



Washington State
School Directors' Association

Legislative Update

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

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One week and counting

With just over a week to go in the regular 105-day legislative session, the big question is whether lawmakers can resolve their differences on the House and Senate versions of the operating, capital and transportation budgets or whether they will need more time. My guess? More time.

How much more time will depend on how willing legislators are to compromise, and the numbers 50, 25 and 1 – those are the votes needed to pass a bill in the House, the Senate, and get the Governor's approval.

If yesterday's House Finance Committee hearing was any indication (three hearing rooms were packed), it will be tough to muster the votes in the House and Senate to eliminate or reduce tax preferences as a bridge to closing the projected budget shortfall and making a significant new investment in K-12 education. Like Gov. Jay Inslee, supporters of this approach said they were choosing (fill in the blank) over outdated tax policy. But opponents spoke just as passionately about the need for legislators to keep their promises or to not harm the state's economic recovery by removing exemptions that support businesses and professions.

School districts are encouraged to create comparisons of the House and Senate budgets on the district bottom line, with a particular look at the impact on how local levy dollars could be spent differently when the state picks up the tab for transportation and MSOC, and makes a down payment on compensation for classified and administrator salaries. Information should be shared with local legislators as soon as possible. Here's the [budget comparison update](#).

Anything goes

Last Wednesday, April 17, was the deadline for bills to pass the opposite chamber unless the bill is referenced in or necessary to implement a budget bill.

Bills that were amended in the opposite chamber must return to their original chamber for concurrence (agreement) or dispute. A bill in dispute usually means that the original chamber will ask the other chamber to "recede" or remove its amendments and return the bill to the version as it passed the original chamber. The other chamber may agree, or may hold strong to its changes. Another option is to offer "changes" that satisfy both chambers. Bills that remain in dispute could go to a conference committee, which is comprised of two members each of the majority House and Senate caucuses and one member each of the minority House and Senate caucus. This is usually reserved for significant bills.

Concurrence/dispute calendar

- [ESHB 1412](#) – The bill originally made community service a graduation requirement through the culminating project, starting with the class of 2017. The Senate changed the bill to encourage districts to provide an incentive for community service, but removed the graduation requirement. One idea to reach concurrence is

a change that would allow districts to exempt a student if the requirement creates a financial burden or poses a barrier to the student graduating. What happens next is still in play.

- [ESHB 1633](#) – The bill would allow school districts to use district staff to do small repair and improvement projects on district properties and facilities when the total cost of the project doesn't exceed \$75,000. The House increased the current limit of \$40,000 to \$60,000; the Senate boosted the threshold to \$75,000, which is the amount requested by school districts. WSSDA and other education advocacy groups are seeking concurrence with the higher limit.
- [2SHB 1642](#) – The bill originally would have allowed districts to adopt a policy to automatically enroll students in the next most rigorous course offered at the high school once a student passes a statewide assessment or scores a certain level on the PSAT. The Senate changed the bill to make the policy mandatory, starting with the 2013-14 school year. Both versions included a grant program to encourage and reward programs where students were earning high school and college credit, and both operating budgets included some funding for the grant program. WSSDA prefers the permissive language and the grant program structure as the bill passed the House.

Concurred

Last week the House and Senate agreed with the changes adopted in the opposite chamber. Of those, the most significant are:

- [ESHB 1652](#) – This bill would allow impact fees to be deferred from the time a building permit is submitted to occupancy, which creates an unpredictable revenue stream for local jurisdictions, including school districts, who are dealing with capacity issues. The House concurred with the changes the Senate made, and the bill will be on its way to the governor's desk soon. WSSDA, individual school districts, and local governments continue to oppose the bill.
- [E2SSB 5329](#) – The Senate concurred with the House overhaul of this bill that focuses on action steps for the state's lowest persistently achieving schools. The Senate budget and Governor's priorities included funding for schools similar to the federal School Improvement Grants that have helped many schools improve. The bill does not include grading schools as a requirement, but does have a Level 2 phase for schools that have been designated a Required Action District and have failed to make adequate progress. WSSDA and the State Board of Education, along with several education groups, supported the House version. The bill is expected to be signed by the Governor. (See [SB 5901](#) below for grading schools option still in play.)

Scheduled for signing

Gov. Jay Inslee has already wielded the pen and signed more than a dozen bills that have arrived on his desk. A schedule is posted on the Governor's [web site](#). Next week three education-related bills are scheduled for bill action. They include:

- [SB 5114](#) – Would require schools to allow access to military and "corps" recruiters equal to that allowed for any post-secondary institution or option.
- [SSB 5316](#) – Would require WSSDA to develop a model policy for the use of third parties during interviews between students and law enforcement on school premises.
- [2SSB 5624](#) – Would seek alignment of secondary and post-secondary STEM courses and programs, subject to available funding.

Gone for good?

Is it time to let the curtain drop on a couple of bills? We'll see. Some of the bills appear poised to re-emerge or are hiding in plain sight. Please keep a watch, and chime in with legislators on policy issues of concern. Here are the bills that failed to make it past the April 17 deadline:

- [HB 1173](#) – As it related to school districts, the bill would have required OSPI to incorporate financial literacy into the common core state standards, required districts to offer students the opportunity to take a financial literacy course, and would have encouraged districts to offer credit for financial literacy courses.
- [E2SSB 5237](#) – Would have addressed reading interventions for students, with an emphasis on helping K-3 students reach the statewide reading standard. The bill originally had retention and summer school for students who scored Level 1 on the statewide assessment. It was modified over the course of the session, but failed to get a vote by the full House. The bill may be resurrected as part of budget negotiations.
- [E2SSB 5244](#) – Would have modified school suspensions and expulsions, authorized data collection, required a new model policy, and eliminated indefinite suspensions or expulsions. The bill was modified significantly in the House Education Committee, but the House Appropriations Committee chose to pass the version that passed the Senate. The bill died in the House Rules Committee, with some proponents pushing for the bill as it passed the Senate and others arguing for mandating educational services to any student who has been suspended or expelled.

The Senate version, in near identical fashion, is embedded as Part IV of [SB 5901](#), which was heard in the Senate Ways & Means Committee last week. It is possible the idea will continue to see some traction this session, since both chambers have voiced interest in addressing the problem.

Other elements of SB 5901 that might continue to see the light of day even though they are past cutoff are the **unfunded mandates** portion of the bill (Sections 101-106, 111), sections related to **compensation**, including freezing TRI (Section 107) and authorizing additional study for incentive pay (Section 110), and Part II, which makes the MSOC and transportation **funding formula** changes. This bill also included **school grading** (see below), **studies** by the Washington State Institute for Public Policy due August 1, 2014 (Section 303), and the **Strategic Innovative Grant Account** (Section 307), which was funded in the Senate budget and is designed to provide bonuses for certain performance or to support hard-to-staff positions. Keep a close eye on this bill and what might move out of Senate Ways & Means.

- [E2SSB 5328](#) – The infamous school grading bill. Gone? Or waiting for end game? When the Governor came out with a suggestion to grade multiple categories of student achievement, from graduation rates to percentages earning dual credits, many in the education community groaned. But just because this specific bill is dead doesn't mean it won't reappear in a different form.

For example, grading schools was anticipated as a potential element of the school turnaround legislation, but is also a component of [SB 5901](#). The **sections seem tailored to lie on top** of [E2SSB 5329](#), the persistently low-achieving schools bill that received Senate concurrence last week.

Under SB 5901, schools would be given a letter grade using the State's Accountability Index, and the grading schools pilot program would start in 2013-14 with five districts and go statewide in 2014-15 (Section 302). Any school labeled an "F" for three consecutive years would be required to develop and implement a school district three-year school reform plan that makes significant changes to address issues identified as potential reasons for the school's low performance or lack of progress. Collective bargaining agreements must be reopened. No state funding is referenced for implementation of the school reform plan.

After three years of the school reform plan, OSPI would conduct an evaluation of the progress of each school and submit the evaluation to the SBE. Based on the report and the relevant school grading results, the SBE, in consultation with the school district, would decide appropriate next steps for school improvement, including designation at Level 2 of the required action process, if appropriate (Section 304). Keep a close watch on this, as it would appear to be part of "end game" strategy.

Getting to there from here

As mentioned in previous updates, there's usually more to adopting the omnibus budget bills, particularly if lawmakers are shifting policies around to make the budget work. Here's a quick look at the bills tied to revenue or labeled "necessary to implement the budget."

Revenue

- [HB 2038](#) is titled "Investing in the education legacy trust account for K-12 basic education and higher education by narrowing or eliminating tax preferences and extending taxes set to expire." The bill would:
 - Permanently extend the business & occupations tax on certain professional services;
 - Eliminate preferential tax rates for insurance agents, travel agents and stevedoring;
 - Eliminate the sales tax exemption on bottled water;
 - Repeal the "non-resident" sales tax exemption;
 - Extend and modify the beer tax;
 - Impose a sales tax on janitorial services;
 - Modify tax preference rates for high-tech research & development businesses;
 - Eliminate the public utility tax deduction on interstate trucking;
 - Narrow the B&O and sales tax exemptions for imported commerce;
 - Repeal the preferential rate and B&O rate for warehousing and reselling prescription drugs;
 - Create a new use tax exemption for "hog fuel" (wood waste and other wood residuals); and
 - Transfer the revenues created through these changes to the Education Legacy Trust Account at the end of the first and third calendar quarters, with the first transfer occurring by April 30, 2013 and the next September 30, 2013.

- [HB 2043](#) would suspend for two years the cost-of-living-adjustment (COLA) for K-12 employees and community college classified and certificated employees. The bill also would suspend an inflation adjustment on national board certified bonuses for the biennium.

- [HB 2046](#) would transfer \$408 million in FY14 and \$167 million in FY15 from the budget stabilization account to the general fund.

- [SSB 5895](#) would support the Senate budget and would:
 - Exempt certain allocations, expenditures and appropriations from the state's expenditure limit (enacted under I-601);
 - Repeal I-732 (COLAs) and redirect the \$320 million to the Education Legacy Account;
 - Direct 4.1 percent of the real estate excise tax (REET) to the Education Legacy Account;
 - Direct 20 percent of the public utility tax to the Education Legacy Account;
 - Direct 50 percent of the solid waste tax, for fiscal years 2016 through 2018 to the Education Legacy Account;
 - Direct unclaimed lottery prize winnings to the Education Legacy Account;
 - Transfer trust land revenues from the Common School Construction Fund to the Education Legacy Account; and
 - Revise the state debt limit.

Necessary to implement the budget (NTIB)

Among many of the NTIB bills, three are of particular relevance to education and "policy" changes. These include:

- [HB 2047](#) – Would reduce the number of state assessments required for graduation from five to three, starting with the class of 2015, and would authorize administration of a "career and college ready" set of assessments in 11th grade which could be used as an alternative assessment but not required for graduation. Specific components include:

- o Starting with the class of 2015, students would need to pass a comprehensive English Language Arts assessment and Algebra I and biology end-of-course exams to graduate;
 - o The classes of 2015 and 2016 would be able to use results from the high school reading and writing assessments to demonstrate they meet the standard in English Language Arts;
 - o Geometry and Algebra II assessments will not be administered by OSPI or schools after the 2012-13 school year; and
 - o The bill would direct OSPI to modify the state's assessment system using assessments developed with a multistate consortium (read [Smarter Balanced Consortium](#)) to assess student proficiency in English Language Arts and math, and to maximize use of the consortium assessments in adapting the state high school ELA and EOC math assessments used for graduation.
 - o The new assessments would be implemented in the 2014-15 school year.
- [HB 2051](#) – Would describe the specific phase-in schedule and allocation amounts for implementation and funding of ESHB 2261 (Chapter 548, Laws of 2009) and SHB 2776 (Chapter 236, Laws of 2010). The bill would:
 - o Authorize the State Board of Education to adopt rules to implement the 24-credit diploma for the class of 2018, using the proposal adopted on November 10, 2010;
 - o Increase instructional hours for grades K-6 to 1,000, starting in the 2017-18 school year, and increase instructional hours for grades 7-12 to 1,080, according to an implementation schedule that would add 20 hours each year, starting in the 2014-15 school year;
 - o Reduce K-3 class sizes by equal annual increments for general education and high poverty schools, beginning in the 2013-14 school year;
 - o Fund the allocation for family engagement coordinators in prototypical elementary schools and for guidance counselors in prototypical middle and high schools, using annual equal increments until allocations of 0.50 family engagement coordinators, 1.616 and 2.409 guidance counselors for middle and high schools are provided in the 2017-18 school year and thereafter;
 - o Change the base by which MSOC is calculated from 2007-08 to 2011-12 actual expenditures, resulting in a decrease from 2011-13 biennial expenditures. MSOC values would be adjusted annually for inflation, with full funding provided in the 2015-16 school year;
 - o Enhance LAP funding for prototypical schools, starting in the 2013-14 school year in equal annual increments until an allocation of 2.0 hours per week is provided in the 2017-18 school year and thereafter;
 - o Increase allocations to students in the Transitional Bilingual Instruction Program, including additional funding in the 2013-14 school year for 7th and 8th grade students, with equal and annual increments until an allocation of 6.0 hours per week is provided in the 2017-18 school year and thereafter, and for students in grades 9-12, the same to an allocation of 8.0 hours per week;
 - o Enhance TBIP by including funding for students who exit the program for up to two years, starting in 2013-14 with 0.60 hours per week in extra instruction with 15 exited TBIP students per teacher, and in the 2014-15 school year, increased in equal annual increments until an allocation of 3.0 hours per week is provided in the 2017-18 school year and thereafter;
 - o Scale voluntary full-day kindergarten to all schools by the 2017-18 school year, using equal annual increments starting in 2013-14;
 - o Enhance minimum salary allocations for state-funded classified and certificated administrative staff positions, adjusted by inflation from the 2010-11 school year and beginning in the 2013-14 school year, using the market wage analysis submitted to the Compensation Technical Working Group;
 - o Modify the transportation funding formula and eliminate the hold harmless provision;
 - o Suspend the rebasing of the state expenditure limit for FY14 through FY18; and
 - o Create an eight-member Legislative Task Force on Career Education Opportunities, with a report due December 15, 2013, to include the following:

- An analysis of the career and college ready graduation requirements proposed by the SBE and any recommendations regarding graduation requirements;
- Policies that both support and provide appropriate state oversight and strategic planning for career and technical education offered in middle schools, comprehensive high schools and skills centers;
- How to maximize statewide use of the list of CTE course equivalencies identified by OSPI; and
- An analysis of the feasibility of establishing technical high schools as an alternative delivery model for integrated secondary career and academic education.

In addition:

- The task force is comprised of four legislators, the Superintendent of Public Instruction, and representatives from the Workforce Training & Education Coordinating Board, the Student Achievement Council, and the Washington Association of Career and Technical Education.
 - OSPI is directed to identify a recommended list of course equivalencies for CTE courses and submit the list to the task force by September 1, 2013.
- [SSB 5905](#) – Would require school districts, starting next school year, to identify opportunities for using the health plans, premium credits, and subsidies available through the Washington Health Benefit Exchange (being set up under the federal Affordable Care Act) to provide affordable health insurance benefits for part-time employees. With appropriations in the budget act and other sources, districts would be required to establish compensation arrangements to reimburse a portion of premium or out-of-pocket costs of part-time employees who obtain health insurance coverage through the exchange.
 - The Senate budget estimates savings from the shift of part-time staff to the exchange, and reduces monthly health benefit subsidies to districts accordingly.

A look ahead

Next week's [schedule](#) includes public hearings on some of the bills mentioned in this report.

Starting Monday, April 22 at 8 a.m., the House Capital Budget committee will hold a public hearing on [HB 2039](#), a "bonds-only" capital budget. For K-12, the capital projects bill would fund:

- \$285 million of the School Construction Assistance Program needs;
- \$15 million for energy efficiency grants, \$5 million for emergency repair (but under the governor's budget office not OSPI);
- \$10 million for Seattle Public Schools and \$4 million for Tahoma School District; and
- \$31 million for skills centers, including \$1.5 million for Spokane Valley Tech; \$7.1 million for Clark County Skills Center; \$11.6 million for the Pierce County Skills Center; and \$11.9 million for the Spokane Area Professional-Technical Skills Center.

Also on Monday is House Appropriations at 9 a.m. The committee will take public testimony on a variety of NTIB bills, including HB 2043, HB 2046, HB 2047, and HB 2051.

The committee is also scheduled to take action on [2SSB 5794](#), a bill that would make online learning separate from other Alternative Learning Experience (ALE) programs, and would change ALE "programs" to "courses" or "coursework" for grades K-8. As some readers might recall, the governor's office has floated an idea for funding of ALE programs, which may or may not get picked up in executive session Monday.

Under the Governor's proposal, school districts would receive full funding for students enrolled in ALE programs who reside in the district. School districts could also claim state funding for students who **do not reside in the district** only if they met one of three conditions:

- All ALE courses identified in the student's written student learning plan are online courses;
- The ALE course in which the student is enrolled is a site-based course, which means they have direct instructional contact of 20 percent per week; or
- At least 90 percent of the school district's total headcount number of students enrolled in ALE courses consists of students who reside in the district.

After talking with school districts that have specific programs targeting at-risk students, credit recovery, or more flexible hours (among other benefits), legislators are considering adding a fourth exception, which would allow full funding for 9-12 grade students who live in "adjacent" districts.

Additional topics that might be of interest to readers are an explanation of how the new state Health Benefit Exchange website will work (Thursday, April 25 at 8:30 a.m.) and incentives for broadband deployment (Wednesday, April 24 at 8 a.m.) The weekly schedule is subject to change, so readers are encouraged to refer to the [legislative web site](#) for the most current information.

Top House Republican steps down

Last week House Minority Leader Richard DeBolt, R-Chehalis, announced before the full House that he was stepping down from his leadership post.

[Citing health concerns](#) – he had been in the hospital or under the care of doctors for the previous week prior to the announcement – DeBolt said he has had health issues over the past few years and needed to start listening better. Now was the time, he told colleagues as he addressed the body from the rostrum, to take a different approach.

DeBolt said doctors were still running tests, and he would make decisions about whether to serve out his term later this summer. DeBolt was first elected in 1996.

Deputy minority leader Joel Kretz, R-Wauconda, is stepping up to the top spot until a formal caucus reorganization takes place.

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