



# TWIO

## This Week In Olympia

July 1, 2015

### IN THIS ISSUE:

- Final Budget Edition

### 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](http://www.wasa-oly.org/TWIO).

It took a full Regular Session and an unprecedented three Special Sessions—and the fear of, for the first time ever, crossing over the June 30 fiscal year deadline which would have forced a partial state government shutdown—but the Legislature finally completed negotiations and adopted a new two-year Operating Budget. The final, compromise 2015–17 Operating Budget was adopted on June 29, Day 167 of the 2015 Legislative Session, and was signed by Governor Inslee last night about 11:39 p.m., 21 minutes shy of crisis. Additionally, as Operating Budget negotiations concluded, negotiations on a compromise Capital Budget ramped up. Final agreements were in place late Monday and the Legislature adopted a final 2015–17 Capital Construction Budget late last night.

It was assumed (or at least hoped) that, following approval of the two-year Operating Budget, legislators would take final action on a two-year Capital Budget, a two-year Transportation Budget (along with a necessary revenue package) and a series of budget-implementing bills and adjourn “Sine Die” sometime today. The Operating Budget was adopted and signed before the new fiscal year began this morning at 12:00 a.m.; however, three major conflicts will force the Legislature to continue its Third Special Session for a day or two—or perhaps longer. While both houses adopted a new Transportation Budget and the necessary revenue bill (incrementally increasing the state gas tax by 11.9 cents), the House has not yet adopted the bond authorization bill for transportation. Similarly, both houses adopted a new Capital Budget; however, the Senate has not yet adopted the necessary bill to authorize capital bonds.

The third major conflict is a raging battle over Initiative 1351, the recently adopted class size reduction initiative. Before session even started it was clear there would be a bi-partisan, bi-cameral effort to repeal, amend or postpone the implementation of I-1351. The necessary funding (\$2.0 billion this biennium and increasing after that) was just not to be found. Part of the agreement on a final Operating Budget was to eliminate the need for a \$2.0 billion investment for I-1351. The House adopted the necessary implementing bill, [HB 2266](#), with a vote of 72–26—well-over the required two-thirds majority to amend an initiative within two years after the public's adoption. When the bill was moved to the Senate in the dead of night (this morning), the final vote was 27–17—a full six votes shy of the necessary two-thirds majority. (Note: Senator Joe Fain (R-Auburn) was one of the “No” votes. He is the Senate Majority Floor Leader, assisted with budget negotiations and is loyal to his Caucus. He presumably voted no in order to move to reconsider the vote; that notice was immediately

## Final Budget Edition: July 1, 2015

*continued*

given following the vote.) Senators scrambled to rally the votes, but ultimately they decided (after being on the floor for over 20 hours) to adjourn. They are not scheduled to return until Friday, July 3.

The fact that the amendment of I-1351 failed is interesting and intriguing; however, the “why” is even more important. Certainly, there are legislators that do not want to overturn the “will of the voters” or may not want to reject the WEA’s major priority, but it appears most of the “No” votes were an effort to revive a dead issue: [HB 2214](#). HB 2214 is the bill which would eliminate a series of state assessments in order to transition to the new SBAC tests and eliminate most alternative assessments. The bill is also the vehicle to repeal the current biology assessment as a graduation requirement. The House passed the bill three times, but has been rebuffed by the Senate each time. The most recent passage was two days ago, but it appeared the House was simply making a statement, not expecting the bill to move in the Senate. Now a group of Senators have stated they will withhold their vote to approve any amendment to I-1351 until the Senate acts on HB 2214. The game of chicken over the Operating Budget lasted almost three months. This one could also be fun (note the thick tone of sarcasm).

With the adoption of a budget and imminent (?) adjournment of the 2015 Legislative Session, WASA staff will continue to work on our annual End of Session Report. It will contain full details of the 2015–17 Operating Budget and the 2015–17 Capital Budget, along with a comprehensive review of the many education-related bills the Legislature addressed this session. It will be e-mailed to all *TWIO* subscribers, and archived on the WASA website, as soon as it is completed. Because of the late adoption of the state budget, however, we felt it was important to provide you with some of the details of the final budget quickly, rather than force you to wait until the End of Session Report is available. Below is an in-depth, but less-than-comprehensive, review of the education portion of the 2015–17 Operating Budget, numbered as [ESSB 6052](#). While some of the nitty gritty details will not be discussed, our hope is that this summary will answer many of your budget questions before a more comprehensive review is available. As always, please contact us if we can provide additional information.

For those of you who want to take a deeper dive into the budget on your own, the [Legislative Evaluation & Accountability Program Committee \(LEAP\) website](#) houses all of the budget documents, including the actual text of the final bill, a brief overview and a complete agency detail. Normally, legislative staff from the body which initiated the budget will take the lead on drafting a summary and packaging the agency details. Please note, however, for this particular budget, the [Office of Program Research](#) (the organization that coordinates the House’s Committee work) and [Senate Committee Services](#) (the organization that coordinates the Senate’s Committee work) have each provided their own overviews and agency details. While the budget figures are identical, the two houses describe many details differently.

### Major K–12 Policy Enhancements

#### MSOC — \$741 million

HB 2776 and the *McCleary* decision require full funding of an enhanced formula for Maintenance, Supplies & Operating Costs (MSOC) by the 2015–16 school year. The final budget fully funds this obligation, increasing the funding

## Final Budget Edition: July 1, 2015

*continued*

allocation to \$1,210.05 per student in the 2015–16 school year and \$1,230.62 in the 2016–17 school year, up from \$848 per student in the current school year. (Note: this item is considered a “Maintenance Level” issue, so it is not included in the agency detail.)

### **Class Size Reduction — \$350.2 million**

HB 2776 and the *McCleary* decision require full funding of new formulas for basic education programs, requiring class sizes of 17 students for grades kindergarten through three (K–3) by the 2017–18 school year. The budget provides funding to continue to phase in reduced class sizes with the largest class size reductions occurring in early grades in the first year and then following the cohort of students who have already received the benefit of state-funded class size reduction in the second year. Priority is given to high-poverty elementary schools, as measured by those with the highest percentage of students eligible for the federal Free and Reduced-Price Lunch program. Funding is provided to fully implement a class size of 17 for K–1 students in high poverty schools in the 2016–17 school year.

Allocations for class sizes will be based on the school district’s documented actual average class size, averaged across all four grades (K–3).

### **All-day Kindergarten — \$179.8 million**

HB 2776 and the *McCleary* decision require statewide basic education funding of all-day kindergarten by the 2017–18 school year. The budget provides allocations allowing statewide voluntary all-day kindergarten programs to be expanded, increasing from 43.75 percent of kindergarten enrollment in the 2014–15 school year to 71.88 percent in the 2015–16 school year. All-day kindergarten is fully implemented at 100 percent of kindergarten enrollment in the 2016–17 school year, one year ahead of the statutorily required deadline.

### **Federal Forest Revenues — \$7.7 million**

Under current law, timber revenues collected by school districts from most federal lands are deducted from the general apportionment allocations provided by the state. Congress recently reauthorized the Secure Rural Schools and Community Self-Determination Act for two years, which provides federal funds to compensate the state and school districts for property that is not taxable. Under legislation adopted last year, this forest revenue “deduction” is limited. This budget comports with current law, as amended last year, by providing a one-time allocation to allow school districts to retain their local deductible revenues during the 2015–17 biennium.

### **Teacher Mentoring — \$5.0 million**

Funding is provided to expand the number of teachers that may participate in the Beginning Educator Support Team (BEST) program at OSPI. BEST provides grants to school districts to provide an enhanced level of support and professional development for new teachers.

### **CTE Guidance Counselors — \$3.5 million**

Funding is provided to adjust the prototypical school funding formula staffing allocations in Career & Technical Education and Skills Centers programs for state-funded Education Staff Associates, correcting a formula error.

## Final Budget Edition: July 1, 2015

*continued*

### **School Turnaround Programs — \$3.2 million**

Sufficient funding is provided for grants to school districts identified as persistently lowest achieving and having been listed by OSPI as a Required Action District. Funds are also provided for staffing at OSPI for the implementation and continued administration of the program.

### **College Success — \$2.9 million**

Washington Achievers Scholars supports community involvement officers in the recruitment, training, and matching of community volunteer mentors with students selected as Achievers Scholars, providing mentorship to low-income high school juniors and seniors through their freshman year of college. The College Bound Scholarship program provides annual college tuition and a book allowance for low-income Washington students. This budget provides funding to expand the Washington Achievers Scholars program within King and Pierce counties. Additionally, funding is provided to replace federal and private dollars that are no longer available to the College Bound Scholarship program.

### **Kindergarten Readiness — \$2.8 million**

Funding is provided to continue the statewide administration of the Washington Kindergarten Inventory and Developing Skills (WaKIDS) and for one-time implementation and training grants for schools implementing the inventory for the first time. This step assumes the expansion of state-funded full-day kindergarten to 71.88 percent in the 2015–16 school year and full implementation in the 2016–17 school year (as noted above).

### **Math & Science Professional Development — \$1.4 million**

One-time funding is provided for professional development and coaching for state-funded math and science high school teachers by the science and mathematics coordinators at the ESDs for the 2015–16 school year. The professional development must include instructional strategies and curriculum-specific training to improve outcomes for the statewide high school mathematics assessment or the high school biology assessment.

## **Major K–12 Reductions or “Savings”**

### **Initiative 1351— (\$2.0 billion)**

Initiative 1351, adopted by the voters in November, amended the state’s funding requirements for class size and staffing formulas, with a phase-in schedule estimated at \$2 billion for the 2015–17 biennium and full implementation (an additional \$2.7 billion) effective September 1, 2018. Budget-implementing legislation, [HB 2266](#) (not yet adopted), would delay the implementation of I-1351. Initial funding would be required beginning in the 2019–21 biennium, with full implementation required by the end of the 2021–23 biennium.

Note the signal the Senate provides about *McCleary* and basic education. The Senate’s agency detail for this budget savings states: “The Legislature has the authority to set the program of basic education and intends to continue making changes to the program in those areas where emerging research and evidence demonstrate better and more efficient strategies are available to assist student success.” This identical language was a part of [SB 6088](#), the Senate’s previous attempt to amend I-1351.

## Final Budget Edition: July 1, 2015

*continued*

### **Staff Mix — (\$35.7 million)**

The 2015–17 budget funds 5,000 additional certificated staff (1,901 FTEs in the 2015–16 school year and 3,137 FTEs in the 2016–17 school year) with the expansion of state-funded full-day kindergarten and reduced class sizes in grades kindergarten through three. The 2015–17 budget assumes, for the 2015–16 school year, approximately one-third of the new state-funded teachers will have zero years of experience and approximately one-half will have a master’s degree. For the 2016–17 school year, it is assumed that the new teachers added in the 2015–16 school year will have gained one year of experience and that approximately one-third of the teachers added for the 2016–17 school year will be new to teaching, having zero years of experience. Staff mix, the state’s term for average years of experience and educational credits, is reduced to reflect these new hires in the K–12 system.

### **Local Effort Assistance — (\$20.5 million)**

State funding enhancements for MSOC, All-day Kindergarten and K–3 Class Size Reduction expand school district levy bases. This, in turn, increases local districts’ levy capacity and increases required state payments of Local Effort Assistance (LEA or “levy equalization”). The budget, however, adjusts the Per Pupil Inflation (PPI) to 4.27 percent in calendar year 2016 and reduced to 1.09 percent in calendar year 2017, which provides for a \$20.5 million “savings.” The adjusted PPI will allow school districts to collect, in aggregate, the same amount of local Maintenance & Operation levies in calendar year 2016 as they are currently collecting in calendar year 2015. Note that while the PPI adjustment provides for a \$20.5 million state budget savings, due to Maintenance Level costs there will be a net increase in state funding for LEA. Total LEA payments to eligible districts will increase from \$652.3 million to \$742.8 million in this budget.

## **Compensation Changes**

### **Educator COLA – \$418.5 million**

The final budget fully funds Cost of Living Adjustments for state-funded K–12 employees, as required by Initiative 732, but also provides an additional, temporary enhancement. The total provided COLA aligns with increases in state employee compensation pursuant to their recently negotiated collective bargaining agreements. Approximately \$266.2 million is provided to fund a 1.8 percent COLA for the 2015–16 school year and a 1.2 percent COLA for the 2016–17 school year. (NOTE: the I-732 COLA is a required Maintenance Level item, so it is not included in the agency detail.)

An additional \$152.3 million is provided for a one-biennium additional salary increase of 1.2 percent for the 2015–16 school year and 0.6 percent in the 2016–17 school year. Taken together with the I-732 COLA, the total salary increase for these two school years is 3.0 percent and 1.8 percent. The additional salary increase is one-time and expires August 31, 2017.

The additional COLA is provided to maintain parity with state employee salaries; however, it is a temporary enhancement while the state continues to review and revise state-funded salary allocations. It is assumed that a new compensation system will be ready to be implemented when this “bonus” COLA expires on August 31, 2017.

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**Final Budget Edition:  
July 1, 2015***continued***Health Benefits — \$24.4 million**

The budget increases the state funded health benefit rate for state-funded K–12 employees. The maintenance rate for insurance benefit allocations is \$768.00 per month for the 2015–16 and 2016–17 school years. The additional funding will provide health benefit allocations of rates of \$780.00 per month for the 2015–16 school year and \$780.00 per month for the 2016–17 school year.



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