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WASHINGTON ASSOCIATION OF SCHOOL ADMINISTRATORS

## About TWIO

*This Week in Olympia (TWIO)* is published by WASA in support of our members and members of our partners in WASBO, WSPA, and AEA.

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## Opening Day Special Edition

### 2020 Session Preview

This afternoon, January 13, 2020, the Legislature convened its second year of the 66th Biennial Session. This “short” session is limited to 60 days. With little available revenue (more on that below) and a major election in November, wherein all 98 seats in the House and half the seats in the Senate will be on the ballot, no one in Olympia is betting on overtime this year. (Perhaps the only thing that could force a Special Session is a protracted fight over an overhaul of the two-year Transportation Budget, with expected reductions of over a half-billion dollars, due to the passage of Initiative 976 (\$30 Car Tabs) this past fall.)

The political dynamics of this session will be interesting to watch—and the impact of these dynamics are still to be determined. While the House and Senate (along with the governor’s office) continue to operate under Democratic control, both houses have seen changes. The most impactful change is a new Speaker of the House, as the previous speaker, Representative Frank Chopp (D-Seattle), stepped down from the position shortly after last session after 20 years, the longest-serving speaker in state history. Chopp will continue to serve in the House, at least through this session, but he will no longer be one of the most powerful individuals in Olympia. His successor, Representative Laurie Jinkins (D-Tacoma), was selected as [Speaker-designate](#) this past summer by her Democratic colleagues.

One of the first legislative actions in the House today was to officially elect Jinkins as its new speaker (while the Speaker of the House is a key leader in the majority caucus, the position oversees the full House and a speaker must be elected by the full body). It is unclear how much this will change how the House operates and what bills will be allowed to come to the Floor, but it is likely many controversial issues that died silent deaths under Chopp’s cautious directing of the House could move forward under a more open and progressive leader. That could include a Capital Gains Tax—which has been proposed for several years, but has never been voted on in the House. Jinkins has sponsored legislation to implement a Capital Gains Tax, so she might be inclined to have a full Floor debate. Similarly, legislation regarding gun control, sex education, and criminal justice issues could see the light of day in the full House.

The Senate continues to be controlled by Democrats, but the liberal wing of the Caucus may have less of a fight from moderate-leaning members in their Caucus. After the 2019 Session, Guy Palumbo (D-Maltby) resigned to return to the private sector. While he was only one senator in a 28-member strong Caucus (versus 21 Republicans), he

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was known to join with other moderate Democrats, often frustrating the plans of his leadership. One area where he did not always see eye-to-eye with his Caucus was K–12 education—which many times was beneficial for us. His moderate voice, however, has been replaced by one of his former seatmates in the House, Derek Stanford (D-Bothell), who will be more apt to fall in line with the direction of his leadership.

One of the most difficult political dynamics for educators this year will be the not-so-subtle avoidance of K–12 education, especially in regards to funding. For the last few years we have been dealing with legislators who have the so-called “*McCleary* fatigue.” There is fairly clear evidence in the 2019–21 Operating Budget that legislators shifted their focus away from education and it appears that will continue—if not increase. While legislators may shy away from overtly expressing their weariness with dealing with education, Governor Inslee has no problem stating it outright. When introducing his 2020 Supplemental Operating Budget request in December (details below), [he plainly stated](#) the Legislature has made “great success” to fully fund education and to “fulfill our constitutional obligation” to K–12 education. And because of these “major achievements in education” it is “time for the State of Washington to turn our attention” to the homelessness crisis. Now, most citizens would likely agree that homelessness is a growing problem that needs to be addressed; however, legislators and the governor should not be ignoring the state’s paramount duty—especially given that most educators would question whether basic education is fully funded.

It will likely be an uphill battle to keep K–12 education on the radar screen and achieve success in the 2020 session; as noted, legislators are weary of focusing on our issues. Unfortunately, public opinion is starting to shift as well. The most recent [Crosscut/Elway Poll](#) asked voters the open-ended question, “What are the most important issues the Legislature should focus on during this session?” Thirty-three percent responded “Social Services” (with thirty-one percent specifically indicating “Homelessness”). Only ten percent of respondents mentioned “Education.” Education fell to sixth place, below “Social Services,” “Taxes,” “Economy,” “Environment,” and “Transportation.”

Clearly, it will be difficult to successfully achieve our goals in the 2020 Session, given the State’s fiscal constraints and the current political dynamics; however, we encourage all administrators to be fully engaged in the legislative process, as we will have NO opportunity to succeed if educators are not engaged in the fight.

### Governor Inslee’s 2020 Budget Request

On November 20, 2019, the state’s [Economic & Revenue Forecast Council](#) issued their final quarterly [revenue forecast](#) for 2019. As seen in previous updates over the year, revenues again were above projections from proceeding forecasts (November predictions were \$299 million greater than September projections), leaving an anticipated Beginning Balance in the General Fund of almost \$2.0 billion, with a projected Ending Fund Balance in 2019–21 of \$802 million. Add to that significant revenues in the Budget Stabilization Account (BSA or “Rainy Day Fund”) of \$2.2 billion and the projected Total Reserves for 2019–21 increases to \$3.0 billion.

At first blush, these numbers indicate Washington’s economy continues to grow and legislators will have plenty of money to spend in the 2020 Supplemental Operating Budget. True, revenues continue to grow, but if you look deeper into the revenue forecast report, revenue growth is slower than in previous years and is projected to further slow in the future—while required expenditures continue to climb. Additionally, projected Maintenance Level spending (that is, required spending to provide currently authorized services, including adjustments—up or down—in entitlement caseloads or enrollment and other mandatory expenses, such as inflation) is projected to be \$903 million (\$517 million for the remainder of 2019–21 and \$386 million in 2021–23). Before the game even begins, much of the available revenue in the Beginning Balance

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will be gobbled up by required Maintenance Level spending. Finally, while there are significant revenues available in the BSA, those funds are difficult to access, requiring a 60 percent supermajority vote of the Legislature to use. Unless there is a real, catastrophic emergency, it is unlikely Republicans would be willing to provide their votes to Democratic budget-writers, allowing them to reach the necessary 60 percent threshold so they can further expand spending.

With that backdrop, we can discuss Governor Inslee's 2020 Supplemental Operating Budget proposal. By law, the governor is required to release a budget proposal to the Legislature by mid-December. Complying with the law, Inslee unveiled his [budget proposal](#) on December 18. As described in the [budget highlights](#), Inslee proposed “mostly modest changes” and would only increase current General Fund spending by 0.6 percent (after required Maintenance Level expenditures were made).

In total, the governor requests \$834 million in increased General Fund spending. This includes \$478 million in required Maintenance Level spending and \$336 in Policy Level increases (funding for either new or expanded programs). This does not tell the full story, however. His “full” budget request is an increase of \$1.15 billion. As noted above, Inslee believes it is time to address the [homelessness crisis](#). He proposes to spend \$319 million on the following:

- Funding for the Home Security Fund Account, “to provide sufficient funding for homeless response program expenditures” (\$280.7 million);
- Funding for the Housing Trust Fund, “to provide sufficient funding for additional homeless shelters and enhancements to existing shelters” (\$30.0 million); and
- Funding for the Model Toxics Control Operating Account, “to provide sufficient funding to remove solid, hazardous, and infectious waste generated by vacated homeless encampments” (\$8.0 million).

Because Governor Inslee believes these programs need funding immediately, he has proposed that the required \$319 million come from the Budget Stabilization Account, rather than suggesting a tax increase. As noted above, it will be extremely difficult to achieve the necessary 60 percent vote to access BSA funds—even though most legislators in each Caucus have stated that addressing the homelessness crisis is necessary. Democratic leaders have already publicly stated they support much of Inslee's proposals, but have suggested that using BSA funding is unlikely. (This proposal is outside the budget and has been introduced as a stand-alone bill, [SB 6167](#).)

For K–12 Education, Inslee's budget is very minimal. Total requested K–12 funding is \$143.2 million. A significant portion of that request—\$106.6 million—is for required Maintenance Level funding. Only \$36.6 million is proposed in Policy Level spending (suggesting this is a “modest” investment is an understatement). To get a quick visual understanding about the size of Inslee's K–12 proposal, take a look at Inslee's [“Education” highlights](#). Those K–12 highlights comprise about a quarter of the page, while [“Human Services” highlights](#) take up a full four pages; and [“Natural Resources” highlights](#) are four pages long. Budget adjustments for the state's paramount duty, however, are described in four bullet-points.

To put Governor Inslee's K–12 budget proposal in context, compare it to State Superintendent Chris Reykdal's budget request (for details, see [TWIO Special Edition, Oct. 23, 2019](#)). Reykdal's request includes Policy Level increases of \$65.97 million (which does not include approximately \$400–500 million for an initial “down payment” of the six-year phase-in of [increased staffing allocations](#) in the Prototypical School Funding Model).

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It should be noted that, while Inslee’s K–12 funding request totals \$143.2 million, included is a proposed \$86.3 million transfer of a program (Early Support for Infants & Toddlers or “ESIT”) from OSPI to the Department of Children, Youth, and Families. This would be a revenue neutral shift in the overall budget; however, it would result in a \$86.3 million reduction in the K–12 portion of the budget. Which means Inslee’s budget proposal for K–12 education is really \$62.6 million in total—and is actually a Policy Level *reduction* of \$49.7 million. Modest, indeed.

Line-item details of the K–12 education portion of the budget follow below. Full details of the governor’s entire budget proposal are available on the Office of Financial Management’s [budget website](#). Included are the highlights of the budget, complete agency recommendation summaries, and the actual budget bills.

This afternoon, the House Appropriations Committee will hold a public hearing on the governor’s budget, introduced as [HB 2325](#). Tomorrow afternoon, the Senate Ways & Means Committee will hold a public hearing on the Senate-introduced budget, [SB 6168](#), along with the governor’s proposed BSA funding for homelessness programs, [SB 6167](#). This year, the House is scheduled to start the legislative budget process; however, if tradition holds, they will likely not unveil the first legislative proposal until after the February revenue forecast is released. The Economic & Revenue Forecast Council is scheduled to provide its first quarterly update on February 19.

### **K–12 Education Budget Details**

#### **Pupil Transportation Adjustment—\$39.0 million**

Governor Inslee requests funding to incorporate an increase in the prior year pupil transportation base over the amount that was assumed in the 2019–21 budget. A significant portion of pupil transportation expenditures are due to compensation costs.

#### **Prior School Year Adjustments—\$29.5 million**

Additional one-time funding is included in the budget to provide 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.

#### **Mental Health & Safety—\$2.6 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.

#### **School Nurse Corps—\$1.7 million**

The School Nurse Corps program was established in 1999, yet funding has not increased since that time, eroding buying power. The governor requests an additional investment to expand nursing services in Washington’s smallest schools by increasing the capacity for the School Nurse Corps to meet the registered nursing needs of small and rural schools. The additional funding would allow for sufficient nurses to provide one day of services every two weeks to each Class II school district, as well as support staff at each ESD. The funding would be provided as FTE staff in the ESD program, which will allow for the program funding to grow with future compensation adjustments.

Further, the governor’s budget would move funding for the School Nurse Corps from the Grants and Pass-through Funding program to the OSPI agency program. Funding

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at OSPI provides statewide support for the nursing network in coordination with ESDs that provide direct services to districts. In a separate item, the ESD funding is moved directly into the ESD program. Decreases in this program are offset by increases in the OSPI agency program.

### **Institutional Education Funding—\$1.0 million**

Governor Inslee requests \$780,000 to increase the enhancement for the differentiated instructional needs of students in institutional education programs. The 2019 Legislature provided enhanced funding for this purpose for an estimated 20 percent of institutional education students, but data shows that the rate of incidence of students with Individualized Education Programs in Washington's institutions is at least 35 percent. The needs funded with this enhancement may include, but are not limited to, one-on-one instruction, enhanced access to counseling for social emotional needs of the student, and services to identify the proper level of instruction at the time of student entry into the facility.

An additional \$200,000 is requested for student records coordinators to manage the transmission of academic records with Green Hill Academic School and Naselle Youth Camp School. The 2019 Legislature provided funding for this purpose at Echo Glen Children's Center. This additional funding would provide the same support to Washington's other two long-term juvenile institutions.

### **Early Learning Options—\$283,000**

Funding is requested for OSPI to collaborate with the Department of Children, Youth, and Families (DCYF) to complete a report with options and recommendations for administrative efficiencies and long-term strategies to align and integrate high-quality early learning programs administered by both agencies. The report is due September 1, 2020.

In separate portions of the budget, DCYF would be provided with \$375,000 to support the Department's work on the required report, and \$480,000 would be provided to the Office of Financial Management to contract for project management and fiscal modeling to support the OSPI/DCYF project.

### **Early Support for Infants & Toddlers Transfer—(\$86.3 million)**

The governor's budget request would transfer funding for payments to providers for the Early Support for Infants and Toddlers (ESIT) program from OSPI to the Department of 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 \$86.3 million reduction in the K-12 portion of the budget.

### **Health Benefit Rate Adjustment— (\$37.3 million)**

Health benefit funding under the new School Employees' Benefits Board (SEBB) insurance program is "adjusted" (that is, reduced) based on updated rates for Fiscal Year 2021. Modeling for prior rate estimates used assumptions based on experience from the Public Employees' Benefits Board; the adjusted rate incorporates new data from SEBB open enrollment, especially regarding plan choice and demographic information. Enrollment information is subject to change pending final verification and resolution of on-going appeals.

### **Allocated FTEs for ESDs—(\$15,000)**

Funding is provided for compensation adjustments to the Educational Service District FTE staff who were previously allocated with pass-through funding.

Additionally, under the governor's proposal, existing levels of ESD funding for the K-20 Telecommunications Network, the School Nurse Corps and the Student Safety and Well-being Network are moved into the ESD program. This funding, which has historically been passed through OSPI to ESDs, would be allocated to the ESDs directly. With this shift,

funding would be provided as FTE allocations at the ESDs so it can grow appropriately with future compensation adjustments. Increases in this program are offset by decreases in OSPI's Agency Program and Grants and Pass-through Funding program.

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### Additional Details

#### **PERS & TRS Plan 1 Benefits Increase—\$5.0 million**

Under the governor's proposal, eligible members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1 members, would be provided an increase of 1.5 percent, up to a maximum of \$22 per month.

#### **Professional Development**

No additional funding is provided for educator Professional Development; however, proviso language in the governor's budget would specifically designate funds previously appropriated (\$39.7 million) for Professional Development in the 2020–21 school year for training on "racial literacy, cultural responsiveness, and stereotype threat for purposes of closing persistent opportunity gaps."

#### **Career Connected Tribal Liaison—\$150,000**

Legislation adopted in 2019 (HB 2158) expanded Career Connected Learning (CCL) opportunities to students statewide. Requested additional funding would provide 1.0 FTE staff at OSPI for outreach to tribal schools to facilitate access to and support of enrollment in Career Connected Learning opportunities for tribal students. This includes career awareness and exploration, career preparation, and career launch programs, as defined in law, so that tribal students may receive high school or college credit to the maximum extent possible. Funding would be provided from the new Workforce Education Investment Account, as created by HB 2158.

#### **No Child Left Inside—\$500,000**

Funds from the Governor's Special Appropriations would be provided to the Outdoor Education and Recreation Account to provide additional No Child Left Inside grants for outdoor education and recreation programs that engage youth in experiencing the natural, cultural, ethnic, and artistic heritage of Washington State.

#### **Special Education Study—\$400,000**

Funding would be provided to the Washington State Institute for Public Policy (WSIPP), via The Evergreen State College, to study special education services in public K–12 education systems. WSIPP would review the available research literature with a focus on evidence from rigorous research regarding impacts of specific special education services on student outcomes. Where available, the study would focus on student success outcomes including successful transitions to life post-high school, student engagement, disciplinary action, and academic outcomes. To the extent possible, WSIPP would study the cost effectiveness of various successful approaches to service delivery, including both broad strategies and specific services. An interim report summarizing preliminary findings on special education strategies would be required by June 30, 2021, with a final report due by June 30, 2022.

#### **Teacher Shortage Program—\$155,000**

Legislation adopted in 2019 (E2SHB 1139) directed Central Washington University to remotely supervise student teachers. This funding request would provide for the one-time purchase of audiovisual technology and equipment for this purpose.

#### **Education Ombuds Funding—\$484,000**

The Office of the Education Ombuds (OEO), housed in the Governor's Office, has a goal to reach over one million students and 100,000 educators in Washington; however, it has not yet been realized. Additionally, demand for OEO's conflict resolution and trainings

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continues to increase, as does the difficulty of addressing school safety and opportunity gap issues. Funding (\$434,000) would be provided for additional staff and resources for increased outreach efforts, preventive trainings to schools and families, professional development, and a tribal liaison.

Additional requested funding (\$50,000) would be provided to OEO to develop a plan to implement a program to promote skills, knowledge, and awareness concerning issues of diversity, equity, and inclusion among families with school-age children. This work would be done in consultation with OSPI and the Washington State Office of Equity. A report with recommendations would be required by September 1, 2020.

### **Office of Administrative Hearings—\$524,000**

The governor's budget requests funding for the Office of Administrative Hearings to address OSPI's increased hearings caseload. Additional funding is required to comply with federal requirements after a significant spike in referrals from OSPI, specifically concerning cases relating to special education issues.

### **K-12 Non-Medicare Retiree Risk Pool—\$15,000**

Funding would be provided to the Health Care Authority (HCA) to fund additional actuarial services so HCA can continue work on changes for non-Medicare eligible retirees who will retire as School Employees' Benefits Board (SEBB) members. This would allow those who retire while covered by the SEBB insurance to remain in the SEBB program until they become eligible for Medicare. Currently, such K-12 retirees are enrolled in the Public Employees' Benefits Board (PEBB) coverage.

### **Centralized Early Learning Center—\$95,000**

The governor's budget requests funding for the Department of Children, Youth, and Families to support the Walla Walla Public Schools Board of Directors' effort to re-purpose an elementary school into a Community Early Learning Hub. The Hub is one centralized access point for all services supporting families with children from birth through age three. One-time funding would be provided to help coordinate between community partners delivering early learning educational services, child care, parent services, home visiting, and public assistance programs.

### **Central Services Changes—\$658,000**

The governor's budget requests a series of funding adjustments for all state agencies, including OSPI. While OSPI's share of the funding enhancements or reductions would be minimal, the total adjustments impact the overall funding level of the K-12 portion of the budget; agency adjustments result in a net increase of \$658,000.

- **Archives/Records Management—\$1,000**

Adjustments are made to reflect each agency's anticipated share of state archiving and state records center costs from the Secretary of State's Office.

- **Attorney General—\$29,000**

Adjustments are made to reflect each agency's anticipated share of legal service charges from the Attorney General's Office.

- **Administrative Hearings—\$525,000**

Adjustments are made to reflect each agency's anticipated share of administrative hearings charges from the Office of Administrative Hearings.

- **DES Central Services—\$7,000**

Adjustments are made to reflect each agency's anticipated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking, and contracts; capital project surcharges; financing cost recovery; public and historic facilities; real estate services; risk management services; personnel service rates; the Perry Street Child Care Center; small agency services; and the Department's enterprise applications.

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- **OFM Central Services—\$96,000**

Adjustments are made to reflect each agency's anticipated share of charges from the Office of Financial Management (OFM) for statewide financial applications, One Washington, and other OFM central services.



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