



TWIO

This Week In Olympia

February 25, 2014

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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.

Note: In an effort to provide educators a timely review of the Supplemental Operating Budget yesterday, WASA only had time to produce a quick summary of the proposal. This Special Edition of *TWIO* provides a more detailed, comprehensive review of the Senate's 2014 Supplemental Operating Budget proposal, as well as information regarding the Senate's 2014 Supplemental Capital Budget proposal.

The House is scheduled to release its Operating Budget proposal, along with a Capital plan, tomorrow. We will provide details as soon as possible.

Special Edition: Senate Releases 2014 Supplemental Operating Budget Proposal

The Legislature left town in June with just over \$50 million in unrestricted reserves. Since then, revenue collections have been up slightly above projections, increasing the state's unrestricted reserves to approximately \$230 million. And for the first time in several years, the budget was in the black coming into session and there was no need to make major reductions to bring the budget back into balance. Even so, budget-writers in both houses appeared less-than-eager to adopt significant budgetary changes. Since last summer, both leaders publicly stated that any additional resources should be stashed away to further cushion the budget's bottom line and protect the state from any unforeseen emergencies.

Each year there are necessary budget adjustments due to "maintenance" level changes (mandatory cost corrections due to increases or decreases in caseloads) or to address unanticipated emergencies, such as wildfires; however, many legislators, especially those in the Senate Majority Coalition Caucus, argued there was enough money "in the bank" to carry the state through this year and if even if corrections were necessary, legislators will have an opportunity in the 2015 Session to make adjustments to the two-year budget that runs through June 30, 2015. There was an increasing discussion—and growing speculation—about the possibility of having NO Supplemental Operating Budget this year.

As late as last week, when the Economic & Revenue Forecast Council met to adopt its update of the state's predicted revenues for the remainder of this biennium (and the next), there was doubt about a Senate budget. Both budget chairs sit on the Council and were asked after the new forecast had been adopted if the positive forecast (projected revenue was increased by \$30 million above the November prediction) had any impact on a decision regarding a supplemental proposal. Representative Ross Hunter (D-Medina),

Special Edition: Senate Supplemental Operating Budget Proposal

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Chair of the House Appropriations Committee, quickly responded that we need a budget “to make caseload changes and address emergencies that were not dealt with in the two-year budget.” Senator Andy Hill (R-Redmond), Chair of the Senate Ways & Means Committee, simply said “*If we have a budget*, it will be a ‘typical supplemental.’ We will adjust for caseloads, address emergencies and take advantage of one-time opportunities for savings in the future.” It was clear the House would release a budget, but it was still unclear whether the Senate would release a proposal.

Late Friday night, we received word that the Senate would be releasing a budget on Monday, February 24, followed by a public hearing in the Senate Ways & Means Committee on Tuesday. Yesterday afternoon, Senate budget-writers unveiled their proposed **2014 Supplemental Operating Budget**, a Proposed Substitute to SB 6002. During the budget press conference, Sen. Hill noted that the “good news” from the February 19 revenue forecast contributed to his decision to write a supplemental budget. To say the proposal is “modest,” however, is a bit of an understatement. Hill made clear the Senate supplemental did not need to make major changes because “last year we did the heavy lifting” in writing the two-year budget. And you can be assured, the oft-repeated boast of providing an historic “\$1 billion increase” to basic education was mentioned more than once during the press conference.

The Senate proposal would increase spending in the underlying 2013–15 Operating Budget by less than \$100 million (\$95.7 million to be exact)—an increase which was made possible with the increase in anticipated revenue, coupled with an expected reduction in caseloads. Of the \$95.7 million increase, almost half, \$43.5 million (net), is for required “maintenance” level changes. The remaining \$52.1 million (net) is for “policy” level changes.

The proposal makes several resource changes, mostly due to increased and decreased revenues from passage of tax preference legislation. The proposal also includes \$51 million in fund transfers. The transfers include: (1) \$34 million from the Life Science Discovery Fund; (2) \$6.7 million from redirecting liquor excise taxes that otherwise would have been distributed to local governments; (3) \$3.7 million from the Energy Freedom Account; and (4) \$3 million from adjusting lottery account distributions to increase amounts to the Opportunity Pathways Account. The loss of local government revenues resulting from the redirection of liquor excise taxes will be replaced by up to \$5.2 million in revenues from marijuana excise taxes, if sufficient revenues are received by the state.

K–12 education receives a net reduction of \$8.4 million in the maintenance level budget. This is due to lower staff mix, assessment costs and other budget drivers, partially offset by higher K–12 enrollment. At the policy level there is an increase of \$38.7 million. Details of the policy changes proposed in the Senate budget are below.

K–12 Enhancements

TECHNOLOGY MSOC – \$38.2 million

The budget provides \$38.2 million to fully fund the technology component of Maintenance, Supplies, and Operating Costs (MSOC), pursuant to education finance reform legislation adopted in 2010 (SHB 2776). The MSOC technology allocation in school year 2014–15 is increased from \$82.16 to \$125.92 per student. The total general education MSOC allocation for school year 2014–15 increases from \$781.72 to \$825.48 per student.

COLLECTIVE BARGAINING AGREEMENT PORTAL – \$198,000

Funding is provided for OSPI to create and maintain an internet-based reporting tool that will allow public schools to upload collective bargaining agreement data elements as required by **SB 6062**.

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PARAEDUCATOR DEVELOPMENT – \$128,000

Funding is provided for a Paraeducator Workgroup, as required in [SB 6129](#), to design program specific minimum employment standards for paraeducators, professional development and education opportunities that support the standards, a paraeducator career ladder, an articulated pathway for teacher preparation and certification, and teacher professional development on how to maximize the use of paraeducators in the classroom.

YOUTH SUICIDE PREVENTION – \$100,000

Additional funding is provided for OSPI to continue to implement youth suicide prevention activities. Funding is to be prioritized for high-risk populations, tribal communities, and communities with a high percentage of students who speak English as a second language. The total appropriation for the biennium is \$240,000.

EXPANDED LEARNING OPPORTUNITIES – \$83,000

Funding is provided for staff support of a new Expanded Learning Opportunities Council as required by [SB 6163](#).

INTERACTIVE GAMING IN SCHOOLS – \$66,000

Funding is provided for OSPI to support the Interactive Gaming in Schools public-private partnership, as established in [SB 6104](#). The program will examine how interactive games may be integrated into primary and secondary education to increase student involvement and achievement.

HOMELESS STUDENT EDUCATION OUTCOMES – \$44,000

Funds are provided for OSPI to collect and report homeless student data and to distribute a training video to school districts as required in [SB 6074](#).

BILITERACY SEAL – \$21,000

Funding is provided to implement [SB 6423](#), which requires OSPI to adopt rules establishing criteria for a biliteracy seal to recognize graduating high school students who attain a high level of proficiency in speaking, reading, and writing in one or more world languages in addition to English. For the purposes of awarding the seal, world languages include American Sign Language and Native American languages.

Additional Details

MODIFYING INSTRUCTIONAL HOURS

The budget also includes the “repurposing” of instructional hour funding, as called for in [SB 6552](#), modifying instructional hours. The bill would use the \$97 million provided in last year’s budget to implement an increase in instructional hours, beginning in 2014–15, and redirects the funding to the opportunity for high school students to earn a 24-credit high school diploma.

This repurposing of \$97 million: funds a laboratory science class size enhancement at a class size of 19.98 for grades 9–12 enrollment multiplied by a factor of .0833; adds 0.53 additional high school guidance counselors per prototypical high school; and provides for an additional MSOC allocation for grades 9–12 of \$164.25 per FTE student. Skills Center and Career and Technical Education Educational Service Associates are increased to match bill language.

\$309,000 of the \$97 million appropriation is provided for: the State Board of Education to adopt rules to implement the Career and College Ready graduation framework adopted under board resolution on November 10, 2010 and revised on January 9, 2014 to take effect beginning with the graduating class of 2019 (\$22,000); and for OSPI to develop math and science equivalency curriculum and model course modules for Career and Technical Education and Skills Center courses which allow students to fulfill math and science credit requirements for graduation (\$287,000).

The reprogramming of the previously provided \$97 million is cost neutral.

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(Note: SB 6552 was heard in the House Education Committee yesterday and its prospects are uncertain. The bill is on the Committee's tentative executive action list for tomorrow; however, if it does not receive a strong push from educators in the next 24 hours, it may die. If that happens, school districts will be left with the status quo: an untenable instructional hour requirement with little flexibility and little positive measurable impact on student achievement. We strongly encourage you to contact your legislators and urge adoption of this bill.)

STEM ALLIANCE – \$1.0 million

Funding is provided to the Office of Financial Management to support the work of Science, Technology, Engineering, and Math (STEM) alliances for regional networks and teacher training. Regional networks will connect businesses in these industries with local school districts to drive relevant curriculum and real world learning. Innovative technology-based training materials also will be developed for teachers.

TOBACCO AND MARIJUANA PREVENTION – \$1.0 million

The Department of Health (DOH) is provided with one-time funding for tobacco, marijuana, and e-cigarette prevention activities aimed at youth and populations with a high incidence of smoking. For activities aimed at youth, the Department of Health is required to partner with OSPI to fund effective tobacco, marijuana, and e-cigarette prevention programs at middle and high schools. For activities aimed at populations with a high incidence of smoking, DOH must contract with community based organizations that serve populations that have a high incidence of smoking tobacco, marijuana, or e-cigarettes. Future biennial funding of tobacco, marijuana, and e-cigarette prevention programs will be based on the Washington State Institute of Public Policy report on prevention activities due December 31, 2014. An additional \$50,000 is provided to the Institute to conduct this study.

FEDERAL FUNDING & STATE LAW – \$522,000

Funding is provided to the Joint Legislative Audit & Review Committee (JLARC) to implement **SB 6512**. JLARC is directed to prepare an annual report to the Legislature regarding federal funding programs greater than \$25 million in biennial expenditures affecting state health and human services programs and the common school system that specify required changes in state statutes as a condition of receiving the federal funding.

SYSTEMATIC EDUCATION REVIEW – \$263,000

Funding is provided for the Washington State Institute for Public Policy to implement **SB 6555**. The Institute must conduct ongoing systematic reviews of educational practices and services in three areas of the state budget: early learning, K-12, and higher education. The Institute is directed to produce inventories of evidence-based, research-based, and promising practices and services in these three areas, beginning December 1, 2016 with updates every two years thereafter. The bill also requires WSIPP to conduct a review of the state's investments in these areas.

USE OF SCHOOL DAYS – \$154,000

Funding is provided for the Washington State Institute for Public Policy to implement **SB 6064**. The Institute must conduct an analysis of how school districts use school days. The Institute must also, to the extent possible, analyze data to determine whether there is a causal link between the amount of professional development teachers receive and student achievement. An initial report to the Legislature is due December 1, 2014, and a final report is due December 1, 2015.

CHARTER SCHOOLS – \$99,000

The Supplemental Budget provides additional funding for the Washington Charter School Commission. \$91,000 is provided for additional costs of charter school application evaluations and oversight and monitoring of charter schools. \$8,000 in one-time funding is provided for additional anticipated Attorney General costs related to the lawsuit that was filed against the charter school initiative.

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JOBS FOR AMERICA'S GRADUATES (JAG)

Proviso language is added to the budget which requires, beginning in School Year 2014–15, students in the foster care system or who are homeless to be given priority by school districts offering the Jobs for America's Graduates program. Additionally, OSPI must convene staff representatives from high schools to meet and share best practices for dropout prevention. No additional funding is provided.

NAVIGATION 101

The underlying budget provided OSPI \$586,000 to “support the dissemination of the Navigation 101 curriculum to all districts.” The Supplemental Budget strikes this language and instead requires OSPI to use this funding (no change in appropriation) to “support district implementation of comprehensive guidance and planning programs consistent with RCW 28A.600.045.”

DROPOUT REENGAGEMENT PROGRAMS

Proviso language is added to the budget which directs OSPI, starting with the 2013–14 school year, to require all school districts “claiming general apportionment funding for dropout reengagement programs authorized under RCW 26 28A.175.100 through 28A.175.115 to meet minimum weekly instructional contact requirements.” OSPI is further directed to revise its rules accordingly to implement this subsection. Districts are also required to “provide separate financial accounting of expenditures for the open door programs offered in district or with a provider, as well as accurate, monthly headcount and FTE enrollment claimed for basic education, including separate counts of resident and nonresident students.”

PUPIL TRANSPORTATION

Current law requires OSPI to allocate funding for the transportation of students and funding is providing in the budget to accomplish this. Proviso language is added to the Supplemental Budget which requires OSPI to provide transportation funding to eligible students as provided for in current law “or for approved schools and eligible students as provided in RCW 28A.710.220(3).” This provides transportation funds for charter school students, as required under the charter school initiative.

2014 Supplemental Capital Budget

On Monday, the Senate also released its proposed **2014 Supplemental Capital Construction Budget**, a Proposed Substitute to SB 6020. The Senate's Capital Budget is a combination of this package, along with **SB 6081** and **SB 6516**. SB 6081 would create two new grant programs for K–12 facilities and reinvest K–12 capital budget savings in those new grant programs for Science, Technology, Engineering, and Math (STEM) labs and all-day kindergarten. SB 6516 would create and fund a Task Force on financing water supply, and flood and storm water control projects. Combined, these three bills increase funding by \$121 million in total funds, while maintaining the current bond funding level appropriated in the 2013–15 biennial budget. Major sources of revenue to support the increase include \$71 million in the water pollution control revolving fund and \$57 million Model Toxics Control Act (MTCA) accounts.

The Senate's Capital Budget reduces School Construction Assistance Program (SCAP) funding to align with the latest projection of required funding to “fully fund” the program. The savings of \$78 million is due primarily to fewer projects being eligible for assistance than originally estimated in the underlying budget. This adjustment is contained in SB 6081, which reinvests the savings into STEM labs and all-day kindergarten facilities, as noted below.

The Capital Budget proposal would provide \$50 million in bonds to fund SB 6081. The bill would create two new grant programs to improve public school facilities. A grant program to upgrade and modernize STEM facilities is established with \$25 million in initial funding provided. The bill also provides \$25 million as initial funding to support a new grant program for needed space for state-funded all-day kindergarten.

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\$9.25 million of the \$25 million provided for STEM grants would already be accounted for by providing a series of individual projects with funding. The remaining \$15.75 million would fund the initial round of competitive grants. The following projects would be funded:

- \$7.5 million – Franklin Pierce School District: Washington High School
- \$850,000 – University Place School District: Curtis High School
- \$450,000 – Zillah School District: Engineering & Robotics Facilities & Equipment
- \$200,000 – Enumclaw School District: STEM Computer Lab
- \$250,000 – Contract for Statewide STEM Organization

\$4.9 million (including \$2.9 million in bonds) would be provided for Skills Center funding. \$1.0 million would be provided to expand the Spokane Valley Tech Skills Center and \$3.9 million would be provided to remediate poor soils and provide utilities for the new Puget Sound Skills Center.

The Supplemental Capital Budget would also provide \$1.1 million to increase the Emergency Repair Pool for K–12 to cover the cost of the boiler replacement at Skykomish School.

The Senate’s 2014 Supplemental Capital Budget proposal is also scheduled to be heard in the Senate Way & Means Committee this afternoon.

Senate Democrats Release Education Funding Plan

On Tuesday, Senate Democrats crashed the Senate Majority Coalition Caucus budget party by introducing a proposal for a plan to fully fund basic education by 2018. The plan, introduced as **SB 6574**, outlines a series of year-by-year goals for the phasing-in of full funding of basic education—which has been demanded by the Supreme Court in its January 9 *McCleary* Order. In a **press conference** this morning Senator David Frockt (D-Seattle) noted that “The Supreme Court was clear that we needed a plan for fully funding education. This is just such a plan.”

The Legislature’s online website does not yet have bill language; however, Senate Democrats released a **comprehensive summary** of the bill:

- Part I of the bill provides a phase-in plan for meeting the *McCleary* funding obligations. It establishes a linear phase-in of SHB 2776; provides end values and a linear phase-in on components required for 24 credits in high school; and phases in a new compensation system, beginning in 2015 and completed by 2021.
- Part II of the bill provides an immediate increased investment in the state’s basic educational obligations to show the state’s good faith commitment to continue to make progress towards the 2018 full funding goals as required by the Supreme Court.
- Part III of the bill provides initial options (closing a series of tax loopholes) for additional revenue to support the increasing basic educational funding obligations.