

Special Edition – Special Session:

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.

House Unveils New 2013–15 “Compromise” Budget

Legislative leaders and budget-writers from all four caucuses and the governor's office have been meeting regularly since the end of the Regular Session on April 28, but they have made little, if any, progress. With no compromise in sight and less than a week left before this Special Session is set to end (today is Day 24 of the 30-day session), Democrat leaders and budget-writers in the House of Representatives, joined by Senate Democrat budget-writers, held a press conference to release a new version of a 2013–15 Operating Budget in an effort to break the logjam. Several comments were made that the new budget was a “significant move” towards the Senate's position and presents a path to ending this session before a second overtime session becomes necessary. With only six days left, Democrat leaders explained that, procedurally, a budget will take about three days to move from the House and another two-to-three days to move from the Senate.

By releasing this budget today, with executive action expected by the House Appropriations Committee this afternoon, the House is laying the groundwork for the Legislature's adjournment by June 11, the last day of this 30-day session. Whether the Senate will concur with this plan is to be determined. It is also yet to be determined—even if the Senate is willing to adopt this budget—if the Senate will accept any budget before the House adopts a series of “reform” measures. During negotiations, Senate leaders presented a list of 33 “go home” bills they want to be moved by the House. That list has not been made public (in fact, many legislators have not even seen the list); however, it is clear that at least three education “reform” bills are included: A–F letter grading of schools; third grade reading intervention; and “mutual consent” (principals' veto authority over staffing assignments).

The House's new budget, a substitute version of **HB 1057**, ([budget documents are available on the Legislative and Evaluation Program Committee website](#)) was introduced side-by-side with a revised revenue package, **HB 2034**. The House's original revenue proposal (HB 2038) would have raised approximately \$1.07 billion of the House's \$1.34 total revenue package. As ultimately adopted by the House, **HB 2038** was estimated to raise \$899 million. Included was a slimmed down set of deleted tax exemptions and an extension of a soon-to-expire temporary B&O tax surcharge. The new revenue proposal released today does not include the B&O tax extension and further narrows the list of proposed tax exemption eliminations. Nor is the anticipated funding “booked” in the new House budget proposal. Instead, if HB 2034 were to be adopted, it would provide additional *McCleary*-related funding for K–12 education (as well as higher education) outside the budget. In total it would raise \$256 million, with \$169 million being directed to K–12 education.

HB 2034 would:

- establish a new allocation to support increased instructional hours starting in the 2014–15 school year, based on students in grades 7 through 12 and using the

Special Edition – Special Session: 2013–15 House “Compromise” Budget

continued

general education class size, to be increased in equal annual increments until an allocation of 2.2222 hours per week is achieved in the 2017–18 school year;

- establish a new Transitional Bilingual Instructional Program allocation based on students who have exited the TBIP within the previous two years;
- increase staffing allocations in the prototypical school funding model for counselors in middle and high schools and family engagement coordinators in elementary schools by 0.167 full-time equivalent staff; and
- require school districts to provide students the opportunity to complete 24 credits for high school graduation beginning with students in the graduating class of 2018.

If adopted, HB 2034 would provide a total appropriation of \$168.6 million for the program of K–12 Public Education. Allocations provided for enhancing the prototypical school formula include:

- \$13.0 million for the Transitional Bilingual program;
- \$24.6 million for counseling support staff and parent engagement coordinators;
- \$23.1 million for full-day kindergarten—which would increase allocations from 48.0 percent of the kindergarten full-time equivalent students (as contained in the Operating Budget) to 53.0 percent;
- \$48.2 million for Maintenance, Supplies & Operating Costs; and
- \$24.1 million for increased instructional for grades 7 through 12.

Because the House assumes less new revenue will be available, obviously the total spending level in the Operating Budget is lower than originally adopted. As feared, much of that reduced proposed spending comes from K–12 education, and specifically the basic education down payment to address the *McCleary* decision. In total, K–12 education would receive a net increase of \$704.1 million in the new budget. There is also a proposed change in school districts’ apportionment payments, which results in a shift of some K–12 revenues into the next biennium. House budget-writers have stated that K–12 will receive an increase closer to \$800 million; however, a portion of that increase will technically be in the next budget. The *McCleary* down payment is approximately \$839 million, compared to almost \$1.3 billion in the original House budget. (See page six for a comparison of *McCleary* down payment proposals.)

Following is a quick overview of the major K–12 changes in the House’s new budget:

Major K–12 Policy Enhancements

MSOC – \$416.0 million: The budget allocates \$434.3 million to enhance Maintenance, Supplies, & Operating Costs. Allocations are increased from \$562.88 per full-time equivalent student in School Year 2013–14 to \$784.31 per full-time equivalent student. In School Year 2014–15 MSOC allocations are increased to \$797.64. MSOC allocations are also revised to reflect actual audited expenditures by school districts, as reported by OSPI. The allocations in the 2013–14 and 2014–15 school years achieve 45 percent of the additional MSOC funding necessary to meet full funding requirements under the revised MSOC values.

In addition to basic MSOC rate allocations, HB 2776 (2010) requires an allocation to be made based on full-time equivalent student enrollment in exploratory Career & Technical Education (CTE) courses and CTE courses offered through Skills Centers. The statute states these specialty rates are to be set in the Operating Budget. MSOC rates for CTE enrollments are adjusted to equal the MSOC allocations for the Skills Center program. The CTE MSOC is reduced from \$1,404.84 to \$1,249.17 in School Year 2013–14. In School Year 2014–15 the CTE MSOC is reduced from \$1,428.72 to \$1,270.41. This adjustment for CTE MSOC reduces funding by \$18.3 million.

**Special Edition –
Special Session: 2013–15
House “Compromise” Budget**

continued

K–3 CLASS SIZE REDUCTION – \$207.9 million: Funding is provided to reduce non-poverty class sizes for grades kindergarten through three from 25.23 full-time equivalent students (FTEs) to 23.50 FTEs. Schools with high poverty students are reduced from 24.10 FTEs to 21.76 FTEs. High poverty schools are defined as those schools with more than 50 percent of students qualifying for the federal Free and Reduced Price Lunch program,

FULL DAY KINDERGARTEN – \$107.9 million: Funding is provided to continue the phase in of state funded All-Day Kindergarten. Allocations increase from 22 percent of kindergarten enrollment in School Year 2012–13 to 48 percent of kindergarten enrollment in School Years 2013–14 and 2014–15.

PUPIL TRANSPORTATION – \$89.3 million: As of the 2014–15 school year, this budget provides 100 percent of funding necessary to fully complete phase-in of the state’s new pupil funding transportation formula. Districts will receive state allocations as calculated under the Student Transportation Allocating Reporting System (STARS). The STARS uses statistical analysis of the 295 school districts to determine each district’s expected cost of operations.

LEARNING ASSISTANCE PROGRAM – \$65.7 million: Funding is provided to increase the number of instructional hours provided for the Learning Assistance program from 1.5156 hours per week per full-time equivalent (FTE) student to 1.9200 hours per week per FTE student.

PROFESSIONAL DEVELOPMENT – \$20.0 million: Funding for training in the new teacher evaluation program and district student growth training is provided. A one-time allocation totaling \$10 million is provided in FY 2014 and again in FY 2015 for OSPI to begin implementation of eight hours of training for every teacher in the state for the purpose of understanding the instructional framework, state evaluation criteria, evaluation tool, and evidence required to determine effectiveness under the new teacher principal evaluation program. On-going allocations totaling \$5 million per year is provided for small team “train the trainer” series for select staff from each of the 295 school districts on the use of student growth measures. The trained teams will provide three hours of training at their respective districts for one-third of teachers each year until full training implementation is achieved.

LOCAL EFFORT ASSISTANCE – \$10.7 million: Due to basic education enhancements, school district levy bases will expand. This increases local districts’ levy capacity and increases Local Effort Assistance (LEA) funding. The budget provides \$10.7 million (in addition to required maintenance level increases) for increased LEA payments.

PERSISTENTLY LOW-ACHIEVING SCHOOLS – \$10.3 million: Funding is provided to implement **SB 5329** (as adopted and signed into law). Funding is sufficient to provide grants to at least 10 school districts identified as persistently lowest-achieving, and having been listed by OSPI as a Required Action District (RAD). Grant size provided to the RAD is determined by OSPI.

WASHINGTON ACHIEVERS SCHOLARS – \$3.0 million: The Washington Achievers Scholars program is expanded to increase the number of school districts in which the program is provided.

CHARTER SCHOOLS – \$1.4 million: The Office of Financial Management is provided \$627,000 to hire an Executive Director and part-time Administrative Assistant who will provide operational and staff support for the State Charter Schools Commission, as created by Initiative 1240.

Another \$730,000 is provided to OSPI due to additional workload requirements for the State Board of Education and OSPI.

**Special Edition –
Special Session: 2013–15
House “Compromise” Budget**

continued

Major K–12 Reductions

INITIATIVE 732 – (\$295.6 million): Initiative 732 cost-of-living adjustments are suspended for the 2013–15 biennium. Initiative 732, approved by voters in 2000, requires an annual cost-of-living increase for school employees based on the Seattle Consumer Price Index for the prior calendar year. These cost-of-living increases are estimated at 2.5 percent for the 2013–14 school year and 1.8 percent for the 2014–15 school year.

DISTRICT APPORTIONMENT SCHEDULE – (\$142.6 million): This budget proposal “saves” money by adjusting school districts’ apportionment payment schedule. The total number of apportion payments are reduced from one per month to one every other month. Currently the apportionment payments that occur in separate state fiscal years, but occur in the same school fiscal year total 20 percent of the total payments. Under the new schedule, this difference increases to 22 percent. The change in the apportionment schedule of payments to school districts is phased in with monthly payments of 8 percent on last business day of September and October and 7.5 percent on the last business day of November and December. The new apportionment schedule, which is fully implemented beginning with the first district payment in calendar year 2014, is as follows: 16.0 percent each on September 1, January 1, and May 1; 15.0 percent each on November 1 and March 1; and 22.0 percent on July 1. During the 2013–14 school year, school districts will receive a total of eight payments with 78 percent of occurring prior to June 30 and 22 percent of payments occurring on or after July 1. The number of payments is reduced to six in school year 2014–15.

ALTERNATIVE LEARNING EXPERIENCE PROGRAMS – (\$38.8 million): In response to recent state audit findings, the state will establish new parameters for funding Alternative Learning Experience (ALE) programs. School districts may claim funding for students who reside in-district. School districts may only claim nonresidents if s/he meets one the following conditions: (1) the course identified in the student’s written student learning plan are all online courses; (2) the student has in-person, face-to-face instructional contact for at least twenty percent of the total weekly time for the course; or (3) at least ninety percent of the district’s total ALE headcount consists of students residing in district. This is expected to “save” \$29.9 million.

The budget also makes a one-time adjustment (an \$8.9 million savings) for expected audit recoveries based on the recently completed 2010–11 school year audits of ALE programs.

HOLD HARMLESS FUNDING – (\$24.7 million): The 2011–13 Operating Budget provided funding to hold districts harmless as the funding system was converted to the HB 2776 prototypical school funding model. The House’s budget assumes “hold harmless” funding is no longer needed due to the following basic education funding changes: (1) increasing the funding allocations for implementing the HB 2261/HB 2776 funding targets; (2) providing additional allocations in LAP and TBIP; and (3) providing additional allocations to fund an increase in 7th through 12th grade instructional hours. By eliminating hold harmless funding, the state “saves” \$24.7 million.

ASSESSMENT REFORM – (\$21.1 million): Savings are assumed from changes to the statewide required student assessments. The changes to assessments include: replacement of high school reading and writing exams with a single English language arts exam; and, utilization of the Smarter Balance test bank. Collection of Evidence grading is maintained at the Education Service Districts.

NAVIGATION 101 – (\$5.0 million): Navigation 101 is part of a comprehensive school guidance and counseling program in Washington State. The purpose of Navigation 101 is to help students make choices for college and career readiness in the areas of course selection, goal setting, career planning, and postsecondary options, including financial aid. Funding for the Navigation 101 grants is eliminated.

**Special Edition –
Special Session: 2013–15
House “Compromise” Budget**

continued

Additional Details

- State salary allocations for K–12 employees (1.9 percent for classified and certificated instructional staff and 3.0 percent for certificated administrative staff) were temporarily reduced for the 2011–12 and 2012–13 school years. Funding is provided to restore the reductions.
- The Per Pupil Inflation (PPI) for FY 2014 is reduced from 6.8 percent at maintenance level to 5 percent, and increased from 1.7 percent to 5 percent in FY 2015. This results in a net funding increase of \$623,000 in the biennium.
- The Washington Student Achievement Council is provided with \$100,000 to develop an alternative financial aid application consistent with **HB 1817**, the Washington DREAM Act. This bill is technically dead in the Senate; however, this language and funding essential makes the issue “necessary to implement the budget” and can be revived. Proviso language in the budget also clarifies that “undocumented students,” which meet specific criteria, are eligible for Washington State Need Grants.
- The Washington State Institute for Public Policy is provided with \$250,000 to provide staff support to a new K–12 Funding Task Force. The Task Force is created to examine options and make recommendations to the Legislature regarding: K–12 salary allocation methodologies and models for all staff types; policies and funding to support career and technical education; and the appropriate use of state and local property taxes to support the financing of public schools.

Basic Education Down Payment Proposals vs. Joint Task Force Full Funding Plan

