

# 2017 Legislative Session End of Session Report

Prepared for the Washington State PTA  
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## A Session Divided

The 2017 Legislative session kicked off a 105-day session January 9<sup>th</sup> with a large freshman class of senators and representatives, a divided Legislature with razor-thin majorities (Senate in Republican control, House in Democratic control), and a Court order to amply fund K-12 public education by 2018.

Typically, odd-numbered years are those where two-year spending plans are adopted for the operating, capital and transportation budgets, while even-number years are for budget tweaks and adjustments based on revenue forecasts and caseload changes. It also is the time for new policies to be adopted, changed or eliminated, depending on the will of those governing.

Like the 2015 session, lawmakers couldn't get a budget written in the regular session, so Governor Jay Inslee, a Democrat, called them back for an additional 30 days. Unfortunately, the 30 days came and went without much to show in the way of budget negotiations, so the Governor called a second special session on May 23<sup>rd</sup> – the same day the first special session ended. The stalemate continued, however, and a third special session was called. The Legislature finally adopted a 2017-19 operating budget of about \$44 billion on the final day of the fiscal year, June 30<sup>th</sup>.

In addition to meeting the Supreme Court's McCleary decision of 2012, in which the Court retained jurisdiction for the first time in history and slapped a \$100,000-a-day fine on the state for noncompliance in 2015, House and Senate Republicans returned to Olympia in January wanting to fix another Supreme Court case – the *Hirst* decision. *Hirst* was an October 2016 water use decision, started in Whatcom County, that said counties were responsible for determining if adequate water supplies existed before they could approve additional permit-exempt wells for domestic and commercial water.

In an unprecedented move, the Senate capital budget chair refused to negotiate on the 2017-19 capital budget until the Democratic House and Governor signed Republican Senate-sponsored legislation to “fix Hirst.” Negotiations began on the controversial water issue, but couldn't be resolved in a way that satisfied interested and affected parties. For the first time in history the Legislature adjourned at the end of the third special session – a record 193 days in session – without passing a capital budget and the accompanying bond authorization bill.

A group of eight legislators, representing both caucuses and chambers, met regularly during the special sessions to hash out a final education funding plan and accompanying policy changes. Find a summary of EHB 2242 on pages 9-14.

While education funding dominated the conversations, other policy topics ranged from state assessments and teacher shortages to school siting under the Growth Management Act, dual language programs, and so much more. WSPTA had a successful year, with one of its Top 5 – Paraeducator Standards – signed into law,

and one of its Supported Issues – Education Outcomes for Foster Youth – receiving broad bipartisan support and the Governor’s signature.

In addition, issues such as the Social Emotional Learning benchmarks work group and increased early learning slots in state-funded preschool were funded in the negotiated 2017-19 operating budget. Other issues such as family engagement, Breakfast after the Bell, and increasing accessibility and affordability of post-secondary education are likely to be topics again for the 2018 session.

A sincere “thank you” and shout out to all the parents who answered our call and testified this session. For the most part, WSPTA was represented by parents at all committee hearings on issues from the Legislative Agenda and of interest to members. Parents were professional and knowledgeable, and “parent voice” was recognized by legislators as critical to their deliberations.

## What Passed – 2017 Legislative Platform (Top 5 and Supported Issues)

All bills may be found at [www.leg.wa.gov/billinfo](http://www.leg.wa.gov/billinfo)

### Amplify Fund Basic Education

**HB 2242 (Chapter 13, 2017 Laws 3<sup>rd</sup> special session)** is detailed on pages 9-14.

**SB 5023 (Chapter 6, 2017 Laws)** extends existing levy authority from January 1, 2018 to January 1, 2019, including the 4 percent reduction in the levy lid, the elimination of “ghost money” used in calculations of a district’s levy base, and the change in levy equalization/LEA from 14 percent to 12 percent.

The law also made several changes to reporting, levy approval in advance by OSPI, and how local levy funds may be used. These were modified in EHB 2242, and should be used to guide implementation.

### Standards for Paraeducators

**HB 1115 (Chapter 237, 2017 Laws)** creates the Paraeducator Board and requires the Board to:

- Adopt minimum employment requirements for paraeducators and paraeducator standards of practice;
- Establish requirements and policies for general paraeducator certificates, subject matter certificates in English language learner and special education, and advanced educator certificates;
- Approve, and develop if necessary, courses required to meet certain provisions of this act, where the courses are offered in a variety of means that will limit cost and improve access;
- Make policy recommendations, as necessary, for a paraeducator career ladder that will increase opportunities for paraeducator advancement through advanced education, professional learning, and increased instructional responsibility;
- Collaborate with the office of the superintendent of public instruction to adapt the electronic educator certification process to include paraeducator certificates; and
- Distribute grants to a diverse set of school districts that volunteer to pilot the state paraeducator standards of practice, the paraeducator certificates, and certain courses. Requires school districts to provide a four-day fundamental course of study on the state standards of practice to paraeducators who have not completed the course.

In addition, the law requires OSPI, in consultation with the Paraeducator Board and the Professional Educator Standards Board (PESB), to design a training program for teachers and administrators as it relates to their role working with paraeducators. The Washington State Institute for Public Policy will conduct a study on the effectiveness of paraeducators in improving student outcomes.

### Improving Educational Outcomes for Foster Children

**SB 5241 (Chapter 40, 2017 Laws)** modifies school district requirements for the on-time progression and graduation of foster youth are modified and extended to homeless students. To eliminate barriers and facilitate the on-time progression and graduation of students who are homeless or are dependents of the state, school districts must, in addition to waiving specific courses or providing an alternative means of acquiring required coursework, consolidate partial credit, unresolved, or incomplete coursework and provide opportunities for credit accrual in a manner that eliminates academic and nonacademic barriers for the student. The term "homeless" is defined using provisions governing the OSPI's grant program for identifying homeless students and the capacity of districts to provide support.

### Removing Barriers to Implementing ECEAP (Early Learning Education and Assistance Program)

**HB 1777 (Chapter 12, 2017 Laws, 3<sup>rd</sup> special session)** creates the Early Learning Facilities Grants and Loan Program for school districts and other eligible organizations to provide funds for the planning, renovation, purchase, and construction of early learning facilities. A new facet was added to the state's Housing Trust Fund program, which will now require housing projects that include an early learning facility to get a funding preference.

The new early learning grant and loan program will be administered by the Department of Commerce, which is tasked with convening a committee of early learning facilities experts to develop a prioritization methodology for project selection. The committee must consider projects that:

- Add ECEAP slots in areas with the highest unmet need;
- Benefit low-income children and are in low-income neighborhoods;
- Provide more access to ECEAP as a ratio of children eligible to participate;
- Are geographically disbursed relative to statewide need;
- Include new or renovated kitchen facilities equipped to support the use of from scratch, modified scratch, or other cooking methods to enhance student nutrition;
- Balance mixed-used development and rural locations; and
- Maximize resources available from the state with funding from other public and private organizations, including the use of state lands or facilities.

For school districts, beginning 8/1/17, Commerce must consult with OSPI to implement and administer early learning grants and loans to school districts. School districts may receive grants or loans in amounts up to \$800,000 to purchase, construct, or expand early learning facilities.

Commerce must submit a ranked and prioritized list of early learning facilities projects and proposed purchases for school districts to OFM and the Legislature by December 15, 2017, and by September 15<sup>th</sup> of each subsequent even-numbered year.

Another part of the law requires DEL to work with stakeholders to review existing licensing standards to eliminate potential licensing barriers while ensuring the health and safety of children in early learning programs. Standards to be reviewed include plumbing, fixture and playground equipment.

**SB 5107 (Chapter 178, 2017 Laws)** authorizes local governments, school districts, institutions of higher education, and nonprofit organizations to contribute funds to the Department of Early Learning for:

- Initial investments to build capacity and quality in local early care and education programming;
- Reductions in copayments charged to parents or caregivers; and

Expanding access and eligibility in the Early Childhood Education and Assistance Program (ECEAP). Requires those funds to be deposited in the Early Start Account

## What Passed – Other WSPTA Issues/General Education

**HB 1170 (Chapter 291, 2017 Laws)** revises school processes with respect to truancy as follows:

- School conferences with parents are required after three unexcused absences rather than two.
- Application of the Washington Assessment of the Risks and Needs of Students (WARNS) or other assessment is only required for middle and high school students.
- New steps are required with respect to students with individualized education plans (IEP) or 504 plans.
- School districts must provide the OSPI with the same information that they are required to provide to the local juvenile court concerning the identity of the person or persons designated to coordinate district excessive absenteeism and truancy efforts.
- The size threshold for school districts that are not required to operate a Community Truancy Board (CTB) is raised from 200 to 300 students.

Changes are made to current school district and OSPI reporting requirements regarding truancy. These reports must include, disaggregated by student group, the number of petitions and, beginning in the 2018-19 school year, whether the petition results in referral to a CTB, other coordinated means of intervention, a court hearing, or other less restrictive disposition. The reports must also include each instance of detention for failure to comply with a court order, together with a statement of the reasons for each detention.

OSPI must continue to prepare an annual report to the Legislature by December 15 of each year; OSPI is given rulemaking authority to bring consistency and uniformity to attendance and truancy definitions in the Alternative Learning Experience (ALE) setting, establish procedures for addressing truancy in all ALE courses, leverage existing systems to facilitate truancy actions when the student has transferred out of his or her resident district to enroll in an ALE course, and clarify the responsibility of districts in the event a student transfer is rescinded. Court Truancy Processes.

Revisions to court process are made as follows:

- Upon filing a petition, a school is required to provide a copy of the attendance information provided to the parent, rather than a copy signed by the parent.
- Language is stricken that allowed a court, on the initial hearing of the petition, to order the child to a temporary placement in a HOPE bed or CRC.
- If a child fails to comply with a court order, the court may impose community restitution, nonresidential programs with intensive wraparound services, a requirement that a child meet with a mentor, or other services and interventions that a court deems appropriate. If the child continues to fail to comply, and the court makes a finding that other measures to secure compliance have been tried but not been successful, and no less restrictive alternative is available, then the court may order detention.
- Additional measures are required prior to using detention. A section pertaining to appropriations for educational services for children referred to CTBs or to the courts is repealed.

**HB 1445 (Chapter 236, 2017 Laws)** creates the K-12 Dual Language grant program to grow capacity for high quality DL programs in public schools and state-tribal compact schools. OSPI must develop and administer the program. For the program, two-way DL programs are defined as having a balanced number of native and nonnative speakers of the target language so that both groups of students serve in the role of language

modeler and language learner at different times, and one-way DL programs serve only nonnative English speakers.

By October 1, 2017, subject to funding by the Legislature, the OSPI must award two-year grants of up to \$200,000 each through a competitive grant process to school districts or state-tribal compact schools proposing to: establish or expand a two-way DL program or expand a one-way DL program in a school with predominantly EL students. OSPI must provide a bonus of up to \$20,000 to applicants proposing to establish a DL program in a target language other than Spanish. The grant money must be used for DL program start-up and expansion costs, for example staff training, teacher recruitment, and development and implementation of DL curriculum, but not for ongoing program costs.

In addition, the law creates a bilingual educator initiative, which is a long-term program to recruit, prepare, and mentor bilingual high school students to become future bilingual teachers and counselors. Subject to funding, pilot projects must be implemented in one or two school districts on each side of the crest of the Cascade mountains, where immigrant students are shown to be rapidly increasing. Districts selected by the Professional Educator Standards Board (PESB) must partner with at least one two-year and one four-year college in planning and implementing the program. The PESB must provide oversight.

*NOTE: The 2017-19 operating budget included a total of \$400,000, which does not leave sufficient funding to implement both the Dual Language grants and the Bilingual Educator initiative. Details are still being worked out on this issue.*

**HB 2224 (Chapter 31, 2017 Laws, 3<sup>rd</sup> special session)** modifies the state's assessment requirements for high school graduation and earning a Certificate of Academic Achievement (CAA) or Certificate of Individual Achievement (CIA). Major components include:

- Revises high school graduation assessment requirements in science, English Language Arts, and math, and provisions governing alternative assessment options.
  - The science exam will be continued for federal accountability purposes, but is delayed as a graduation requirement for the class of 2017 through the class of 2021. The exam for 2021 must be a comprehensive science assessment, based on the 2013 learning standards adopted by OSPI.
  - The administration of the statewide SBAC ELA and mathematics assessments will occur in the 10<sup>th</sup> grade, beginning in the 2017-18 school year and will apply to students in the graduating class of 2020. A student who meets the high school graduation standard on the high school ELA and mathematics SBAC assessments and satisfies all other graduation requirements will earn a CAA.
- Discontinues the collection of evidence alternative assessment options, but a student who completes a dual credit course in ELA or mathematics in which the student earns college credit may use passage of the course as an alternative assessment for earning a CAA.
- Establishes an appeals process for waiving requirements for certificates of academic achievement or certificates of individual achievement for certain students. This includes:
  - An expedited appeal process for waiving requirements for CAAs and CIAs for students in the graduating classes of 2014 through 2018 who have not met standard on ELA assessments, mathematics assessments, or both, but have met all other state and local graduation requirements.
  - Eligible students in the graduating class of 2018 must also have attempted at least one alternative assessment option.

- The appeal may be initiated with the applicable school district by a student or the student's parent, guardian, or principal. Districts are charged with determining which appeals will be submitted to the SPI for final review and approval. The SPI may approve an appeal only if it has been demonstrated that the student has the necessary skills and knowledge to meet the high school graduation standard and the skills necessary to successfully achieve the college or career goals established in his or her HSBP. Pathways for demonstrating the necessary skills and knowledge may include, but are not limited to: successful completion of a college level class in the relevant subject area; admission to a higher education institution or career preparation program; award of a scholarship for higher education; or enlistment in a branch of the military.
- Creates an option of locally determined courses, beginning in the 2018-19 school year.
  - Students who do not qualify for a CAA because they have not met the high school graduation standard for the mathematics or ELA assessment may take and pass a locally determined course in the content area in which the student was not successful.
  - The course must be rigorous and consistent with the student's educational and career goals identified in his or her HSBP and may include career and technical education (CTE) equivalencies in ELA or mathematics.
  - If the student passes the locally determined course, he or she may then take a locally administered assessment associated with the course as an alternative assessment for demonstrating that the student has met or exceeded the required high school graduation standard and qualifies for a CAA.
  - Locally administered assessments must be reviewed and, if appropriate, approved for use by OSPI. Additionally, OSPI must post on its website a compiled list of district-administered assessments approved as alternative assessments, including the comparable scores necessary to meet the standard.
- Addresses student interventions and academic supports, and establishes new provisions for a High School and Beyond Plan (HSBP), including initiating a HSBP for each student in the 7<sup>th</sup> or 8<sup>th</sup> grade; in preparation, each student must first be administered a career interest and skills inventory. The HSBP must include:
  - An identification of career goals, aided by a skills and interest assessment;
  - An identification of educational goals;
  - A four-year plan for course-taking that fulfills state and local graduation requirements and aligns with the student's career and educational goals; and
  - By the end of 12<sup>th</sup> grade, a current resume or activity log that provides a written compilation of the student's education, any work experience, and any community service and how the school district recognized the community service.
- Revises or repeals certain accountability-related duties of the state board of education, including setting cut scores for graduation purposes.
  - The SBE is given new duties, in consultation with OSPI, and is directed to identify the equivalent student performance standard that a 10<sup>th</sup> grade student would need to achieve on the state assessments to be career and college ready at the end of the student's high school experience.

A report on this performance standard must be submitted by the SBE to the Governor and the education policy and fiscal committees of the Legislature by December 1, 2018.

**HB 2243 (Chapter 32, 2017 Laws 3<sup>rd</sup> special session)** allows a county, planning under the Growth Management Act, to authorize the extension of public facilities and utilities to serve a school sited in a rural area that serves students from a rural area and an urban area if certain requirements are met. School district boards of directors must adopt a policy for siting school facilities, and that policy will be used to identify properties that meet the educational and student needs for the facility.

The law also allows the expansion and modernization of an existing school in the rural area or the placement of portable classrooms at an existing school in the rural area.

**SB 5023 (Chapter 6, 2017 Laws)** extends existing levy authority from January 1, 2018 to January 1, 2019, including the 4 percent reduction in the levy lid, the elimination of “ghost money” used in calculations of a district’s levy base, and the change in levy equalization/LEA from 14 percent to 12 percent.

The law also made several changes to reporting, levy approval in advance by OSPI, and how local levy funds may be used. These were modified in EHB 2242, and should be used to guide implementation.

**SB 5234 (Chapter 179, 2017 Laws)** directs the state’s institutions of higher education to establish a policy for granting as many undergraduate college credits to students who have earned minimum scores of three on AP exams as possible and appropriate. The institutions of higher education are directed to conduct biennial reviews of their AP policy and report noncompliance annually beginning November 1, 2019.

**SB 5449 (Chapter 90, 2017 Laws)** relates to Digital Citizenship. The law requires the Washington State School Directors’ Association (WSSDA) to review and revise its model policy and procedures on electronic resources and Internet safety, media literacy and Internet safety in schools, and to develop a checklist of items for school districts to consider when updating their policy and procedures.

The law also requires OSPI to survey teacher-librarians, principals, and technology directors to understand how they are currently integrating digital citizenship and media literacy education in their curriculum and to create a web-based location with links to recommended successful practices and resources to support digital citizenship, media literacy, and internet safety.

## What Didn’t Pass – WSPTA Top 5 and Supported Issues

### Social Emotional Learning

HB 1377 would have created definitions for school counselors, psychologists, and social workers, and would have required school districts to provide collaborative time for these professionals to meet.

HB 1518 would have reconvened the Social Emotional Learning work group to continue working on benchmarks, including members and duties for the work group. Also would have created a summer ECEAP program and a competitive grant program to increase the number of summer learning programs that combine academic and SEL. *Note: the SEL benchmarks work group was funded in the operating budget.*

HB 1621 would have increased funding allocations for each of level of prototypical school by one full-time equivalent Certificated Instructional Staff until implementation of I-1351, and would have required that school districts use the new allocation for staff who support children’s health and social emotional learning.

HB 5714 would have extended time for the Social Emotional Learning work group to complete its benchmarks work. *Note: the SEL benchmarks group was funded in the operating budget.*

### Breakfast after the Bell

HB 1508 would have created a Breakfast after the Bell program in high-poverty schools.

### Engaging Families in Student Success

HB 1618 would have consolidated various names related to the position and clarified the definition and duties of Family and Community Engagement Coordinators, and would have required funding allocated to school districts for Family and Engagement Coordinators to only be spent on Coordinators.

### Post-secondary/Higher Education Access and Affordability

HB 1512 would have expanded the College Bound Scholarship to the 7<sup>th</sup> and 8<sup>th</sup> grade, and would have allowed students who were eligible for College Bound Scholarships to sign a pledge in the 9<sup>th</sup> or 10<sup>th</sup> grade if they were previously ineligible in the 7<sup>th</sup> or 8<sup>th</sup> grade.

HB 1840/SB 5666 would have created the Washington Promise Program to offer a tuition waiver for eligible students for the first two years of community and technical college.

HB 1841/SB 5476 would have expanded State Need Grant eligibility to students of families that earn up to 85 percent of the state's median family income.

SB 5074 would have aligned the eligibility for the College Bound Scholarship program with the State Need Grant program.

SB 5568 would have required tuition operating fees for resident undergraduates at community and technical colleges, in the 2017-18 and 2018-19 academic years, to remain the same as the fee set in the 2016-17 academic year.

### What Didn't Pass – Other WSPTA/General Education

HB 1564 would have required a person who applies, or causes to be applied, pesticides by aerial application, air-blast sprayer, or fumigation, to provide written notice of an intended pesticide application to a person who owns, manages, or controls property adjacent to the property of intended pesticide application.

HB 1778/SB 5076 would have allowed a simple majority of voters to approve school bond measures.

HB 1779 would have allowed a simple majority of voters to approve school bond measures at only the November general election, and would have established vote count thresholds.

SB 5155 would have prohibited the suspension or expulsion of a student in grades K-3 except for a firearms violation. *NOTE: OSPI's draft rules would prohibit expulsion of a student in grades K-4.*

SB 5981 would have funded the 2017-19 capital budget, including nearly \$1 billion in school construction assistance to match bond measures adopted by local voters.

HJR 4203/SJR 8202 would have proposed an amendment to the state Constitution that would allow a simple majority approval for school district bond measures held during any election.

HJR 4204 would have proposed an amendment to the state Constitution that would allow a simple majority approval for school district bond measures held during a general election.

SJR 8207 would have proposed an amendment to the state Constitution to exempt regular school district levies from the one percent constitutional limitation.

## ESHB 2242 – Education Funding Plan

Working under a deadline of June 30<sup>th</sup>, the end of the fiscal year, eight legislators – two from each caucus, four per chamber – met regularly to mix and match opposing education funding plans and hammer out a compromise. Unfortunately, the details of the plan were released the day before the vote, leaving little time to evaluate potential problems or unintended consequences. Legislators have indicated they are open to hearing about “fixes” for the 2018 session.

The policy and funding investments at a glance:

### *Categorical program increases, beginning in 2017-18 school year*

- Special education: increased from 12.7 percent to 13.5 percent of district student enrollment;
- Learning Assistance Program: increased from 1.5156 hours/week to 2.3975 hours per week for all districts and, for high poverty schools (50 percent or higher Free and Reduced Price Lunch eligibility), an additional increase of 1.1 hours/week, however the LAP-plus funding must go to the building generating the rate;
- Transitional Bilingual Instructional Program (TBIP): For grades K-6, the 4.7780 hours/week are maintained, but an additional 2 hours per week are included for middle and high schools;
- Highly Capable: The percent of qualifying students in a district is increased from 2.3 percent to 5 percent, and districts must prioritize equitable identification of low-income students;
- CTE and skill centers: CTE class sizes are reduced from 26.57/classroom to 23.0, and in skill centers from 22.76/classroom to 20.

### *Compensation, beginning in 2018-19 school year*

- Sets a floor for beginning teacher salaries of \$40,000, and a maximum of \$90,000, with some exceptions, which includes STEM and other positions and does not include supplemental contracts;
- Beginning in school year 2018-19, increases the minimum allocated salaries to the following amounts for school year 2019-20, adjusted for inflation from the 2017-18 school year:
  - CIS: An average salary of \$64,000
  - CAS: An average salary of \$95,000
  - CLS: An average salary of \$45,912
- Adds a regionalization factor of 6 percent to 24 percent, depending on the district;
- Eliminates the Salary Allocation Model grid and staff mix;
- Phases in three professional learning days, starting in 2018-19.

### *Other*

- Increases state property tax, starting in CY 2018, from \$1.89/\$1000 assessed value (AV) to \$2.70/\$1000 AV;
- Caps local levies to \$2500 per student or \$1.50 per \$1000 AV, whichever is less starting Jan. 1, 2019, and changes the LEA funding formula;
- \$110 million for increases in health benefits to transition to a statewide health benefits program;
- Phases in K-3 class size reductions to 17 students/classroom in the 2017-18 school year but, beginning September 1, 2018, funding will be allocated based on demonstrated ratios;
- \$20 million is provided for districts with unique transportation characteristics, and \$100,000 is provided to OSPI to evaluate the current transportation funding formula;
- 2.3 percent COLA for the 2017-18 school year.

Here are the main components of the new education funding and policy plan, as reported by non-partisan legislative staff in the [final bill report](#) for the enacted legislation:

### Basic Education Funding Formulas: School District Employee Compensation

*School District Employee Compensation.* 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. State funding allocations to school districts continue to be based on staffing ratios in the prototypical school model and categorical programs. However, the method for allocating state salary funding is revised.

Beginning with the 2018-19 school year, the state will cease using the state salary schedule 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 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 year:

- CIS: An average salary of \$64,000.
- CAS: An average salary of \$95,000.
- CLS: An average salary 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.

Additional requirements are established for CIS salaries. Districts may not pay CIS less than \$40,000, or more than \$90,000, and salaries for CIS with five years' experience must be at least 10 percent more than the minimum salary. These restrictions apply to salaries for the basic education program, and exclude supplemental contracts. Districts may exceed the caps for specified hard-to-staff positions. Each of the minimum and maximum salaries is adjusted by inflation and by a district's regionalization factor. Additionally, although the state will no longer use a "grid" to allocate salaries, OSPI must convene a technical working group to develop a model grid for optional use by school districts.

During the 2018-19 transitional period for the new salary allocations, a school district's collective bargaining agreement with CIS or CLS may not provide for a total salary increase, including supplemental contracts, with a percentage increase that exceeds the Seattle Consumer Price Index (CPI). This restriction applies to collective bargaining agreements that are in effect for the 2018-19 school year and that are entered into or modified after the restriction becomes law. A similar limit applies to salaries for CAS.

Nothing in the legislation is intended to impair or alter collective bargaining agreements currently in effect; however, any collective bargaining agreement entered into or modified after the bill becomes law must comply with the act's requirements.

*Regionalization; Rebasings Review.* Beginning with the 2018-19 school year, the state must adjust its salary allocations to reflect regional differences in the cost of hiring staff. The regionalization factor for each school district is based on differences in the median residential value of each school district and its nearby districts, with adjustments of 6, 12, or 18 percent. Further regionalization adjustments are identified in the budget bill and must be reduced on a specified schedule through the 2022-23 school year. 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.

Beginning with the 2023-24 school year, and every six years thereafter, the Legislature must review and rebase salary allocations to ensure that salary allocations reflect market rates and that regionalization reflects actual economic differences among districts.

*Inflationary Adjustment.* State salary allocations must provide an inflationary adjustment based on the Implicit Price Deflator, rather than a COLA based on the Seattle CPI. For school years 2017-18 through 2019-20, the inflationary adjustment is built into the incremental phase-in of the specified minimum average salaries. However, a 2.3 percent COLA was authorized for the 2017-18 school year.

*CIS Supplemental Contracts.* 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. Beginning with the 2019-20 school year, a district may enter supplemental contracts only for activities that meet the new definition of enrichment, and the hourly rate under a supplemental contract may not exceed the CIS employee's hourly basic education salary.

*Professional Learning.* Beginning with the 2018-19 school year, the state must phase in allocations for a total of three professional learning days for CIS. The learning days must meet the definitions and standards for professional learning, and do not create an entitlement for an individual CIS to receive any number of learning days.

### Basic Education Funding Formulas: General Apportionment and Categorical Programs

Enhancements are made to specific elements of the prototypical school funding model and to categorical programs as follows, effective with the 2017-18 school year:

- *Learning Assistance Program:* A new LAP allocation is provided to fund an additional 1.1 hours of instruction per week for students in high-poverty schools. In addition, enhanced LAP instructional hours currently funded in the budget are codified in the Basic Education Act. Terminology in the LAP program is revised to refer to "students who are not meeting standards."
- *Special Education:* The funded enrollment percentage is increased from 12.7 percent to 13.5 percent. In addition, the SPI must review special education safety net rules and make recommendations on providing new access to safety net funding.
- *Career and technical education (CTE) and skill centers:* CTE class sizes are reduced to 23 students, and skills center class sizes are reduced to 20 students. Districts may spend the portion of CTE funding that exceeds general education funding only on CTE, and permitted uses of this funding for CTE are specified. The SPI must establish a grant program to assist districts with the purchase of CTE equipment. In addition, the SPI must establish methodologies for implementing CTE course equivalency crediting on a broader scale.
- *Highly Capable Program:* The funded enrollment percentage is increased from 2.314 to 5.
- *Transitional Bilingual Instruction Program:* For students in middle and high school, the funded instructional hours are increased by 2 hours to 6.778 hours. In addition, instructional hours for exited students that are currently specified and funded in the budget are codified in the Basic Education Act.
- State funded staffing levels for guidance counselors and parent involvement coordinators that are currently funded in the budget are codified as part of the Basic Education Act, and MSOC values are updated.

To promote transparency, for each school district the SPI must report per-pupil allocations for general apportionment and specified categorical programs in a user-friendly format on the main page of the SPI's website. School district websites must link to this information. In addition, legislative budget documents

must report statewide average per-pupil funding levels for the same programs. The monthly schedule used for apportioning state funding to school districts is revised effective July 1, 2018.

Funding allocations for smaller class sizes in grades K-3 are limited to the actual demonstrated class sizes in each school district, effective September 1, 2018.

### State Property Tax, Enrichment Levies and Local Effort Assistance

*State Property Tax.* A new state property tax is levied for the support of the common schools. For taxes levied for collection in calendar year 2018 through 2022, the aggregate rate for both the current state levy and the new state levy is \$2.70 per \$1,000 AV. The new tax is deposited in the State General Fund. The revenue growth limit does not apply to the state levies during this time. Beginning with taxes levied for collection in calendar year 2023 and thereafter, the revenue growth limit applies to both state levies. Participants in the senior citizen property tax exemption program are fully exempt from the new state levy.

*Enrichment Levy Lid.* Beginning with calendar year 2019, M&O levies are renamed "enrichment levies," and school districts may collect enrichment levies based on a new levy lid. A district's maximum enrichment levy is the lesser of \$2,500 per pupil or a rate of \$1.50 per \$1000 of assessed value. Effective with taxes levied for collection in calendar year 2020, new limitations on enrichment expenditures apply to enrichment levies.

*Local Effort Assistance.* Local Effort Assistance allocations are provided in proportion to the ratio of a school district's actual enrichment levy compared to the maximum enrichment levy. To qualify for LEA, a school district must have a maximum enrichment levy that is less than \$1,500 per pupil. Local Effort Assistance is provided on a per-pupil allocation basis so that the sum of levy funding and LEA for a qualifying district levying the maximum rate is \$1,500 per pupil.

Effective with the 2019-20 school year, new limitations on enrichment apply to districts' LEA expenditures. Both the per-pupil enrichment levy lid and LEA are adjusted annually for inflation.

*Enrichment Limitations.* Beginning with the 2019-20 school year, districts may spend enrichment levies (including transportation vehicle enrichment levies), LEA, and other local revenues only for documented and demonstrated enrichment of the state's program of basic education. To constitute enrichment, a school district expenditure must supplement state minimum instructional offerings, staffing ratios, program components, or professional learning allocations. 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. The SPI may report to the Legislature on expanding the list of specifically permitted enrichment activities.

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. Processes are established for the SPI pre-ballot review of proposed enrichment expenditures, including limitations on changes to pre-approved uses.

### School District Auditing, Accounting, and Transparency

Beginning with the 2019-20 school year, the State Auditor's regular financial audits must include a review of school district enrichment levies, including use of supplemental contracts. School districts must hold hearings on any audit findings.

Beginning with the 2019-20 school year, school districts must establish a local revenue fund in which to deposit revenues from enrichment levies (including transportation vehicle enrichment levies), LEA, and other local revenues. Also beginning with the 2019-20 school year, districts must use revenue-to-expenditure accounting to separately document expenditures from the respective sources.

*Additional planning requirements apply to the school district budgeting process.* Beginning in 2018, school districts must develop four-year budget plans that include enrollment projections and future cost estimates, including supplemental contracts. Beginning with budgets for the 2019-20 school year, school district budgets must set forth specific information about amounts and sources of each employee's salary. School board budget hearings must address these four-year plans, as well as any request for a change in use to a previously approved plan for enrichment expenditures. School districts must annually report to the SPI about supplemental contracts.

### Other Education Provisions

*Absenteeism.* The Legislature declares its intent to address chronic student absenteeism with funding in the budget, including funding to facilitate a statewide accountability system to improve graduation rates by, among other things, providing districts with assistance in addressing chronic absenteeism.

*Teacher and Principal Evaluation Program.* By November 2017, the SPI must provide an update to the Legislature on implementation of TPEP, including an overview of the evaluation process and survey information on the number of educators in each of the performance rating categories.

*Additional School District Staffing.* The increased school staffing ratios in Initiative 1351 (I-1351) are re-established as potential future enrichments outside the program of basic education. 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 formula and part of the state's program of basic education. The I-1351 implementation schedule is repealed. 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.

### School Employees' Benefits Board

A nine-member School Employees' Benefits Board (SEBB) is established as part of a consolidated school district employees health benefits purchasing program in the HCA. By September 30, 2017, the Governor must appoint eight members to the board, including four representing certificated and classified employees and four with expertise in employee health benefits policy and administration. The HCA director or designee is chair of the SEBB.

The SEBB responsibilities include the following:

- Developing school employee benefit plans that include comprehensive, evidence-based health care benefits;
- Authorizing premium contributions, including employee share of the cost for family coverage that does not exceed the required employee share of the cost for employee-only coverage;
- Determining the terms of employee and dependent eligibility criteria and enrollment policies, subject to the condition that employees must work at least 630 hours per year to qualify for coverage;
- Determining the terms for participation in the SEBB plans, and the penalties for failing to comply with participation criteria;
- Participating with the HCA and in coordination with the PEBB in the selection of carriers to provide health and dental plans; and
- Reporting to legislative policy and fiscal committees by November 30, 2021, regarding whether the provisions of the act have resulted in cost savings to the state.

The HCA duties are expanded to include administering health care benefit programs for school employees. Beginning January 1, 2020, all school districts must participate in the SEBB program, including districts and

employees currently participating in the PEBB program, and health benefits for all school district and educational service district employees are merged into a single, community-rated risk pool separate from the risk pool for PEBB health benefits. School retirees and state retirees continue to participate in PEBB health plans. By December 15, 2018, the HCA, in consultation with the PEBB and the SEBB, must complete an analysis of the most appropriate risk pool for retired school employees. A nonvoting position on the PEBB that represents school employees is eliminated effective December 31, 2019.

The current exemptions from public disclosure that are provided for proprietary data, actuarial formulas, and similar information solicited for the PEBB program are extended also to information solicited for the SEBB program. Provisions requiring the HCA to contract with PEBB managed care plans for chronic care management within health homes are extended to SEBB plans. Separate SEBB program accounts, like accounts currently used for the PEBB program, are established in the custody of the State Treasurer.

Health insurers that provide medical and dental plans to school districts as of December 31, 2017, and districts that have self-funded plans, must provide the HCA with specified data by January 1, 2018, to support the initial procurement of plans for the SEBB program. The required data is similar to the data insurers and districts report to the OIC through December 31, 2019. Thereafter, the school districts must submit data required by the SEBB program to administer the consolidated purchasing of health services and the OIC will no longer submit annual data reports to the Legislature.

The scope of the medical, dental, vision, and other basic and optional insurance benefits provided for school employees is removed from local bargaining. Current provisions dealing with school district pooling arrangements established by bargaining units are abolished. Beginning January 1, 2020, school district contributions to employee insurance purchased through the HCA must conform to requirements established by HCA statutes and the SEBB.

All collective bargaining agreements entered into between school districts and organizations representing certificated or classified school district employees must be consistent with the changes made by the bill. Employee bargaining over the dollar amount expended for school employee health care benefits beginning January 1, 2020, must be 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. Bargaining must be initiated after July 1, 2018. The coalition bargaining must follow the model initially established for state employees. After receiving a finding from the Director of the Office of Financial Management that the agreement is feasible financially for the state, the Governor may request funds and legislation to implement the agreement along with the Governor's budget. The Legislature shall approve or reject the request for funds.

## 2017-19 Operating Budget K-12 Schools Funding Details

The 2017-19 Operating Budget included separate appropriations to implement bills, provisos, studies and work groups, in addition to the new education funding associated with ESHB 2242. Amounts are new, and separate from other policy items carried forward or maintenance level (ML) in the budget from previous years. *Most* policy investments are summarized here:

Title of Funding Policy	Total Amount (dollars rounded)	Special notes:
Local Effort Assistance	\$165.2 million	This is in addition to ML amounts; supports SB 5023 (levy cliff)
Paraeducators	\$471,000	Supports HB 1115
Foster Care Youth Services	\$1.3 million	Expands support to about 120 youth
Truancy Reduction Efforts	\$364,000	Supports HB 1170
Dual Language K-12 and Early Learning	\$400,000	Supports HB 1445
Basic Education Implementation	\$11 million	Temporary hold harmless for transition to revised K-12 funding formulas
Children’s Mental Health	\$816,000	Supports HB 1713
Learning Assistance Instructional Hours	\$221.7 million	Increases by 1.1 hours for high poverty school buildings
Highly Capable Instructional Hours	\$26.5 million	Increases state support from 3 percent of the most highly capable students in a school district to 5 percent.
Transitional Bilingual Instructional Hours	\$26.9 million	Increases instructional hours by 2 hours for middle and high school students
CTE & Skills Center Class Size	\$82 million	Supports smaller class sizes in CTE and skill center programs
K-12 Salary Allocations	\$1.095 billion	Changes to salary allocation for CIS, CAS, and CLS

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Mentoring	\$10 million	Expands the Beginning Educator Support Team program
IB Pipeline	\$600,000	One-time grants to support middle and high schools with IB programs in high-poverty schools. Sets eligibility requirements.
SEL Work Group	\$200,000	Continues the work of the SEL work group on benchmarks, with a report due to the Legislature and Governor by 6/30/19
Pupil Transportation Formula Study	\$100,000	Study to evaluate the extent to which the formula corresponds to the actual costs of providing pupil transportation to and from school
Low-Achieving Schools	\$5 million	Additional funding for schools identified as low achieving or are in Required Action District status
CTE- MSOC	\$1.9 million	Increases in MSOC for CTE and skill centers
Special Education	\$22.7 million	The cap on special education funding is increased from 12.7 percent to 13.5 percent.
Professional Learning	\$26.4 million	Three days of professional development, phased in: 1 day in 2018-19; 2 days in 2019-20; and 3 days in 2020-21.
Health Benefits Rate Adjustment	\$110.3 million	Rate increased from \$780 to \$820 for school year (SY) 2017-18 and \$840 for SY 2018-19, supporting a transition to a SEBB program.
OSPI State-wide Accountability System	\$600,000	Accountability system to address absenteeism and improve student graduation rates