



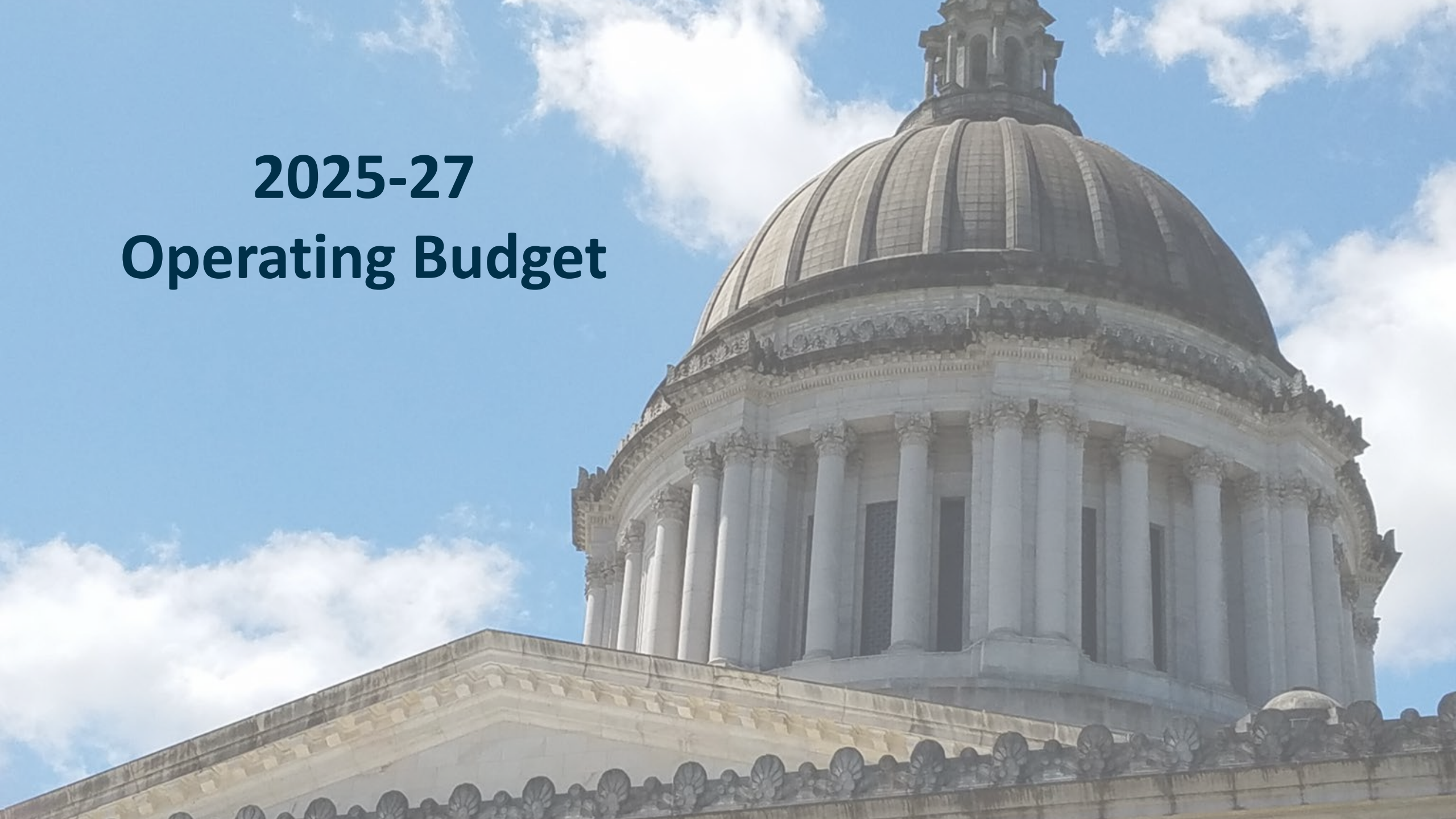
WASA Superintendents Conference
Campbell's Resort, Lake Chelan
May 5, 2025

2025 Legislative Session: What Superintendents Need to Know

2025 Legislative Session Wrap-up

- 2025-27 Operating Budget
 - 2025 Supplemental Operating Budget
- Big Three Final Update
- Important Issues

2025-27 Operating Budget



2025-27 Operating Budget (ESSB 5167)

• 2023-25 Operating Budget	\$71.95 Billion
• '25-27 Maintenance Level	\$4.89 Billion
• '25-27 Policy Level	\$1.04 Billion
• Total Increase	<u>\$5.93 Billion</u>
• 2025-27 Operating Budget	\$77.87 Billion

2025-27 K-12 Impacts

Total K-12 Increase	\$2.46 Billion
K-12 Maintenance Level	\$2.09 Billion
K-12 Policy Level	\$376.9 Million

K-12 Education Funding Trends

Percentage of K-12 Funding in State Operating Budget

- 2015-17 biennium: 47.5%
 - 2016 Supplemental, 2015-17 final: 47.3%
- 2017-19 biennium: 50.3%
 - 2018 Supplemental, 2017-19 final: 51.0%
- 2019-21 biennium: 52.0%
 - 2020 Supplemental, 2019-21 final: 51.1%
- 2021-23 biennium: 47.8%
 - 2022 Supplemental, 2021-23 final: 43.3%
- 2023-25 biennium: 43.4%
- 2025-27 biennium (proposed): Senate: 43.7%; House: 42.7%
 - FINAL, 2025-27: 43.2%

2025-27 Operating Budget: *Major* K-12 Highlights

Special Education (Big 3)

\$309.6 million

Funding provided for: Increase of excess cost multipliers (\$192.9 million); reduction of Safety Net threshold (\$35.0 million); and elimination of enrollment cap (\$81.7 million)

Special Education—E2SSB 5263

- **Enrollment Cap:** Eliminate 16.0% Cap
- **Multiplier Increases:**
 - ESIT: 1.15 to 1.2; Ages 3-5: 1.2
 - Merge Tier 1 & Tier 2: 1.06/1.12 to 1.16
- **Safety Net:**
 - **Threshold:** 2.3 x avg FTE expenditure to 2.0 or 1.8, under certain circumstances
 - **Awards:** Distribute quarterly, under certain circumstances
- **OSPI duties:**
 - Allows 0.6% set-aside to fund:
 - Review of disproportionate data; provide technical assistance
 - PD for Inclusionary Practices
 - Create statewide system for IEPs
 - Requires establishment of Inclusionary Practices pilot program
 - Requires changes to allocation methodology, shifting 25 percent BEA allocation

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Funding provided implement E2SSB5263: Increasing excess cost multipliers (\$192.9 million); reducing of Safety Net threshold (\$35.0 million); and eliminating of enrollment cap (\$81.7 million)

MSOC (Big 3)

\$78.9 million

Funding provided to implement ESSB 5192: increasing K-12 per student allocations by \$35.27 and grade 9-12 per student allocations by \$4.69; requiring annual reporting to OSPI; and requiring annual inflationary increases using IPD

MSOC—ESSB 5192



Funding:

- 8 MSOC categories merged into lump sum payment:
 - K-12, Minimum: \$1614.28 per student (ML: \$1,579.01)
 - 9-12 enhancement, Minimum: \$214.84 (ML: \$210.15)
 - Increased allocations, K-12: \$35.27 per student (+\$45.99 ML)
 - Increased allocations, 9-12: \$4.69 per student (+\$6.12 ML)



MSOC Calculation:

- Inflation—IPD (previous calendar year)



Reporting:

- Annual report of expenditures to OSPI, using 12 new categories



CTE Funding—Determined by the Budget:

- Exploratory CTE courses for students, grades 7-12
- Preparatory CTE courses for students, grades 9-12, offered in a high school
- Preparatory CTE courses for students, grades 9-12, offered through a Skills Center

Materials, Supplies, and Operating Costs (MSOC) Per Pupil Rates

K-12 per FTE

MSOC Component	2024-25	2025-26 ML	SB 5192-Snte	SB 5192-Hse	SB 5192 Final
Technology	\$182.37	\$187.86	—	\$187.86	—
Utilities/Insurance	\$438.43	\$451.58	—	\$451.58	—
Curriculum/Textbooks	\$167.61	\$172.63	—	\$172.63	—
Other Supplies	\$332.74	\$342.72	—	\$342.72	—
Library Materials	\$23.09	\$23.78	—	\$23.78	—
Prof Development	\$29.50	\$30.38	—	\$30.38	—
Facilities Maintenance	\$210.13	\$216.44	—	\$216.44	—
Security/Central Ofc	\$149.15	\$153.62	—	\$153.62	—

TOTAL	\$1,533.02	\$1,579.01	\$1,656.50	\$1,579.01	\$1,614.28
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9-12 per FTE

MSOC Component	2024-25	2025-26 ML	SB 5192-Snte	SB 5192-Hse	SB 5192 Final
Technology	\$44.88	\$46.22	—	\$46.22	—
Curriculum/Textbooks	\$48.97	\$50.44	—	\$50.44	—
Other Supplies	\$95.86	\$98.73	—	\$98.73	—
Library Materials	\$6.16	\$6.35	—	\$6.35	—
Prof Development	\$8.16	\$8.41	—	\$8.41	—

TOTAL	\$204.03	\$210.15	\$225.09	\$210.15	\$214.84
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Local Effort Assistance

\$113.6 million

Funding is provided to increase the LEA Threshold by \$150 per pupil in Calendar Year 2026 and \$250 per pupil in Calendar Year 2027. Additional funding is provided for annual inflationary increases (IPD, rather than CPI)

2025-27 Operating Budget: *Major* K-12 Highlights

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Community Eligibility Provision	\$17.9 million Funding is provided for additional reimbursements to school districts participating in the federal Community Eligibility Provision for meals not reimbursed at the federal free meal rate

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Inclusionary Practices	\$16.8 million Funding is provided: to support 20 pilot sites establishing School-wide Centers of Excellence (\$12.8 million); and for six demonstration sites to support inclusive teaching and student behavior management practice and 16 pilot sites adopting best practices (\$4.0 million)

2025 Supplemental Operating Budget

➤ **OSPI Statewide Programs—Per Pupil Enhancement—\$52.0 million**

Funding is provided for a one-time \$50 per pupil enhancement during the 2024-25 school year

➤ **Professional Educator Standards Board—Paraeducator Training—(\$4.9 million)**

Savings are achieved by reducing paraeducator training grants to align with actual spending (This is in addition to the \$9.0 million “savings” in the 2025-27 Operating Budget)

➤ **General Apportionment—K-3 Class Size—(\$50.3 million)**

Funding is adjusted for a higher actual class size of 17.38 in grades kindergarten through three, above the class size of 17 required to receive full funding

2025 Supplemental Operating Budget

➤ **School Food Service—Community Eligibility Provision—\$9.0 million**

Funding is provided for state reimbursements to schools required to participate in the Community Eligibility Provision above appropriated levels for meals not covered by federal reimbursements (This is in addition to the \$17.9 million funded in the 2025-27 Operating Budget)

Big Three —Final—



Big Three—Fiscal Need

➤ Special Education

- 2022-23 Deficit: \$524,350 Million
- 2023-24 Deficit: \$435,015 Million
- **2024-25 Deficit: \$558,962 Million**

➤ MSOC

- 2022-23 Deficit: \$420,024 Million
- 2023-24 Deficit: \$456,227 Million
- **2024-25 Deficit: \$613,681 Million**

➤ Pupil Transportation

- 2022-23 Deficit: \$85,934 Million
- 2023-24 Deficit: \$66,465 Million
- **2024-25 Deficit: \$89,605 Million**

**TOTAL Big Three Underfunding
(2024-25)
\$1.26 Billion**

AESD Data Dashboard:
<https://bit.ly/4hr4kDU>

Big Three—Legislative Funding

Special Education—SB 5263

➤ SB 5263 (original)

- 2025-27: \$1.65 Billion
- 2027-29: \$1.93 Billion

➤ SB 5263 (Snte Ed Amd)

- 2025-27: \$992.8 Million
- 2027-29: \$1.16 Billion

➤ SB 5263 (Snte W/Ms Amd)

- 2025-27: \$853.7 Million
- 2027-29: \$1.00 Billion

Special Education Underfunding
(Biennial Need)
\$1.12 Billion

➤ SB 5263 (Final)

- 2025-27: \$309.6 Million
- 2027-29: \$320.4 Million

Big Three—Legislative Funding

MSOC—SB 5192

➤ SB 5192 (original)

- 2025-27: \$297.1 Million
- 2027-29: \$346.9 Million

➤ SB 5192 (Snte W/Ms Amd)

- 2025-27: \$188.5 Million
- 2027-29: \$240.0 Million

➤ SB 5192 (Snte Floor Amd)

- 2025-27: TBD
- 2027-29: TBD

MSOC Underfunding
(Biennial Need)
\$1.23 Billion

➤ SB 5192 (Final)

- 2025-27: \$78.9 Million
 - (\$35.27 per student)
- 2027-29: TBD

Issues of Interest



Bills of Interest—HB 2050

Full House Adopted, April 19

➤ HB 2050—Implementing K–12 savings and efficiencies:

- Adjusts state school apportionment schedule
- Reduces LEA to districts with “excessive” ALE enrollment:
 - The student enrollment used to calculate LEA is reduced for school districts having more than 33 percent of the average annual full-time equivalent student enrollment (AAFTE) enrolled in ALE courses. The reduction is equal to the school district's full-time equivalent students enrolled in ALE courses, minus 33 percent of the AAFTE.
- ❖ For example: if a school district has a total enrollment of 100 AAFTE students, and 50 of those students are enrolled in an ALE, then the total enrollment would be reduced to 83 students for purposes of LEA calculations

Revenue Proposals—HB 2050

“K-12 Savings and Efficiencies”—Appportionment Changes

	Current	2025-26/2026-27
September	9%	9%
October	8%	8%
November	5%	5%
December	9%	9%
January	8.5%	8.5%
February	9%	8%
March	9%	8%
April	9%	8.5%
May	5%	5%
June	6%	6%
July	12.5%	12.5%
August	10.0%	12.5%

Bills of Interest—HB 2049

House Finance Committee Amended/Adopted, April 19

- HB 2049—Property Tax & Levy Lid/LEA:
 - Property Tax revenue growth: 101 percent plus population change and inflation, capped at 103 percent (previous: 100 percent plus population change and inflation)
 - Deletes provisions to eliminate special education enrollment cap

- Companion SB 5812—No Exec

Bills of Interest—HB 2049

House Finance Committee Amended/Adopted, April 19 (no changes to levy provisions)

➤ LEVY PROVISIONS (Lesser of):

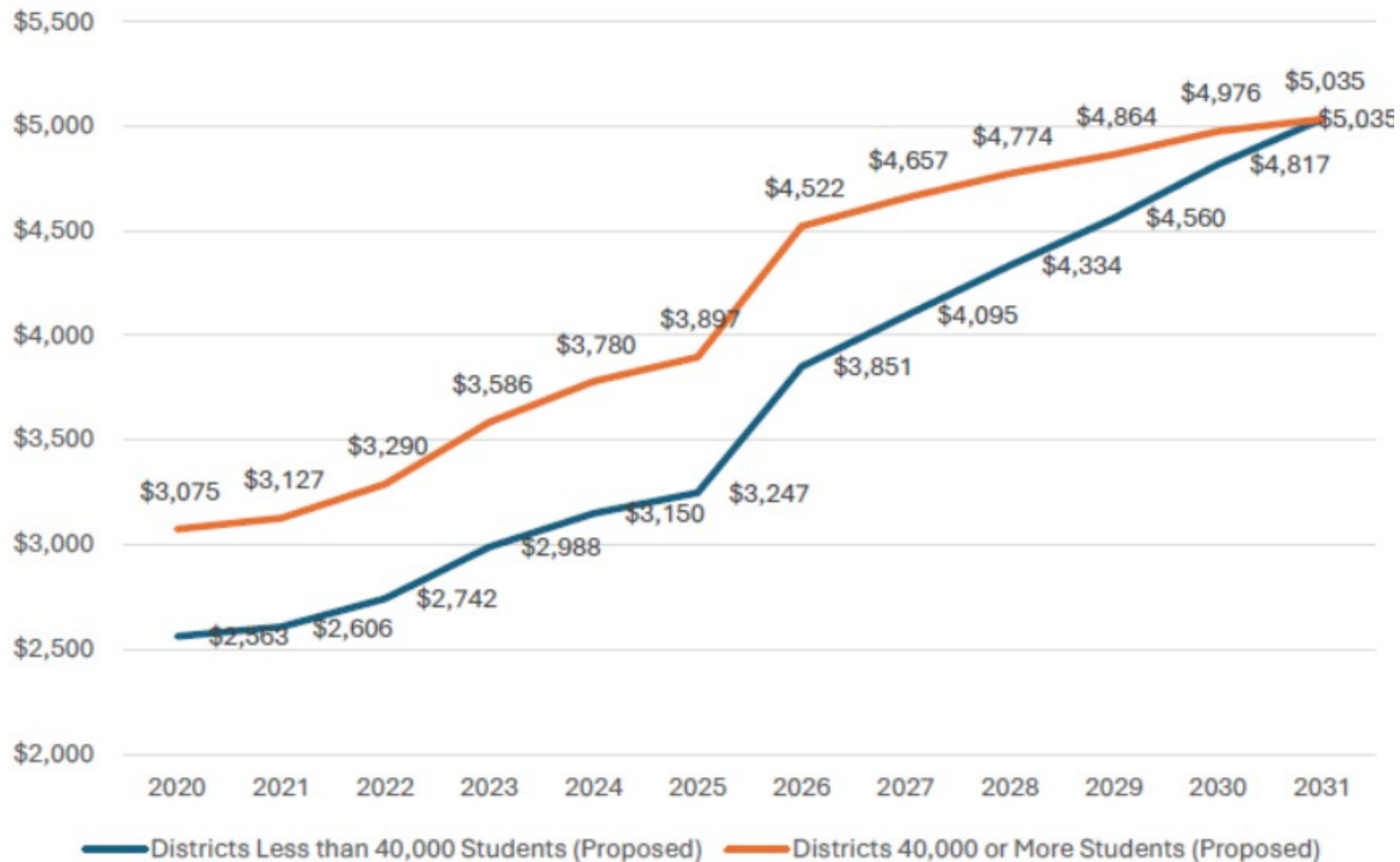
➤ **Maximum levy:** \$2.50 per \$1,000 AV (increased by inflation)

- “Inflation enhancement” provided:
- \$500 in 2026;
- 3.33 percent added to inflation each year, 2027-2030

➤ **Per Pupil Maximum:** \$2,500 (increased by inflation); \$3,000, districts over 40,000 FTE (increased by inflation)

- Beginning 2031, levy limit is \$5,035 per pupil (increased by inflation, 2032)—All districts

Maximum Per Pupil Limits with Inflation - Enrichment Levies HB 2049



Bills of Interest—HB 2049

House Finance Committee Amended/Adopted, April 19

➤ LEA PROVISIONS:

➤ **LEA Threshold:** \$1,550 per student (increased by inflation)

- Threshold increased by “inflation enhancement”:
 - ~~\$200~~ **\$150** in 2026, ~~2030, 3031~~;
 - ~~\$300~~ **\$250** in 2027; and
 - \$200 in 2030, 3031

Bills of Interest—HB 2049

House Floor Amended/Adopted, April 22

- Property Tax revenue growth provisions deleted
- LEA “inflation enhancements” deleted
- LEA inflation factor changed from CPI to IPD
- Modifies requirements of the K-12 Funding Equity Workgroup:
 - Must analyze and report on economic disparities in communities' access to resources and modifications to state and local tax authority for schools

Bills of Interest—SB 5798

Sen Ways & Means Committee Amended/Adopted, April 18

- Property Tax revenue growth provisions deleted
- Consolidates Part I and Part II of the State Levy
- Requires all County Assessors to identify the State Property Tax as the “State School Levy” on tax statements

Bills of Interest—HB 1296

“An act relating to promoting a safe and supportive public education system through student rights, parental and guardian rights”

- Establishes retaliation protections for public school employees supporting students in the exercise of their legal rights and performing work in accordance with certain requirements
- Directs OSPI to establish a process for receiving and investigating complaints alleging willful noncompliance with certain state laws and permits the OSPI to impose penalties

Educator Compensation: School Year IPD

2025-27 Operating Budget
2025-26 School Year

PCE Price Index*
Index Percent Change

U.S. CPI#
Index Percent Change

Seattle CPI+
Index Percent Change

2024	123.5	2.5	3.137	3.0	3.535	3.6
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ERFC March 2025
2026-27 School Year **Projection**

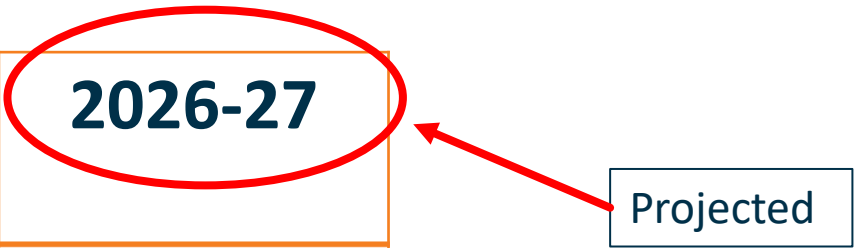
Forecast

2025	126.8	2.6	3.234	3.1	3.649	3.2
2026	130.4	2.9	3.336	3.2	3.765	3.2
2027	133.1	2.1	3.412	2.3	3.844	2.1
2028	135.6	1.9	3.480	2.0	3.926	2.1
2029	138.4	2.0	3.559	2.3	4.013	2.2

Educator Compensation: Salary Allocations

Inflationary Factor increase adjusts statewide minimum salary allocations:

	2024-25	2025-26	2026-27
CIS	\$78,209	\$80,164	\$82,248
CAS	\$116,092	\$118,994	\$122,088
CLS	\$56,105	\$57,507	\$59,002



Projected

2025 LEGISLATIVE REPORT

A PUBLICATION OF THE WASHINGTON ASSOCIATION OF SCHOOL ADMINISTRATORS

PO Box 14459 | Tumwater, WA 98511 | 360.943.5717 or 800.859.9272 | www.wasa-oly.org

2025 End of Session Report will include:

- Comprehensive review of 2025-27 Operating Budget
- Comprehensive review of 2025-27 Capital Budget
- Detailed review of all education-related bills adopted in 2025
- Summary of all education-related bills that died in 2025

Report will be e-mailed to all TWIO subscribers and archived on the WASA website

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2024 Supplemental Operating Budget —Compensation—



Educator Compensation: IPD

2023-25 Operating Budget—ESSB 5187 Section 506(1). The salary increases provided in this section are 3.7 percent for the 2023-24 school year, and 3.9 percent for the 2024-25 school year, the annual inflationary adjustments pursuant to RCW 28A.400.205

Projected IPD

RCW 28A.400.205(2)(b): Beginning with the 2024-25 school year, the Implicit Price Deflator for the previous calendar year as of the beginning of the school year

Actual 2024-25 IPD

	PCE Price Index*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
2023	127.3	3.7	3.047	4.1	3.412	5.8
Forecast						
2024	129.7	1.9	3.125	2.6	3.524	3.3
2025	132.4	2.1	3.192	2.1	3.599	2.1
2026	135.3	2.2	3.267	2.4	3.684	2.4
2027	138.1	2.1	3.341	2.3	3.768	2.3
2028	141.0	2.1	3.418	2.3	3.854	2.3
2029	143.9	2.1	3.494	2.2	3.940	2.2

Educator Compensation: Salary Allocations

Inflationary Factor increase adjusts statewide minimum salary allocations:

	2022-23	2023-24	2024-25	2024-25 REVISED
CIS	\$72,728	\$75,419	\$78,360	\$78,209
CAS	\$107,955	\$111,950	\$116,316	\$116,092
CLS	\$52,173	\$54,103	\$56,213	\$56,105

SEBB Rate Adjustment

➤ 2022-23 School Year:	\$1,026 per employee per month (includes \$80.04/month retiree subsidy)
➤ 2023-24 School Year	\$1,100 per employee per month (includes \$68.41/month retiree subsidy)
➤ 2024-25 School Year	\$1,178 per employee per month (includes \$80.32/month retiree subsidy)

Pension Contributions—Employer Rates, 2024-25

➤ TRS	9.86%
➤ PERS	9.04%
➤ SERS	10.51%

Fringe Benefit Allocations (Maintenance)

	2022-23	2023-24	2024-25
CIS	22.98%	17.97%	18.15%
CAS	22.98%	17.97%	18.15%
CLS	22.80%	22.06%	21.66%

Fringe Benefit Allocations (Increase)

	2022-23	2023-24	2024-25
CIS	22.34%	17.33%	17.51%
CAS	22.34%	17.33%	17.51%
CLS	19.30%	18.56%	18.16%

Substitute Teachers

➤ 2022-23 School Year:	\$151.86/day, four days
➤ 2023-24 School Year:	\$151.86/day, four days
➤ 2024-25 School Year:	\$151.86/day, four days

No Change; last updated, 2011-12

National Board Bonus—First Year

➤ 2022-23 School Year:	\$3,611
➤ 2023-24 School Year:	\$3,723
➤ 2024-25 School Year:	\$3,801

National Board Bonus—Subsequent Years

➤ 2022-23 School Year:	\$6,019
➤ 2023-24 School Year:	\$6,206
➤ 2024-25 School Year:	\$6,336