

Special Edition: Governor Inslee Releases 2022 Supplemental Budget Proposals



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.

TWIO is emailed each Friday during the Legislative Session and archived on WASA's website at <https://wasa-oly.org/WASA/TWIO>.



Current Budget Situation

On the final day of the 2021 Session, the Legislature adopted a 2021–23 Operating Budget. Following a set of vetoes by the governor and other adjustments, the final two-year budget appropriated \$59.1 billion, with \$1.3 billion left in reserve—this was a combination of \$789 million in the Ending Fund Balance and \$543 million in the hard-to-access Budget Stabilization Account (BSA). (NOTE: This reserve total does not include another \$1.0 billion available in a new Washington Rescue Plan Transition Account. While the Account was funded from a BSA transfer, legislators can access funds in this “shadow reserve account” without a supermajority vote.)

Following the adoption of the Operating Budget in 2020, COVID-19 was declared a pandemic and state revenue forecasts were significantly impacted. In June 2020, there was a projected revenue shortfall of \$8.8 billion over three years (the remainder of Fiscal Year 2021 through the 2021–23 biennium). By September, however, revenue rebounded and revenue projections have continued to escalate since.

The most recent revenue forecast, released by the [Economic & Revenue Forecast Council](#) (ERFC) in November, projected the state's Ending Fund Balance to be over \$6.0 billion in 2022, growing to \$8.7 billion in the 2023–25 biennium—not including a projected \$1.2 billion in the BSA (or the additional \$1.0 billion in the shadow account). Also, earlier this week, the ERFC released the [monthly revenue collection](#) report for December (covering payments received in November). The monthly report continued to show overall revenues above forecast.

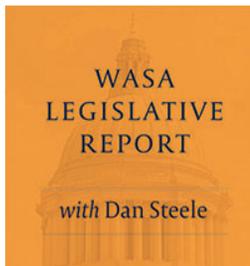
On top of the significant projected “surplus,” the [Caseload Forecast Council](#), also in November, released its updated [caseload forecast](#), which projects the cost of mandatory entitlement programs. The forecast projects there will be a savings in the budget “Maintenance Level” of almost \$650 million. The fact that revenue continues to significantly outpace projections, coupled with an anticipated savings in entitlement costs, is very positive. Unfortunately, most of that projected “savings” (\$520 million) is due to continuing K–12 enrollment declines. Last year's enrollment declines were anticipated to be a one-year blip, with the assumption that enrollment would rebound this year. Due to impacts of the COVID Delta variant, and local political battles over mandated masking and Critical Race Theory, enrollment remains down (in about 230 of our 295 school districts). The hope is the previously appropriated \$520 million will stay in the K–12 budget and not be clawed back to the General Fund for other priorities outside of education.

Legislators are generally hesitant to provide major investments in the Supplemental Operating Budget; however, the current projected surplus as a percentage of

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revenues is the highest it has been in at least 20 years. Perhaps this will persuade legislators to spend more freely than they normally would in a Supplemental Session. If so, this could bode well for K–12 education—although all other programs will be competing at the trough.

Understanding that legislators tend to shy away from major investments in a second-year session, it is interesting to see the level of spending included in Governor Inslee’s budget proposals (discussed below). His three signature packages (climate/clean energy; salmon recovery; and homelessness), if adopted, would consume over \$1.1 billion of the available revenues—before the remainder of the budget is even touched. The governor’s budget is simply his recommendation and can be used as a roadmap to a final budget, or it can be rejected out of hand by budget-writers in the Legislature. We’ll find out which way they will go soon.

Governor Inslee’s Budget Proposals

Each year, [by law](#), the governor is required to submit budget proposals (Operating Budget, Capital Construction Budget, and Transportation Budget) to the Legislature in mid-December (biennial budget proposals for odd-numbered sessions are due by December 20; supplemental budget proposals for even-numbered sessions are due at least 20 days prior to the start of the session). This week, Governor Jay Inslee presented budget proposals in a week-long rollout. On Monday, December 13, Inslee released a package of proposals relating to the [climate crisis and clean energy](#) (\$627 million request). The next day, Tuesday, December 14, the governor unveiled his strategy to [protect and restore salmon](#) (\$187 million request). On Wednesday, December 15, a series of proposed investments to combat the current [homelessness crisis](#) (\$815 million request; \$320 million Operating and \$495 million Capital) were released.

Finally, yesterday, December 16, Governor Inslee held a [press conference](#) to release his full [2022 Supplemental Operating, Capital, and Transportation Budgets](#). The Legislature adopted a 2021–23 Operating Budget this past spring and in 2022 will adopt Supplemental Budgets to make necessary adjustments—required changes to deal with entitlement changes, as well as discretionary adjustments to advance specific priorities. As noted above, the two-year budgets generally are “tweaked” in the second-year of the biennium, but will legislators undertake a major overhaul this year?

If they follow the governor’s lead, the 2021–23 Operating Budget will grow substantially. If Governor Inslee’s 2022 Supplemental Operating Budget proposal was adopted by the Legislature, the underlying 2021–23 budget would increase from \$59.1 billion to \$62.1 billion—a 5.1 percent increase over the current budget and an increase of 18.2 percent above the 2019–21 budget. That \$3.0 billion increase comes from a combination of a \$1.1 billion reduction in the Maintenance Level and an increase of \$4.2 billion in the Policy Level (discretionary choices to expand current programs or enact new programs). There are no significant tax changes proposed.

A discussion of reserves is also in order. The governor’s proposal would leave approximately \$1.3 billion in the unrestricted Ending Fund Balance and approximately \$1.2 billion in the Budget Stabilization Account, for a total of \$2.5 billion. The underlying 2021–23 Operating Budget utilized \$1.8 billion in BSA funds (including the \$1.0 billion transfer to the new Washington Rescue Plan Transition Account). Statutorily, the Legislature is required to transfer one percent of extraordinary revenues to the BSA, a total of \$574 million in 2022. Due to “the state’s healthy reserves,” as described by Inslee, he proposes to transfer an additional \$600 million from the General Fund into the BSA to build up reserves as a cushion against an economic downturn. Even though Washington’s economy continues to grow, pandemic notwithstanding, there are still substantial forecast risks, including the ongoing spread of COVID—in particular the new, fast-moving Omicron variant—and historic inflation.

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Below is an overview of the major details of the K–12 education portion of Inslee’s budget proposals. Note that this is a fairly high flyover in order to get this to you in short order. Additional details will be provided in future *TWIO*’s, after we have a chance to delve into the budget language and better understand the governor’s recommendations. In the meantime, complete details of the budgets (including highlights, recommendation summaries, and appropriation bill text) is available on the website of the governor’s budget office, the [Office of Financial Management](#).

Inslee’s K–12 Education Proposals

Following are the key K–12 investments in Governor Inslee’s 2022 Supplemental Operating Budget:

- **Accelerated Learning Opportunities—\$746.0 million**

The underlying 2021–23 Operating Budget appropriated state and federal funds totaling almost \$600.0 million to address learning recovery, accelerated learning opportunities and “learning loss” (as designated by Congress). Last year’s significant investment was a major highlight of the K–12 budget. Unfortunately, most of the resultant programs are supported with one-time funds.

A signature component of the education portion of the governor’s Supplemental Operating Budget is another significant investment to expand accelerated learning. The \$746.0 million recommendation would assist school districts to improve educational outcomes for all students and to address educational opportunity gaps. The funding would allow for additional tutoring and enrichment, as well as offer more student supports. School districts would have the flexibility to increase: instructional time before or after school; additional days during the year or in the summer; or additional enrichment activities. Funding would be provided based on an evaluation of student needs. School districts would be required to identify specific assessment tools, pinpoint student learning and well-being gaps, and focus additional time and supports on evidence-based interventions.

- **Student Support Staffing—\$184.0 million**

A major part of Superintendent Reykdal’s [2022 Decision Package](#) is a request to phase-in increased staffing allocations for school nurses (\$48.2 million in FY 2023, with a total of \$339.7 million over three years). The request would increase current state-funded staffing levels for nurses to meet ratios adopted by voters in [Initiative 1351](#) (2014) and as later recommended by the [Staffing Enrichment Workgroup](#) (2019).

The governor’s 2022 Supplemental Operating Budget proposes funding of \$184.0 million to not only phase-in increased staffing allocations for nurses, but also for other Social-Emotional Health staff—specifically social workers, counselors, and psychologists. As proposed, all staffing ratios would be increased and funded using I-1351 values. The updated values and the associated funding is embedded in the budget bill; however, a policy bill will also be introduced to update staffing ratios in statute.

It is our understanding that the forthcoming policy bill will also add compliance language to the new staffing levels which will require funds allocated for SEL-focused staff to be spent on those staff. Under current law, the state-funded ratios are “for allocation purposes only” and districts have flexibility to use funds anywhere within the Prototypical School Funding Model. There has been pushback from legislators in recent years, however, and there have been efforts to eliminate that flexibility. For example, the Legislature has provided funding for additional guidance counselors in high poverty schools. Adopted proviso language clarifies schools must “demonstrate actual staffing for guidance counselors” to be eligible to receive the additional allocations. Requiring staff allocations for SEL-focused staff to be used only for SEL-focused staff is a compromise

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between the ultimate flexibility school districts currently have and the specific directed spending that some legislators would support.

It is hard to know exactly what the governor proposes because his policy bill has not yet been introduced. If it would indeed require SEL-focused staff allocations to be used only for staff that fall within the SEL “box,” this matches with our position taken in the Staffing Enrichment Workgroup. If this is the case, allocations for nurses could be used for social workers, but could not be used to fund custodians, as an example.

- **Residential Outdoor School—\$52.0 million**

The governor believes students need to experience the natural world if they are to learn to care for it. Outdoor education gives students the chance to develop teamwork, social-emotional skills, and learn about environmental and earth science. To make sure all students can access these opportunities, the governor proposes \$52.0 million to expand outdoor education. This funding will provide all fifth or sixth grade students in Washington the chance to experience the outdoors.

- **Plan 1 Benefit Increase—\$15.0 million**

The governor’s 2022 Supplemental Operating Budget would provide for an increase in pension contribution rates for retirees in the Public Employees’ Retirement System (PERS) Plan 1 and the Teachers’ Retirement System (TRS) Plan 1. Under the proposal, PERS Plan 1 and TRS Plan 1 retirees would receive a one-time, ongoing pension increase of 3.0 percent, up to a maximum of \$110 per month.

- **Transitional Kindergarten—\$12.6 million**

Governor Inslee’s proposed 2022 Supplemental Operating Budget would provide an additional \$12.6 million to school districts for Transitional Kindergarten enrollment.

- **Future Teacher Residency—\$10.5 million**

It has been shown that paid residencies benefit teacher candidates and provide vital, one-on-one learning assistance to students. However, there is an equity gap in these residency opportunities because not all education students can forego paid work to get this vital teaching experience. Under the governor’s budget proposal, grants will be distributed to school districts so they can be reimbursed for payments made to hire college students actively earning their teaching degree to work as teaching assistants in K–12 classrooms.

- **Emergency Food Cost Reimbursement—\$7.0 million**

School districts continue to provide essential school meal service, providing about 12 million meals a month; however, the federal reimbursement rate does not adequately cover recent costs or provide the most nutritious options. To assist with current supply chain delays, labor shortages, and increased food and packaging prices, the governor’s budget would provide additional funding to schools to close any gaps in meeting the nutritional needs of students.

- **BEST Program—\$4.5 million**

There is a high rate of attrition among teachers—especially teachers of color—in their early careers. With additional mentoring support, the Beginning Education Support Team (BEST) program provides mentoring and other supports and has helped to reduce attrition for beginning teachers. The governor’s 2022 Supplemental Operating Budget would provide funding to expand the BEST program.

- **Native American Mascots—\$4.5 million**

Legislation adopted in 2019 (SHB 1356) required public schools currently using Native American names, images, and symbols as mascots to

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discontinue use of these elements by January 1, 2022 (except under very limited, specific circumstances). Schools making these changes were required to replace uniforms, equipment, and components of facilities that featured the discontinued names and/or imagery. The bill also established a grant program and the 2021–23 Operating Budget provided funding for the program to assist schools; however, the funding was not sufficient to cover the costs of all impacted schools.

Superintendent Reykdal’s [2022 Decision Package](#) included a request for \$4.5 million to continue and fully fund the grant program to provide all impacted schools with funding to make the required changes. Governor Inslee’s proposed 2022 Supplemental Operating Budget would provide the requested \$4.5 million.

- **Healthcare Simulation Labs—\$3.6 million**

The governor’s budget provides funding to OSPI to administer grants to Skills Centers for nursing programs to purchase or upgrade simulation laboratory equipment, which will expand the capacity of simulation laboratories to serve more nursing students.

- **Updated SEBB Rate—\$3.4 million**

Funding is provided in the governor’s budget proposal to sufficiently fund a School Employees’ Benefits Board (SEBB) rate adjustment and a reserve rate reduction. The underlying 2021–23 Operating Budget established a per monthly funding rate of \$1,032 per eligible employee in the 2022–23 School Year. The 2022 Supplemental Operating Budget would lower the monthly funding rate to \$1,026 per eligible employee.

- **Next Generation Science Standards—\$2.0 million**

The governor’s proposal would increase current funding to continue professional development in the Next Generation Science Standards and to support community-based climate science organizations in partnering with ESDs and school districts.

- **Climate Science Curriculum—\$2.0 million**

The governor’s budget would provide an increase of \$2.0 million to expand the current investment in climate science education in public schools. Funds are provided to OSPI for grants to school districts and ESDs for science teacher training in the Next Generation Science Standards, including training in the climate science standards. At a minimum, school districts must ensure that teachers in one grade level in each elementary, middle, and high school participate in this science training. A portion of the funding must be used for community-based nonprofits, including tribal education organizations, to partner with public schools for Next Generation Science Standards.

The governor’s proposal also includes additional proviso language in the underlying 2021–23 Operating Budget (with no additional funding) to require OSPI to support a Climate Science Curriculum staff position. This person would be required to integrate climate change content into the state learning standards across subject areas and grade levels. Additionally, OSPI would be required to develop materials and resources that accompany the updated learning standards that encourage school districts to develop interdisciplinary units focused on climate change that include authentic learning experiences, that integrate a range of perspectives, and that are action oriented.

- **OSPI Staffing—\$1.0 million**

The base operations funding for OSPI has not kept up with expanding program requirements over the past decade, which has undermined the agency’s ability to be responsive to the increasing needs and requirements of the K–12 system. Superintendent Reykdal’s [2022 Decision Package](#)

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included a request for \$2.0 million in additional funding in OSPI's base operations budget in Fiscal Year 2023. Additionally, Reykdal requested that OSPI's base operations budget be annually adjusted by inflation, beginning in Fiscal Year 2024.

The governor's proposed budget would provide additional funding in OSPI's base budget; however, his proposal is a \$1.0 million increase, rather than the requested \$2.0 million. Additionally, the governor's budget fails to provide for an automatic inflationary adjustment, as requested by Reykdal.

- **General Wage Increase—\$838,000**

The governor's budget would provide for a general wage increase of 3.25 percent, effective July 1, 2022, for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. Understand that this funding is for state agency employees (OSPI, SBE, etc.) and not school district employees.

Be aware, however, that WEA will be requesting a "COLA" this session. Current law requires salary allocations provided in the budget to be increased by IPD each year; however, IPD today is very different than what it was projected to be when the 2021–23 Operating Budget was adopted. The Legislature adopted IPD rates of 2.0 percent for the 2021–22 School Year and 1.6 percent for the 2022–23 School Year. Following the adoption of the budget, the IPD jumped to 4.2 percent in 2021–22 and a projected 2.1 percent in 2022–23.

What to do? There are two likely scenarios. In the first scenario, a mid-year "COLA" for 2021–22 would be provided, then the IPD for 2022–23 would be updated. (By the way, it is not unusual for the Legislature to adjust the second-year IPD in the Supplemental Operating Budget. When it is adopted in the two-year budget, it is a projected rate. What is different here is the unpredicted major jump.) OSPI estimates this option would cost about \$166 million in Fiscal Year 2022 and \$260 million in Fiscal Year 2023.

In a potential second scenario, the current year "COLA" could be deferred to the next school year and the Legislature could adopt a compounded rate to make up both years in a single school year (2022–23). OSPI estimates this option would cost a bit more, approximately \$375 million, but the full increase would be provided in Fiscal Year 2023.

Also understand that either scenario has ripple effects. For example, if teacher salary allocations are increased, both scenarios would increase the cost to fund increased SEL staffing allocations in the Prototypical School Funding Model.

It is unclear what the Legislature will do; however, WEA will bring the pressure and it seems like the odds are good that legislators will assist teachers. That said, it should be noted that Governor Inslee's budget proposal provides no relief on this issue. Hmm. Anyway, keep your eyes open, as this could quickly become a local bargaining issue—whether the Legislature supports an educator "COLA" or not.

- **Modernizing Mathematics Pathways—\$553,000**

The governor's 2022 Supplemental Operating Budget would provide funding for OSPI to develop and implement a mathematics pathways pilot to modernize and expand algebra II. OSPI's pilot would be required to use research and engage with stakeholders to adopt evidence-based strategies that better give students the flexibility and support they need.

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- **SBE Community Engagement—\$263,000**
Requested by the State Board of Education, the governor’s budget proposal would provide funding to allow the State Board to hire an Engagement Coordinator to strengthen the Board’s engagement of students, families, and communities statewide in the development of policies and practices.
- **Apportionment System Feasibility—\$250,000**
OSPI’s apportionment system is outdated and unable to accommodate the substantive changes in school funding formulas over the past several years. The outdated technology has forced OSPI to create manual, rather than automated, processes to distribute funding in an accurate and timely way; however, this has left the apportionment system vulnerable to errors and have created misalignment with other data and fiscal systems.

Superintendent Reykdal’s [2022 Decision Package](#) included a request of \$6.0 million (\$2.6 million in Fiscal Year 2023) to update, modernize and redesign OSPI’s apportionment and F-203 systems. Rather than support the immediate upgrade, the governor’s 2022 Supplemental Operating Budget proposal would provide \$250,000 to undertake a feasibility study to assess the modernization of the school apportionment system.

- **SBE School Climate Survey—\$100,000**
Requested by the State Board of Education, the governor’s budget proposal would provide funding to support the Board, in collaboration with OSPI and local school districts, to implement a school-climate survey. Funding will allow the Board to engage with external expertise and convene partners to explore options and develop recommendations for a statewide approach to assessing school climate. The initial study would include evaluation of different survey tools and options for state-level implementation and analysis.

Additional Details

- **State Agency Adjustments—\$840,000**
The Operating Budget includes a series of funding adjustments for all state agencies, including OSPI. This funding is to cover charges for using services from other agencies—for example, there is a funding to cover expenses of auditing services provided by the State Auditor; and funding to cover expenses of administrative hearings conducted by the Office of Administrative Hearings; etc. While OSPI’s share of the required charges (and funding to defray those costs) is minimal, the total adjustment does impact the overall level of the K–12 portion of the budget. In the proposed 2022 Supplemental Operating Budget, agency adjustments would result in a net increase of \$840,000.
- **Safe Routes to Schools—\$45.0 million**
A part of the governor’s Climate package are investments to support clean transportation. It can’t get any cleaner than to walk or bike to school. The governor would provide an increase of \$45.0 million in the current Safe Routes to School program and the Bicycle and Pedestrian Safety Grant program. (This funding is in the 2022 Supplemental Transportation Budget.)
- **Solar/Energy Storage—\$100.0 million**
While not completely provided for school districts, the governor’s 2022 Supplemental Operating Budget proposal would provide \$100.0 million to the Department of Commerce to administer solar installation grants. The grants would be used to purchase and install solar energy systems paired with energy storage, including solar modules and inverters, and any controls necessary to pair the technology. Eligible recipients include retail

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electric utilities, tribal governments, school districts, local governments, state agencies, housing authorities and nonprofit entities.

- **School-based Health Services—\$4.1 million**

The governor's 2022 Supplemental Operating Budget provides funding to improve health care access for schoolchildren by providing the state match associated with Medicaid services for schools that participate in the School Based Health Care Services program. This funding would allow the state to reach students in smaller school districts.

- **Summer ECEAP—\$5.9 million**

The governor's proposal would provide \$5.9 million to fund nine weeks of the Early Childhood Education and Assistance Program (ECEAP) during summer 2022. The program would leverage 2,212 school day slots on two tracks: 2,011 slots of full, in-person learning and 201 slots of wrap-around services. The youngest learners lost learning opportunities because of the COVID-19 pandemic and correcting this will take time to overcome. Summer ECEAP will help address this learning loss, reduce isolation and maintain connections to children and families.

- **Digital Education Resources—\$209,000**

The governor's 2022 Supplemental Operating Budget would provide funding to the Washington State Historical Society (WSHS) to create a communications consultant position to work with WSHS education and exhibitions staff. Together, they will create online educational formats that include interactive curriculum units, virtual field trips to the State History Museum and other digital exhibitions. These resources will give geographically-bound classrooms the ability to engage with State History Museum exhibitions, collections, and staff while meeting state-mandated learning requirements in state and local history, and tribal history.

2022 Supplemental Capital Budget

- **Skills Centers—\$50.3 million**

The governor's 2022 Supplemental Capital Budget provides funding for one Skills Center—the West Sound Technical Skills Center in Bremerton. Funding will help design and start the first construction phase to modernize and add new learning space. The expansion of the Skills Center is expected to create a new, safe, modern learning environment for students to develop training and skills in high-demand fields.

- **Distressed Schools—\$11.3 million**

The governor's Capital proposal would provide \$11.3 million through the School Construction Assistance Grant Program and the Distressed Schools program specifically to support Almira Elementary School. The funding would help the school district design and reconstruct the Almira Elementary School that was destroyed by fire.

- **School Seismic Funds—\$8.6 million**

The governor's Supplemental Capital Budget proposal would fund additional and increased costs for school seismic retrofit projects. Additionally, it would allow the North Beach School District to use funding approved for the Pacific Beach Elementary Gymnasium project to reconstruct a new facility at an alternate location if the district can raise local funding.

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Like cherry blossoms blooming signal the coming spring, the governor’s annual introduction of budget proposals is a clear sign the Legislative Session is rapidly approaching. Once again, the Legislature will be conducting a mostly “virtual” session and it will be crucial for administrators to engage in the process. We need YOU to “tell your story.” We expect that Superintendents will lead the way, but we need ALL administrators to step up and get involved in the legislative process.

For those of you who may feel anxious about engaging, we encourage you to take some time to review our recent advocacy webinar, “Finding Your Voice: The Importance of Legislative Advocacy.” The in-depth [PowerPoint](#) is available on the WASA website and the recording of the Webinar will be posted soon; when it’s posted, it will be available on WASA’s Conference Resources site [HERE](#). These tools will help you easily jump into the process and effectively advocate for your schools, your students, and your colleagues.

We also encourage you to continue to follow these [newsletters](#) and our [Legislative Podcast](#) (starting soon) to stay up-to-date throughout the session. And consider participating in our annual Legislative Conference, jointly hosted with WSSDA and WASBO. [Registration](#) for the event is live.

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LEGISLATIVE CONFERENCE AND WEEK ON THE HILL

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