

Advocacy Chair - Audubon BOD 2010-04-15

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Lake Washington School District Will Not Cut Next Year's Budget ***More local levy dollars will fill in for state cuts***

April 14, 2010 Kathryn Reith, Communications Director

FOR IMMEDIATE RELEASE

Redmond, Wash. – While the final state budget, adopted yesterday, includes cuts to state funding of K-12 education, Lake Washington School District has analyzed the impact to its budget and determined that expected cuts will not be needed for the 2010-2011 school year. The legislature's local levy authority package as enacted will allow the district to collect enough in local levy dollars to make up for those state cuts. Because the budget will be flat for next year, the district will not hold budget input meetings this spring.

"We've gotten a reprieve," noted Dr. Chip Kimball, superintendent. "I'm relieved that cuts ended up being less than anticipated in the proposed budget packages. However, I'm concerned about the state's increasing reliance on local taxpayers to pay for what the state should provide, and am concerned about the loss of federal stimulus dollars in another year."

Total cuts to the Lake Washington budget amount to a \$3.5 million reduction in state funding. The largest amount comes in the elimination of voter-approved I-728 student achievement funds. Three-quarters of those dollars were cut last year: the remaining \$2.3 million fell in this year's state budget. Another significant cut comes by reducing fourth grade K-4 class size enhancement dollars, for a total of about \$900,000. The last state-funded Professional Development day for teachers was also cut, at \$455,000. The state did increase district funding for some general costs, adding about \$275,000 to the Lake Washington allocation for non-employee related costs such as utilities and fuel.

On the other hand, the state legislature passed a local levy package that enables the district to collect more revenue by protecting the base amount on which levy collection is calculated and increasing the percent of that base it can collect by four percent. As a result, Lake Washington now has the state authority to collect 28.89 percent of a certain package of state and federal revenues through its Educational Programs and Operations levy.

"Determining what to ask voters for in a levy measure is a difficult balance," noted Deputy Superintendent Janene Fogard. "We have to predict for four years the district's needs, local enrollment growth, state funding and federal funding. For the February election, we based our EP&O levy proposal on the growth we saw in the levy base over the last four years. With the state legislature's change in the levy lid, we will be able to collect about 26.7 percent of the base in 2011."

The district does not anticipate going to voters to ask for an increase in levy authority for 2011 to allow it to collect the full 28.89 percent now allowed by law.

The district will collect about \$4.5 million more in the 2010-11 school year based on the levy authority authorized in February's election. That increased local levy revenue will restore the \$3.5 million in state revenues lost plus a reduction in federal Title I dollars of about \$800,000. The result is a flat budget for next year.

"While we can rest easier for next year," noted Dr. Kimball, "We still have to anticipate what will happen in 2011. The federal stimulus dollars now going both to the state to fund education and to our district directly are scheduled to end. We will continue to use our dollars carefully since the loss of significant amounts of stimulus dollars is just a year away. If the state economy does not pick up enough to make up for that loss, we could face another round of cuts for 2011-2012 and beyond."

Daily Legislative Update - by Dan Steele, WSSDA Director of Governmental Relations Sine Die Edition — Tuesday, April 13, 2010

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The final, compromise tax package, estimated to raise just under \$757 million, imposes a B&O tax surcharge on services; increases taxes on cigarettes, beer and pop; extends the sales tax to bottled water, candy and gum; and makes various tax changes to ensure out-of-state companies pay Washington taxes. Ultimately, the Senate gave up on an increase in the state sales tax and the House gave up on the elimination of tax breaks for banks, buyers of custom software and out-of-state residents.

The 2010 Supplemental Operating Budget includes approximately \$755 million in reductions from the underlying 2009-11 budget adopted last year, including about \$120 million in K-12 cuts (a reduction in the Maintenance Level budget). The K-12 portion of the budget includes the following major changes:

- An additional \$29.8 million is provided to increase Local Effort Assistance from the current 12 percent rate to 14 percent.
- An additional \$8 million is provided to maintain funding for the Per Pupil Inflation at 4 percent, as originally established in the underlying 2009-11 budget.
- An additional \$5.1 million is provided to implement SB 6696, the Race to the Top education reform bill (\$2.4 million) and to begin implementation of HB 2776, K-12 funding formula changes (\$2.5 million). As anticipated, the remaining per pupil allocations for Initiative 728 Student Achievement Funds are eliminated, saving \$79 million.
- Current funding for K-4 Class Size Enhancements are reduced by \$30 million. Funding for K-3 enhancements is maintained; grade four enhancements are reduced.
- Bus Depreciation funding is reduced by \$22 million. Funding will be provided to cover the sales tax cost of replacing buses in the final year of the bus's expected life cycle, rather than providing a portion of the funds to districts each year, as is current policy.
- \$15.6 million is saved by eliminating the last state-funded Learning Improvement Day

Another fairly minor budget issue — but a major, disconcerting policy issue — is embedded in the final budget, as adopted last night. As originally adopted by the Senate, the final budget includes \$250,000 to fund a School District Reorganization Commission. The Commission will be required to develop and recommend a comprehensive plan for the reorganization (that is, “consolidation”) of Washington school districts for review and potential adoption by the Legislature by Dec. 1, 2012. The plan must include the following: A list of the recommended school districts and ESDs and their respective boundaries; recommended procedures and timelines for phased-in implementation of the reorganization plan; procedures and timelines for determination, adjustment, and transfer of assets and liabilities among school districts, including bonded indebtedness; procedures and timelines for determination and election of school district and ESD boards of directors; and any other relevant elements the Commission deems essential for legislative and gubernatorial consideration (Section 501 (1)(b)(i-iv) of [SB 6444](#)). The governor has the opportunity to veto these provisions; however, she has expressed support for school district consolidation in the past, so it is unlikely she will strike this language.

Further details of the 2010 Supplemental Operating Budget are available on the Legislative Evaluation & Accountability Committee's [Operating Budget page](#). Included is the final bill as passed the Legislature, a complete agency detail and a summary of the budget.

The 2010 Supplemental Capital Construction Budget ([HB 2836](#)) makes changes to the original 2009-11 Capital Budget adopted last year. For K-12 education, there is a reduction of almost \$120 million. The largest reduction is in the School Construction Assistance Grant Program (almost \$169 million). It is not anticipated, however, that this reduction will impact any school construction projects currently “in the pipeline.” Skills Centers also receive reduced appropriations: Vocational Skills Center construction (\$3 million); Vocational Skills Center Minor Capital Projects (\$100,000); North Central Technical Skills Center (\$47,000); and Northeast King County Skills Center (\$997,000). Additionally, the budget provides an increase of \$50 million to provide Energy Efficiency and Small Repair Grants.

Further details of the 2010 Supplemental Capital Construction Budget are available on the LEAP [Capital Budget page](#).

Finally, a major part of the budget deals with the adoption of the so-called “Jobs Act,” [HB 2561](#). The Jobs Act will send a \$505 million bond issue to Washington's voters in November. If adopted by the voters, jobs are anticipated to be created by providing grants for capital improvements of public facilities (school district and

higher education buildings) for energy cost savings. The temporary sales tax on bottled water (a part of the major tax package, [SB 6143](#)) would be made permanent to pay the debt service costs for the bonds, if the bond issue is ratified by the voters.

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2010 is an election year — all 98 seats in the House and half the seats in the Senate will be up for election this fall. Think about your education priorities and be prepared to voice your opinion and concerns during the election season. You deserve to know if legislative incumbents and challengers alike will support or oppose your priorities.

----- Original Message -----

From: [Kim Howard](#)

To: [Grassroots](#)

Sent: Tuesday, April 13, 2010 5:35 PM

Subject: [grassroots] End of session budget - A brief summary which reflects WSPTA priorities

Last night the legislature adjourned for the 2010 session one day before the end of the 30 day special session, with passage of both a budget and revenue package. The focus of this report is on the major supplemental budget items. In my end of session report, which will be available online before convention and in hard copy form at the legislation booth at convention, I will include more bill and budget detail.

2010 Supplemental Budget – The big picture

Once again this session legislators faced a budget hole that they had to fill in order to maintain a balanced budget for this biennium. Last night they passed a final budget and revenue bills that addressed the \$2.8 billion gap in the following ways:

Budget Cuts	\$755 million
Federal Relief Funding	\$618 million
Reserves and Transfers	\$690 million
New Revenue (taxes)	\$757 million

Does this budget include new spending as well as cuts?

Yes, it does. There are approximately \$660 million in maintenance level increases including caseload changes related to the recession and some higher than expected program costs. During economic downturns caseloads for state services, including K-12 education, rise.

There are also \$401 million in policy level increases. The largest increases are \$65 million for additional inflation in employee health benefit costs; \$29.8 million for new K-12 levy equalization costs and \$18 million for additional worker training at community and technical colleges. For those who want to look at the full detail, which is 344 pages it is [here](#). K-12 Education is sections 501-517, p. 181-233.

K-12 Budget Changes

Maintenance Level Increases for K-12 for the biennium due to caseload increases and other increased costs amount to **\$252.1 million**.

Major policy increases:

Levy equalization funding increase from 12% to 14% (part of the bill that increases local levy lids by 4%) + **\$29.8 million***

Education Reform funding – Funding needed to support our state’s Race to the Top federal grant application and some follow up work to 2261 to implement the new funding distribution formulas, and new pupil transportation funding. This funding was necessary to support our top priority bills 2776 and 6696. **+\$5 million**

Major Savings:

728 Funding, all funding related to this initiative has now been eliminated. Districts often used this funding to reduce class sizes and offer extended learning opportunities. **-\$79 million** (this is on top of the \$600 million that was eliminated in last year’s budget) Proposed budgets by the Governor, the Senate and the House all eliminated funding for I-728. There was so much agreement regarding this cut that we did not make saving this funding a coalition priority.

Reduction in K-4 Class Size enhancement funding - Although labeled an enhancement, the K-4 class size enhancement has been funded for approx. 20 years and is considered by districts to be maintenance level funding. **-\$30 million***

Bus Depreciation – Delays annual payments sent to districts so that they can replace bus fleets to the end of the expected life of buses. - **\$22 million**

Learning Improvement Day – The only remaining state-funded professional development day for teachers has been eliminated. – **\$10 million**

Grants and Statewide Programs – Many grants and programs are reduced or eliminated. - **\$9 million**

* The two items that are starred above were on our list of education coalition priorities. Below the 4 coalition priorities are listed as well as and what happened to them in this budget. The coalition felt that it was successful in its efforts to develop common priorities (only items that we felt could be influenced or might benefit from our help made the list) and to convey them to the legislature. We also showed the legislature that the education community can work together.

1. Higher levy equalization funding to support the bill that passed this session which increased the levy lid by 4%. There is another factor related to the levy amount that school districts can collect, called the per pupil inflator. The inflator was at 4% in the original 2009-11 budget, but there was a proposal to decrease it to 1%. The 4% level has been maintained. The cost to the state to keep the inflator was minimal (approx. \$7 million) compared to the amount that it allows districts to collect for schools (approx. \$55 million).
2. Although K-4 class size enhancement funding has been decreased by \$30 million, this result was a big improvement over the \$102 million cut (which would have been complete elimination) initially proposed by the Senate.
3. Full funding for classified support staff was maintained.
4. Full funding for all day kindergarten for lowest income schools was maintained.

Your district will already be calculating the local impact of this budget. Ask your district finance officer to share their analysis.

Please contact me if you have any questions.

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