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**This Sine Die Part III Special Edition provides an update of legislative actions as the Second Special Session concludes. A “final” special edition TWIO will be released when the 2017 Legislature adjourns for the year. TWIO is posted on WASA’s website at [www.wasa-oly.org/TWIO](http://www.wasa-oly.org/TWIO).**

NOTE: WASA staff is currently preparing our annual End of Session report. It will contain full details of the 2017–19 Operating Budget and the 2017–19 Capital Budget, along with a comprehensive review of any adopted Education Funding Plan and the many education-related bills the Legislature addressed this session. It will be emailed to all TWIO subscribers as soon as it is completed.

## Special Edition: Sine Die, Part III

Yesterday, on Day 30 of the Second Special Session of the 2017 Legislature, legislators took action to adjourn “Sine Die.” The Legislature’s requirements to adopt a 2017–19 Operating Budget along with an Education Funding Plan to comply with the Supreme Court’s *McCleary* decision remain unfinished, but special sessions are limited to 30 days, so job finished or not, the Legislature had to adjourn yesterday.

So, here we go again. Just a handful of legislators were on-hand to adopt the necessary Resolutions and bang the final gavel just after noon yesterday, but before they completed that action, [Governor Inslee announced](#) he would be calling the Legislature back for a Third Special Session at 12:30 p.m.—almost immediately after they adjourned. About thirty minutes after the Legislature adjourned, legislators again assembled to reconvene, and banged the gavel to begin the new session. A few minutes later, both the House and Senate adjourned for the day, with scheduled “Pro Forma” Sessions on Friday. As this 2017 Session continues to roll on, the days start to blur, but yesterday the days literally overlapped each other: yesterday was Day 30 of the Second Special Session and Day 1 of the Third Special Session.

Yesterday afternoon, after the Legislature reconvened (and quickly adjourned for the day), Governor Inslee held a [media availability](#) to discuss his call for a Third Special Session and urged legislators to promptly complete a two-year Operating Budget that will fully fund basic education. He also discussed the looming end of the current fiscal biennium. While the Third Special Session, like all special sessions, is limited to 30 days, the ultimate deadline is midnight, June 30. Absent a new Operating Budget, state government faces a partial shut-down, which would have impacts across the state. State agencies have already drafted [contingency plans](#) and most state employees have already been sent notices about potential layoffs. Inslee reiterated multiple times that there is no reason for legislators to go beyond June 30 and in responding to questions reiterated (as he did in his [media availability last week](#)) his opposition to any “stop-gap” effort to implement a temporary budget (similar to the federal government’s “Continuing Resolution”) that would allow the Legislature to continue beyond June 30. He argued that would simply allow legislators to continue kicking the can down the road. At first he stepped around questions about whether he would sign a temporary budget measure, but when specifically pressed about if he would veto a bill to extend the session, he point-blank said, “Yes.”

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## Budget Negotiations

All of the action (if there is any action) on budget negotiations continues behind-the-scenes; however, on rare occasions key legislators pop out of their holes for specific activities. One of those activities occurred this week with a meeting of the Economic and Revenue Forecast Council (ERFC). On Tuesday, the Council unveiled its [revenue forecast update](#). Some legislators were crossing their fingers and were hoping the revenue update would forecast a significant increase in the 2017–19 budget, allowing them some additional breathing room and assist negotiators in coming together. The actual projected increase for 2017–19, however, was only \$87 million above the estimated revenues predicted in March. Even if you add the projected increase for the remainder of the 2015–17 biennium (\$81 million), legislators only have \$169 million in unexpected revenues to play with. Certainly better than a projected short-fall, but definitely not a game-changer. (To put that in \$169 million increase in context, remember that the 2017–19 budget is expected to appropriate around \$44 billion.)

Two of the members of the ERFC are the respective budget leads in each house: Representative Timm Ormsby (D-Spokane), Chair of the House Appropriations Committee and Senator John Braun (R-Centralia), Chair of the Senate Ways & Means Committee. Journalists used this meeting to pepper the two budget chairs about negotiations. Both said they have been exchanging offers (although it appears those offers have been on individual pieces of the budget rather than full budget compromises) and both strongly indicated they were “confident” a final, compromise budget would be adopted before the June 30 fiscal cliff. After deflecting multiple questions about what legislators will do if they cannot meet the June 30 deadline, Sen. Braun finally admitted it has been a point of discussion. He flatly stated, “Of course we have a backup plan, but that’s not what we should be focused on. We should be focused on getting the job done on June 30.” He would not provide any details about what that meant. He also failed to note that legislators have spent considerable time in caucus discussing options and strategies if the Legislature blows through the June 30 gate. The fact that legislators are regularly strategizing behind-the-scenes and developing plans to deal with missing the deadline is a strong indication that they, too, are beginning to worry about it.

Midnight, June 30 is the hard deadline by which a two-year Operating Budget must be adopted by the Legislature AND signed by the governor. Given the mechanics of adopting a 500-page, \$44 billion budget, and the legislative process it must go through, the real deadline for budget negotiations to wrap up is likely next Tuesday or maybe Wednesday (June 27 or 28). Leadership have indicated they will be working this weekend (the first weekend they have worked in months), which is a positive sign; however, if negotiations proceed as slowly as they have been, an extra couple of days likely will not produce a miracle. (The weather forecast predicts one of the nicest weekends we have had since last summer, so at least there will be a little punishment doled out for legislators’ procrastination.)

## Education Funding Plans

Negotiations on the 2017–19 Operating Budget are sluggish partly because members of the Education Funding Task Force (ETFF) have not yet finalized their negotiations on an Education Funding Plan to finally comply with the Supreme Court’s *McCleary* decision. In all likelihood, overall budget negotiations will continue to stagnate until an Education Funding Plan is in place. Once legislators agree to a *McCleary* solution, however, budget negotiations could move like lightning.

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Task Force members have agreed to keep their conversations and agreements confidential, so it is difficult to know exactly what they are discussing, what the “sticky” issues that are keeping them from a final compromise may be, or what issues they have come to agreement upon. All indications are, however, that they are making “progress” (whatever that means). From occasional leaks (which may in fact be trial balloons), we understand that four key issues to school administrators (and most of the education community) continue to be debated: whether school funding should be driven out by the Prototypical School Funding Model or via a new per pupil funding model; whether a Salary Allocation Model (and a staff mix formula) should be scrapped altogether, or if the SAM should simply be compressed; how to reduce levies and/or the over-reliance on levies; and how—or whether—to limit locally-funded salaries.

### **Funding Model**

Even before this Legislative Session began, educators were arguing that the state must retain the Prototypical School Funding Model. The Prototypical School Funding Model was the basis for the state’s defense in *McCleary* and using the Model ensures the Legislature is held accountable for funding the actual cost of basic education. Funding K–12 with a per pupil funding model is simple and easy to sell; however, there has been no explanation by sponsors or supporters of how per pupil funding is calculated. It is an arbitrary number with no basis in reality. Senate Republican sponsors argued their plan, which replaced the current Prototypical School Funding Model with per student funding was based on the Massachusetts model, which they said was a successful plan and could be replicated here. (What they failed to note was the proposed funding level in Washington would be significantly less than the per pupil funding provided in Massachusetts, but that’s beside the point.) Sponsors vigorously argued to scrap the Prototypical Model...until just before the end of the First Special Session. Finally, sponsors acknowledged that even Massachusetts has a funding model similar to Washington’s Prototype, but uses that model to drive out per pupil funding (exactly what we have been arguing). While a specific agreement by the EFTF is still under wraps, all indications are that a “hybrid” funding model will ultimately be accepted.

### **Salary Allocation Model**

Since the first Education Funding Plan was released, school administrators have regularly and loudly advocated for the maintenance of some type of salary structure. At first, the message was falling on deaf ears in all four caucuses. It appeared the dissatisfaction with the Salary Allocation Model (SAM) and staff mix was due to a lack of understanding about how the SAM/mix worked and why it is necessary. Task Force members generally understood that eliminating SAM/mix would be complex for a period of time; however, the general consensus among them was that the system would stabilize and calm down after a year or two. We argued strongly that chaos would reign without a salary structure, but more importantly, we explained that elimination of SAM and staff mix would force administrators to hire staff based on their cost, rather than hiring the best, most qualified educators they could find. After regular hounding from administrators and other educators in the field, the resistance to a salary structure appeared to be breaking down. There have been some indications, yet to be confirmed, that some type of “optional” SAM may be instituted; however, it likely will not be a schedule from [LEAP](#) or in the budget as we are familiar with. It may be a sample schedule developed by OSPI or perhaps a schedule adopted in Rule. It remains unclear where the Task Force will ultimately land on SAM. The survival of the staff mix factor, however, appears to be doubtful.

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### **Levy Reform**

How to end the over-reliance on school district levies continues to be one of the most difficult debates within the Task Force. Senate Republicans continue to advocate for a “levy swap,” reducing local school district levies and increasing the State Property Tax, while House and Senate Democrats continue to support a slight reduction of local levies, essentially returning to pre-2010 levels. (House Republicans have not publicly stated their position, although it appears they are resistant to a levy swap.) From all reports, there is still heavy debate and dissention over levy reform. Senate Republicans introduced legislation which would have imposed a property tax rate of \$1.80 per \$1,000 of assessed valuation and later amended their own proposal, reducing the rate to \$1.55 per \$1,000. Apparently, there has been discussion of various compromises, including: reducing the rate to \$1.00 per \$1,000; moving to a per-student levy rate; or maintaining the current levy structure, but lowering lids to 15% or 18% or 20% (the lid continues to be discussed). Levy reform is the most complicated, contentious, and political issue on the table and may be the final piece of the puzzle to fall into place.

### **Locally-Funded Salaries**

Collective bargaining reform, including “bumpers” or limits on locally-funded salaries continues to be a high priority for school administrators. The Senate Republican proposal to simply cap (at 80%) the portion of expenditures represented by salaries and benefits continues to be discussed, but it appears it may have lost some steam. The effort to limit local salaries now appears to be dependent on the discussion of specifically defining basic education (with an understanding that local levy dollars are prohibited from being used for basic education). Outside the room, the discussion is still a bit cloudy; however, we understand the Task Force may be approaching the basic education definition from the back end—that is, rather than specifically defining basic education, the Task Force appears to be discussing the definition of “enrichment,” for which levy dollars could be expended. Actually, this might be an easier approach, but the concern is that an assumption will be made that basic education is fully funded (whether it is or not) and everything not funded by the state is outside of basic education and, therefore, defined as enrichment. The Court has already ruled the Legislature cannot simply declare basic education is fully funded—they must fully fund the actual costs of basic education. This approach runs the risk of being struck down by the Court. The positive note is that legislators appear to (finally) understand locally-funded salaries is a necessary problem to correct.

### **High School Assessments**

While the budget (and education funding) continues to be the main focus, there continues to be a handful of policy issues that remain on the table. One of those issues, High School Assessments, continues to be debated hotly. In short, the House (both Democrats and many Republicans) wants to fully “de-link” all three High School assessments (English Language Arts, Mathematics, and Biology) from a graduation requirement. The Senate, however, agrees with the concern about the Science assessment, but only wants to implement a delay—while also maintaining the current graduation requirement linked to ELA and Math. In the last two weeks, Superintendent Reykdal has publicly entered the fray and is attempting to find a “third way” compromise between these two extreme positions.

Currently, there are three vehicles addressing High School assessments:

- [HB 1046](#) is the full de-link of all three assessments from graduation. The House has adopted the bill three times.

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- **SB 5891** is the delay of the Biology assessment. The Senate has adopted the bill three times.
- **HB 2224/SB 5951** is Superintendent Reykdal's compromise plan. Both bills were heard in their respective education committees in the last two weeks. The bills would overhaul the current assessment system and offers a middle ground compromise between HB 1046's full de-link and SB 5891's partial delay. HB 2224/SB 5951 would:
  - o De-link all three assessments from graduation for the Classes of 2017 and 2018;
  - o Immediately suspend the biology assessment graduation prerequisite until 2021, when a new science assessment is in place;
  - o Provide an appeal process to students who fail to pass the Math or ELA tests, or both. It would apply retroactively for the Class of 2014 through the Class of 2019;
  - o Require students who have not met the standard on the Math or ELA assessment to take a locally-determined class in the content area in which they are deficient; and
  - o Move the assessments to Tenth grade and would add specificity to High School and Beyond Plan requirements.

It appears likely there will be some kind of assessment bill adopted this year, and likely something similar to Superintendent Reykdal's middle way. Unfortunately, by the time a bill is adopted, it will be too late for graduation ceremonies for the Class of 2017. Many school districts allowed seniors who met all state and local graduation requirements except successful passage of the Biology assessment to participate in graduation ceremonies. As important as graduation ceremonies are for students and families, however, the actual receipt of a diploma is much more important—for employment openings, for military entrance, for scholarship opportunities—so it remains important to resolve this issue (each of the bills are retroactive for at least the Class of 2017). We will continue to keep you apprised.



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