

2017 Report to the Washington State Supreme Court by the Joint Select Committee on Article IX Litigation

I. Introduction and Overview

In its 2017 report¹ to this Court, the Joint Select Committee on Article IX Legislation (Committee) is pleased to report that the 2017 Legislature enacted major education funding reform legislation, along with appropriations necessary to support these reforms.² Engrossed House Bill

¹ This is the Committee's sixth report and is submitted according to the expedited reporting schedule required by the Court's order of October 6, 2016.

² Laws of 2017, 3rd. sp. sess., ch. 13 (hereinafter "EHB 2242") (K-12 funding reforms); and Laws of 2017, 3rd. sp. sess., ch. 1 (appropriations act). In accordance with Article VIII, section 4 of the state constitution, the 2017 Legislature may enact appropriations through the 2017-19 fiscal biennium, and it may not make appropriations for future biennia. However, under the Budget Outlook process required by RCW 43.88.055, the four-year balanced budget reflects planned appropriations for the 2019-21 fiscal biennium to implement the requirements of EHB 2242. See Legislative Fiscal Committees, *Summary of K-12 Basic Education Program Allocations* (showing four-year projected expenditures), available at http://leap.leg.wa.gov/leap/Budget/Detail/2017/hoK12Statewide_0629.pdf; Economic & Revenue Forecast Committee, *2017-19 Budget Outlook*, available at http://www.erfc.wa.gov/budget/budget_outlook.html. See also Joint Select Committee on Article IX Litigation, 2014 Report to Washington State Supreme Court

2242 (2017) (EHB 2242) declares that it is intended to realize the promises of the comprehensive reforms originally enacted in Engrossed Substitute House Bill 2261³ (2009) (ESHB 2261) and Substitute House Bill 2776⁴ (2010) (SHB 2776). As explained in more detail below, EHB 2242 and its implementing appropriations in the 2017-19 operating budget fulfill the Legislature's previously enacted revisions to the state's K-12 program by increasing state allocations for school staff salaries and by changing the way in which these salaries are established and adjusted in the future. Under these reforms, future state salary allocations will be updated to correspond to school districts' costs of implementing the state program. In addition, EHB 2242 provides new state common school tax revenues, increases state programming and funding for a number of K-12 basic education programs, reforms local levy revenues and their uses, and enacts other reforms to ensure transparency, accountability, and efficiency of school funding.

(hereinafter "2014 Report") at 2014 Report, at 50-54 (constitutional restrictions on appropriations).

³ Laws of 2009, ch. 548 (hereinafter "ESHB 2261").

⁴ Laws of 2010, ch. 236 (hereinafter "SHB 2776").

Part I of this report provides an overview of K-12 funding progress since the Court's original ruling; context for the Legislature's actions on state K-12 compensation allocations; budget context for the increases to K-12 allocations pursuant to EHB 2242; and an overview of funded elements of EHB 2242. Part II of this report provides detailed information on each aspect of EHB 2242 and associated funding.

A. Overview of Progress Toward Article IX Implementation, 2012-2016

Since the Court's initial ruling,⁵ the state has enacted substantial increases to state funding for its K-12 program. In 2009 and 2010, the Legislature enacted major reforms to the state's Basic Education Act and the way in which the state allocates funding to school districts for the state's program. ESHB 2261 and SHB 2776 required many changes to funding for schools.

As explained in more detail in earlier reports submitted by this Committee, from the time of the Court's original ruling through the 2016 legislative session, the Legislature funded and implemented the reforms to the Basic Education Act according to the enacted statutory schedule.⁶ In addition,

⁵ *McCleary v. State*, 173 Wn.2d 477 (2012).

⁶ See generally Joint Select Committee on Article IX Litigation, 2015 Report to Washington State Supreme Court at 7-11 (hereinafter "2015 report").

during this period the Legislature funded additional enhancements to the state's program beyond those previously required under ESHB 2261 and SHB 2776.

Reform	Statutory Due Date	Implementation Completed
New transportation funding formula	2013-15 fiscal biennium RCW 28A.160.192 (SHB 2776, Laws of 2010, Chapter 236, section 8)	2014-15 school year
Increased values for materials, supplies, and operating costs (MSOC)	2015-16 school year RCW 28A.150.260(8)(b) (SHB 2776, Laws of 2010, chapter 236, sec. 2)	2015-16 school year
All-day kindergarten, beginning with highest-poverty schools	2017-18 school year RCW 28A.150.315 (SHB 2776, Laws of 2010, Chapter 236, section 4)	2016-17 school year (one year early)
K-3 class size reduction, beginning with highest-poverty schools	2017-18 school year 28A.150.260(4) (SHB 2776, Laws of 2010, chapter 236, sec. 2)	2017-18 school year (2015-17 budget funded remaining two of three increments and final increment funded in 2017-19 operating budget, Laws of 2017 3rd sp. sess., ch. 1)

Reform	Statutory Due Date	Implementation Completed
Increased instructional hours	2018, subject to schedule established by Legislature RCW 28A.150.220 (ESHB 2261, Laws of 2009, chapter 548, secs. 101 and 104)	2015-16 school year RCW 28A.150.220 (ESSB 6552, Laws of 2014, Chapter 217, sec. 201)
Opportunity to earn 24 credits for high school graduation	2018, subject to schedule established by Legislature RCW 28A.150.220 (ESHB 2261, Laws of 2009, chapter 548, secs. 101 and 104)	2014-15 school year for class of 2019 RCW 28A.150.220 (ESSB 6552, Laws of 2014, Chapter 217, sec. 201)

Through this timely implementation of its enhancements according to its statutorily established schedule, the Legislature has demonstrated its commitment to funding its enacted reforms.

B. Context for EHB 2242's Reforms to State Allocations for School District Employee Compensation

In ESHB 2261, the Legislature declared its intent to enhance its salary allocation model, recognizing that such revisions required "great

deliberation and input" from affected stakeholders.⁷ In its *McCleary* opinion and subsequent orders, this Court identified salary costs as both a necessary component of a constitutionally adequate state K-12 funding formula and as the remaining step that required legislative action.⁸ As described in the Committee's earlier reports, in the years since 2009 legislative deliberations have involved an iterative process of data review and policy development to achieve consensus on an approach to revising state salary allocations.⁹

In the 2016 legislative session, the Legislature moved into the final stage of its deliberations on state salary allocations by establishing the Education Funding Task Force (Task Force) to assemble and review data on state and local contributions to school district employee compensation.¹⁰ During the 2016 legislative interim, the Task Force met 11 times to analyze data and deliberate on policy options for resolving the remaining element for fully funding its enacted policy reforms. In

⁷ Laws of 2009, chapter 548, § 601 (declaring intent to enhance salary allocations); section 1 (declaring general intent to implement funding and programmatic reforms by 2018).

⁸ *McCleary*, 173 Wn.2d at 536-38 ; e.g., *McCleary v. State* No. 84362-7 (Wash. Oct. 6, 2016) at 10 (citing salaries).

⁹ E.g., 2016 Report at 8-11 (describing E2SSB 6195 process); 2015 Report at 13-37 (describing policy deliberations).

¹⁰ Laws of 2016, chapter 3, section 2.

establishing the Task Force, the Legislature declared that it would enact legislation by the end of the 2017 legislative session to eliminate school district dependency on local levies to support the state's program of basic education.¹¹

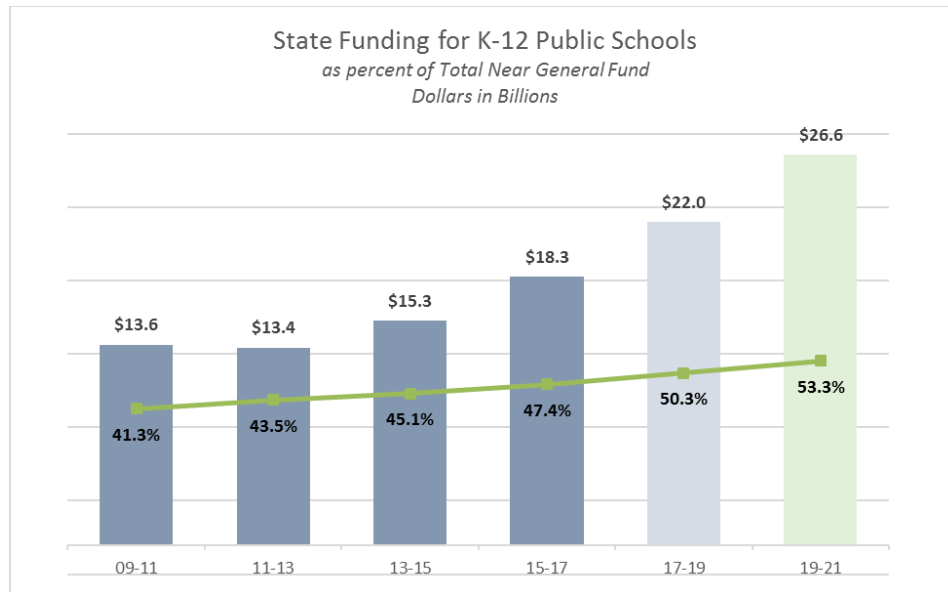
In the 2017 session, the Legislature achieved this objective. As described in more detail below, EHB 2242 enacts comprehensive reforms intended to ensure that state K-12 salary funding results in state allocations that are sufficient for school districts to hire and retain qualified staff for the state's statutory program of basic education.

C. Context of Funding Levels for EHB 2242

EHB 2242 will result in unprecedented increases to state K-12 funding allocations. Since the Court's original ruling of January 5, 2012, state funding for K-12 has increased from \$13.4 billion in the 2011-13 biennium to \$22.0 billion in the 2017-19 biennium. At full implementation in the 2019-21 fiscal biennium, EHB 2242 requires expenditures totaling \$26.6 billion. Under the four-year balanced budget requirement of RCW 43.88.055, these planned future expenditures are

¹¹ *Id.*, section 4.

incorporated into the balanced projected expenditures for the 2019-21 fiscal biennium. As compared to 2011-13 K-12 appropriations, this expansion in K-12 funding is a \$13.2 billion increase—an increase of 98.5 percent. Additionally, as depicted in the following graph,¹² during this time K-12 funding has substantially increased as a percentage of Near-General Fund¹³ spending.¹⁴

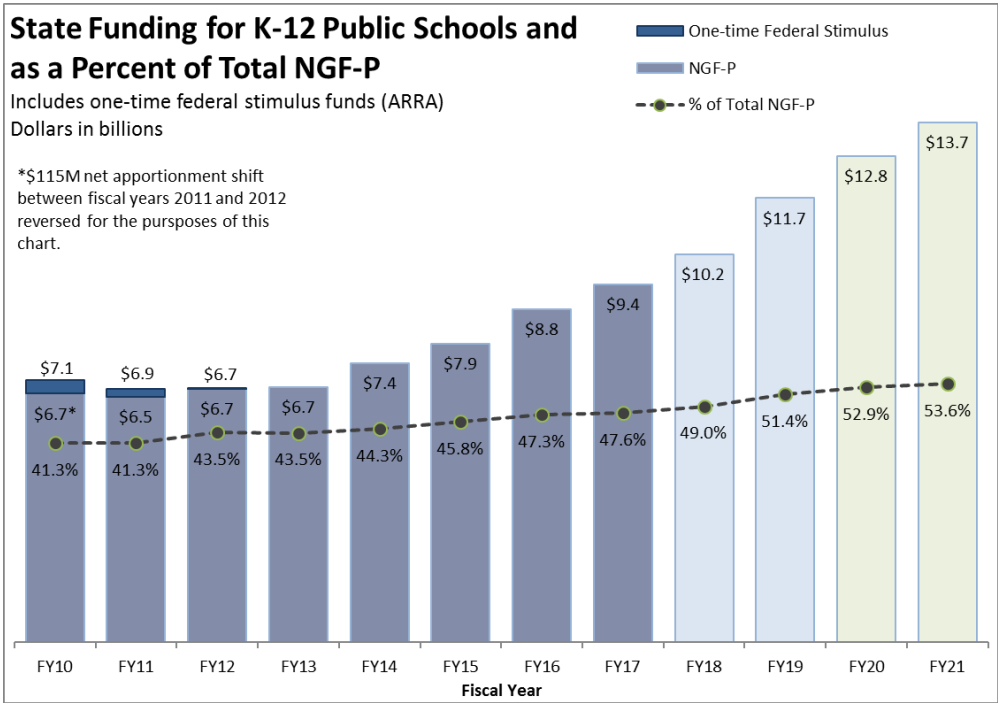


¹² For additional graphic depiction of K-12 funding growth, see *infra* Part II.D.2, growth in per-pupil state allocations, and Appendix B, extended growth in per-pupil state allocations.

¹³ The Near-General Fund consists of the State General Fund, the Education Legacy Trust Account, and the Opportunity Pathways Account. These accounts have separate revenue sources and are accounted for separately, but are grouped together to illustrate spending.

¹⁴ See Appendix B for a longer-term illustration of this growth.

On an annual basis, state funding for K-12 has increased from \$6.5 billion in fiscal year 2011, the first year in which the prototypical school funding model was in effect, to \$13.7 billion planned for fiscal year 2021. This increase more than doubles state funding for K-12 public schools since the 2012 order.



D. Overview of New State Funding Allocations Under EHB 2242

The Legislature declared that EHB 2242 is intended to improve student outcomes by increasing salary allocations, by revising both state and local contributions to education funding, and by improving transparency and

accountability of school funding.¹⁵ The major policy and fiscal changes in EHB 2242 will result in an unprecedented investment in K-12 policies and compensation. This section provides a general overview of EHB 2242 funding; the policy and fiscal details of each component of EHB 2242 are described in Part II of this report.

The operating budget provides K-12 public education funding totaling \$22.0 billion for 2017-19 and planned expenditures totaling \$26.6 billion for the 2019-21 biennium. As compared to the 2015-17 estimated expenditures, the 2017-19 operating budget increases funding for K-12 public education by \$3.8 billion, including \$1.7 billion for state-funded compensation allocation-related increases, \$0.5 billion to complete implementation of reduced class size in grades K-3, and \$0.4 billion in further enhancements to the state's program of basic education. The remainder of the increase in the 2017-19 biennial budget comprises continuation of prior enhancements to the program of basic education, funding for increased enrollment and workload changes, local effort assistance program revisions, other legislation, and adjustments for inflation.

¹⁵ EHB 2242, § 1.

The planned expenditures for the 2019-21 operating budget increase funding for K-12 public education by an additional \$4.6 billion over the 2017-19 appropriations to bring the total increase to \$8.4 billion as compared to the 2015-17 estimated expenditures. This total \$8.4 billion increase comprises the increases provided in the 2017-19 biennial budget and increased allocations for compensation, implementing the salary allocation requirements specified in EHB 2242. As compared with the 2015-17 biennial budget, the state's spending for K-12 public education increased by 20.7 percent in 2017-19 and 46.0 percent in 2019-21. The table below provides a specific outline of the increases described above.

State Funding Increases for K-12 Public Schools¹⁶	
<i>Actual 2011-13 Expenditures for K-12 Public Schools¹⁷</i>	<i>\$13,549,500,000</i>
<i>Actual 2013-15 Expenditures for K-12 Public Schools</i>	<i>\$15,264,579,000</i>
<i>Estimated 2015-17 Expenditures for K-12 Public Schools¹⁸</i>	<i>\$18,196,391,000</i>
2017-19 K-12 Compensation Items	
New State Salary Allocations	\$1,098,981,000
I-732 Cost of Living Adjustment	\$349,712,000
Increased Health Benefit Allocation	\$110,356,000
Pension Increases ¹⁹	\$184,629,000
<i>Subtotal: 2017-19 K-12 Compensation Items</i>	<i>\$1,743,678,000</i>

¹⁶ Prior biennia expenditures displayed in this table are based on actual expenditures for those respective biennia rather than initial appropriated levels, and for that reason they may differ slightly from the estimated expenditures discussed in the Committee's prior reports to this Court.

¹⁷ Estimated expenditures for the 2011-13 biennium include the expenditure related to the one-time shift in apportionment payments.

¹⁸ Estimated expenditures for the 2015-17 biennium exclude the impact of the 2017 supplemental appropriations act, which increased estimated spending for the biennium to \$18.3 billion.

¹⁹ State-funded K-12 staff fringe benefits, which include the pension rates for school employees, increased from 21.42% to 23.49% for Certificated Instructional and Certificated Administrative Staff and increased from 22.72% to 24.6% for classified staff. For all staff types the entire increase was related to changes in the pension rates for their respective retirement systems. The total fringe benefit percentages include pensions, Social Security and Medicare taxes, and other benefits. Within those rates, the pension rate for Teacher Retirement System (TRS) increased from 12.95% to 15.02% beginning in the 2017-18 school year; the pension rate for the Public Employee Retirement System (PERS) increased from 11.0% to 12.52%; and the pension rate for the School Employee Retirement System (SERS) increased from 11.40% to 13.30%.

2017-19 Other K-12 Public Education Increases	
Continuation of 2015-17 Increases	\$523,440,000
Enrollment, Workload, Inflation, & Other Increases	\$415,502,000
Completed Phase-in of K-3 Class Size Reductions	\$492,728,000
Learning Assistance Program Enhancements	\$222,547,000
Special Education Program Enhancements	\$22,697,000
Highly Capable Program Enhancements	\$26,584,000
Transitional Bilingual Instruction Program Enhancements	\$26,942,000
Vocational Education Program Enhancements	\$83,939,000
Professional Learning Time for Certificated Instructional Staff	\$26,378,000
Local effort Assistance Program Revisions	\$165,283,000
All Other Increases	\$22,467,000
<i>Subtotal: 2017-19 Other K-12 Public Education Increases</i>	<i>\$2,028,507,000</i>
2017-19 Education Increases Above 2015-17 Funding Level	\$3,772,185,000
2017-19 Appropriations for K-12 Public Schools	\$21,968,576,000
2019-21 K-12 Public Education Increases	
Completed Phase-in of Salary Allocations (pursuant to EHB 2242)	\$4,211,780,000
Completed Phase-in of Professional Learning Time	\$172,347,000
All Other ²⁰	\$220,032,000

²⁰ This is a net number which includes the impact of increased workload, inflationary adjustments, and savings.

<i>2019-21 Education Increases Above 2017-19 Level</i>	<i>\$4,604,159,000</i>
2019-21 Planned Appropriations for K-12 Public Schools	\$26,572,735,000

II. Summary of Engrossed House Bill 2242 and Associated Appropriations

A. EHB 2242 Retains but Modifies the Prototypical School Funding Model

Engrossed House Bill 2242 builds on and fulfills legislative reforms enacted in 2009 and 2010. As described in earlier reports, under ESHB 2261 and SHB 2776, the Legislature revised the state's Basic Education Act to adopt a prototypical school funding model for allocating K-12 funding to school districts.

The prototypical school funding model for basic education took effect September 1, 2011.²¹ This model allocates general apportionment funding to school districts based on assumed levels of staff and other resources

²¹ SHB 2776, §§ 2 (codified as RCW 28A.150.260) and 19.

necessary to support "prototypical" elementary, middle, and high schools. The state generates funding allocations for each school district through salary assumptions for different staff types, as well as for non-staff costs known as materials, supplies, and operating costs (MSOC).²² The Legislature adjusts the actual funding allocations from the school prototypes based on the actual number of students in each grade level at each school in the school district. Additionally, a small schools factor provides the smallest schools and school districts additional funding for additional teachers or staff that would not otherwise be provided under the model because of the lower student enrollments.²³ The funding provided to school districts through the prototypical school funding model is for allocation purposes only, and districts have discretion over how the money is spent, subject to some limits.²⁴

In addition to the staffing levels and compensation allocated in general apportionment through the prototypical school funding model, the state's funding formulas also include allocations for additional support and instruction time through funding for specialized education services often

²² RCW 28A.150.260.

²³ Laws of 2017 3rd sp. sess. ch. 1 § 502(13).

²⁴ RCW 28A.150.260(2).

referred to as "categorical" programs.²⁵ Funding levels for categorical programs rely on the prototypical school funding model to allocate staff salaries and other costs sufficient to provide specified levels of instruction time and services.

Engrossed House Bill 2242 retains the prototypical school funding model to allocate funding for both general apportionment and categorical program funding. As described below, EHB 2242 contains two types of enhancements to the prototypical school funding model. First, EHB 2242 makes substantial changes state salary allocations, including the way in which the state allocates salaries for each of the three state-funded staff types in the prototypical school funding model.²⁶ These changes not only substantially increase funding for K-12 salaries but they also include a redesign of the state's method for adjusting future salary allocations and other policy changes, with the declared intent of ensuring that salary funding aligns with future salary costs. Second, in addition to these salary increases for general apportionment and categorical programs, EHB 2242

²⁵ RCW 28A.150.220 (listing minimum required offerings of instructional program, including categorical programs).

²⁶ See EHB 2242, §§ 101-04.

also enhances instructional time and program offerings in numerous specialized (categorical) instruction programs.²⁷

B. EHB 2242 Comprehensively Increases and Revises State K-12 Salary Allocations

1. State Salary Allocations Before EHB 2242

To illustrate how the reforms of EHB 2242 revise state K-12 salary allocations, this portion of the report will provide an explanation of the prior salary allocation methodology that is in effect through the 2017-18 school year and explain how EHB 2242 revises this system. Under the allocation model prior to EHB 2242, the state uses a salary "grid" to identify the salary allocation for each state-funded certificated instructional staff (CIS)²⁸ unit in the prototypical school funding model. The grid establishes salary allocation values that increase based on educational credit and years of service. Each district's CIS salary allocation is based on its average "staff mix," that is, the distribution on

²⁷ See EHB 2242, section 402-412.

²⁸ The terms "certificated instructional staff," "certificated administrative staff," and "classified staff" are each defined in RCW 28A.150.203. Most CIS staff are teachers; however, the term also includes staff whose work in schools requires a professional certification, such as nurses, audiologists, and counselors.

the state salary grid of the average experience and education level of CIS hired by the district. Funding to support salaries for the classified staff (CLS) and administrative staff (CAS) in the prototypical school funding model is specified in the budget bill as a salary rate per state-funded staff person.²⁹

In general, state salary funding is for allocation purposes only, and school districts are not required to hire staff according to the prototypical school funding model,³⁰ nor are they required to pay CIS salaries according to the state CIS salary grid. Instead, actual salaries are determined by each district's collective bargaining agreements.

However, the state places some restrictions on actual salaries districts may pay for CIS, such as minimum salaries and a requirement that CIS salaries may exceed stated limits only by separate contract for additional time, responsibility, incentive, or innovation (TRII).³¹ Under the TRII restrictions, districts may not use supplemental contracts to pay for services that are part of the state's program of basic education.³²

²⁹ See RCW 28A.150.203 for definition of "certificated administrative staff" and "classified staff."

³⁰ RCW 28A.150.260(2).

³¹ RCW 28A.400.200.

³² *Id.*

Under the law prior to enactment of EHB 2242, Initiative 732 requires the state to provide an annual cost-of-living adjustment (COLA) for K-12 teachers and other public school employees. The COLA is based on the Seattle-area Consumer Price Index.

2. State Salary Allocations Under EHB 2242 and the 2017-19 Operating Budget

Engrossed House Bill 2242 enacts substantial revisions to the way in which the state allocates K-12 salaries. First, EHB 2242 directly incorporates state salary allocations into the state's definition of basic education in the Basic Education Act.³³ It declares that salary allocations sufficient to hire and retain qualified staff for the state's statutory program are expressly included as an element of the basic education program deemed by the Legislature to comply with the paramount duty.

Second, EHB 2242 increases and revises the state's salary allocation methodology. Under EHB 2242, state funding allocations to school districts continue to be based on staffing ratios in the prototypical school funding model and categorical programs. In addition, state allocations generally continue to be provided for allocation purposes rather than to

³³ EHB 2242, § 401 (amending RCW 28A.150.200).

require specified staffing levels. However, EHB 2242 makes numerous changes to state salary allocations and the process by which allocations are increased in the future.³⁴

The timing of EHB 2242's increases to salary allocations corresponds to the other changes in EHB 2242's comprehensive revisions to state and local school funding and revenues.³⁵ To coordinate the interrelated changes to these systems, the phase-in of increased state salary allocations begins September 1, 2018, which is the beginning of school year 2018-19, and is completed in school year 2019-20.

a. Average Salary Allocations for Each Type of Staff Under EHB 2242

Beginning with the 2018-19 school year, the state will cease using the state salary grid to allocate CIS salaries for school districts, thus eliminating use of a district's "staff mix" of CIS education and years of experience. Instead, the state will allocate salary funding to school districts based on minimum statewide average salaries for each of the three school staffing categories. Beginning in school year 2018-19, the

³⁴ EHB 2242, §§ 101-04.

³⁵ See 2014 Report at 56 (illustrating difference between fiscal year used for state budgeting and school year used for school district budgeting). In addition, the state property for schools and school district local levies are collected on calendar years, requiring further coordination among fiscal periods. RCW 84.52.053; -.065.

minimum allocated salaries must be increased in equal increments to the following amounts for school year 2019-20, adjusted for inflation from the 2017-18 school year³⁶:

- CIS: A minimum salary allocation of \$64,000.
- CAS: A minimum salary allocation of \$95,000.³⁷
- CLS: A minimum salary allocation of \$45,912.
- The minimum allocated salaries are regionalized to reflect regional differences in the cost to recruit and retain staff and are annually adjusted for inflation.

Under the implementation schedule established in EHB 2242, the Legislature must fully fund specified minimum salary allocations for each of the three staff types, adjusted for inflation and regionalization factors by the 2019-20 school year.³⁸ The table below illustrates the minimum salary allocations required by EHB 2242, which allocations align with the levels

³⁶ Based on the February 2017 forecasted inflation values, the estimated inflation adjusted salaries for each staff type in the 2019-20 school year are: CIS \$66,194; CAS \$98,257; and CLS \$47,486.

³⁷ Under EHB 2242, administration of a school district's enrichment activities is deemed an appropriate enrichment use of local levy and other revenues. EHB 2242 § 501(2)(b)(iv). For this reason, school districts may pay administrator salaries from local levy and other revenues in proportion to the ratio of local revenues to other revenues. EHB 2242 § 501(3)(a).

³⁸ EHB 2242, § 101-02.

that are funded by the state in the 2017-19 biennial budget and are included in the 2019-21 planned expenditures.

State-Funded Salary Allocations, as Required by EHB 2242 and as Provided in the 2017-19 Operating Budget and 2019-21 Planned Expenditures ³⁹			
	2017-18 Salary Allocations	2018-19 State Funded Salary Range	2019-20 Planned State Funded Salary Range
Certificated Instructional Staff	\$55,852.27	\$59,333.55 to \$73,573.60	\$66,194.48 to \$82,081.16
Classified Staff	\$34,677.52	\$39,975.50 to \$49,569.99	\$47,486.23 to \$58,882.93
Certificated Administrative Staff	\$64,277.75	\$79,127.50 to \$98,118.10	\$98,257.36 to \$121,839.13

With the impact of regionalization and inflation adjustments, the statewide average salary allocations for school year 2019-20 are estimated to be⁴⁰:

- CIS: An estimated statewide average salary allocation of \$72,694
- CAS: An estimated statewide salary allocation of \$107,354
- CLS: An estimated statewide salary allocation of \$51,935

³⁹ Salary allocations described in the table above include the impact of inflationary adjustments and regionalization factors applied to school district staffing allocations. Appendix C contains LEAP Document 3, which provides a district-by district table of the regionalization factor applied to each district.

⁴⁰ The statewide average allocation for all three staff types combined under the new salary allocation method is estimated to be \$69,721 in the 2019-20 school year, as compared to \$52,171 under the previous allocation method.

b. School District Basic Education Salary Limitations

Additional requirements are established for CIS salaries. Districts may not pay a CIS less than \$40,000, or more than \$90,000,⁴¹ and salaries for CIS with five years' experience must be at least 10 percent more than the minimum salary.⁴² Each of the minimum and maximum salaries is adjusted by inflation and by a district's regionalization factor.⁴³ Districts may exceed the cap for specified hard-to-staff positions.⁴⁴ These restrictions apply to salaries for the basic education program, and exclude supplemental contracts.⁴⁵

c. Regionalization Under EHB 2242.

Beginning with the 2018-19 school year, EHB 2242 requires the state to adjust its salary allocations to reflect regional differences in the cost of

⁴¹ Including the impact of regionalization, the minimum and maximum amount that a school district may pay a Certificated Instructional Staff person in the 2019-20 school year are: Minimum ranges from \$40,000 to \$49,600; Maximum ranges from \$90,000 to \$111,600. Additionally, the minimum for a certificated instructional staff person with 5 years' experience ranges from \$44,000 to \$54,560 and the adjusted maximum for hard to staff positions is \$99,000 to \$122,760. These values are also adjusted for inflation each year thereafter.

⁴² EHB 2242 § 103(2)(c).

⁴³ EHB 2242 § 103(2)(c)(i)-(iii).

⁴⁴ EHB 2242 § 103(2)(c)(v) (instructional areas of science, technology, or math; educational staff associates (e.g., audiologists); special education teachers; transitional bilingual instruction program teachers)).

⁴⁵ EHB 2242 § 103(2)(c)(iv).

hiring staff.⁴⁶ The regionalization factor for each school district is based, in part, on differences in the median residential value of each school district as well as all neighboring districts within a 15-mile radius.⁴⁷ Districts whose median residential values exceed the statewide average receive upward adjustments of 6, 12, or 18 percent.⁴⁸ After assigning initial regionalization factor values based on median residential values, new district allocations under the regionalization methodology were compared to estimated school district total state and local average certificated instructional staff salaries for the 2016-17 school year (the most current year for which data is available). In instances where the district's new allocation was less than their estimated total salary, the district's regionalization factor was increased by one tier (6 percentage points). These further regionalization adjustments are identified in the budget bill and must be reduced on a specified schedule through the 2022-23 school year. The reductions in the regionalization are also identified in the budget bill.⁴⁹

⁴⁶ EHB 2242 § 104; *see* § 102 (applying regionalization to minimum state salary allocations; § 103 (applying regionalization to minimum and maximum salaries).

⁴⁷ EHB 2242, § 104(2); *see* Appendix C (LEAP Document 3, 2017-19).

⁴⁸ *See* Appendix C (LEAP Document 3, 2017-19).

⁴⁹ Laws of 2017 3rd. sp. sess. ch. 3 § 503 (referencing LEAP Document 3, 2017-19).

Under a hold-harmless requirement, no school district will receive less state salary funding from one year to the next as a result of the regional adjustment.⁵⁰

d. Rebasing Review Under EHB 2242

Beginning with the 2023-24 school year, and every six years thereafter, EHB 2242 directs the Legislature to review and rebase salary allocations to ensure that salary allocations reflect market rates and that regionalization reflects actual economic differences among districts.⁵¹ To assist in this process, the Department of Revenue must provide the Legislature with updated data on residential values.

e. Inflationary Adjustment

Under EHB 2242, state salary allocations must include an inflationary adjustment based on the Implicit Price Deflator, rather than a COLA based on the Seattle CPI.⁵² For school years 2018-19 through 2019-20, the inflationary adjustment is built into the incremental phase-in of the specified minimum average salaries. For school year 2017-18, state salary

⁵⁰ EHB 2242, § 104(4); Laws of 2017, 3rd sp. sess. § 503(8).

⁵¹ EHB 2242, § 104.

⁵² The Implicit Price Deflator is the standard measure of inflation used elsewhere in the state K-12 budget and elsewhere in the state budget.

allocations include a 2.3 percent COLA as well as an adjustment to continue the COLA that was provided in the 2015-16 and 2016-17 on a one-time basis.

f. Limitations on CIS Supplemental Contracts

Under EHB 2242, districts may pay CIS salaries that exceed the specified amounts only by separate contract for additional time, responsibility, or incentive; the "innovation" category is eliminated.⁵³ Beginning with the 2019-20 school year, a district may enter supplemental contracts only for activities that meet the new definition of enrichment,⁵⁴ and the hourly rate under a supplemental contract may not exceed the CIS employee's hourly basic education salary. The scheduled implementation of these limitations on supplemental contracts corresponds both to the timing of the associated limitations on local enrichment expenditures and to the phase-in of increased state salary allocations.⁵⁵

⁵³ EHB 2242, § 103(4).

⁵⁴ EHB 2242, § 103(4)(b). See EHB § 501 (enrichment); Part II.F.5, *infra* (discussion of permitted enrichment activities).

⁵⁵ See EHB 2242, § 102 (salary phase-in); § 202-04 (enrichment levies); § 501 (enrichment expenditures).

3. Total Funding for New State Compensation Allocations under EHB 2242

The 2017-19 biennial budget appropriates \$1.45 billion for increased state salary allocations.⁵⁶ This increase includes both providing a 2.3 percent cost of living adjustment in the 2017-18 school year and funding the new minimum salary allocations required under the new policies of EHB 2242 in the 2018-19 school year. Additionally, the 2017-19 biennial budget appropriates \$110.1 million for increased health benefit allocations⁵⁷ and \$184.6 million for pension rate increases, bringing the total compensation related increases to \$1.7 billion in the 2017-19 biennial budget.

Planned expenditures to complete implementation of the new minimum salary allocations specified in EHB 2242 total \$4.21 billion in the 2019-21 biennium. Additionally, the planned expenditures include \$351.7 million for state-funded health benefit increases and \$218.3 million for pension rate increases.

⁵⁶Laws of 2017 3rd sp. sess. ch. 1.

⁵⁷ Planned expenditures for health benefits are based on a per-month per-staff FTE rate of \$957 that is aligned to the rate provided for state employees through the PEBB system. The statefunded rates in 2019-20 are increased from the \$840 rate specified in the 2017-19 budget for the 2018-19 school year.

C. EHB 2242 and Associated Appropriations Implement Numerous Enhancements to the State's Statutory Program of Basic Education

1. Increased State Salary Allocations Result in Increased Funding for Categorical Programs

In addition to the general apportionment funding generated by the prototypical school funding model, the state's program of basic education also includes funding for specialized learning programs, often referred to as the "categorical" programs.⁵⁸ As described above, EHB 2242 increases and revises state salary allocations in the prototypical school funding model. Under EHB 2242, these increased salary allocations have a "ripple" effect that increases funding for the state's categorical education programs. This is because funding levels for most categorical programs are based on instructional time, and the state uses the prototypical school funding model and its salaries to allocate funding for these specialized forms of instruction. Similarly, pupil transportation funding allocations require salary adjustments commensurate with those provided throughout all of the other components of the prototypical school funding model.⁵⁹

⁵⁸ RCW 28A.150.220 (listing minimum components of instructional program).

⁵⁹ RCW 28A.150.260 (listing or cross-referencing instructional time components for LAP, TBIP, highly capable, CTE, and special education).

EHB 2242 thus generates two different types of increased funding for categorical programs. First, the overall increase to salary funding generates increased funding for each of the specialized instruction programs as well as the pupil transportation program. Second, as described in more detail below, the Legislature has redefined the underlying program offerings to increase the programmatic offerings themselves by increasing the amount of instructional time, by providing the program to more students, and by establishing new programs. The expanded program offerings thus generate additional state allocations to school districts for these categorical programs.

2. EHB 2242 Increases Funding for Special Education

a. Special Education Funding before EHB 2242

The state allocates funding for a program of special education for students with disabilities.⁶⁰ Under the law prior to enactment of EHB 2242, special education is funded on an excess cost formula for up to 12.7 percent of a district's students.⁶¹ Beyond these allocations, the SPI may provide safety net funding if a district has one or more high-cost students, or if a district

⁶⁰ RCW 28A.150.260, -.390; *see generally* Ch. 28A.155 RCW.

⁶¹ RCW 28A.150.390.

is in a community that draws a larger number of families with children in need of special education, such as a community with group homes or military bases.⁶²

b. Special education funding under EHB 2242

Under EHB 2242, the percentage of a school district's student enrollment on which the funding for the special education program is based is increased from 12.7 percent to 13.5 percent of the enrollment in the district.⁶³ By November 1, 2018, the Superintendent of Public Instruction (SPI) must review the safety net process and make recommendations to the Governor and the Legislature on possible adjustments to improve the safety net process and the appropriate funding level to meet the safety net's purpose.⁶⁴ Additionally, by September 1, 2019, the SPI must review and revise the safety net rules to achieve full and complete implementation of the requirements in the safety net statute.⁶⁵

⁶² RCW 28A.150.392.

⁶³ EHB 2242, § 406 (amending RCW 28A.150.390).

⁶⁴ EHB 2242, § 408.

⁶⁵ EHB 2242, § 407 (amending RCW 28A.150.392).

c. Funding Impact of EHB 2242 changes to Special Education

Funding to support these revisions to the special education program totals \$22.7 million in the 2017-19 biennial budget and planned expenditures total \$30.8 million in the 2019-21 biennium. These amounts are in addition to the increased program allocations that result from the revisions to state-funded salary allocations.

3. EHB 2242 Increases Funding for the Learning Assistance Program (LAP)

a. LAP funding Before EHB 2242

The LAP program provides supplemental instruction and services to assist underachieving K-12 students.⁶⁶ The state allocation for the program is based on a school district's K-12 student enrollment who live in poverty, as measured by the student's eligibility for free- or reduced-price meals in the prior school year.⁶⁷ Under the statutory requirements that existed prior to enactment of EHB 2242, the minimum allocation for LAP must provide, on a statewide average, 1.5156 hours per week in extra instruction in a class size of 15 students.⁶⁸ This funding must be used to

⁶⁶ RCW 28A.150.260(10); *see generally* ch. 28A.165 RCW.

⁶⁷ RCW 28A.15.0260(10).

⁶⁸ *Id.*

support students score below grade level, but is otherwise for allocation purposes only and does not require the school building that generated the funding to receive the funding.⁶⁹

b. LAP funding under EHB 2242

Engrossed House Bill 2242 makes two changes to the LAP program. First, EHB 2242 increases the minimum allocation in statute to provide, on a statewide average, 2.3975 hours per week of extra instruction.⁷⁰ This change codifies into the Basic Education Act an enhancement that was previously established only in levels appropriated in the budget. Second, EHB 2242 creates a new program within LAP. This new, additional program establishes a high-poverty, school-based LAP allocation for schools with at least 50 percent of the students who are eligible for free- or reduced-priced meals.⁷¹ The new, additional minimum allocation in statute must provide on a statewide average 1.1 hours per week in extra instruction with a class size of 15. School districts must distribute this allocation to the school buildings that generate the allocation. The funding must supplement and not supplant the district's expenditures for LAP for these schools.

⁶⁹ RCW 28A.165.055.

⁷⁰ EHB 2242, § 402(10)(a) (amending RCW 28A.150.260).

⁷¹ EHB 2242, §§ 403-05 (amending sections in ch. 28A.165 RCW).

c. Funding impact of EHB 2242's changes to LAP

To fund the new LAP program for qualifying high-poverty school buildings, the 2017-19 biennial budget appropriates funding totaling \$222.5 million. Planned expenditures for this purpose total \$305.4 million in the 2019-21 biennium. These amounts are in addition to the increased program allocations that result from the revisions to state-funded salary allocations.

4. EHB 2242 Increases Funding for the Transitional Bilingual

Instructional Program (TBIP)

The TBIP provides supplemental instruction and services for students whose primary language is other than English.⁷² The TBIP also provides funding for additional supports for students who have transitioned out of the TBIP.

⁷² Ch. 28A.180 RCW.

a. TBIP program and funding before EHB 2242

Under the prototypical school funding model for TBIP prior to enactment of EHB 2242, the minimum allocation for TBIP must provide, on a statewide average, 4.7780 hours per week in extra instruction for K-12 students in a class size of 15.⁷³ In the 2013-15 biennium, the Legislature phased in funding for three additional hours of instructional support for up to two years for students who have exited the TBIP,⁷⁴ but the prototypical school funding model in statute was not changed to reflect the increased funding.

b. TBIP program and funding after EHB 2242

Under EHB 2242, the minimum allocation, on a statewide average, of 4.7780 hours per week for students in grades K-6 is maintained. The Legislature adds sufficient funding for two additional hours increasing the minimum allocation to a total of 6.7780 hours in extra instruction per week for students in grades 7 through 12, with a class size of 15 students.⁷⁵ The prototypical school funding model is changed to codify in the Basic Education Act the continued funding, on a statewide average, of

⁷³ RCW 28A.150.260(10)(b).

⁷⁴ Laws of 2015 3rd sp. sess., ch. 4, § 514 (funding additional services).

⁷⁵ EHB 2242, § 402(10)(b) (amending RCW 28A.150.260).

three hours of extra instruction per week in a class size of 15 students who have exited the TBIP program within the previous two years as well as the increased hours for students in grades 7 through 12.⁷⁶

c. Funding Impact of EHB 2242's Changes to the TBIP

Funding to support the additional two hours of instruction totals \$26.9 million in the 2017-19 biennial budget. Planned funding for this purpose in the 2019-21 biennium totals \$38.8 million. These amounts are in addition to the increased program allocations that result from the revisions to state-funded salary allocations.

5. EHB 2242 Increases Funding for the Program for Highly Capable Students

The program for highly capable students provides access to accelerated learning and enhanced instruction for each school districts' most highly capable students.⁷⁷ School districts determine which students they deem most highly capable.⁷⁸

⁷⁶ *Id.*

⁷⁷ Ch. 28A.185 RCW.

⁷⁸ RCW 28A.185.020-030.

a. Highly Capable Program and Funding before EHB 2242

Prior to enactment of EHB 2242, the state allocates funding for supplemental instruction of 2.159 hours per week based on 2.314 percent of each school district's enrollment.⁷⁹

b. Highly Capable Program and Funding after EHB 2242

In EHB 2242, the state allocation increases from 2.314 percent of a school district's full-time equivalent basic education student enrollment to 5 percent.⁸⁰ District practices for identifying the most highly capable students must prioritize equitable identification of low-income students.

c. Funding Impact of EHB 2242's Changes to Highly Capable

Funding to support this program expansion totals \$26.6 million in the 2017-18 biennium and \$36.3 million in the 2019-21 biennium. These amounts are in addition to the increased program allocations that result from the revisions to state-funded salary allocations.

⁷⁹ RCW 28A.150.260(10)(c).

⁸⁰ EHB 2242, § 412 (amending RCW 28A.185.020).

6. EHB 2242 Increases Funding for Career & Technical Education

a. CTE Program and Funding Before EHB 2242

Students have access to career and technical education (CTE) in middle and high school programs and regional skill center programs that are approved by the SPI. Under the model prior to the enactment of EHB 2242, school districts receive additional allocations for CTE and skills center programs above the general apportionment allocation to provide smaller class sizes, additional school staff, and more MSOC; however, the funding statutes do not specifically require CTE allocations to be used in these programs.⁸¹

b. CTE Program and Funding After EHB 2242

Under EHB 2242, the Legislature allocates enhanced funding to reduce class sizes for CTE in middle and high schools from 26.57 students per classroom to 23.00; and to reduce the class sizes for CTE in skill center programs from 22.76 students per classroom to 20.00.⁸² For the portion of CTE funding that exceeds the general education allocation, EHB 2242 provides a list of allowed CTE-related expenditures.⁸³ Engrossed House

⁸¹ RCW 28A.150.260(4)(c).

⁸² EHB 2242, § 402(4)(c) (amending RCW 28A.150.260).

⁸³ EHB 2242, § 409.

Bill 2242 also limits the indirect costs that a school district may spend for administration of CTE activities.⁸⁴ In addition, the Office of the Superintendent of Public Instruction must take additional action to increase CTE course equivalency crediting.⁸⁵

c. Funding Impact of EHB 2242's Changes to CTE

Funding to support CTE education in middle and high schools and regional skill center programs is increased by \$83.9 million in the 2017-19 biennium, with planned expenditures of an additional \$117.9 million in the 2019-21 biennium. The additional funding supports smaller class sizes in both programs as well as increased materials, supplies and operating cost allocations in skill centers. These amounts are in addition to the increased program allocations that result from the revisions to state-funded salary allocations.

⁸⁴ *Id.*

⁸⁵EHB 2242, § 410.

7. EHB 2242 Establishes Allocations for Professional Learning

Engrossed House Bill 2242 requires the state to phase in funding allocations for three professional learning days, beginning with the 2018-19 school year.⁸⁶ The learning days must meet the statutory definitions and standards for professional learning.⁸⁷ This additional state funding must be fully implemented by school year 2020-21.⁸⁸

Funding to support professional learning time totals \$26.4 million in the 2017-19 budget and planned expenditures total \$172.3 million in the 2019-21 biennium.

8. The 2017-19 Budget Bill Provides for Further Review of Pupil Transportation

a. Funding Impact of EHB 2242 on Pupil Transportation

In the 2014-15 school year, the Legislature completed a phase-in of funding for the state's new transportation formula. The formula is based

⁸⁶ EHB 2242, § 105.

⁸⁷ Id. See RCW 28A.300.600-604 (professional learning standards) (recodified by EHB 2242 § 108).

⁸⁸ EHB 2242, § 105.

on a regression analysis that relies on statistically significant factors, such as school district land area and average distance to school, to determine average predicted costs of transporting eligible students to and from school.⁸⁹ The formula also requires state-funded compensation adjustments must also be applied to the pupil transportation formula, in addition to any increased allocations from revisions in the regression analysis. The 2017-19 appropriations include the required compensation related adjustments, as do the planned expenditures in the 2019-21 biennium.

b. Other Revisions to Pupil Transportation

As part of the Legislature's duty to continue to review and revise its program of basic education, the 2017-19 operating budget provides the Superintendent of Public Instruction with \$100,000 to contract for a study of the current transportation formula.⁹⁰ The study must consider whether the formula continues to correspond to districts' costs of transportation for the basic education program, taking into consideration such factors as districts' geography and the obligation to transport homeless students under the federal McKinney-Vento Act.⁹¹ In addition, the 2017-19 budget

⁸⁹ RCW 28A.160.180.

⁹⁰ Laws of 2017 3rd sp. sess., ch. 1, § 501(45).

⁹¹ *Id.*

authorizes the SPI to spend up to \$20 million of its appropriation for student transportation to establish an alternate transportation grant program for formula for districts that have unique characteristics.⁹²

D. EHB 2242 Makes Other Revisions to the Prototypical School Funding Model

1. EHB 2242 Codifies Additional Staff Units Previously Funded in the Budget

Over the last two biennia, the Legislature has increased allocations in the omnibus appropriations act for middle and high school guidance counselors, parent involvement coordinators for elementary schools, the learning assistance program, and for the transitional bilingual program; however, the prototypical school funding model in statute was not changed to reflect these increased allocations.

In EHB 2242, the Legislature amends the statutory prototypical school funding model to align the model with previous increases in funding provided by the Legislature in the omnibus appropriations act, thus expressly incorporating these enhancements into the state's program of

⁹²Laws of 2017 3rd sp. sess. § 505(3).

basic education.⁹³ Additionally, EHB 2242 updates the minimum required prototypical school funding model allocations for materials, supplies, and operating costs to reflect the more current inflation adjusted values.

2. EHB 2242 Provides Information about Per-pupil Allocations

To improve transparency about school funding levels, in EHB 2242 the Legislature directed the SPI to annually report information on per-pupil funding levels.⁹⁴ On a district-by-district basis, the SPI must publish on the agency's website the state per-pupil allocations for each school district for the general apportionment, special education, learning assistance, transitional bilingual, highly capable programs, and CTE.⁹⁵ Additionally, the SPI must report state general apportionment per-pupil allocations by grade for each school district on the website. School districts and legislative budget documents must also provide access to per-pupil funding information.⁹⁶

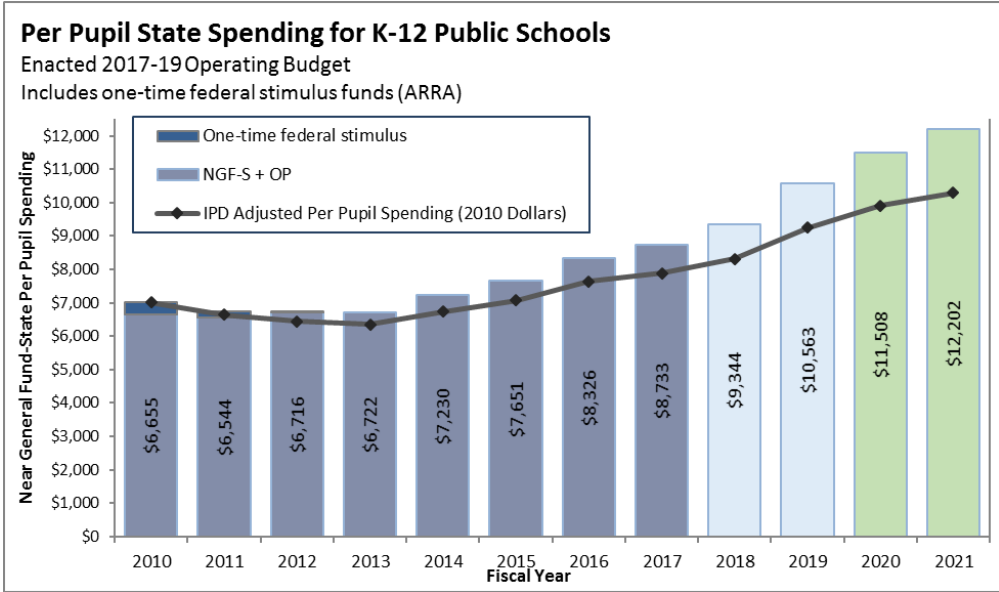
⁹³ EHB 2242, § 402(5) (amending RCW 28A.150.260).

⁹⁴EHB 2242, § 402(2)(b) (amending RCW 28A.150.260).

⁹⁵ *Id.*

⁹⁶ *Id.*

The following graph illustrates the increase in per-pupil state spending under EHB 2242.⁹⁷



3. The 2017-19 Budget Completes the Phase-in of K-3 Class Size Reduction

The schedule the Legislature established in SHB 2776 required the Legislature to provide funding for reducing the class size in grades K-3, beginning with highest poverty schools, until the average state-funded class size is no more than 17 full-time equivalent (FTE) students per

⁹⁷ Funding levels displayed in the chart labeled "Per Pupil State Spending for K-12 Public Schools" are limited to state funding for K-12. In addition to state funding, school districts also receive funding from: appropriations from the federal government, revenue from their own excess levies, and other revenue sources such as grants, fees and donations.

teacher beginning in the 2017-18 school year.⁹⁸ When the Court issued its decision in 2012, the average state-funded class size in K-3 was 24.1 FTE in high poverty schools and 25.3 FTE in other schools. In the 2013-15 and the 2015-17 operating budget, the Legislature provided incremental funding for the required class size reduction with a promise to fully fund the final increment by the 2017-18 school year. The 2017-19 biennial budget funds the final increment of class size reduction, bringing state-funded class sizes to 17 students in each of grades kindergarten through third, beginning in the 2017-18 school year. Funding supporting this last increment of the early elementary class size reduction totals \$492.7 million in the 2017-19 biennium. Planned expenditures for continuing the policy of 17-student classes in these grades total \$582.5 million in the 2019-21 biennium.

4. EHB 2242 Revises Staffing Values Enacted in Initiative 1351

The voters approved Initiative 1351 (I-1351) at the 2014 general election.⁹⁹ Beyond the K-3 class size reductions specified in the prototypical school funding model in SHB 2776, the initiative required

⁹⁸ SHB 2776, § 2 (amending RCW 28A.150.260).

⁹⁹ Laws of 2015, ch. 2.

future state funding to increase school district staffing for reducing class size in other grades and for enhancing other staffing ratios.¹⁰⁰ The initiative required implementation over two biennia, with funding to be completed in the 2018-19 school year. Legislation enacted in 2015 delayed the phase-in and full implementation dates for four years, citing research that the greatest improvements in student educational outcomes resulting from class-size reduction efforts occurring in the early grades.¹⁰¹

Engrossed House Bill 2242 declares the intent for the Legislature to review and prioritize future staff ratio increases to focus on research- and evidence-based strategies to reduce opportunity gaps, assist struggling students, enhance the educational outcomes for all students, and strengthen support for all schools and school district staff.¹⁰² The increased school staffing ratios in I-1351 are re-established outside the program of basic education as potential future enrichments.¹⁰³ If and to the extent that the Legislature specifically funds any of the enriched staffing ratios in the future, the funded units become part of the prototypical school funding model and part of the state's program of basic education. The I-

¹⁰⁰ *Id.*

¹⁰¹ Laws of 2015 3rd sp. sess., ch. 38.

¹⁰² EHB 2242, § 903.

¹⁰³ EHB 2242, § 904.

1351 implementation schedule is repealed.¹⁰⁴ The SPI must convene a work group to recommend a phase-in plan for the enrichments that prioritizes implementation of research or evidence-based strategies to accomplish the stated legislative intent.¹⁰⁵

E. EHB 2242 Levies New State Revenues that are Dedicated to Common Schools

1. The State School Property Tax Levy Before EHB 2242

The state imposes a state property tax levy, which is deposited into the State General Fund and is specifically dedicated to the support of the common schools.¹⁰⁶ The state levy applies to the assessed value of all real and personal property located in Washington, unless specifically exempted. For example, the state Constitution authorizes the Legislature to grant retired property owners relief from state and local property taxes on their principal residence.¹⁰⁷ The current program exempts income eligible property owners who are retired due to age or disability from all

¹⁰⁴ EHB 2242, § 906.

¹⁰⁵ EHB 2242, § 905.

¹⁰⁶ See RCW 84.52.065; *compare* Const. Art. IX, § 2 (revenues from state tax for common schools may be applied only to common schools).

¹⁰⁷ Const. Art. VII, § 10.

excess levies such as school district maintenance and operation levies, and a portion of regular levies, including the state levy.

Prior to the enactment of EHB 2242, state law limited year-to-year growth of state property tax revenue to the lesser of 1 percent or the annual growth rate of inflation, plus an additional increase to reflect new construction, improvements to property, state-assessed utility value increases, and certain types of other properties added to the tax rolls in the prior year.¹⁰⁸

Under the law prior to enactment of EHB 2242, the state school property tax levy rate is limited to a maximum amount of no more than \$3.60 per \$1,000 of assessed value, as adjusted to reflect county-by-county differences in assessed values compared with market values. Due to the impact of the 1 percent property tax revenue growth limit described previously, the calendar year 2017 effective state property tax rate is \$1.89 per \$1,000 of assessed value.

¹⁰⁸ RCW 84.55.010.

2. The State Property Tax for Schools After EHB 2242.

Beginning with taxes levied for collection in calendar year 2018, EHB 2242 increases the effective state school property tax rate to \$2.70 per \$1,000 of assessed value, as adjusted to reflect county-by-county differences in assessed values compared with market value, consistent with current law.¹⁰⁹ This is a tax rate increase of approximately 81 cents per \$1,000 of assessed value as compared with the projected state school property tax rate that would otherwise apply in calendar year 2018.

For calendar years 2018 through 2021, the entire state property tax is exempt from the 1 percent property tax revenue growth limit.¹¹⁰

Consequently, the effective state school property tax rate will remain fixed at \$2.70 per \$1,000 of assessed value during this four calendar-year period. Beginning with state school property taxes levied for collection in calendar year 2022, the application of the 1 percent revenue growth limit is restored.

Consistent with the law prior to enactment of EHB 2242, all state property tax collections, including revenues attributable to the state school property

¹⁰⁹ EHB 2242, § 301 (amending RCW 84.52.065).

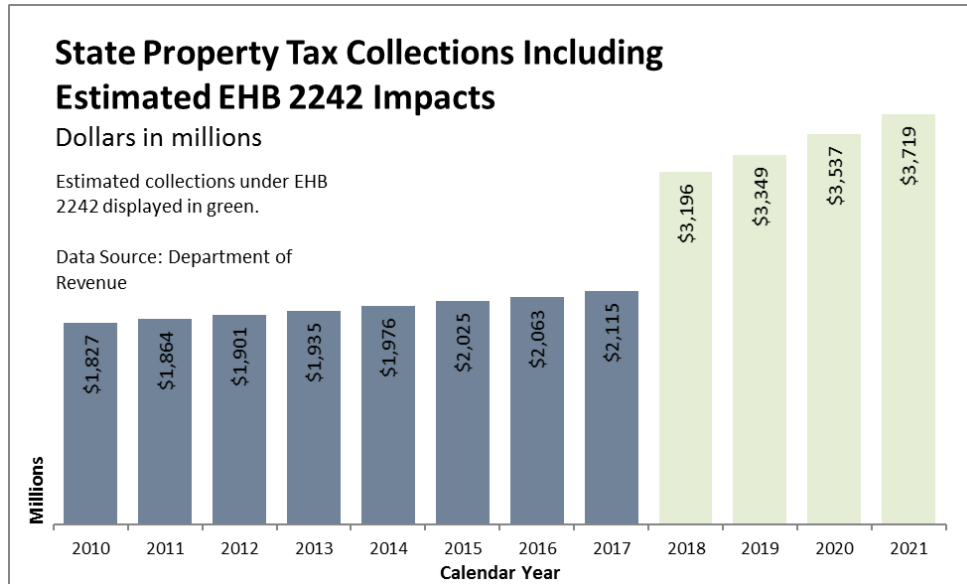
¹¹⁰ EHB 2242, § 302 (amending RCW 84.55.010).

tax rate increase, are deposited into the State General Fund for the support of the common schools.¹¹¹ Additionally, the maximum rate limit for the effective state school property tax rate remains \$3.60 per \$1.000 of assessed value.

Property qualifying under the retired persons property tax exemption is entirely exempt from the additional state school property tax rate.

The graph below provides historical and projected state school property tax collections for calendar years 2010 through 2021. The projected state school property tax collections for 2018 through 2021 include the estimated additional revenue from the state tax rate increase and the suspension of the 1 percent property tax revenue growth limit under EHB 2242:

¹¹¹ EHB 2242, § 301 (amending RCW 84.52.065).



3. Other general fund tax provisions enacted in 2017

In addition to the new general fund revenues levied under EHB 2242 for common schools, the 2017 Legislature enacted other changes to state general fund revenues. As part of the biennial budget package, the Legislature enacted Engrossed House Bill 2163 (EHB 2163),¹¹² which provides for additional tax revenue for the State General Fund. This legislation repealed a retail sales tax exemption for bottled water.¹¹³ In addition, EHB 2163 repealed a state use tax exemption for self-produced

¹¹² Laws of 2017 3rd sp. sess., ch. 28.

¹¹³ Laws of 2017 3rd sp. sess., ch. 28, §§ 101-06.

fuels and replaced it with a new, phased-in use tax rate.¹¹⁴ Economic nexus for the business and occupation tax is expanded to persons engaged in retail sales.¹¹⁵ Most significantly, EHB 2163 addressed a tax gap in retail sales and use tax on internet sales. The legislation requires marketplace facilitators, remote sellers and referrers to either collect and remit retail sales tax on internet sales to Washington consumers or to comply with notice and reporting requirements to assist in the collection of the owed retail use tax on an internet sale.¹¹⁶ The revenue generated by these portions of EHB 2163 for the State General Fund is estimated to be \$444.0 million for the 17-19 biennium and \$801.2 million for the 19-21 biennium.

**Combined Revenue Impacts for EHB 2242 & EHB 2163
General Fund Impacts Only**
(dollars in millions)

Description	2017-19 Biennium	2019-21 Biennium	4-Year Total
<i>Dedicated to common schools</i>			
State Property Tax Increase (for common schools)	\$1,614.2	\$2,493.7	\$4,107.9
<i>Undedicated revenue sources</i>			
Eliminating the Sales and Use Tax Exemption for Bottled Water	\$54.6	\$62.3	\$116.9
Narrowing a Use Tax Exemption for Self-Produced Fuel	\$6.7	\$20.9	\$27.6

¹¹⁴ Laws of 2017 3rd sp. sess., ch. 28, §§ 107-09.

¹¹⁵ Laws of 2017 3rd sp. sess., ch. 28, §§ 301-04.

¹¹⁶ Laws of 2017 3rd sp. sess., ch. 28, §§ 201-214.

Remote Sellers, Referrers, and Marketplace Facilitators	\$340.5	\$ 695.5	\$1,036.0
Nexus for Excise Tax Purposes	\$12.1	\$22.5	\$34.6
Public Utility Privilege Tax Distribution Date Change	\$30.1	\$0.0	\$30.1
Total	\$2,058.2	\$3,249.9	\$5,353.1

F. EHB 2242 Revises School District Levies, Modifies State-Funded Local Effort Assistance, and Defines Permitted Local Enrichment

In *McCleary*, the Court determined that insufficient state funding for school district employee salaries, transportation, and MSOC had unconstitutionally forced school districts to rely on local levy revenues to support the costs of the state's basic program.¹¹⁷ This result conflicted with *Seattle School District*, in which the Court ruled that local levies could be used for enrichment only.¹¹⁸ The Court explained that local levies are so restricted both because they hinge on voter approval and because the amount for which a district is able to secure voter approval varies considerably based on the property values in each school district.¹¹⁹ As described above, the state has addressed these findings by increasing

¹¹⁷ *McCleary*, 173 Wn.2d, at 532-39.

¹¹⁸ *Seattle School District v. State*, 90 Wn.2d 476, 525-26 (1977).

¹¹⁹ *McCleary*, 173 Wn.2d at 528-29.

funding for transportation and MSOC pursuant to SHB 2776¹²⁰ and by revising funding and policies for state salary allocations in EHB 2242. The Legislature determined that additional safeguards were necessary to ensure that local levies may be used only to enrich the state's program. For that reason, EHB 2242 included comprehensive revisions to local excess levies. These revisions affect both the amount that school districts may raise in local levies, and the purposes for which districts may spend those revenues.

1. Local School District Maintenance and Operation Levies before EHB 2242

School districts are authorized to raise funds locally for their districts through excess levies, which are voter-approved and limited in duration.¹²¹ In 2016, 285 of the state's 295 school districts passed local levies for maintenance and operation (M&O). In addition to M&O levies, school districts are also authorized to collect voter-approved transportation vehicle levies, which are used to pay for school buses or other school

¹²⁰ See Part I.A., *supra*; 2015 Report, at 7-11 (SHB 2776 implementation).

¹²¹ Const. Art. VII, § 2; RCW 84.52.053.

transportation equipment.¹²² Local school district M&O revenues are deposited in the school district's general fund. In the 2015–16 school year M&O levies made up about 18 percent of total school district operating revenues on average on a statewide basis.

Since 1977 the Legislature has limited the amount school districts may collect through M&O levies. Prior to enactment of EHB 2242, a school district's maximum levy authority is a percentage of the state and federal funding received by the school district in the prior year. The state and federal funding received by a school district in the prior year is typically referred to as the district's levy base and the percentage amount is typically referred to as the school district's levy lid. A school district's levy base also includes certain non-basic education revenues formerly allocated by the state, sometimes referred to as "ghost money."

For calendar year 2017, most school districts have a levy lid of 28 percent.¹²³ Therefore, these school districts may collect \$0.28 for each \$1 of state and federal revenues the district receives. Some districts are "grandfathered" at a higher levy lid and may collect more.

¹²² RCW 84.52.053.

¹²³ RCW 84.52.0531.

Prior to enactment of legislation during the 2017 legislative session, the school district levy lid for calendar year 2018 was affected by the "levy cliff." Under legislation enacted in 2010,¹²⁴ the levy lid for most district was scheduled to decrease from 28 percent in calendar year 2017 to 24 percent in calendar year 2018. (Districts grandfathered at a higher lid would have experienced a lid decrease of 4 percentage points.) In addition, the levy cliff would also have eliminated the "ghost money" from the levy base.

To address planning and stability for districts as the state moved toward increased state allocations for K-12, during the 2017 regular session the Legislature enacted Engrossed Senate Bill 5023 to address the levy cliff.¹²⁵ This legislation eliminated the scheduled lid decrease for calendar year 2018 as well as revisions to the levy base related to "ghost money." In other words, M&O levies for collection during calendar year 2018 are governed by the same lid and base policies as those for collection in 2017.

¹²⁴ Laws of 2010, ch. 237 (amending RCW 84.52.0531). This legislation was enacted concurrently with the basic education reform schedule of SHB 2776.

¹²⁵ Laws of 2017, ch. 6.

2. School District Levies after EHB 2242

Beginning with school district levies for collection in calendar year 2019 and thereafter, EHB 2242 changes the way in which school districts may levy revenues for local enrichment. School district M&O levies are renamed "enrichment levies."¹²⁶ Similarly, transportation vehicle levies are renamed "transportation vehicle enrichment levies."¹²⁷

a. New Formula for Calculating School District Levy Authority

Beginning with enrichment levies levied for collection in calendar year 2019, school district levies are limited by a new levy lid.¹²⁸ A district's maximum enrichment levy is the lesser of \$2,500 per pupil or a rate of \$1.50 per \$1,000 of assessed value.¹²⁹ Beginning in calendar year 2020, the \$2,500 per pupil cap is increased by inflation.¹³⁰

¹²⁶ EHB 2242, §§ 201-04.

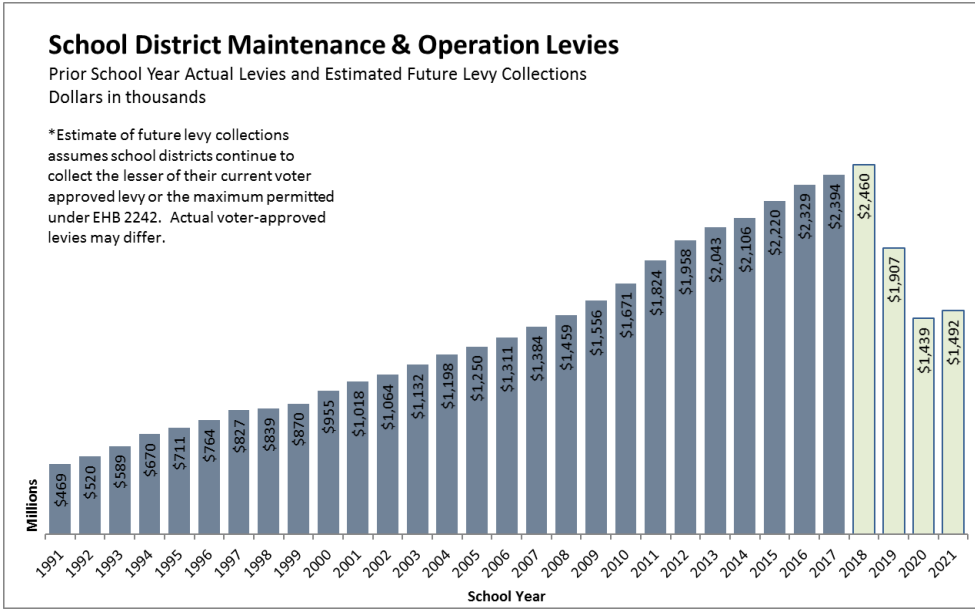
¹²⁷ EHB 2242, § 201.

¹²⁸ EHB 2242, § 203.

¹²⁹ *Id.*

¹³⁰ *Id.*

The table below includes projected enrichment (M&O) levy collections under the new formula¹³¹ in EHB 2242 for calendar years 2019 through 2021:



b. Local Enrichment Levy Expenditure Plan

Beginning with levies levied for collection in calendar year 2020, school district enrichment levies are subject to a new requirement for pre-ballot approval by the Office of the Superintendent of Public Instruction

¹³¹ The figures in table below for calendar year 2018 also reflect the levy cliff delay enacted in ESB 5023.

(OSPI).¹³² Before a school district may submit an enrichment levy to the voters, it must have received OSPI's approval of an expenditure plan for the enrichment levy.¹³³ The OSPI may approve the plan if it is determined that the district will spend enrichment levy revenues and other local revenues only for permitted enrichment activities.¹³⁴ Engrossed House Bill 2242 establishes requirements for the review and approval process, including timelines for OSPI to make its decision on approval, the opportunity for districts to resubmit requests for approval to OSPI, and criteria for OSPI approval of changes to a previously approved enrichment expenditure plan.¹³⁵ The same requirements also apply to transportation vehicle enrichment levies.¹³⁶

3. Local Effort Assistance (LEA) before EHB 2242

The LEA program, also referred to as state levy equalization was created in 1987 to mitigate the effect that above average property tax rates have on the ability of school districts to raise local M&O revenues to supplement

¹³² EHB 2242, §§ 201, 204.

¹³³ *Id.*

¹³⁴ See discussion of enrichment definition *infra* at Part II.F.5.

¹³⁵ *Id.*

¹³⁶ *Id.*

the state's basic program of education.¹³⁷ Local effort assistance is a program that provides state funding to equalize the property tax rates that taxpayers would otherwise pay for M&O levies and to provide tax relief to tax payers in high tax rate school districts. Local effort assistance funding is not part of the school district's basic education allocation. In calendar year 2016, 217 of 295 school districts were eligible for LEA, of which 212 received LEA distributions totaling approximately \$384 million.

Before EHB 2242, the state LEA program provided funding to equalize up to 14 percent of a school district's levy base.¹³⁸ A district was eligible to receive LEA if its levy rate need to raise the 14 percent levy amount exceeded the statewide average 14 percent levy rate. State funding provided under the LEA program was proportional to the degree to which the district's 14 percent levy rate exceeds the statewide average 14 percent levy rate. Under the "levy cliff," LEA assistance was scheduled to decrease to a 12 percent equalization rate effective calendar year 2018; under ESB 5023, that reduction was postponed by one year.

¹³⁷ RCW 28A.500.010.

¹³⁸ RCW 28A.500.030.

4. LEA Formula to Calculate Local Effort Assistance after EHB 2242

Beginning with local effort assistance distributions in calendar year 2019, LEA will be calculated under a new formula that provides assistance for any school district that does not generate an enrichment levy of at least \$1,500 per student when levying a rate of \$1.50 per \$1,000 of assessed value.¹³⁹ An eligible school district's maximum local effort assistance is equal to the school district's resident enrollment multiplied by the difference of \$1,500 and the school district's enrichment levy amount calculated on a per pupil basis at a rate of \$1.50 per \$1,000 of assessed value. School district's that are eligible for LEA but not levying the maximum allowable levy receive LEA in proportion to their actual levy collection. Beginning in calendar year 2020, the \$1,500 per-pupil cap is increased by inflation.¹⁴⁰

5. EHB 2242 Defines Permitted Local Enrichment to the State's Program.

a. Enrichment Limitations Under EHB 2242.

Beginning with the 2019-20 school year, districts may spend enrichment levies (including transportation vehicle enrichment levies), LEA, and other

¹³⁹ EHB 2242, § 206.

¹⁴⁰ *Id.*

local revenues only for documented and demonstrated enrichment of the state's program of basic education.¹⁴¹ The scheduled implementation of the limitations on enrichment spending corresponds both to the timing of the associated limitations on local enrichment levies and to the phase-in of the increased state salary allocations that are intended to achieve full funding of the state's program. To constitute enrichment, a school district expenditure must supplement state minimum instructional offerings, staffing ratios, program components, or professional learning allocations.¹⁴² Permitted forms of enrichment consist of extracurricular activities, extended school days or school years, additional course offerings, early learning, administration of enrichment activities, and additional activities approved by the SPI through the pre-ballot review process.¹⁴³ As described in part II.5.F.2.b above, beginning with enrichment levies for collection in calendar year 2020, a district must receive approval by the SPI of an enrichment expenditure plan before it may submit an enrichment levy proposition to the voters.

¹⁴¹ EHB 2242, § 501.

¹⁴² EHB 2242, § 501 (2).

¹⁴³ *Id.*

b. Supplemental Contracts Under EHB 2242

Districts may pay CIS salaries that exceed the specified amounts only by separate contract for additional time, responsibility, or incentive; the "innovation" category is eliminated.¹⁴⁴ Beginning September 1, 2019, supplemental contracts for CIS must be for enrichment activities and subject to the new definition of enrichment.¹⁴⁵ The rate the district pays under a supplemental contract may not exceed the hourly rate of the CIS for services under the basic education salary.¹⁴⁶ The schedule for the limitations on supplemental contracts corresponds to both to the timing of the associated limitations on local enrichment levies and to the phase-in of the increased state salary allocations that are intended to achieve full funding of the state's program.

G. EHB 2242 Establishes New Requirements for School District Budgeting, Accounting and Transparency

To improve transparency of school funding, and to improve accountability for both state and local K-12 funding, EHB 2242 included a number of

¹⁴⁴ EHB 2242, § 103 (amending RCW 28A.400.200).

¹⁴⁵ EHB 2242, § 103 (amending RCW 28A.400.200).

¹⁴⁶ *Id.*

provisions relating to school district budgeting and accounting. The implementation of these reforms corresponds to the timing of EHB 2242's changes to local levies and enrichment expenditures.

1. School District Accounting and Budgeting

Under EHB 2242, by the 2019-20 school year, school districts must establish a local revenue subfund.¹⁴⁷ Money deposited into the local revenue subfund must include, but is not limited to, proceeds from enrichment levies, transportation vehicle enrichment levies, and LEA funding from the state. School districts must provide separate accounting of state, federal, and local revenues and expenditures,¹⁴⁸ and must provide any supplemental expenditure schedules required by SPI or the State Auditor.

2. School District Budget Processes

EHB 2242 requires a school district's budget to set forth the state-funded basic education salary amounts and locally funded salary amounts for individual CIS, CAS and CLS.¹⁴⁹ As part of the budget process, school

¹⁴⁷ EHB 2242, § 601.

¹⁴⁸ EHB 2242, § 602.

¹⁴⁹ EHB 2242, § 603.

districts must develop a four-year budget plan that includes a projection for student enrollment.¹⁵⁰ The plan must include an estimate of funding necessary to maintain the continuing costs of program and service levels and any existing supplemental contract obligations. A public meeting on the budget and the four-year plan must also include any proposed changes to the uses of enrichment funding.

3. School District Financial Health

Under EHB 2242, the SPI must consider the school district four-year budget plan and student enrollment projection when determining the financial health of districts to help districts avoid potential financial difficulty, insolvency, or binding conditions.¹⁵¹

¹⁵⁰ EHB 2242, §§ 604-06.

¹⁵¹ EHB 2242, § 604.

H. EHB 2242 Establishes a School Employees' Benefits Board to Procure School District Employee Benefits on a Statewide Basis

1. Procurement of School District Employee Benefits Before EHB 2242

Under law prior to enactment of EHB 2242, the state allocates money to each school district for employee benefits such as health care and for the cost to districts of covering retiree health care for state-funded staff units. Although the state allocates the funding, each district purchases health benefits separately and bargains locally with its employees regarding the specific benefits package. Employee and employer contributions vary by district, and by bargaining units within districts, and there is also variation by district in the share of the costs paid by employees who insure only themselves versus those who also insure their family members. Retirees are eligible for coverage from the state through the Public Employees' Benefits Board.

Health benefits for state agency and higher education employees, state and K–12 retirees, and some local government and school district employees are provided through the Public Employees Benefits (PEB) program,

which is administered by the Health Care Authority (HCA). The Public Employees Benefits Board (PEBB) adopts the benefit plans to be offered and establishes the premium rates.

Legislation enacted in 2012 required school district employee health benefits to promote several goals, including minimum employee premium contributions, requiring higher premiums for richer benefit plans, offering high deductible health plans and health savings accounts, and moving toward employee premiums for full family coverage that are not more than three times larger than the premiums for employee-only coverage.¹⁵² In 2015, the HCA submitted a report on implementation of a consolidated health benefits system for K–12 employees.¹⁵³ According to the report, a consolidated school district health care system would result in more than 30,000 employees and dependents gaining coverage. In 2016, the Joint Legislative Audit and Review Committee reviewed the cost of health benefits provided by districts and the HCA consolidation analysis, and concluded that equity and affordability of full-family coverage was not

¹⁵² Laws of 2012 2nd sp. sess., ch. 3.

¹⁵³ Washington Health Care Authority, K-12 Employee Benefits: Equity, Affordability, and the Impacts of System Consolidation (2015), available at <https://www.hca.wa.gov/assets/program/K12EmployeeBenefits.pdf>

achieved following the 2012 legislation, and that consolidation and other options may improve equity and affordability.¹⁵⁴

2. Procurement of School District Employee Benefits Under EHB 2242

Beginning with calendar year 2020, school employee health care procurement is consolidated under a newly created nine-member School Employees' Benefits Board (SEBB).¹⁵⁵ The SEBB will develop and procure employee benefit plans and authorize premiums contributions. Similar to the PEBB for state employees, the SEBB will determine employee and dependent eligibility and enrollment policies, subject to the condition that employees must work at least 630 hours per year to qualify for coverage.

Medical, dental, vision, and other basic and optional insurance benefits provided for school employees is removed from the scope of local bargaining. Employee bargaining over the dollar amount expended for school employee health care benefits beginning January 1, 2020, must be

¹⁵⁴ Joint Legislative Audit & Review Committee, Final Report on K-12 Health Benefits 15-6 (2016), available at <http://leg.wa.gov/jlarc/reports/2015/K-12HealthBenefits/f/default.htm>

¹⁵⁵ EHB 2242, §§ 801-819.

conducted between the Governor or the Governor's designee and one coalition of all the exclusive bargaining representatives impacted by benefit purchasing with the SEBB.

3. How EHB 2242 Will Affect State Allocations for School District Employee Benefits

State funding for health benefit allocations is increased over three years, with school year 2019-20 allocations equal to the allocations provided for state employee health benefits in that year, currently estimated at \$957 per month. This phased-in increase corresponds to the transition to a School Employee Benefit Board health benefit system. As compared to the 2015-17 estimated expenditures, the 2017-19 operating budget increases funding for K-12 Public Education health benefits by \$110.4 million. Planned expenditures for the 2019-21 biennium are increased by \$351.7 million as compared to 2015-17.

Administrative simplification under the SEBB system is also likely to produce meaningful reductions in the cost of providing benefits, so that the compensation value of health benefits provided to school employees' collectively will be greater. The most recent data suggest that on a per

subscriber basis, the pre-EHB 2242 system is between two and four times more expensive to administer than the SEBB is likely to be, based upon the cost of administering the current PEBB system.¹⁵⁶ District internal administrative costs are difficult to quantify, but are also very likely to decrease, such as those related to the negotiation of about 2,000 contracts for 438 plans with seven different carriers, as compared to about 10 plans with four carriers, as is done in PEBB now, with these fewer negotiations taking place in a consolidated fashion at the state rather than district level. From the data available, it is reasonable on this basis to expect that more than \$50 million per year—but perhaps as much as \$150 million per year—will be available for increased expenditures on employee compensation in the form of health benefits, rather than administrative costs, as a result of the SEBB provisions in EHB 2242. Despite the reduced administrative costs, fiscal analysis performed on several similar SEBB proposals by the Health Care Authority project increased total costs.¹⁵⁷ Though these estimates vary somewhat by proposal, employer

¹⁵⁶ See Washington State Office of the Insurance Commissioner, K-12 School District Data Collection Project, Year 4, Exhibits Appendix page A12a and A12e, <https://www.insurance.wa.gov/sites/default/files/documents/oic-k-12-year-4-exhibits.pdf>, compared to Washington State Health Care Authority, PEBB Financial Projection Model, version PFPM 7.0 FY2017 3rd Quarter, worksheet "Exhibit 1."

¹⁵⁷ See, e.g. Fiscal Note to Substitute House Bill 5726, March 6, 2017, Page 28-29, analysis of the Office of the Superintendent of Public Instruction. <https://fortress.wa.gov/FNSPublicSearch/GetPDF?packageID=47731>

costs (and employee compensation expenditures) increase because the SEBB structure provides for a larger employer share of carrier charges for family coverage, particularly for eligible part-time employees, and because as premiums for covering family members become more affordable, more employees choose to enroll more family members.

III. Conclusion.

In enacting EHB 2242, the 2017 Legislature achieved the promise of its earlier enacted reforms. In addition to completing the scheduled education funding enhancements of ESHB 2261 and SHB 2776, the budget and policy legislation enacted in 2017 will implement those reforms by ensuring that state salary allocations will align with the costs of the state's program of basic education. Further, EHB 2242 provides additional enhancements for categorical instruction programs. Finally, 2242 revises state and local school revenues and improves transparency and accountability of education funding. It is the intent of the Legislature that these comprehensive revisions to K-12 policy and funding will improve outcomes for all children.

Appendices

- **Appendix A: EHB 2242 Timelines**
- **Appendix B: Extended Graph of State Funding for K-12 as a Percentage of Total NGFS State Expenditures**
- **Appendix C: LEAP Document 3 (District Salary Regionalization Factors)**

Appendix A

Engrossed House Bill 2242 (2017) Timeline

2017	
September 1, 2017 (2017-18 SY)	<ul style="list-style-type: none"> • Statewide salary allocations necessary to hire and retain qualified staff become part of the state’s statutory program of basic education. § 101. • Per-pupil allocations must be reported by OSPI and the Legislature. § 402(b). • New funding implemented for: <ul style="list-style-type: none"> ○ LAP (High-poverty, school-based allocation: At least 50% of students eligible for free or reduced meals. Provides 1.1 hours). § 402(10)(a), § 405. ○ TBIP (Increase from 4.7780 to 6.7780 hours in grades 7-12). § 402(10)(b). ○ Special Education (12.7% increased to 13%) § 406. ○ Highly Capable (2.314% increased to 5%) § 402(10)(c). ○ CTE/Skills Centers (Class sizes reduced from 26.57 to 23/22.76 to 20). § 402(4)(c)(i). Allowable uses for this funding are specified. § 409. Subject to appropriations, CTE equivalencies and CTE equipment grants. § 410, § 411. • School districts must annually report to SPI on TRI contracts. SPI must report to Governor and Legislature. § 505; Budget § 502. • K-3 class size reduction to 17.0 fully funded. § 402(4)(a)(i). • Cost-of-living adjustment of 2.3%. Budget (§ 504(1)). • Upward adjustment in prototypical school funding model for guidance counselors and parent involvement coordinators. § 402(5). • Increase in MSOC allocations. § 402 (8).
September 30, 2017	<ul style="list-style-type: none"> • Governor appoints the School Employee Benefits Board. § 801(2).
November 1, 2017	<ul style="list-style-type: none"> • SPI must provide an update on TPEP [Teacher and Principal Evaluation Program] to the Legislature. § 902.
December 1, 2017	<ul style="list-style-type: none"> • SPI must convene a stakeholder group and develop an initial salary grid for certificated instructional staff to serve as a resource for school districts. § 107. • SPI must annually report summary of CTE equivalency info. § 410(3).
2018	
Calendar Year 2018	<ul style="list-style-type: none"> • An additional state property tax is imposed bringing the aggregate state property tax rate to a combined rate of \$2.70 per \$1,000 of assessed property value. § 301(2)(a)(i). • The one percent revenue growth limit does not apply to the total combined state property tax for calendar years 2018 through 2021. § 301(2)(a)(ii).
2018 Legislative Session	<ul style="list-style-type: none"> • The Legislature must review and consider recommendations of the SPI to expand the non-exhaustive list of permitted enrichment activities. § 502.
January 1, 2018	<ul style="list-style-type: none"> • School districts budgets must start including a four-year enrollment projection and a four-year budget plan to maintain the continuing costs of programs and services and any existing supplemental contract obligations. § 604, § 608 (effective date).
September 1, 2018 (2018-19 SY)	<ul style="list-style-type: none"> • State salary allocation grid is discontinued. • State salary allocations are increased to specified minimums for CIS, CAS, and CLS: Fifty percent in the 2018-19 SY; (fifty percent in the 2019-20 SY). § 101(8). (Starting 2020-21, annual inflationary increases provided).

	<ul style="list-style-type: none"> • An annual regional adjustment to the salaries based on the average single-family home above the statewide median value is provided. § 101(9). • First of three professional learning days phased in through salaries. § 105(1)(a). • School districts will receive the K-3 class size allocation only to the extent of and proportional to the district's demonstrated actual K-3 class size, up to the average class size of 17 students. § 402(4)(b). • Restrictions on collectively bargained salary increases during 18-19 school year. §§ 701-703.
November 1, 2018	<ul style="list-style-type: none"> • SPI must review and make recommendations to improve the special education safety net process and funding. § 408.
2019	
Calendar Year 2019	<ul style="list-style-type: none"> • The 28% levy lid is replaced with a maximum property tax rate of \$1.50 per \$1,000 of assessed property value. School districts may collect an enrichment levy amount that does not exceed the lesser of the amount generated by a \$1.50 tax rate or \$2,500 per pupil. § 203(1), § 203(2)(b). • Local effort assistance or levy equalization is changed to a per pupil amount of property taxes. If a school district does not generate an enrichment levy of \$1,500 per student then the district is eligible for LEA equal to the difference of \$1,500 and the district's per pupil enrichment levy amount, multiplied by the school district's enrollment. § 206.
September 1, 2019 (2019-20 SY)	<ul style="list-style-type: none"> • Second of three professional learning days phased in through salaries. § 105(1)(b). • Increased state salary allocations are fully implemented (fifty percent in the 2018-19 SY & fifty percent in the 2019-20 SY. § 101(8). • School districts must pay a minimum and adhere to a maximum salary with flexibility to go above the maximum, and must provide an annual inflationary increase. § 103(2)(c). • The minimums and maximums do not apply to supplemental contracts. § 103(c)(4). • School district's may use local levy revenues only for documented and demonstrated enrichment of the state's statutory program of basic education. § 103(a)(iii), § 201(4)(a), § 501. • Supplemental TRI contracts must be for enrichment only and may not exceed the hourly rate of the CIS. § 104(b), § 501. • The state auditor must conduct regular financial audits of school district local levy funds and supplemental contracts. § 503. • SPI must review and revise the safety net rules to achieve full and complete implementation of the requirements in the safety net statute. § 407(3). • School districts must have a local revenue subfund for levy and LEA funds; and provide separate accounting of state and local revenues to expenditures. § 601(1)(b). • State auditor must audit school district expenditures of local revenues and supplemental contracts. § 503. • School districts must have a policy for responding to any audit findings by the auditor on the use of local revenues. The policy must require a public hearing on the findings. § 504.
December 1, 2019	<ul style="list-style-type: none"> • SPI must report recommendations of stakeholder group for prioritization and a possible phase-in plan of the 1351 staffing enrichments to focus on research- or evidence-based strategies for reducing the opportunity gap, assisting struggling

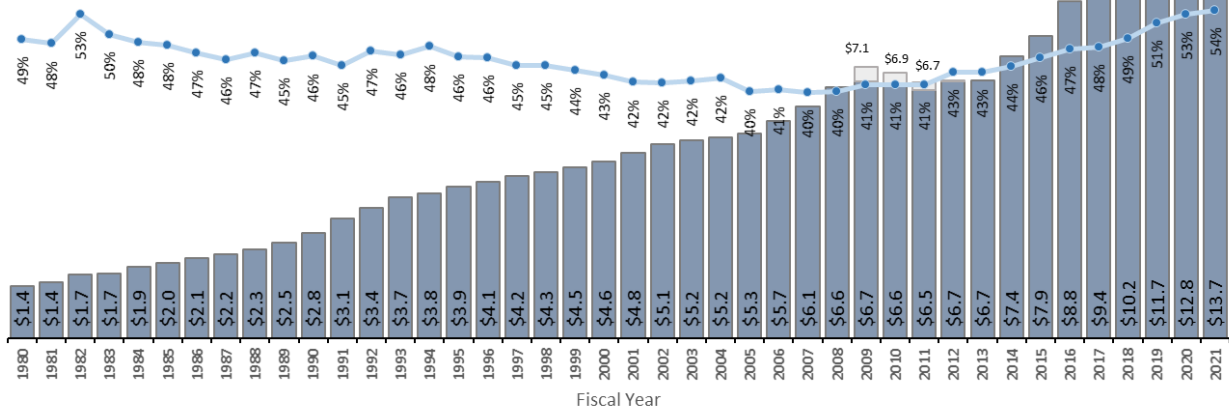
	students, enhancing the educational outcomes for all students or strengthening support for all school and school district staff. § 905.
2020	
Calendar Year 2020	<ul style="list-style-type: none"> • Beginning with enrichment levies collected in 2020, school districts must receive pre-ballot approval by SPI of an enrichment levy expenditure plan before submitting the levy to the voters. § 201(4)(b). •
September 1, 2020	<ul style="list-style-type: none"> • Third of three professional learning days phased in through salaries. § 105(1)(c). • Employees receive annual inflationary increase. School districts provided inflationary adjustment to the state funded salary bases. Adjusted annually by the implicit price deflator. § 102.
January 1, 2020	<ul style="list-style-type: none"> • School districts must provide basic and supplemental benefits, including life, health, and liability insurance through the School Employees' Benefit Board. School districts must bargain as one with the Governor over the dollar amount to be contributed for health benefits. § 806(4)(d).
2021	
November 30, 2021	<ul style="list-style-type: none"> • The Health Care Authority must report on whether the SEBB results in cost savings to the state. § 801(7).
2022	
Calendar year 2022	<ul style="list-style-type: none"> • The one percent revenue growth limit, which was suspended for calendar years 2018-2021 is reinstated. § 301(2).
2023	
September 1, 2023 (2023-24 SY)	<ul style="list-style-type: none"> • Beginning with the 2023-24 school year, and every six years thereafter, salaries for CIS, CAS, and CLS, including regionalization, must be reviewed and rebased to ensure the state salary allocations continue to align with the staffing costs for the state's program of basic education. § 101(10).
	<ul style="list-style-type: none"> •

Appendix B

State Funding for K-12 Public Schools and as a Percent of Total Near General Fund

Includes one-time federal stimulus funds (ARRA)
Dollars in billions

*\$115M net apportionment shift between fiscal years 2011 and 2012 reversed for the purposes of this chart.



Sources: LEAP Prehistory database (prior to FY2004); Recast History database (FY2004-FY2013); statewide accounting records--AFRS (FY2014-FY2015); legislative budget development system--Winsum (FY2016-FY2021).

Regionalization Factors for K-12 Compensation

<u>School District</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
01 109 Washtucna	1.00	1.00	1.00	1.00	1.00
01 122 Benge	1.00	1.00	1.00	1.00	1.00
01 147 Othello	1.00	1.00	1.00	1.00	1.00
01 158 Lind	1.00	1.00	1.00	1.00	1.00
01 160 Ritzville	1.00	1.00	1.00	1.00	1.00
02 250 Clarkston	1.00	1.00	1.00	1.00	1.00
02 420 Asotin-Anatone	1.00	1.00	1.00	1.00	1.00
03 017 Kennewick	1.00	1.00	1.00	1.00	1.00
03 050 Paterson	1.00	1.00	1.00	1.00	1.00
03 052 Kiona-Benton City	1.00	1.00	1.00	1.00	1.00
03 053 Finley	1.00	1.00	1.00	1.00	1.00
03 116 Prosser	1.00	1.00	1.00	1.00	1.00
03 400 Richland	1.06	1.06	1.05	1.04	1.03
04 019 Manson	1.00	1.00	1.00	1.00	1.00
04 069 Stehekin	1.06	1.06	1.05	1.04	1.03
04 127 Entiat	1.00	1.00	1.00	1.00	1.00
04 129 Lake Chelan	1.00	1.00	1.00	1.00	1.00
04 222 Cashmere	1.00	1.00	1.00	1.00	1.00
04 228 Cascade	1.00	1.00	1.00	1.00	1.00
04 246 Wenatchee	1.06	1.06	1.05	1.04	1.03
05 121 Port Angeles	1.06	1.06	1.05	1.04	1.03
05 313 Crescent	1.00	1.00	1.00	1.00	1.00
05 323 Sequim	1.06	1.06	1.06	1.06	1.06
05 401 Cape Flattery	1.00	1.00	1.00	1.00	1.00
05 402 Quillayute Valley	1.00	1.00	1.00	1.00	1.00
06 037 Vancouver	1.06	1.06	1.06	1.06	1.06
06 098 Hockinson	1.06	1.06	1.06	1.06	1.06
06 101 La Center	1.06	1.06	1.06	1.06	1.06
06 103 Green Mountain	1.00	1.00	1.00	1.00	1.00
06 112 Washougal	1.00	1.00	1.00	1.00	1.00
06 114 Evergreen (Clark)	1.06	1.06	1.06	1.06	1.06
06 117 Camas	1.12	1.12	1.11	1.10	1.09
06 119 Battle Ground	1.06	1.06	1.06	1.06	1.06
06 122 Ridgefield	1.06	1.06	1.06	1.06	1.06
07 002 Dayton	1.00	1.00	1.00	1.00	1.00
07 035 Starbuck	1.00	1.00	1.00	1.00	1.00
08 122 Longview	1.00	1.00	1.00	1.00	1.00
08 130 Toutle Lake	1.00	1.00	1.00	1.00	1.00
08 401 Castle Rock	1.00	1.00	1.00	1.00	1.00
08 402 Kalama	1.00	1.00	1.00	1.00	1.00
08 404 Woodland	1.00	1.00	1.00	1.00	1.00
08 458 Kelso	1.00	1.00	1.00	1.00	1.00
09 013 Orondo	1.00	1.00	1.00	1.00	1.00
09 075 Bridgeport	1.00	1.00	1.00	1.00	1.00
09 102 Palisades	1.00	1.00	1.00	1.00	1.00
09 206 Eastmont	1.00	1.00	1.00	1.00	1.00
09 207 Mansfield	1.00	1.00	1.00	1.00	1.00
09 209 Waterville	1.00	1.00	1.00	1.00	1.00
10 003 Keller	1.00	1.00	1.00	1.00	1.00
10 050 Curlew	1.00	1.00	1.00	1.00	1.00
10 065 Orient	1.00	1.00	1.00	1.00	1.00
10 070 Inchelium	1.00	1.00	1.00	1.00	1.00

Legislative Conference Budget

LEAP Document 3

Date: June 22, 2017

Time: 01:14 hours

Regionalization Factors for K-12 Compensation

<u>School District</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
10 309 Republic	1.00	1.00	1.00	1.00	1.00
11 001 Pasco	1.00	1.00	1.00	1.00	1.00
11 051 North Franklin	1.00	1.00	1.00	1.00	1.00
11 054 Star	1.00	1.00	1.00	1.00	1.00
11 056 Kahlotus	1.00	1.00	1.00	1.00	1.00
12 110 Pomeroy	1.00	1.00	1.00	1.00	1.00
13 073 Wahluke	1.00	1.00	1.00	1.00	1.00
13 144 Quincy	1.00	1.00	1.00	1.00	1.00
13 146 Warden	1.00	1.00	1.00	1.00	1.00
13 151 Coulee-Hartline	1.00	1.00	1.00	1.00	1.00
13 156 Soap Lake	1.00	1.00	1.00	1.00	1.00
13 160 Royal	1.00	1.00	1.00	1.00	1.00
13 161 Moses Lake	1.06	1.06	1.05	1.04	1.03
13 165 Ephrata	1.00	1.00	1.00	1.00	1.00
13 167 Wilson Creek	1.00	1.00	1.00	1.00	1.00
13 301 Grand Coulee Dam	1.00	1.00	1.00	1.00	1.00
14 005 Aberdeen	1.00	1.00	1.00	1.00	1.00
14 028 Hoquiam	1.00	1.00	1.00	1.00	1.00
14 064 North Beach	1.00	1.00	1.00	1.00	1.00
14 065 McCleary	1.00	1.00	1.00	1.00	1.00
14 066 Montesano	1.00	1.00	1.00	1.00	1.00
14 068 Elma	1.00	1.00	1.00	1.00	1.00
14 077 Taholah	1.00	1.00	1.00	1.00	1.00
14 097 Quinalt	1.00	1.00	1.00	1.00	1.00
14 099 Cosmopolis	1.00	1.00	1.00	1.00	1.00
14 104 Satsop	1.00	1.00	1.00	1.00	1.00
14 117 Wishkah Valley	1.00	1.00	1.00	1.00	1.00
14 172 Ocosta	1.00	1.00	1.00	1.00	1.00
14 400 Oakville	1.00	1.00	1.00	1.00	1.00
15 201 Oak Harbor	1.12	1.12	1.12	1.12	1.12
15 204 Coupeville	1.12	1.12	1.12	1.12	1.12
15 206 South Whidbey	1.24	1.24	1.22	1.20	1.18
16 020 Queets-Clearwater	1.00	1.00	1.00	1.00	1.00
16 046 Brinnon	1.00	1.00	1.00	1.00	1.00
16 048 Quilcene	1.00	1.00	1.00	1.00	1.00
16 049 Chimacum	1.12	1.12	1.12	1.12	1.12
16 050 Port Townsend	1.06	1.06	1.06	1.06	1.06
17 001 Seattle	1.18	1.18	1.18	1.18	1.18
17 210 Federal Way	1.12	1.12	1.12	1.12	1.12
17 216 Enumclaw	1.12	1.12	1.12	1.12	1.12
17 400 Mercer Island	1.18	1.18	1.18	1.18	1.18
17 401 Highline	1.18	1.18	1.18	1.18	1.18
17 402 Vashon Island	1.12	1.12	1.12	1.12	1.12
17 403 Renton	1.18	1.18	1.18	1.18	1.18
17 404 Skykomish	1.18	1.18	1.18	1.18	1.18
17 405 Bellevue	1.18	1.18	1.18	1.18	1.18
17 406 Tukwila	1.18	1.18	1.18	1.18	1.18
17 407 Riverview	1.18	1.18	1.18	1.18	1.18
17 408 Auburn	1.18	1.18	1.17	1.16	1.15
17 409 Tahoma	1.18	1.18	1.18	1.18	1.18
17 410 Snoqualmie Valley	1.18	1.18	1.18	1.18	1.18
17 411 Issaquah	1.18	1.18	1.18	1.18	1.18

Legislative Conference Budget

LEAP Document 3

Date: June 22, 2017

Time: 01:14 hours

Regionalization Factors for K-12 Compensation

<u>School District</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
17 412 Shoreline	1.24	1.24	1.22	1.20	1.18
17 414 Lake Washington	1.18	1.18	1.18	1.18	1.18
17 415 Kent	1.18	1.18	1.18	1.18	1.18
17 417 Northshore	1.18	1.18	1.18	1.18	1.18
18 100 Bremerton	1.18	1.18	1.18	1.18	1.18
18 303 Bainbridge Island	1.18	1.18	1.18	1.18	1.18
18 400 North Kitsap	1.18	1.18	1.18	1.18	1.18
18 401 Central Kitsap	1.18	1.18	1.18	1.18	1.18
18 402 South Kitsap	1.18	1.18	1.18	1.18	1.18
19 007 Damman	1.00	1.00	1.00	1.00	1.00
19 028 Easton	1.00	1.00	1.00	1.00	1.00
19 400 Thorp	1.00	1.00	1.00	1.00	1.00
19 401 Ellensburg	1.00	1.00	1.00	1.00	1.00
19 403 Kittitas	1.00	1.00	1.00	1.00	1.00
19 404 Cle Elum-Roslyn	1.00	1.00	1.00	1.00	1.00
20 094 Wishram	1.00	1.00	1.00	1.00	1.00
20 203 Bickleton	1.00	1.00	1.00	1.00	1.00
20 215 Centerville	1.00	1.00	1.00	1.00	1.00
20 400 Trout Lake	1.00	1.00	1.00	1.00	1.00
20 401 Glenwood	1.00	1.00	1.00	1.00	1.00
20 402 Klickitat	1.00	1.00	1.00	1.00	1.00
20 403 Roosevelt	1.00	1.00	1.00	1.00	1.00
20 404 Goldendale	1.00	1.00	1.00	1.00	1.00
20 405 White Salmon	1.00	1.00	1.00	1.00	1.00
20 406 Lyle	1.00	1.00	1.00	1.00	1.00
21 014 Napavine	1.00	1.00	1.00	1.00	1.00
21 036 Evaline	1.00	1.00	1.00	1.00	1.00
21 206 Mossyrock	1.00	1.00	1.00	1.00	1.00
21 214 Morton	1.00	1.00	1.00	1.00	1.00
21 226 Adna	1.00	1.00	1.00	1.00	1.00
21 232 Winlock	1.00	1.00	1.00	1.00	1.00
21 234 Boistfort	1.00	1.00	1.00	1.00	1.00
21 237 Toledo	1.00	1.00	1.00	1.00	1.00
21 300 Onalaska	1.00	1.00	1.00	1.00	1.00
21 301 Pe Ell	1.00	1.00	1.00	1.00	1.00
21 302 Chehalis	1.00	1.00	1.00	1.00	1.00
21 303 White Pass	1.00	1.00	1.00	1.00	1.00
21 401 Centralia	1.00	1.00	1.00	1.00	1.00
22 008 Sprague	1.00	1.00	1.00	1.00	1.00
22 009 Reardan-Edwall	1.00	1.00	1.00	1.00	1.00
22 017 Almira	1.00	1.00	1.00	1.00	1.00
22 073 Creston	1.00	1.00	1.00	1.00	1.00
22 105 Odessa	1.06	1.06	1.05	1.04	1.03
22 200 Wilbur	1.00	1.00	1.00	1.00	1.00
22 204 Harrington	1.00	1.00	1.00	1.00	1.00
22 207 Davenport	1.00	1.00	1.00	1.00	1.00
23 042 Southside	1.00	1.00	1.00	1.00	1.00
23 054 Grapeview	1.00	1.00	1.00	1.00	1.00
23 309 Shelton	1.00	1.00	1.00	1.00	1.00
23 311 Mary M. Knight	1.00	1.00	1.00	1.00	1.00
23 402 Pioneer	1.00	1.00	1.00	1.00	1.00
23 403 North Mason	1.00	1.00	1.00	1.00	1.00

Legislative Conference Budget

LEAP Document 3

Date: June 22, 2017

Time: 01:14 hours

Regionalization Factors for K-12 Compensation

<u>School District</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
23 404 Hood Canal	1.00	1.00	1.00	1.00	1.00
24 014 Nespelem	1.00	1.00	1.00	1.00	1.00
24 019 Omak	1.00	1.00	1.00	1.00	1.00
24 105 Okanogan	1.00	1.00	1.00	1.00	1.00
24 111 Brewster	1.00	1.00	1.00	1.00	1.00
24 122 Pateros	1.00	1.00	1.00	1.00	1.00
24 350 Methow Valley	1.00	1.00	1.00	1.00	1.00
24 404 Tonasket	1.00	1.00	1.00	1.00	1.00
24 410 Oroville	1.00	1.00	1.00	1.00	1.00
25 101 Ocean Beach	1.00	1.00	1.00	1.00	1.00
25 116 Raymond	1.00	1.00	1.00	1.00	1.00
25 118 South Bend	1.00	1.00	1.00	1.00	1.00
25 155 Naselle-Grays River Valley	1.00	1.00	1.00	1.00	1.00
25 160 Willapa Valley	1.00	1.00	1.00	1.00	1.00
25 200 North River	1.00	1.00	1.00	1.00	1.00
26 056 Newport	1.00	1.00	1.00	1.00	1.00
26 059 Cusick	1.00	1.00	1.00	1.00	1.00
26 070 Selkirk	1.00	1.00	1.00	1.00	1.00
27 001 Steilacoom Historical	1.06	1.06	1.05	1.04	1.03
27 003 Puyallup	1.06	1.06	1.06	1.06	1.06
27 010 Tacoma	1.12	1.12	1.12	1.12	1.12
27 019 Carbonado	1.06	1.06	1.06	1.06	1.06
27 083 University Place	1.06	1.06	1.06	1.06	1.06
27 320 Sumner	1.12	1.12	1.12	1.12	1.12
27 343 Dieringer	1.12	1.12	1.12	1.12	1.12
27 344 Orting	1.06	1.06	1.06	1.06	1.06
27 400 Clover Park	1.06	1.06	1.06	1.06	1.06
27 401 Peninsula	1.12	1.12	1.12	1.12	1.12
27 402 Franklin Pierce	1.06	1.06	1.06	1.06	1.06
27 403 Bethel	1.00	1.00	1.00	1.00	1.00
27 404 Eatonville	1.00	1.00	1.00	1.00	1.00
27 416 White River	1.06	1.06	1.06	1.06	1.06
27 417 Fife	1.12	1.12	1.12	1.12	1.12
28 010 Shaw Island	1.12	1.12	1.12	1.12	1.12
28 137 Orcas Island	1.12	1.12	1.12	1.12	1.12
28 144 Lopez Island	1.12	1.12	1.12	1.12	1.12
28 149 San Juan Island	1.12	1.12	1.12	1.12	1.12
29 011 Concrete	1.06	1.06	1.06	1.06	1.06
29 100 Burlington-Edison	1.18	1.18	1.17	1.16	1.15
29 101 Sedro-Woolley	1.06	1.06	1.06	1.06	1.06
29 103 Anacortes	1.12	1.12	1.12	1.12	1.12
29 311 La Conner	1.12	1.12	1.12	1.12	1.12
29 317 Conway	1.12	1.12	1.11	1.10	1.09
29 320 Mount Vernon	1.12	1.12	1.12	1.12	1.12
30 002 Skamania	1.00	1.00	1.00	1.00	1.00
30 029 Mount Pleasant	1.06	1.06	1.06	1.06	1.06
30 031 Mill A	1.00	1.00	1.00	1.00	1.00
30 303 Stevenson-Carson	1.00	1.00	1.00	1.00	1.00
31 002 Everett	1.24	1.24	1.22	1.20	1.18
31 004 Lake Stevens	1.24	1.24	1.22	1.20	1.18
31 006 Mukilteo	1.24	1.24	1.22	1.20	1.18
31 015 Edmonds	1.18	1.18	1.18	1.18	1.18

Legislative Conference Budget

LEAP Document 3

Date: June 22, 2017

Time: 01:14 hours

Regionalization Factors for K-12 Compensation

<u>School District</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
31 016 Arlington	1.18	1.18	1.17	1.16	1.15
31 025 Marysville	1.18	1.18	1.17	1.16	1.15
31 063 Index	1.12	1.12	1.12	1.12	1.12
31 103 Monroe	1.18	1.18	1.18	1.18	1.18
31 201 Snohomish	1.24	1.24	1.22	1.20	1.18
31 306 Lakewood	1.18	1.18	1.17	1.16	1.15
31 311 Sultan	1.18	1.18	1.18	1.18	1.18
31 330 Darrington	1.12	1.12	1.12	1.12	1.12
31 332 Granite Falls	1.12	1.12	1.12	1.12	1.12
31 401 Stanwood	1.18	1.18	1.17	1.16	1.15
32 081 Spokane	1.06	1.06	1.05	1.04	1.03
32 123 Orchard Prairie	1.00	1.00	1.00	1.00	1.00
32 312 Great Northern	1.00	1.00	1.00	1.00	1.00
32 325 Nine Mile Falls	1.00	1.00	1.00	1.00	1.00
32 326 Medical Lake	1.00	1.00	1.00	1.00	1.00
32 354 Mead	1.06	1.06	1.05	1.04	1.03
32 356 Central Valley	1.00	1.00	1.00	1.00	1.00
32 358 Freeman	1.00	1.00	1.00	1.00	1.00
32 360 Cheney	1.00	1.00	1.00	1.00	1.00
32 361 East Valley (Spokane)	1.00	1.00	1.00	1.00	1.00
32 362 Liberty	1.00	1.00	1.00	1.00	1.00
32 363 West Valley (Spokane)	1.00	1.00	1.00	1.00	1.00
32 414 Deer Park	1.00	1.00	1.00	1.00	1.00
32 416 Riverside	1.00	1.00	1.00	1.00	1.00
33 030 Onion Creek	1.00	1.00	1.00	1.00	1.00
33 036 Chewelah	1.00	1.00	1.00	1.00	1.00
33 049 Wellpinit	1.00	1.00	1.00	1.00	1.00
33 070 Valley	1.00	1.00	1.00	1.00	1.00
33 115 Colville	1.00	1.00	1.00	1.00	1.00
33 183 Loon Lake	1.00	1.00	1.00	1.00	1.00
33 202 Summit Valley	1.00	1.00	1.00	1.00	1.00
33 205 Evergreen (Stevens)	1.00	1.00	1.00	1.00	1.00
33 206 Columbia (Stevens)	1.00	1.00	1.00	1.00	1.00
33 207 Mary Walker	1.00	1.00	1.00	1.00	1.00
33 211 Northport	1.00	1.00	1.00	1.00	1.00
33 212 Kettle Falls	1.00	1.00	1.00	1.00	1.00
34 002 Yelm	1.00	1.00	1.00	1.00	1.00
34 003 North Thurston	1.06	1.06	1.05	1.04	1.03
34 033 Tumwater	1.00	1.00	1.00	1.00	1.00
34 111 Olympia	1.00	1.00	1.00	1.00	1.00
34 307 Rainier	1.00	1.00	1.00	1.00	1.00
34 324 Griffin	1.00	1.00	1.00	1.00	1.00
34 401 Rochester	1.00	1.00	1.00	1.00	1.00
34 402 Tenino	1.00	1.00	1.00	1.00	1.00
35 200 Wahkiakum	1.00	1.00	1.00	1.00	1.00
36 101 Dixie	1.00	1.00	1.00	1.00	1.00
36 140 Walla Walla	1.00	1.00	1.00	1.00	1.00
36 250 College Place	1.00	1.00	1.00	1.00	1.00
36 300 Touchet	1.00	1.00	1.00	1.00	1.00
36 400 Columbia (Walla Walla)	1.00	1.00	1.00	1.00	1.00
36 401 Waitsburg	1.00	1.00	1.00	1.00	1.00
36 402 Prescott	1.00	1.00	1.00	1.00	1.00

Regionalization Factors for K-12 Compensation

<u>School District</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
37 501 Bellingham	1.12	1.12	1.11	1.10	1.09
37 502 Ferndale	1.12	1.12	1.11	1.10	1.09
37 503 Blaine	1.12	1.12	1.12	1.12	1.12
37 504 Lynden	1.06	1.06	1.06	1.06	1.06
37 505 Meridian	1.06	1.06	1.06	1.06	1.06
37 506 Nooksack Valley	1.06	1.06	1.06	1.06	1.06
37 507 Mount Baker	1.06	1.06	1.06	1.06	1.06
38 126 Lacrosse	1.00	1.00	1.00	1.00	1.00
38 264 Lamont	1.00	1.00	1.00	1.00	1.00
38 265 Tekoa	1.00	1.00	1.00	1.00	1.00
38 267 Pullman	1.00	1.00	1.00	1.00	1.00
38 300 Colfax	1.00	1.00	1.00	1.00	1.00
38 301 Palouse	1.00	1.00	1.00	1.00	1.00
38 302 Garfield	1.00	1.00	1.00	1.00	1.00
38 304 Steptoe	1.00	1.00	1.00	1.00	1.00
38 306 Colton	1.00	1.00	1.00	1.00	1.00
38 308 Endicott	1.00	1.00	1.00	1.00	1.00
38 320 Rosalia	1.00	1.00	1.00	1.00	1.00
38 322 St. John	1.00	1.00	1.00	1.00	1.00
38 324 Oakesdale	1.00	1.00	1.00	1.00	1.00
39 002 Union Gap	1.00	1.00	1.00	1.00	1.00
39 003 Naches Valley	1.00	1.00	1.00	1.00	1.00
39 007 Yakima	1.00	1.00	1.00	1.00	1.00
39 090 East Valley (Yakima)	1.00	1.00	1.00	1.00	1.00
39 119 Selah	1.00	1.00	1.00	1.00	1.00
39 120 Mabton	1.00	1.00	1.00	1.00	1.00
39 200 Grandview	1.00	1.00	1.00	1.00	1.00
39 201 Sunnyside	1.00	1.00	1.00	1.00	1.00
39 202 Toppenish	1.00	1.00	1.00	1.00	1.00
39 203 Highland	1.00	1.00	1.00	1.00	1.00
39 204 Granger	1.00	1.00	1.00	1.00	1.00
39 205 Zillah	1.00	1.00	1.00	1.00	1.00
39 207 Wapato	1.00	1.00	1.00	1.00	1.00
39 208 West Valley (Yakima)	1.06	1.06	1.05	1.04	1.03
39 209 Mount Adams	1.00	1.00	1.00	1.00	1.00

SOLICITOR GENERAL OFFICE

July 31, 2017 - 3:57 PM

Transmittal Information

Filed with Court: Supreme Court
Appellate Court Case Number: 84362-7
Appellate Court Case Title: MATHEW & STEPHANIE MCCLEARY ET AL VS STATE OF WASHINGTON
Superior Court Case Number: 07-2-02323-2

The following documents have been uploaded:

- 843627_Briefs_20170731155133SC998645_8719.pdf
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- 843627_Other_20170731155133SC998645_9415.pdf
This File Contains:
Other - Attachment
The Original File Name was McCleary_2017Report_20170731.pdf

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Comments:

State Of Washington's Memorandum Transmitting The Legislature's 2017 Post-Budget Report; Attachment: 2017 Report to the Washington State Supreme Court by the Joint Select Committee on Article IX Litigation

Sender Name: Kristin Jensen - Email: kristinj@atg.wa.gov

Filing on Behalf of: Alan D. Copsey - Email: alanc@atg.wa.gov (Alternate Email: AlanC@atg.wa.gov)

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Washington State Legislature

Olympia

July 27, 2017

Washington State Supreme Court
Temple of Justice
Olympia, WA 98504

Dear Chief Justice Fairhurst and Honorable Members of the Washington State Supreme Court,

Per this Court's orders of July 18, 2012, and October 6, 2016, in *McCleary v. State*, No. 84362-7, please find attached the 2017 report of the legislative Joint Select Committee on Article IX Litigation. This report was adopted by the Committee at its meeting on July 27, 2017.

Respectfully,

Senator David Frockt, Co-Chair
46th Legislative District

Representative Paul Harris, Co-Chair
17th Legislative District

Senator Joe Fain, 47th Legislative District
Representative Kristine Lytton, 40th Legislative District
Senator Christine Rolfes, 23rd Legislative District
Representative Drew Stokesbary, 31st Legislative District
Representative Pat Sullivan, 47th Legislative District
Senator Hans Zeiger, 25th Legislative District

Enclosures