TWIO

This Week In Olympia

Special Edition: Interim Legislative Update **November 3, 2022**

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EQUITY WASA
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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WASBO

WSPA

AEA ALLIANCE OF EDUCATIONAL ASSOCIATIONS

State Budget Update

On September 20, the **Economic & Revenue Forecast Council** (ERFC) provided an update of the state's revenue projections. First, however, some background and context. Remember, the first quarterly forecast in February was used by the Legislature to finalize its 2022 Supplemental Operating Budget. Governor Inslee's 2023–25 budget request to be released in mid-December will be based on the fourth and final quarterly forecast update in November (scheduled for **November 18**). The second quarterly forecast in June, a mid-year "check-up," showed continued gains in expected revenue. The forecast for the remainder of the current 2021–23 biennium (ending June 30, 2023) was up $1.55 billion above the February forecast and the estimate for the 2023–25 biennium was increased by $632.0 million. Unfortunately, inflation began to spike early in the year and continued to increase. In February, inflation (based on the Consumer Price Index, CPI), was pegged at 7.5 percent and reached 8.5 percent in June. Shortly after the June forecast was released, inflation reached a 40-year high of 9.1 percent in July. Simply stated, even though revenues continued to increase, increased inflation is eating away at the purchasing power of state tax dollars—there is more money to spend, but the cost of goods and services (including those purchased in the state budget) essentially erase those gains.

Back to September. The September **revenue forecast** continued to show revenue growth beyond projections in the June forecast. Expected revenues for the remainder of the biennium were $43.4 million above June's estimate; however, revenue projections for 2023–25 were $495.4 million less than the June forecast. To clarify, state revenue (both actual revenue and projected revenue) continues to grow; however, that growth is beginning to slow—at the same time inflation continues to undercut the state's buying power.

At the ERFC's September meeting an **updated 2021–23 "balance sheet"** (page 42 in the link) was also adopted. The balance sheet projects a $1.8 billion Ending Fund Balance available for use in the 2023–25 Operating Budget (the simple equation is: Total 2021–23 Resources [$65.6 billion] minus Total 2021–23 Expenditures [$63.8 billion]). In addition, there is an expected $628.3 million in the Budget Stabilization Account (BSA, also known as the "Rainy Day Fund") and another $2.1 billion in the Washington Rescue Plan Transition Account (WRPTA). (NOTE: The WRPTA was created in 2021 by siphoning "excess" funds from the BSA

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to ensure the Legislature had access to sufficient resources to address ongoing pandemic impacts. The adoption of this "shadow reserve account" was roundly criticized by minority Republicans because a supermajority vote of the Legislature is required to access BSA funds, while resources available in the WRPTA can be used following a simple majority vote. Republicans were (are) concerned Democratic budget-writers could unnecessarily inflate the budget without needing any minority support. To lend some credence to the Republicans' concerns, David Schumacher, director of the governor's budget office, recently provided a budget preview to the **Washington State Senior Citizens Foundation**. Interestingly enough, when talking about the WRPTA, he suggested that those reserve funds could be used in the 2023 Session to help phase out spending that occurred due to federal funding. He noted the available $2.1 billion will not be available again, "but we're going to be awfully thankful that they [the Legislature] saved it and *we will be able to use it in this budget that's coming out."* [emphasis added]) Adding the reserve funds in the BSA and the WRPTA to the projected 2021–23 Ending Fund Balance provides $4.5 billion in the Beginning Fund Balance when the Legislature drafts its 2023–25 Operating Budget.

Partisan bickering over the available revenue began before the September forecast was even adopted. Minority Republicans declared that $4.5 billion in reserves means tax cuts can be afforded and would help taxpayers as they contend with ongoing inflation increases. Budget-writers in the Democratic majority, however, flatly stated that conservative budgeting during the pandemic is the reason for the high level of reserves and there remain serious concerns about budget stability, signaling that they will be hesitant to dramatically inflate the 2023–25 budget.

The ERFC did provide some caution about the budget forecast. When providing revenue forecasts, a "baseline" projection is provided; however, they are also required to provide a "pessimistic" projection and an "optimistic" projection—then a probability is assigned to each of the three forecasts, defining what the Council believes the likelihood each forecast has of occurring. Prior to the pandemic, the baseline projection regularly was pegged at a 60–70 percent chance of happening. For example, for the March 2019 forecast, state economists predicted the baseline had a 70 percent probability, while they predicted the pessimistic and the optimistic forecast each had a 15 percent probability. Given the volatility of the economy throughout the pandemic—and the fact that this was uncharted territory—predictions of the baseline probability dropped, the probability of the pessimistic forecast increased, and the probability of the optimistic forecast increased, but not as much as the gloomy forecast.

For the most recent forecast in September, state economists assigned a 50 percent probability to the baseline projection, while assigning the pessimistic projection a 35 percent probability and the optimistic scenario a 15 percent probability. Even though revenues continue to grow (at a slower rate), there are significant downside risks to the forecast (which is why the odds of a pessimistic forecast are so high), including: continued high inflation, a potential recession and/or economic slowdown, and the impacts of a protracted military conflict in Ukraine.

Even if economic clouds do not bring rain and the baseline—or even the optimistic—prediction comes to fruition, drafting and adopting the new two-year budget will be complicated. Due to an unusually healthy economy in the midst of a global pandemic, along with significant federal pandemic-related funds, Washington's budget increased fairly dramatically. A major portion of that increase was related to the overwhelming influx of federal cash, most of which is one-time funding. K–12 received over $3.0 billion in federal funds in the past two years—funds that are coming to an end. Education was not the only state entity that received massive one-time appropriations from the federal government. And like K–12, those one-time funds are vanishing. Most state agencies and programs funded by the state will be looking to maintain the current level of funding (or even expand); however, it seems highly unlikely the federal government will provide states any kind of bailout. That means the state has to up its game—with state funds—if

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current agency/program budgets are to remain status quo. This seems unrealistic, but that will not keep anyone from asking.

In September, state agencies were required to submit their 2023–25 budget requests to the Office of Financial Management (OFM). And most of the submittals include not just requested increases, but dramatic increases—mostly to backfill federal funds that are phasing down. As an example, review the **Department of Health** (DOH). During the pandemic, General Fund-State spending for DOH increased by 23.1 percent in 2019–21 and 35.7 percent in 2021–23. In 2023–25, DOH will lose pandemic-related federal funds, so has requested a 323.5 percent increase in state funding. (NOTE: This does not include required funding to cover increased Maintenance Level costs; this request is specifically to add or expand programs—or maintain programs that utilized one-time federal funds.) Another case is the **Department of Commerce** (DOC). Funding for Commerce in 2021–23 increased by almost 250 percent beyond appropriations in the 2019–21 budget, mostly due to monumental amounts of federal funds through the pandemic. It should be noted, however, much of their appropriation includes "pass through" funds used to support various grants and to distribute pandemic assistance (rental assistance, for example). Nevertheless, that federal funding is going away, and Commerce has requested a 99.2 percent increase in 2023–25.

Even Superintendent Reykdal, who has been submitting "pragmatic" budget requests since he became State Superintendent, submitted a substantial **OPSI budget request** (discussed in more detail below). His 2023–25 request amounts to just over $5.9 billion—a 25.3 percent increase over funding in 2021–23. About half of this request ($3.15 billion) would be used to implement a series of Reykdal's selected requests culled from the final recommendations approved by the **K–12 Basic Education Compensation Advisory Committee** (discussed below). Two other major pieces are: almost $1.0 billion to fully fund Special Education; and approximately $1.0 billion to support enhancements of staffing ratios in the Prototypical School Funding Model to complete Phase I of the **Staffing Enrichment Workgroup (2019)** recommendations.

Certainly, OSPI's full request will not be adopted, given budget circumstances and legislators' maddening, but continuing, "education fatigue." We applaud Supt. Reykdal for submitting his proposal, however. Reykdal's budget proposal follows the strategy and philosophy that WASA has undertaken in the last several years, which is to be bold and honest, advocating for what our students and school districts NEED—not what we think we might be able to achieve; asking for less than what we NEED undermines our efforts. We are also in this for the long haul and we will continue to keep our priorities on legislators' radar, build momentum, and lay the groundwork for future success.

All submitted Agency Budget requests are available on the **OFM website**.

Except for an unusual 2021–23 biennium, which saw the Legislature provide MORE funding than requested by state agencies, the Legislature typically appropriates less (sometimes MUCH less) than requested. All told, agency budget requests in 2023–25 would increase General Fund-State appropriations by 28.5 percent above the current 2021–23 Operating Budget (even though the Economic & Revenue Forecast Council estimates that General Fund-State revenues will increase by 3.4 percent in 2023–25). This is the second largest agency budget request in recent memory. Only one total request has been larger in the last twenty years—a proposed 32.8 percent increase in 2015–17. Unless there is an unexpected colossal turn of events, it appears most agencies will leave the 2023 Session wanting. But this is just an example of the level of competition that will be at the budget trough—and we have not even discussed Maintenance Level costs or private sector requests.

In addition to agency budget requests, there will be other costs on the table. One of the largest is the recently negotiated **Collective Bargaining Agreements** (CBA) for state employees, specific non-state employees (e.g., Adult Family Homes),

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and health care (SEBB) for school employees. The total cost for the new CBAs is $1.4 billion (General Fund-State). (NOTE: Typically, the Legislature extends the same CBA salary changes to state employees not represented by the unions; however, that cost is not included in the $1.4 billion.) These agreements are considered to be tentative and will not be official unless and until the Legislature approves them. The Legislature, however, can only agree to or reject the CBAs; they have no authority to modify the agreements.

Basic Education Compensation Rebase

In 2012, the Supreme Court ruled in favor of the plaintiffs (school districts) in the *"McCleary v. Washington"* education funding case. In its landmark decision, the Court ruled the state was failing to provide ample funding of its constitutional "paramount duty" and, in addition, was forcing an unconstitutional overreliance on school district levies. The Court ordered the state to comply with the constitutional mandate to provide ample funding for basic education by 2018.

In anticipation of the Court's ruling, the Legislature had been laying the groundwork for a new education funding system with the adoption of **ESHB 2261** (2009) and **SHB 2776** (2010). These two bills were the roadmap to an updated definition of basic education, along with the necessary new education finance system to ensure implementation. Following the Court's 2012 ruling, the Legislature began the arduous journey to revise Washington's system of financing schools to comply with the state's constitutional mandate. Using the framework that ESHB 2261 and SHB 2276 had provided, the Legislature (following many fits and starts) eventually adopted **EHB 2242** (the so-called *"McCleary solution"*) in 2017 along with necessary updates in 2018 via **E2SSB 6362** (the *"McCleary fix"* bill). The four education funding bills completely overhauled Washington's education funding system. Major changes included: an updated definition of basic education; a new model for allocating funds to schools (Prototypical School Funding Model); a new scheme for providing salary allocations to education staff, including a process to increase allocations for certain districts (regionalization and experience factors); a major revision and calculation for Local Effort Assistance and local levies (along with a reduction in levy lids); and a change to inflationary factors.

Understanding the education system would evolve over time, legislators adopted provisions in EHB 2242 requiring a regular review and "rebase" of funding. Specifically, **RCW 28A.150.412(1)** states:

> Beginning with the 2023 regular legislative session, and every four years thereafter, the Legislature shall review and rebase state basic education compensation allocations compared to school district compensation data, regionalization factors, what inflationary measure is the most representative of actual market experience for school districts, and other economic information. The Legislature shall revise the minimum allocations, regionalization factors, and inflationary measure if necessary to ensure that state basic education allocations continue to provide market-rate salaries and that regionalization adjustments reflect actual economic differences between school districts.

In 2021, the Legislature adopted a proviso in the 2021–23 Operating Budget (**ESSB 5092**) establishing a **K–12 Basic Education Compensation Advisory Committee** charged with providing recommendations for the required rebase in 2023. The budget proviso also expanded the requirement to review the funding system. The recommendations were required to include the issues stated above, but the Advisory Committee was also required to develop recommendations that support "recruiting and retaining a multicultural and multilingual educator workforce."

While the Advisory Committee established by OSPI was heavily weighted with union representatives, the education management community had representation. WASA was represented by Tom Seigel, Superintendent, Bethel School District; WASBO was represented by Michelle Scott, Chief Financial Officer, Battle Ground

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School District; and WSPA was represented by Keri Hutchins, Human Resources Director, Mead School District. The Advisory Committee began meeting last November and ultimately adopted a set of recommendations this past September.

As the Advisory Committee began to meet, WASA, WASBO, and WSPA joined together to speak with one voice. As a unified team, we drafted a set of initial **suggestions and recommendations** for the Committee and followed that up with a **presentation** to the Committee. (Thanks go to Wayne Leonard, recently retired CFO from Mead School District, who assisted our team with pulling together and drafting our report.)

The Advisory Committee adopted a set of **draft recommendations** in August and WASA/WASBO/WSPA sent the word out to our members to provide comments and feedback. To assist our members in responding, our team put together a set of **Key Considerations** to review. Thank you to those administrators that provided your own feedback.

We have been strongly encouraging administrators to be mindful of the Advisory Committee's work—and to be engaged—because readjusting our compensation system may be the most important K–12 work the 2023 Legislature does. The *McCleary* solution and its following *McCleary* "fix" in 2017 and 2018 drastically altered Washington's education finance system. In some ways, it exacerbated inequities between districts rather then reduced inequities. Following the adoption of complex—and politically delicate—bills in 2017/2018, legislators simply wanted to be done with education finance. Our efforts to influence changes since then have hit a wall with most legislators saying they wanted to focus on other issues, or using the upcoming "rebase" in 2023 to stall. NOW is our opportunity to make some of the changes we have been seeking, including adjusting a broken regionalization system, updating the experience factors, and addressing inflationary factors. **It is incumbent upon administrators to be involved. Understand, if legislators do nothing, or perhaps more distressing, make matters worse, we will be locked into the "updated" system for another four years until the rebasing process returns.**

In September, the Advisory Committee submitted **final recommendations**. If you compare the final recommendations to the recommendations or key considerations developed by WASA/WASBO/WSPA, you will notice strong alignment with a number of the recommendations. Unfortunately, some of our ideas were also rejected; however, our recommendations are "on the record" and we will be able to continue to advance these ideas as the Legislature engages in the "rebasing" conversation. Following the submittal of the final recommendations, which were presented to Supt. Reykdal, not directly to the Legislature, Reykdal submitted his own set of recommendations (which can be found on Pages 5–7 of the **final Report**. Many of Reykdal's recommendations (and included in his budget request, described below) are aligned (or identical) to recommendations provided by the Advisory Committee; however, others are tweaked, drastically changed, or omitted all together. (NOTE: hyperlinks to Reykdal's "budget request" in the following section are connected to the individual component being addressed, rather than his full budget package.)

For this newsletter, we will touch on some of the key recommendations, rather than simply copying the Advisory Committee's **final recommendations**. You are encouraged, however, to familiarize yourself with some of the details because, as noted above, action on these recommendations could be THE major K–12 education issue in 2023.

Staffing Allocations

The final recommendations, as adopted by the Advisory Committee, are comprised of fourteen individual (but interrelated) recommendations. It should be noted, however, that the Advisory Committee did not rank-order or prioritize the recommendations. That said, one of the key recommendations (Recommendation

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No. 7) is to fully implement the staffing levels recommended by the **Staffing Enrichment Workgroup** (2019). Advisory Committee members agreed that fully implementing enhanced staffing levels should be implemented before recommendations to increase state base salary allocations (Recommendation No. 1) are implemented. The Summary of Recommendations notes that both staffing enhancements and increased salary allocations are "critical elements, but how the Legislature phases in these recommendations are equally important."

Supporting the completion of Phase I of the Staffing Enrichment Workgroup recommendations is a key component of Superintendent Reykdal's 2023–25 **budget request**—and is strongly supported by most of the education community. Continuing to make progress on Phase I of the Staffing Enrichment Workgroup recommendations is vital element of **WASA's 2023 Legislative Platform**—and is the sole priority of the **School Funding Coalition**. Led by WASA and WASBO, the Coalition is comprised of Washington's education management associations. WASA and WASBO are joined by the Alliance of Education Associations (AEA), the Association of Educational Service Districts (AESD), the Association of Washington School Principals (AWSP), the Washington School Personnel Association (WSPA), and the Washington State School Directors' Association (WSSDA).

Base Salary Allocations

The Advisory Committee recommended state salary allocations for K–12 staff be adjusted every four years based on similar job market data provided by the Employment Security Department based on comparable job classifications in the state (Recommendation No. 1). Current salary allocations are provided for Certificated Instructional Staff (CIS), Certified Administrative Staff (CAS), and Classified Staff (CLS). The Advisory Committee also recommended the addition of a fourth staffing category: Classified Administrative Staff. This would serve to increase the transparency of funding for classified staff within the K–12 education system by disaggregating administrative classified staff from non-administrative classified staff.

As part of this recommendation, specific (and significant) salary increases were proposed. The WASA/WASBO/WSPA team was concerned that the new proposed salary allocations were based on "comparable job classifications" using data from the Employment Security Department; however, in many cases those "comparable" positions are apples-to-oranges comparisons. Additionally, the raw data from the Employment Security Department was used to draw comparisons without any specific analysis of whether current compensation is adequate to recruit/retain staff.

We suggested, and the Advisory Committee agreed, the Legislature undertake a more thorough and comprehensive analysis of the jobs and job types that should be included in the comparable wage analysis and also establish a process to ensure the Legislature and OSPI could conduct an analysis on a regular basis to determine if salaries are keeping pace with comparable jobs and job types. Although the Advisory Committee agreed with this suggestion—and included it in the recommendation—the original proposed salary increases were retained as a part of the recommendations.

Superintendent Reykdal's 2023–25 **budget request** includes the recommendation to add a fourth staff allocation category; however, it is unclear if he supports or rejects the comparable wage analysis—or the proposed salaries. His budget package simply requests a six percent base salary increase for each defined staff type, beginning in the 2023–24 school year. It is also unclear in Reykdal's budget (as well as the Advisory Committee recommendations), if the proposed base increase is before, after, or inclusive of the upcoming required inflationary increase.

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Regionalization

As suggested by the WASA/WASBO/WSPA team, the Advisory Committee recommended that the current regionalization scheme be overhauled (Recommendation No. 2). First, regionalization factors should be based on a wider geographic area, rather than 295 individual districts. Second, regionalization factors should be based on metropolitan and non-metropolitan labor market data by region, rather than housing costs. Third, when school districts share a boundary with another school district with a higher regionalization factor, the differential between the two regionalization factors must not be greater than two percentage points, with the district with the lower regionalization being increased if necessary. By using labor market data, and ensuring neighboring districts receive no greater than a two percent difference in regionalization, districts will continue to be able to address different costs of living due to housing, but also remain competitive for educators in a region and across the state.

An additional important component was also advocated by the WASA/WASBO/WSPA team, and accepted by the Advisory Committee. Although the proposed regionalization revisions would be a substantial improvement to the current model, it is likely there will be some districts which would be outliers that would be negatively impacted by the new system. We strongly supported implementing an appeal process to allow school districts to make a case, using additional data and information, why their assigned regionalization factor is inappropriate and provide for an appropriate remedy.

A final, critical component was included in the final recommendations, as requested by the WASA/WASBO/WSPA team. This final regionalization component is not a specific recommendation, but an explicit reiteration of the current law, **RCW 28A.150.412(4)**, which states: "No district may receive less state funding for the minimum state salary allocation as compared to its prior school year salary allocation as a result of adjustments that reflect updated regionalized salaries." We felt this language from the current law needed to be included as a strong reminder to legislators that this is not simply a throwaway recommendation, but a statutory mandate.

While the Advisory Committee accepted our request that regionalization be broadened using labor markets, a linked suggestion was rejected. We argued that labor markets extend beyond the borders of the state and should be taken into account when calculating regionalization. The labor market for districts in Southwest Washington, for example, extends beyond the border into Portland, yet the final recommendations provide no recognition of this reality. While we were disappointed in this exclusion, if an appeals process is established, border districts could make a case for an adjustment to its assigned regionalization factor.

Perhaps Supt. Reykdal's most disappointing dismissal of Advisory Committee recommendations is his rejection of the proposed, updated regionalization system. Reykdal's **budget request** would eliminate the current district-by-district system and, instead, would assign regionalization factors by county, with all districts within the county being provided with the same factor as the highest district within the county. We have advocated for using a broader geographic area, which this proposal would accomplish; however, it is presumed regionalization factors would continued to be based on housing costs—Reykdal's budget proposal has no discussion regarding HOW regionalization factors are calculated.

Even more disconcerting is his proposal to establish a maximum regionalization factor of 12 percent *"by reducing all districts currently above 12 percent downward."* [emphasis added] Not only is this disappointing, it is completely contrary to current law. After the cap of 12 percent is established, regionalization factors would be assigned by county, and all districts within the county would be provided with the same factor as the single highest district within the county.

The assumption is the requested six percent base increase (discussed above) would be added to the regionalization factor. So, a 12 percent district would technically receive an 18 percent increase, as high as the current maximum. This is not explicitly described, however.

Finally, there is no discussion of an appeal process in Supt. Reykdal's request.

Experience Factor

This is an area where it appears the entire education community—including unions, administrators, parents, and Supt. Reykdal—are on the same page. The Advisory Committee recommended a restructuring of the current experience factor (Recommendation No. 4); the short explanation of the recommendation is the policy in **HB 1419**, introduced in 2021, but not adopted, be implemented.

If adopted, the bill would:

- provide for an annual determination of a school district's eligibility to receive an experience factor;
- would provide an experience factor to a school district if they had above average staff experience OR (rather than the current 'AND') above average staff education—or both; and
- would implement a slow "step-down" for districts that lose eligibility for the experience factor, providing enough time to prepare.

The Advisory Committee also recommended the state begin collecting data on paraeducator degrees, certification, and experience to determine how the state could provide a similar experience factor for paraeducators.

Supt. Reykdal's 2023–25 **budget request** aligns with these recommendations.

Inflationary Factor

The WASA/WASBO/WSPA team suggested the Legislature should revert to using the Consumer Price Index (CPI)—as adopted by the voters in Initiative 732 (2000)—as the inflationary factor, rather than continuing to use the Implicit Price Deflator (IPD). The Advisory Committee agreed and provided this recommendation (Recommendation No. 3).

The Advisory Committee also recommended that the current law be clarified that the inflationary factor is determined by the "previous calendar year's annual average" inflation index to avoid the troublesome "inflation rebase" the Legislature adopted in the 2022 Supplemental Operating Budget. Specifically, the Advisory Committee recommended state salary allocations be adjusted annually each September 1, using the Seattle-area CPI for the most recent 12-month period ending prior to the last Washington State Economic and Revenue Forecast Council Quarterly report, issued in February (Recommendation No. 3). This allows the Legislature to use the latest available data in their final budget.

The Legislature had no rational reason for changing from CPI to IPD—except that IPD is less costly than CPI. CPI, however, is a more broad-based inflationary factor that better reflects consumer purchasing inflation.

As a side note, administrators should be aware that last session's decision to adjust the "real" IPD of 2.8 percent to 5.5 percent was a strategic political decision. In 2023, whether IPD continues to be the inflationary factor or the use of CPI is implemented, the inflationary factor looks to be a significant increase. IPD is currently around six percent and CPI is well-over eight percent. Those numbers could change (up or down), especially if the Fed's rate increases slow inflation; however, compensation is likely to be a hit on budgets—both the state budget and local budgets.

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Supt. Reykdal's 2023–25 **budget request** aligns with this recommendation, although there is no discussion of amending current law to address the "previous calendar year's annual average" issue.

Recruiting/Retaining a Diverse Staff

The Advisory Committee reviewed a large number of recruitment/retention incentives. Ultimately, the Advisory Committee recommended the state provide bonuses as a part of a direct grant, with a specific clarification of the use of the bonuses (Recommendation No. 6).

After reviewing many options, the Advisory Committee recommended a list of bonuses as the highest priority for funding:

- Annual state bonuses for staff who work in high poverty schools ($7,500 to certificated instructional school-based staff; $12,500 to certificated administrative school-based staff; $5,000 to classified staff).
- Initial hiring and ongoing retention bonuses to all school-based staff who work in rural schools (a hiring bonus of $10,000 to certificated instructional and administrative staff and a $15,000 retention bonus every three years; $7,000 hiring bonuses and $10,500 retention bonuses every three years for classified staff).
- Special education hiring and retention bonuses (a hiring bonus of $10,000 and a $15,000 retention bonus every three years).
- Bilingual proficiency grants for K–12 staff who meet proficiency standards for speaking a language that is spoken or taught to students within their unique communities, including tribal languages (the grant amount would be based on the individual needs of the community as documented in a grant application).
- Bonuses for certificated instructional staff who do not have access to National Board certification, such as occupational therapists, school nurses, speech language pathologists, and school psychologists.

For each of these recommended bonuses, the Advisory Committee recommended OSPI develop the implementation process to ensure existing staff have immediate access to bonuses they qualify for.

The Advisory Committee also recommended funding for mentor programs to support beginning educators throughout their first three years in the profession, with specific emphasis on funding new or expanded programs that provide support for multicultural or multilingual beginning educators (Recommendation No. 8).

The Advisory Committee specifically recommended:

- Funding provided through mentor program grants, similar to the Beginning Educator Support Team (BEST) program, be more targeted in terms of the use of funds to ensure mentors and mentee teachers receive the direct support necessary to ensure beginning educators are successful.
- A paraeducator mentor program, similar to BEST, be established to ensure paraeducators that provide direct instruction to students in the classroom receive support from a mentor.
- A grant program be created to support a mentoring program for bus drivers separate from the student transportation allocation model.
- School principal mentoring programs be included in state funding with an emphasis on supporting school principals in small, rural school districts and in high poverty schools to increase resiliency and decrease turnover.

In an additional recommendation (Recommendation No. 9), the Advisory Committee recommended an expansion of alternative routes to certification and "grow your own" programs. One of the recommendations would provide current high school students with opportunities to participate in CTE or other programs

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that would allow students to seamlessly move from high school to college and then to work in the education system, preferably in their own community.

Alternative route programs that are recommended, or recommended to be expanded, include: alternative routes to certification for classified employees currently working within a school system; alternative routes to certification for potential education candidates from other industries or professions; and alternative pathways and/or a professional residency program for substitute educators and educators with emergency certification.

Additional Advisory Committee recommendations addressing the support and retention of a multicultural and multilingual educator workforce include:

- Significantly increasing investments and efforts in cultivating more native educators in Washington schools. (Recommendation No. 10)
- Implementing a loan deferral program to reduce or eliminate student debt for K–12 employees, specifically targeting individuals who work in rural and/or high poverty schools. (Recommendation No. 11)
- Investing in statewide recruitment systems for educators, including the implementation of a single statewide standard application and implementing a statewide educator recruitment campaign for all K–12 school districts. (Recommendation No. 13)
- Providing state funding and technical support to expand the First People's Language teacher certification program between school districts and local tribes. (Recommendation No. 14)

Supt. Reykdal's 2023–25 **budget request** includes several of these proposals.

OSPI 2023–25 Operating Budget Request

By law, the governor is required to release a Biennial Budget proposal to the Legislature by December 20. In order for the governor and the Office of Financial Management (OFM, the governor's budget office) to prepare his request, all state agency directors and separately elected state officials—including State Superintendent of Public Instruction Chris Reykdal—must provide a budget request to the governor in September.

On September 19, Superintendent Reykdal submitted OSPI's 2023–25 Operating Budget to the governor. Reykdal's budget request is broken into four focus areas:

- Transforming Student Learning & Well-Being
- Recruiting and Retaining Effective Educators
- Legislatively Directed Enhancements
- Other Enhancements to Basic Education

Supt. Reykdal's budget requests (which include 18 specific program areas, as well as a Maintenance Level request and three requests for additional funding in 2023 Supplemental Operating Budget) align with **OSPI's strategic goals**:

1. **Equitable Access to Strong Foundations**
   Increase student access to and participation in high-quality early learning and elementary by amplifying and building on inclusive, asset-based policies and practices.
2. **Rigorous Learner-Centered Options in Every Community**
   Provide all students with access to challenging coursework, culturally responsive and anti-racist curriculum, and pathways to graduation and beyond that meet their unique interests.
3. **A Diverse, Inclusive, and Highly Skilled Workforce**

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Prepare all students with educators who are reflective of our global society by increasing access to a workforce that is diverse, culturally responsive, and racially literate.

4. **A Committed, Unified, and Customer-Focused OSPI**
   Support school districts through consistent, timely, and meaningful funding and supports that center the needs of students. Agency operations are unified in facilitating services and resources in alignment with the commitments in our strategic goals.

As noted earlier, Supt. Reykdal has submitted modest, pragmatic budget requests since he was first elected State Superintendent; however, he pulled out of the stops in his 2023–25 Operating Budget request. This year's submittal totals approximately $5.9 billion over the next two years—an increase of over 25 percent above the current appropriations. In comparison, Reykdal's 2019–21 request totaled approximately $350.0 million, and his request in the current 2021–23 biennium was about $540.0 million. Heading into a Session with huge budget risks and questions of economic stability, a nearly $6.0 billion budget request seems extreme; however, we applaud the Superintendent for proposing a budget request large enough that can make real change. Reykdal continues to talk about "transforming" education—a $6.0 billion increase in funding would go a long way to ignite the type of transformation he—and we—seek.

Following below is a review of OSPI's 2023–25 Operating Budget request. For more in-depth information, each request includes a link to OSPI's detailed Decision Package that corresponds to that particular line item. The full budget submittal (including the Supplemental request and the 2023–25 Capital Budget request, which are not discussed here) is available on the **OSPI website**. Additional detail and data are also available on the **OFM website**.

Transforming Student Learning & Well-Being

- **Fully Funding Special Education—$971.9 million**
  Funding that school districts receive for special education services is not well aligned with their expenditures, leaving some districts to rely on local levies to supplement their special education programs. School districts have a legal obligation to serve all students with disabilities in Washington, regardless of cost of services. OSPI requests that the Legislature remove the 13.5 percent cap on state special education funding and increase the special education tiered multiplier to fully cover the cost of special education services and sustain the state's investment in inclusionary practices.

  Fully funding special education has been a major WASA priority for several years. In 2023, it appears the entire education community will be making this a priority—and it's extremely positive that Supt. Reykdal has submitted such focused budget request. Out of all of the Superintendent's priorities—and priorities of WASA and other associations—positive movement on closing (or eliminating) the ongoing special education funding gap would be huge. Special education is a basic education program—and school districts are legally required (by both the state and federal government) to provide services to special education students—yet ongoing underfunding has forced school districts to use local levy dollars to backfill the gap. If the Legislature steps up and fulfills their obligation to fully fund special education (or even significantly increase funding), local levy dollars would be freed up to be used as your district and your voters intended.

- **Dual Language Learning for All—$69.7 million**
  Multilingual/English learners, American Indian/Alaskan Native students, and other historically underserved student groups experience long-standing, persistent opportunity gaps in their K–12 educational careers. With the need to provide accelerated learning to address pandemic-related

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learning loss, the press to implement universal access to dual language education is more urgent than ever. OSPI requests $69.7 million in the 2023–25 biennium to scale inclusive, asset-based, and gap preventing/closing dual language education including supports to recruit and retain bilingual educators; equitable access to literacy supports, the Seal of Biliteracy, and world language competency-based credits; and efforts to preserve, restore, and grow tribal language programs throughout the state.

- **Equitable Access to Dual Credit—$99.0 million**
  Out-of-pocket costs for students associated with achievement of college credit via dual credit programs and with credential attainment have been a barrier to access and participation for many years. This request reflects OSPI's commitment to offering rigorous learner-centered options in every community by ensuring that all of Washington's students have access to learning opportunities that kickstart their post-high school college and career path. OSPI requests funding to support a comprehensive approach to ensuring equitable access to dual credit and making credential attainment more affordable for high school students and their families.
- **Universal Meals—$172.9 million**
  Students' basic needs must be met for them to be able to learn. Our country has a long history of providing free and reduced-price meals to students experiencing poverty, and throughout the pandemic, the federal government provided meals for all K–12 students at no cost to the student or their family, regardless of their economic status. While Washington has made great strides in expanding access to free school meals, it is time to provide universal free meals to all students as part of the school day. OSPI requests funding to provide healthy school meals to all of Washington's learners. Funding will supplement federal reimbursement and cover costs for schools who are not eligible to participate in federal universal meal options to ensure every student has the same opportunity. Washington has an opportunity to join a growing number of states leading the country in providing free meals to all students.
- **Expanding Holocaust Education—$1.9 million**
  The 2019 Legislature recognized the importance of Holocaust and genocide studies as a part of middle and high school education (**RCW 28A.300.115**). Through OSPI's efforts to date, around 38 percent of Washington middle and high schools have access to enhanced Holocaust and genocide studies educational programming. However, with current funding, the program has limited reach across the state, and limited potential to provide resources and support to school districts, educators, and students, particularly in Eastern Washington. OSPI requests funding to expand resources and professional learning opportunities for educators across the state to teach Holocaust studies.
- **Statewide Imagination Library—$5.0 million**
  Early exposure to books and reading has a proven impact on high achievement in literacy, learning, and strong educational outcomes. The Imagination Library of Washington program provides age-appropriate, high-quality books each month to children ages birth to five at no cost to families. To increase equitable access to books and support early literacy and kindergarten readiness among Washington's children, OSPI requests $5 million in the 2023–25 biennium and $5.2 million in the 2025–27 biennium to provide a 50 percent match of state funds to local funds to make the Imagination Library of Washington available to all households with children under the age of five across all 39 counties.
- **Hands-on Science Experiences—$16.0 million**
  Many students miss the opportunity to build a strong foundation in high-quality, hands-on science learning. The Legislature has made investments in these types of educational experiences, including the Pacific Education Institute's FieldSTEM program, the Pacific Science Center, Salmon in

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Schools, and the Laser Interferometer Gravitational-Wave Observatory (LIGO) Exploration Center. OSPI requests an additional investment in several successful programs that expand access to hands-on science learning to students across the state.

- **State Pre-Apprenticeship Programs—$3.0 million**
  Pre-apprenticeship programs operate in partnership with high schools and are proven to educate and engage students in career pathways tied to trades like welding, electrical work, construction, and others. OSPI requests funding to support and expand regional pre-apprenticeship programs for Washington high school students. This proposal will support students pursuing post-graduate work in the trades by providing introductory and specialized training through partnerships with the private sector, labor unions, and institutions of higher education.

Recruiting and Retaining Effective Educators

- **Recruiting and Retaining Principals—$28.3 million**
  School principals have a direct impact on students' learning. OSPI requests $28.27 million in the 2023–25 biennium and $30.48 million in the 2025–27 biennium to create a robust system of supports for the preparation, recruitment, and retention of highly effective, diverse school principals. First, this proposal would provide new principals with an experienced mentor for professional support during their first year. Second, this proposal bolsters principal retention in high-poverty schools—schools that are often most susceptible to changes in leadership—by providing salary incentives to school leaders who serve them. Finally, this proposal addresses recruiting and retaining highly qualified educators in the principal role by ensuring those who hold National Board certification do not lose their bonus when transitioning to the principalship.
- **Beginning Educator Support Team—$16.0 million**
  In the 2021–22 school year, Washington school districts hired an unprecedented number of novice educators with nearly 7,000 first-year teachers and Educational Staff Associates (ESAs), an increase of over 65 percent from the previous year. Our state's Beginning Educator Support Team (BEST), which provides mentoring and induction supports to beginning educators, is a proven strategy for reducing educator turnover. Currently, 25 percent of new teachers and 100 percent of new ESAs do not receive these critical supports. This request is for an increase in funding to support full implementation of the BEST program statewide.
- **State Teacher Residency Program—$200.8 million**
  Although millions of dollars are expended each year to prepare new teachers nationwide and within Washington state, schools and school districts still lack enough teachers with the qualifications to meet the needs of students, particularly students in historically underserved groups, including multilingual/English learners, students with disabilities, and students of color. Preservice teacher residency programs are an innovative student teaching model during which the preservice teacher spends a full school year learning on the job from an effective cooperating teacher in a classroom with students while also completing relevant and connected coursework toward their certification. This request is for $200.8 million in the 2023–25 biennium and $515.3 million in the 2025–27 biennium to provide access to a full-year, paid teacher residency program working shoulder to shoulder with a trained mentor teacher to achieve certification, so students have access to diverse and highly skilled teachers, grown in the communities in which they will serve, who are ready on day one to support their success.

Legislatively Directed Enhancements

- **Increasing School Staff—$1.0 billion**

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OSPI requests funding to complete implementation of the first of two research- and evidence-based phases of the **Staffing Enrichment Workgroup's (2019) recommendations**. The remaining components of the first phase focus on eliminating opportunity gaps by adjusting the prototypical school funding model. At the proposed staffing levels, school districts will be better positioned to meet the needs of all students by increasing the allocation for several key staff, increasing the allocation for substitute teachers, funding additional critical professional development for school staff, and adding continuous improvement coaches to the prototypical model no later than the 2025–26 school year.

- **Equity in School Staff Compensation—$3.2 billion**
  To ensure Washington's school districts receive sufficient state funding to recruit and retain diverse and highly effective educators to support our students, the Legislature requires a regular review and "rebase" of school employee salary allocations to accurately reflect market-rate salaries and economic differences between districts. In the 2021–23 Operating Budget, the Legislature required OSPI to convene a **K–12 Basic Education Compensation Advisory Committee** to develop recommendations to OSPI that support recruiting and retaining a multicultural and multilingual educator workforce. OSPI is responsible for reviewing the recommendations and submitting a statewide request to the Governor and the Legislature. For this proposal, OSPI is taking a targeted approach and offering solutions that focus on the core components required to increase student access to a diverse and highly skilled educator workforce. This proposal supports adjustments to the base salary allocations for all staff, a restructuring and re-basing of the regionalization factors, a restructuring of the experience mix factor, and an expansion of bonuses for qualifying staff. The overall cost of this request is $3.15 billion for the 2023–25 biennium, and $3.7 billion for the 2025–27 biennium.

  A $3.2 billion biennial request is a huge chunk of change; however, if the Legislature were to fully fund ALL of the recommendations made by the Advisory Committee, it would cost $12.1 billion in the 2023–24 school year (and a total of $22.5 billion over the biennium). This includes $10.8 billion to fully implement Phase I and Phase II of the Staffing Enrichment Workgroup recommendations.

  The Legislature would certainly balk at providing $22.5 billion to K–12 education in the new 2023–25 budget (and this doesn't take into account other requests). Even a $3.2 billion to implement Superintendent Reykdal's "targeted" recommendations will be a hard-sell; however, this seems to be pretty compelling evidence that: (1) basic education probably is not "fully funded"; and (2) the Legislature has not been funding K–12 education like it is the state's only constitutional "Paramount Duty."

  Legislators mandated OSPI review K–12 compensation funding (similar to how they mandated recommendations on phasing in necessary updates of the Prototypical School Funding Model). Now they have the answers to how much it will cost to recruit and retain quality staff and it will be interesting to see how they respond. Let's hope they respond more positively than when they received an answer about how to phase-in enhanced staffing ratios in the Prototypical School Funding Model. The recommendation was to fully implement updated staffing allocations by the 2025–26 school year, yet in 2022–23 only part of Phase I has been addressed—and that won't be fully implemented until 2024–25.

- **Apportionment System Redesign—TBD (Placeholder)**
  Washington state's school apportionment system, operated by OSPI, disburses half of Washington's General Fund-State budget to school districts and other local education agencies according to complex formulas prescribed by the Legislature. The system is extremely outdated, requires extensive human intervention, and is prone to errors that cause significant

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risk for the state and school funding operations. This request is a follow up to the legislative requirement of performing a feasibility study for this project. This request serves as a placeholder for the costs and activities identified by the feasibility study, which will be completed by the end of calendar year 2022.

- **Fully Funding House Bill 1365—$21.7 million**
  The 2021 Legislature passed House Bill 1365, which directed the OSPI to establish new grant opportunities for schools and to provide educational technology, training, and data reporting. Funding associated with the bill was only provided for the 2021–23 biennium, while the work is expected to be ongoing. The COVID-19 pandemic only elevated the importance of educational technology in our schools. It was, and continues to be, vital that students and their families can easily access learning that is safe, reliable, and secure while they are at home. This request is for $10,861,000 per year in ongoing funding to accomplish the work outlined in House Bill 1365 (2021).
- **Statewide Family Meal Application—TBD (Placeholder)**
  In 2022, the Legislature passed House Bill 1833, requiring OSPI to initiate and oversee the development and implementation of a statewide electronic system where families can easily apply for free and reduced-price meals; or in schools where all meals are free, submit a Family Income Survey. An implementation plan including a cost analysis, timeline, and system requirements are being developed in advance of the report to the Legislature due December 1, 2022. This zero-dollar request aims to serve as a placeholder for the potential biennial costs associated with developing and implementing a statewide system.

Other Enhancements to Support Basic Education

- **Transportation Funding Model—$159.0 million**
  The state's current model for providing school districts with funding for student transportation is opaque, unpredictable, and does not sufficiently provide for the actual costs of transporting students to and from school each day. OSPI requests appropriate funding that is transparent, based on district-specific variables, and easily predictable ensuring that each school district receives appropriate funding levels.
- **Fully Funding OSPI Operations—$2.4 million**
  The base operations funding for OSPI has not kept up with the expanding programming requirements over the past decade. The lag in critical staffing in areas like fiscal, legal, policy and research, communications, contracting, human resources, compliance, civil rights, reporting, and information technology is undermining OSPI's ability to be responsive to the ever-evolving needs and requirements of the K–12 system, the 1.1 million students it serves, and Washington's taxpayers. OSPI requests enhanced—and on-going—funding to meet the expanding demands of providing the agency's core services and meeting customer needs in a timely and targeted manner.

Legislative Advocacy Training

We encourage all administrators to engage with your local legislators—NOW and throughout the 2023 Session. As you meet with legislators, we encourage you to use WASA's 2023 Legislative Platform, in concert with your school district or regional Platform, to join with your colleagues across the state in advocating with one voice on critical education funding and policy issues. To fully understand WASA's Platform, we urge you to review **Part I of WASA's two-part "Finding Your Voice" Lunch & Learn webinar**. Part I, presented in September, provided a comprehensive review of WASA's 2023 Legislative Platform, along with rationale and background of our priorities, so you can effectively inform your legislators

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of administrators' collective priorities. The **presentation slides and recording** of the webinar are available on the WASA website.

With this knowledge in hand, you will be equipped to successfully engage with your legislators (or hopefully, continue to engage). We know, however, that legislative advocacy may be new or uncomfortable for you. Just remember: advocacy does not have to be hard, time-consuming, or intimidating. To further assist you in your advocacy role, we hope you will participate in Par**t II of WASA's "Finding Your Voice" Lunch and Learn webinar**. Part II will focus on how to engage with the Legislature and is scheduled for November 29, 12 p.m.; **registration is open now** (registration is complementary; however, you must register to attend). This webinar will provide tips, tools, and resources to help you engage with the Legislature and more effectively advocate for your schools, your students, and your staff. Whether you are an advocacy novice or are experienced in the process, all WASA members are invited and strongly encouraged to attend.

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