



TWIO

This Week In Olympia

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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 House's Supplemental Operating & Capital Budgets yesterday, WASA only had time to produce a quick summary of the proposals. This Special Edition of *TWIO* provides a more detailed, comprehensive review of the House's 2014 Supplemental Operating Budget proposal and the House's 2014 Supplemental Capital Budget proposal.

Special Edition:

House Releases 2014 Supplemental Operating Budget Proposal

By tradition, each biennium the House and Senate alternate which body initiates the budget process. This biennium, it was the Senate's "turn" to release the first legislative budget. Senate budget-writers gathered for a press conference on Monday to release their proposed 2014 Supplemental Operating Budget. House budget-writers wasted little time in responded and unveiled their own budget package yesterday, then quickly moved it to a public hearing last night in the House Appropriations Committee.

It is unusual for the house second in line in the budget process to release a budget proposal before the house first in line has an opportunity to adopt its proposal; however, House leaders addressed that in their press event yesterday. Representative Pat Sullivan (D-Covington), the House Majority Leader, clearly noted that with just two weeks left in the Legislative Session, it was important to move to budget negotiations quickly. It was clear from the tone (and also the tone from Senate leaders earlier), there is no desire to even contemplate staying in town beyond Sine Die, scheduled for March 13. There are multiple differences between the House and Senate plans; however, when asked how budget negotiators could come to a quick resolution and adjourn this session on time, Representative Ross Hunter (D-Medina), Chair of the House Appropriations Committee, responded that the budgets include some policy differences, but in total they are "remarkably similar." He assured the gathered media corps that session would be ending on time.

The House budget proposal, introduced as a **Proposed Substitute HB 2185**, includes an overall spending increase of \$173.2 million, compared to \$95.6 million in the Senate's plan. Of that total, \$91.3 million is provided to address "maintenance" level changes (the cost of maintaining current services with updated caseload costs). The remaining \$81.9 million is provided for "policy" level decisions. The Senate's budget spends \$43.5 million on maintenance and \$52.1 million on policy enhancements. During the briefing on the budget in the House Appropriations Committee, staff was asked why maintenance level numbers were so different in the two budgets, given that

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maintenance level issues are generally agreed upon items and usually there are only nominal differences between the two houses. Staff noted that there are three major differences: (1) the Senate provides half as much maintenance level funding for the TANF (Temporary Assistance for Needy Families) program, with an assumption the state will receive \$27 million more in federal assistance than the House assumes; (2) the Senate budget provides \$8 million less maintenance level funding for state agency worker's compensation than the House, assuming that agencies will absorb additional costs; and (3) the Senate budget provides \$10 million less in maintenance level funding for state agency central service and self-insurance costs than the House, again assuming that agencies will absorb additional costs.

K–12 education receives a net reduction of \$7.9 million (compared to the Senate's 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 \$64.3 million (compared to the Senate's \$38.7 million increase). Details of the policy changes proposed in the House budget are below.

K–12 Enhancements

MSOC ENHANCEMENT – \$60.0 million

Allocations for Maintenance, Supplies, and Operating Costs are increased by \$68.60 per FTE student, from \$781.72 to \$850.32 for school year 2014–15. The Senate's budget provides \$38.2 million specifically to fund the technology component of MSOC, as outlined education finance reform legislation adopted in 2010 (SHB 2776). Both MSOC enhancements are for "allocation purposes only," so each enhancement provides district flexibility in using the funds.

FEDERAL FOREST REVENUES – \$2.0 million

Funding is provided in the House budget to implement [HB 2207](#), which would phase out the current reduction of school district federal timber revenue receipts from school district general apportionment allocations. Currently, 215 school districts have some level of their basic education allocation "deducted."

TRANSPORTATION FUNDING ADJUSTMENT – \$558,000

Funding is provided for pupil transportation funding formula adjustments in School Year 2014–15. School districts whose allocations for the 2013–14 school year exceed their allocations under the fully funded expected cost pupil transportation funding model, and have an efficiency rating of at least 95 percent, are eligible to receive an adjustment in their respective pupil transportation allocation, in order to account for extenuating circumstances beyond district control, such as geographical anomalies.

PARAEDUCATOR DEVELOPMENT – \$293,000

The House budget provides funding to implement [HB 2365](#), which would expand the core services of the Professional Educators Standards Board (PESB) to include employment standards for classified staff. Funding is provided for 1.0 full-time equivalent who will design program specific minimum employment standards based on the recommendations of a work group and subject area specific sub work groups.

An additional \$181,000 is provided to the Community & Technical College System to implement [HB 2365](#), which additionally requires the Green River Community College and Community and Technical College Paraeducator Apprenticeship and Certificate programs to participate in the work group to be convened by PESB. Colleges are also required to revise paraeducator courses and course sequences to comply with the new transferable degree pathway.

CTE EQUIVALENCIES – \$287,000

Funding is provided for the implementation of [HB 2540](#), which will establish a standardized set of Career and Technical Education course equivalencies for math and science. Funding is provided for 1.0 full time equivalent, who will develop curriculum

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frameworks based on the recommendations of a technical work group as well as regional and statewide professional development training sessions.

PROGRAM COMPLIANCE - \$267,000

OSPI is provided with funding to monitor districts' compliance with state and federal equity and civil rights laws, as well as conduct ongoing consolidated program reviews of Alternative Learning Experience (ALE) and dropout reengagement programs.

CLOSING THE OPPORTUNITY GAP – \$245,000

One-time funding totaling \$245,000 is provided for strategies to close the opportunity gap. Provided within these funds is: \$28,000 for OSPI to create a clearing house of best practices for high quality alternative instruction for expelled students; \$49,000 for OSPI to develop a content outline for cultural competence professional development; \$117,000 for OSPI to convene an English Language Learner Accountability Task Force whose purpose is to design a performance-based accountability system for the Transitional Bilingual Instructional Program; \$14,000 for the Professional Educators Standards Board (PESB) to examine principles of language acquisition; \$10,000 for PESB, in collaboration with OSPI, to convene a work group to revise education-related Career and Technical Education courses to incorporate cultural competence standards; and \$27,000 for the incorporation of cultural competency in the Teacher/Principal Evaluation Project.

WASHINGTON ACHIEVERS SCHOLARS – \$234,000

Funding is provided to expand the number of high schools in which the Washington Achievers Scholars program is provided. The program, which is provided through a contract with the College Success Foundation, is currently in place in 16 high schools in the state. This allocation will increase the number of high schools by two.

COMMUNITY ENGAGEMENT GRANTS – \$200,000

\$200,000 is provided to implement [HB 2553](#), which would provide competitive grants for lowest-achieving schools to implement models of Family and Community Engagement.

LEARNING PLATFORM CROWDSOURCING – \$100,000

ESD 101 is provided funding to design, develop, and implement a blended crowdsourcing and community-based learning platform prototype that will be tested across Spokane County's 16 school districts.

INSTRUCTIONAL HOURS CORRECTION – \$90,000

The 2013–15 budget provided an allocation of additional classroom teacher units to increase instructional hours for grades 7 through 12 by 2.2222 hours per week beginning in the 2014–15 school year. The House budget makes a change to the formula providing funding for the additional hours of instruction by adjusting the planning time assumption for classroom teachers in the basic education funding allocation. E2SSB 6552, modifying the instructional hour requirement, continues to move through the legislative process. If the bill is ultimately adopted, this budget proviso would be moot.

Additional Details

STUDENT SUCCESS REPORT – \$262,000

Funding is provided for staffing and a contract with the Washington State University to implement [HB 2739](#). Under the provisions of the bill, WSU will be required to complete a report analyzing the correlation of certain family factors with academic and behavioral indicators of student success.

PUBLIC RECORDS – \$200,000

The Office of Financial Management is provided with funding to contract with a data collection expert and a mediator to implement a process to develop solutions for maintaining the greatest level of public access under the Public Records Act with the least impact to government resources and operations. As part of the process a work group of stakeholders—including a representative of school districts—must be convened to provide guidance and input. A final report to the Legislature is due by June 30, 2015.

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CHARTER SCHOOLS – \$116,000

The Washington Charter School Commission is provided with a net increase of \$116,000 in the House Supplemental Budget. \$125,000 in one-time funding is provided for additional anticipated Attorney General costs related to the lawsuit that was filed against the charter school initiative (I-1240). \$137,000 is provided for staffing and contractual costs in monitoring the performance and legal compliance of the charter schools. The Commission's budget also receives a \$145,000 reduction due an expected under-expenditure of funds provided for the startup of the Commission. The result of these three items is a net increase of \$116,000.

HOMELESS YOUTH POPULATION – \$98,000

Funding is provided to implement **HB 2610**. Under the provisions of the bill, the Washington State Institute for Public Policy is directed to conduct an analysis to identify characteristics of the homeless youth population ages birth to ten years of age.

SPECIAL EDUCATION OMBUDSMAN – \$50,000

The Special Education Ombudsman is transferred from OSPI to the Office of the Education Ombudsman. OSPI is directed to contract with the Office of the Education Ombudsman, using up to \$50,000 of General Fund-Federal appropriations to provide for any additional services currently provided through OSPI.

INTERPRETER TRAINING PROGRAM – \$35,000

Funding is provided to the Office of the Governor for a study to develop a state foreign language education interpreter training program in accordance with **HB 1709**.

DUAL CREDIT COURSEWORK – \$17,000

Funding is provided to the Washington Student Achievement Council to implement **HB 2285**, which requires the Council to conduct an analysis of dual credit programs and make a recommendation to the Legislature on steps for improving institutional practices.

OSPI PROJECTS

Proviso language in the House Supplemental Budget requires OSPI to implement three bills within current appropriations: **HB 2166**, requiring the collection of data on students from military families; **HB 2536**, requiring the creation of a Breakfast After the Bell program; and **HB 2383**, regarding the integration of career and college readiness standards into K–12 and higher education policies and practices.

JOBS FOR AMERICA'S GRADUATES (JAG)

Proviso language is added to the budget which requires students in the foster care to be given priority by school districts offering the Jobs for America's Graduates program. Similar, but more prescriptive language was included in the Senate's proposal.

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." Identical proviso language is included in the Senate's proposal.

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." Identical proviso language is included in the Senate's proposal.

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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. Identical proviso language is included in the Senate’s proposal.

Additional Budget Components

In addition to the underlying Supplemental Budget proposal (PSHB 2185) described above, the House also released a series of other bills that encompass a larger budget “package.” **HB 2796**, scheduled to be heard in the House Finance Committee on Friday, would repeal four tax exemptions, raising approximately \$100.6 million. Those revenues would be used to fund two previously introduced bills: \$51.2 million would be directed to implement **HB 2422**, restoring voter-approved (I-732) COLAs for educators; and \$16.5 million would be directed to implement **HB 2377**, the Early Start Act, to ensure that at-risk kids get high quality early learning opportunities.

When Rep. Hunter was asked in yesterday’s press conference why these bills were not included in the budget (both the revenues and the expenditures), he responded that he wanted to negotiate these items with the Senate independent of the budget, but they would be rolled into the Supplemental Budget if there is agreement. Most of the cynical observers saw this as way for the House to show support for funding of COLAs and early education, without bogging down budget negotiations—understanding the Senate is extremely unlikely to support the elimination of tax exemptions or support funding the I-732 COLAs. Many of those cynics saw the separation of the budget and these bills as a sign that budget negotiations would be quick and session would end on time.

An additional bill introduced yesterday, **HB 2792**, would lay out a plan to put the state on track to entirely fund basic education reforms by 2018, as required by the *McCleary* decision. The bill would codify a phased-in funding plan for education reforms (as adopted by the Joint Task Force on Education Funding) and incrementally raise teacher and school staff salaries until they reach the market rate. Additionally, similar to a Senate-sponsored bill, this bill would establish a task force to address local funding for schools (and, like the Senate bill, no educators would be invited to the table). **HB 2792** has not yet been scheduled for a public hearing.

House 2014 Supplemental Capital Budget

Shortly after the release of the House’s Operating Budget package yesterday, Representative Hans Dunshee (D-Snohomish), Chair of the House Capital Budget Committee, held a press conference to unveil the House’s 2014 Capital Construction Budget. Traditionally, the Capital Budget, especially in the House, has been a bi-partisan affair. Yesterday’s release was no exception as Representative Drew MacEwen (R-Union), Assistant Ranking Member on the House Capital Budget Committee, joined Dunshee. Due to the state’s limited debt capacity, the House’s Capital Budget plan, a **Proposed Substitute to HB 2224**, is rather small. New appropriations total only \$166.5 million (added to the underlying 2013–15 budget of \$3.78 billion).

Due to a reduction in the School Construction Assistance Program, resulting from less than expected K–12 construction needs, the public schools portion of the budget would receive a net loss of \$87.3 million. New K–12 construction projects total \$2.9 million. The following K–12 appropriations are included:

- \$1.0 million for a Nutrition Equipment Assistance Grant program (**HB 2410**)
- \$1.0 million for construction at Spokane Valley Tech
- \$750,000 for water bottle filling stations in schools
- \$125,000 for a high school parking lot at Kiona-Benton School District

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Although the House's Capital Budget plan is very modest, it is a part of a larger budget package. Introduced along with the budget was **HB 2797**, which would provide \$700 million specifically to fund facilities to meet all-day kindergarten and early elementary class-size reduction requirements. Dunshee said this proposal was in direct response to the Supreme Court's January 9, 2014 Order which called the state out for its lack of commitment to school facilities. Dunshee noted, however, "This is what we (the House) wants to do; it's what we ought to do. And we're just darn glad the Court agrees with us." He added that the Court's Order was simply "wind in our sails."

While the Capital Budget and the Operating Budgets are separate documents and funded separately, they are inter-connected. Rep. Dunshee argued that this plan was needed because "classrooms have to be in place when *McCleary* is funded." He also strongly stated that it would be disingenuous to support *McCleary*, but not support needed classroom space, saying, "If you're not for this (proposal), you're not for the operating side."

HB 2797 would be funded by lottery-backed bonds and, because it would be outside the state's debt limit, it would only require a simple majority vote of the Legislature. If the plan was adopted, the \$700 million would be used to fund projects across the state. Funds could be used for building additions or renovations, modular construction or portables and, unlike grants from the School Construction Assistance Program, no match would be required from school districts to access this funding. For additional details, see the [presentation on the plan](#) provided by Reps. Dunshee and MacEwen.

In closing the news conference, Rep. MacEwen hammered home the point that the House's Capital Budget and HB 2797 were both bi-partisan efforts. He said very strongly, "This is not a Republican solution or a Democrat solution, but the right solution." The budget and this bill were heard this morning in the Capital Budget Committee.

Senate Budget(s) Update

Yesterday, the Senate Ways & Means Committee took action on both of their [budget proposals](#), SB 6002 (**Operating**) and SB 6020 (**Capital**). The Committee adopted a revised Proposed Substitute 6002, which included a handful of technical corrections, with no additional amendments. The Committee also adopted Proposed Substitute SB 6020, as presented on Monday. Both bills head to the full Senate for debate and adoption. It is unclear when the Senate intends to move them, but it could be as early as today.

Budget Pivot Tables Available

OSPI has updated its [pivot tables](#) with the Senate's budget proposal. It is expected that it will be updated again with information from the House proposal by the end of the week. OSPI has also updated the "[John Jenft](#)" **Budget Driver Summary** with Senate information; it too will be updated with House information soon.

Yesterday, OSPI also posted a [comparison model](#) of projected funding in the original instructional hour requirement versus the new funding embodied in SB 6552.

All of this information is available on the [2014–15 Budget Preparations](#) page under OSPI's [School Apportionment & Financial Services](#) site.