

**INITIATIVE 354**

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 354 to the Legislature is a true and correct copy as it was received by this office.

1 AN ACT Relating to education; amending RCW 28A.505.100; adding a  
2 new section to chapter 28A.505 RCW; adding a new section to chapter  
3 44.28 RCW; and creating new sections.

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

5 1. NEW SECTION. **Sec.** The people believe classroom instructional  
6 expenditures should be the highest priority of the billions of  
7 taxpayers' dollars dedicated to K-12 public education every year. The  
8 people further believe that at least sixty-five percent of expenditures  
9 should be spent on classroom instruction. The people want to be more  
10 informed about school districts' expenditures so that they can hold  
11 legislators and school districts accountable. To that end, the intent  
12 of this act is to:

13 (1) Require each school district to spend at least sixty-five  
14 percent of its operational expenditures on classroom instruction;

15 (2) Standardize reporting of school district expenditures using a  
16 definition that can be compared to other districts and other states;  
17 and

1 (3) Require annual public reporting of each school district's  
2 classroom instructional expenditures and total district operating  
3 expenditures.

4 1. NEW SECTION. **Sec.** A new section is added to chapter 28A.505 RCW  
5 to read as follows:

6 (1) In school year 2007-08 and thereafter, each school district of  
7 the state shall spend from all revenue sources at least sixty-five  
8 percent of its operational expenditures on classroom instructional  
9 expenditures.

10 (2) Notwithstanding subsection (1) of this section, if in fiscal  
11 year 2006-2007, a school district spends less than sixty-five percent  
12 of its operational expenditures on classroom instructional  
13 expenditures, the school district shall increase its classroom  
14 instructional expenditures by at least two percent of its operational  
15 expenditures in each state fiscal year until its classroom  
16 instructional expenditures reach at least sixty-five percent of its  
17 operational expenditures.

18 (3) In a fiscal year in which a school district determines that it  
19 cannot meet the requirements of either subsection (1) or (2) of this  
20 section, the school district may request a renewable, one-year waiver  
21 of the requirements from the superintendent of public instruction.  
22 Within forty-five days after receipt of a request, the superintendent  
23 of public instruction shall either grant or deny the requested waiver.

24 (4) The definitions in this subsection apply throughout this  
25 section and RCW 28A.505.100 unless the context clearly requires  
26 otherwise in this section.

27 (a) "Classroom instructional expenditures" means operational  
28 expenditures directly instructing pupils in a teacher-pupil learning  
29 situation where the teacher is regularly in the presence of the pupils  
30 or in regular communication with pupils, such as with distance  
31 learning, in a systematic program designed to assist pupils in  
32 acquiring new or improved knowledge, skills, and understandings.  
33 "Classroom instructional expenditures" are expenditures for :  
34 Classroom teachers, teachers' aides, teachers of homebound, teachers of  
35 institutionalized, special education instruction, correspondence  
36 teachers, and others assigned to instruct pupils regularly in a  
37 teacher-learning situation; textbooks, computers, and other classroom  
38 learning resources; class activities such as field trips, athletics,

1 arts, music, and multidisciplinary learning; librarians and library  
2 resources, and tuition paid to out-of-state districts and private  
3 institutions for special needs students. "Operational expenditures"  
4 does not include capital expenditures for construction or principal or  
5 interest payments on debt.

6 (b) "Revenue sources" means school district operational revenue  
7 from all sources, including state, federal, local, and private revenue.

8 (5) The superintendent of each school district shall report  
9 annually to the school district board of directors and the  
10 superintendent of public instruction on the district's compliance with  
11 this section. The board shall annually conduct a public hearing on the  
12 compliance report, with notification of the hearing provided by mail to  
13 each household in the district. The notification shall be provided in  
14 a standardized format, as prescribed by the superintendent of public  
15 instruction, that summarizes the district's compliance with this  
16 section and provides a comparison with one or more comparable school  
17 districts of the state. The public hearing may be conducted in  
18 conjunction with the district's annual budget meeting under RCW  
19 28A.505.050 or the public hearing on student achievement funds under  
20 RCW 28A.505.210.

21 (6) Beginning on December 1, 2008, the superintendent of public  
22 instruction shall provide an annual report to the office of financial  
23 management and the education and fiscal committees of the legislature  
24 detailing the implementation of this section. The information in this  
25 report shall include, but is not limited to: (a) The number of  
26 districts in compliance with subsection (1) of this section; and (b)  
27 the number of districts in compliance with subsection (2) of this  
28 section.

29 2. **Sec.** RCW 28A.505.100 and 1990 c 33 s 420 are each amended to read  
30 as follows:

31 The budget shall set forth the estimated revenues for the ensuing  
32 fiscal year, the estimated revenues for the fiscal year current at the  
33 time of budget preparation, the actual revenues for the last completed  
34 fiscal year, and the reserved and unreserved fund balances for each  
35 year. The estimated revenues from all sources for the ensuing fiscal  
36 year shall not include any revenue not anticipated to be available  
37 during that fiscal year: PROVIDED, That school districts, pursuant to  
38 RCW 28A.505.110 can be granted permission by the superintendent of

1 public instruction to include as revenues in their budgets, receivables  
2 collectible in future fiscal years.

3 The budget shall set forth by detailed items or classes the  
4 estimated expenditures for the ensuing fiscal year, the estimated  
5 expenditures for the fiscal year current at the time of budget  
6 preparation, and the actual expenditures for the last completed fiscal  
7 year. The budget shall quantify the district's classroom instructional  
8 expenditures and compliance with section 2 of this act.

9 Total salary amounts, full-time equivalents, and the high, low, and  
10 average annual salaries, shall be displayed by job classification  
11 within each budget classification. If individual salaries within each  
12 job classification are not displayed, districts shall provide the  
13 individual salaries together with the title or position of the  
14 recipient and the total amounts of salary under each budget class upon  
15 request. Salary schedules shall be displayed. In districts where  
16 negotiations have not been completed, the district may budget the  
17 salaries at the current year's rate and restrict fund balance for the  
18 amount of anticipated increase in salaries, so long as an explanation  
19 shall be attached to the budget on such restriction of fund balance.

20 3. NEW SECTION. **Sec.** A new section is added to chapter 44.28 RCW to  
21 read as follows:

22 By December 1, 2011, the joint legislative audit and review  
23 committee shall submit to the education and fiscal committees of the  
24 legislature a performance audit report under this chapter evaluating  
25 the implementation of section 2 of this act and providing information  
26 on the effect on educational outcomes.

27 4. NEW SECTION. **Sec.** The provisions of this act are to be liberally  
28 construed to effectuate the intent, policies, and purposes of this act.

29 5. NEW SECTION. **Sec.** If any provision of this act or its  
30 application to any person or circumstance is held invalid, the  
31 remainder of the act or the application of the provision to other  
32 persons or circumstances is not affected.

33 6. NEW SECTION. **Sec.** This act shall be known and may be cited as  
34 the first class education for Washington act.