



Washington State  
School Directors' Association

# Legislative Update

December 18, 2012

By [Marie Sullivan](#), WSSDA Director of Governmental Relations

## Gov. Gregoire unveils 2013-15 budgets, proposes 12.3% increase in K-12 spending

Proponents for all levels of education found something to smile about when Gov. Chris Gregoire released her [budget proposals](#) for the 2013-15 biennium today.

For K-12, it's an [investment of \\$1 billion in new funding](#). Gregoire called it a significant down payment on meeting the state's constitutional obligation to fund public schools and meet the requirements under the *McCleary* decision.

The governor also proposed expanding the state's preschool program by 5,125 slots, and making new investments for higher education, including \$35 million for the College Bound scholarship which helps low-income students attend college.

Gregoire is required to submit a balanced budget that doesn't rely on new revenues at least 20 days prior to the start of the legislative session. She met the constitutional requirement by identifying what programs would be cut through a "Book 1" budget proposal. But saying that the consequences were [unacceptable](#), Gregoire focused on a plan that relies on a mix of spending cuts, projected savings, fund shifts, extensions and new revenues.

Gov.-elect Inslee will submit his own budget proposals to the Legislature for consideration. Typically this will take place around mid-February after the mid-winter revenue forecast is released. However, some governors have proposed their spending plans sooner. Senate and House budget writers will also release their budgets during session (usually late February), so there still is a long way to go before we pop the cork on K-12 funding.

### Investing in learning and instruction

In unveiling her proposal, [Gov. Gregoire said](#) it was a balanced solution that addressed the current budget shortfall of about \$1 billion and provided an additional \$1 billion in K-12 spending to meet the state Supreme Court's decision on *McCleary*.

The [main K-12 investments](#) in the governor's proposal and their timing are:

#### WSSDA Legislative Links

[Our Priorities and Positions](#)

[Legislative Updates/Reports](#)

[Legislative Events](#)

[Legislative Committee](#)

[Federal Relations Network](#)

[Legislative Resource Links](#)

[WSSDA Home](#)

- \$121 million to expand full-day kindergarten to all public schools where more than 50 percent of the students are eligible for a free and reduced price lunch, beginning in the 2013-14 school year;
- \$193 million to reduce class sizes from 24 to 20 in grades K-2, also in high poverty schools, beginning in the 2013-14 school year;
- \$209 million to fully fund pupil transportation in fiscal year 2014, a year earlier than what is in statute;
- \$401 million for maintenance, supplies and operating costs (about \$232 per student); and
- \$79 million in professional development and a boost to the principal staffing ratio for all prototypical schools to implement the new teacher and principal evaluation system.

The proposed budget would restore the 1.9 percent and 3.0 percent salary reductions imposed in the 2011 special session, and bring funding for alternative learning experience (ALE) programs back to 100 percent. It also would increase the monthly K-12 health care benefit payment from \$768 to \$777 in FY14 and to \$788 in FY15.

Other policy-level funding additions include:

- \$1.174 million operational funds for OSPI's longitudinal data system when federal funds to build the system end in June;
- \$1 million to expand the collaborative schools from three to four projects, for a total of \$4 million in 2013-15;
- \$584,000 for the State Board of Education and OSPI for work associated with implementing I-1240, the charter schools initiative;
- \$200,000 to defray the cost of national career readiness certification testing for the state's graduates of the 50 aerospace assembly and advanced manufacturing high school and skill center programs.

The "carry-forward" budget proposed by the Governor would include continued funding for implementation of WaKIDS, bonuses for National Board Certified Teachers (although the inflation factor would be suspended for two years), Readiness to Learn, Project Lead the Way at 10 high schools, several STEM and aerospace-related efforts, the leadership academy for principals and superintendents, and dropout prevention and re-engagement programs, among other activities.

Under a "no new revenues" proposal, Local Effort Assistance (LEA) was referenced for a \$100 million cut. But governor's office staff said that the reduction – along with other cuts – was not a responsible approach to the budget, so wasn't pursued.

In fact, the budget proposal would add about \$3.5million to LEA on the assumption that levy bases will increase with the new levels of other K-12 funding. The per pupil inflator would be increased to 6.2 percent in calendar year 2014, with a .4 percent in calendar year 2015. No changes were proposed to the levy lid or "ghost funding" included in a district's levy base.

In Gov. Gregoire's [proposed 2013-15 capital budget](#), \$10 million would be added to meet capacity issues for the full-day kindergarten expansion.

Gregoire's [capital plan](#) also would include:

- \$497 million in bonds and \$179 million from the Common School Construction Account in support of the School Construction Assistance Program;
- \$10 million in bonds for the Small Repair program; and
- \$500,000 for an Emergency Repair pool for problems that pose an imminent health and safety hazard.

The 2011-13 capital budget adopted last spring included funding for energy efficiency grants and several skills centers. Neither is referenced as an addition in the governor's proposal.

### Getting from here to there

"Sustainable" is how Gov. Gregoire described her [spending plan and solution](#), which includes:

- A short-term solution to bridge the funding gap for pupil transportation, followed by a long-term solution;
- "Marketplace fairness" – which could bring in an estimated \$790 million a biennium from sales tax on Internet sales dedicated to K-12;
- Suspension of the I-732 COLA for teachers;
- Cost sharing with local government;
- An infusion of cash from the feds for Medicaid expansion under the Affordable Care Act;
- Various program cuts, program savings and one-time fund shifts; and
- Other components described in the link above.

The proposed budget would leave a combined \$880 million in ending fund balance and the Rainy Day fund. "Tapping the Rainy Day fund for education is not sustainable," Gregoire said.

For pupil transportation, Gregoire is proposing a three-and-a-half year extension of the 3 B&O tax on certain services and a 50-cents-per-gallon beer tax, both of which were set to expire in June. The revenues would be deposited in the Education Legacy Trust Account. For the long term, Gregoire is recommending a phased-in increase to the wholesale excise tax on gas, going from 1.85 percent to 4.62 percent by 2017-19. At that time, she would propose shifting all pupil transportation to the state's transportation budget.

The governor said this specific change would take some time to implement, but would fully fund pupil transportation by the third biennium. At the press conference, Gregoire said there was a direct nexus between the excise tax on fuel and pupil transportation, and said the major oil companies could spare a little of their \$60 billion profits without passing on the increase to customers.

The Joint Education Funding Task Force recommendations for revenue also referenced the

transportation to the transportation budget, and program cuts and savings. However, their list of revenue options also included using the Rainy Day fund, repealing tax exemptions, and an excise tax on capital gains – along with keeping property tax options on the table.

### **Accountability**

The proposed [operating budget bill](#) (Part V) includes language that would require school districts to describe how some of the new money is spent. For example, with the K-2 class size and full-day kindergarten funding, “Districts must demonstrate compliance ... as a condition of receipt of funds.”

For Maintenance, Supplies and Operating Costs (MSOC), reporting might be trickier.

Of the seven components listed under MSOC in the budget bill and budget note, the new funding would cover 100 percent of professional development, curricula and textbooks in FY14, while the other four would receive a 20 percent (FY14) and 25 percent (FY15) funding enhancement over the base.

According to budget language, for the 2013-14 school year, professional development would include an enhanced value of \$32.65 per student. Districts would be required to spend the enhancement on training for the new teacher and principal evaluation system. (The training program would be approved by OSPI.) Compliance would be documented through a year-end financial statement or another OSPI-approved mechanism.

Governor’s office staff said the main point is to be more transparent and clear about how state funds are being used at the local level to meet certain state objectives.

### **[WSSDA’s legislative priorities](#)**

Debbie Long, WSSDA President, applauded Gov. Gregoire’s proposed budget for education.

“This is great day for Washington students and schools,” said Long. “We are thrilled by the governor’s investments in many of our funding priorities. The proposal offers a good foundation for Gov.-elect Inslee and legislators as they build their budgets.”

Long pointed out that funding for transportation, MSOC, full-day kindergarten, reduced K-3 class sizes, and professional development are priorities adopted by the WSSDA Board of Directors in October. Support for the new teacher and principal evaluation system and common core state standards is particularly needed, she said.

However, WSSDA’s funding priorities also include the legislature making a down payment for increased instructional hours, a 24-credit diploma, and compensation obligations currently covered by local levy dollars. Long said the association is hopeful these components will also be included in whatever budget is adopted this session.

As reported in the [November 1 Legislative Update](#), WSSDA’s top priority remains funding

“We need stable and sustainable funding if we are going to offer quality education for every child in Washington,” Long said.

Earlier this week, the Board reaffirmed these priorities along with its support of full funding for Local Effort Assistance. Based on input from the Board, WSSDA staff is updating the 2013 priorities briefing paper. A new version will be available by the end of the year.

### **Closing remarks**

In response to questions at the [press conference](#), Gov. Gregoire emphasized that the legislature had to meet the state’s obligation to K-12 and the *McCleary* case. While acknowledging that the legislature or Gov.-elect Inslee might do something different than what she had proposed, she argued that the bill has come due.

“The Court has said, not only do you have to do that, but we’re going to monitor you. We cannot cut our way to \$1 billion. We cannot grow our way out. The bill is here and we have to pay it.”

Gregoire said that the state obligation is a “\$3.4 billion problem statement” in the third biennium (2017-19), and that her budget makes a \$1 billion down payment in 2013-15 towards meeting the cost of *McCleary*.

“Eighty percent of the new funding goes to education. That’s the way it should be. That’s our future.” We agree.

### **Links to the governor’s proposed budget documents:**

- [Governor’s letter on the proposed budget](#)
- [Education highlights](#)
- [Budget bill draft legislation](#)
- [Budget highlights](#)
- [2013-15 budget proposal visualization](#)

You are receiving this email because you are subscribed to WSSDA's Email information services. To create, modify or cancel a subscription please use our [online request form](#) or contact WSSDA's mail@wssda.org, 360.252.3016). Your request will be processed as soon as possible.