

The Washington State Board of Education

Governance | Achievement | High School and College Preparation | Math & Science | Effective Workforce

Title:	Legislative Update/Wrap-Up	
As Related To:	<p>Goal One: Advocate for effective and accountable P-13 governance in public education</p> <p><input checked="" type="checkbox"/> Goal Two: Provide policy leadership for closing the academic achievement gap</p> <p><input checked="" type="checkbox"/> Goal Three: Provide policy leadership to strengthen students' transitions within the P-13 system</p>	<p><input checked="" type="checkbox"/> Goal Four: Promote effective strategies to make Washington's students nationally and internationally competitive in math and science</p> <p><input checked="" type="checkbox"/> Goal Five: Advocate for policies to develop the most highly effective K-12 teacher and leader workforce in the nation</p> <p><input type="checkbox"/> Other</p>
Relevant To Board Roles:	<p><input checked="" type="checkbox"/> Policy Leadership</p> <p><input type="checkbox"/> System Oversight</p> <p><input checked="" type="checkbox"/> Advocacy</p>	<p><input type="checkbox"/> Communication</p> <p><input type="checkbox"/> Convening and Facilitating</p>
Policy Considerations / Key Questions:		
Possible Board Action:	<p><input checked="" type="checkbox"/> Review <input type="checkbox"/> Adopt</p> <p><input type="checkbox"/> Approve <input checked="" type="checkbox"/> Other</p>	
Materials Included in Packet:	<p><input checked="" type="checkbox"/> Memo</p> <p><input checked="" type="checkbox"/> Graphs / Graphics</p> <p><input checked="" type="checkbox"/> Third-Party Materials</p> <p><input checked="" type="checkbox"/> PowerPoint</p>	
Synopsis:	<p>The 2012 Legislature opened the regular session facing the need to resolve a budget problem of about \$1.4 billion. The 2012 supplemental budget that passed the Legislature in Second Special Session increased resources to the state general fund and related funds by \$444 million and reduced appropriations by \$755 million, leaving a total \$319 million (before Governor's vetoes) in reserve. The budget ended with no program reductions in K-12 Education while providing about \$12 million in enhancements, including several aligned with Strategic Plan Goals of the SBE. Among significant legislation with SBE impacts that passed in the 2012 sessions are HB 2824, which eliminated statutory distributions to school districts through the Student Achievement Program (I-728) and established a Joint Task Force on Education Funding; HB 2483, which created a Student Achievement Council or higher education planning and oversight, with certain roles for SBE, and HB 2492, which requires fiscal impact statements on proposed SBE rules.</p>	

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LEGISLATIVE REVIEW **2012 REGULAR AND SPECIAL SESSIONS**

Background

The 2011-13 state operating budget enacted in May 2011 appropriated \$32.2 billion and left \$743 million in reserve. A cumulative \$2.2 billion decline in the next three revenue forecasts produced a projected deficit, after the November forecast, of \$1.4 billion.

The Governor's 2012 supplemental budget proposed to reduce expenditures by \$1.7 billion. It left a General Fund ending balance of \$602 million through a mix of spending cuts, transfers, and reduced revenues to local governments. The Governor called for a referendum to be sent to the voters for a temporary, half-cent increase in the state sales tax, raising \$494 million to "buy back" proposed reductions in K-12 education, higher education, human services, and criminal justice.

Meeting in special session in December, the Legislature took a combination of actions to reduce the size of the budget problem by \$480 million. The December "early action" budget left a remaining problem for the 2012 Session of more than \$950 million, plus whatever amount desired in ending reserves.

Budget Passed Legislature

The budget that passed the Legislature in Second Special Session on April 11 increased budget resources by \$444 million while reducing appropriations by \$755 million.

Additional resources include:

- \$238 million from a change to the Working Capital Reserve, in which certain tax revenue is held in the General Fund longer before being distributed to local governments.
- \$144 million from redirecting existing revenues from other uses to the General Fund.
- \$74 million from additional cash transfers from other accounts.
- \$34 million in revenue legislation.

Spending reductions include:

- \$340 million in maintenance-level changes from reduced forecasts of K-12 enrollments, human services caseloads, and other mandatory costs.
- \$295 million in policy-level reductions, none of them in public schools.
- \$120 million in projected underexpenditures from budgeted levels.

Combined with the steps taken in December, the 2012 supplemental budget left a projected unrestricted ending balance, before vetoes, of \$54 million and \$265 million in the Budget Stabilization Account. (Appendix A, Balance Sheet.) The \$319 million total reserves compares to the Governor's proposed \$602 million, all in the ending balance. A 60 percent vote of each

house of the Legislature is required to appropriate money from the Budget Stabilization Account.

K-12 Budget

K-12 reductions in proposed 2012 supplemental budgets ranged from \$300 million in the Governor's budget -- \$252 million of which would be restored through voter approval of a tax measure -- to \$81 million in the first budget passing the House in late February, \$51 million in the House Republican alternative plan, and \$40 million in the "coalition" budget that passed the Senate on March 3. (Totals exclude delays in Apportionment payments proposed in some versions.) As the Legislature neared the end of the regular session, however, House and Senate negotiators came together on an agreement of no cuts in public schools. (Appendix B, K-12 budgets.)

The K-12 budget recognizes a net \$73 million in "maintenance-level" savings from the original 2011-13 budget, resulting from revised forecasts of enrollments and other mandatory costs. It makes no program reductions. It adds \$11.9 million at policy level for new and expanded programs and services. (Appendix C, 2012 Supplemental, Public Schools.)

Below we highlight enhancements to K-12 education in the 2012 supplemental budget that align with SBE's Strategic Plan Goals.

Strategic Plan Goal Two: Provide Policy Leadership for Closing the Academic Achievement Gap.

- ✓ WaKIDS -- \$1.0 million for implementation of HB 2586 (Washington Kindergarten Inventory of Developing Skills). Funding supports implementation grants to participating school districts on a schedule to be determined by OSPI.
- ✓ Collaborative Schools -- \$1.5 million for implementation of HB 2799 (Collaborative Schools). The bill establishes a five-year pilot project called Collaborative Schools for Innovation and Success, in which colleges of education and school districts will jointly develop and implement research-based models of instruction, educator preparation and professional development proven to improve student learning in low-performing schools. OSPI and the Professional Educator Standards Board will select up to six applicants. The funding supports planning and implementation grants to three of the selected applicants.
- ✓ Urban School Turnaround -- \$2.0 million in one-time funding to promote significant achievement gap reductions in the state's lowest performing schools, conditioned by a detailed budget proviso. OSPI is to select two schools in the state's largest urban district for the urban school turnaround.

Strategic Plan Goal Four: Promote Effective Strategies to Make Washington's Students Nationally and Internationally Competitive in Math and Science.

- ✓ Project Lead the Way -- \$250,000 in one-time funding to ten high schools for a program emphasizing a multi-disciplinary, hands-on and problem-solving approach to science, technology, engineering, and math (STEM) subjects. Funding will support training, curriculum and materials.

- ✓ Skills Centers as Training Hubs -- \$150,000 in one-time funding for aerospace and manufacturing course equipment and curriculum for two skills centers starting in the 2012-13 school year.
- ✓ Aerospace Assembler Program -- \$300,000 in one-time funding to expand the Washington Aerospace and Research, which offers entry-level aerospace training opportunities to adults. Start-up funding is provided to establish programs at twelve high schools by spring of the 2012 school year.

Strategic Plan Goal Five: Advocate for Policies to Develop the Most Highly Effective K-12 Teacher and Leader Workforce in the Nation.

- ✓ Certificated Employee Evaluations -- \$5.8 million for SB 5895, implementing a four-tier teacher and principal evaluation system statewide. Student growth data must be a substantial factor in evaluating performance for at least three of eight evaluation criteria for teachers and principals. Of the funding provided, \$4.3 million is for grants to districts for training of staff in the new evaluation system.

The 2012 supplemental budget provides no increased funding for basic education programs to make progress in implementing HB 2776 in accord with the *McCleary* decision. The only budget proposal in the session that included new funding for HB 2776 was that offered by the Senate Ways and Means chair on February 28, which did not pass out of committee. That proposal added \$32 million for K-3 class size reduction.

HB 2824

The intent and effect of HB 2824 are concisely expressed in its title: “Addressing comprehensive funding for education by developing a plan for full funding and by freeing certain existing revenues for support of the basic education program.” HB 2824:

1. Repeals the statutory requirement to provide annual distributions to school districts for the Student Achievement Program, originally enacted by Initiative 728 in 2000.
2. Creates a Joint Task Force on Education Funding to make recommendations for fully funding basic education programs, including the requirements of ESHB 2261, 2009 Session, and HB 2776, 2010 Session.

“Because class size reductions and similar improvements are incorporated in the reforms that were enacted in chapter 548, Laws of 2009, and chapter 236, Laws of 2010, and that are being incrementally implemented through 2018,” the bill’s first section states. “Initiative Measure No. 728 is repealed in order to make these dedicated revenues available for implementation of basic education reform and to facilitate the funding reform recommendations of the joint task force in section two of this act.”

Removing the statutory distributions for the Student Achievement Program from the base of the budget going forward makes an estimated \$914 million available for these purposes in 2013-15 and \$1.1 billion in 2015-17.

The following provides a summary of the Joint Task Force on Education Funding established by HB 2824.

Joint Task Force on Education Funding

Membership	<p>Eleven members:</p> <ul style="list-style-type: none"> • Eight legislators, two from each of the largest caucuses of the House and Senate, appointed by the Speaker of the House and President of the Senate. • Three persons appointed by the Governor.
Duties	<p>Make recommendations on how the Legislature can meet the requirements of Chapter 548, Laws of 2009 (SHB 2261) and Chapter 236, Laws of 2010 (ESHB 2776).</p> <p>Develop a proposal for a reliable and dependable funding mechanism to support basic education programs. Must, at a minimum, support full implementation of program enhancements required in HB 2261 and HB 2776, including:</p> <ul style="list-style-type: none"> • Full-day kindergarten • Reduced K-3 class size • Increased MSOC allocations • New Pupil Transportation formula <p>May recommend multiple options, but shall recommend one preferred alternative.</p> <p>If recommend an option to fully fund the program of basic education without new revenues, must identify areas of the budget to be eliminated or reduced.</p> <p>Consider recommendations for the Transitional Bilingual Instructional program made in the 2012 QEC report. Provide recommendations for a scaled funding formula based on English language proficiency and a supplemental formula based on student exit from the program due to demonstrated English proficiency, with implementing legislation.</p>
Staffing	House and Senate committee staff and Office of Financial Management, with assistance from the Washington State Institute for Public Policy and other agencies as necessary.
Report	Final report due to the Legislature by December 31, 2012.

Meeting the requirements of Chapter 548, Laws of 2009 includes development of a plan for funding the 24-credit graduation requirements defined in the act as constituting the instructional program of basic education. As discussed at the Board meeting in January, SHB 2261 also stipulated that changes in graduation requirements that have a fiscal impact on school districts, as identified by OSPI, shall take effect only if authorized and funded by the Legislature through the budget act or other legislation. (Appendix D, 2261 graduation requirements.) SBE encourages the Governor and the Legislature to give due attention to this part of the task force's mandate.

Other 2012 Legislation with SBE Impacts

HB 2483, Higher education coordination

Creates a nine-member Student Achievement Council, replacing the Higher Education Coordinating Board, to set goals, advocate for, and monitor the performance of the state's higher education system. The new agency has several interactions with SBE, the latter two carried over from the HECB:

- Includes a representative of the K-12 system, selected by the Superintendent of Public Instruction in consultation with SBE and the Department of Early Learning.
- “Connects the work” of other education agencies, including SBE.
- Collaborates with other agencies, including SBE, in proposing educational attainment goals and priorities.
- Collaborates with other agencies, including SBE, to improve student transitions between secondary and postsecondary education and workforce participation.
- Makes recommendations to OSPI and SBE on basic skill competencies and essential core competencies for K-12 education.

HB 2492, State Board of Education fiscal impact statements on proposed rules

Requires SBE, when it publishes a notice of a rule-making hearing, to provide a school district fiscal impact statement along with the proposed rule. The Board is required to have a presentation and public hearing on the fiscal impact statement as well as on the rule. OSPI must prepare the fiscal impact statement and solicit estimates of impacts from a representative sample of school districts.

2012 Legislative Review

- 2012 Supplemental Budget
- Joint Task Force on Education Funding
- Legislation with SBE impacts

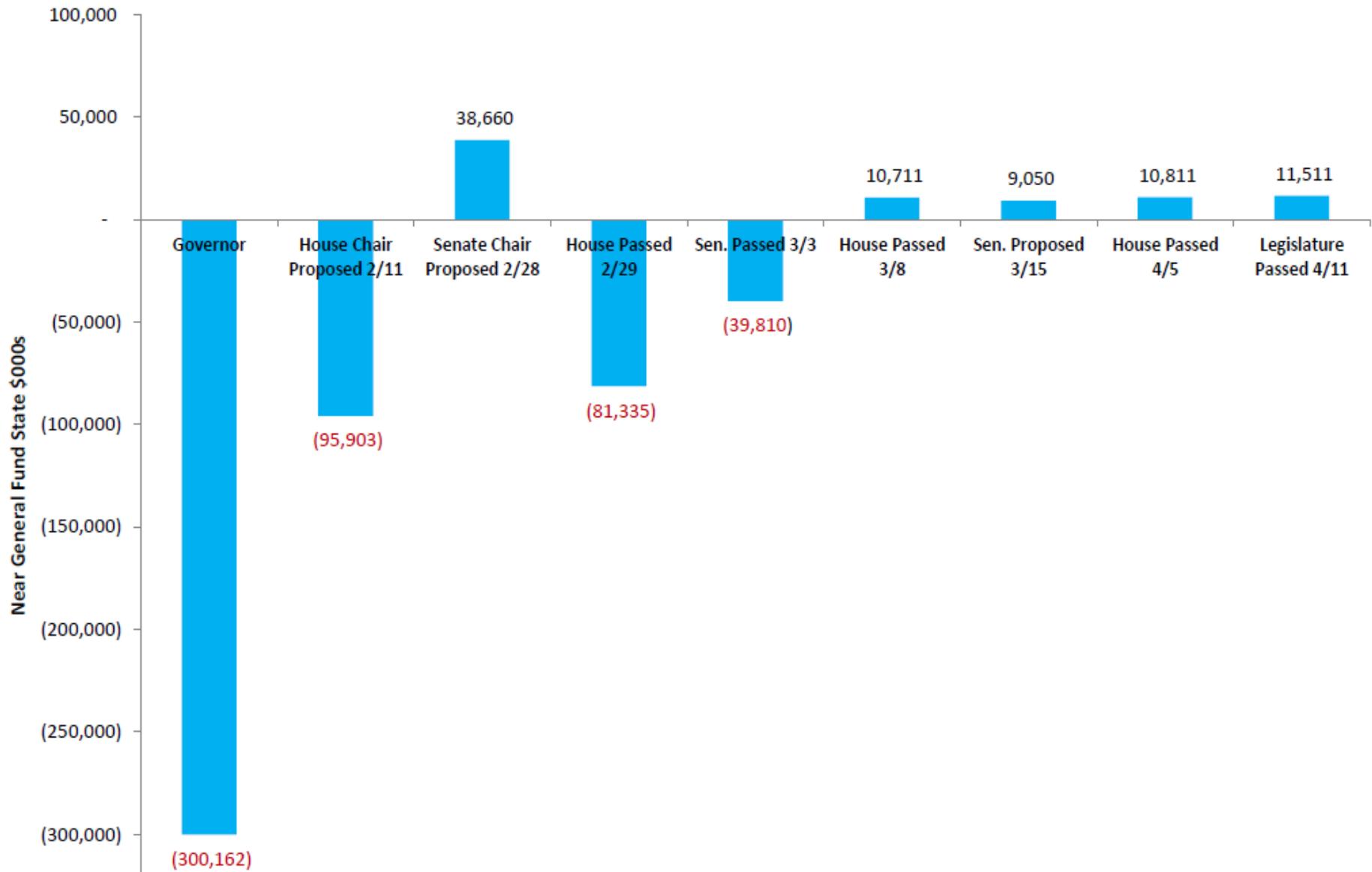
Budget Balance Sheet (Before Vetoes)

- \$444 million in additional resources
- \$756 billion in reduced expenditures
- \$319 million reserves
 - Vetoes reduce reserves to \$311 million.

K-12 Budget Summary

- \$73 million savings from reduced forecasts of mandatory costs
- \$11.9 million in program enhancements
- No program reductions
- No increased funds for basic education per *McCleary*

The multiple supplemental budgets proposed in 2012 ended with no policy reductions to K-12 Education, and some enhancements.



K-12 Budget Enhancements

SBE Strategic Plan Goal 2 – Achievement Gap

- WaKIDS -- \$1.0 million
- Collaborative Schools -- \$1.5 million
- Urban School Turnaround -- \$2.0 million

K-12 Budget Enhancements

SBE Strategic Plan Goal Four – Math and Science

- Project Lead the Way -- \$250,000
- Skill Centers as Training Hubs -- \$150,000
- Aerospace Assembler Program -- \$300,000

K-12 Budget Enhancements

SBE Strategic Plan Goal 5 – Effective Workforce

- Certificated Employee Evaluations -- \$5.8 million

Increased Support for SBE Goal Areas

Achievement Gap

- WaKIDS
- Collaborative Schools
- Urban School Turnaround

Math and Science

- Project Lead the Way
- Skill Centers
- Aerospace Program

Workforce

- Teacher and Principal Evaluations

HB 2824

“Addressing comprehensive funding for education by developing a plan for full funding and by freeing certain revenues for support of the basic education program.”

- Repeals I-728
- Creates Joint Task Force on Education Funding

Other Bills with SBE Impacts

- HB 2483, Student Achievement Council
- HB 2492, Board of Education Rules

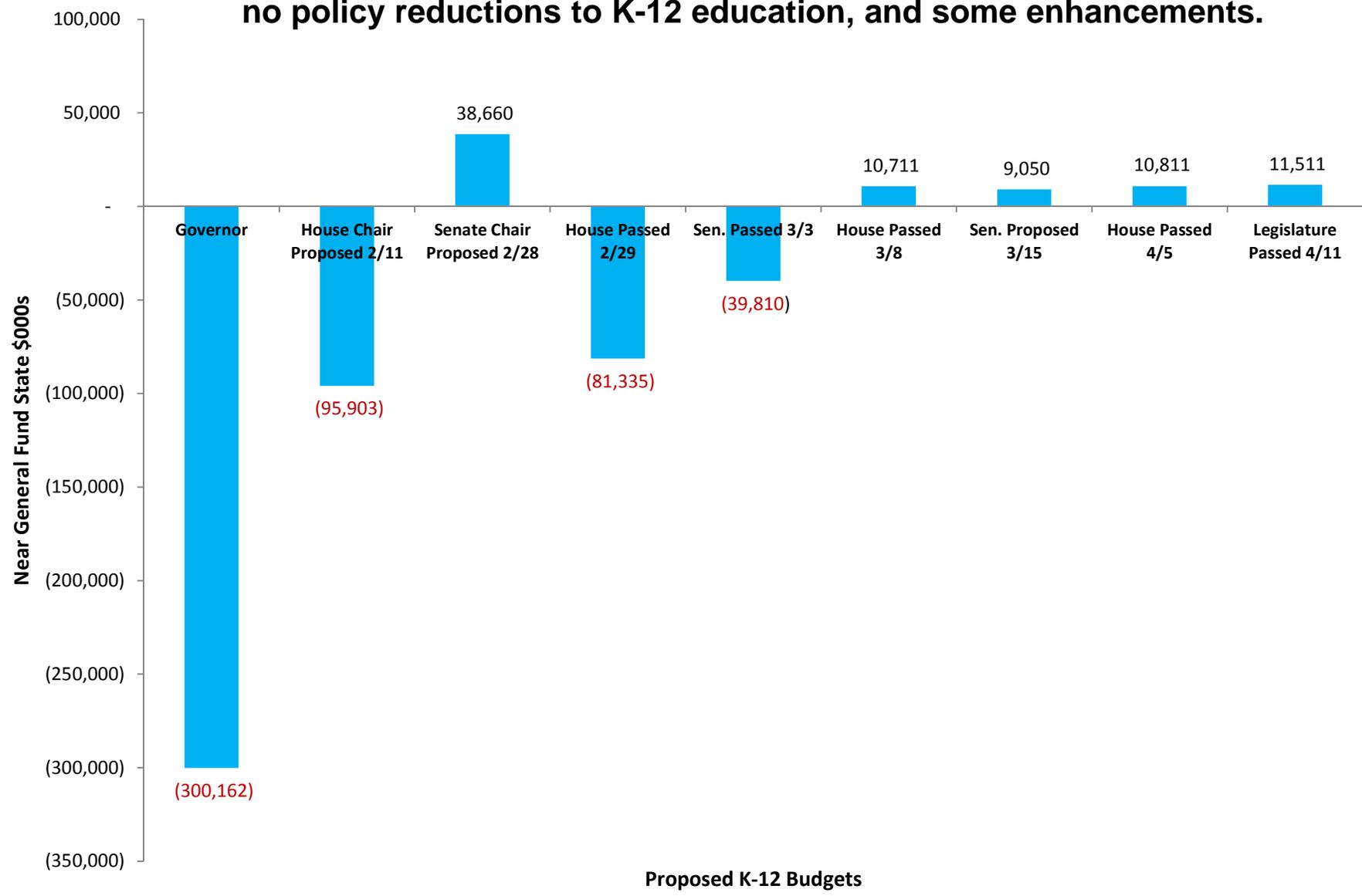


Summing up 2012 Sessions

- ✓ K-12 budget was protected.
- ✓ New funding that supports SBE Strategic Goals
- ✓ Movement toward meeting requirements of *McCleary*



The multiple supplemental budgets proposed in 2012 ended with no policy reductions to K-12 education, and some enhancements.



Excludes Apportionment delays proposed in some budgets.

2011-13 Omnibus Budget -- 2012 Supplemental

Public Schools (350)

(Dollars in Thousands)

3ESHB

2127

Passed Legislature (Before Vetos)

Near General Fund - State

2011-13 Original Appropriations	13,708,437		
2011-13 Maintenance Level	13,635,887		
Policy Changes:		Description	SBE Note/Impact
1. Auditor Reduction	-54	**Not specific to Public Schools -- Changes made to all agency budgets ripple through to OSPI** Auditor Reduction - Agency funding levels are adjusted to reflect changes in the number of audit hours needed, reductions in billing authority for the Office of the State Auditor's Audit of State Government Account, and use of existing fund balance. The Office of the State Auditor will use a risk-based methodology in selecting agencies to audit.	
2. Attorney General Reduction	-57	**Not specific to Public Schools - changes made to all agency budgets ripple through to OSPI** Attorney General Reduction - Agency funding levels are reduced to reflect reductions in billing authority for the Office of the Attorney General's Legal Services Revolving Account.	
3. Sec of State Archive Reduction	-5	**Not specific to Public Schools ** Sec of State Archive Reduction - Agency funding levels are reduced to reflect reductions in billing authority for the Office of the Secretary of State's Archives and Records Management Account.	
4. Project Lead the Way	250	Project Lead the Way - - Project Lead the Way (PLTW) is a program emphasizing a multi-disciplinary, hands-on, and problem-solving approach to science, technology, engineering, and math (STEM) subjects. One-time funding is provided for 10 high schools to implement advanced PLTW coursework beginning in the 2012-13 school year. Funding will support the participating schools' implementation costs, including training, curriculum, and materials.	SBE Strategic Plan Goal 4 (Math & Science)
5. Skills Centers as Training Hubs	150	Skills Centers as Training Hubs - - One-time funding is provided for aerospace and manufacturing course equipment and curriculum to two skills centers starting in the 2012-13 school year. The skills centers will provide: 1) local high schools access to laboratory space for manufacturing courses leading to industry-recognized employment certifications offered at their school; 2) the opportunity to offer more specialized training; and 3) teachers in the region a central location to attend technical professional training in the instruction of courses leading to student employment certification in aerospace and manufacturing industries.	SBE Strategic Plan Goal 4 (Math & Science)
6. Aerospace Assembler Program	300	Expand Aerospace Assembler Program - - The Aerospace Assembler program developed by the Washington Aerospace and Research Center offers entry-level aerospace training opportunities for adults. One-time funding is provided for start-up grants to establish similar programs at twelve high schools by spring of the 2012-13 school year. Each participating high school will offer the entry-level aerospace assembler training program through a combination of online and hands-on instruction. At completion, students will have earned a skill certificate and be ready for employment in entry-level jobs upon graduating from high school.	SBE Strategic Plan Goal 4 (Math & Science)
7. Central Service Reforms	-257	**Not specific to Public Schools - ** Central Service Reforms - - Funding is reduced to reflect efficiencies in state agency use of cell phones, mailing, printing, and information technology.	
8. Commute Trip Reduction	-3	**Not specific to Public Schools** Commute Trip Reduction - Funding is reduced to reflect elimination of General Fund support for the program.	
9. Certificated Employee Evaluations	5,767	Certificated Employee Evaluations - Funding is provided pursuant to ESSB 5895 (certificated employee evaluations), implementing a four-tier teacher and principal evaluation system statewide. Student growth data must be a substantial factor in evaluating performance. Funding includes grants to districts implement the revised evaluation system.	SBE Strategic Plan Goal 5 (Effective Workforce)

* Near General Fund-State = GF-S + Education Legacy Account

2011-13 Omnibus Budget -- 2012 Supplemental

Public Schools (350)

(Dollars in Thousands)

10. Open K-12 Education Resources	250	Open K-12 Education Resources - Funding is provided to implement E2SHB 2337, which requires that the Superintendent of Public Instruction develop and adopt new and existing, openly licensed courseware aligned with the Common Core state standards.	May facilitate change in how we deliver (and pay for) content.
11. WaKIDS	1,000	WaKids - Funding is provided to implement ESHB 2586 (Kindergarten Inventory). Changes the implementation schedule for administration of the Washington Kindergarten Inventory of Developing Skills.	SBE Strategic Plan Goal 2 (Achievement Gap). Creates waiver issue for SBE.
12. Career & Tech Ed Grants	100	Career & Tech Ed Grants - Provides support for statewide supervision activities for student leadership organizations in career and technical education.	
13. Urban School Turnaround	2,000	Urban School Turnaround - One-time funding is provided for an urban school turnaround initiative to promote significant educational achievement gap reductions in the state's lowest performing schools. SPI is to select two schools in the state's largest urban district.	Seems disconnected from the SIG and RAD process. Hopefully future budgets will integrate.
14. Collaborative Schools	1,500	Collaborative Schools - \$1,500,000 is provided solely for implementation of HB 2799 (Collaborative schools for innovation). Colleges of education and school districts will develop and implement research-based models of (1) instruction proven to close the achievement gap and improve student learning in low-performing schools, and (2) educator preparation and professional development proven to build an educator workforce with the skills and background to serve students in low-performing schools.	This is better integrated into the SIG process, but the RAD process is still unfunded.
15. AP/IB Exam Fee Backfill	100	AP/IB Exam Fee Backfill - A state appropriation is made to backfill a reduction in the federal contribution to low-income students for Advanced Placement (AP) and International Baccalaureate (IB) exam fees.	
16. Interpreter Services Standards	25	Interpreter-Services Standards - Funds are provided for the Professional Educator Standards Board to develop educator interpreter standards and identify interpreter assessments available to school districts. PESB will establish a performance standard defining what constitutes a minimum assessment result for each educational interpreter assessment identified, publicize the standards and assessments for school district use.	
17. Foster Care Outcomes	128	Foster Care Outcomes - Funding is provided pursuant to SHB 2254 (foster care outcomes), which directs OSPI to report on the implementation of the state's plan of cross-system collaboration to promote educational stability and improve education outcomes of foster youth. The report is due December 1, 2012 and annually thereafter through 2015.	
18. Services for At-Risk Students	200	Services for At-Risk Students - Funds are provided for the American Academy to provide social support and academic intervention to students who have been suspended or expelled, are pregnant or parenting teens, have dropped out of school, or are significantly at risk of dropping out of school.	
19. Pension Rate Correction	267	**Not specific to Public Schools** Pension Rate Correction - Effective April 1, 2012, pension rates applied to K-12 employees will revert to those funded in the 2011-13 budget. Allocations to school districts are adjusted accordingly.	
20. PEBB Rate Reduction	-150	**Not specific to Public Schools** PEBB Funding Rate Reduction - The Public Employees' Benefits Board (PEBB) funding rate is reduced from \$850 to \$800 per eligible employee per month for FY 2013.	
Total Policy Changes	11,511		
Total Policy w/o across-the-boards	11,887		
2011-13 Revised Appropriations	13,647,398		

Near General Fund-State and Opp Pathways
3ESHB 2127 (Passed Legislature)
(Dollars in Millions)

	2011-13
Beginning Balance	(60.4)
 Revenue	
November Revenue Forecast	30,568.7
December Action: HB 2169 (Unclaimed Property)	50.6
February Forecast Update	86.8
<i>2012 Legislation Impacting Revenues (Including Budget Driven)</i>	<i>177.3</i>
Total Revenue	30,883.5
 Other Resource Changes	
Transfers To The Budget Stabilization Account	(264.8)
Use of Budget Stabilization Account	-
Other Previously Enacted Fund Transfers & Adjustments	244.1
December Action: Transfers (SHB 2058)	106.2
<i>2012 Adjustment to Working Capital Reserve (HB 2822)</i>	<i>238.0</i>
<i>2012 Fund Transfers & Other Adjustments</i>	<i>28.4</i>
Other Resource Changes	351.9
Total Resources	31,174.9
 Spending	
Previously Enacted Appropriations	32,200.0
December Action: (SHB 2058)	(322.9)
<i>2012 Maintenance Level Changes</i>	<i>(340.3)</i>
<i>2012 Policy Level Changes</i>	<i>(295.4)</i>
<i>Estimated NGFS Reversions</i>	<i>(120.0)</i>
Total Spending	31,121.3
 Ending Balance & Reserves	
Unrestricted Ending Fund Balance	53.6
Budget Stabilization Account Balance	265.3
Total Reserves	318.9

SHB 2261 directed new, 24-credit high school graduation requirements, while placing funding conditions on their adoption by the State Board of Education.

Section 101 (2)

The legislature defines the program of basic education under this chapter as that which is necessary to provide the opportunity to develop the knowledge and skills necessary to meet the state-established high school graduation requirements that are intended to allow students to have the opportunity to graduate with a meaningful diploma that prepares them for postsecondary education, gainful employment and citizenship. Basic education is by necessity an evolving program of instruction intended to reflect the changing educational opportunities that are needed to equip students for their role as productive citizens.

Section 104 (3)

The instructional program of basic education provided by each school district shall include:

- (b) Instruction that provides students the opportunity to complete twenty-four credits for high school graduation, subject to a phased-in implementation of the twenty-four credits as established by the legislature. Course distribution requirements may be established by the state board of education under RCW 28A.230.090.

Section 111 (2) (c)

The state board shall forward any proposed changes to the high school graduation requirements to the education committees of the legislature for review and to the quality education council established under section 114 of this act. The legislature shall have the opportunity to act during a regular legislative session before the changes are adopted through administrative rule by the state board. Changes that have a fiscal impact on school districts, as identified by a fiscal analysis prepared by the office of the superintendent of public instruction, shall take effect only if formally authorized and funded by the legislature through the omnibus appropriations act or other enacted legislation.