



**WASA Spring Conference  
Wenatchee, WA  
March 22, 2022**

# **67<sup>th</sup> Washington State Legislature: 2022 End of Session Report**

# 2022 Legislative Session Review

- 2022 Supplemental Operating Budget
  - Major Issues Review
- 2022 Supplemental Capital Budget
- Bills of Interest

# **2022 Supplemental Operating Budget**

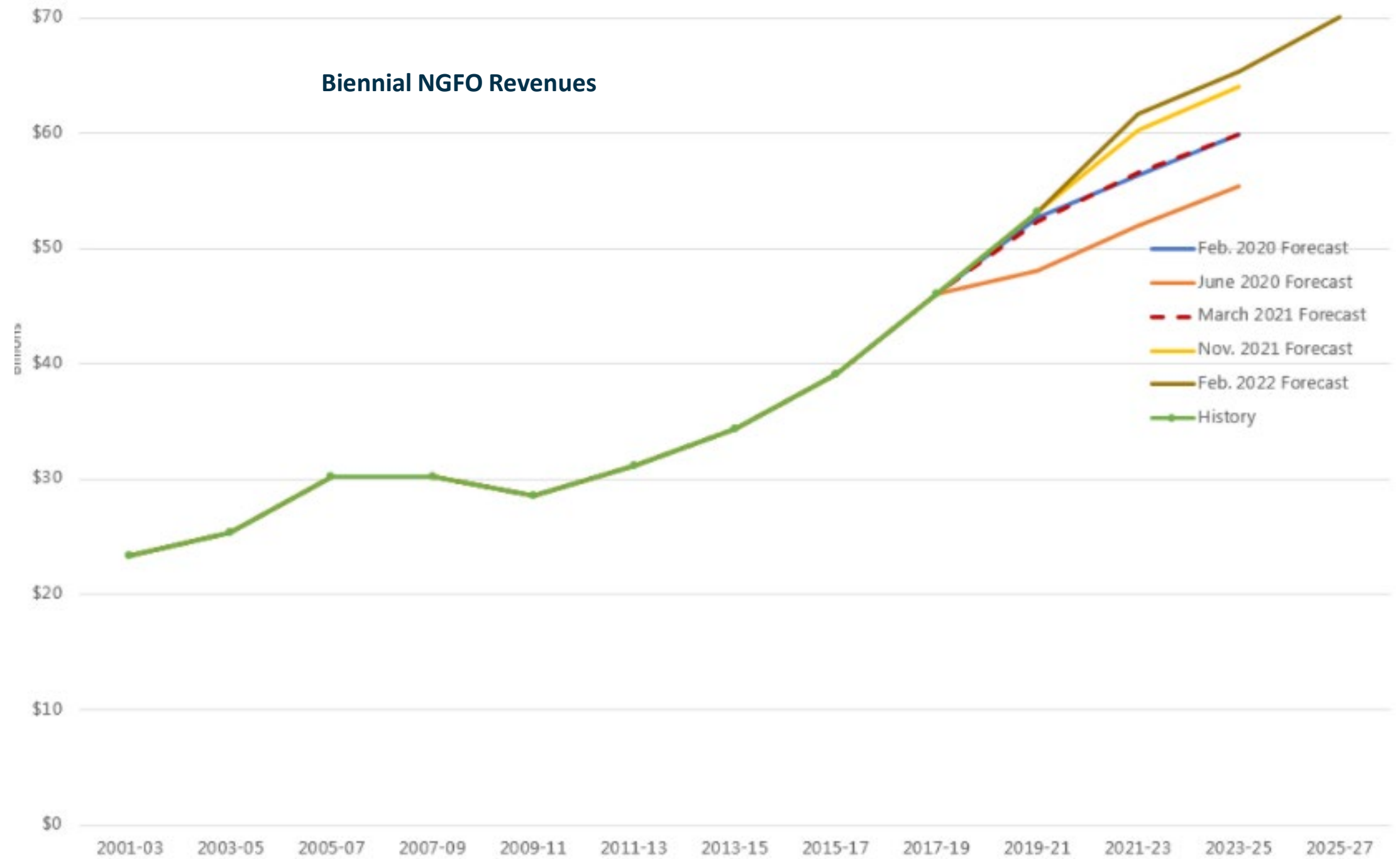


# 2021-23 Operating Budget (ESSB 5092)

*Adopted April 2021*

- **2021 Supplemental** **\$52.6 Billion**
  - '21-'23 Maintenance Level \$2.3 Billion
  - '21-'23 Policy Level \$3.2 Billion
- **Total Increase** **\$5.5 Billion**
- **2021-23 Operating Budget** **\$59.1 Billion**

## Biennial NGFO Revenues



# 2022 Transportation Revenue & Spending Package

**Total Package: \$17.0 Billion, 16-year plan**

## **Revenue:**

\$5.4 Billion	Carbon Tax Revenues
\$3.7 Billion	Infrastructure & Jobs Act (federal)
<del>\$2.0 Billion</del>	<del>Gas Tax (\$.06) on Exported Fuel</del>
\$2.4 Billion	New/Increased fees
\$956 Million	Existing Bond Authority
\$855 Million	Annual transfer (\$57M) from Public Works Trust Fund
\$2.0 Billion	Transfer of GFS “surplus”
\$855 Million	Annual transfer (\$57M) from GFS
\$403 Million	Sales Tax on Transportation Projects—shift from GFS
\$80 Million	Elimination of GFS Tax Credit Backfill

# 2022 Supplemental Operating Budget (ESSB 5693)

• 2021-23 Operating Budget	\$59.1 Billion
• '22 Maintenance Level	(\$1.1 Billion)
• '22 Policy Level	\$6.2 Billion
• Total Increase	<u>\$5.1 Billion</u>
• 2021-23 Operating Budget w/ Supplemental	\$64.1 Billion
Ending Fund Balance	\$212 Million
Budget Stabilization Account	<u>\$608 Million</u>
Total Reserves	\$821 Million

# 2022 Supplemental Operating Budget

## TOTAL SPENDING

	POLICY LEVEL	MAINTENANCE LEVEL	TOTAL INCREASE
Gov. Inslee	\$4.19 Billion	(\$1.14 Billion)	\$3.04 Billion
Senate	\$5.72 Billion	(\$1.16 Billion)	\$4.56 Billion
House	\$7.40 Billion	(\$1.16 Billion)	\$6.24 Billion
<b>FINAL</b>	<b>\$6.20 Billion</b>	<b>(\$1.13 Billion)</b>	<b>\$5.07 Billion</b>

# 2022 Supplemental Operating Budget (ESSB 5693)

## 2022 K-12 Impacts (Subject to Outlook)

K-12 Policy Level Increase	\$433.4 Million
K-12 Maintenance Level	<u>(\$925.8 Million)</u>
<b>Total K-12 <i>Net Reduction</i></b>	<b>(\$492.4 Million)</b>

## 2022 K-12 Impacts (Total Budgeted Funds)

K-12 Policy Level Increase	\$830.7 Million
K-12 Maintenance Level	<u>(\$919.9 Million)</u>
<b>Total K-12 <i>Net Reduction</i></b>	<b>(\$89.2 Million)</b>

# 2022 Supplemental Operating Budget

## K-12 SPENDING

	POLICY LEVEL	MAINTENANCE LEVEL	TOTAL INCREASE
Gov. Inslee	\$1.04 Billion	(\$928.1 Million)	\$110.9 Million
Senate	\$784.0 Million	(\$925.8 Million)	(\$141.8 Million)
House	\$791.0 Million	(\$926.0 Million)	(\$135.0 Million)
FINAL (Outlook)	\$433.4 Million	(\$925.8 Million)	(\$492.4 Million)
FINAL (Total)	\$830.7 Million	(\$919.9 Million)	(\$89.2 Million)

# K-12 Education Funding Trends

## Percentage of K-12 Funding in State Operating Budget

- 2015-17 biennium: 48%
  - 2016 Supplemental, 2015-17 final: 47%
- 2017-19 biennium: 50%
  - 2018 Supplemental, 2017-19 final: 51%
- 2019-21 biennium: 52%
  - 2020 Supplemental, 2019-21 final: 51%
- 2021-23 biennium: 48%
  - 2022 Supplemental, 2021-23 final: 43%

## 2022 Supplemental Operating Budget

"We can say something's good and still say it's not good enough, but the thing that makes it even harder is this is probably one of the last shots at getting a sizable increase" in funding.

-Noelle Ellerson-Ng, AASA

## 2021-23 Operating Budget: *Major* K-12 Highlights

### Enrollment Stabilization

**\$346.5 million (federal)**

One-time funding (\$281 million) for 2021-22 is provided to support 230 school districts with continuing enrollment declines. Another \$64 million is provided to stabilize LEA payments.

# Enrollment Stabilization

- As adopted, HB 1590 and Supplemental Budget:
  - provide enrollment stabilization funding in the 2021–22 school year if a school district’s combined state revenue generated in the 2021–22 school year is less than what its combined state revenue would be using 2019–20 enrollment amounts; 50 percent of enrollment loss funded
  - allow the use of 2019–20 enrollment values (rather than “prior year”) to calculate levy limits in the 2023 calendar year and to calculate Local Effort Assistance in the 2022 and 2023 calendar years

# 2021-23 Operating Budget: *Major* K-12 Highlights

## Enrollment Stabilization

**\$346.5 million (federal)**

One-time funding (\$281 million) for 2021-22 is provided to support 230 school districts with continuing enrollment declines. Another \$64 million is provided to stabilize LEA payments.

## Staffing Allocations

**\$90.6 million**

Funding is phased in over three years (2022-23 to 2024-25 school years) to increase staffing ratios and allocations for Physical, Social, and Emotional support staff as a part of the Prototypical School Funding Model.

# Staffing Allocations

- As adopted, HB 1664 and Supplemental Budget:
  - increase staffing ratios and allocations for “Physical, Social, Emotional Support Staff”
  - staff defined as nurses, social workers, psychologists, counselors, classified staff providing student and staff safety, parent involvement coordinators, and other school district employees and contractors who provide physical, social, and emotional support to students, as defined by OSPI

# Staffing Allocations

- As adopted, HB 1664 and Supplemental Budget:
  - provide new funding “to the extent of and proportionate to a district’s demonstrated actual ratios of Physical, Social, and Emotional support staff” OSPI Q&A: <https://bit.ly/36s8D28>
  - phase in updated allocations over three years, 2022-23 to 2024-25 school years
  - require funding for Physical, Social, and Emotional support staff be prioritized to staff with a valid Educational Staff Associate certificate

# School Funding Coalition



- Coalition members have agreed to maintain a singular focus: advocating for updated staffing ratios in the Prototypical School Funding Model (PSFM)
- The Model is a core, foundational part of the current school funding structure and the goal is to achieve more realistic state-funded staffing levels in all schools
- School Funding Coalition adopted 2022 Priority Statement on Oct. 20 strongly supporting updated and more realistic state-funded staffing ratios in the PSFM, beginning with staff to meet the physical, social, and/or emotional needs of students

<https://bit.ly/3IGVJct>

**2SHB 1664 Prototypical School Model Changes****Table 1: Current Law Values Compared to 2SHB 1664 for SY 22-23 (Section 3)**

Position	Current Law			SY 2022-23		
	Elementary	Middle	High	Elementary	Middle	High
School Nurses	0.076	0.060	0.096	0.246	0.336	0.339
Social Workers	0.042	0.006	0.015	0.132	0.033	0.052
Psychologists	0.017	0.002	0.007	0.046	0.009	0.021
Guidance Counselors	0.493	1.216	2.539	0.660	1.383	2.706

**Table 2: Health Services Allocation incremental 2SHB 1664 for SY 23-24 (Section 3)**

Position	SY 2023-24		
	Elementary	Middle	High
School Nurses	0.416	0.612	0.582
Social Workers	0.222	0.060	0.089
Psychologists	0.075	0.016	0.035
Guidance Counselors	0.827	1.550	2.882

**Table 3: Final Health Services Allocation 2SHB 1664 by SY 24-25 (Section 4)**

Position	SY 2024-25		
	Elementary	Middle	High
School Nurses	0.585	0.888	0.824
Social Workers	0.311	0.088	0.127
Psychologists	0.104	0.024	0.049
Guidance Counselors	0.993	1.716	3.039

**2021-22: How many student FTE are needed to generate one staff FTE?**

School Level Staffing	Elementary (K-6)	Middle (7-8)	High (9-12)	Staff Type
Base Enrollment	400	432	600	Student
Guidance Counselors	811	355	236	CIS
School Nurses	5,263	7,200	6,250	CIS
Social Workers	9,524	72,000	40,000	CIS
Psychologists	23,529	216,000	85,714	CIS

**2022-23: How many student FTE are needed to generate one staff FTE?**

School Level Staffing	Elementary (K-6)	Middle (7-8)	High (9-12)	Staff Type
Base Enrollment	400	432	600	Student
Guidance Counselors	606	312	222	CIS
School Nurses	1,626	1,286	1,770	CIS
Social Workers	3,030	13,091	11,538	CIS
Psychologists	8,696	48,000	2,8571	CIS

**2023-24: How many student FTE are needed to generate one staff FTE?**

School Level Staffing	Elementary (K-6)	Middle (7-8)	High (9-12)	Staff Type
Base Enrollment	400	432	600	Student
Guidance Counselors	484	279	208	CIS
School Nurses	962	706	1,031	CIS
Social Workers	1,802	7,200	6,742	CIS
Psychologists	5,333	27,000	17,143	CIS

**2024-25: How many student FTE are needed to generate one staff FTE?**

School Level Staffing	Elementary (K-6)	Middle (7-8)	High (9-12)	Staff Type
Base Enrollment	400	432	600	Student
Guidance Counselors	403	252	197	CIS
School Nurses	684	486	728	CIS
Social Workers	1,286	4,909	4,724	CIS
Psychologists	3,846	18,000	12,245	CIS

# 2021-23 Operating Budget: *Major* K-12 Highlights

Enrollment Stabilization	<p><b>\$346.5 million (federal)</b></p> <p>One-time funding (\$281 million) for 2021-22 is provided to support 230 school districts with continuing enrollment declines. Another \$64 million is provided to stabilize LEA payments.</p>
Staffing Allocations	<p><b>\$90.6 million</b></p> <p>Funding is phased in over three years (2022-23 to 2024-25 school years) to increase staffing ratios and allocations for Physical, Social, and Emotional support staff as a part of the Prototypical School Funding Model.</p>
Pupil Transportation	<p><b>\$13.0 million</b></p> <p>Special passenger excess cost reimbursement is provided for school districts with a demonstrated need for funding beyond the amounts provided through the STARS allocation for special passengers.</p>

# Pupil Transportation

- No Pupil Transportation bill adopted; however, Supplemental Budget provides OSPI with funding to provide transportation safety net funding to school districts with a demonstrated need for additional transportation funding for special passengers

# Pupil Transportation

- To be eligible, a school district's allowable transportation expenditures attributable to serving special passengers must exceed Pupil Transportation allocations and any excess transportation costs reimbursed by other agencies
- Districts must apply for funding and report the amount of the excess costs and the specific activities or services provided to special passengers that created the excess costs

## 2021-23 Operating Budget: *Major K-12 Highlights*

### Enrollment Stabilization

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### Staffing Allocations

**\$90.6 million**

Funding is phased in over three years (2022-23 to 2024-25 school years) to increase staffing ratios and allocations for Physical, Social, and Emotional support staff as a part of the Prototypical School Funding Model.

### Pupil Transportation

**\$13.0 million**

Special passenger excess cost reimbursement is provided for school districts with a demonstrated need for funding beyond the amounts provided through the STARS allocation for special passengers.

### LAP Hold Harmless

**\$28.1 million (federal)**

Funding is provided to hold school districts harmless by allowing them to use 2019–20 school year Free and Reduced-Price Lunch percentages for calculating Learning Assistance Program (LAP) funding.

### CEP/Federal Food Assistance

**\$43.6 million**

\$21.7 million (state funds) is provided for state reimbursements to school districts required to participate in the federal Community Eligibility Provision (CEP); and \$21.9 million (federal funds) is provided to reimburse schools for acquisition of unprocessed/minimally processed domestic food products.

### Small District Support

**\$8.3 million (Opportunity Pathways Account)**

Funding is provided to ensure certain small districts, charter schools, and state-tribal compact schools receive at least \$18,000 per pupil.

## Additional K-12 Budget Items

- **Residential Outdoor School—\$10.0 million**
- **Native American Names—\$4.5 million**
- **After-exit Running Start—\$3.0 million**
- **Financial Literacy Education—\$3.0 million**
- **Next Generation Science Standards—\$2.0 million**
- **Paraeducator Training—\$1.5 million**
- **Intensive Tutoring Grants—\$1.0 million**

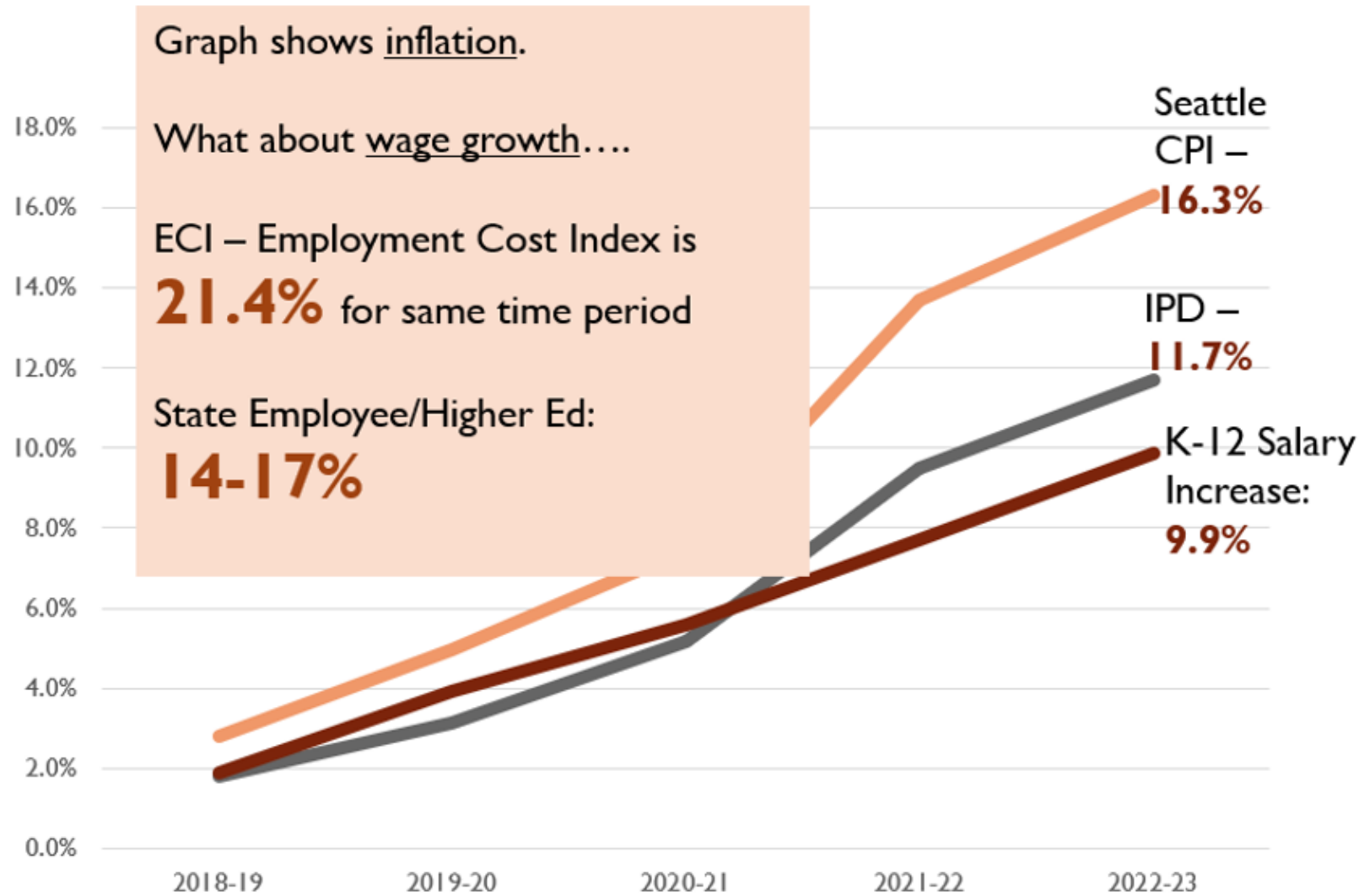
# Inflationary “Rebase”

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## Inflationary Factor—Implicit Price Deflator (IPD)

2021-23 Operating Budget: 2021-22 IPD=2.0 percent; 2022-23 IPD=1.6 Percent

# WEA “COLA” DISCUSSION



*Inflation/ECI based on November 2021 Revenue Forecast*

*K-12, state employee and higher ed increases reflect 2022 Governor’s Supplemental Budget*

# Inflationary “Rebase”

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## Inflationary Factor—Implicit Price Deflator (IPD)

**2021-23 Operating Budget: 2021-22 IPD=2.0 percent; 2022-23 IPD=1.6 Percent**

- **2021-22:**  
Actual IPD is **5.1 percent**; Budget maintains previously adopted **2.0 percent**
- **2022-23:**  
Actual IPD is **2.8 percent**; Budget adopted increase to **5.5 percent**

Budget-writers’ explanation:

Increased funding provides for an “*inflationary rebase*, which aligns the new IPD with actual inflation since the 2017–18 school year.”

# WEA "COLA" DISCUSSION

## Economic & Revenue Forecast Council Economic Forecast, Feb. 10, 2022 Price and Wage Indexes

	2020	2021	2022	2023	2024	2025	2026	2027
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.105	1.128	1.186	1.219	1.243	1.269	1.296	1.323
% Ch	1.3	2.0	5.1	2.8	2.0	2.1	2.1	2.1
Seattle Cons. Price Index (1982-84=1.0)	2.803	2.871	3.056	3.138	3.207	3.275	3.347	3.422
% Ch	2.1	2.4	6.4	2.7	2.2	2.1	2.2	2.2

	FY 2022	FY 2023
	SY 2021-22	SY 2022-23
2021 Operating Budget	2.00%	1.60%
February forecast for IPD	5.10%	2.80%
The increase in 2022	$(5.1\% - 2.0\%) = 3.1\%$	
Add the increase from 2022 to 2023	$(3.1\% + 2.8\%) = 5.9\%$	
WEA request	2.0%	5.9%

**WEA Request:  
5.9% in FY 2023**

# Inflationary “Rebase”

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Budget-writers explanation:

Increased funding provides for an “inflationary rebase, which aligns the new IPD with actual inflation since the 2017–18 school year.”

WEA message:

“The COLAs are added to the amount the state provides to *employers for staffing*. Local unions will need to bargain to have these amounts included in their contracts.”

# Inflationary “Rebase”

## Inflationary Factor—Implicit Price Deflator (IPD)

2022 Supplemental Operating Budget:

2021-22 IPD=2.0 percent; 2022-23 IPD=~~1.6~~5.5 Percent

Inflationary “Rebase” adjusts statewide minimum salary allocations:

	2021-22	2022-23 original	2022-23 adopted
CIS	\$68,937	\$70,040	\$72,728
CAS	\$102,327	\$103,964	\$107,955
CLS	\$49,453	\$50,244	\$52,173

Inflationary “Rebase” also adjusts Materials,  
Supplies, and Operating Costs (MSOC) allocations

**Fringe Benefit Allocations**

	2021-22	2022-23 original	2022-23 adopted
CIS	22.71	22.71	22.98
CAS	22.71	22.71	22.98
CLS	22.75	22.75	22.80

**Incremental Fringe Benefit**

	2021-22	2022-23 original	2022-23 adopted
CIS	22.07	22.07	22.34
CAS	22.07	22.07	22.34
CLS	19.25	19.25	19.30

## SEBB Rate Adjustment

➤ 2021-22 School Year:	\$968 per employee per month (includes \$72.08/month retiree subsidy)	
➤ 2022-23 School Year	\$1,032 per employee per month (includes \$80.04/month retiree subsidy)	Original
➤ 2022-23 School Year	\$1,026 per employee per month (includes \$80.04/month retiree subsidy)	Adopted

## National Board Bonus—First Year

➤ 2021-22 School Year:	\$3,423	
➤ 2022-23 School Year:	\$3,478	Original
➤ 2022-23 School Year:	\$3,611	Adopted

## National Board Bonus—Subsequent Years

➤ 2021-22 School Year:	\$5,705	
➤ 2022-23 School Year:	\$5,796	Original
➤ 2022-23 School Year:	\$6,019	Adopted

# 2022 Supplemental Capital Budget



# 2020 Supplemental Capital Budget (SSB 5651)

• 2021-23 Capital Budget	\$6.3 Billion
• 2022 Supplemental	<u>\$1.5 Billion</u>
• 2021-23 Capital Budget w/ Supplemental	\$7.8 Billion

## Major Components:

- Housing—\$440 million
- Water—\$251 million
- Infrastructure—\$200 million
- Broadband—\$100 million

# 2020 Supplemental Capital Budget: K-12 Details

(Dollars in Thousands)

School Seismic Safety:		100,000
School Seismic Safety Grant Program	91,400	
2019-21 Seismic Safety Retrofit Program	8,600	
Distressed Schools		21,700
West Sound Technical Skills Center		10,900
Small District Modernization		7,600
School District Health & Safety		1,700
Pierce College/Bethel High School		1,600
Healthy Kids/Healthy Schools		1,500
School Construction Assistance Program		(190,000)
<b>TOTAL K-12 Capital Funding</b>		<b>(84,900)</b>

# **Bills Of Interest**



# Workforce Shortage Relief

➤ As adopted, HB 1699:

- temporarily (through July 1, 2025) increases the number of hours public retirees can work, from 867 hours to 1,040 hours per school year, without negatively impacting pension benefits
- limits provisions to nonadministrative positions—except in second class districts, where retirees may be employed as a district superintendent or in-school administrator
- includes an Emergency Clause, making the bill effective immediately upon governor's signing

## Other Bills of Interest

- ***HB 1486—Unemployment/Voluntary Leave—DEAD***
- **HB 1613—Reporting PFML/Long-Term Care**
- **HB 1617—Juneteenth Holiday “fix”**
- **HB 1732—Washington Cares Delay**
- ***HB 1763—Workers’ Comp Exam Rights —DEAD***
- ***HB 1791—Professional Educator Reprimands—DEAD***
- **HB 1795—Nondisclosure Provisions**

## Other Bills of Interest

- **HB 1833—School Meals Participation, Electronic Option**
- **HB 1837—Ergonomics**
- **HB 1878—Community Eligibility Provision**
- **HB 1902—Reopening Workers' Comp Claims**
- ***HB 1942—Paraeducator Training—DEAD***
- ***HB 1992—Vacation Leave Accrual—DEAD***
- ***SB 5155—Prejudgment Interest—DEAD***
- ***SB 5202—Depreciation Subfund—DEAD***

## Other Bills of Interest

- ***SB 5326—Private Pupil Transportation Contracts—DEAD***
- ***SB 5559—Sick Leave Verification—DEAD***
- **SB 5564—Employee Assistance Programs**
- **SB 5649—Family and Medical Leave**
- **SB 5676—PERS/TRS 1 Benefit Increase**
- **SB 5761—Wage and Salary Disclosure**
- ***SB 5835—Workers' Compensation—DEAD***
- **SB 5873—Unemployment/FMLA Premiums**

# 2022 LEGISLATIVE REPORT

A PUBLICATION OF THE WASHINGTON ASSOCIATION OF SCHOOL ADMINISTRATORS

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2022 End of Session Report will include:

- Comprehensive review of 2022 Supplemental Operating Budget
- Comprehensive review of 2022 Supplemental Capital Budget
- Detailed review of all education-related bills adopted in 2022
- Summary of all education-related bills that died in 2022

When the Report is completed, it will be e-mailed to all *TWIO* subscribers and archived on WASA website

## K-12 Salary Review & Rebase

- The Legislature must review and rebase minimum salary allocations and regionalization adjustments every six years, beginning in 2023-24
- The 2021-23 Operating Budget established the **K-12 Basic Education Compensation Advisory Committee** to provide recommendations by September 20, 2022—prior to the first “rebase”
- Education management associations are represented by: *WSPA: Keri Hutchins (Mead); WASA: Tom Seigel (Bethel); and WASBO: Michelle Scott (Battle Ground)*
- You are encouraged to engage in the process; meeting links and meeting materials are available at: <https://bit.ly/33M07u5>
- The Advisory Committee is soliciting proposals on compensation strategies through the end of April, 2022; Call for Proposals Survey: <https://bit.ly/3LTKLoz>

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