

TWIO

This Week In Olympia

WEEK 11—Addendum—IN THIS ISSUE:

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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 WAMOA.

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



Budget Update

Traditionally, we publish *TWIO* on Fridays; however, given that the Senate 2023–25 Operating Budget was released on Thursday afternoon last week (and the 2023–25 Capital Budget earlier in the week), we chose to focus on the details of the Senate's Budget proposals to get that information in your hands as quickly as possible. Our [TWIO Special Edition](#) from last Friday includes in-depth details of the K–12 portion of the Senate's Operating and Capital Budgets. If you have not reviewed it, we encourage you to take a look.

As we have discussed in recent weeks, legislative action is moving quickly at this point. There are a couple of reasons for this. One, as legislative budget proposals are released, there is a multipronged focus: on legislation that continues to move through the process, with cutoff deadlines approaching; and on the new budgets, with hundreds (or more) of impacts on fiscal issues. Legislation is moving quickly through the committee process and on the House or Senate Floors, with many discussions and/or action on amendments as the opposite house puts its stamp on bills, at the same time as budget proposals, always the major activity in any session, are being released in rapid succession. And those budget proposals need time to review and fully digest the details. The Senate's 2023–25 Operating Budget is a 1,240-page monster. Part V (Education) is only 150 pages (including the 2023 Supplemental Operating Budget); however, it is unwise to solely focus on this section, as K–12 impacts are peppered throughout the budget.

Speaking about the budgets, here is a reminder (as discussed in Friday's short version, [Week 11 TWIO](#)) about the schedule of budget action:

Senate 2023–25 Operating Budget:

- Thursday, March 23: Senate released 2023–25 Operating Budget (Proposed Substitute SB 5187)
- Friday, March 24: Senate Ways & Means Committee heard PSSB 5187
- Monday, March 27: Senate Ways & Means Committee scheduled to take executive action on PSSB 5187
- Wednesday, March 29 (tentative): Full Senate expected to take final action on SSB 5187

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WASA Legislative Report Podcast



The Podcast will be available on a regular basis on the [WASA website](#), or [subscribe to the Report](#) via multiple podcast apps.

Senate 2023–25 Capital Budget:

- Monday, March 20: Senate released 2023–25 Capital Budget proposal (Proposed Substitute SB 5200) and a bond proposal (Proposed Substitute SB 5201)
- Monday, March 20: Senate Ways & Means Committee heard PSSB 5200 and PSSB 5201
- Wednesday, March 20: Senate Ways & Means Committee adopted SSB 5200 and SSB 5201
- Friday, March 24: Full Senate adopted SSB 5200 (unanimous vote)
 - Note that the Senate has not yet adopted its bond bill, SSB 5201. They will take final action on the bond bill after they complete negotiations with the House on a final, compromise Capital Budget.

House 2023–25 Operating Budget:

- Monday, March 27: House scheduled to release 2023–25 Operating Budget (Proposed Substitute HB 1140)
- Monday, March 27: House Appropriations Committee scheduled to hear PSHB 1140
- Wednesday, March 29: House Appropriations Committee scheduled to adopt SHB 1140
 - Note: The House has not yet discussed adopting their Operating Budget from the full House. They will likely move the bill to the House Floor by the end of the week—unless they hold the bill until they negotiate a final, compromise Budget with the Senate. (See discussion below)

House 2023–25 Capital Budget

- Monday, March 27: House scheduled to release 2023–25 Capital Budget proposal (Proposed Substitute HB 1147) and bond bill (Proposed Substitute HB 1148)
- Wednesday, March 29: House Capital Budget Committee scheduled to hear PSHB 1147 (like the Senate, the Committee is not scheduled to take testimony on the bond bill)
- Thursday, March 30: House Capital Budget Committee scheduled to adopt SHB 1147 and SHB 1148

We have also received word that the House plans to release its 2023–25 Transportation Budget proposal alongside Operating and Capital Budgets today, March 27, with a public hearing scheduled in the House Transportation Committee this afternoon. They have also tentatively scheduled executive action in the Committee on Wednesday, March 29. In the Senate, we understand they plan to release a 2023–25 Transportation Budget on Wednesday, March 29, with a public hearing in the Senate Transportation Committee on Thursday, March 30. Executive action has not yet been scheduled in Committee.

We will get information and details about the K–12 portion of the House’s 2023–25 Operating and Capital Budgets to you as quickly as possible, likely tomorrow. If you want to see the specifics before we release our summary tomorrow, you can find all the information on the Legislature’s “fiscal information” website for the House Budgets: [Operating Budget](#) and [Capital Budget](#). (NOTE: These links will not be active until the budgets are released in a [noon press conference](#).) The Operating Budget link will include full text of the proposal, along with a summary of the Budget, and the Agency Detail (which provides descriptions of individual line items in the budget). The Capital Budget link will include full text of the proposal, along with a summary of the Budget, and a series of Project Lists.

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This (Last) Week in Review

In the last week, as noted above, there has been a flurry of activity, including action on several key education bills.

Special Education

[SB 5311](#), special education funding, was adopted by the House Education Committee on last Monday. It was adopted unanimously—in the same form as it was adopted by the Senate. Given the many differences between this bill and the House’s bill (HB 1436), however, we fully expect the bill to be revised in the House Appropriations Committee. At this point, the expectation is that the Appropriations Committee will overlay its language on the bill (via a striking amendment). After the House releases its budget tomorrow, we will get a better idea about their intentions. If the budget includes special education funding around \$177 million, that will be a pretty good signal that SB 5311 will be amended to reflect the House bill. SB 5311 has not yet been scheduled for executive action, however. They have the remainder of this week and next week to move the bill from Committee—and because it is referenced in the Senate budget, it is technically “Necessary to Implement the Budget” and will continue to live through the remainder of the session. In fact, as we have discussed before, special education funding will likely be a budget “end game” issue and may not be resolved until the waning days of session.

[HB 1436](#), the House’s special education funding bill, was not on the Senate Early Learning & K–12 Education Committee’s executive action list last week. It has been added to the list this week, however, and is scheduled to be adopted this afternoon. As expected, there is a [striking amendment](#) on the table. What was NOT expected, however, is what is in the amendment. It was assumed the Senate would overlay its language from SB 5311 on top of the House’s HB 1436 (just the reverse of what is discussed above). That is not what this new amendment does, however. The amendment removes any discussion of the enrollment funding cap; it removes all discussion about the tiered multipliers; and it removes all discussion about the special education safety net. It also removes the “accountability” language that we have been discussing for the last several weeks (we’ve stated our preference for the Senate language over the House language). If adopted, this striking amendment would do three things:

1. It would add language directing OSPI to annually review data to ensure there is not a disproportionate identification of students—as adopted by the House;
2. It would add language requiring OSPI to provide technical assistance to school districts experiencing issues related to disproportionality and make professional development opportunities available to promote inclusionary teaching practices—as adopted by the House; and
3. It would add language requiring the Joint Legislative Audit and Review Committee and the State Auditor to conduct a performance audit of the state’s system of providing special education—as adopted by the House.

It is unclear what the intention is—and we will be interested to hear the explanation in Committee. The assumption, however, is that the Senate is laying the foundation for a discussion about policy in the bill and is leaving the discussion of the funding to the Senate Ways and Means Committee. In fact, as noted above, we have anticipated special education being a budget “end game” issue and the potential is that the Senate will hold this bill until budget negotiations are completed with an agreement on special education funding. Stay tuned.

Just another note: we have been concerned about the language regarding inclusionary teaching practices. The language supporting inclusion—technically supporting the current Inclusionary Practices Project (IPP)—was in the original request legislation from Superintendent Reykdal (HB 1436). It was later removed from HB 1436 in the striking amendment that was heard in the House Education Committee. It was reinserted, however, when the bill was adopted by the Committee. The language has never been in the Senate bill. Currently, IPP is funded in the budget, but the

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strategy was to include language in statute to ensure the program continues. The House, except for a quick blip, has supported the language and it is a good signal that the language is now being proposed to be embedded in an amendment by the Senate (even though the funding is not currently in the Senate’s budget proposal).

Pupil Transportation

First, as a reminder, the House bill, [HB 1248](#), failed to be moved from the House Rules Committee prior to the house of origin cutoff deadline and died (at least technically). In the Senate, its bill, [SB 5174](#), transformed from legislation that would have provided for a major revision of the current pupil transportation funding system to a shell of itself. As adopted by the full Senate, the bill did two things: it established a new Special Passenger Safety Net program (to provide funding for the transportation of special education students, homeless students, and foster students); and it required OSPI to review transportation funding and provide recommendations about revising the system.

This skinny version of SB 5174 was heard in the House Appropriations Committee on March 15 and was adopted last Wednesday, March 22. Before adoption, however, a [striking amendment](#) was introduced and adopted. As adopted, the bill would do two things:

1. It would require OSPI to establish and administer a Special Passenger Safety Net program, as originally adopted by the Senate (and also adopted in HB 1248); and
2. It would prohibit school districts from entering into a pupil transportation service contract unless the contractors provide employees health and pension benefits similar to school employee benefits (as previously adopted in HB 1248). Language clarifies an “employee” includes bus, van or shuttle drivers, monitors, mechanics, or dispatchers. Language also would provide for reimbursements to school districts (subject to funding in the Operating Budget) for increased costs to school districts that are directly attributable to increased benefits as required in the bill.

It looks pretty clear that solving our pupil transportation system issues will be pushed back—again. During the debate on the striking amendment, Representative Monica Stonier (D-Vancouver), sponsor of the House version of the bill, noted two things. First, regarding the potential unfunded mandate in the form of added costs to pupil transportation contracts, she stated that “some” funding for benefits is part of the package and that funding “may not cover all the costs, but that’s the effort.” Well, that is not very comforting.

Second, in addressing the limitation of the bill to a focus on special passengers, Rep. Stonier argued that this is a “first, small step to a better formula.” This was déjà vu all over again, as legislators made a “first, small step to a better formula” in 2022—coupled with a commitment to fully address the formula in 2023. Representative Paul Harris (R-Vancouver) summed up the frustration, saying he had hoped for a better bill and the issue “comes down to priorities.” Amen.

Inflationary Factor

Legislation, [SB 5650](#), to provide more predictability and stability in determining the annual inflationary factor for educator compensation has been adopted by the full Legislature. It was adopted by the House Appropriations Committee last Wednesday and quickly adopted by the full House on Friday. Having passed in the same form as it was adopted by the Senate, the bill now heads to the governor for his final action.

SB 5650 locks in a specific IPD for the 2023–24 school year and changes current law to clarify the future calculation of the annual inflationary factor. Beginning in the 2024–25 school year, the inflationary factor will be defined as the annual IPD rate from the previous calendar year. SB 5650 pegs the 2023–24 IPD at 3.7 percent and it is estimated the 2024–25 rate (based on projections from the Economic & Revenue Forecast Council’s March Revenue Review) will be 3.9 percent. The

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Senate’s 2023–25 Operating Budget released last week confirms this—and with the bill now moving to the governor’s desk, it is all but guaranteed the House’s 2023–25 Operating Budget being released today will include IPD of 3.7 percent and 3.9 percent. It is important to remember that we are only in the first quarter of 2023, with nine more months before the calendar year ends, so the IPD for 2024–25—based on 2023—cannot be officially calculated until next year. This has always been the case, however, this new law (assuming the governor signs it) will confirm IPD shortly after the new year, providing clarity for the Legislature—and school districts—well-before budget discussions begin. Remember, the only caveat is that the Legislature can change the law any time they want; however, that seems to be an unlikely scenario.

A similar, but not identical bill, [HB 1732](#) was heard in the Senate Ways & Means Committee on March 13 and has laid dormant since. With the passage of SB 5650, it is assumed that the House bill is dead.

It also needs to be noted that proviso language to direct school districts to provide additional salary increases for paraeducators and classified staff (as requested by WEA) in NOT included in the Senate’s budget proposal—nor is there “accountability” language requiring school districts to provide a compensation report to the Legislature (also requested by WEA), specifically identifying additional salary bumps to paraeducators and classified staff. We will await the House’s budget release to see if they have included any additional proviso language.

Transitional Kindergarten

Last Wednesday, the Senate Early Learning & K–12 Education Committee held a public hearing on [HB 1550](#), changing Transitional Kindergarten (TK) to the Transition to Kindergarten (TTK) program. As expected, the hearing was addressing a [striking amendment](#) that had been negotiated behind the scenes. The striking amendment is substantially better than the previous versions of the bill; however, there was still a broad mix of support and opposition of the new bill. Many previous opponents flipped to support the bill—or even moved to an “other” position—in acknowledgement of significant movement in the bill, even though additional changes are still being requested. Among those moving from opposition to a supportive stance are OSPI, the Department of Children, Youth, and Families, and Governor Inslee. While expressing support, some of that support is conditional on further refinement of the bill. OSPI (among others) are still asking for additional amendments to further clean up, clarify, or adjust provisions. Others maintained steadfast opposition. It was fascinating to see private providers passionately speaking against the bill, followed by some school district representatives expressing concerns and resolute opposition to the bill. They held the same position, but for completely different reasons.

The striking amendment is set to be adopted by the Senate Early Learning & K–12 Education Committee this afternoon. It is expected to pass; however, this bill still has a long journey, including a presumed stop in the Senate Ways & Means Committee and action by the full Senate. Even then, assuming the new bill is adopted, it will have to return to the House for concurrence. Representative Sharon Tomiko Santos (D-Seattle), sponsor of the original bill, has been involved in the negotiations to amend the bill, and although she is supportive of much of the new language, it is not yet clear if she will support all of the changes. When the bill lands back in the House, it is presumed negotiations will continue.

Regarding the actual language of the striking amendment, we would encourage you to read it. It does address a number of questions or concerns about the original bill, including funding. As expected, the new Transition to Kindergarten will explicitly NOT be a part of basic education; however, a funding formula is established, which provides for portions of the prototypical school funding model, including: class size; district-wide support services; materials, supplies, and operating costs; the Learning Assistance Program; the Transitional Bilingual Instruction Program; and pupil transportation. There have also been questions about special education and

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impacts on levy/LEA calculations. Special education multipliers are not specifically referenced in the bill—and do not need to be. Current law provides for special education for students ages three–five—and this will continue. Regarding impacts to levy/LEA, OSPI has assured us that TTK enrollment would be included in the current calculation of “average annual FTE enrollment,” whether TTK is considered “basic education” or not—meaning that removing TTK from basic education will NOT impact levy/LEA calculations. Legislators have clarified the same.

This new version of TK/TTK is not perfect; however, it is substantially better than the previous version. We will have to continue watching and working on the issue throughout the remainder of this session. Kudos to each of you who have taken the time and energy to testify in Committee and/or connect with your legislators. The massive transformation from the original HB 1550 to this new set-to-be-adopted striking amendment just does not happen automatically.

Principal Bills

As we have reported before, [SB 5085](#), AWSP’s bill to expand collective bargaining provisions for principals, died on the Senate Floor. Their second bill, however, continues to move. [SB 5175](#), which would allow principals to have up to three-year contracts, was heard in the House Education Committee last Tuesday.

WASA, and others opposing the bill, stated clearly that we support our principals and understand they are under tremendous pressure, their responsibilities continue to increase, and many principals have a burdensome workload. We reiterated, as we have all session, that we are working to find appropriate ways to address these problems; however, THIS bill is not a solution. We also reiterated our commitment to work with AWSP over the interim to find consensus on a real resolution which will work for principals, superintendents, and schools.

In the hearing, it was apparent there was confusion among Committee members about the purpose of the bill—and what the ultimate impact would be if the bill passed. At one-point proponents made the case that “principals are leaving the profession in droves,” which prompted a legislator to ask, “If principals are leaving the profession, how will giving them three-year contracts help?” Nevertheless, SB 5175 has been added to the House Education Committee’s executive action list today and tomorrow. No amendments have been introduced, yet.

School Construction

As Capital Budgets are introduced, legislation to provide additional support to small schools continues to move. [SB 5126](#), Superintendent Reykdal’s bill to make the funding of the Small School District Modernization Grant Program the first priority of appropriations from the Common School Construction Fund, was heard last Tuesday in the House Capital Budget Committee. Additionally, the Senate’s 2023–25 Capital Budget includes \$100 million to establish this priority and implement the bill. The issue has been a harder sell in the House, but after a full court press, the Chair finally acquiesced and granted a hearing. He has also scheduled the bill for executive action next Friday, March 31, so it will be interesting to see if the House includes funding to support the bill in its Capital Budget proposal this afternoon. Even if it is not, the Senate has made this bill and funding a priority, so it would likely be a heavy point of negotiations on a final, compromise budget.

As a reminder, if SB 5126 is adopted and funding is provided in a final budget, funded projects and planning grants can be found [HERE](#).

A second bill to support small school district construction, [HB 1044](#), also continues to move. As originally introduced, the bill created a supplementary capital grant program for small school districts that have funding challenges and enroll less than 1,000 students. In order to be eligible for this financial assistance, school districts would have been required to fund 30 percent of total project cost from local resources.

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As later amended, funding from the new program would be limited to small school districts with less than 1,000 students, but the eligibility threshold is raised. To be eligible, a district would be required to provide a district share equal to 50 percent of its remaining debt capacity for capital purposes, capped at an estimated property tax rate of \$1.75 per \$1,000 of assessed value.

The bill was heard in the Senate Early Learning & K–12 Education Committee last Thursday and is scheduled for executive action this afternoon. A new [amendment](#) is on the table. The amendment would expand eligibility to include school districts with less than 3,000 students, if they met additional criteria:

1. The school district must be located in an ESD with rural communities that experience prohibitive access to skill centers or other workforce development facilities or programs;
2. The school district must have been unable to secure voter approval to issue bonds for capital purposes in the prior 25 years and has had at least three bond measures rejected by voters in consecutive years during that 25-year period; and
3. The school district has instructional buildings that do not meet structural, capacity, environmental, or emergency requirements.

The current bill—and the potentially expanded bill—would support a significant number of small school districts with construction assistance. The bill has garnered bi-partisan support (passing the House with no dissenting votes) and has some momentum. The concern, however, is the cost. Without including potential additional costs if the above amendment passed, funding is expected to be almost \$190 million. This is a biennial number, so it mostly accounts for costs in Fiscal Year 2025. Costs in Fiscal Year 2024 would be mostly for planning grants, totaling less than \$2.0 million. Once the program is implemented, the full biennial cost (beginning 2025–27) would be over \$400 million, with continued growth farther into the future.

There has been a lot of positive talk about supporting construction for small schools this session (and in recent years); however, talk is always cheap. Whether or not legislators are willing to pony up an additional \$200 million, on top of the School Construction Assistance Program base of almost \$600 million and \$100 million for SB 5126 is the question. Granted, school districts will “give back” over \$100 million in the 2023 Supplemental Capital Budget (because bonds are not passing at the expected pace), so we could argue the additional appropriation is necessary to keep us whole; however, if you review the Senate’s capital plan, that “savings” has been swooped up to be used elsewhere. Again, the House adopted HB 1044 with no dissenting votes; we will see later today if they put their money where their mouth is.