



Washington State
School Directors' Association

Legislative Update

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

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Democrats release new budget proposal, revenue package

House and Senate Democrats today released a [new budget proposal](#) that totaled nearly a \$1 billion in K-12 enhancements but nets to \$700 million after K-12 “savings” are added. A new aspect would modify the school district apportionment payment schedule from the last business day of the month to the first day of the month. The new “net” investment is much less than was included in the budget that passed the House and would be a disappointing down payment on *McCleary*.

Appropriations Chair Ross Hunter’s [proposal](#) would fund the “Big 4” – pupil transportation, MSOC, full-day kindergarten, and smaller K-3 class sizes. It would also increase funding to the Learning Assistance Program, provide \$20 million for teacher training on the new evaluation system, and fund \$10.3 million in grant assistance for districts and schools identified as Required Action Districts (SB 5329, passed and enacted).

The revenue side of the budget would use a combination of fund transfers, reduced spending, increased revenues and a \$120 million in assumed reversions. Projected savings of teacher COLAs through June 30, 2015 are worth \$320 million, while the apportionment payment change is valued at \$142.6 million. The House Chair [Summary](#) is an easy-to-read overview.

As a possible “companion” to Proposed Substitute [HB 1057](#) (2013-15 operating budget), Hunter and House Finance Chair Reuven Carlyle offered a new revenue package at the [media announcement](#) today. Proposed Substitute [HB 2034](#) includes seven revenue elements that are projected to bring in \$255.6 million in 2013-15, and \$201.8 million in 2015-17.

The revenue bill would abandon the extension of the B&O sales tax to professional services (the beer tax extension had been dropped in the regular session). What’s left was eliminating the preferential rate for travel agents and tour operators and warehouse and resellers of prescription drugs; eliminating the sales tax exemption on bottled water; repealing the nonresident sales tax; narrowing the exemption for extracted fuel (oil refineries); and making changes to two high tech R&D tax credit programs.

PSHB 2034 would link the new revenue to K-12 and higher education, with about \$168.8 million to be spent on aspects of the redefined program of basic education including:

- Increased instructional hours, phased in by 20 hours each school year through 2017-18;
- Transitional Bilingual Instruction, including an hour of additional instruction each week for students that pass the state language proficiency exam;
- Additional family engagement and school counselors, which would help support a 24-credit diploma for the graduating class of 2018; and
- Additional funding for full-day kindergarten (to increase the percentage to 53%) and MSOC.

The House Appropriations Committee didn't take testimony on the new operating budget proposal, but did hold a public hearing on the revenue substitute. Testimony was predictable, with advocates for education and unions speaking in favor and advocates for specific industries or business organizations speaking against.

Teresa Mosqueda, Government Affairs Director for the Washington State Labor Council, AFL-CIO, testified in favor of the revenue package, and urged lawmakers to consider additional revenue and pass a 2013-15 capital budget and transportation revenue legislation.

"Earlier testimony referred to winners and losers. I would offer that the state, society, and communities in every district lose IF we do not invest in education, in jobs and in infrastructure. This proposal takes significant strides to invest in Washington's children and families, which creates winners for students, schools, families, higher ed, future workers, and our society," said Mosqueda.

Speaking against the proposal, Amber Carter of the Association of Washington Business, chided the committee for not providing more notice to prepare for the public hearing. The substitute bills were revealed a little after noon today, and the public hearing started at 1:30 p.m. "This doesn't pass the transparency test," Carter said.

After closing the public hearing, House Democrats and Republicans caucused on the bills. SHB 1057 passed out of committee along party lines. SHB 2034 also passed with Democrats voting in favor and Republicans voting against.

Rep. Gary Alexander, R-Thurston County, said he recognized that the new budget represents some compromise, but raised a concern about the House committee taking action unilaterally and cautioned that hijacking the negotiating process might not be well-received by the Senate Majority Caucus. He also raised concerns about the apportionment payment change, large transfers from the Public Works Trust Fund to fund the budget proposal, and the low-water mark for education funding.

Here's a comparison of operating budget as passed the Senate and House, and the new House Democrats' proposal.

K-12 Funding Enhancements (mainly related to ESHB 2261 and SHB 2776)

Activity	Passed Senate	Passed House	House Chair SHB 1057
Transportation	\$197.5 million	\$144.1 million	\$89.3 million
MSOC	\$521 million	\$461.3 million	\$434.3 million
Full-day K	\$41.2 million	\$91.5 million	\$108 million
K-3 Class Size reduction	0	\$225.3 million	\$208 million
1,080 Hours	0	\$64.5 million	0
24 Credit Diploma	0	\$40.0 million (increases for counselors, family engagement)	0
Compensation (classified and	0	\$247 million	0

administrators)

LAP Expansion	\$241 million	\$22.8 million	\$65.7 million
TBIP Increases, Exited Students	\$5.7 million	\$12 million	0
Accountability (SB 5329, State RAD Grants)	\$10.3 million	0	\$10.3 million
TPEP Training	0	\$30.0 million	\$20.0 million

All budgets and the new proposal restore the 1.9 percent and 3.0 percent salary cuts made in the 2011-13 biennium.

All budgets assume I-732 (K-12 and CTCs) COLAs – the Senate repeals; House Democrats would suspend for 2013-15 – and preserve National Board bonus payments with no inflation adjustment.

All budgets assume savings from ALE audit recoveries, changes to statewide assessments, funding for Alternative Learning Experience programs, and eliminating (\$24.7 million) “hold harmless” funding as ESHB 2261 and SHB 2776 are phased in.

Floor action expected Thursday

Both the House and Senate are expected to take to the floor tomorrow. The House will convene at 8 a.m., which the Senate convenes at 11 a.m.

Majority Caucus responds to Governor’s estate tax comments

And for political junkies, here is the [Senate Majority Caucus response](#) to Gov. Jay Inslee’s media availability on Tuesday.

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