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## Budgets released during whirlwind week, House unveils levy proposal

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Within the span of the week, House Democrats released operating, capital and transportation budgets, holding hearings and passing two of the three off the House floor by Friday evening. (Listen to the House Democrat announcement [here](#).) Not to be outdone, Senate Democrats released a capital budget and an operating budget and held public hearings on their versions of transportation and capital budgets. On Monday the Senate Ways & Means Committee will take public testimony on the Senate Chair proposed operating budget.

Here’s a quick glance at the way operating and capital budgets differ:

Topic	<a href="#">HB 1109</a> (as passed House)	<a href="#">SB 5153</a> (Chair proposal)
Special Education	\$69 million Multiplier increased from .9609 to .9925	\$156 million <ul style="list-style-type: none"> <li>\$85.722 for multiplier, which is increased to 1.0</li> <li>Remainder for safety net, SB 5091 and SB 5532</li> </ul>
Levies/LEA	\$77 million for hold harmless	Appears to be no new funding
School Staffing	\$1.4 million for 20 schools	\$0.00
School Employee Health Benefits (SEBB)	\$425.7 million Rate is \$939 per month (Sept-Dec 2019); \$1,081.37 per employee per month (Jan-June 2020), and \$1,110.66 in FY 2021 (July 2020- June 2021). (Section 506)	\$507 million Rate is \$971 per month (Sept-Dec 2019); \$994 per employee per month (Jan-June 2020), and \$1,056 (July 2020 – June 30, 2021). (Sec. 504)
Paraeducator training	\$12 million (funds two days)	\$23.1 million (funds four days)
School safety (HB 1216)	\$5.4 million	\$2.9 million
Additional Hold Harmless	<a href="#">\$58 million Added on the House floor by amendment</a>	

Early Learning (ECEAP)	\$23 million (~1500 slots)	\$12.7 million (720 slots)
State Need Grant	\$25.1 million	\$98 million
NEW: Washington College Grant	\$248.7 million (assumes passage of HB 2158, increase in B&O tax rate)	
Career-connected learning	\$16.5 million	\$2.2 million
Social Emotional Learning (SB 5082)		\$400,000
20-minute seated lunch (HB 1272)	\$150,000	
Highly Capable Universal Screening (SB 5354)		\$3.8 million

To meet maintenance level budgets and address new policy requirements and requests, both Senate and House Democrats would rely on new revenue, although each chamber takes a slightly different approach.

In the House, the four-year outlook would project \$3.1 billion in new revenue. This is from three main bills:

- [HB 2156](#) Investing in quality prekindergarten, K-12, and postsecondary opportunities throughout Washington with excise taxes on sales and extraordinary profits of high valued assets.
  - 9.9% capital gains tax (Department of Revenue gets an \$11 million funding increase to begin implementing receipt of income tax filings)
  - Graduated Real Estate Excise Tax (REET):
    - State REET is increased from 1.28% to 2.0% for property valued over \$1.5M, and further increases to 3% for property valued over \$7M. Certain undeveloped and resource lands remain taxed at status quo of 1.28 percent.
- [HB 2157](#) Updating the Washington tax structure to address the needs of Washingtonians.
  - Repeals tax preferences for travel agents and tour operators.
  - Applies sales tax to bullion investments.

- Non-resident sales/use tax exemption is converted to an annual remittance program.
- Makes changes to Senior Citizen Property Tax Exemption.
- Tax Structure Work Group established for work over a 5-year timeframe.
- [HB 2158](#) Creating a workforce education investment to train Washington students for Washington jobs.
  - Service B&O surcharge (.2 or 20% increase for most, 33.3% for some big tech firms) put to a dedicated higher education and workforce dedicated account.

The Senate doesn't roll out a capital gains tax but does include a graduated REET and several bills repealing tax preferences. Senate Democrats discuss their budget and revenue proposals [here](#). Their revenue includes:

- [SB 5991](#) - Graduated Real Estate Excise Tax (\$878.4 million)
  - This proposal creates the following graduated state REET rates:- Three-quarters percent (0.75%) if the selling price is less than \$250,000,- One and twenty-eight one-hundredths percent (1.28%) if the selling price is at least \$250,000 but less than \$1 million dollars, - Two percent (2.0%) if the selling price is at least \$1 million dollars but less than \$5 million dollars, and - Two and half percent (2.5%) if the selling price is \$5 million dollars or more.
- [SB 5997](#) - Reform of non-resident sales tax exemption to a remittance program. (\$133.7 million includes repeal of sales tax exemption and B&O rate change noted below)
- [SB 5997](#) - Repeal of preferential B&O tax rate on travel agents and tour operators (from .275% to 1.5%)
- [SB 5998](#) - Repeal of preferential B&O tax rate on prescription drug resellers. (from .138% to .484%) (\$78.7 million)
- [SB 5996](#) - Increase in property and casualty insurance premiums from 2.0% to 2.52% (\$90.6 million for a new dedicated account for wildfire prevention and suppression)

Here is a comparison of the House and Senate capital budgets:

Topic	<a href="#">HB 1102</a> (as passed House Capital Budget Comm)	<a href="#">SB 5134</a> (Senate Chair proposal)
School Construction Assistance Program	\$1.042 billion	\$1.020 billion
School Preservation Program	\$40 million <i>New competitive grant program for modular classrooms made with mass timber products, including cross-laminated timber, for the purpose of replacing portables or helping districts with enrollment growth. (Section 5017)</i>	

School Preservation Program	\$20 million <i>For small rural districts, where total student enrollment is less than 1,000 under certain conditions. (section 5017)</i>	\$23 million <i>To implement SB 5572</i>
Increasing Funding Assistance Percentage to 30 percent (SB 5853)		\$23 million
Emergency Repair grants	\$2 million	
Urgent Repair grants	\$3 million	
District Health and Safety		\$4 million
Healthy Kids/Healthy Schools Program	\$3.25 million	\$3 million
Career Prep and Launch Equipment Grants	\$1 million	\$5 million
Early Learning Grant program	\$30 million: <ul style="list-style-type: none"> <li>• \$25.8 million for new grants;</li> <li>• \$4.186 million is for specified projects. (Section 1037)</li> </ul>	\$25 million <i>of which \$4.186 million is for specified projects. (Section 1036)</i>

*House Appropriations schedules proposed substitute HB 2140 – school levies*

The House Democrats also released a proposed substitute to [HB 2140](#), regarding changes to levy authority. The proposal would give school districts a choice of:

- |   |    |  |
|---|----|--|
| Up to 20% levy of previous year’s state and federal revenues; 10% LEA based on formula previously used before 2017 legislative changes, | OR | The lessor of \$1.50/\$1,000 assessed value or \$3,000 per student |
|---|----|--|

or 12% for districts with student enrollment at or above 9,600.

The House Democrat's two-year spending plan describes how the proposed "hold harmless" would work, but sources say that no district would receive less LEA than the district is receiving in Calendar Year 2019. In contrast to the Senate proposal, the House would maintain a hold harmless on LEA for two years. The bill is scheduled for a public hearing in the House Appropriations Committee on Monday, April 1 at 3:30 PM.

### *Assessments and K-3 class size delay*

The Senate education committee passed a new version of E2SSHB 1599 from committee. One good change was extending the expedited appeals waiver to the class of 2020 (class of 2019 was in underlying bill). According to OSPI, if a district is using locally determined courses and assessments in English Language Arts and math, these still can be considered under the waiver appeal.

A more problematic change would require school districts to automatically enroll students who meet standard on a statewide assessment in the next level or next most rigorous course. This element of the bill is more controversial, since data shows that students in district with strong resources are more likely to get scores to earn college-level credit than students in districts without those resources.

HB 2108, the bill that would delay a year the requirement to meet the 17:1 class size ratios by next school year passed out of the Senate education committee with no changes.

## **Status of Top 5 Legislative Priorities (all bills may be accessed [here](#))**

The following bills are still under consideration:

- Social and Emotional Learning:
  - [2SSB 5082](#) passed the House Education Committee with amendments. The committee is still placed into law and OSPI is directed to adopt the SEL framework. One of the amendments would require school districts to use one professional development day, beginning in the 2020-21 school year and every other year after, to train staff on one of the topics identified in a list (Section 7 of the bill).
- School Construction and Simple Majority for Bonds:
  - Simple majority is dead for the session.
  - [ESSB 5853](#) is funded in the Senate capital budget. Once the two chambers pass the capital budgets the discussion of how to approach school construction assistance will begin.
- Preventing Gun Violence:
  - Several bills had public hearings last week.
- Strategies to Address the Teacher Shortage:
  - [E2SHB 1139](#), the comprehensive approach to teacher shortage had a public hearing but no vote yet.
  - [SHB 1621](#) passed the Senate education committee and has been sent to Rules.

- Strategic K-12 Investments to Close Gaps:
  - Levies: Allow school district choice.
    - No change to [SSB 5313](#).
    - See above for discussion on [HB 2140](#).
  - Close Special Education funding gaps
    - [2SSB 5091](#) passed the House Education Committee with non-substantive changes. The bill would raise the funding multiplier for students with disabilities from .9609 to 1.0. Both the House and Senate operating budgets include funding to increase the multiplier and the Senate operating budget includes additional investments in the safety net and to support SB 5532, Senator Braun’s bill.
  - Increase prototypical school funding to Initiative 1351 levels to improve student well-being:
    - The House operating budget would fund increased guidance counselor ratios for 20 schools.
  - Lower the High-Poverty LAP threshold to the state annual average of free or reduced-price meal-eligible students to increase services to more students: No bills are still alive.

Look for bills and committee hearings that relate to WSPTA’s “Also Supported Positions” adopted at Legislative Assembly and WSPTA resolutions below and in the Bill Tracking List.

## WSPTA’s Week in Review

Lexi Nims, a college student considering a degree in public health, was one of the dozen or so people who [testified](#) on [EHB 1638](#) at last Friday’s Senate Health & Long-Term Care committee. Nims testified on behalf of Washington State PTA. National PTA holds a position, which the state Advocacy Committee voted in favor to support for this session.

## The Week Ahead (Schedule subject to change)

*Monday, April 1*

### **1:30 p.m., Senate Early Learning & K-12 Education, SHR 1**

Executive Session: bills to be determined

### **1:30 p.m., House Education, HHR A**

Executive Session:

1. [SB 5367](#) - Creating the purple star award for military friendly schools.
2. [ESSB 5389](#) - Establishing a telehealth training and treatment program to assist youth.
3. [SSB 5612](#) - Concerning Holocaust education.
4. [SSB 5689](#) - Concerning harassment, intimidation, bullying, and discrimination in public schools.
5. [SB 5731](#) - Concerning petitions for proposed transfer of school district territory.
6. [ESSB 5874](#) - Funding rural satellite skill centers.

Public Hearing:

1. [HB 1833](#) - Concerning school volunteers.
2. [HB 1863](#) - Concerning agriculture, food, and natural resource education.

Work Session: Paraeducator Training and Certificate Program.

### **3:30 p.m., House Appropriations, HHR A**

Public hearing: [HB 2140](#) - Relating to K-12 education funding.

### **3:30 p.m., Senate Ways & Means, SHR 4**

Public hearing: [SB 5153](#) - Making 2019-2021 biennium operating appropriations. (Hearing is on the Proposed Substitute.)

1. Early learning.
2. Higher education.
3. K-12 public schools.
4. Employee compensation.
5. Mental health.
6. Other human services.
7. Natural resources.
8. All other.

*Tuesday, April 2*

### **3:30 p.m., House Education, HHR A**

Executive session: bills to be determined

### **3:30 p.m., Senate Ways & Means, SHR 4**

Executive Session: [SB 5153](#) - Making 2019-2021 biennium operating appropriations

*Wednesday, April 3 – Policy cutoff for bills from opposite chamber*

### **1:30 p.m., Senate Early Learning & K-12 Education, SHR 1**

Executive session: bills to be determined

*Thursday, April 4*

### **1:30 p.m., Senate Ways & Means, SHR 4**

Public Hearing:

5. [E2SHB 1112](#) - Reducing greenhouse gas emissions from hydrofluorocarbons.
6. [E2SHB 1543](#) - Concerning sustainable recycling.
7. [ESHB 1578](#) - Reducing threats to southern resident killer whales by improving the safety of oil transportation.
8. [2SHB 1424](#) - Concerning access to state career and technical course equivalencies.
9. [E2SHB 1311](#) - Concerning college bound scholarship eligible students.
10. [2SHB 1893](#) - Providing assistance for certain postsecondary students.
11. [2SHB 1973](#) - Establishing the Washington dual enrollment scholarship pilot program.

*Friday, April 5*

### **House Finance, HHR A**

Possible Executive Session:

1. [HB 2156](#) - Investing in quality prekindergarten, K-12, and postsecondary opportunities throughout Washington with excise taxes on sales and extraordinary profits of high valued assets.
2. [HB 2157](#) - Updating the Washington tax structure to address the needs of Washingtonians.
3. [HB 2158](#) - Creating a workforce education investment to train Washington students for Washington jobs.

*Saturday, April 6*

**9 a.m., House Appropriations, HHR A**

Public hearing: bills to be determined

**9 a.m., Senate Ways & Means, SHR 4**

Public hearing: bills to be determined

Olympia [Capitol Campus Map](#)

HHR refers to hearing rooms in the John L. O'Brien Building

SHR refers to hearing rooms in the John A. Cherberg Building