



Special Edition:

House and Senate Release Budgets

“Budget Week” has arrived. As anticipated, House and Senate budget-writers released their proposed 2020 Supplemental Operating Budgets today. The House also released Capital Budget and Transportation proposals today. The Senate released its Capital Budget proposal last week—details in [Week 6 TWIO](#). The Senate is scheduled to release its Transportation proposal tomorrow.

Legislative budget releases are usually triggered by the [Economic & Revenue Forecast Council’s](#) first quarterly [Revenue Update](#). This was true again this year. Last week, the Council unveiled a positive revenue update, indicating the state would receive an additional \$606 million, above what was predicted in November. This brings the total of new, available revenue since the Legislature adopted its two-year 2019–21 Operating Budget to almost \$1.5 billion. It should be noted, however, \$318 million of this overall increase comes from one-time sources.

With this as the backdrop, budget-writers in both houses released their plans. The Senate proposal, introduced as a [Proposed Substitute to SB 6168](#), would increase the underlying 2019–20 budget by \$1.1 billion. This includes \$997 million in Policy Level spending (new programs or enhancements to existing programs) and \$143 million in Maintenance Level spending (required spending to provide currently authorized services, including adjustments—up or down—in entitlement caseloads or enrollment and other mandatory expenses, such as inflation). \$315 million of the total of new spending (linked to the one-time revenue from the updated Revenue Forecast) would be used to fund: homelessness shelters and programs (\$115 million); climate resiliency activities (\$100 million); and construction of the UW Behavioral Health Hospital (\$100 million). Budget materials indicate spending for K–12 education would increase by \$128 million. Looking deeper, however, indicates that K–12 Maintenance Level spending would be *reduced* by over \$33 million; and Policy Level spending would be *reduced* by \$6 million, when you include an \$85.4 million transfer of the Early Support for Infants & Toddlers (ESIT) from OSPI to the Department of Children, Youth, and Families, and a \$54.8 million reduction in the rates for the School Employees’ Benefits Board (SEBB) insurance program.

The House proposal, introduced as a [Proposed Substitute to HB 2325](#), would increase the underlying 2019–20 budget by \$1.2 billion. The House budget includes \$1.0 billion in Policy Level spending and \$144 million in Maintenance Level spending. K–12 spending would increase by \$129.2 million, close to the Senate plan. This total includes a \$71.1 million SEBB rate reduction (higher than the Senate plan), but does not include the ESIT transfer. Including the \$85.7 million (\$300,000 higher than the Senate plan) reduction, leaves a net Policy Level increase of \$43.5 million in K–12. There is also a Maintenance Level *reduction* of almost \$59 million.

Following below are the major changes in the K–12 section of the two Operating Budget proposals. For more information and detail, review the information available from the



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About TWIO

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Legislative Evaluation & Accountability Program (LEAP) Committee: [Senate \(SB 6168\)](#) and [House \(HB 2325\)](#). Included are the text of the actual budget bills, summaries of the proposals, complete agency details, and the LEAP documents addressed in the budgets.

Local Effort Assistance – Senate: \$45.8 million; House: \$48.0 million

The Senate budget provides one-time Local Effort Assistance (LEA) hold harmless funding for Calendar Year 2020 due to assessed property values above forecast. Statewide, the revised estimates for 2020 assessed property values are 10 percent higher than at the time school district budgets were developed for the 2019–20 school year. The higher assessed property values result in lower LEA payments than anticipated for some districts. The hold harmless funding provides the difference between the budgeted LEA amounts and the revised estimates less any additional levy revenue received. A list of impacted districts is not yet available; we will provide that information when we receive it.

The House budget also provides one-time Local Effort Assistance (LEA) hold harmless funding for Calendar Year 2020; however, they would provide \$48.0 million, a bit more than the Senate. The House budget also clarifies that 119 school districts would receive the payments, along with a [list of those districts](#). Because we have no Senate list, it is unclear why there is a discrepancy in funding.

Please note that the Maintenance Level for Local Effort Assistance is reduced by \$115.3 million (in both proposals). Including this one-time LEA hold harmless, there is a net reduction in LEA funding of \$69.5 million (Senate) or \$67.3 million (House).

Pupil Transportation – Senate: \$41.3 million; House: \$68.4 million

The Senate budget provides \$11.8 million to incorporate an increase to the prior year pupil transportation base over the amount that was assumed in the 2019–21 budget. The House budget provides \$38.1 million for the same purpose.

Additional one-time funding is provided (\$29.5 million in both budgets) for payments to school districts for pupil transportation in the 2018–19 school year. Apportionment payments for this purpose in Fiscal Year 2019 exceeded the 2019 Supplemental Budget by \$29,500,000; however, OSPI paid this amount to districts in Fiscal Year 2020. This funding is provided to maintain the initial Fiscal Year 2020 appropriation level.

While the funding for the “excess transportation allocation” is the same in both budgets, the House also includes proviso language which restricts the ongoing allocation of pupil transportation amounts carried-over to the 2019–20 school year, specifies a maximum dollar amount for allocations in the 2020–21 school year, describes methods for limiting the allocation to state allocated salaries as required in current law (RCW 28A.160.192), and requires the Office of Financial Management to review and make recommendations regarding the pupil transportation funding system.

The effect of the House’s proviso language appears to result in a reduction in school district transportation allocations. You are encouraged to review this language and your transportation funding to determine if this will negatively impact your district—and make your concerns known to legislators. (We also encourage you to keep WASA in the loop, so we can better support you.)

School Counselors – Senate: zero; House: \$50.9 million

The House provides \$50.9 million (the Senate provides no funding) to allocate an additional 0.5 FTE counselor per prototypical school for all high poverty schools. House budget-writers note that approximately 44 percent of K–12 enrollment attend high poverty schools that would generate this increased allocation. This funding would increase counselor staffing per prototypical school for high poverty schools above the amounts specified in current law (RCW 28A.150.260).

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Special Education – Senate: \$21.2 million; House: zero

The Senate budget provides funding (\$9.7 million) for the implementation of [SB 6117](#). The funding would increase the special education multiplier from 1.0075 to 1.0251 for students spending 80 percent or more in a general education setting. The bill would also provide that the average per-pupil expenditure used to determine safety net award eligibility for high-need students is the lesser of the state average or the average among districts within the same regionalization tier as the high-need student (\$11.1 million). This change to the threshold would allow all school districts to access the special education safety net in an equitable manner. Additional funding (\$400,000) would be provided to the Washington State Institute for Public Policy to conduct a study of special education services in public K–12 schools.

PERS & TRS Plan 1 Benefits – Senate: \$12.7 million; House: \$17.6 million

The Senate budget provides funding to implement [SB 5400](#), providing a one-time 3 percent benefit increase for eligible Public Employees' and Teachers' Retirement System Plan 1 members, up to a maximum of \$62.50 per month.

The House budget provides funding to implement [HB 1390](#), providing a one-time 3 percent benefit increase for eligible Public Employees' and Teachers' Retirement System Plan 1 members, up to a maximum of \$62.50 per month.

It is unclear why the House assumes a greater cost for an identical benefit.

Paraeducator Training – Senate: \$12.6 million; House: \$17.0 million

Legislation adopted in 2017 (ESHB 1115) set common statewide standards for paraeducators, outlined necessary training for obtaining or meeting those standards, and offered career development for paraeducators, including a four-day fundamental course intended for all paraeducators. The 2019–21 Operating Budget provided funding for two of the four days of the course. The Senate budget provides \$12.6 million for two additional days of fundamental paraeducator training for paraeducators. Note: there is an expectation another \$13.4 million will be provided in the next biennial budget to “fully fund” the program. In order for districts to continue to provide the required training, the current “reimbursement” model will continue to be used.

The House budget provides \$17.0 million for two days of comprehensive training per year on the fundamental paraeducator standards beginning in the 2019–20 school year, as required by law. The House clarifies that funding is sufficient for each paraeducator teaching in the 2019–20 school year to complete the four-day fundamental course of study, as defined in law (RCW 28A.413.060), by the end of the 2020–21 school year. Note: There is an expectation in the House budget that another \$18.4 million will be provided in the next biennial budget to “fully fund” the program. In order for districts to continue to provide the required training, the current “reimbursement” model will continue to be used.

Mental Health & Safety – Senate: \$2.6 million; House: \$3.5 million

The 2019–21 Operating Budget provided funding to support a new statewide student mental health and safety network, as adopted by [2SHB 1216](#). The 2019 Legislature funded one FTE for regional coordination at each ESD. This request would strengthen the network by providing 13.5 additional FTE staff. The additional funding would be used for one additional FTE for regional coordination of behavioral health, school safety and threat assessment efforts, and .5 FTE administrative support at each of the nine ESDs.

The House provides funding for an additional 2.5 FTEs (vs. 1.5 in the Senate plan) per ESD for the Regional School Safety Centers.

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Dual Language – Senate: \$1.4 million; House: \$465,000

The Senate budget provides funding to implement [SB 5607](#) for OSPI to administer grants to school districts to: establish or expand dual language programs; create heritage language programs for immigrant and refugee students; and create indigenous language programs for native students.

The House budget provides additional funding to the current Dual Language Grant Program for districts to grow capacity for dual language learning in public schools.

School Nurse Corps – Senate: zero; House: \$1.7 million

The Washington School Nurse Corps (SNC) is a regional delivery model to provide nursing services to small, rural school districts. Since the program's inception, the number of students who come to school each day with chronic, complex, and life-threatening health conditions has increased significantly. At current funding levels, the SNC is not able to meet the demand for nursing services for small, rural school districts. The House budget provides \$1.7 million in additional funding to support the SNC so every small, rural district (Class II districts) receives registered nurse (RN) services of at least one day every two weeks, as well as support staff at each ESD.

Homeless Student Stability – Senate: zero; House: \$1.2 million

The House budget provides funding to expand the Homeless Student Stability Education Program. The program provides competitive grants for high-need school districts to supplement federal McKinney-Vento Act dollars, and to improve educational outcomes for students experiencing homelessness through increased identification and capacity building in the district's homeless education program. The program was funded at \$1.0 million per year in the underlying 2019–21 budget. This increases the funding beginning in Fiscal Year 2021.

Beginning Educator Support Team (BEST) – Senate: zero; House: \$1.0 million

The House budget provides additional funding the Beginning Educator Support Team (BEST) program for pre-service mentor academies and enhanced support for BEST grant recipients.

Institutional Education – Senate: \$771,000; House: \$1.0 million

Both the Senate and House provide funding (\$562,000 and \$769,000, respectfully) to increase resources for the differentiated instructional needs of students in institutional education programs. Both the Senate and House also provide funding (\$200,000 in both) for a student records coordinator to manage the transmission of student records with the Green Hill Academic School and Naselle Youth Camp School. The 2019 Legislature provided funding for this purpose at Echo Glen Children's Center in the underlying 2019–21 budget.

Additional Programs – Senate: \$4.1 million; House: \$7.2 million

The Senate budget provides another \$4.1 million to implement a series of bills or enhance a number of smaller programs, including telehealth, ethnic studies materials, innovative learning pilots, and apportionment systems maintenance (at OSPI).

The House budget provides another \$7.2 million to implement a series of bills or enhance a number of smaller programs, including the Running Start summer pilot, the Learning Assistance Program, integrated early learning options, CTE Alternative Learning Education, and apportionment systems maintenance (at OSPI).

Early Support for Infants & Toddlers Transfer – Senate: (\$85.4 million); House: (85.7 million)

The Senate and House budget would transfer funding for payments to providers for the Early Support for Infants and Toddlers (ESIT) program from OSPI to the Department of

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Children, Youth, and Families beginning September 1, 2020. This would be a revenue neutral shift in the overall budget; however, it would result in a \$85.4 million reduction (Senate) or a \$85.7 million reduction (House) in the K–12 portion of the budget.

SEBB Rates – Senate: (\$54.8 million); House: (\$71.1 million)

Both the Senate and House budgets adjust (that is, reduce) funding based on updated rates for Fiscal Year 2021 for the School Employees' Benefits Board insurance program. Following the results of benefits procurement and open enrollment, costs are expected to be lower than projected in the biennial operating budget. The monthly per eligible employee funding rate charged to school districts for health and insurance benefits at the School Employees' Benefits Board (SEBB) is reduced for the 2020–21 school year—the Senate assumes rates will reduce from \$1,056 to \$1,000; the House assumes rates will reduce from \$1,056 to \$1,014.

Budget savings are from adjusting school district allocations to match reduced charges from Health Care Authority for the funding rate. The reduced funding rate also applies to eligible employees supported by local funds. In addition, the Legislature assumes that reserves for the self-insured portion of the SEBB program will be gradually accumulated during the first several years of operation, and that medical inflation in the self-insured portion of the program will be approximately 4 percent per year.



Dan Steele, Government Relations dsteale@wasa-oly.org
Washington Association of School Administrators 825 Fifth Ave SE | Olympia, WA 98501
 P: 800.859.9272 360.489.3642 | F: 360.352.2043 | www.wasa-oly.org