

Special Edition: Senate & House Release 2025–27 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>.



On Tuesday, March 18, the [Economic & Revenue Forecast Council](#) released its first quarter [Revenue update](#). As we discussed in last week's [TWIO, Week 10](#), revenue in 2025–27 and 2027–29 is expected to increase; however, revenue growth has not been as high as projected. Available revenues in the remainder of the current 2023–25 biennium are expected to be \$66.445 Billion (an increase of 2.6 percent beyond the 2021–23 biennium); \$70.952 Billion in 2025–27 (6.8 percent above the current revenue level); and \$76.425 Billion in 2027–29 (7.7 percent more than the previous biennium).

Even though the above numbers show projected increases, revenue is still estimated to be approximately \$1.85 Billion below last February's forecast. Remember, the February 2024 forecast is important because legislators used this forecast as the basis for the 2024 Supplemental Operating Budget, adopted last March.

With this new information available, we have officially arrived in “Budget Week” as budget-writers in both houses moved to released 2025–27 Operating Budget proposals yesterday. Additionally, proposals for a [2025–27 Transportation Budget](#) were released in both houses. 2025–27 Capital Budget proposals are expected to be released next week.

While many legislative committees continue to meet, the major focus is shifting to action on the Operating Budget (Note: this schedule is updated and slightly different than published in last week's *TWIO*):

Senate:

- Senate Democratic budget-writers released their 2025–27 Operating Budget (Proposed Substitute [SB 5167](#)) yesterday, March 24.
- This afternoon, Tuesday, March 25, the Senate Ways & Means Committee will hold a public hearing on PSSB 5167.
- On Thursday, March 27, the Senate Ways & Means Committee is scheduled to take executive action on PSSB 5167.
- Although tentative, the full Senate is expected to act on its Operating Budget on Saturday, March 29.

House:

- House Democratic budget-writers released their 2025–27 Operating Budget (Proposed Substitute [HB 1198](#)) yesterday, March 24.

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- This afternoon, Tuesday, March 25, the House Appropriations Committee will hold a public hearing on PSHB 1198.
- On Thursday, March 27, the House Appropriation Committee is scheduled to take executive action on PSHB 1198.
- Although tentative, the full House is expected to act on its Operating Budget on Monday, March 31.

Just a note about the process. You will notice both Operating Budget proposals are “Proposed Substitutes” (the same is true for the Transportation Budget proposals and will be true for the forthcoming Capital Budget proposals). Budget proposals are introduced like any other bill—and the Budget bills have been on the table since the beginning of the session. When the governor, in this case, outgoing Governor Inslee, releases a budget proposal in December, bills in both the Senate and House are officially introduced. Those bills are among the first heard in the Fiscal Committees, and then they sit. To streamline the process, when legislative budget-writers introduce their proposals, they are introduced as “Proposed Substitutes” to the governor’s budget bills. The Proposed Substitutes are full striking amendments that replace the language in the underlying bill. Sometimes this can be confusing because the new legislative budgets will still be noted as “Requested by the Office of Financial Management” (i.e., the governor’s budget office).

Prior to the official release of legislative budget proposals, budget-writers and Democratic Caucus Leadership released competing Senate and House revenue packages last week. [TWIO, Week 10](#), provides a review of the [Senate Revenue package](#), released last Thursday; and below is a review of the House Revenue package, which was released after last week’s *TWIO* was published.

House Democratic Revenue Package

Last Friday, House Democrats released their proposed [revenue package](#). Similar to the Senate, the House’s revenue package has been proposed to help close the current budget shortfall, but it is also intended to reform the state’s regressive tax structure.

Upon releasing the package, Representative April Berg (D-Mill Creek), Chair of the House Finance Committee, noted “Washington’s tax system, built nearly a century ago, is failing to meet the needs of our rapidly growing state and is increasing income inequality.” Continuing, she said, “That’s why our budget discussions over these last few months have always included determining savings and finding efficiencies within the budget, as well as new revenue opportunities.”

While the Senate’s revenue plan is a package of five issues (one of which would reduce revenue), the House has introduced three proposals:

Financial Intangible Assets Tax ([HB 2026](#)). This would impose a tax of \$8 on every \$1,000 of assessed value of specific financial assets (including stocks, bonds, mutual funds, and index funds). The first \$50.0 Million in assessed value would be exempt from the tax. The House version of the Wealth Tax is expected to generate approximately \$2.0 Billion per year, while the Senate Wealth Tax would raise \$4.0 Billion per year.

The bill’s title is, “Creating fairness in Washington’s tax code to support Washington families and fund vital investments in K–12 schools by imposing a tax on select financial intangible assets valued at more than \$50,000,000.” Unlike the Senate

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tax, which is purported to “benefit public schools,” but sends proceeds to the State General Fund, the House’s tax is intended to “support Washington families and fund vital investments in K–12 schools.” The proceeds of the House’s tax would be dedicated to the Education Legacy Trust Account (ELTA). At first blush, this is positive, as the funds would be specifically directed to education, rather than being lost in the General Fund; however, it is important to remember what the Education Legacy Trust Account funds. The ELTA was created to provide support for “education.” “Education,” however, does not mean just K–12 education. The ELTA supports Early Education, Higher Education, and also K–12 Education. So, while the House’s Wealth Tax proceeds would be dedicated to “education,” the funding will not necessarily support K–12 education (a significant portion of the current funding is provided to early learning).

Property Tax Increase (HB 2049). Currently, there is a 1.0 percent cap on annual growth of the Property Tax. Like the Senate’s proposal, this bill would remove the 1.0 percent growth cap and allow property taxes to grow by the combined rate of population growth, plus inflation; however, the House plan would cap growth to 3.0 percent.

The resultant funding is intended to support the state’s school funding obligations and also give local governments the funding they need to support public safety and other local government services.

The bill also includes provisions to increase the school levy lid and support additional funding for Local Effort Assistance. The provisions mirror [HB 1356](#) (which we have discussed at length in previous *TWIOs*—see especially the [Week 4](#) edition).

Currently, school districts are capped at the lesser of \$2.50 per \$1,000 Assessed Valuation; or \$2,500 per pupil, increased by inflation (currently, \$3,828.51 per pupil)—or \$3,000 per pupil for districts with more than 40,000 FTE, increased by inflation (currently, \$4,494.22 per pupil). This bill would increase the maximum levy by providing “inflation enhancements” of \$500 in 2026; and 3.33 percent added to inflation each year, 2027-2030. The per pupil maximum would also be increased; beginning in 2031, the per pupil limit would be \$5,035 per pupil (increased by inflation).

There is a recognition that this levy lid increase would further exacerbate the current inequities between districts. In introducing this proposal, Representative Steve Bergquist (D-Renton), stated the bill “also adjusts levy equalization methods to ensure equitable funding for historically underinvested areas of our state, including rural school districts, mitigating widening funding gaps between schools.” Reviewing the LEA changes, in context with the dramatic increase in the levy lid, brings into question whether they “ensure equitable funding” or not.

Currently, the State Local Effort Assistance Threshold is \$1550 per student, increased by inflation (currently, \$2,278.76 per student). This bill would increase the Threshold via an “inflation enhancement” (in addition to CPI inflation). The inflation enhancement would be \$200 in Calendar Year 2026, \$300 in Calendar Year 2027, and \$200 in Calendar Years 2030 and 2031.

The additional LEA investment to fund this bill would be approximately \$216.0 Million (\$51.0 Million in 2026; \$165.0 Million in 2027).

B&O Tax Surcharge (HB 2045). This bill would impose a 1 percent Business & Occupation (B&O) tax surcharge on businesses with taxable income over \$250.0 Million. The bill also includes an increase to the surcharge on specified financial

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institutions with annual net income of \$1.0 Billion or more from 1.2 percent to 1.9 percent.

The new surcharge is expected to generate nearly \$600.0 Million in Fiscal Year 2026 and nearly \$2.0 Billion in Fiscal Year 2027, intended to create a more stable and sustainable financial future for the state.

If each of these proposals were enacted, they would increase revenues by about \$13.0 Billion over four years, compared to the Senate’s package which would raise approximately \$17.0 Billion (net, accounting for a proposed reduction in the Sales Tax).

2025–27 Operating Budgets

Below are details of the Senate and House 2025–27 Operating Budget proposals. This is not a comprehensive review of each budget, but covers most of the major education-related details. Note, however, education funding provided outside of “Part V—Education” is not included in this summary. Also, programs that have no changes (up or down) are not included here. For full details, including text of the bills, complete agency details, and summaries, go to the Legislature’s “fiscal information” website: [Senate Operating Budget](#) and [House Operating Budget](#). The webpage to directly access all six 2025–27 Budgets (House & Senate Operating; House & Senate Capital (not yet available); and House & Senate Transportation) is [HERE](#).

Senate 2025–27 Operating Budget

The Senate’s 2025–27 Operating Budget proposal, [Proposed Substitute SB 5167](#), would increase spending by \$6.5 Billion (9.1 percent) beyond the current 2023-25 Operating Budget, with total appropriations coming to \$78.47 Billion. (Spending increases by another \$5.7 Billion in 2027–29.) The \$6.5 Billion increase is comprised of: \$4.9 Billion in Maintenance Level costs (required spending to provide currently authorized services, including adjustments—up or down—in entitlement caseloads or enrollment and other mandatory expenses, such as inflation); and \$1.6 Billion in discretionary Policy Level decisions.

The Senate Operating Budget also includes \$16.0 Billion in new Revenue (over four years); and \$6.5 Billion in savings (over four years). The proposed budget balances in 2025–27 and, as required, is balanced in 2027–29.

For K–12 Education, the Senate Budget would provide a total increase of \$3.1 Billion, comprised of \$2.09 Billion in Maintenance Level increases and \$1.01 Billion in Policy Level increases. That is a total increase of 9.9 percent (by way of comparison, as noted above, the overall Budget increases by 9.1 percent). If this Budget were to pass as-is, K–12’s percentage of the Operating Budget would be approximately 43.7 percent—a slight increase from the current 43.1 percent.

Major K–12 Education Items

Special Education—\$967.6 million

The Senate Budget provides additional Special Education funding to implement [SB 5263](#), which requires increases in excess cost multipliers, a reduction in the Safety Net threshold, and the elimination of the current 16.0 percent enrollment cap.

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MSOC Adjustment—\$174.9 million

Funding is provided to implement [SB 5192](#) which increases per student allocations for Materials, Supplies, and Operating Costs. The bill would collapse the current MSOC categories and funding would be provided as a lump sum.

CEP Expansion—\$17.9 million

Funding is provided to support the expansion of the federal Community Eligibility Provision (CEP). School districts participating in CEP would receive additional reimbursements for meals not reimbursed at the federal free meal rate.

Special Education to 22—\$7.8 million

Funding is provided to support the implementation of [SB 5253](#), which requires that special education and related services for students with disabilities be provided through the end of the school year in which a student turns age 22.

***N.D. v Reykdal*—\$4.0 million**

Funding is provided for costs resulting from the *N.D. v Reykdal* litigation, which led to the change in law ([SB 5253](#)) requiring the provision of special education and related services for students with disabilities through age 22.

Behavioral Health Regional Services—\$3.8 million

Addition funding is provided for Behavioral Health Regional Services Grants to support school districts with the least access to behavioral health services.

Mastery-based Learning Demonstration Projects—\$2.0 million

Additional funding is provided to support the existing Mastery-based Learning (MBL) program, which includes grant funding and professional learning for demonstration on site school districts. The state first launched the MBL demonstration project in 2021.

School Insurance Assistance—\$2.0 million

Funding is provided to a school district that was removed from the Washington Schools Risk Management Pool for the difference between the previous cost of insurance provided through the Risk Pool and the cost of purchasing private insurance.

Education Complaint Process—\$771,000

Funding is provided to implement [SB 5179](#), which establishes a complaint process to address willful noncompliance with certain state education laws.

School District Financial Health—\$763,000

Funding is provided for additional staff and resources at OSPI to provide regional and local technical assistance to support improved school district financial health statewide.

Competency-based Education—\$574,000

Funding is provided to implement [SB 5189](#), which makes changes regarding the implementation of Competency-Based Education.

Holocaust and Genocide Education—\$400,000

Funding is provided to contract with a nonprofit organization that supports Washington teachers in implementing lessons of the Holocaust for the purpose of comprehensive Holocaust and genocide awareness education.

Learning Standard—\$373,000

Funding is provided to implement [SB 5327](#), which updates Computer Science and Financial Education learning standards.

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Summer EBT State Match—\$299,000

A 50 percent state match is provided to access federal Summer Electronic Benefits Transfer (EBT) Program administrative funding (\$299,000—Federal). The program provides money to families to support children that lose access to free and reduced-price meals during the summer months.

Tribes/K–12 Instruction—\$283,000

Funding is provided to implement [SB 5570](#), which directs updated requirements regarding tribal sovereignty curriculum.

Student Transportation Vehicles—\$236,000

Funding is provided to implement [SB 5009](#), which requires district-owned cars to be included in transportation funding formulas

Aviation Academy—\$179,000

Funding is provided to the Peninsula School District Aviation Academy, a program designed to prepare students for diverse careers in the aviation industry.

Professional Development Resources—\$167,000

Funding is provided to implement [SB 5177](#), which directs OSPI to create and publish professional development resources on certain topics to consider the experiences of historically marginalized and underrepresented groups.

Discrimination in Schools—\$160,000

Funding is provided to implement [SB 5123](#), which adds protected classes to nondiscrimination provisions applying to Washington public schools.

Educational Interpreters—\$138,000

Funding is provided to implement [SB 5025](#), which requires that OSPI award and track certifications for deaf and deaf-blind educational interpreters.

Science on Wheels—\$100,000

Funding is provided for a grant to the Pacific Science Center to increase hands-on learning opportunities for low-income K-5 students statewide by increasing access to Science on Wheels and Digital Discovery Workshops.

School Emergency Response—\$60,000

Funding is provided to implement [SB 5004](#), which requires OSPI to compile and report to the Legislature on school district's implementation of emergency response systems.

MSOC—\$50,000

Funding is provided to implement of [SB 5192](#), which increases per student allocations for Materials, Supplies and Operating costs. This one-time funding is provided to OSPI to program the School Apportionment and Financial Services systems to accommodate the changes in this bill.

Media Literacy & Civics Education—\$49,000

Funding is provided to implement [SB 5637](#), which adds required content about civics and media literacy to the mandatory high school civics course.

Remote Testing—\$49,000

Funding is provided to implement [SB 5193](#), which directs OSPI to implement and support remote testing options for students enrolled in online school programs.

Interfund Loans/Schools—\$21,000

Funding is provided to implement [SB 5412](#), which provides temporary interfund loans for school districts.

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Vital Records Access—\$20,000

Funding is provided to implement [SB 5030](#), which directs OSPI to pass rules for the acceptance of birth certificates for enrollment.

Cannabis Revenue Distributions—\$0

Appropriations from the Dedicated Cannabis Account are adjusted pursuant to [E2SSB 5796](#) (2022) and the March 2025 revenue forecast. OSPI funding from the Dedicated Cannabis Account is used for dropout prevention, intervention, and reengagement programs, and dropout prevention programs that provide student mentoring. Previously, funding supported the Jobs for America’s Graduates (JAG) program; however, proviso language in the 2024 Supplemental Operating Budget removed the JAG program. Additional proviso language requires OSPI to staff representatives from high schools to meet and share best practices for dropout prevention. Finally, proviso language states the full appropriation from the Dedicated Cannabis Account is provided solely for the Building Bridges statewide program and for grants to districts for life skills training for children and youth in K–12.

NOTE: There has been a lot of conversation this session about NOT cutting K–12 Education—starting with Governor Ferguson when he released his “[Budget Priorities](#)” the first week of January and stated his proposal assumes “no additional savings from reductions to K–12 education.” When he ordered state agencies to go through a budget cutting exercise, he clarified that K–12 education is exempt. Since then, he—and legislators—have clarified that BASIC EDUCATION was exempt from the knife. This, however, is a bit disingenuous, given that the Supreme Court has clearly told the Legislature that Basic Education CAN NOT be reduced for budgetary reasons. The only allowance for reductions of Basic Education is if there is an educationally valid reason to do so.

No one wants to talk loudly about K–12 cuts, but as you can see below (and similarly in the House proposal), budget-writers were not shy about including K–12 education in their cut frenzy.

SBE Reduction—(\$237,000)

Savings in the Budget are achieved by reducing funding for State Board of Education administrative costs by 6 percent.

PESB Reduction—(\$313,000)

Savings in the Budget are achieved by reducing funding for Professional Educator Standards Board administrative costs by 6 percent.

Residential School Staff—(\$800,000)

Funding for additional residential school staff to allow for small group learning environments is removed.

Social Workers in Schools—(\$1.3 million)

Funding is removed for coordination of social worker associates that agree to work in schools and for supervisors working with local mental health agencies and schools.

Statewide Program Reduction—(\$3.0 million)

Savings in the Budget are achieved by reducing funding for statewide programs at OSPI by six percent.

Paraeducator Training Underspend—(\$4.0 million)

Savings in the Budget are achieved by reducing paraeducator training grants to align with actual spending.

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Learning Device Grants—(\$4.3 million)

Savings in the Budget are achieved by eliminating grants for learning devices.

OSPI Administrative Reduction—(\$4.3 million)

Savings in the Budget are achieved by reducing administrative funding at OSPI by 6 percent.

Career Connected Learning Reduction—(\$4.6 million)

Savings in the Budget are achieved by reducing funding for Career Connected Learning programs. The savings include reduced coordinators at the ESDs and reduced program funding at OSPI.

Bus Depreciation—(\$6.6 million)

Savings in the Budget are achieved by removing the amount provided in grants or rebates for electric school bus purchases from the state depreciation formula used for bus purchases pursuant to [SB 5780](#).

Teacher/Principal Evaluation Training—(\$8.0 million)

Savings in the Budget are achieved by eliminating funding for the provision of training for teachers, principals, and principal evaluators in the Performance-based Teacher Principal Evaluation Program.

ESD Reduction—(\$8.6 million)

Savings in the Budget are achieved by reducing staffing and administrative funding at Educational Service Districts.

LEA-ALE Cap—(\$9.3 million)

Funding is reduced to reflect expected changes in Local Effort Assistance (LEA) pursuant to [SB 5772](#), which limits the enrollment that may be counted for purposes of LEA funding if a school district's Alternative Learning Experience Program enrollment exceeds 33 percent of a district's total enrollment.

Outdoor Education Adjustment—(\$10.0 million)

Funding is reduced for the Outdoor Learning Grant Program.

BEST Program Reduction—(\$11.5 million)

Savings in the Budget are achieved by reducing funding for the Beginning Educator Support Program (BEST), which is a mentoring program for first and second year teachers.

Persistently Low-achieving Schools—(\$28.7 million)

Savings in the Budget are achieved by eliminating funding to implement current law (Chapter 159, Laws of 2013), related to transforming persistently failing schools. The funding supports the creation and operation of a differentiated system of school improvement activities, as well as operation of the Required Action District program.

Grant Programs Reduction—(\$48.9 million)

Funding is removed for all grant programs beginning in Fiscal Year 2027.

Transition to Kindergarten Growth—(\$74.6 million)

Funding is reduced to reflect decreased enrollment in the Transition to Kindergarten (TTK) Program as required under [SB 5769](#), which limits funding beginning in the 2025–26 School Year to the funded enrollment level in the 2024–25 School Year.

House 2025–27 Operating Budget

The House's 2025–27 Operating Budget proposal, [Proposed Substitute HB](#)

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[1198](#), would increase spending by \$5.8 Billion (8.1 percent) beyond the current 2023–25 Operating Budget, with total appropriations coming to \$77.76 Billion. (Spending increases by another \$4.3 Billion in 2027–29.) The \$5.8 Billion increase is comprised of: \$4.4 Billion in Maintenance Level costs (required spending to provide currently authorized services, including adjustments—up or down—in entitlement caseloads or enrollment and other mandatory expenses, such as inflation); and \$916 Million in discretionary Policy Level decisions.

The House Operating Budget also includes almost \$15.0 Billion in new Revenue (over four years); and \$6.5 Billion in savings (over four years). The proposed budget balances in 2025–27 and, as required, is balanced in 2027–29.

For K–12 Education, the House Budget would provide a total increase of \$2.0 Billion, comprised of \$2.0 Billion in Maintenance Level increases (including \$1.3 Billion in compensation adjustments) and \$49.0 Million in Policy Level *reductions*. That is a total increase of 6.5 percent (by way of comparison, as noted above, the overall Budget increases by 9.1 percent). If this Budget were to pass as-is, K–12’s percentage of the Operating Budget would be approximately 42.7 percent—a decrease from the current 43.1 percent.

Major K–12 Education Items

Special Education Multiplier—\$189.0 Million

The special education excess cost multipliers for grades kindergarten through age 21 are increased to 1.186 for students spending more than 80 percent of the school day in a general education setting, and 1.09 for those spending less than 80 percent, as required under [HB 1357](#) (Special education funding) or [SB 5263](#) (Special education funding). (General Fund-State) (Custom)

Community Eligibility Provision—\$17.9 Million

Funding is provided for state reimbursements to schools required to participate in the Community Eligibility Provision (CEP) above appropriated levels for meals not covered by federal reimbursements.

School Food Support—\$17.9 Million

The universal meal program was a major priority for Governor Ferguson; however, his bills never got traction, and the issue was essentially a non-starter. The House provides some token funding for school food, presumably to try and appease the governor. In addition to the \$17.9 Million proposed in 2025–27, another \$9.0 Million is proposed in the Supplemental Operating Budget for THIS year.

The Senate provides this same amount of funding to support the expansion of the federal Community Eligibility Provision (CEP). School districts participating in CEP would receive additional reimbursements for meals not reimbursed at the federal free meal rate. Presumably the House’s funding would be used for the same purpose.

Inclusionary Practices Pilots—\$12.8 Million

Funding is provided for 20 pilot schools to establish school-wide centers of excellence for inclusionary practices pursuant to [HB 1357](#) or [SB 5263](#).

Quarterly Safety Net Payments—\$11.8 Million

Funding is shifted to Fiscal Year 2026 for quarterly Safety Net payments made to non-public providers and small school districts as required under [HB 1357](#) or [SB 5263](#)

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Financial Education Partnership—\$4.4 Million

Funding for the Financial Education Public-private Partnership is transferred from the Grants and Pass-through Funding budget program to OSPI-Statewide Programs.

Inclusive Teaching Sites—\$4.0 Million

Funding is provided for six demonstration sites to support inclusive teaching practices and student behavior management practices and 16 pilot sites committed to adopting best practices pursuant to [HB 1357](#) or [SB 5263](#).

School District Financial Health—\$876,000

Funding is provided for additional staff and resources at OSPI to provide regional and local technical assistance to support improved school district financial health statewide.

***N.D. v Reykdal*—\$660,000**

Funding is provided for costs resulting from the *N.D. v Reykdal* litigation, which led to the change in law ([SB 5253](#)) requiring the provision of special education and related services for students with disabilities through age 22.

Equity and Civil Rights Monitoring—\$642,000

Funding is provided to increase staff at OSPI’s Office of Equity and Civil Rights to investigate discrimination complaints.

SEBB Rate—\$376.7 Million

The monthly employer funding rate for the School Employees’ Benefits Board (SEBB) program is adjusted to \$1,306 for Fiscal Year 2026 and \$1,336 for Fiscal Year 2027. These rates assume the implementation of [HB 1123](#) (Hospital Rates), and a reduction in the premium stabilization reserve for self-insured medical claims from 7 percent to 5 percent.

Summer EBT State Match—\$299,000

Funding is provided as a 50 percent state match for OSPI to serve as a partnering Summer EBT Agency with the Department of Social and Health Services, which coordinates the program in the state . Summer EBT is a federal program that provides funding to students and families without access to Free and Reduced-Price school meals during the summer months.

Compensation Transfers—\$266,000

Funding for compensation adjustments is transferred from the Grants and Pass-through Funding budget program to OSPI-Statewide Programs.

Local Effort Assistance—\$216.9 Million

The LEA threshold is increased by \$200 per pupil in the 2026 Calendar Year and \$300 per pupil in the 2027 Calendar Year, as required under [HB 2049](#).

Financial Education—\$194,000

Funding is provided for [HB 1285](#) which requires public school students to meet the high school state financial education learning standards to graduate beginning with the class of 2031.

CTE Careers Work Group—\$176,000

Funding is provided for [HB 1414](#), which, among other provisions, expands and directs the statewide Career and Technical Education Task Force to recommend changes to laws and practices affecting the training, certification, and employment of 16–and 17–year–olds enrolled in or who completed CTE programs.

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Public Education System—\$100,000

Funding is provided for [HB 1296](#), which, among other provisions, requires policies and procedures of school districts, charter schools, and state-tribal education compact schools to prioritize the protection of every student’s safety, access to a free public education, and privacy.

Teacher Residency & Apprenticeship—\$28,000

Funding is provided for [HB 1651](#), which describes and establishes requirements for a teacher residency, which is a teacher preparation model, and describes a teacher apprenticeship model and establishes requirements for the content and approval of a teacher apprenticeship model.

Apportionment Contingency Fund—\$20,000

Funding is provided for advances to school districts experiencing cash flow difficulties due to the shift in the apportionment schedule. (See “Apportionment Shift” below)

Cannabis Revenue Distributions—\$0

Appropriations from the Dedicated Cannabis Account are adjusted pursuant to [E2SSB 5796](#) (2022) and the March 2025 revenue forecast. OSPI funding from the Dedicated Cannabis Account is used for dropout prevention, intervention, and reengagement programs, and dropout prevention programs that provide student mentoring. Previously, funding supported the Jobs for America’s Graduates (JAG) program; however, proviso language in the 2024 Supplemental Operating Budget removed the JAG program. Additional proviso language requires OSPI to staff representatives from high schools to meet and share best practices for dropout prevention. Finally, proviso language states the full appropriation from the Dedicated Cannabis Account is provided solely for the Building Bridges statewide program and for grants to districts for life skills training for children and youth in K–12.

Align Fund Sources—\$0

General Apportionment funding is shifted between the Education Legacy Trust Account and General Fund-State.

Alternative Routes Program—(\$300,000)

Savings in the Budget are achieved by eliminating the Alternative Routes to Teacher Certification, funded within the Professional Educator Standards Board (PESB) and administered by ESD 112 (Vancouver). The program allowed PESB to distribute grant funding to ESD 112 to pilot an Alternative Route Teacher certificate pathway.

Reduce Base Operations Expenses—(\$1.8 Million)

Savings in the Budget are achieved by reducing base operating expenses at OSPI by 5 percent.

ESD Travel—(\$1.8 Million)

Funding related to travel expenses for the ESDs is reduced.

Paraeducator Training Underspend—(\$4.0 Million)

Savings in the Budget are achieved by reducing paraeducator training grants to align with actual spending.

Career Connected Learning Reduction—(\$8.4 Million)

Fund sources are changed from the Workforce Education Investment Account (WEIA) to General Fund-State and funding is reduced by 80 percent for existing funding related to Career Connected Learning.

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Federal Forest Deductible Revenue—(\$12.4 Million)

Deductions to General Apportionment of federal forest revenues received by school districts under current law (RCW 28A.520.020) are resumed beginning in the 2025–26 school year.

LEA-ALE Cap—(\$13.2 Million)

Funding is reduced to reflect expected changes in Local Effort Assistance (LEA) pursuant to HB 2050, which limits the enrollment that may be counted for purposes of LEA funding if a school district’s Alternative Learning Experience Program enrollment exceeds 33 percent of a district’s total enrollment.

Transition to Kindergarten—(\$77.0 Million)

Savings in the Budget are achieved by funding enrollment for the Transition to Kindergarten (TTK) program at the 2024–25 school year enrollment levels, pursuant to [HB 2012](#).

Grants and Pass-through Funding—(\$138.1 Million)

Funding is eliminated for the Grants and Pass-through Funding budget program in the Office of the Superintendent of Public Instruction.

Pension Rate Adjustment—(\$228.3 Million)

Funding is adjusted to reflect the changes in pension contribution rates in [HB 1467](#), which re-amortizes Public Employees’ and Teachers’ Retirement System Plans 1 benefit improvements over a 15-year period, suspends half of these benefit improvement rates during the 2025–27 and 2027–29 fiscal biennia, and changes the long-term investment rate of return used to project costs in the retirement systems from 7.0 to 7.25 percent.

Apportionment Shift—(\$396.7 Million)

The school year apportionment schedule provides 77.5 percent of state revenues in the first Fiscal Year (September through June), and 22.5 percent in the second fiscal year (July through August). The apportionment schedule is changed for the 2025–26 and 2026–27 school years to 25 percent in July and August, as required in [HB 2050](#).

One final note about House’s Operating Budget. Attached to the 2025–27 Operating Budget proposal is the 2025 Supplemental Operating Budget to close out this biennium. For K–12 Education, the House includes a significant “savings” due an assumption that school districts have not or will not comply with the K–3 class sizes necessary to collect those additional funds. The Supplemental Operating Budget includes a \$50.3 Million “savings” due to a reversion of those funds (that is, unspent, or in this case ineligible to be used funds, are returned to the state.

In addition to the percentage-based reversions, reversions are assumed in 2025–27 related to K–3 class size.



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