



Special Edition: Pre-Session Budget Update

Washington's Legislature operates on a biennial system with its two-year cycle beginning in odd-numbered years (2007, 2009, 2011, etc.). During these "long" sessions, limited to 105 days, the Legislature adopts the state's two-year Operating Budget. During even-numbered years (2008, 2010, 2012, etc.), the Legislature meets for a "short" session, limited to 60 days, and makes "corrections" to the two-year budget via a "Supplemental" Operating Budget.

On December 9, Governor Christine Gregoire unveiled her 2010 Supplemental Operating Budget proposal—signaling the imminent arrival of the 2010 Legislative Session. The 2010 Legislature convenes on January 11.

WASA will be here to assist you by providing up-to-date information about budget issues and legislation impacting Washington's schools and school directors. WASA will begin the regular "TWIO" when the Legislature convenes on January 11, 2010.

Historically, the supplemental (or short) sessions have been used to focus on policy issues, while making minor adjustments to the two-year budget. In recent years, even the short sessions have become "budget sessions" with a heavy focus on budget issues. With a projected \$2.6 billion budget "deficit," there will again be a heavy focus on budget matters in 2010. (The term "deficit" refers to the expected shortfall between projected revenues and projected spending for the remainder of the biennium if no changes were made to the budget. It does not mean that Washington's expenditures actually exceed the state's revenues.)

The 2009 Legislature left town in April after adopting a 2009–11 Operating Budget that solved a \$9 billion shortfall. Unfortunately, since that budget was adopted, revenue forecasts in June, September and November have projected available revenues will be approximately \$1.7 billion less than originally expected. Coupled with expected increases in caseloads (such as medical assistance, K–12 enrollment, long-term care and other mandatory expenditures) and increased costs due successful litigation against the state, the total projected shortfall in 2010 is just under \$2.6 billion. And these figures do not take into account another potentially negative revenue projection set to be released in February.

To further complicate matters, the majority of the current budget is protected and considered "off limits" due to constitutional or federal requirements. Savings or reductions of \$2.6 billion must then be made within the portion of the budget which is subject to reductions; that portion of the budget is approximately \$7.7 billion. Obviously, this does not leave many options. As required by law, the budget proposal submitted by Gov. Gregoire on December 9 is an "all cuts" budget balanced using only current revenues and includes no new revenue proposals. The plan is a painful proposal that makes large cuts to all areas of government, eliminating or drastically reducing many vital services. Gregoire stated that the proposed reductions are "hurtful and damaging" and is not true to her values. She further stated the plan is "not a budget I can live with, nor is it one I believe Washingtonians can live with." With that gloomy introduction, Gregoire clearly stated that she will submit a second budget that will be a combination of budget reductions and new revenue. This second budget "will more adequately fund our public schools, pay for the basic safety net for our most needy, help more of our students achieve the higher education they need, and set the stage for a more prosperous future." She gave

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little specifics on what her second plan may look like, but cautioned that even this second budget "will not avoid many very harmful reductions" to some vital services, as it will include "more cuts than revenue" to address the projected \$2.6 billion shortfall. Gregoire's "Book Two" budget proposal is expected to be released in early January.

Gov. Gregoire's 2010 Supplemental Operating Budget proposal totals \$30.09 billion, slightly down from the \$30.92 expenditure level in the original 2009–11 budget. As mentioned above, her proposal makes broad reductions in all areas of government, including K–12 education. Most of the K–12 portion of the budget is protected from reductions; however, Gregoire's proposal eliminates virtually all of the funding eligible for cuts.

Details of the governor's 2010 K–12 education budget follow (full details available at: <http://www.governor.wa.gov/news/news-view.asp?pressRelease=1391&newsType=1>):

- Local Effort Assistance (LEA or "levy equalization") is eliminated in Calendar Year 2011 (\$142.9 million).
- K-4 Class Size Enhancement is eliminated in the 2010–11 school year (\$110.6 million).
- The remaining portion of Initiative 728 (Student Achievement) funds are eliminated in the 2010–11 school year (\$78.5 million).
- State funding for All-day Kindergarten is eliminated in the 2010–11 school year (\$33.6 million).
- The remaining state-funded Learning Improvement Day for educator professional development is eliminated in the 2010-11 school year (\$15.0 million).
- Funding for the Gifted (or Highly Capable) Program is eliminated in the 2010–11 school year (\$7.4 million).
- The proposal saves \$2.7 million in the last half of the current 2009–10 school year from reductions in various programs, including current year funding for Focused Assistance, Readiness to Learn and Navigation 101.
- OSPI, the State Board of Education and the Professional Educator Standards Board must each take an approximately two percent administrative reduction, saving \$300,000.
- The proposal reduces two K–12 programs—Alternative Routes to Certification and Focused Assistance—by half, saving \$3.6 million.
- A series of smaller K–12 programs are eliminated in the 2010–11 school year, saving \$13.8 million. Those programs are: Readiness to Learn (\$3.6 million); Career & Technical Education Grants (\$2.8 million); Teacher Mentor Program (\$2.3 million); Middle School CTE (\$1.9 million); Reading Corps (\$1.1 million); Washington Achievers Scholars (\$750,000); Building Bridges Grants (\$675,000); Dyslexia Pilot Program (\$145,000); Vocational Student Organizations (\$97,000); Financial Literacy (\$75,000); Latino/a Educational Achievement Project Bilingual Pilot (\$75,000); Youth Suicide Information (\$70,000); Compana Quetzal (\$50,000); Non-Violence Leadership Training (\$50,000); Communities in Schools (\$25,000); Project Citizen (\$25,000); and World War II Oral History Project (\$25,000)



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Following the introduction of her budget proposal, Gov. Gregoire mentioned a few programs she intends to restore in her second, revenue-enhanced budget. For K–12 education, she specifically singled out the levy equalization program. While she failed to provide any details, she said she wants to restore the full 12 percent LEA match for all eligible districts and also enhance funding, up to an 18 percent match, for those poorest districts in the bottom quartile of the state. She also mentioned her plan to ask for an increase in the local levy lid. Again, she gave few details, but apparently she will ask for legislation to temporarily increase the levy lid to 36 percent for all school districts.

When the Legislative Session begins, legislators will begin discussing Governor Gregoire's budget plan—and her forthcoming second budget—in earnest. They will also begin developing and debating their own competing plans.