

Education

EARLY LEARNING

Success Starts Early

The research is clear that early learning is an essential and particularly cost-effective strategy for improving student achievement. The Governor’s commitment to education and increasing its funding begins with preschool programs to ensure children are ready to thrive in kindergarten and beyond.

Investment

Fund 5,125 new preschool slots for children over the next two years in the Early Childhood Education and Assistance Program, a 61 percent increase in the number of children served. This will serve 4,500 more 4-year-olds and reduces the unserved 4-year-old population by one-third. (\$50.0 million General Fund-State)



K-12 EDUCATION

Meeting the State’s Basic Education Obligations

For decades, Washington has struggled to adequately fund education from kindergarten through the 12th grade. During the Governor’s first term in office, she and the Legislature increased funding for schools, including full funding for Initiative 728 to reduce class sizes and Initiative 732 to provide cost-of-living salary increases for K-12 employees. The Great Recession, however, not only halted progress on K-12 funding but forced difficult reductions.

At the same time, however, local school districts and other parties successfully sued to force greater state funding of education. Last year, the state Supreme Court affirmed that the state was not meeting its constitutional obligation to fully fund basic education. The court deferred to the Legislature to remedy the funding shortfall, but indicated that funding promises made by the state in 2009 (House Bill 2261) and 2010 (House Bill 2776) embodied a “promising reform program” for meeting the state’s obligation over time. The court mandated annual reports from the Legislature on its progress. Commitments in the two bills are estimated at \$3.4 billion per biennium when they are fully phased-in by 2018. The challenge in the 2013–15 biennium is to make significant progress toward meeting the legislative commitment to public schools.

In HB 2776, the Legislature committed to a timeline for funding four specific program enhancements by 2018: provide funds for full-day kindergarten for all students; reduce class sizes in grades K-3; fully fund a new pupil transportation funding formula that recognizes actual costs of transporting students to and from school; and significantly increase state funding for the materials, supplies and operating costs of schools (including non-staffing costs such as utilities, insurance, books and supplies, technology and training programs).

Reduction

The Governor's budget suspends Initiative 732 cost-of-living salary increases for K-12 and certain higher education employees. While current salary reductions are restored for the 2013–15 biennium, the economic recovery has not progressed sufficiently for the state to provide salary increases next biennium in addition to other essential K-12 enhancements. (\$360.3 million GF-S)

Investments

The Governor is proposing a 12.3 percent increase in the K-12 budget over the current biennium, including \$1 billion to continue phasing in the state's HB 2776 commitment to basic education. The Governor's budget prioritizes K-12 enhancements for 2013–15 to those areas with the greatest potential to improve student achievement.

Basic education funding enhancements:

- » **Reduce class sizes** in grades K-2 from 24 students to 20 students in high-poverty schools. The impacts of early learning and full-day kindergarten are strengthened and reinforced by smaller class sizes in the early grades. Under HB 2776, all schools will be funded for K-3 class sizes of 17 students by 2018. (\$193.0 million Education Legacy Trust Account)
- » **Continue the phase-in** of full-day kindergarten programs. Building from increases in state funding for preschools, full-day kindergarten is expanded to all public schools where more than 50 percent of the student population is eligible for free or reduced price lunch. Currently, only 44 percent of such schools are funded. Under HB 2776, all schools will receive state funding for full-day kindergarten by 2018. (\$121.0 million Education Legacy Trust Account)
- » **Improve instructional practice** through improved teacher and principal evaluations. The state has adopted a new system to more effectively evaluate teachers and principals. The greatest promise of the new system lies in the ongoing efforts of teachers working with their principals to continually improve instruction based on the results of effective evaluations and use of strategies targeted to the needs of each teacher's students.
 - Provide one-time training funds next school year to ensure all teachers have an understanding of the new evaluation system criteria and procedures and how these can improve their practice. Beginning in the 2014–15 school year, this funding will be used for ongoing professional development in schools and for other maintenance, supply and operating costs the state has committed to fund. (\$24.0 million Education Legacy Trust Account)
 - Increase funding for school principals to provide more time for them to work as instructional leaders and facilitators in their buildings. Administrators will conduct detailed teacher performance reviews and guide improvement programs to hone best teaching and learning practices in the classroom. (\$55.0 million Education Legacy Trust Account)
- » **Increase funding for maintenance, supplies and operating costs.**
 - Fund 100 percent of the funding formula enhancement for professional development, curricula and textbooks. (\$162.0 million Education Legacy Trust Account)
 - Fund 20 percent of the funding formula enhancement in fiscal year 2014 and 25 percent of the enhancement in fiscal year 2015 for utilities and insurance, facilities maintenance, technology, security and central office costs, and other supplies and library materials. Under HB 2776, final phase-in of all funding components of maintenance, supplies and operating costs will be completed by 2016. (\$239.0 million Education Legacy Trust Account)
- » **Fund 100 percent of the state's new pupil transportation funding formula**, beginning next school year — one year ahead of the HB 2776 schedule. (\$209.0 million Education Legacy Trust Account)

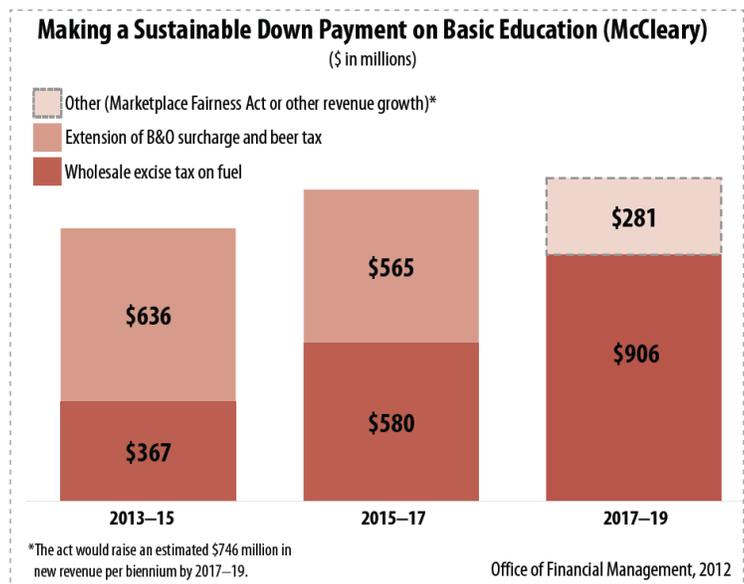
Accountability

The public needs to know that new basic education funds will be spent for the intended priorities. The Governor's budget requires all school districts to use the enhanced basic education formula funds for their appropriated purposes as a requirement of obtaining state resources. School districts will report to the Legislature and the public on how the use of all state funds aligns with state funding allocations.

Basic Education Enhancements: How to Pay for It All

After four years of budget cuts to all areas of state government, Governor Gregoire does not believe the funding needed for K-12 schools can be captured entirely through even deeper cuts to other critical services. Nor does the Governor believe the state can continue to delay the additional investments our schools require. Instead, her budget proposes a balanced approach of reasonable reductions in other services combined with new revenues to pay for pupil transportation.

The Governor proposes a wholesale excise tax on gasoline and diesel fuel, dedicated to pay the full costs of pupil transportation services over the next three biennia. By using transportation revenues to pay for pupil transportation, state resources are freed-up for full-day kindergarten, class size reduction, and the maintenance, supplies and operating enhancements outlined above. The wholesale fuel tax will start at 1.85 percent on July 1, 2013, increasing to 2.91 percent in the second biennium and 4.62 percent in the third biennium. When fully phased-in for the 2017–19 biennium, the wholesale fuels tax revenues and all appropriations for pupil transportation will be transferred from the state operating budget to the state transportation budget.



During the transition to relying entirely on transportation taxes to fund pupil transportation, the Governor proposes extending two temporary tax surcharges the Legislature enacted for the 2011–13 biennium and are set to expire June 30. In 2010, lawmakers approved a 0.3 percent increase to the business and occupation tax paid by doctors, lawyers, accountants and others and a 50-cent-per-gallon beer tax. Extending both taxes by three and a half years, and keeping in place certain exemptions, will yield \$636 million for school enhancements in 2013–15 and \$565 million in 2015–17. For those two biennia, the transportation tax and the two tax surcharges will be deposited into the Education Legacy Trust Account and dedicated to enhancements in state basic education programs.

This revenue package enables a \$1 billion down payment on the \$3.4 billion in new K-12 spending the state has committed to over the next six years. In two years, we will face another funding challenge. While the Governor's budget proposal begins to increase state funding for maintenance, supplies and operating costs, these costs will increase by \$855 million for the next biennium.

The Governor is working with fellow governors to win approval of the Marketplace Fairness Act. This measure would provide sorely needed new revenue by requiring online retailers to collect the sales tax on purchases that customers of brick-and-mortar retailers now pay. The Governor proposes that all future revenues from the act (\$384 million in the 2013–15 biennium, increasing to \$631 million and then \$746 million in the next two biennia) be dedicated to next steps in funding basic education commitments.

Other K-12 funding increases:

- » **Increase employer pension contributions** for K-12 employees. (\$174.1 million GF-S)
- » **Restore temporary salary reductions** implemented in the 2011–13 biennium: 1.9 percent for teachers and classified employees and 3.0 percent for administrators. (\$165.8 million GF-S)
- » **Restore one-time funding reductions** to Alternative Learning Experience programs. (\$43.0 million GF-S)
- » **Increase K-12 employee health insurance benefit allocations** from \$768 per employee per month to \$777 per employee per month for the 2013–14 school year, and to \$788 per employee per month for the 2014–15 school year. (\$27.2 million GF-S)
- » **Implement the administrative procedures** required for the approval and monitoring of individual charter schools, as required by Initiative 1240. (\$1.0 million GF-S)

HIGHER EDUCATION

Investments

Washington’s public colleges and universities are well-positioned to respond to student needs by prioritizing services and programs within existing resources. Even so, the Governor’s budget proposes targeted enhancements to launch new programs and offer support in key areas:

- » **Create a STEM** (science, technology, engineering and math) **enrollment pool**. The six public baccalaureate institutions will be able to compete for enrollment funds in STEM fields. These programs often cost more to operate, so funding will ensure that the four-year institutions can expand programs with high employer demand. The competitive nature of the pool will reward the best-designed and most cost-effective proposals. (\$11.0 million GF-S)
- » **Expand aerospace and STEM offerings** at the community and technical colleges. Funding will support 330 student FTEs who will get cutting-edge training in fields such as precision machining, machine maintenance, composite technology and other STEM areas. (\$5.0 million GF-S)
- » **Support colleges of engineering**. Last year, the University of Washington and Washington State University committed to graduate an additional 425 students each from their respective colleges of engineering. New investments will assist the universities in supporting these enrollments and implementing best practices in engineering programs to help them meet these targets. (\$4.0 million GF-S)
- » **Fund College Bound scholarships**. College Bound scholarships reward low-income, middle school students who commit to high school graduation and preparation for college with enhanced financial aid. The first College Bound students are now progressing in their college education. Investment in these scholarships maintains the state’s commitment to these students. (\$35.0 million GF-S)