

## IN THIS ISSUE:

- [Sine Die Review](#)
- [Major K–12 Increases](#)
- [Final Budget Review](#)

**This Sine Die special edition is the last TWIO of the 2019 Regular Session. TWIO is posted on WASA's website at [www.wasa-oly.org/TWIO](http://www.wasa-oly.org/TWIO).**

## Special Edition: Sine Die

Last night, the final day of the 105-day session, the 2019 Legislature adjourned, “Sine Die.” After a wild week and an even more wild weekend, there were questions through the evening hours if the Legislature’s midnight deadline would be met. A 2019–21 Capital Construction Budget ([HB 1102](#)) and its necessary bond authorization bill ([HB 1101](#)) passed both houses yesterday, along with the 2019–21 Transportation Budget ([HB 1160](#)), but the new, two-year Operating Budget trailed behind. After [HB 1109](#) was adopted by the Senate on April 4, budget talks went dark. It was clear Democratic budget-writers were meeting, but there were no reports of key points of disagreement, no reports of revenue discussions, and no reports of progress. Last Tuesday and Wednesday, negotiators met late into the night and on Thursday morning there were indications there was an agreement among negotiators, but no clear agreement from their respective caucus members. Rank-and-file members were briefed on the budget agreement and Thursday afternoon Senator Christine Rolfes (D-Bainbridge Island), Chair of the Senate Ways & Means Committee, and Representative Timm Ormsby (D-Spokane), Chair of the House Appropriations Committee, released a statement announcing a budget agreement had been reached; however, details of the agreement would not be released until Saturday.

Originally, it was assumed that legislative staff was closely reviewing the final compromise budget to ensure the language in hundreds (probably thousands) of provisos was correct and all of the appropriations were accurate. To be sure, that WAS happening, but it soon became clear that key details embedded in the budget were not finalized. The biggest issue turned out to be reforms to the current levy and Local Effort Assistance policies. As often happens, just when it appears agreements will never come together, something breaks and all the pieces quickly fall into place. The final lynchpin to adjournment, a levy/LEA deal, came together in the final hours of session and in less than two hours, an agreed-upon levy package and the final Operating Budget was passed by both the House and Senate. Then the final gavel for the 2019 Regular Session came down literally seconds before the clock struck midnight.

For a couple of weeks, both the House and Senate had their respective levy/LEA bills on their respective Floor Calendars and it was unclear which bill would move. There were indications that [HB 2140](#) was going to be the vehicle, but would be adopted with the language from [SB 5313](#). Then, finally, the bills started moving, just causing more confusion. SB 5313 was debated late Friday night. A charter school funding amendment, similar to one of the Ways & Means amendments that caused a meltdown in the Democratic caucus was adopted. This amendment also included: new LEA dollars for the Vancouver and Evergreen school districts; an increase in

*NOTE: WASA staff is currently working on our annual End of Session Report, which will include full details of the 2019–21 Operating Budget and the 2019–21 Capital Budget, along with a comprehensive review of the many education-related bills the Legislature addressed this session. It will be emailed to all TWIO subscribers (and available on the WASA website) as soon as it is completed.*

---

***This Week in Olympia:***  
**Special Edition: Sine Die**  
**April 29, 2019**  
*continued*

Local Effort Assistance from the current \$1,500 per student to \$1,550 per student; and a change in the levy/LEA inflationary factor to the Consumer Price Index (as is used in current law). The bill ended up being adopted by a vote of 25–23. So, perhaps it would be SB 5313 that would be the vehicle?

Well, the House apparently had other ideas. The House moved [HB 2140](#) to the Floor at about 4:30 Friday night/Saturday morning and had its own rousing debate. Multiple amendments were introduced; however, only the striking amendment ([Amendment 812](#), as described in [Friday's TWIO](#)) was adopted. On final passage, the House passed the bill with a vote of 54–42.

Maybe the House bill was going to be the final solution after all. Not so fast. The Senate Ways & Means Committee held a public hearing and passed out HB 2140 on Saturday—but not before amending the bill. Three amendments were adopted. The [“Gray” Amendment](#) gutted the bill and completely removed the levy and LEA components. Instead, it added provisions authorizing school districts to use money deposited in a capital projects fund to be used for preventative maintenance and infrastructure improvement during the 2019–21 Fiscal biennium. The [“White” Amendment](#) amended the Career Connected Learning Grant Program created in [HB 2158](#) (which had not even been adopted by the Ways & Means Committee, yet) to require that sufficient funding be provided from the program to OSPI for employees at ESDs to support the expansion of Career Connected learning opportunities. The [“Orchid” Amendment](#) was returning language that delays the enrollment of non-represented ESD employees in the new School Employees’ Benefits Board (SEBB) insurance program until January 1, 2024, and allows ESDs to enroll those employees in the Public Employees’ Benefits Board insurance program until December 31, 2023. It also requires the Health Care Authority, in consultation with OSPI, ESDs, and the Office of Financial Management, to study the impacts of ESD enrollment in SEBB and to report to the Legislature. We have not talked about the new budget, yet, but if you can’t read between the lines, this amendment moved because the budget provided funding to adopt the SEBB Collective Bargaining Agreement. Yesterday, the new HB 2140 was adopted by the full Senate with a 34–15 vote. On being transmitted to the House, they took immediate action to reject the amendments (that is, they “refused to concur”) and asked the Senate to recede from its amendments. Shortly after, the Senate “refused to recede” and insisted on its position.

SB 5313 ran through a gauntlet in the House, with a major striking amendment and 31 amendments to that striker being introduced. The striking amendment had at its core, the House levy/LEA proposal—that is, a levy lid of either 20 percent of a school district’s levy base, or the lesser of \$3,000 per pupil or \$1.50 per \$1,000 of Assessed Value; and LEA funded at 10 percent of the levy base. It also merged language from SB 5313, including: Clark County regionalization (in the form of LEA); school district reporting on supplemental contracts; required auditing on those reports; and penalties for using enrichment levies for non-enrichment activities.

With the Senate pushing back against the House’s levy/LEA plan in HB 2140, the House gave up on its position and moved to SB 5313. And with a special session looking closer, legislators on both sides attempted to expedite passage of the bill; all amendments, excepting the striking amendment, were withdrawn. The [striking amendment](#) moved to the Senate’s position, with: a levy lid of (a) the lesser of \$2.50 per \$1,000 of Assessed Value or \$2,500 per pupil for school districts with fewer than 40,000 FTE students; and (b) the lesser of \$2.50/\$1,000AV or \$3,000 per pupil for school districts with 40,000 FTE students or more; and LEA is provided to districts where the amount generated by a \$1.50/\$1,000AV levy rate is less than \$1,550 per student. The House striker also removes the LEA funding that was provided for charter schools; however, tribal-compact schools are still eligible to receive LEA funding.

---

***This Week in Olympia:***  
**Special Edition: Sine Die**  
**April 29, 2019**  
*continued*

The bill was adopted with a vote of 53–45 and was immediately transmitted to the Senate—where they were just in the process of adopting the Operating Budget, understanding there was a levy/LEA deal struck.

Twenty minutes later, the Senate acted on the new SB 5313. The motion was to “concur” with the House amendments. Senator Wellman was excited that the House had accepted the Senate’s position, but opponents expressed concern that the bill would continue and even exacerbate inequities in our system. Senator John Braun (R-Centralia) noted if this happens, we should not blame school administrators or school directors or even the teacher’s union—“we should blame ourselves” because the Legislature opened the door to more inequities. Senator Mark Mullet (D-Issaquah) stated he opposed the bill because none of the protections that WASA and WSSDA and other education groups were begging for were a part of this bill. He mentioned specifically the implementation of SEBB and how much of the new levy money will be used to fund health care for employees. It should be noted, it can be argued that the final bill does include some limits or protections; however, those protections appear to be weak and come in the form of additional reporting requirements for school districts, additional auditing authority for the State Auditor, and penalties for non-compliance. The intent was to provide some help in ensuring levy funds are used appropriately. Only time will tell if it works.

The new House-adopted SB 5313 was agreed upon by the Senate on final passage with a vote of 25–23. It now moves to the governor for his action.

After each house adopted SB 5313, the House returned to HB 2140 (described above). About 15 minutes before the midnight deadline, the House acted again on HB 2140 and concurred with the Senate amendments. On final passage, the bill received a vote of 66–32. It is on its way to the governor’s office for final action.

Things moved at a strange and uneven pace the last few days, but when deals fell into place, they resumed that ludicrous speed in order to avoid even a short special session.

[WASA’s “Hold Harmless”](#) proposal was another issue that went for a wild ride in the last week. As we have discussed before, WASA has sought additional funding for districts that were most dramatically harmed by the Legislature’s *McCleary* Solution. After local school district representatives rallied around the issue, it caught fire in Olympia. Prior to the Operating Budget being adopted by the House, amendatory language was added to provide hold harmless payments to school districts in 2019–20 and 2020–21 that received less funding than in 2017–18. \$58.4 million (\$42.6 million in Fiscal Year 2020 and \$15.8 million in Fiscal Year 2021) was appropriated. The funding, however, would come from the Budget Stabilization Account (BSA). Because of this transfer, the funding was contingent on adoption of an authorization bill, [HB 2163](#). The Senate budget did not include this funding, but the issue was alive as budget-writers negotiated.

On Monday, the House Appropriations Committee held a public hearing on HB 2163. Following the Committee’s public hearing, members moved to their separate political caucuses to discuss amendments on the bills they had just heard. When the Committee reconvened and they reached HB 2163 on the agenda, there was an amendment waiting from Representative Pat Sullivan (D-Covington). The amendment authorized an additional \$58.4 million out of the Budget Stabilization Account for Career & Technical Education equipment grants. As we discussed before, Republicans on the Committee—who had been championing the Hold Harmless issue—objected to taking more funding from the BSA and were even more concerned that this amendment was late-arriving and there were no details about how the money would be used. Representative Drew Stokesbary (R-Auburn), who

---

***This Week in Olympia:***  
**Special Edition: Sine Die**  
**April 29, 2019**  
*continued*

sponsored HB 2163, noted that the addition of the late-arriving CTE amendment put him in a very awkward position, saying he was going to have to oppose the bill he sponsored. When the bill went to a vote, the amended HB 2163 was adopted with a vote of 19–14, with all Republicans (who made this Hold Harmless issue one of their top education priorities) voting “No.”

We were very concerned that this partisan break could spell the death of this issue, but we kept some hope alive as we and the other education associations, along with folks back home, continued to work on legislators. On Friday night (technically on Saturday in the wee hours of the morning after HB 2140 was adopted), the House brought HB 2163 to the Floor and amended it again. This time, the new CTE funding was stripped from the bill. At the same time, new language was inserted which described the process for determining hold harmless payments (the original bill simply provided the transfer of the funds). The adoption of this new language meant that the hold harmless funds would be provided, even if the appropriation was not in the budget. And given when the bill was amended and passed—the day after a budget agreement was announced—it is presumed legislative leaders knew that budget-writers had not included the funding in the final budget. This new HB 2163 passed the House, 93–3.

On Saturday, the bill was heard and adopted by the Senate Ways & Means Committee and was moved to the Second Reading Calendar yesterday. With an hour-and-a-half left before the session’s midnight deadline, HB 2163 was brought to the Senate Floor. There was an amendment to provide additional dollars, beyond the hold harmless payments to school districts, for special education (\$470 per student in 2019–20 and \$335 per student in 2020–21), but it was withdrawn. Senator David Frockt (D-Seattle), sponsor of the amendment, noted that special education, even with additional funding provided in the budget, has unmet needs and thought this bill was an opportunity to find some additional funds; however, he understood there was an agreement on this bill and did not want to hold it up. Senator John Braun (R-Centralia), speaking on behalf of the Republicans, expressed some concern about using funds from the Budget Stabilization Account, but acknowledged that this was a small amount of one-time money for a select set of needy districts and was willing to support it. The final vote on the bill was 41–7. The bill now moves to the governor’s desk for his action.

## **Final Budget Review**

Even though budget-writers announced an agreement on the 2019–21 Operating Budget this past Thursday, we were unable to provide any information about what was in—or out—of the final budget because budget details were not released until Saturday, after last week’s *TWIO* was produced. Often times when an agreement is rumored or announced, but specific details are withheld for whatever reason, we can usually gather at least some scraps of information about what the budget will look like. That was not the case this session. Budget-writers, legislative leaders, and rank-and-file members were all tight-lipped. It was entirely unclear where the spending level of the budget would land, how much new revenue was included (and where it came from), and what individual items were a part of the budget. And when details of the budget were finally released Saturday afternoon, it appeared there were still some outstanding questions that were not yet answered. As noted above, probably the biggest question was what would happen with levies and Local Effort Assistance. Reading the budget language, it was clear the budget-writers did not have an answer. When bills have a budget impact, there is normally proviso language in the Operating Budget that states funding is provided to “implement HB 1234” or funding must be utilized as “specified by SB 5678” or similar language. Regarding Local Effort Assistance funding—and assumed increases—the budget

***This Week in Olympia:***  
**Special Edition: Sine Die**  
**April 29, 2019**  
*continued*

noted that funding was provided “for changes to the levy and levy equalization system as specified in either HB 2140 or SB 5313.” This was a clear indication, even with imminent budget passage, budget-writers did not know which bill would prevail.

The Conference Report (which means no amendments were allowed; it must be accepted or rejected) for the 2019–21 Operating Budget, [HB 1109](#), is a \$52.5 billion spending package, which is an overall increase of \$6.0 billion over the 2017–19 budget. That increase includes \$1.9 billion in Policy Level increases. Of that \$1.9 billion in Policy Level increases, approximately \$636 million is dedicated to K–12 Education—about 33 percent of the total increase. Unfortunately, this includes a \$349 million increase to implement the School Employees’ Benefits Board insurance program. Removing that funding for that program—which includes damaging unfunded mandates—K–12 increases total just \$287 million, which is a mere 15 percent increase...for Washington State’s constitutional Paramount Duty.

Below is a description of some of the major K–12 budget changes. For more details, please visit the [Legislature’s budget website](#). Here you can find an overview of the budget, text of the final negotiated budget (noted as the Conference Report), and a comprehensive agency detail, including a comparison of the final budget with House and Senate proposals. Additionally, WASA staff has already started work on our annual End of Session Report, which will include full details of the 2019–21 Operating Budget and the 2019–21 Capital Budget, along with a comprehensive review of the many education-related bills the Legislature addressed this session. It will be emailed to all *TWIO* subscribers (and available on the WASA website) as soon as it is completed. Finally, OSPI is in process of updating its Multi-Year Budget Comparison Tool with new information contained in the final, adopted budget. When it is completed, it will be available on OSPI’s [School Apportionment & Financial Services](#) webpage under “[2019–20 Budget Preparations](#).”

## **Major K–12 Increases**

### **SEBB Implementation – \$319 million**

The final budget provides funding to implement the School Employee’s Benefits Board (SEBB) insurance program—thereby accepting the SEBB Collective Bargaining Agreement—beginning January 1, 2020 (the \$319 million appropriation does not include the assumed Maintenance Level increases of at least \$500 million). The insurance funding rate will be \$994 per employee per month in Fiscal Year 2020 and \$1,056 per employee per month in Fiscal Year 2021. These rates include Benefit Allocation Factors negotiated in the SEBB Collective Bargaining Agreement for state allocated Classified Staff (1.43) and Certificated Instructional Staff (1.02).

Increased retiree remittance allocations are also provided to school districts as part of an increase to the Medicare-eligible retiree subsidy beginning January 1, 2020.

As noted above, legislation was adopted (HB 2140) which delays the enrollment of non-represented ESD employees in the new SEBB insurance program until January 1, 2024, and allows ESDs to enroll those employees in the Public Employees’ Benefits Board insurance program until December 31, 2023.

### **Special Education – \$155.2 million**

The final budget increases special education in total by \$155.2 million (to implement [SB 5091](#)). It should be noted, however, that this includes increases in the excess cost multiplier, safety net changes and increases, and professional development. That is positive, however, the baseline funding increase of \$77.1 million for the excess cost multiplier is woefully inadequate. Do an apples-to-apples comparison of the final \$77.1 million increase to the House-proposed multiplier increase of \$71.9 million, the Senate-proposed multiplier increase of \$85.7 million, the OSPI multiplier request

***This Week in Olympia:***  
**Special Edition: Sine Die**  
**April 29, 2019**  
*continued*

of \$86.8 million, and the projected statewide need of at least \$306 million and you realize this is not something to throw a party over. The final multiplier funding is \$5.2 million more than the House proposed, \$8.6 million less than the Senate proposed, \$9.7 million less than requested by Superintendent Reykdal, and at least \$240 million (probably closer to over \$370 million) less than needed. They say, “something is better than nothing,” but for a Legislature that claims it has fully funded basic education and claimed it would solve the special education funding problem this session, funding one-third (at best) of the documented need is embarrassing.

The remaining funding will provide additional funding: to lower the state safety net threshold, from the current 2.7 times the average per pupil expenditure, to 2.3 times the average (\$16.0 million); for anticipated growth in safety net awards in the 2018–19 and 2019–20 school years (\$32.7 million); and for professional development to promote the inclusion of special education students within the general education classroom (\$25.0 million).

#### **Local Effort Assistance – \$61.6 million**

With the passage of SB 5313, funding is provided to increase Local Effort Assistance (LEA) payments beginning in Calendar Year 2020. (It should be noted that there is a Maintenance Level reduction of \$184.1 million, which means the 2019–21 budget includes a net reduction of \$122.5 million, even with the new funding for LEA.)

#### **Paraeducator Training – \$12.0 million**

The final budget provides funding for two days of comprehensive training on the fundamental paraeducator standards beginning in the 2019–20 school year. Current law requires school districts to provide paraeducators a four-day “fundamental course of study.” The law, however, specifically notes that school districts must only provide the course in school years for which state funding is appropriated specifically for this purpose and only for the number of days that are funded by the appropriation. Unfortunately, the Professional Educator Standards Board requested \$52.0 million for four-days of training, meaning, even though only two days of training will be required, it is questionable if that training is adequately funded.

#### **High-Skilled Program Grants – \$4.1 million**

Funding is provided to expand the current grant program for secondary Career & Technical Education to include support for the maritime and construction industries, in addition to the current funding for aerospace programs. Funding is also provided for staffing and grants to assist districts in expanding course equivalencies for Career & Technical Education courses, as required in [HB 1424](#).

#### **Student Mental Health & Safety – \$2.5 million**

Funding is provided to implement [HB 1216](#), which requires OSPI to maintain the State Safety Center, convene a Student Safety and Well-being Committee, and provide funding for 1.0 FTE at each ESD.

#### **Other Increases – \$23.0 million**

Funding is provided for numerous other K–12 educational programs, which will be more closely covered in WASA’s End of Session Summary.

**Final note:** The final budget does not provide for a delay in K–3 Class Size Compliance. School districts must reach class size ratios of 17:1 by the 2019–20 school year to retain funding.

