

A New Salary System

- Compensation specifically included in the statutory definition of basic education.
- The state allocation for salaries is based on a statewide average allocation per staffing unit and then adjusted for regional differences.
 - Regionalization is based on median residential values and three levels of regionalization: 6%, 12% and 18% increased allocations based on how much the district's residential values exceed statewide. An additional hold harmless allocation is provided to some districts which is phased down through 2023.
- Linear phase in begins in the 2018-19 SY with full phase in by 2019-20 SY. At full phase:

Staff Category	Current Average State Allocation (2016-17 SY)	Minimum Salary Allocation (to be adjusted for inflation)	Range of State Salary w/ Regionalization
Instructional Staff	\$54,062	\$64,000	\$66,194-\$82,081
Administrative Staff	\$61,752	\$95,000	\$98,257 - \$121,839
Classified Staff	\$33,299	\$45,912	\$47,486 - \$58,883

- Leaves determinations regarding actual salary amounts to collective bargaining with the following limitations for certificated instructional staff (CIS):
 - Minimum salary for beginning CIS of \$40,000. (w/ adjustment for inflation & regional differences)
 - Mandatory 10% increase after 5 years of employment
 - Maximum salary of \$90,000 (subject to adjustment for inflation and regional differences)

* The minimum and maximum limits only apply to the state's basic education salary, not to supplemental contracts.

**A district may pay a salary over the maximum by up to 10% for educational staff associates or teachers that are teaching in the subjects of science, technology, engineering, math or in the transitional bilingual instruction or special education programs.
- OSPI must convene a technical working group to develop a model salary grid that districts may use. The model grid must be provided to the Governor and Legislature and posted on its website.
- Beginning in the 2020-21 SY, the minimum state allocations for salaries must be adjusted annually for inflation. (COLA statutes renamed to be "inflationary adjustments") Inflationary adjustments based on Implicit Price Deflator (IPD) rather than Consumer Price Index (CPI).
- Beginning with the 2023 legislative session, and every 6 years thereafter, the Legislature must review the basic education compensation to ensure salary allocations continue to provide market-rate salaries and that regionalization adjustments reflect actual economic differences between districts.
 - No district can receive less state funding for the minimum state salary allocation as compared to its prior year allocation.

Program of Basic Education

- Maintains the existing prototypical school funding formula structure as the way funds are allocated.
- Three professional learning days for certificated instructional staff are included as basic education.
- Per-pupil reporting format required. Budget documents published by the Legislature and OSPI must report funding information in a per-pupil allocation format for general apportionment and listed categorical programs as described in the bill.
- Increases funding for student focused supports:

Basic Education Program	Current Value	New Value	Total 4-Year Investment
Middle and High School CTE Class Sizes (students per teacher)	26.57	23	\$197,511,000
Skills Centers Class Sizes (students per teacher)	22.76	20	(included in above total)
Learning Assistance Program (LAP) (additional hrs of instruction per week)	2.3975 * funded value, statutory value is 1.5156	2.3975*statutory value changed to reflect funded	\$527,902,000
High Poverty Schools LAP (<i>New</i>) (additional hrs of instruction per week)	N/A	1.1	
High Capable Program (percent of total district enrollment)	2.314%	5.0%	\$62,850,000
Special Education (percent of total district enrollment)	12.7%	13.5%	\$53,471,000

Local Levies and Local Effort Assistance

- Maintenance and operations levies are renamed "enrichment levies" and transportation vehicle levies are renamed "transportation vehicle enrichment levies."
- Beginning with taxes levied for collection in 2019, the maximum levy amount is the less of:
 - \$1.50 per thousand of assessed value of property in the school district, or
 - A \$2500 per pupil limit (*calculated using the prior year's average student enrollment and increased by inflation each year*)
- All types of local revenue, including enrichment levies, are subject to new rules:
 - Activities funded out of local revenue are defined as only those activities that are supplementing the basic education allocations. A list of permitted activities is included in the bill.
 - A district must receive approval of its expenditure plan from OSPI prior to submitting an enrichment levy to the voters. Details for the approval process are included in the bill.
 - Local revenues must be deposited in a separate sub-fund in the school district's general fund.
- Beginning in 2019, Local Effort Assistance (LEA) is calculated differently and is included in the definition of local revenue and subject to those same restrictions. The new formula is based on both the enrichment levy rates of the district, the district's enrollment and a \$1500 per pupil amount.

Collective Bargaining Agreements and Supplemental Contracts

- Collective bargaining agreements for any staff executed after the effective date of the act and in effect for the 2018-19 school year may not provide an increase to total salary for the 2018-19 that exceeds an inflationary adjustment (based on CPI not IPD). However, if the actual average salary for the staff is less than the statewide average for that staff category the district may increase those salaries accordingly.
- Supplemental contracts may only be used for defined enrichment activities and the hourly rate under the supplemental contract may not exceed the hourly rate provided to that same instructional staff under the basic education salary.

Initiative 1351

- The staffing enrichments provided in the prototypical funding formula under Initiative 1351 are removed from the basic education chapter and re-codified in a different chapter, with language stating that the enhanced staffing units are an enrichment to basic education. However, if an additional staffing unit is funded by specific reference in the operating budget then those units become part of basic education.
- OSPI is required to convene a technical working group of stakeholders to review the staffing enrichments in I-1351 and make recommendations to the Legislature on a possible phase-in plan that prioritizes those that are research or evidence-based strategies. Report due to Legislature by December 2019.

Health Benefits

- Creates the School Employees Benefits Board (SEBB) within the Health Care Authority (HCA). Responsibilities of the SEBB are listed and include development of school employee benefit plans, authorization of premium contributions, determining eligibility criteria and enrollment policies, terms for participation in the SEBB plans and other listed items. The HCA duties are expanded to include administering the health care benefit programs for school employees.
- Beginning in January 2020, all school districts must participate in the SEBB program and all district and educational service district employees are merged into a single, community-rated risk pool separate from the risk pool for PEBB health benefits.
- Collective bargaining agreements entered into must be consistent with the changes made in this act. The scope of health benefits provided for school employees are removed from local bargaining. Beginning January 2020, bargaining over the dollar amount expended for school employee health care benefits must be conducted between the Governor (or Governor's designee) and one coalition of all the exclusive bargaining representatives impacted by benefit purchasing with the SEBB.

Accountability & Transparency

- By 2019-20 SY, school districts must provide separate accounting of state and local revenues to expenditures data.
- School district budget requirements are modified to require the following:
 - The district budget must set forth state funded basic education salary amounts and local funded salary amounts in addition to total salary amounts for each individual staff in all three staff categories.
 - The budget process must include the development or update of a 4-year budget plan that includes a 4-year enrollment projection and an estimate of funding necessary to support both continuing program and service costs and supplemental contract obligations. Meeting and notice requirements related to the district budget are also applicable to the budget plan.
 - Caseload Forecast Council must convene a technical working group to develop a generic model for districts to use for the 4-year budget plan.
- The State Auditor must conduct regular financial audits to ensure districts are using local revenues in compliance with the provisions of this act. School boards must have a policy for responding to any negative audit findings and may include progressive disciplinary actions for the district superintendent.
- School districts must annually report to OSPI on the supplemental contracts entered into. OSPI shall summarize the district information and submit an annual report to the Legislature.