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About TWIO

This Week in Olympia is emailed to active WASA and AEA members each Friday during the Legislative Session and is posted on WASA's website at www.wasa-oly.org/TWIO.

Special Edition Update:

Senate Releases 2017–19 Operating Budget Proposal

Yesterday, on Day 72 of the scheduled 105-day session of the 2017 Legislature, the first legislative budget proposal was released. Republican budget-writers and Leaders in the Senate gathered for a press conference at 10:00 a.m. yesterday to unveil their 2017–19 Operating Budget package. Senate Majority Leader Mark Schoesler (R-Ritzville), opened the press conference by saying he was proud of his budget team that produced a strong budget, one which has an “unprecedented investment in K–12 education and higher education.”

Senator John Braun (R-Centralia), Senate Ways & Means Chair and one of the main budget-writers, said the budget proposal meets with the [Senate Republican's vision and principles](#) and noted they are committed to: “providing the high-quality education system our 1.1 million schoolchildren need and deserve; protecting our most vulnerable citizens by making critical investments in the social safety net; keeping money in the pockets of working families by not raising taxes; and investing our priorities in a sustainable way.” Braun praised the budget's focus on K–12 education and said the proposal: “is student-focused; utilizes a student-based funding system; is teacher-friendly; and empowers local decision-makers,” adding it provides “ample, fair, and transparent funding” for education.

The full proposed budget would spend approximately \$43.0 billion over the biennium, representing a \$5.0 billion increase over the current 2015–17 budget. This is accomplished without specific tax increases. The budget, however, includes a series of budget transfers, “redirections,” and spending reductions. This includes a \$1.5 billion revenue “increase” in 2017–19 and another \$4.0 billion in 2019–21 from the proposed “levy swap” as a part of the Senate's Education Funding Plan. The proposal also relies on a \$700 million appropriation from the Budget Stabilization Account (which will require a super-majority approval) and a permanent redirection of revenues from the Public Work Assistance Account to the Education Legacy Trust Account (\$127 million in 2017–19 and additional funds in 2019–21). Of the \$43.0 billion total expenditure, K–12 education would receive policy-related increases of \$3.7 billion (plus \$1.4 billion in mandatory Maintenance Level increases), making the total two-year investment in K–12 almost \$22.0 billion. This increase would raise K–12's share of the state budget to more than 50 percent—the highest level since 1983.

The Senate budget package, a Proposed Substitute of [SB 5048](#), was heard in the Senate Ways & Means Committee yesterday afternoon. (In addition to the official Budget Summary, Committee staff provided a [simplified overview](#) of the budget proposal.)

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Over 100 people signed up to testify on the budget. Even with testifiers being limited to two minutes, the public hearing on the budget lasted three-and-a-half hours. While there was a smattering of support, most of the comments focused on concerns with the budget—or outright opposition. WASA utilized our two minutes to express strong concerns, noting our opposition to the proposal, as written. We applauded the focus on K–12 and clearly stated our appreciation for the proposed additional investment in K–12. That said, we noted our opposition to the budget for two specific reasons. First, even with additional funding provided, the proposal does not achieve what our citizens want; what school districts need; what the Supreme Court has ordered; or what the constitution requires—that is, AMPLE funding for public schools. Second, public schools are part of a statewide system and do not operate in a vacuum. Public schools have a symbiotic relationship with other state programs, and schools are negatively impacted by large cuts in non-education government services. We closed positively by noting we looked forward to continuing to work with legislators to craft an Education Funding Plan and a budget that can be adopted by the Legislature, will be accepted by the Court, and will work for students and schools.

The core of the K–12 section of the budget (and the core of the full budget actually) is the previously proposed Senate Republican Education Funding Plan, [SB 5607](#). The budget proposal, however, makes some changes to that bill. Because it has already been adopted by the Senate, budget-writers utilized a “trailer bill” to amend SB 5607. [SB 5875](#) was introduced last week as a “Title Only” bill (just as the name implies, the bill was introduced with only a title, “Relating to education,” and included NO bill language) and a [Proposed Substitute](#) was unveiled as a part of the budget today. The new bill would make the following changes to the Senate-adopted SB 5607:

- Reduces the basic per pupil guarantee from \$10,000 to \$9,200 in school year 2018–19. In future school years, the basic per pupil guarantee remains at \$10,000.
- Lowers the maximum Local Effort Levy tax rate from \$1.80 per \$1,000 of assessed value to \$1.55 per \$1,000 of assessed value in Calendar Year 2019 and thereafter. (Note: the initial Local Effort Levy rate in Calendar Year 2018 of \$0.45 per \$1,000 of assessed value is unchanged.)
- Specifies that local taxing districts are guaranteed full reimbursement for any negative fiscal impacts to their levy authority due to the Local Effort Levy. (Note: SB 5607 stated a process for local taxing districts to be reimbursed was “authorized” and funds were subject to appropriation in the state Operating Budget, while the amendment guarantees this reimbursement.)
- Modifies the \$12,500 minimum total per pupil funding threshold calculation: Local revenues are entirely excluded from the calculation; the federal revenue contribution towards the \$12,500 minimum is fixed in time to those federal revenues received by school districts in the 2017–18 school year; and state revenues are defined to mean the total state revenues appropriated to school districts under the state Operating Budget.
- Modifies provisions related to extended-year supplemental contracts. State-funding for the contracts is subject to appropriation in the state Operating Budget. Additionally, the state funds, if appropriated, must be distributed to each Educational Service District in proportion to the enrollment of students served by the ESD as a percentage of statewide enrollment.

Because of the reduction in the proposed Local Effort Tax rate, fiscal impacts are changed. Senate Ways & Means Committee staff has prepared a new set of charts addressing school district impacts:

- [Total Funding without any assumed levy](#) (new 10% levy)

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- [Per student funding without any assumed levy](#) (new 10% levy)
- [Taxpayer impacts without any assumed levy](#) (new 10% levy)
- [Funding amounts WITH 10% levy](#)
- [Per student funding WITH 10% levy](#)
- [Taxpayer impacts WITH 10% levy](#)

The new budget (along with SB 5875) has already been scheduled for executive action this afternoon and is expected to be acted by the full Senate by the end of the week. House budget-writers then will release their proposal early next week, as early as Monday.

Key pieces of the K–12 portion of the budget are detailed below. Full budget details, including highlights, a comprehensive agency detail, an updated four-year budget outlook and the actual budget bill are available from the [Washington State Fiscal Information website](#). K–12 staff mix factors and salary allocation documents also available.

Major K–12 Policy Enhancements

SB 5607/SB 5875 Implementation – \$2.11 billion

The bulk of the K–12 education investment in the budget proposal funds the implementation of SB 5607 and SB 5875, the Senate Republican Education Funding Plan. The net enhancement of \$2.11 billion includes \$2.56 billion in increases and \$451.7 million in reductions, as described below:

- **General Apportionment – \$2.35 billion**
Funding is adjusted to implement SB 5607/SB 5875, which replaces the current K–12 Prototypical School Funding Model for basic education with a per pupil guarantee model. The basic per pupil guarantee is structured to replace four state and local programs: state General Apportionment, Local Effort Assistance (LEA or “levy equalization”), Pupil Transportation, and local school district levies. In addition to the basic per pupil guarantee, the formula includes six supplemental state-funded per pupil amounts for: Special Education, Highly Capable, Learning Assistance Program, Transitional Bilingual, Career & Technical Education, and homeless students. The per pupil amounts would be adjusted in the future by inflation as measured by the Implicit Price Deflator. As part of this new funding system, a new Local Effort Levy is established by the state on behalf of school districts at a uniform rate. In Calendar Year 2019, local school district Maintenance & Operations levies are eliminated. Beginning in Calendar Year 2020, future voter-approved M&O levies would be limited to a 10 percent levy lid. For additional details, see [SB 5607](#) and [SB 5875](#) or the review in [TWIO, Week 4](#).
- **Special Education – \$119.8 million**
Beginning with the 2018–19 school year, the K–12 Prototypical School Funding Model for basic education is replaced with a per pupil guarantee model with supplemental amounts for certain categorical programs. In the Special Education program, the allocation for each special education student would be \$7,500 beyond the foundational and other funding formula components. In future years, the Special Education per pupil amount would be adjusted for inflation.
- **Learning Assistance Program – \$57.9 million**
Beginning with the 2018–19 school year, the K–12 Prototypical School Funding Model for basic education is replaced with a per pupil guarantee model with supplemental amounts for certain categorical programs. In the Learning Assistance Program (LAP), the allocation for each student in poverty would be \$2,000 to \$5,000 depending on the level of Census poverty percentage in the school district (rather than the number of students enrolled in the Free & Reduced Lunch Program). This amount would be in addition to the foundational

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and other funding formula components. In future years, the LAP per pupil amounts would be adjusted for inflation.

- **Transitional Bilingual Program – \$13.0 million**

Beginning with the 2018–19 school year, the K–12 Prototypical School Funding Model for basic education is replaced with a per pupil guarantee model with supplemental amounts for certain categorical programs. In the Transitional Bilingual program, the allocation for each bilingual student would be \$1,000 beyond the foundational and other funding formula components. In future years, the bilingual per pupil amount would be adjusted for inflation.

- **Highly Capable – \$11.2 million**

Beginning with the 2018–19 school year, the K–12 Prototypical School Funding Model for basic education is replaced with a per pupil guarantee model with supplemental amounts for certain categorical programs. In the Highly Capable program, the allocation for each highly capable student would be \$1,000 beyond the foundational and other funding formula components. In future years, the highly capable per pupil amount would be adjusted for inflation.

- **Assistance to Schools – \$10.0 million**

Funding is also provided for additional assistance to low performing schools.

- **Implementation Costs – \$6.3 million**

Funding is provided for the information technology changes and other administrative costs associated with implementing SB 5607/SB 5875 that replaces the K–12 Prototypical School Funding Model for basic education with a per pupil guarantee model.

- **Pupil Transportation – (\$369.1 million)**

Pupil Transportation is eliminated as a separate program and incorporated into the new per pupil guarantee model under SB 5607/SB 5875, “saving” \$369.1 million.

- **National Board Bonus – (\$82.7 million)**

As part of the replacement of the K–12 Prototypical School Funding Model for basic education with a per pupil guarantee model, state funding for the current bonus to teachers who achieve certification from the National Board for Professional Teaching Standards (NBPTS) is eliminated. Under SB 5607/SB 5875, school districts may continue to provide bonuses to Certificated Instructional Staff who have a certification from the NBPTS.

CTE Education Grants – \$6.0 million

Funding is provided for OSPI to establish a competitive grant program for local school districts to purchase Career & Technical Education equipment.

Paraeducators – \$2.2 million

Funding is provided to implement SB 5070, which requires the development and implementation of employee standards for paraeducators.

Federal Forest Revenues – \$1.7 million

The budget provides sufficient funding to eliminate the current deduction of basic education allocations in school districts which receive federal forest revenue, pursuant to SB 5664.

Bilingual Educator Initiative – \$1.5 million

Funding is provided to implement SB 5712, which would establish a Bilingual Educator Initiative as a long-term program to recruit, prepare, and mentor bilingual high school students to become future bilingual teachers and counselors. Sufficient funding is provided for four school districts, with rapidly increasing immigrant student populations, to pilot the program.

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Career & Technical Equivalencies – \$500,000

Funding is provided for OSPI to implement statewide Career & Technical Education course equivalency frameworks for high schools and Skills Centers in science, technology, engineering, and mathematics.

AIM Community Grants – \$357,000

Funding is provided to implement SB 5258, which would establish the Washington Academic, Innovation, and Mentoring (AIM) program to enable eligible neighborhood youth development entities to provide after-school and summer programs for youth ages 6 to 18 that include educational services, mentoring, and linkages to positive, prosocial leisure, and recreational activities.

FIRST Robotics Program – \$200,000

Funding is provided to continue the FIRST Robotics science and technology program.

Civics Learning – \$125,000

Funding is provided to implement SB 5236, which would establish a Civic Learning Public-Private Partnership to expand civic learning programs and partnerships in six communities; provide professional development focused on civic learning curricula; establish goals and monitor implementation within the six partnerships; create open resources funding; and establish collaborative model opportunities and in-school programs. Funding is expected to support the Partnership in the first year of the biennium, with future expenditures expected to be supported by funds made available through donation to a new Washington Civic Learning Public-Private Partnership Account.

Project Citizen – \$50,000

Funding is provided to increase the Project Citizen program, including the We the People program, to promote participation in government by middle school students.

Major K–12 Reductions or “Savings”

Initiative 1351 Class Size Reduction – (\$1.9 billion)

As part of the replacement of the K–12 Prototypical School Funding Model for basic education with a per pupil guarantee model, the class size and staff provisions of Initiative 1351 are repealed. Under current law, the Initiative 1351 provisions are scheduled to be phased-in beginning with the 2019–21 biennium, therefore, the savings from repealing I-1351 is accounted for in the next biennium.

Initiative 732 COLA – (\$255.7 million)

Under the new per pupil guarantee model proposed by the Senate Republicans, the current Initiative 732 Cost-of-Living Adjustments for educators would be repealed.

Local Effort Assistance – (\$73.7 million)

The Levy Cliff bill, ESB 5023, signed into law on March 15, delays the scheduled decrease of the local levy lid from 28 to 24 percent and the reduction of Local Effort Assistance funding from 14 to 12 percent by one year. This results in approximately \$110 million in additional state payments for levy equalization; however, this increase is offset by SB 5607's the elimination of LEA on January 1, 2019.

Assessment Changes – (\$7.2 million)

The budget accounts for savings on student assessments, pursuant to SB 5891. The bill would eliminate the current requirement that students must meet standard on the statewide high school science assessment in order to graduate from high school.

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Additional Details

Charter School Commission

The Washington State Charter School Commission resides in the Office of Superintendent of Public Instruction for administrative purposes. An appropriation for the Commission, in the amount of \$1.1 million, is transferred to a new program under OSPI. OSPI's budget increases by \$1.1 million, while the Commission's budget is decreased by \$1.1 million. There is no fiscal impact on the overall state budget. Additionally, under current law (RCW 28A.710.110) OSPI is required to transmit charter school authorizer oversight fees for the Charter School Commission to the Charter School Oversight Account. OSPI's budget is reduced by \$551,000 to make this transfer.



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