before January 1, 1992.

(4) For the 2018-19 school year through the 2021-22 school year, a revised statewide salary allocation model as provided in section 304 of this act shall be phased in for certificated instructional staff.

(5)(a) Beginning in the 2021-22 school year and thereafter, a beginning certificated instructional staff with an entry-level residency certificate may remain on a residency certificate for up to nine years at the same salary allocation, although there are different levels of salary allocations for residency certificate holders who have a bachelor's degree and those who have an advanced degree. Allocations based on an advanced degree must be only for those degrees that are relevant to current or future assignments as locally determined by the relevant school district.

(b) For the school year immediately following a certificated instructional staff's attainment of a professional certificate or advanced degree, the salary allocated for that staff must increase to reflect the salaries for a professional or continuing certificate or advanced degree in the state salary allocation model. A minimum of three years of experience is required to make the progression from the residency certification to the professional certification and the corresponding step on the salary allocation model.

(c) For certificated instructional staff with a professional or continuing certificate, there are different levels of salary allocations for staff who have a bachelor's degree and staff who have an advanced degree. Allocations based on an advanced degree must be only for those degrees that are relevant to current or future assignments as locally determined by the relevant school district.

(d) After nine years of experience, inclusive of the years with an initial or residency certificate, an additional salary increase must be allocated for a certificated instructional staff member who has achieved and retained the professional or continuing certificate.

(e) The state must provide sufficient funding to provide a localization factor applied to the base salary amounts as identified in the omnibus appropriations act. The localization factor must be calculated every four years in accordance with section 306 of this act.

(f) The revised statewide salary allocation model under this section is based on the following framework:

Year of Teaching	Years of Experience	Residency/Initial		Professional/Continuing	
		Bachelor's Degree	Advanced Degree	Bachelor's Degree	Advanced Degree
1st	0	1.0000	1.0800		
2nd	1				
3rd	2				
4th	3				
5th	4			1.2000	1.2960
6th	5				
7th	6				
8th	7				
9th	8				
10th	9 or more			1.4400	1.5552

(6) Beginning in the 2022-23 school year and thereafter, the state salary allocation model shall be specified in the omnibus appropriations act and shall be no less than the salary allocation schedule framework established in subsection (5)(f) of this section.

(7) The office of the superintendent of public instruction and the professional educator standards board shall make rules to implement this section.

(8) Beginning in the 2007-08 school year, the calculation of years of service for occupational therapists, physical therapists, speech-language pathologists, audiologists, nurses, social workers, counselors, and psychologists regulated under Title 18 RCW may include experience in schools and other nonschool positions as occupational therapists, physical therapists, speech-language pathologists, audiologists, nurses, social workers, counselors, or psychologists. The calculation shall be that one year of service in a nonschool position counts as one year of service for purposes of this chapter, up to a limit of two years of nonschool service. Nonschool years of service included in calculations under this subsection shall not be applied to service credit totals for purposes of any retirement benefit under chapter 41.32, 41.35, or 41.40 RCW, or any other state retirement system benefits.

(9) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in this section and sections 302, 304, and 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by this section and sections 302, 304, and 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

NEW SECTION. **Sec. 304.** (1)(a) To offset the salary increases in this subsection (1)(a), each school district's maximum levy revenue shall be reduced according to the provisions of section 502(10) of this act. In the 2018-19 school year, except as provided in subsection (2) of this section, the minimum state salary allocation shall be as follows:

School Year 2018-19 Phase in

Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	PhD
0	$38,000	$38,000	$38,000	$38,000	$38,375	$38,375	$41,248	$41,248	$41,248
1	38,000	38,000	38,000	38,000	38,375	38,375	41,248	41,248	41,248
2	38,000	38,000	38,000	38,084	38,375	38,375	41,248	41,248	41,248
3	38,000	38,000	38,000	38,375	38,375	38,375	41,248	41,248	41,248
4	38,000	38,000	38,000	38,375	38,375	38,375	41,248	41,248	41,248
5	39,900	39,900	39,900	39,900	42,755	44,850	47,363	47,363	48,447
6	39,900	39,900	39,900	40,198	43,284	45,390	47,363	47,363	48,916
7	39,900	39,900	39,900	41,123	44,254	46,418	47,363	47,745	49,910
8	39,900	39,989	41,067	42,523	45,696	47,585	47,363	49,188	50,292
9	39,900	41,298	42,430	43,938	47,186	47,968	47,428	50,678	51,927
10			43,808	45,426	48,717	51,115	49,731	52,209	54,606
11				46,958	50,320	52,766	50,449	53,812	56,257
12				48,440	51,966	54,485	52,040	55,457	57,977
13					56,623	56,623	61,153	61,153	61,153

14					56,623	56,623	61,153	61,153	61,153
15					56,623	56,623	61,153	61,153	61,153
16					56,623	56,623	61,153	61,153	61,153

(b) To offset the salary increases in this subsection (1)(b), each school district's maximum levy revenue shall be reduced according to the provisions of section 502(10) of this act. In the 2019-20 school year, except as provided in subsection (2) of this section, the minimum state salary allocation shall be as follows:

School Year 2019-20 Phase in

Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	PhD
0	$41,672	$41,672	$41,672	$41,672	$42,083	$42,083	$45,234	$45,234	$45,234
1	41,672	41,672	41,672	41,672	42,083	42,083	45,234	45,234	45,234
2	41,672	41,672	41,672	41,764	42,083	42,083	45,234	45,234	45,234
3	41,672	41,672	41,672	42,083	42,083	42,083	45,234	45,234	45,234
4	41,672	41,672	41,672	42,083	42,083	42,083	45,234	45,234	45,234
5	43,756	43,756	43,756	43,756	46,887	49,184	51,940	51,940	53,129
6	43,756	43,756	43,756	44,083	47,466	49,776	51,940	51,940	53,643
7	43,756	43,756	43,756	45,096	48,530	50,904	51,940	52,358	54,733
8	43,756	43,853	45,035	46,632	50,112	52,183	51,940	53,941	55,152
9	43,756	45,289	46,530	48,184	51,745	52,604	52,011	55,575	56,945
10			48,042	49,816	53,424	56,054	54,537	57,254	59,882
11				51,495	55,182	57,865	55,324	59,012	61,693
12				53,121	56,988	59,750	57,069	60,816	63,579
13					62,095	62,095	67,062	67,062	67,062
14					62,095	62,095	67,062	67,062	67,062
15					62,095	62,095	67,062	67,062	67,062
16					62,095	62,095	67,062	67,062	67,062

(c) To offset the salary increases in this subsection (1)(c), each school district's maximum levy revenue shall be reduced according to the provisions of section 502(10) of this act. In the 2020-21 school year, except as provided in subsection (2) of this section, the minimum state salary allocation shall be as follows:

School Year 2020-21 Phase in

Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	PhD
0	$45,344	$45,344	$45,344	$45,344	$46,050	$46,050	$49,734	$49,734	$49,734
1	45,344	45,344	45,344	45,344	46,050	46,050	49,734	49,734	49,734
2	45,344	45,344	45,344	45,344	46,050	46,050	49,734	49,734	49,734
3	45,344	45,344	45,344	45,344	46,050	46,050	49,734	49,734	49,734
4	45,344	45,344	45,344	45,865	46,050	46,050	49,734	49,734	49,734
5	50,158	50,158	50,158	50,158	50,158	52,585	56,405	56,405	56,802
6	50,158	50,158	50,158	50,158	50,749	53,218	56,405	56,405	57,352
7	50,158	50,158	50,158	50,158	51,886	54,424	56,405	56,405	58,518
8	50,158	50,158	50,158	50,158	53,577	54,813	56,405	57,671	60,301
9	50,158	50,158	50,158	51,516	54,813	55,323	56,405	59,418	60,301
10			52,666	53,261	57,119	59,930	59,225	61,213	64,023
11				66,311	66,311	66,311	71,616	71,616	71,616
12				66,311	66,311	66,311	71,616	71,616	71,616
13					66,311	66,311	71,616	71,616	71,616
14					66,311	66,311	71,616	71,616	71,616
15					66,311	66,311	71,616	71,616	71,616
16					66,311	66,311	71,616	71,616	71,616

(d) To offset the salary increases in this subsection (1)(d), each school district's maximum levy revenue shall be reduced according to the provisions of section 502(10) of this act. In the 2021-22 school year, except as provided in subsection (2) of this section, the minimum state salary allocation shall be as follows:

School Year 2021-22 Phase in

Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	PhD
0	$48,056	$48,056	$48,056	$48,056	$48,056	$48,056	$52,282	$52,282	$52,282
1	48,056	48,056	48,056	48,056	48,056	48,056	52,282	52,282	52,282
2	48,056	48,056	48,056	48,056	48,056	48,056	52,282	52,282	52,282
3	48,056	48,056	48,056	48,056	48,056	48,056	52,282	52,282	52,282
4	48,056	48,056	48,056	48,056	48,056	48,056	52,282	52,282	52,282
5	58,091	58,091	58,091	58,091	58,091	58,091	62,739	62,739	62,739

6	58,091	58,091	58,091	58,091	58,091	58,091	62,739	62,739	62,739
7	58,091	58,091	58,091	58,091	58,091	58,091	62,739	62,739	62,739
8	58,091	58,091	58,091	58,091	58,091	58,091	62,739	62,739	62,739
9	58,091	58,091	58,091	58,091	58,091	58,091	62,739	62,739	62,739
10			69,709	69,709	69,709	69,709	75,286	75,286	75,286
11				69,709	69,709	69,709	75,286	75,286	75,286
12				69,709	69,709	69,709	75,286	75,286	75,286
13					69,709	69,709	75,286	75,286	75,286
14					69,709	69,709	75,286	75,286	75,286
15					69,709	69,709	75,286	75,286	75,286
16					69,709	69,709	75,286	75,286	75,286

(2) As the revised statewide salary allocation model in this section is phased in beginning in the 2018-19 school year through the 2021-22 school years, the following shall occur:

(a) If the salary allocation model in effect for the 2017-18 school year would provide a salary allocation for an individual certificated instructional staff member greater than the salary allocation model for the specified year in subsection (1) of this section, then the allocation for the certificated instructional staff member must be the allocation from the 2017-18 school year salary allocation model;

(b) If the salary allocation model in effect for the 2017-18 school year would provide a salary allocation for an individual certificated instructional staff member less than the salary allocation model for the specified year in subsection (1) of this section, then the allocation for the certificated instructional staff member must be adjusted to include a cost-of-living allocation in accordance with RCW 28A.400.205.

(3) The legislature recognizes that some school districts are paying more than the comparable wage in the local area, therefore school districts shall be permitted to preserve the level of locally provided salaries in effect during the 2014-15 school year through a supplemental contract beginning in the 2018-19 school year through the 2021-22 school year or until the state basic education allocation for K-12 employee salaries reaches that locally provided salary level provided in the 2014-15 school year. The use of local levy funds for this purpose must be detailed in compensation maintenance contracts

that must be accounted for separately from other supplemental contracts entered into in accordance with RCW 28A.400.200. Additionally, any increases in compensation beyond the cost-of-living increases specified in the omnibus appropriations act that are provided using supplemental contracts after the 2014-15 school year and through the full implementation of the phase-in period described in this section shall be solely for new time or responsibilities performed by individual staff members and shall be audited by the state auditor under section 209 of this act.

(4) The minimum state salary allocation provided in this section shall be adjusted by a localization factor in accordance with section 306 of this act.

(5) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in this section and sections 302, 303, and 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by this section and sections 302, 303, and 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

(6) This section expires September 1, 2022.

Sec. 305. RCW 28A.400.205 and 2013 2nd sp.s. c 5 s 1 are each amended to read as follows:

(1) <u>Except as provided in subsection (3) of this section, s</u>chool district employees shall be provided an annual salary cost-of-living increase in accordance with this section.

(a) The cost-of-living increase shall be calculated by applying the rate of the yearly increase in the cost-of-living index to any state-funded salary base used in state funding formulas for teachers and other school district employees. Beginning with the 2001-02 school year, and for each subsequent school year, except for the 2013-14 and 2014-15 school years, each school district shall be provided a cost-of-living allocation sufficient to grant this cost-

of-living increase, except as provided in subsection (3) of this section.

(b) A school district shall distribute its cost-of-living allocation for salaries and salary-related benefits in accordance with the district's salary schedules, collective bargaining agreements, and compensation policies. No later than the end of the school year, each school district shall certify to the superintendent of public instruction that it has spent funds provided for cost-of-living increases on salaries and salary-related benefits.

(c) Any funded cost-of-living increase shall be included in the salary base used to determine cost-of-living increases for school employees in subsequent years. For teachers and other certificated instructional staff, the rate of the annual cost-of-living increase funded for certificated instructional staff shall be applied to the base salary used with the statewide salary allocation ((~~schedule~~)) model established under RCW 28A.150.410 (as recodified by this act) and to any other salary models used to recognize school district personnel costs.

(2)(a) For the purposes of this section, through the 2021-22 school year, "cost-of-living index" means, for any school year, the previous calendar year's annual average consumer price index, using the official current base, compiled by the bureau of labor statistics, United States department of labor for the state of Washington. If the bureau of labor statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the cost-of-living index in this section.

(b) In addition to the legislature assuming the responsibility for funding basic education salaries under the revised statewide salary allocation model under section 302 of this act, the legislature also intends to keep the state-provided base salary competitive and aligned with market forces over time by providing an annual salary adjustment in accordance with this subsection, by providing a localization factor in accordance with section 306 of this act, and by conducting a comparable wage analysis in accordance with section 306 of this act. If the comparable wage recommendations provided in accordance with section 306 of this act are adopted by the legislature, then the cost-of-living index that shall be used shall reflect the previous calendar year's rate of inflation as

determined by the implicit price deflator of the United States department of commerce until the next comparable wage analysis is conducted to address the subsequent four years.

(3) As the state phases in a revised statewide salary allocation model, beginning in the 2018-19 school year and through the 2021-22 school year, the state allocation of the cost-of-living increase under subsection (1) of this section shall be provided only for the certificated instructional staff member identified under section 304(2)(b) of this act.

(4) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in this section and sections 302 through 304 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by this section and sections 302 through 304 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

NEW SECTION. **Sec. 306.** (1) The legislature intends to ensure that the state-provided K-12 basic education salary allocations keep pace with the wages of comparable occupations by, among other factors, implementing a localization factor, and requiring that a comparable wage analysis be conducted every four years.

(2)(a) By July 1, 2017, the office of financial management shall convene a technical working group on school employee wages. The working group shall consist of one staff member selected by the executive head of the following state agencies, except that the superintendent of public instruction shall select the representative of that office:

(i) The office of financial management;

(ii) The legislative evaluation and accountability program committee;

(iii) The ways and means committee of the senate;

(iv) The appropriations committee of the house of representatives;

(v) The office of the superintendent of public instruction; and

(vi) The employment security department.

(b) The employment security department shall make available to the working group the information necessary to determine the comparable occupations and wages for each K-12 job category in RCW 28A.150.260 (as recodified by this act) by metropolitan statistical area. The technical working group will use this data and data from the statewide housing affordability index to make recommendations for a K-12 employee salary localization factor.

(c) The office of financial management shall report the technical working group's determinations and recommendations for a localization factor to the school employee wages council created in subsection (3) of this section.

(3) The school employee wages council is created to review the work of the technical working group and submit recommendations on the localization factor to the governor and the legislature.

(4) The school employee wages council consists of the following members:

(a) The director of financial management;

(b) The chair and ranking minority member of the senate ways and means committee or their designees;

(c) The chair and ranking minority member of the house of representatives appropriations committee or their designees; and

(d) The superintendent of public instruction, or the superintendent's designee.

(5) Any recommendations made by the school employee wages council to the governor and legislature requires an affirmative vote of at least four of the six councilmembers.

(6) The recommendations of the council regarding the localization factor shall be effective in the ensuing biennial period, subject to any legislative modifications and final legislative approval, beginning in the 2018-19 school year and thereafter. If legislative approval of the recommended localization factors is not made by the 2018-19 school year, the minimum salary allocations in RCW 28A.150.410 (as recodified by this act) and sections 302 and 304 of this act shall be adjusted by the localization factors as specified in the LEAP K-12 Localization Factors document dated April 6, 2015, 07:18 hours, which is hereby incorporated by reference. Local education agencies created after the effective date of this section

shall receive the localization factor of the school district in which the local education agency is located.

(7) By July 1, 2022, and July 1st every four years thereafter, the office of financial management shall convene the technical working group on school employee wages to conduct or contract for a comparative labor market analysis of the wages of school district employees. The office of financial management shall report to the school employee wages council the technical working groups' recommendations for increases to the salaries of K-12 employees, if necessary, based on the comparative labor market analysis. Recommendations made by the school employee wages council to the governor and the legislature shall require an affirmative vote of at least four of the six councilmembers. The recommendations of the council regarding increases in K-12 salaries shall be effective in the ensuing biennial period, subject to any legislative modifications.

PART IV
USING LOCAL LEVY FUNDS FOR COMPENSATION OUTSIDE OF BASIC EDUCATION

Sec. 401. RCW 28A.400.200 and 2010 c 235 s 401 are each amended to read as follows:

(1) ((~~Every school district board of directors shall fix, alter, allow, and order paid salaries and compensation for all district employees in conformance with this section.~~

~~(2)(a) Salaries for certificated instructional staff shall not be less than the salary provided in the appropriations act in the statewide salary allocation schedule for an employee with a baccalaureate degree and zero years of service; and~~

~~(b) Salaries for certificated instructional staff with a master's degree shall not be less than the salary provided in the appropriations act in the statewide salary allocation schedule for an employee with a master's degree and zero years of service.~~

~~(3)(a) The actual average salary paid to certificated instructional staff shall not exceed the district's average certificated instructional staff salary used for the state basic education allocations for that school year as determined pursuant to RCW 28A.150.410.~~

~~(b) Fringe benefit contributions for certificated instructional staff shall be included as salary under (a) of this subsection only~~

~~to the extent that the district's actual average benefit contribution exceeds the amount of the insurance benefits allocation provided per certificated instructional staff unit in the state operating appropriations act in effect at the time the compensation is payable. For purposes of this section, fringe benefits shall not include payment for unused leave for illness or injury under RCW 28A.400.210; employer contributions for old age survivors insurance, workers' compensation, unemployment compensation, and retirement benefits under the Washington state retirement system; or employer contributions for health benefits in excess of the insurance benefits allocation provided per certificated instructional staff unit in the state operating appropriations act in effect at the time the compensation is payable. A school district may not use state funds to provide employer contributions for such excess health benefits.~~

~~(c) Salary and benefits for certificated instructional staff in programs other than basic education shall be consistent with the salary and benefits paid to certificated instructional staff in the basic education program.~~

~~(4) Salaries and benefits~~)) Each school district board of directors is authorized to use local levy funds for enhancements outside of the program of basic education, which may include providing an enhanced salary for certificated instructional staff ((~~may~~)) and certificated administrative staff that exceeds the limitations established in ((~~subsection (3) of this~~)) section 102 of this act but only by separate contract for additional time((~~,~~)) or for ((~~additional responsibilities, for incentives, or for implementing specific measurable innovative activities, including professional development, specified by the school district to: (a) Close one or more achievement gaps, (b) focus on development of science, technology, engineering, and mathematics (STEM) learning opportunities, or (c) provide arts education. Beginning September 1, 2011, school districts shall annually provide a brief description of the innovative activities included in any supplemental contract to the office of the superintendent of public instruction. The office of the superintendent of public instruction shall summarize the district information and submit an annual report to the education committees of the house of representatives and the senate~~)) duties assigned and performed that are outside the basic education duties of the individual staff. This enhanced salary may be for time-based activities or nontime-based activities. If additional salary is

provided for time-based activities within a supplemental contract, the rate paid shall be no more than the hourly rate provided to that same employee for basic education activities. Supplemental contracts involving additional duties or responsibilities outside of the program of basic education that are not time-based and not in excess of the hours or days established in this section must include a definition of the additional duties or responsibilities. Supplemental contracts shall not cause the state to incur any present or future funding obligation. Supplemental contracts shall be subject to the collective bargaining provisions of chapter 41.59 RCW and the provisions of RCW 28A.405.240, shall not exceed one year, and if not renewed shall not constitute adverse change in accordance with RCW 28A.405.300 through 28A.405.380. No district may enter into a supplemental contract under this subsection for the provision of services which are a part of the basic education program required by Article IX, section 3 of the state Constitution.

((~~(5)~~)) (2) If local funds are used to provide staffing levels in excess of the values established in RCW 28A.150.260 (as recodified by this act), then these levels are outside the program of basic education and therefore must be the subject of a supplemental contract.

(3) The minimum instructional program of basic education defined under RCW 28A.150.220 (as recodified by this act) assumes, for a full-time equivalent certificated instructional staff, for grades kindergarten through six has 86.58 percent and for grades seven through twelve has 83.33 percent of the required basic education instructional hours designated instructional time with the remaining percentage designated planning or preparation time and including all of the professional duties associated with the basic education instruction. Any deviations in excess of the percent of instructional time as established in this section for additional hours that are worked or in excess of the one hundred eighty days that are worked must be the subject of a supplemental contract but the deviation must not create less responsibility for a certificated instructional staff member.

(4) For full-time equivalent certificated administrative staff, the basic education allocation is assumed to include a work year of at least two hundred twenty days. Any additional days worked are outside the program of basic education and must be the subject of a

supplemental contract. Administrative duties associated with nonbasic education activities must be the subject of a supplemental contract.

(5) Professional development beyond the allocation in RCW 28A.150.260 (as recodified by this act) or otherwise provided by the legislature is outside the program of basic education and therefore must be the subject of a supplemental contract.

(6) Employee benefit plans offered by any district shall comply with RCW 28A.400.350 ((~~and~~)), 28A.400.275, and 28A.400.280.

NEW SECTION. **Sec. 402.** A new section is added to chapter 41.59 RCW to read as follows:

(1) This act does not affect or impair any collective bargaining agreements in effect on the effective date of this section between an employer and an educational employee or employee organization under this chapter.

(2) Any collective bargaining agreement entered into, modified, reopened, or renewed after the effective date of this section shall be consistent with this section and sections 301 through 306, 401, and 403 of this act.

(3) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in sections 302 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by sections 302 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

NEW SECTION. **Sec. 403.** A new section is added to chapter 41.56 RCW to read as follows:

(1) This act does not affect or impair any collective bargaining agreements in effect on the effective date of this section between a school district employer and a school district employee or employee organization under this chapter.

(2) Any collective bargaining agreement entered into, modified, reopened, or renewed after the effective date of this section shall

be consistent with this section and sections 301 through 306, 401, and 402 of this act.

(3) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in sections 302 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by sections 302 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

PART V
LEVY POLICY

Sec. 501. RCW 84.52.0531 and 2013 c 242 s 8 are each amended to read as follows:

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

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

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

(a) The district's levy base as defined in subsections (3) and (4) of this section multiplied by the district's maximum levy percentage as defined in subsection (7) of this section;

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

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

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

(ii) The serving district's maximum levy percentage determined under subsection (7) of this section; increased by:

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

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

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

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

(a) The district's basic education allocation as determined pursuant to RCW 28A.150.250, 28A.150.260 <u>(as recodified by this act)</u>, and 28A.150.350<u>, excluding enhancements to the state basic education allocation provided after August 31, 2015, except for state funding provided for RCW 28A.400.205 (Initiative 732), additional staff units</u>

for kindergarten through third grade class size reduction, additional staff units for the implementation of all-day kindergarten, and any other basic education staffing unit increases in the prototypical school model;

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

(i) Pupil transportation;

(ii) Special education;

(iii) Education of highly capable students;

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

(v) Food services; and

(vi) Statewide block grant programs; and

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

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

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

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

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

(5) For levy collections in calendar years 2011 through 2017, in addition to the allocations included under subsections (3)(a) through (c) and (4)(a) and (b) of this section, a district's levy base shall also include the difference between an allocation of fifty-three and two-tenths certificated instructional staff units per thousand full-

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

(6) For levy collections beginning in calendar year 2014 and thereafter, in addition to the allocations included under subsections (3)(a) through (c), (4)(a) and (b), and (5) of this section, a district's levy base shall also include the funds allocated by the superintendent of public instruction under RCW 28A.715.040 to a school that is the subject of a state-tribal education compact and that formerly contracted with the school district to provide educational services through an interlocal agreement and received funding from the district.

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

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

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

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

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

(B) Reduce the result of (b)(ii)(A) of this subsection by any levy reduction funds as defined in subsection (8) of this section that are to be allocated to the district for the current school year;

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

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

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

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

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

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

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

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

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

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

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

Sec. 502. RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11 are each reenacted and amended to read as follows:

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

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

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

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

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

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

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

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

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

(d) The levy bases of nonhigh districts participating in an innovation academy cooperative established under RCW 28A.340.080 shall be adjusted by the office of the superintendent of public

instruction to reflect each district's proportional share of student enrollment in the cooperative;

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

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

(a) The district's basic education allocation as determined pursuant to RCW 28A.150.250, 28A.150.260 <u>(as recodified by this act)</u>, and 28A.150.350<u>, excluding enhancements to the state basic education allocation provided after August 31, 2015, except for state funding provided for RCW 28A.400.205 (Initiative 732), additional staff units for kindergarten through third grade class size reduction, additional staff units for the implementation of all-day kindergarten, and any other basic education staffing unit increases in the prototypical school model</u>;

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

(i) Pupil transportation;

(ii) Special education;

(iii) Education of highly capable students;

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

(v) Food services; and

(vi) Statewide block grant programs; and

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

(4)(a) A district's maximum levy percentage shall be twenty-four percent in 2010 and twenty-eight percent in 2011 through 2017 and twenty-((~~four~~)) <u>six</u> percent every year thereafter;

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

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

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

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

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

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

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

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

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

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

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

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

(5) "Levy reduction funds" shall mean increases in state funds from the prior school year for programs included under subsection (3) of this section: (a) That are not attributable to enrollment changes, compensation increases, or inflationary adjustments; and (b) that are or were specifically identified as levy reduction funds in the appropriations act. If levy reduction funds are dependent on formula factors which would not be finalized until after the start of the current school year, the superintendent of public instruction shall estimate the total amount of levy reduction funds by using prior

school year data in place of current school year data. Levy reduction funds shall not include moneys received by school districts from cities or counties.

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

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

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

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

(10)(a) Except for school districts approved for additional levy capacity under subsection (11) of this section, the superintendent of public instruction shall calculate each school district's maximum levy revenue by calendar year. The maximum levy revenue shall be reduced by the following:

(i) In calendar year 2019, budgeted allocations for K-12 salary enhancements provided after August 31, 2018;

(ii) Beginning in calendar year 2020 and each year thereafter, prior school year allocations for K-12 salary enhancements provided after August 31, 2018.

(b) The reductions provided in this subsection (10) should be applied only until a school district's levy rate reaches the following:

(i) One dollar per thousand dollars of assessed valuation, if the per pupil levy rate is greater than one thousand five hundred dollars; or

(ii) One dollar and fifty cents per thousand dollars of assessed valuation, if the per pupil levy rate is less than one thousand five hundred dollars.

(11)(a) School districts may receive additional levy capacity with approval from the superintendent of public instruction if (i) additional levy funds are needed to preserve the level of locally provided salaries as allowed under section 304(3) of this act; and (ii) the district is expending at least fifty percent of the maximum authority provided in subsection (10)(b) of this section for locally provided salaries under section 304(3) of this act. The use of these additional levy funds must be detailed in compensation maintenance

contracts that must be accounted for separately from other supplemental contracts entered into in accordance with RCW 28A.400.200.

(b) The superintendent of public instruction shall provide additional levy capacity to school districts only to the extent that the state basic education salary allocation and the local levy expenditure required under (a)(ii) of this subsection are insufficient to fund the salaries allowed under section 304(3) of this act.

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

(13) For purposes of this section, "per pupil levy rate" means the total estimated levy revenue calculated at a levy rate of one dollar per one thousand dollars of assessed valuation within the school district divided by the prior year's resident full-time equivalent enrollment.

(14) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in sections 302 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by sections 302 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

Sec. 503. RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11 are each reenacted and amended to read as follows:

(1) Except as provided in subsection (3) of this section, the maximum ((~~dollar~~)) amount which may be levied by or for any school district for maintenance and operation support under the provisions of RCW 84.52.053 beginning in calendar year 2023 shall be determined as follows:

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

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

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

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

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

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

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

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

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

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

~~(3) For excess levies for collection in calendar year 1998 and thereafter, a district's levy base shall be the sum of allocations in (a) through (c) of this subsection received by the district for the prior school year, including allocations for compensation increases,~~

~~plus the sum of such allocations multiplied by the percent increase per full time equivalent student as stated in the state basic education appropriation section of the biennial budget between the prior school year and the current school year and divided by fifty-five percent. A district's levy base shall not include local school district property tax levies or other local revenues, or state and federal allocations not identified in (a) through (c) of this subsection.~~

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

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

~~(i) Pupil transportation;~~

~~(ii) Special education;~~

~~(iii) Education of highly capable students;~~

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

~~(v) Food services; and~~

~~(vi) Statewide block grant programs; and~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(8)~~)) (a) No more than one dollar per thousand dollars of assessed valuation within the school district, if the per pupil levy rate is greater than one thousand five hundred dollars adjusted for inflation as determined by the implicit price deflator from the 2023 calendar year; or

(b) No more than one dollar and fifty cents per thousand dollars of assessed valuation within the school district, if the per pupil levy rate at one dollar is less than one thousand five hundred

dollars adjusted for inflation as determined by the implicit price deflator from the 2023 calendar year.

(2) Levy rates calculated in this section shall be calculated using the assessed value of all taxable property within the school district adjusted to the state equalized value in accordance with the indicated ratio fixed by the department.

(3)(a) School districts may receive additional levy capacity with approval from the superintendent of public instruction if (i) additional levy funds are needed to preserve the level of locally provided salaries under section 304(3) of this act; and (ii) the district is expending at least fifty percent of the maximum authority provided in subsection (1) of this section for locally provided salaries as allowed under section 304(3) of this act. The minimum expenditure under (a)(ii) of this subsection shall be increased to sixty percent in calendar year 2024, seventy percent in calendar year 2025, eighty percent in calendar year 2026, and ninety percent in calendar year 2027. No additional levy capacity will be granted after calendar year 2027.

(b) The superintendent of public instruction shall provide additional levy capacity to school districts only to the extent that the state basic education salary allocation and the local levy expenditure required under (a)(ii) of this subsection are insufficient to fund the salaries allowed under section 304(3) of this act.

(4) Levy funds collected in subsection (1) of this section must be used only for enhancement outside the program of basic education as defined in RCW 28A.150.220 (as recodified by this act).

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

((~~(9)~~)) (6) Prior voter approval for school districts collecting levy funds at a rate of more than one dollar per thousand dollars of assessed valuation as provided in subsections (1) and (3) of this section is no longer considered valid after December 31, 2022.

(7) For purposes of this section, "per pupil levy rate" means the total estimated levy revenue calculated at a levy rate of one dollar per one thousand dollars of assessed valuation within the school district divided by the prior year's resident full-time equivalent enrollment.

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

(9) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in sections 302 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by sections 302 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

Sec. 504. RCW 28A.500.030 and 2006 c 372 s 904 and 2006 c 119 s 1 are each reenacted and amended to read as follows:

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

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

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

(b) The statewide average ((~~twelve~~)) thirteen percent levy rate.

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

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

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

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

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

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

(6) For calendar years 2019 through 2022, as increased salary enhancements are phased in, school districts shall receive the allocation provided in calendar year 2018, instead of the calculations provided in this section.

(7) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in sections 302 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by sections 302 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

Sec. 505. RCW 28A.500.020 and 1999 c 317 s 2 are each amended to read as follows:

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

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

(b) "Statewide average ((~~twelve percent~~)) per pupil levy rate" means ((~~twelve percent of~~)) the total maximum levy ((~~bases as defined in RCW 84.52.0531(3)~~)) amount that may be levied by or for any school district maintenance and operation support under the provisions of RCW 84.52.0531 summed for all school districts, and divided by the

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

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

~~(d)~~)) The "district's ((~~twelve percent~~)) per pupil levy rate" means the district's ((~~twelve percent~~)) total levy amount at one dollar and fifty cents per thousand dollars of the assessed valuation of all taxable property within the school district adjusted to the state equalized value in accordance with the indicated ratio fixed by the department of revenue divided by the school district's ((~~assessed valuation for excess levy purposes for the prior tax collection year as adjusted to one hundred percent by the county indicated ratio~~)) prior school year's resident full-time equivalent student enrollment.

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

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

(3) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in sections 302 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by sections 302 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

Sec. 506. RCW 28A.500.030 and 2006 c 372 s 904 and 2006 c 119 s 1 are each reenacted and amended to read as follows:

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

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

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

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

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

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

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

~~(3) Calendar year 2003 allocations and maximum eligibility under this chapter shall be multiplied by 0.99~~)) no more than the amount calculated in subsection (1) of this section.

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

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

(6) This section takes effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in sections 302 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by sections 302 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the

governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this subsection have been met.

Sec. 507. RCW 43.09.265 and 1995 c 301 s 16 are each amended to read as follows:

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

(2) The state auditor, with the assistance of the department of revenue, shall report to the office of the superintendent of public instruction and the education and finance committees of the legislature any findings of local school district noncompliance with RCW 84.52.0531(2) within ninety days.

PART VI
TEMPORARY COUNCILS AND TECHNICAL WORKING GROUPS

NEW SECTION. **Sec. 601.** WASHINGTON EDUCATION FUNDING COUNCIL CREATED. (1) The legislature intends to fulfill its obligations under Article IX of the state Constitution by completing its implementation of all aspects of chapter 548, Laws of 2009 by September 1, 2018. The legislature further intends to address the unconstitutional reliance on local levies and to fully fund school employee salaries under chapter . . ., Laws of 2015 2nd sp. sess. (this act). The legislature also intends to create a funding council to monitor the implementation of chapter . . ., Laws of 2015 2nd sp. sess. (this act) and make recommendations to avoid any unintended consequences and may develop a better plan to meet the state's Article IX constitutional obligations.

(2) The Washington education funding council is created to advise the legislature as the state moves toward full implementation of the program of basic education established pursuant to chapter 548, Laws of 2009 and the financing and revenues necessary to support the program. Additionally, the council must monitor the implementation of chapter . . ., Laws of 2015 2nd sp. sess. (this act) and make recommendations, if necessary, on any changes to be made by the legislature that are necessary to avoid unintended consequences while still meeting the requirements outlined in chapter 548, Laws of 2009 by September 1, 2018, and fulfilling the legislature's constitutional obligations under Article IX of the state Constitution. The council must submit to the legislature recommendations on how to transition

to the new salary allocation model and the new school district levy laws. Additionally, the council may recommend changes, if necessary, to the state salary allocation formulas, school district levy laws, local effort assistance including consideration of a sliding scale, state property tax laws, and other state tax laws, to support the instructional program of basic education and to meet the Article IX constitutional duties of the legislature.

(3)(a) By September 1, 2016, and every September 1st thereafter until September 1, 2023, when the revised salary allocation model in RCW 28A.150.410 (as recodified by this act) has been fully implemented, the council shall submit reports to the governor and the legislature detailing its recommendations. Each annual report must include a determination of whether the level of state revenue is sufficient to meet the level of the expenditures necessary to implement the policies under chapter . . ., Laws of 2015 2nd sp. sess. (this act) and, if necessary, recommendations to address any shortfall. The recommendations must also include the technical details for implementing the recommendations.

(b) The council's first report shall, at a minimum, include the following:

(i) A review of the revenue sources and expenditures under chapter . . ., Laws of 2015 2nd sp. sess. (this act), and the initial determination of whether the level of state revenue is sufficient to meet the level of the state expenditures necessary to implement the policies under chapter . . ., Laws of 2015 2nd sp. sess. (this act) and, if necessary, recommendations to address any shortfall;

(ii) A review of the revised local levy policy under sections 501 through 5-- of this act to determine whether the amount raised by school districts can hold the school district harmless until the revised salary allocation model is fully implemented in the 2021-22 school year; and

(iii) A review of the revised salary allocation model under RCW 28A.150.410 (as recodified by this act) and section 304 of this act and how to address school districts that will still have much higher salaries after the revised salary allocation model is fully implemented in the 2021-22 school year.

(4)(a) The Washington education funding council consists of the following voting members: Eight legislators, with two members from each of the two largest caucuses of the senate appointed by the leaders of the majority and minority caucuses and two members from

each of the two largest caucuses of the house of representatives appointed by the speaker of the house of representatives.

(b) The Washington education funding council consists of the following nonvoting members:

(i) The governor, or the governor's designee;

(ii) The state superintendent of public instruction, or the superintendent's designee; and

(iii) The director of revenue, or the director's designee.

(c) The governor shall convene the first meeting of the council by September 1, 2015.

(d) The council shall select cochairs from among its legislative members.

(e) The council is staffed by the house of representatives office of program research, senate committee services, and the office of financial management, with additional staff support provided by the state entities with representatives on the council.

(5) Legislative members of the council must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(6) The expenses of the council must be paid jointly by the senate and the house of representatives. Council expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(7) This section expires September 1, 2024.

NEW SECTION. **Sec. 602.** COUNCIL MAY ESTABLISH TECHNICAL WORKING GROUPS. (1) The Washington education funding council may also establish technical working groups to advise the task force on technical and practical aspects of proposed policies and formulas.

(2) The technical working group or groups may include representatives of the legislative evaluation and accountability program committee, school district and educational service district financial managers, the Washington association of school business officers, the Washington education association, the Washington association of school administrators, the association of Washington school principals, the Washington state school directors' association, the public school employees of Washington, the

educational opportunity gap oversight and accountability committee, and other interested stakeholders with expertise in education finance or state revenue.

NEW SECTION. **Sec. 603.** SMALL SCHOOLS FACTOR——JLARC REVIEW. The joint legislative audit and review committee shall review the small schools factor used by the legislature to fund additional teachers in small schools and school districts in the state. The review shall identify options for break points for providing the small schools factor for schools and districts with the goal of ensuring the practical use of full and part-time employees funded by the small schools factor. The review must include information on each district using the small schools factor, whether actual staffing patterns and nonstaff-related costs reflect the small schools factor funding assumptions, and the impacts of break point options. The committee shall provide a final report to the governor, the Washington education funding council created in section 601 of this act, and the legislature by December 1, 2016.

NEW SECTION. **Sec. 604.** CASELOAD FORECAST COUNCIL TECHNICAL WORKING GROUP. (1) The caseload forecast council shall convene a technical working group with at least one representative from the council's staff, school district business officers, the office of the superintendent of public instruction, and educational service districts.

(2) The caseload forecast council, with input from the technical working group, shall explore the feasibility of developing a generic model for school districts to use in the school district four-year budget outlook as required by RCW 28A.505.040. A potential model must consider the ability to look at trends over time and to permit local school districts to include local impacts of business growth and loss and other local factors that could impact student enrollment.

(3) No later than June 30, 2016, the caseload forecast council, with input from the technical working group, shall report the results of this effort to the governor and the appropriate committees of the legislature. The report shall, at a minimum, include:

(a) An assessment of the feasibility of development of a generic model to be used for these purposes;

(b) An assessment of the processes needed to develop and maintain a generic model including, but not limited to:

(i) The availability and quality of data needed for a generic model;

(ii) The potential statistical methodologies that could inform a generic model; and

(iii) The potential risks involved in the use of a generic model; and

(c) Recommendations for the legislature to consider should development of a generic model be pursued in the future.

PART VII
TAX PROVISIONS

NEW SECTION. **Sec. 701.** The legislature recognizes that to accomplish all of the actions laid out in the plan under this act requires additional sources of revenue and should not be accomplished through reductions to other parts of the state budget.

PART VIII
ELIMINATING AND CORRECTING REFERENCES TO THE QUALITY EDUCATION COUNCIL

Sec. 801. RCW 28A.175.075 and 2013 c 23 s 46 are each amended to read as follows:

(1) The office of the superintendent of public instruction shall establish a state-level building bridges work group that includes K-12 and state agencies that work with youth who have dropped out or are at risk of dropping out of school. The following agencies shall appoint representatives to the work group: The office of the superintendent of public instruction, the workforce training and education coordinating board, the department of early learning, the employment security department, the state board for community and technical colleges, the department of health, the community mobilization office, and the children's services and behavioral health and recovery divisions of the department of social and health services. The work group should also consist of one representative from each of the following agencies and organizations: A statewide organization representing career and technical education programs including skill centers; the juvenile courts or the office of juvenile justice, or both; the Washington association of prosecuting attorneys; the Washington state office of public defense; accredited

institutions of higher education; the educational service districts; the area workforce development councils; parent and educator associations; educational opportunity gap oversight and accountability committee; office of the education ombuds; local school districts; agencies or organizations that provide services to special education students; community organizations serving youth; federally recognized tribes and urban tribal centers; each of the major political caucuses of the senate and house of representatives; and the minority commissions.

(2) To assist and enhance the work of the building bridges programs established in RCW 28A.175.025, the state-level work group shall:

(a) Identify and make recommendations to the legislature for the reduction of fiscal, legal, and regulatory barriers that prevent coordination of program resources across agencies at the state and local level;

(b) Develop and track performance measures and benchmarks for each partner agency or organization across the state including performance measures and benchmarks based on student characteristics and outcomes specified in RCW 28A.175.035(1)(e); and

(c) Identify research-based and emerging best practices regarding prevention, intervention, and retrieval programs.

(3)(a) The work group shall report to the ((~~quality education council,~~)) appropriate committees of the legislature((~~,~~)) and the governor on an annual basis beginning December 1, 2007, with proposed strategies for building K-12 dropout prevention, intervention, and reengagement systems in local communities throughout the state including, but not limited to, recommendations for implementing emerging best practices, needed additional resources, and eliminating barriers.

(b) By September 15, 2010, the work group shall report on:

(i) A recommended state goal and annual state targets for the percentage of students graduating from high school;

(ii) A recommended state goal and annual state targets for the percentage of youth who have dropped out of school who should be reengaged in education and be college and work ready;

(iii) Recommended funding for supporting career guidance and the planning and implementation of K-12 dropout prevention, intervention, and reengagement systems in school districts and a plan for phasing

the funding into the program of basic education, beginning in the 2011-2013 biennium; and

(iv) A plan for phasing in the expansion of the current school improvement planning program to include state-funded, dropout-focused school improvement technical assistance for school districts in significant need of improvement regarding high school graduation rates.

(4) State agencies in the building bridges work group shall work together, wherever feasible, on the following activities to support school/family/community partnerships engaged in building K-12 dropout prevention, intervention, and reengagement systems:

(a) Providing opportunities for coordination and flexibility of program eligibility and funding criteria;

(b) Providing joint funding;

(c) Developing protocols and templates for model agreements on sharing records and data;

(d) Providing joint professional development opportunities that provide knowledge and training on:

(i) Research-based and promising practices;

(ii) The availability of programs and services for vulnerable youth; and

(iii) Cultural competence.

(5) The building bridges work group shall make recommendations to the governor and the legislature by December 1, 2010, on a state-level and regional infrastructure for coordinating services for vulnerable youth. Recommendations must address the following issues:

(a) Whether to adopt an official conceptual approach or framework for all entities working with vulnerable youth that can support coordinated planning and evaluation;

(b) The creation of a performance-based management system, including outcomes, indicators, and performance measures relating to vulnerable youth and programs serving them, including accountability for the dropout issue;

(c) The development of regional and/or county-level multipartner youth consortia with a specific charge to assist school districts and local communities in building K-12 comprehensive dropout prevention, intervention, and reengagement systems;

(d) The development of integrated or school-based one-stop shopping for services that would:

(i) Provide individualized attention to the neediest youth and prioritized access to services for students identified by a dropout early warning and intervention data system;

(ii) Establish protocols for coordinating data and services, including getting data release at time of intake and common assessment and referral processes; and

(iii) Build a system of single case managers across agencies;

(e) Launching a statewide media campaign on increasing the high school graduation rate; and

(f) Developing a statewide database of available services for vulnerable youth.

Sec. 802. RCW 28A.230.090 and 2014 c 217 s 202 are each amended to read as follows:

(1) The state board of education shall establish high school graduation requirements or equivalencies for students, except as provided in RCW 28A.230.122 and except those equivalencies established by local high schools or school districts under RCW 28A.230.097. The purpose of a high school diploma is to declare that a student is ready for success in postsecondary education, gainful employment, and citizenship, and is equipped with the skills to be a lifelong learner.

(a) Any course in Washington state history and government used to fulfill high school graduation requirements shall consider including information on the culture, history, and government of the American Indian peoples who were the first inhabitants of the state.

(b) The certificate of academic achievement requirements under RCW 28A.655.061 or the certificate of individual achievement requirements under RCW 28A.155.045 are required for graduation from a public high school but are not the only requirements for graduation.

(c) Any decision on whether a student has met the state board's high school graduation requirements for a high school and beyond plan shall remain at the local level. Effective with the graduating class of 2015, the state board of education may not establish a requirement for students to complete a culminating project for graduation.

(d)(i) The state board of education shall adopt rules to implement the career and college ready graduation requirement proposal adopted under board resolution on November 10, 2010, and revised on January 9, 2014, to take effect beginning with the graduating class of 2019 or as otherwise provided in this subsection

(1)(d). The rules must include authorization for a school district to waive up to two credits for individual students based on unusual circumstances and in accordance with written policies that must be adopted by each board of directors of a school district that grants diplomas. The rules must also provide that the content of the third credit of mathematics and the content of the third credit of science may be chosen by the student based on the student's interests and high school and beyond plan with agreement of the student's parent or guardian or agreement of the school counselor or principal.

(ii) School districts may apply to the state board of education for a waiver to implement the career and college ready graduation requirement proposal beginning with the graduating class of 2020 or 2021 instead of the graduating class of 2019. In the application, a school district must describe why the waiver is being requested, the specific impediments preventing timely implementation, and efforts that will be taken to achieve implementation with the graduating class proposed under the waiver. The state board of education shall grant a waiver under this subsection (1)(d) to an applying school district at the next subsequent meeting of the board after receiving an application.

(2)(a) In recognition of the statutory authority of the state board of education to establish and enforce minimum high school graduation requirements, the state board shall periodically reevaluate the graduation requirements and shall report such findings to the legislature in a timely manner as determined by the state board.

(b) The state board shall reevaluate the graduation requirements for students enrolled in vocationally intensive and rigorous career and technical education programs, particularly those programs that lead to a certificate or credential that is state or nationally recognized. The purpose of the evaluation is to ensure that students enrolled in these programs have sufficient opportunity to earn a certificate of academic achievement, complete the program and earn the program's certificate or credential, and complete other state and local graduation requirements.

(c) The state board shall forward any proposed changes to the high school graduation requirements to the education committees of the legislature for review ((~~and to the quality education council established under RCW 28A.290.010~~)). The legislature shall have the opportunity to act during a regular legislative session before the

changes are adopted through administrative rule by the state board. Changes that have a fiscal impact on school districts, as identified by a fiscal analysis prepared by the office of the superintendent of public instruction, shall take effect only if formally authorized and funded by the legislature through the omnibus appropriations act or other enacted legislation.

(3) Pursuant to any requirement for instruction in languages other than English established by the state board of education or a local school district, or both, for purposes of high school graduation, students who receive instruction in American sign language or one or more American Indian languages shall be considered to have satisfied the state or local school district graduation requirement for instruction in one or more languages other than English.

(4) If requested by the student and his or her family, a student who has completed high school courses before attending high school shall be given high school credit which shall be applied to fulfilling high school graduation requirements if:

(a) The course was taken with high school students, if the academic level of the course exceeds the requirements for seventh and eighth grade classes, and the student has successfully passed by completing the same course requirements and examinations as the high school students enrolled in the class; or

(b) The academic level of the course exceeds the requirements for seventh and eighth grade classes and the course would qualify for high school credit, because the course is similar or equivalent to a course offered at a high school in the district as determined by the school district board of directors.

(5) Students who have taken and successfully completed high school courses under the circumstances in subsection (4) of this section shall not be required to take an additional competency examination or perform any other additional assignment to receive credit.

(6) At the college or university level, five quarter or three semester hours equals one high school credit.

Sec. 803. RCW 28A.300.136 and 2013 c 23 s 49 are each amended to read as follows:

(1) An educational opportunity gap oversight and accountability committee is created to synthesize the findings and recommendations

from the 2008 achievement gap studies into an implementation plan, and to recommend policies and strategies to the superintendent of public instruction, the professional educator standards board, and the state board of education to close the achievement gap.

(2) The committee shall recommend specific policies and strategies in at least the following areas:

(a) Supporting and facilitating parent and community involvement and outreach;

(b) Enhancing the cultural competency of current and future educators and the cultural relevance of curriculum and instruction;

(c) Expanding pathways and strategies to prepare and recruit diverse teachers and administrators;

(d) Recommending current programs and resources that should be redirected to narrow the gap;

(e) Identifying data elements and systems needed to monitor progress in closing the gap;

(f) Making closing the achievement gap part of the school and school district improvement process; and

(g) Exploring innovative school models that have shown success in closing the achievement gap.

(3) Taking a multidisciplinary approach, the committee may seek input and advice from other state and local agencies and organizations with expertise in health, social services, gang and violence prevention, substance abuse prevention, and other issues that disproportionately affect student achievement and student success.

(4) The educational opportunity gap oversight and accountability committee shall be composed of the following members:

(a) The chairs and ranking minority members of the house and senate education committees, or their designees;

(b) One additional member of the house of representatives appointed by the speaker of the house and one additional member of the senate appointed by the president of the senate;

(c) A representative of the office of the education ombuds;

(d) A representative of the center for the improvement of student learning in the office of the superintendent of public instruction;

(e) A representative of federally recognized Indian tribes whose traditional lands and territories lie within the borders of Washington state, designated by the federally recognized tribes; and

(f) Four members appointed by the governor in consultation with the state ethnic commissions, who represent the following populations: African-Americans, Hispanic Americans, Asian Americans, and Pacific Islander Americans.

(5) The governor and the tribes are encouraged to designate members who have experience working in and with schools.

(6) The committee may convene ad hoc working groups to obtain additional input and participation from community members. Members of ad hoc working groups shall serve without compensation and shall not be reimbursed for travel or other expenses.

(7) The chair or cochairs of the committee shall be selected by the members of the committee. Staff support for the committee shall be provided by the center for the improvement of student learning. Members of the committee shall serve without compensation but must be reimbursed as provided in RCW 43.03.050 and 43.03.060. Legislative members of the committee shall be reimbursed for travel expenses in accordance with RCW 44.04.120.

(8) The superintendent of public instruction, the state board of education, and the professional educator standards board((~~, and the quality education council~~)) shall work collaboratively with the educational opportunity gap oversight and accountability committee to close the achievement gap.

Sec. 804. RCW 28A.400.201 and 2011 1st sp.s. c 43 s 468 are each amended to read as follows:

(1) The legislature recognizes that providing students with the opportunity to access a world-class educational system depends on our continuing ability to provide students with access to world-class educators. The legislature also understands that continuing to attract and retain the highest quality educators will require increased investments. The legislature intends to enhance the current salary allocation model and recognizes that changes to the current model cannot be imposed without great deliberation and input from teachers, administrators, and classified employees. Therefore, it is the intent of the legislature to begin the process of developing an enhanced salary allocation model that is collaboratively designed to ensure the rationality of any conclusions regarding what constitutes adequate compensation.

(2) Beginning July 1, 2011, the office of the superintendent of public instruction, in collaboration with the human resources

director in the office of financial management, shall convene a technical working group to recommend the details of an enhanced salary allocation model that aligns state expectations for educator development and certification with the compensation system and establishes recommendations for a concurrent implementation schedule. In addition to any other details the technical working group deems necessary, the technical working group shall make recommendations on the following:

(a) How to reduce the number of tiers within the existing salary allocation model;

(b) How to account for labor market adjustments;

(c) How to account for different geographic regions of the state where districts may encounter difficulty recruiting and retaining teachers;

(d) The role of and types of bonuses available;

(e) Ways to accomplish salary equalization over a set number of years; and

(f) Initial fiscal estimates for implementing the recommendations including a recognition that staff on the existing salary allocation model would have the option to grandfather in permanently to the existing schedule.

(3) As part of its work, the technical working group shall conduct or contract for a preliminary comparative labor market analysis of salaries and other compensation for school district employees to be conducted and shall include the results in any reports to the legislature. For the purposes of this subsection, "salaries and other compensation" includes average base salaries, average total salaries, average employee basic benefits, and retirement benefits.

(4) The analysis required under subsection (1) of this section must:

(a) Examine salaries and other compensation for teachers, other certificated instructional staff, principals, and other building-level certificated administrators, and the types of classified employees for whom salaries are allocated;

(b) Be calculated at a statewide level that identifies labor markets in Washington through the use of data from the United States bureau of the census and the bureau of labor statistics; and

(c) Include a comparison of salaries and other compensation to the appropriate labor market for at least the following subgroups of

educators: Beginning teachers and types of educational staff associates.

(5) The working group shall include representatives of the office of financial management, the professional educator standards board, the office of the superintendent of public instruction, the Washington education association, the Washington association of school administrators, the association of Washington school principals, the Washington state school directors' association, the public school employees of Washington, and other interested stakeholders with appropriate expertise in compensation related matters. The working group may convene advisory subgroups on specific topics as necessary to assure participation and input from a broad array of diverse stakeholders.

(6) The working group shall be monitored and overseen by the legislature ((~~and the quality education council created in RCW 28A.290.010~~)). The working group shall make an initial report to the legislature by June 30, 2012, and shall include in its report recommendations for whether additional further work of the group is necessary.

NEW SECTION. **Sec. 805.** The following acts or parts of acts are each repealed:

(1) RCW 28A.290.010 (Quality education council——Purpose——Membership and staffing——Reports) and 2013 2nd sp.s. c 25 s 7 & 2011 1st sp.s. c 21 s 54; and

(2) RCW 28A.290.020 (Funding formulas to support instructional program——Technical working group) and 2010 c 236 s 5 & 2009 c 548 s 112.

PART IX
MISCELLANEOUS

NEW SECTION. **Sec. 901.** (1) Sections 102, 302, 304, and 306 of this act constitute a new chapter in Title 28A RCW.

(2)(a) Section 102 of this act shall be codified under the subchapter heading "State Definitions and Formulas."

(b) Sections 302, 304, and 306 of this act shall be codified under the subchapter heading "Program Administration."

NEW SECTION. **Sec. 902.** The following RCW sections are each recodified in the following order with the subchapter headings in this section as sections in the new chapter created in section 901 of this act:

State Definitions and Formulas

RCW 28A.150.010, 28A.150.020, 28A.150.100, 28A.150.198, 28A.150.1981, 28A.150.200, 28A.150.203, 28A.150.205, 28A.150.210, 28A.150.220, 28A.150.260, 28A.150.261, 28A.150.315, and 28A.150.392.

Program Administration

RCW 28A.150.070, 28A.150.270, 28A.150.275, 28A.150.290, 28A.150.310, 28A.150.390, 28A.150.400, and 28A.150.410.

NEW SECTION. **Sec. 903.** Sections 601 and 602 of this act are each added to chapter 28A.630 RCW.

NEW SECTION. **Sec. 904.** Sections 204 through 209 of this act take effect September 1, 2016.

NEW SECTION. **Sec. 905.** Sections 301 through 305 of this act take effect January 1, 2018.

NEW SECTION. **Sec. 906.** Sections 402 and 403 of this act take effect January 1, 2018.

NEW SECTION. **Sec. 907.** Section 501 of this act takes effect January 1, 2016.

NEW SECTION. **Sec. 908.** Sections 502, 504, and 505 of this act take effect January 1, 2018.

NEW SECTION. **Sec. 909.** Section 507 of this act takes effect January 1, 2019.

NEW SECTION. **Sec. 910.** Section 401 of this act takes effect January 1, 2022.

NEW SECTION. **Sec. 911.** Sections 503 and 506 of this act take effect January 1, 2023.

NEW SECTION. **Sec. 912.** Section 501 of this act expires January 1, 2018.

NEW SECTION. **Sec. 913.** Sections 502 and 504 of this act expire January 1, 2023.

Sec. 914. 2013 2nd sp.s. c 4 s 1905 (uncodified) is amended to read as follows:

Section 957 of this act expires ((~~August~~)) January 1, 2018.

NEW SECTION. **Sec. 915.** Sections 302 through 305, 402, 403, and 502 through 506 of this act take effect only if a revenue source or combination of revenue sources are enacted and take effect by January 1, 2018, that generate enough additional state revenue to fully fund the increased salary allocations established in sections 302 through 305 of this act in a manner that meets the phase-in requirements established in those sections. The office of financial management shall establish the revenue values required by sections 302 through 305 of this act based on the fiscal analysis prepared for this act. Using the values established by the office of financial management, the department of revenue shall provide written notice to the governor, the legislature, and the code reviser's office by December 1, 2017, whether the requirements of this section have been met.

NEW SECTION. **Sec. 916.** Sections 306 and 601 through 603 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately.

--- END ---

B. Appendix B

State Funding of Basic Education Working/Listening Tour

2

Purpose Of The Meeting Today

To get constructive input and technical assistance on how the State should meet its constitutional duty to provide a program of basic education to all students in the State.

3

What is the State's constitutional duty?

- *It is the paramount duty of the state to make ample provision for the education of all children residing within its borders.* Washington State Constitution, Article IX, section 1.
- The Legislature must define an instructional program of Basic Education and amply fund it from a regular and dependable source.
- Local levy funds are not a regular and dependable source.

4

The Issue

- Local levy funds *cannot* be used to pay for basic education expenses.
- Local levy funds *are* being used to pay for basic education expenses, including compensation.

Washington Supreme Court in *McCleary*

Reliance on local levy funding to finance Basic Education:

- Was unconstitutional 30 years ago…and it is unconstitutional now.
- Is too variable because temporary, subject to voter approval, & districts with higher property values can raise more levy dollars than districts with lower property values.

The Result

- Different educational opportunities and levels of funding across the state.

Senate Bill 6130

5

Sponsored by Senators Dammeier, Rolfes, Rivers, and Hargrove

- Clarifies what *is* and *is not* Basic Education.
- Specifies that basic education includes statewide salaries that are competitive and market-based.
- Phases-in new salaries for all staff that include a localization factor and implements a revised salary allocation model for teachers that is linked to certification.
- Requires a comparable wage analysis every four years to maintain competitive salaries.
- Modifies the law governing supplemental contracts.
- Creates accounting & accountability procedures for monitoring the use of local funds & supplemental contracts.
- Changes the school district levy and local effort assistance structures.
- Establishes the Education Funding Council to monitor the phase-in of the new policies & make recommendations to avoid any unintended consequences.
- Recognizes that additional sources of revenue are needed and that these changes should not be accomplished by reducing other parts of the state budget.

6

Localization Factor

- Salaries vary regionally across the state.
- Some school districts address this using local levy funds.

Questions

- Should the State fund a localization factor in a new compensation system?
- How can the State create an equitable salary system that lessens the reliance on local levy revenue?

7

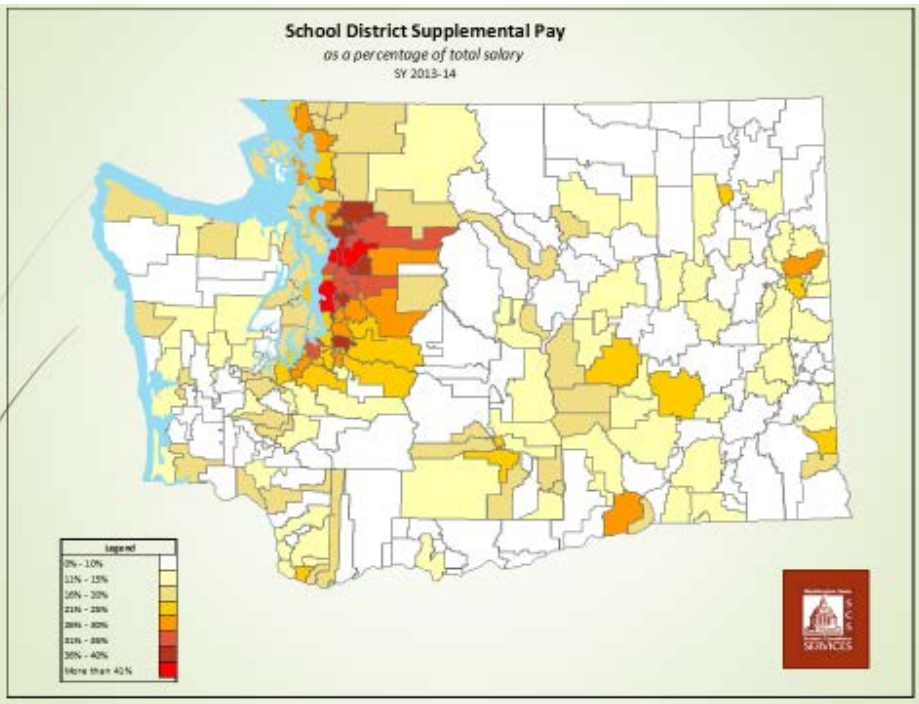
Supplemental Contracts

- Currently school districts may use local levy funds to provide additional salary to teachers using supplemental contracts.
- The contracts must be for additional time, responsibilities, incentives and innovations (TRII).
- Supplemental contracts are collectively bargained.
- Supplemental contracts must not be used for basic education and must not create any present or future funding obligation for the State.

Question

- How can the State enable school districts to use supplemental contracts in an equitable way and without creating an unconstitutional reliance on local levies?

8



Salary Allocation Model Compare

Table Of Total Base Salaries For Certificated Instructional Staff
For School Year 2015-16

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 OR Ph.D.
0	35,069	36,016	36,997	37,981	41,137	43,170	42,045	45,201	47,235
1	35,541	36,501	37,495	38,522	41,711	43,732	42,512	45,701	47,722
2	35,991	36,960	37,965	39,071	42,250	44,293	42,983	46,162	48,205
3	36,454	37,433	38,448	39,589	42,763	44,855	43,429	46,600	48,693
4	36,909	37,931	38,952	40,133	43,325	45,432	43,896	47,089	49,197
5	37,378	38,405	39,436	40,683	43,863	46,013	44,371	47,553	49,703
6	37,861	38,865	39,932	41,240	44,405	46,566	44,859	48,024	50,184
7	38,709	39,728	40,809	42,188	45,401	47,621	45,771	48,982	51,204
8	39,950	41,025	42,131	43,625	46,881	49,183	47,206	50,463	52,764
9		42,368	43,529	45,077	48,409	50,789	48,657	51,991	54,371
10			44,944	46,604	49,979	52,439	50,185	53,562	56,021
11				48,175	51,624	54,133	51,756	55,207	57,714
12				49,696	53,313	55,897	53,389	56,895	59,479
13					55,043	57,704	55,079	58,624	61,285
14					56,781	59,579	56,819	60,477	63,161
15					58,259	61,129	58,296	62,049	64,803
16 or more					59,423	62,351	59,462	63,290	66,099

Proposed Salary Allocation Model SY 21-22

Year of Teaching	Exp	Residency/Initial		Professional/ Continuing	
		Bachelor's Degree	Advanced Degree	Bachelor's Degree	Advanced Degree
1st	0	1.0000	1.0800		
2nd	1	$ 48,056	$ 52,282		
3rd	2				
4th	3				
5th	4			1.2000	1.2960
6th	5			$ 58,091	$ 62,739
7th	6				
8th	7				
9th	8				
10th	9 or more			1.4400	1.5552
				$ 69,709	$ 75,286

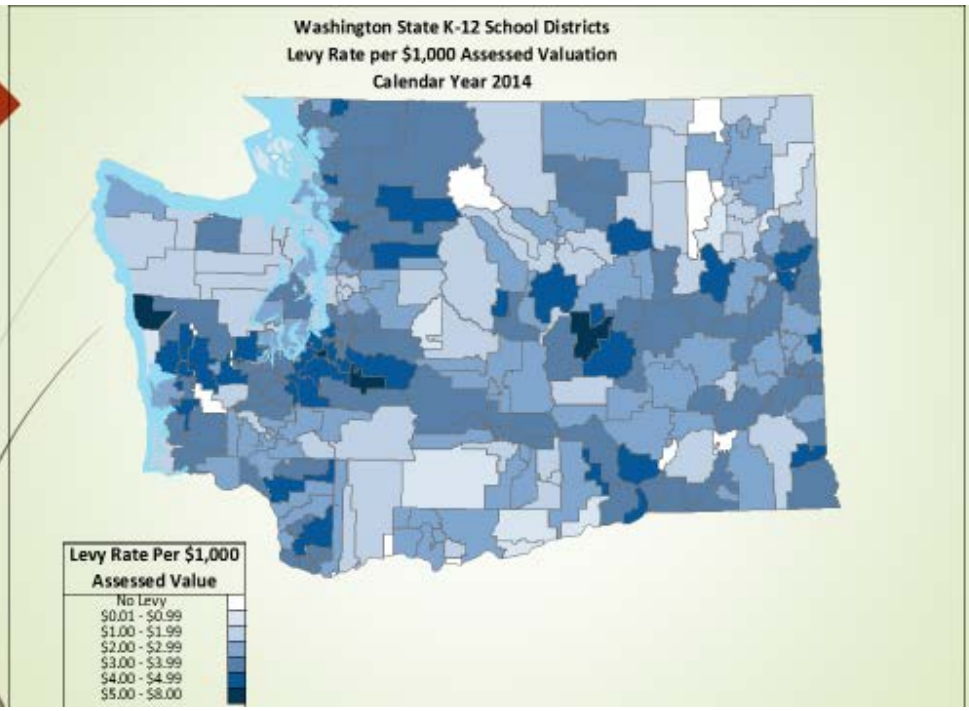
Local levies

- School districts are authorized to raise funds locally through excess levies.
- The maximum amount that may be raised varies by district and is between 28% and 37.9% of the district's state and federal funding.
- School district local excess levy tax rates range from zero to $7.69 per $1,000 of assessed property values within the district.
- Local levy funds may only be used for enrichment beyond the basic education program.

Questions

- Should the structure of local levies be changed?
- How can the State ensure that local levy funds are not being used for basic education?

11



12

Transitioning to the new policies

Questions

- How long should the transition be? Immediately, 2 years, 4 years, 6 years, more?
- How should oversight and course corrections be provided?

13

Potential Funding Sources for Education

Dollars in Millions	2018	2019	2020	2021	2022	2023
Increase Sales Tax 0.1%	134	152	159	166	174	181
Capital Gains *SB 6102*	583	601	618	634	650	666
B&O Tax – 20% Service; 15% all other; $240K exclusion	241	274	287	300	314	328
B&O Tax – 20% Service; $100K exclusion *(House Plan)*	276	319	338	358	379	401
Carbon Tax *SB 6121*	616	616	653	653	692	692
Increase Common Schools Levy (AKA state property tax) to $2.77 (half capacity)	481	932	957	982	1,009	1,038
Increase Common Schools Levy to $3.60 (full capacity)	966	1,873	1,922	1,973	2,027	2,085

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Summary of the questions for input

1. Should the State fund a localization factor in a new compensation system?
2. How can the State create a varied salary system that lessens the reliance on local levy revenue?
3. How can the State enable school districts to use supplemental contracts in an equitable way and without creating an unconstitutional reliance on local levies?
4. Should the structure of local levies be changed?
5. How can the State ensure that local levy funds are not being used for basic education?
6. How long should the transition be? Immediately, 2 years, 4 years, 6 years, more?
7. How should oversight and course corrections be provided?

Thank you for your participation!