

**INITIATIVE 789**

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. 789 to the People is a true and correct copy as it was received by this office.

1 AN ACT Relating to education; and adding a new chapter to Title 28A  
2 RCW.

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

4 NEW SECTION. **Sec. 1.** SHORT TITLE. This act shall be known and  
5 cited as the little red schoolhouse act.

6 NEW SECTION. **Sec. 2.** COMMON PUBLIC SCHOOLS. This chapter shall  
7 only apply to K-12 common public schools in school districts with over  
8 two thousand students.

9 NEW SECTION. **Sec. 3.** PURPOSE. The purpose of this chapter is to:  
10 (1) Reduce school districts' central administration costs and  
11 redirect the funding to the schools;  
12 (2) Increase student learning in accordance with RCW 28A.655.060;  
13 and  
14 (3) Ensure special education and bilingual student categorical  
15 funding reaches their schools; and to establish an accountability  
16 system to ensure and monitor this.

1 (4) Assist the public school system in general by recruiting back  
2 students to public schools.

3 NEW SECTION. **Sec. 4.** STUDENT FUNDING. (1) Ninety days after the  
4 effective date of this act, the office of the superintendent of public  
5 instruction shall adopt guidelines to define and clarify how much  
6 schools are to be paid for each student enrolled, and when. These  
7 guidelines shall follow current state laws. The payments shall be made  
8 through the school district to each school.

9 (2) The guidelines shall provide the calculations to drive one  
10 hundred percent of all state and federal educational funding and one  
11 hundred percent of the individual school district's maintenance and  
12 operation excess levy funding to the school where the student who  
13 generates the funding is enrolled.

14 (3) The guidelines shall separately calculate and allocate to  
15 schools moneys appropriated for basic education under RCW 28A.150.260  
16 for students who are eligible for special education under chapter  
17 28A.155 RCW; the learning assistance program under chapter 28A.165 RCW;  
18 the transitional bilingual instruction program under chapter 28A.180  
19 RCW; and applicable rules.

20 (4) The guidelines shall separately calculate and allocate to  
21 schools moneys appropriated for the transportation of students who are  
22 transported.

23 (5) The guidelines shall separately calculate and allocate to  
24 schools moneys appropriated from the local level. The school shall be  
25 entitled to an amount equal to one hundred percent of the maintenance  
26 and operation excess tax levy rate per annual average full-time  
27 equivalent student of the district in which the student who attends the  
28 school resides.

29 NEW SECTION. **Sec. 5.** ADMINISTRATION FEE. (1) To offset the costs  
30 of oversight and administering its schools, the school district shall  
31 be paid from each of its school budgets a percentage on all local,  
32 state, and federal funding that is allotted to the school.

33 (2)(a) The administration fee shall be paid in phases and by school  
34 district size as follows: For the school year 2002-03, up to a maximum  
35 of eight percent as directed by the school board of directors; and for  
36 the school year 2004-05, five percent.

1 (b) For the school year 2005-06 and each school year thereafter,  
2 the administration fee shall be paid in phases and by school district  
3 size as follows: Two percent for school districts with over fifteen  
4 thousand full-time equivalent students enrolled as of October 1st; two  
5 and one-half percent for school districts with under fifteen thousand  
6 full-time equivalent students enrolled as of October 1st; and three  
7 percent for school districts with under seven thousand full-time  
8 equivalent students enrolled as of October 1st.

9 NEW SECTION. **Sec. 6.** SCHOOL ACCOUNTING. Starting with the school  
10 year 2004-05, each school shall develop and manage its school budget  
11 and pay its building expenses from its school account. Each school  
12 shall pay its accounting expense from its school budget.

13 NEW SECTION. **Sec. 7.** STATE AUDITOR. (1) Within one hundred fifty  
14 days after the effective date of this act, the state auditor's office  
15 shall develop the guidelines for the school account expenses and its  
16 accounting codes, and the administration expenses and its accounting  
17 codes. The state auditor shall be responsible to develop and  
18 standardize all of the expense codes for schools and administration  
19 costs so that all state school's accounting practices are the same.  
20 The state auditor shall use the current state laws as the format. The  
21 state auditor shall establish penalties and fines for schools and  
22 school districts to impose after the school year 2005-06.

23 (2) After the school year 2004-05, and each year thereafter, the  
24 state auditor's office shall conduct random audits on a minimum of five  
25 percent of the K-12 schools to ensure schools are meeting its  
26 requirements. The audits for the school years 2004-05 and 2005-06  
27 shall be assistance audits only. No penalties or fines shall be  
28 assessed.

29 (3) The school account shall include, but not be limited to,  
30 accounting costs, payroll and benefits, and all of the building and  
31 grounds costs; heat, paper, transportation, insurance; and any shared  
32 costs with other district buildings.

33 (4) The administration fee shall include, but not be limited to,  
34 payroll, benefits and payroll expenses, and perks for school board  
35 directors, administrators, and staff, travel, their facility and office  
36 expenses, and any other expenses associated with fulfilling the central  
37 administration duties.

1        NEW SECTION.    **Sec. 8.**    DEVELOPMENT OF SCHOOL BUDGETS.    (1) Ninety  
2 days after the effective date of this act, the board of directors of  
3 each school district shall in good faith make available each school's  
4 yearly budget, how they generate income for the district, and the  
5 general budget expenses. Each school shall become knowledgeable of its  
6 building costs and those of the district for the 2002-03 and 2003-04  
7 school years.

8        (2) The principal shall take input from the certificated teachers  
9 and staff in the building and attend accounting seminars to understand  
10 the building's financial operation.

11        (3) The principal shall begin in early 2004 to develop the school  
12 budget for the school year 2004-05.

13        NEW SECTION.    **Sec. 9.**    THE PRINCIPAL.    (1) The principal shall  
14 develop the final school budget for the school year 2004-05, and for  
15 each school year thereafter.

16        (2) The principal shall hire all new school teachers and staff for  
17 the school starting with the 2004-05 school year, and for each school  
18 year thereafter.

19        (3) The principal shall be responsible for the day-to-day operation  
20 of the school, including, but not limited to: Budget issues; the  
21 education program; all personnel functions; and maintenance and  
22 operation.

23        (4) The principal shall oversee that the student allocations  
24 received under section 3 of this act are spent fairly and equitably on  
25 basic education, special education, learning assistance programs,  
26 transitional bilingual instruction programs, and student transportation  
27 as required under this act and the state Constitution.

28        (5) Any principal who disagrees with any modification made to the  
29 proposed school budget by the board of directors may seek nonbinding  
30 mediation with the state board under section 18 of this act.

31        NEW SECTION.    **Sec. 10.**    SCHOOL BOARD DIRECTORS.    (1) School board  
32 directors shall maintain their full duties and obligations to manage  
33 school districts, including the approval of each school's budget.

34        (2) It is the spirit of this chapter that school board directors  
35 will be interested in student learning and results, not in imposing  
36 inflexible day-to-day prescriptions on their schools.

1 (3) It is the spirit of this chapter that school board directors  
2 will work directly, cooperatively, and in good faith with their schools  
3 to eliminate barriers to learning and to assist schools in seeking  
4 state waivers that stand in the way of educating students.

5 NEW SECTION. **Sec. 11.** BUDGET AGREEMENT--AMENDMENT. (1) An  
6 approved budget by the school board of directors constitutes an  
7 agreement with its schools.

8 (2) A budget may be amended at any time at the request of the  
9 principal and on the approval of the school board of directors.

10 NEW SECTION. **Sec. 12.** CONTINUING CLOCK HOURS. Within ninety days  
11 after the effective date of this act, the office of the superintendent  
12 of public instruction shall provide guidelines for continuing clock  
13 hour classes that cover, but are not limited to, school budgets,  
14 accounting, maintenance and operational costs, and transportation  
15 practices.

16 NEW SECTION. **Sec. 13.** CERTIFICATED TEACHERS. (1) Certificated  
17 teachers shall be encouraged to provide input to their principal while  
18 developing their school's budget. Teachers teaching students who  
19 generate additional categorical funds as provided in section 3 of this  
20 act shall provide input on how these additional funds might be directed  
21 to meet the learning needs of their students.

22 (2) Teachers, under the principal, and with the approval of the  
23 board of directors, may voluntarily establish smaller schools within a  
24 large school, or establish a satellite school located outside their  
25 school to operate these new pioneering learning centers.

26 (3) Teachers who disagree with the final school budget developed by  
27 the principal under section 8 of this act may seek nonbinding mediation  
28 with the state board as provided in section 18 of this act.

29 NEW SECTION. **Sec. 14.** GRANTS AND MATCHES. (1) A school shall not  
30 be penalized in any way by the state nor its school board directors  
31 because it has secured additional funding, in-kind matches, donated  
32 services, or any type of additional benefits for its students, staff,  
33 or parents.

34 (2) A school shall pay an administration fee of two percent on any  
35 grants, endowments, or cash awards.

1        NEW SECTION.    **Sec. 15.**    SCHOOL SERVICES.    A school may purchase  
2 services and any or all of its maintenance or operational needs from  
3 its own district or from outside independent vendors.

4        NEW SECTION.    **Sec. 16.**    RESERVE ACCOUNT.    The board of directors of  
5 each school district may require each of its schools to set aside up to  
6 three percent of its school budget into a reserve account as a safety  
7 net.    The school may spend this reserve money the last three months of  
8 the school year or carry it over to the next year.

9        NEW SECTION.    **Sec. 17.**    BUILDING MAINTENANCE.    (1) The principal  
10 shall develop the school budget, including the maintenance and repair  
11 items required to keep their building safe and usable.

12        (2) School board directors shall define safe and usable conditions  
13 and require that these standards are met within the district.    This  
14 shall be done through the school budget approval process.

15        (3) School board directors are not required to spend equal  
16 maintenance money on their schools.

17        (4) If deemed necessary by the school board directors, they may  
18 direct from any of their newer or recently remodeled schools up to  
19 four percent of a school's budget to supplement repairs and upgrades on  
20 their older schools that require greater maintenance and repair.

21        (5) Within one hundred twenty days after the effective date of this  
22 act, the department of general administration shall adopt guidelines to  
23 assist school board directors to identify and prioritize maintenance  
24 and repair items in their facilities.    A goal of this section is to  
25 allow older schools to be brought up to safe usable standards without  
26 penalizing those schools to expend large percentages of their school  
27 budgets.

28        NEW SECTION.    **Sec. 18.**    NONBINDING MEDIATION.    (1) One hundred  
29 fifty days after the effective date of this act, the state board of  
30 education shall set up guidelines to resolve disputed issues between  
31 teachers and principals, and between principals and school board  
32 directors.    The mediation process shall be nonbinding on the parties.  
33 The guidelines may outline timelines, payment for nonbinding mediation  
34 costs from the school budget and the administration account, and any  
35 other format the state board might find appropriate.

1 (2) A principal or a teacher may submit any dispute to the state  
2 board of education. The state board, or its assigns, shall hear the  
3 appeal within thirty days after submittal and seek to mediate a  
4 conflict to resolution.

5 NEW SECTION. **Sec. 19.** LITTLE RED SCHOOLHOUSE ACCOUNT. (1) The  
6 little red schoolhouse account is created in the custody of the state  
7 treasurer. All receipts from schools and school districts shall be  
8 deposited into the account. Only the state auditor or the auditor's  
9 designee may authorize expenditures from the account. Expenditures may  
10 be used to fund the state man-hours required to establish the  
11 guidelines in this chapter, and for any purposes the state auditor  
12 deems appropriate. The account is subject to allotment procedures  
13 under chapter 43.88 RCW, but an appropriation is not required for  
14 expenditures.

15 (2) Starting in the school year 2003-04, each school district shall  
16 pay into the little red schoolhouse account fifteen dollars per full-  
17 time equivalent student enrolled in its district as of October 1st of  
18 each year. Payment shall be made by November 1, 2003.

19 (3) Starting in 2004-05, and each school year thereafter, each  
20 common public school shall pay into this account fifteen dollars per  
21 full-time equivalent student enrolled in its school on October 1st of  
22 each year. Payment shall be made by November 1st of that year.

23 (4) The state auditor, with six months' notice, may lower the  
24 yearly fee, increase it up to ten percent a year, or charge additional  
25 fees for categorical full-time students who may require additional  
26 audit review, as deemed necessary.

27 NEW SECTION. **Sec. 20.** PUBLIC SCHOOL ISSUES. One hundred fifty  
28 days after the effective date of this act, the state board of education  
29 shall set up guidelines to assure that the schools covered under this  
30 chapter follow the state's laws providing access and equity to all  
31 students, meeting gender issues, and that all public schools remain  
32 nonsectarian. The guidelines shall be continually reviewed, expanded,  
33 and modified.

34 NEW SECTION. **Sec. 21.** REMOVING BARRIERS. One hundred fifty days  
35 after the effective date of this act, the office of the superintendent  
36 of public instruction shall adopt guidelines to assist schools that

1 have identified educational barriers and voluntarily wish to address  
2 them. The guidelines may include, but not be limited to, adding more  
3 school days, adding a longer school day, bringing community or state  
4 services into the school, and alternative testing. The guidelines  
5 shall be continually reviewed, expanded, and modified.

6 NEW SECTION. **Sec. 22.** CAPTIONS NOT LAW. Captions used in this  
7 chapter do not constitute any part of the law.

8 NEW SECTION. **Sec. 23.** SEVERABILITY. If any provision of this act  
9 or its application to any person or circumstance is held invalid, the  
10 remainder of the act or the application of the provision to other  
11 persons or circumstances is not affected.

12 NEW SECTION. **Sec. 24.** Sections 1 through 23 of this act  
13 constitute a new chapter in Title 28A RCW.

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