

Major Components of Education Equality Act

Brief Summary. The goal of the legislation is to improve educational outcomes for all students and provide greater flexibility and accountability for all school districts by taking the following actions:

- Repeals the prototypical school funding allocation model and instead using a simpler per pupil allocation funding allocation model, which includes a basic per pupil guarantee and supplemental per pupil amounts for special education, transitional bilingual, poverty, CTE, highly capable, and homeless students;
- Creates a partnership between the state and school districts to fully fund basic education through a permanent, non-voter approved local effort levy to provide a guaranteed funding amount that each school district receives. (The local effort levy is a state property tax levied on behalf of school districts);
- Provides a minimum state contribution of 40 percent with respect to the basic per pupil guarantee. In other words, the state guarantees to pay for at least 40 percent of the basic per pupil amount from state resources other than the new local effort levy;
- Includes a small school hold harmless provision ensuring that school districts with an enrollment of less than 2,500 will receive the greater of funding under current law or what the funding that would be provided under the new formula;
- Caps the local effort levy at \$1.80 per thousand dollars of assessed value; however, provides a mechanism to lower the tax rate over time if state biennial revenues grow sufficiently;
- Provides a mechanism to reimburse taxing districts that are impacted by the local effort levy;
- Restructure the process for local school district excess levies to include a review and approval by the State Superintendent of Public Instruction and regular audits by the State Auditor to ensure local levy funds are not used for basic education;
- Disallows local M&O levies in calendar year 2019. In calendar year 2020, local M&O levies are subject to a uniform 10 percent levy lid;
- Beginning with the 2018-19 school year, school districts must create a subfund for local revenues. Expenditures from this subfund must be tracked separately to account for the expenditure of each of the local revenue streams;
- Requires regular financial audits of school districts by the state auditor to ensure that excess levy funds are not expended upon for any basic education purpose;
- State levy equalization is discontinued beginning in calendar year 2019;
- Increase accountability by establishing school district performance targets and a timeline to determine school district success and improve accounting transparency;

- Assist school districts in attracting and retaining teachers and other school staff by simplifying how the state-funding for teachers' salaries is determined, providing additional salary opportunities, and requiring school districts offer affordable health care coverage for families;
- Removes from statute the salary allocation schedule; however, school district board of directors must not provide salary increases based on a master's or other advanced degree that is not in the subject area in which the individual teaches;
- Increases the minimum beginning salary for certificated instructional staff to \$45,000;
- Limits the amount school districts can spend on salaries and benefits to no more than 80 percent of their total general fund budget; however, provides a 6-year phase-in for school districts above this 80 percent level;
- Provides a new housing allowance for all school district employees working in districts where the average residential property value is above the statewide average. The housing allowance would be a maximum of \$10,000 but most districts would receive a percentage of this amount based on how much the average residential property value within the district exceeds the statewide average;
- Permits school districts to use state funds to provide National Board Certification bonuses to certificated instructional staff in an amount determined by the district;
- Allows school districts to enter into state-funded supplemental employment contracts with certificated instructional staff to provide remedial education instruction and services to underachieving students beginning in the 2018-19 school year;
- Repeals I-1351 provisions;
- Provides greater flexibility for school districts;
- Establishes the Top Teacher Recognition Grant Program to encourage excellence in the classroom by awarding grants of \$50,000-25,000 to outstanding teachers via principal nomination and ultimate selection at the ESD level;
- Provides that collective bargaining agreements must comply with the bill;
- Prohibits employee strikes by certificated instructional staff;
- Provides that large school districts, educational service districts, and certain educational state agencies must implement the Baldrige Performance Excellence program;
- Allows school districts to remove teachers who are detrimental to student academic performance; and
- Includes a referendum to the people.

Additional details are provided on the following pages.

I. Repeals the K-12 prototypical school funding allocation model for basic education and instead uses a simpler per pupil allocation funding allocation model. Creates a partnership between the state and school districts to fully fund basic education by requiring a permanent local contribution and a state minimum funding level to provide a guaranteed funding amount that each school district receives.

A. Creates a basic education per pupil guaranteed funding level that is projected to generate revenue in excess of what state and local funds will provide under current law, including the fully phased-in 2776 enhancements.

1. *Establishes a basic education per pupil amount that replaces state general apportionment, pupil transportation, state levy equalization, and local excess levy dollars.*
2. *Establishes several categorical per pupil funding amounts for English language learners, transitional bilingual, special education, low-income, highly capable, career and technical education, and homeless students. These funding amounts are entirely state funded.*
3. *A state property tax levied on behalf of school districts, referred to as a local effort levy, is applied to the cost of the basic per pupil guarantee. The local effort levy is a permanent property tax levy levied on behalf of school districts by the state. It is not an excess levy. The local effort levy tax rate cannot exceed \$1.80 per thousand dollars of assessed value. The tax rate may be phased down to a rate not lesser than \$1.25 per thousand dollars of assessed value.*
4. *The state backfills the amount necessary to reach the basic per pupil guaranteed funding level after applying the local effort levy but also establishes a minimum amount to be provided by the state.*
5. *Any taxing district that experiences diminished property tax revenues due to the local effort levy is eligible to receive a payment from the state equal to the amount that the taxing district's regular levy was negatively impacted.*
6. *Includes small school hold-harm-less provisions to ensure school districts currently receiving small school funding do not receive less funding.*
7. *After all other funding calculations are complete, a school district's total per pupil funding amount is increased to \$12,500 if, after all other state, local, and federal sources have been included, the per pupil amount is less than \$12,500.*

II. Restructures the process for local school district excess levies to include a review and approval by the State Superintendent of Public Instruction and regular audits by the State Auditor to ensure local levy funds are not used for basic education;

A. Authorizes school districts to submit local excess levies for voter approval for non-basic education costs.

But prior to the levy school district must submit a plan to the Office of the Superintendent of Public Instruction (OSPI) detailing how the local funds will be used. Requires OSPI to review

and certify the district is not using local excess levy funds for basic education. The levy lid percentage is lowered to 10 percent.

B. Expands school district audits by state auditor.

Requires the regular financial audits of school districts by the state auditor to include a review of the expenditures of school district excess levy funds to ensure that such funds are not expended for any basic education purpose.

C. Local Effort Assistance (Levy Equalization)

Local effort assistance is repealed beginning on January 1, 2019.

III. Increases accountability by establishing school district performance targets and a timeline to meet the targets to determine school district success, improve school district accounting transparency and require regular audits.

A. Establishes school district performance targets and a timeline to meet the targets to determine school district success.

1. *Performance targets to be met by 2020:*

a) Increase third grade literacy rate by raising to 86 percent the percentage of students meeting the state standard on the third grade statewide reading assessment.

b) Improve high school readiness by increasing to 72 percent the percentage of students meeting the standard on the eighth grade statewide mathematics assessment.

c) Raise the four-year cohort high school graduation rate to 89 percent.

d) Enhance the quality of the high school diploma by increasing to 93 percent the percentage of high school graduates who enroll in a college or university no later than the second quarter after graduation who do not need to take college remediation courses.

2. *Establishes performance targets to measure school district success to be met by 2024.*

a) Close the achievement gap to 5% based on all students' level of proficiency on the annual statewide English language arts and mathematics assessments.

3. *Requires school districts report the following:*

a) The percent of students who are ready to enter kindergarten based on all six areas identified by the Washington kindergarten inventory of developing skills, which is already required to be used by all kindergarten teachers.

b) The percent of high school graduates that are enrolled in postsecondary education, training or are employed by the fourth quarter after high school graduation.

- B. Improve school district accounting transparency.
 - 1. *Requires a local revenue fund to deposit local excess levy funds and local effort assistance payments separate from other state and federal funds received.*
 - 2. *Directs district accounting of expenditures, including school employee salaries, to indicate revenue source & whether a basic education or non-basic education.*
 - 3. *Expands the annual district budget development process to include a four-year budget outlook that includes a four-year enrollment projection*
- C. Adds a financial health indicator for school districts.

Directs the Office of the Superintendent of Public Instruction to consider a district's four-year budget outlook when ranking districts' financial health.

IV. Assists school districts in attracting and retaining teachers and other school staff by simplifying how the state-funding for teachers' salaries is determined, providing additional salary opportunities, and requiring school districts offer affordable health care coverage for families.

- A. Eliminate the SAM but designate an amount of the basic education per pupil guarantee to be used for salaries, within specified limitations:
 - 1. *School districts must pay an identified minimum salary of \$45,000.*
- B. Provides additional salary opportunities.
 - 1. *Permits school districts to provide an annual bonus for teachers who attain certification from National Board of Professional Teaching Standards and working in a high poverty school.*
 - 2. *Authorizes up to three additional months' state-provided salary for teachers that contract with a school district to provide remedial education outside of the 180-day school calendar.*
 - 3. *Recognizes that a major factor used to determine the cost-of-living in an area is the cost of housing. Therefore, instead of using a local labor market adjustment for salaries a state-provided housing allowance is provided to encourage certificated administrative, certificated instructional staff, including teachers, and classified staff to live in the school districts in which they work. The housing allowance is based on the equalized assessed value of property within a school district in which the certificated staff person works. The maximum amount per individual is \$10,000, adjusted for inflation in subsequent years.*
- C. Requires that the premiums for basic health care coverage for a full family is no more than three times the premiums for single coverage for the same coverage plan.

V. Removes from statute the salary allocation schedule.

Beginning in the 2018-19 school year, there is no statewide salary schedule for certificated instructional staff. However, school district board of directors must not provide salary increases

based on a master's or other advanced degree that is not in the subject area in which the individual teaches.

VI. Increases the minimum beginning salary for certificated instructional staff.

- A. *Salaries for all full-time certificated instructional staff in the basic education program must not be less than \$45,000.*
- B. *The total salary and benefits paid to certificated instructional, certificated administrative, and classified staff shall not exceed eighty percent of the district's total expenditures from the district's general fund.*
- C. *A school district that exceeded the eighty percent threshold as of the 2017-18 school year based on school expenditure data reported to the Office of the Superintendent of Public Instruction have until the 2023-24 school year to comply.*

VII. Permits school districts to use state funds to provide National Board Certification bonuses to certificated instructional staff in an amount determined by the district.

- A. *A school district may use state funds to provide bonuses to a certificated instructional staff who have a certification from the National Board for Professional Teaching Standards.*
- B. *The bonus amounts are determined by the school district board of directors, and are not be considered part of the program of basic education or the funding necessary to comply with the state's Article IX constitutional duty.*

VIII. Provides that eligible state-funded certificated administrative, certificated instructional staff, and classified staff will receive an annual lump sum housing allowance.

- A. Beginning in the 2018-19 school year, eligible state-funded certificated administrative, certificated instructional, and classified staff will receive an annual lump sum housing allowance.
 - 1. *The housing allowance amount per employee will be based on a calculation that looks at the amount by which the school district's average home value is greater than the statewide average. Only districts where the average home value is greater than the statewide average qualify.*
 - 2. *During the 2018-19 school year, the housing allowance amount will range from a minimum of zero to a maximum of \$10,000. The allowance amount must be provided to each state-funded certificated and classified staff employed by the school district.*
- B. Administration of the housing allowance program
 - 1. *OSPI will administer the housing allowance program and adopt rules for its implementation.*
 - 2. *The Department of Revenue shall provide the aggregate equalized assessed value of the residential real property by school district to OSPI in accordance with a timeline that will enable OSPI to provide the annual housing allowance to eligible school employees.*

- C. Housing allowances are part of the program of basic education or part of the funding necessary to comply with the state's Article IX constitutional duty, and are not subject to collective bargaining.

IX. Allows school districts to enter into state-funded supplemental employment contracts with certificated instructional staff to provide remedial education instruction and services to underachieving students.

- A. Beginning in the 2018-19 school year, each school district is authorized to enter into state-funded supplemental employment contracts with qualified nonsupervisory certificated instructional staff to provide remedial education instruction and services to underachieving students, as determined by statewide, school, or district assessments or other student performance measurement tools.
- B. Supplemental employment contracts are subject to the following conditions and limitations:
 - 1. *May be for up to an additional ninety days of employment outside of the one hundred eighty-day school year;*
 - 2. *Must be time-based with compensation at an hourly rate as calculated by the employee's placement on the previous year's salary schedule;*
 - 3. *The employee's supervisor must certify to the superintendent of the school district that the activity was done in the appropriate time and manner, and was in compliance with other statutory conditions and limitations;*
 - 4. *Non-renewal of supplemental employment contracts does not constitute an adverse change in contract;*
 - 5. *Must be separately accounted for by the school districts; and*
 - 6. *Must be audited as part of the school district's regular financial audits by the Washington State Auditor's Office to ensure compliance with any statutory limitations and conditions.*
- C. Supplemental employment contracts are not considered part of the program of basic education or part of the funding necessary to comply with the state's Article IX constitutional duty.

X. Provides greater flexibility for school districts.

- A. Provides additional flexibility in hiring.
 - 1. *Expands school district ability to hire classroom teachers without a teaching certificate. Districts must ensure that the person still undergoes the required background check.*
 - 2. *Repeals Initiative-1351 provisions.*
- B. Exempts districts on pace to meet the performance targets from most state laws.

Exempts school districts from most state laws, if on target to meet or are meeting the performance targets that measure school district success. But must comply with specified laws, including health, safety, non-discrimination, and providing a program of basic education. (Same as laws specified for charter schools.)
- C. Encourages school boards to provide flexibility to certain schools.

Encourages school boards to exempt from most district policies and collective bargaining agreements the schools identified by the State Board of Education as on pace to meet performance targets.

- D. Changes basis for identifying schools that need improvement or required action.
Uses the performance targets that measure school district success as the basis for identifying such schools in the lowest 5 percent.
- E. Creates a process for a limited number of school districts to become innovation districts and are exempt from most state laws.
 - 1. *Provides that these school districts must not be in the lowest 5 percent.*
 - 2. *Requires district to submit a plan for approval by the State Board of Education (SBE) to receive flexibility from state laws to improve student and school improvement.*

VI. Changes collective bargaining.

Requires any collective bargaining agreements entered into, modified, re-opened, or renewed after the effective date of the legislation must be consistent with all the legislative changes.

VII. Student absenteeism

- A. Directs each school district, beginning in the 2019-20 school year, to create an attendance reserve to be used to reduce chronic student absenteeism, which is eighteen or more absences in a school year.
- B. If a school has a three-year average student absentee rate that exceeds twenty percent of the student population of the school, then OSPI must recover from the school district an amount of funds from the district's reserve that is equal to the amount of funds that the school received for each chronically absent student in excess of twenty percent.

VIII. Establishes the Top Teacher Recognition Grant Program to encourage excellence in the classroom by awarding grants of \$50,000-25,000 to outstanding teachers as determined by the school district board of director

- A. The Top Teacher Recognition Grant Program is established to encourage excellence in the classroom teaching ranks and to recognize the most outstanding classroom teachers in Washington.
 - 1. *Subject to availability of funds, in each odd-numbered year, every educational service district must identify, based on merit, the top five percent of teachers who are teaching in a school district within the educational service district.*
 - 2. *The teachers identified in the top five percent will be chosen and certified by the educational service district board of directors from a list of nominees submitted by each school district's board of directors. The school district board's nominees must be selected from a list of candidates submitted by school principals using selection criteria and a process developed by the school district's board of directors, after receiving input from the community.*
 - 3. *The teachers identified in the top two percent will receive a one-time top teacher recognition grant award of \$50,000. The rest of the teachers who are identified in the top five percent will receive one-time top teacher recognition grant awards of \$25,000 each.*
- B. The top teacher recognition grant is not subject to collective bargaining, may not be included for the purpose of calculating retirement allowances under any public retirement system in

Washington, and is not part of the program of basic education or part of the funding necessary to comply with the state's Article IX constitutional duty.

IX. Prohibits employee strikes by certificated instructional staff.

Educational employees do not have the right to strike, participate in work stoppages or work slowdowns, or to otherwise refuse to perform their official duties.

X. Provides that large school districts, educational service districts, and certain educational state agencies must implement the Baldrige Performance Excellence program.

- A. Beginning in the 2018-19 school year, the Office of the Superintendent of Public Instruction (OSPI) will select ten school districts with at least five thousand students to pilot implementation of the Education Sector Excellence Assessment Framework developed by the National Institutes of Standards and Technology within the United States Department of Commerce.
 - 1. *OSPI must develop a phased-in schedule whereby all school districts with at least 5000 students has implemented the education sector excellence assessment framework by the 2020-21 school year.*
 - 2. *Each school district selected to implement the excellence assessment framework will receive a \$10,000 grant to cover implementation costs, including contracting with a trained excellence assessment examiner at the beginning of implementation, and every three years thereafter, with the goal of reaching seventy percent or higher on the operational performance scoring guidelines within nine years.*
- B. OSPI must develop a standardized method for school districts to report implementation results and must take into consideration feedback by examiners when using the information to streamline and eliminate educational processes.
 - 1. *Beginning in the 2019-20 school year, any school districts that has implemented the excellence assessment framework must report to OSPI on implementation progress and examiner results.*
- C. By December 1, 2019, all educational service districts must implement the education sector excellence assessment framework and contract with a trained examiner at the start of the implementation, and every three years thereafter, with the goal of reaching seventy percent or higher on the assessment scoring guidelines within nine years.
- D. By December 1, 2019, OSPI, the State Board of Education, the Professional Educator Standards Board, the Washington State School Directors Association, and the Office of the Education Ombuds must implement the education sector excellence assessment framework by December 1, 2019, and contract with a trained examiner at the start of the implementation, and every three years thereafter, with the goal of reaching seventy percent or higher on the assessment scoring guidelines within nine years.

XI. Allows school districts to remove teachers who are detrimental to student academic performance.

- A. A teacher who fails to show improvement through in-service training and mentorship to the extent that they are identified in three years of a five-year time period as detrimental to the academic performance of students is subject to dismissal.
- B. The teacher must be notified in writing.
 - 1. *The notification must include a detailed explanation of the reasons for dismissal.*
 - 2. *The teacher has the right within ten days of notice to meet informally with the principal for the purpose of requesting that the principal reconsider his or her decision.*
 - 3. *Within ten days following the meeting, the principal must either reinstate the teacher or submit to the school district board of directors for consideration at its next regular meeting a written report recommending that the employment contract for the teacher be terminated.*
- C. A copy of the report must be delivered to the teacher at least ten days before the scheduled meeting of the board of directors. At the board of directors meeting, the teacher must be given the opportunity to present information and provide documentation refuting any facts regarding how the principal's determination was made.
- D. The board of directors must notify the teacher in writing of its final decision within ten days following the meeting at which the principal's recommendation was considered.
- E. The decision of the board of directors to terminate the contract of a teacher pursuant to this section is final and not subject to appeal.

VIII. Includes a referendum to the people.

- A. Subjects the entire Act, except for delay to the scheduled reduction to the levy lid, to ratification or rejection by a majority vote of the people of Washington State.