

WASA Spring Conference

March 22, 2021 — Zoom

67th Washington State Legislature: 2021 Session Update

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2021 Legislative Session

- ▶ 2021 Legislative Session: Setting the Stage
- ▶ 2021–23 Budget
 - Budget Outlook
 - Federal Stimulus Package
- ▶ Major Issues Update
 - Education Funding Stability
 - Learning Recovery

2021 Session Overview



2021 Legislative Session

- ▶ Long, “budget” session, limited to 105 days
 - January 11–April 25
- ▶ Major focus:
 - 2021–23 Biennial Budgets (Operating, Capital, Transportation)
 - 2021 Supplemental Budgets
- ▶ Limited policy agenda
 - COVID–19 impacts; Racial equity/Social justice; tax reform
- ▶ 2021 is almost entirely “virtual”
- ▶ Democrats control House & Senate

Status Check

- ▶ Day 71 (of 105)
- ▶ **March 26:** Opposite house policy committee cut-off
- ▶ **April 2:** Opposite house fiscal committee cut-off
- ▶ **April 11:** Opposite house cut-off
- ▶ Bills Introduced: 1,500
- ▶ Bills Alive: 415
- ▶ **April 25 (Day 105):** Last day of session?



2021 Supplemental & 2021-23 Operating Budgets

Budget Overview

- ▶ Economic Review: March 3
- ▶ Revenue Forecast Update: March 17
- ▶ Senate Budget:
 - Operating Budget—March 25
 - Public Hearing—March 26
 - Capital Budget—March 25
 - Public Hearing—March 25

Economic Review—March '21

Positive Economic Signals:

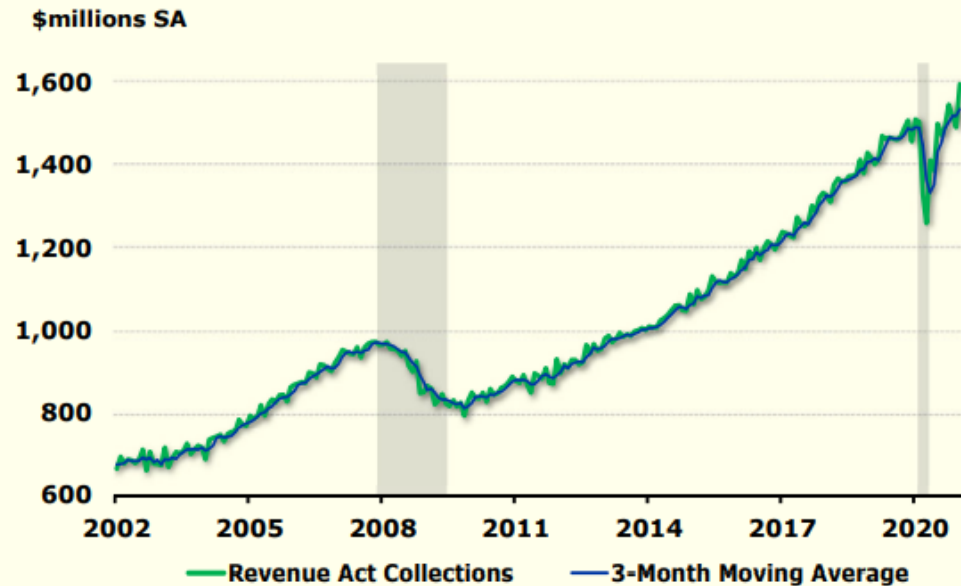
- ▶ US real GDP increased by 4.1% in the fourth quarter of 2020
- ▶ Washington's unemployment rate declined to 5.6% in February
- ▶ Seattle-area CPI matched the national average
- ▶ Personal income much stronger than forecast
- ▶ Housing construction exceeded forecast
- ▶ Car and truck sales surged

Monthly Revenue Collection Report

ERFC March 16, 2021

Seasonally adjusted Revenue Act collections for October and November 2020 activity were higher than the previous peak reached for January 2020 activity; December activity was slightly lower

Revenue Act collections exceeded the Jan. 2020 peak in three of the last four months



Revenue collections coming in above forecast:

Dec 2020: \$62M

Jan 2021: \$262M

Feb 2021: \$270M

March 2021: \$171M

TOTAL increase since Nov '20: \$764M

(9.5% higher than forecasted)

Conclusion

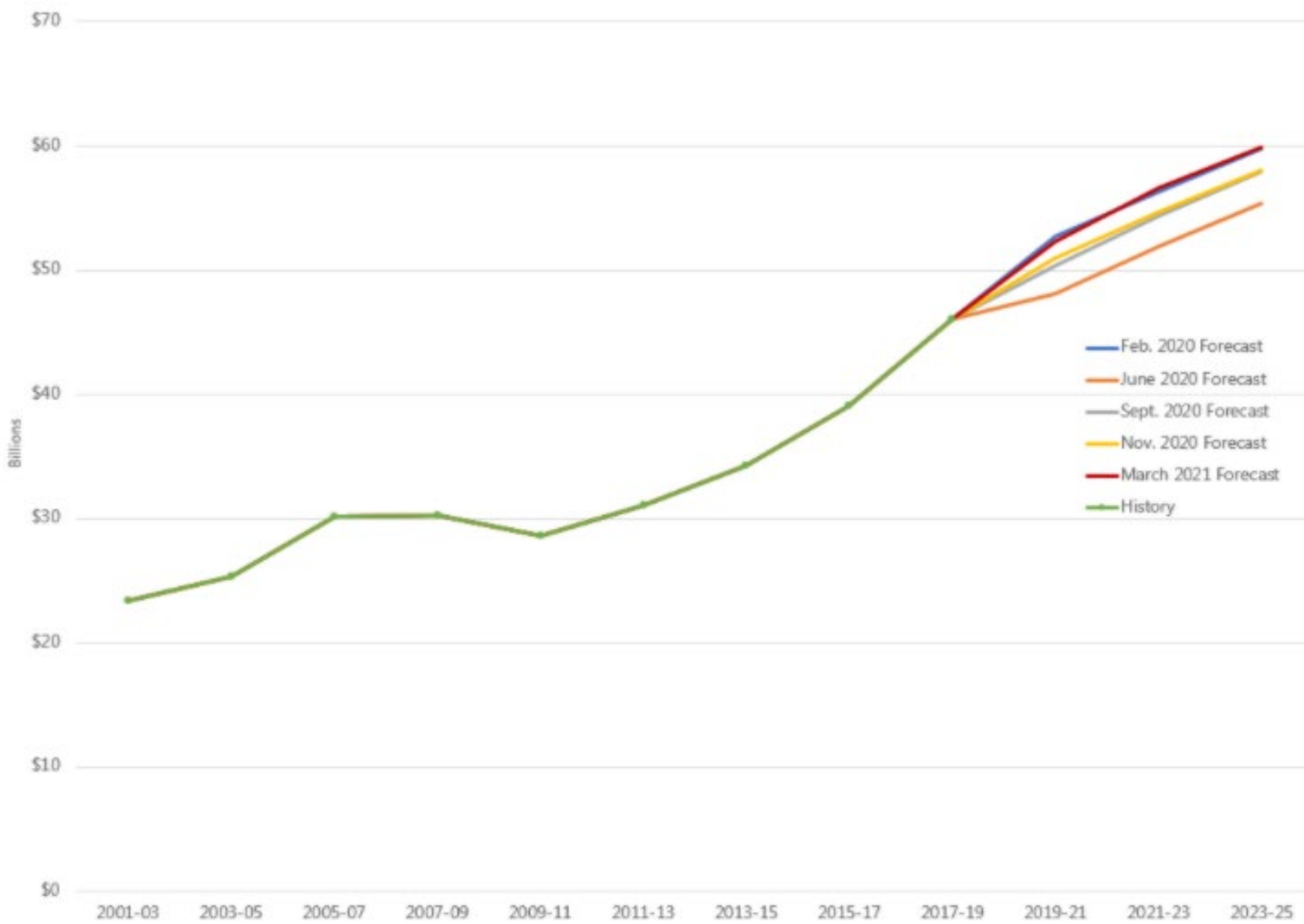
March 2021 Revenue Forecast

- Economic growth appears to be strengthening as stimulus legislation takes effect, more people receive COVID vaccine
- Despite positive news regarding vaccines, COVID still creates substantial uncertainty regarding the economy's path
- U.S. and WA personal income are higher than in November
- Total state revenues are expected to grow 13.6% between the 2017-19 and 2019-21 biennia and 8.2% between the 2019-21 and 2021-23 biennia

Total state revenue forecasted to increase:

- 2019–21 biennium: \$1.340 billion
- 2021–23 biennium: \$1.949 billion
- 2023–25 biennium: \$1.899 billion

Biennial NGFO Revenues



Estimated NGFO Balance Sheet

(Dollars in Millions)

Estimated NGFO
Balance Sheet,
Dollars in Millions

	2019-21	2021-23
Beginning Balance	1,981	2,416
Revenue		
March 2021 Revenue Forecast	52,334	56,615
<i>Total Revenue</i>	52,334	56,615
Other Resource Changes		
Transfer to Budget Stabilization	(486)	(543)
Other Enacted Fund Transfers	195	
CAFR/Prior Period Adjustments	84	41
<i>Total Other Resource Changes</i>	(207)	(502)
<i>Total Resources</i>	54,109	58,529
Spending		
Enacted 2019-21 Appropriations	53,700	
Maintenance Level Change	(1,261)	
Maintenance Level		56,100
Enhanced Federal Medicaid Match		(279)
Actual/Assumed Reversions	(746)	(291)
<i>Total Spending</i>	51,693	55,530
Unrestricted Ending Fund Balance	2,416	2,999
Budget Stabilization Account Balance	1,618	1,808
Transfers from GFS and Interest	529	586
Appropriations from BSA	(364)	
Return of 2020 Appropriations	25	
Projected BSA Ending Fund Balance	1,808	2,394
<i>Total Reserves</i>	4,223	5,392

Prior to March:
\$51,587

Prior to March:
\$54,666

Prior to March:
\$53,362

Prior to March:
\$55,808

Prior to March,
Total Reserves:
\$3,434 & \$2,344

Sources: ERFC, OFM, WRC estimates

Biden Stimulus Package—\$1.9T

\$122 Billion—K-12

(+\$800M homeless services=\$122.7B)

WA K-12 allocation: \$1.85B (<https://bit.ly/2OWdolt>)

- ▶ 10% (\$185M) to OSPI:
 - 5% minimum reserved for learning loss
 - 1% minimum reserved for summer enrichment activities
 - 1% minimum reserved for after school programs
 - 2.5% maximum reserved for other state activities
 - 0.5 % maximum reserved for administration

- ▶ 90% (\$1.67B) to districts, via Title I
 - 20% minimum reserved for learning loss
 - Per-district allocations: <https://bit.ly/3vnjGSk>
(*estimates*)

Biden Stimulus Package—\$1.9T

Additional K–12 allocations

- ▶ \$7.1 Billion—Emergency Connectivity Fund
- ▶ \$3.03 Billion—IDEA
 - \$2.58 billion for Part B grants;
 - \$200 million for IDEA preschool grants; and
 - \$250 million for Part C grants (infants and toddlers)
- ▶ \$2.75 billion—assistance to non–public schools
- ▶ \$850 million—Bureau of Indian Education–operated elementary and secondary schools

Biden Stimulus Package

\$350 Billion—State and Local Government

WA allocation: \$7.1 B (<https://bit.ly/2ORiBSb>)

- **State: \$4.3B**
- Metro Cities: \$701M
- Counties: \$1.5B
- Non-Counties: \$483M
- *State Capital Projects: \$190M*

Budget Bottom Line

- ▶ Positive budget outlook:
 - Revenue continues to come in above projections and expected to continue upward trend
 - Positive/sustainable four-year outlook;
 - Healthy reserves available (highest ever); and
 - Significant federal funds available

Major reductions not likely

K-12 enhancements in doubt



Major Issues Update

K-12 Funding Stability

Enrollment Stabilization & Pupil Transportation

- ▶ School budgets and staffing were built on full enrollment
- ▶ Prompt action needed to stabilize funding, or school districts face cuts to general apportionment and transportation—along with less funding for: LAP, Skills Centers, Institutional Education; and lower levy caps/reductions in LEA

HB 1476—Enrollment Stabilization

As Originally Introduced

- ▶ Enrollment stabilization funding provided if loss of enrollment funding from 2019–20 exceeds 2020–21 and 2021–22 funding (plus ESSER II funds)
- ▶ Stabilization funding provided for general apportionment (including ALE) as well as for programs that are enrollment-based, including special education; Transitional Bilingual Instructional Program; Learning Assistance Program; institutional education; highly capable program, dropout reengagement; CTE; Skills Centers; levy lids; and LEA

HB 1476—Enrollment Stabilization

As Adopted by Full House

- ▶ Limited to stabilization funding for levy lids in CY 2022 & 2023, based on 2019–20 enrollment
- ▶ Also, in-person instruction required:
 - All students in all grades have option to participate in at least 40 hours of in-person instruction per month by beginning of 2021–22 school year

SB 5128—Pupil Transportation

As Originally Introduced

- ▶ Alternative funding formula established: 70 percent of estimated allocation
- ▶ Districts with allowable expenditures exceeding allocation, eligible for “safety net allocations”
- ▶ Allows transportation funding to be used for expanded services
- ▶ OSPI allowed to provide allocations using data from the last period in which districts offered full-in person instruction during an emergency

SB 5128—Pupil Transportation

As adopted by Full Senate

- ▶ Removes: Alternative Allocation Formula; and “safety net” funding
- ▶ Provides \$100M for new Public Schools Emergency Transportation Relief Account—available only after use of federal funds
- ▶ Provides statutory authorization to use transportation funding for an expanded list of services
- ▶ Provides a mechanism for calculating transportation funding following the pandemic, to ensure temporary drops in student ridership does not impact future allocations
- ▶ Required in-person instruction to be eligible for Relief Account funds

SB 5128—Pupil Transportation

As adopted by House Education

- ▶ Limited to providing statutory authorization to use transportation funding for an expanded list of services
- ▶ Funding stabilization set to be a budget issue

K-12 Funding Stability–Messaging

Enrollment Stabilization & Pupil Transportation

- ▶ Keep these issues on legislators minds
- ▶ Continue to engage; explain why this funding is necessary—and what will happen if you don't receive it; tell your “story”
- ▶ Remind legislators that ESSER III funds were provided to support safe school reopening, sustaining safe operation, and addressing students' learning recovery and social, emotional, mental health, and academic needs resulting from the pandemic

Additional ESSER Funds Uses

- ▶ Coordinating preparedness and response efforts with State, local, Tribal, and territorial public health departments to prevent, prepare for, and respond to COVID-19;
- ▶ Training and professional development on sanitizing and minimizing the spread of infectious diseases;
- ▶ Purchasing supplies to sanitize and clean school district facilities;
- ▶ Repairing and improving school facilities to reduce risk of virus transmission and exposure to environmental health hazards;
- ▶ Improving indoor air quality;

Additional ESSER Funds Uses

- ▶ Addressing the needs of children from low-income families, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth;
- ▶ Developing and implementing procedures and systems to improve the preparedness and response efforts of school districts;
- ▶ Planning for or implementing activities during long-term closures, including providing meals to eligible students and providing technology for online learning;

Additional ESSER Funds Uses

- ▶ Purchasing educational technology (including hardware, software, connectivity, assistive technology, and adaptive equipment) for students that aids in regular and substantive educational interaction between students and their classroom instructors, including students from low-income families and children with disabilities;
- ▶ Providing mental health services and supports, including through the implementation of evidence-based full-service community schools and the hiring of counselors;

Additional ESSER Funds Uses

- ▶ Planning and implementing activities related to summer learning and supplemental after-school programs;
- ▶ Addressing learning recovery; and
- ▶ Other activities that are necessary to maintain operation of and continuity of and services, including continuing to employ existing or hiring new school district and school staff

Student Recovery Plans (HB 1368)

- ▶ Required by June 1
- ▶ Recovery plans must address learning loss among students; must include:
 - Identification of diagnostic assessment tools, student learning and well-being gaps, and focusing of additional time and supports;
 - Providing additional instruction, student well-being support, and extracurricular opportunities based on an evaluation of student needs; and
 - Other plan elements as required by OSPI

SB 5147—Learning Recovery

Striker on Senate Floor (Dead?)

- ▶ Provides for maximum 3 additional instructional days
- ▶ Summer Reengagement grant program
- ▶ Educational Opportunities grant program
- ▶ Community Learning Center program; expanded to address learning recovery
- ▶ Balanced School Calendar grant program

SB 5147—Learning Recovery

Striker on Senate Floor (Dead?)

–Additions–

- ▶ OSPI must administer recovery and acceleration funds to school districts who do not receive allocations of ESSER funds
- ▶ Recovery/Acceleration to support:
 - Skills Centers and ESDs
 - Running Start—eliminates maximum enrollment, 2021–22, 2022–23, 2023–24
 - Community-based organizations
 - High quality dual language learning
 - High school success pilot program
- ▶ Direction to OSPI to use federal funding that is available to supplant appropriations

Questions?



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