

---

SECOND SUBSTITUTE SENATE BILL 6195

---

State of Washington

64th Legislature

2016 Regular Session

By Senate Ways & Means (originally sponsored by Senators Rivers, Rolfes, Litzow, and Billig)

READ FIRST TIME 02/09/16.

1 AN ACT Relating to basic education obligations; amending RCW  
2 28A.505.140 and 28A.400.200; creating new sections; and declaring an  
3 emergency.

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

5 NEW SECTION. **Sec. 1.** INTENT. During the past two biennia, the  
6 legislature has demonstrated its commitment to funding education  
7 through strong bipartisan support for funding its statutory formulas  
8 for: Pupil transportation; materials, supplies, and operating costs;  
9 full-day kindergarten; and class size reductions. In the 2015-2017  
10 biennial budget, the legislature specifically increased funding to  
11 reduce class sizes in grades K-3. The legislature further included  
12 the previously scheduled 2017-2019 biennium completion of K-3 class  
13 size reduction funding in its adopted four-year budget outlook. The  
14 legislature has planned for and is fully committed to completing the  
15 scheduled phase in of K-3 class size reduction in the 2017-2019  
16 biennium.

17 The state is fully committed to funding its program of basic  
18 education as defined in statute and to eliminating school district  
19 dependency on local levies for implementation of the state's program  
20 of basic education. It is the intent of the legislature to provide  
21 state funding for competitive salaries and benefits that are

1 sufficient to hire and retain competent certificated instructional  
2 staff, administrators, and classified staff. Additionally, the  
3 legislature intends to minimize any disruptive impact to school  
4 districts and taxpayers.

5 The legislature finds that the lack of transparency in school  
6 district data regarding how districts use local levy funds limits its  
7 ability to make informed decisions concerning teacher compensation.  
8 Previous studies have analyzed market data for educator compensation  
9 and have provided recommendations on revisions to state allocation  
10 formulas, but these studies did not provide data and analysis of  
11 compensation paid by districts above basic education salary  
12 allocations above the statutory prototypical school model, the source  
13 of funding for this compensation, and the duties, uses, or categories  
14 for which that compensation is paid. This foundational data is  
15 necessary to inform the legislature's decisions.

16 NEW SECTION. **Sec. 2.** EDUCATION FUNDING TASK FORCE ESTABLISHED.

17 (1) The education funding task force is established to continue the  
18 work of the governor's informal work group to review the data and  
19 analysis provided by the consultant retained under section 3 of this  
20 act and must make recommendations to the legislature on implementing  
21 the program of basic education as defined in statute.

22 (2) Using the data and analysis provided by the consultant and  
23 the previous body of work provided to the legislature, the task force  
24 must, at a minimum, make recommendations for compensation that is  
25 sufficient to hire and retain the staff funded under the statutory  
26 prototypical school funding model and an associated salary allocation  
27 model. The recommendations must also include provisions indicating  
28 whether:

29 (a) A system for future salary adjustments should be incorporated  
30 into the salary allocation model and if so, the method for providing  
31 the adjustment; and

32 (b) A local labor market adjustment formula should be  
33 incorporated into the salary allocation model and if so, the method  
34 for providing the adjustment. This must include considerations for  
35 rural and remote districts and districts with economic and  
36 distressing factors that affect recruitment and retention.

37 (3) The task force must review the report on addressing the  
38 problem of teacher shortages prepared by the professional educator  
39 standards board. The task force must make recommendations for

1 improving or expanding existing educator recruitment and retention  
2 programs.

3 (4) The task force must also make recommendations regarding:

4 (a) Local maintenance and operation levies and local effort  
5 assistance;

6 (b) Local school district collective bargaining;

7 (c) Clarifying the distinction between services provided as part  
8 of the state's statutory program of basic education and services that  
9 may be provided as local enrichment;

10 (d) Required district reporting, accounting, and transparency of  
11 data and expenditures;

12 (e) The provision and funding method for school employee health  
13 benefits; and

14 (f) Sources of state revenue to support the state's statutory  
15 program of basic education.

16 (5) The task force consists of the following members:

17 (a) Eight legislators, with two members from each of the two  
18 largest caucuses of the senate appointed by the leaders of each of  
19 the two largest caucuses of the senate, and two members from each of  
20 the two largest caucuses of the house of representatives appointed by  
21 the speaker of the house of representatives; and

22 (b) The governor or the governor's designee as a nonvoting member  
23 to serve as facilitator.

24 (6) Recommendations of the task force require the affirmative  
25 vote of six of its members.

26 (7) Staff support for the task force must be provided by the  
27 house of representatives office of program research and senate  
28 committee services, with additional staff support provided by the  
29 office of financial management.

30 (8) Meetings of the task force shall be open to the public. The  
31 task force shall solicit input from the public through a period of  
32 open public comment at task force meetings. The comment period may be  
33 limited to ensure that the task force has sufficient time to conduct  
34 all of its business.

35 (9) The expenses of the task force must be paid jointly by the  
36 senate and the house of representatives. Task force expenditures are  
37 subject to approval by the senate facilities and operations committee  
38 and the house of representatives executive rules committee, or their  
39 successor committees.

1 (10) The task force recommendations and any supporting  
2 legislation must be submitted to the legislature by January 9, 2017.

3 NEW SECTION. **Sec. 3.** ANALYSIS OF K-12 PUBLIC SCHOOL STAFF  
4 COMPENSATION. (1) In consultation with the education funding task  
5 force established in section 2 of this act, the Washington state  
6 institute for public policy shall contract for independent  
7 professional consulting services to:

8 (a) Collect K-12 public school staff total compensation data, and  
9 within that data, provide an analysis of compensation paid in  
10 addition to basic education salary allocations under the statutory  
11 prototypical school model, source of funding, and the duties, uses,  
12 or categories for which that compensation is paid;

13 (b) Identify market rate salaries that are comparable to each of  
14 the staff types in the prototypical school funding model; and

15 (c) Provide analysis regarding whether a local labor market  
16 adjustment formula should be implemented and if so which market  
17 adjustment factors and methods should be used.

18 (2) The superintendent of public instruction must collect, and  
19 school districts and other applicable local education agencies must  
20 provide, compensation data necessary to implement this section with  
21 sufficient time for the consultant to accomplish the work required by  
22 this section. Data must be in the format necessary to meet the needs  
23 of the consultant. The superintendent of public instruction must  
24 provide this information to the Washington state institute for public  
25 policy, the office of financial management, and the education funding  
26 task force, for use by the consultant and the task force.

27 (3) The consultant must provide an interim report to the  
28 education funding task force and the governor by September 1, 2016.

29 (4) The consultant's final data and analysis must be provided to  
30 the education funding task force and the governor by November 15,  
31 2016.

32 **Sec. 4.** RCW 28A.505.140 and 2006 c 263 s 202 are each amended to  
33 read as follows:

34 (1) By June 1, 2016, the superintendent of public instruction  
35 shall create a working group with representatives of the state  
36 auditor, legislative evaluation and accountability program committee,  
37 the school district accounting advisory committee, school district  
38 and educational service district financial managers, the Washington

1 association of school business officers, the Washington association  
2 of school administrators, the Washington state school directors'  
3 association, and others with expertise in education finance that the  
4 superintendent may choose. By September 1, 2016, the working group  
5 shall submit to the education funding task force established in  
6 section 2 of this act recommendations on how to implement improved  
7 accounting procedures and practices, including requiring school  
8 districts to provide separate accounting of state, federal, and local  
9 revenue expenditures and also separate accounting of basic education  
10 and nonbasic education expenditures.

11 (2) Notwithstanding any other provision of law, the  
12 superintendent of public instruction shall adopt such rules as will  
13 ensure proper budgetary procedures and practices, including monthly  
14 financial statements consistent with the provisions of RCW 43.09.200,  
15 and this chapter.

16 ((+2)) (3) If the superintendent of public instruction  
17 determines upon a review of the budget of any district that said  
18 budget does not comply with the budget procedures established by this  
19 chapter or by rules adopted by the superintendent of public  
20 instruction, or the provisions of RCW 43.09.200, the superintendent  
21 shall give written notice of this determination to the board of  
22 directors of the local school district.

23 ((+3)) (4) The local school district, notwithstanding any other  
24 provision of law, shall, within thirty days from the date the  
25 superintendent of public instruction issues a notice pursuant to  
26 subsection ((+2)) (3) of this section, submit a revised budget which  
27 meets the requirements of RCW 43.09.200, this chapter, and the rules  
28 of the superintendent of public instruction.

29 NEW SECTION. Sec. 5. (1) The legislature recognizes that local  
30 levy funds should not be used to pay for the program of basic  
31 education as defined by the legislature. The legislature further  
32 recognizes that when the auditor conducts audits of school districts  
33 that the audit should include ensuring that the school district is  
34 keeping federal, state, and local funds separate and that local levy  
35 funds are not being used for the program of basic education. The  
36 legislature intends to direct the auditor to make recommendations on  
37 how to ensure that school districts are not spending local levy funds  
38 to pay for basic education expenses.

1 (2) By June 1, 2016, the state auditor shall review its internal  
2 audit practices, review recent school district audits of a  
3 representative sample of school districts, including large, small,  
4 urban, and rural districts, and make recommendations to the education  
5 task force established in section 2 of this act on how adjustments  
6 can be made to the internal practices of both the auditor and the  
7 school districts to ensure that school districts are not using local  
8 levy funds for basic education. The review of recent school audits  
9 and any recommendations by the auditor required under this section  
10 shall not constitute a finding by the auditor against any of the  
11 school districts that are reviewed.

12 **Sec. 6.** RCW 28A.400.200 and 2010 c 235 s 401 are each amended to  
13 read as follows:

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

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

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

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

30 (b) Fringe benefit contributions for certificated instructional  
31 staff shall be included as salary under (a) of this subsection only  
32 to the extent that the district's actual average benefit contribution  
33 exceeds the amount of the insurance benefits allocation provided per  
34 certificated instructional staff unit in the state operating  
35 appropriations act in effect at the time the compensation is payable.  
36 For purposes of this section, fringe benefits shall not include  
37 payment for unused leave for illness or injury under RCW 28A.400.210;  
38 employer contributions for old age survivors insurance, workers'  
39 compensation, unemployment compensation, and retirement benefits

1 under the Washington state retirement system; or employer  
2 contributions for health benefits in excess of the insurance benefits  
3 allocation provided per certificated instructional staff unit in the  
4 state operating appropriations act in effect at the time the  
5 compensation is payable. A school district may not use state funds to  
6 provide employer contributions for such excess health benefits.

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

11 (4)(a) For local bargaining agreements prior to June 30, 2016,  
12 salaries and benefits for certificated instructional staff may exceed  
13 the limitations in subsection (3) of this section only by separate  
14 contract for additional time, for additional responsibilities, for  
15 incentives, or for implementing specific measurable innovative  
16 activities, including professional development, specified by the  
17 school district to: (a) Close one or more achievement gaps, (b) focus  
18 on development of science, technology, engineering, and mathematics  
19 (STEM) learning opportunities, or (c) provide arts education.  
20 Beginning September 1, 2011, school districts shall annually provide  
21 a brief description of the innovative activities included in any  
22 supplemental contract to the office of the superintendent of public  
23 instruction. The office of the superintendent of public instruction  
24 shall summarize the district information and submit an annual report  
25 to the education committees of the house of representatives and the  
26 senate.

27 (b)(i) Beginning July 1, 2016, salaries and benefits for  
28 certificated instructional staff may exceed the limitations provided  
29 in subsection (3) of this section through a separate local  
30 compensation contract, which shall only be for the following:

31 (A) Additional recorded time for the implementation of new  
32 programs for students outside of the state-funded contract school  
33 day; or

34 (B) Time-based activities previously funded by the school  
35 district but not included in the collective bargaining agreement; or

36 (C) Additional time for staff development outside of the state-  
37 funded contract school day or school year.

38 (ii) The limitations in (b)(i) of this subsection shall not  
39 result in a salary reduction from school year 2015-16.

1        (c) Supplemental contracts shall not cause the state to incur any  
2 present or future funding obligation. Supplemental contracts shall be  
3 subject to the collective bargaining provisions of chapter 41.59 RCW  
4 and the provisions of RCW 28A.405.240, shall not exceed one year, and  
5 if not renewed shall not constitute adverse change in accordance with  
6 RCW 28A.405.300 through 28A.405.380. No district may enter into a  
7 supplemental contract under this subsection for the provision of  
8 services which are a part of the basic education program required by  
9 Article IX, section 3 of the state Constitution.

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

12        NEW SECTION.        **Sec. 7.**        LOCAL LEVIES—LEGISLATIVE ACTION.  
13 Legislative action must be taken by December 31, 2017, to reform  
14 school district levies, including addressing the scheduled reductions  
15 in school district levy authority percentages, the levy base due to  
16 the scheduled elimination of certain nonbasic education revenues that  
17 the school districts did not actually receive, and local effort  
18 assistance due to the reductions in levy authority and the levy base.

19        NEW SECTION.        **Sec. 8.**        This act is necessary for the immediate  
20 preservation of the public peace, health, or safety, or support of  
21 the state government and its existing public institutions, and takes  
22 effect immediately.

--- END ---