



2017 Legislative Conference

Doug Nelson, January 15, 2017



2017 legislative session

- 105 days – Ends April 23
- 60 day session – next year to fine tune



Political Environment

- House: 50 democrats, 48 republicans
- Senate: 25 republicans, 24 democrats
- Governor Inslee, democrat
- Supreme Court Breathing Down Their Necks

Business to attend to this year

- Spend \$42 billion (or more if tax increases are approved)
- Respond to legal decisions
 - McCleary
- Consider policies that impact quality of life in Washington



Spending \$42 billion


- 2017-19 Operating Budget
- \$2.8 billion more than the 2015-17 operating budget

Supreme Court "McCleary" Decision

- ▶ January 5, 2012
 - ▶ Not funding amply & over-reliance upon local levy to fund basic education
 - ▶ Impressed with HB 2261 / HB 2776
- ▶ July 18, 2012
 - ▶ Ordered legislature to make steady progress to full funding
- ▶ January 9, 2014
 - ▶ Speed up efforts, give us a plan to fully implement by 2018
- ▶ July 10, 2014
 - ▶ Ordered state to appear September 3 to explain why they don't have a plan (contempt of court hearing)

"McCleary" - continued

- September 11, 2014 Order
 - Contempt!
 - Wait until after 2015 legislative session to determine sanctions
- August 13, 2015 Order
 - **\$100,000 per day fine – currently \$50 million**
 - "Adopt complete plan to comply with article IX, section 1 by the 2018 school year."
- October 6, 2016 Order
 - 2017 Legislative session is last opportunity



"McCleary" - continued

- ▶ 4 final major issues to settle
 - ▶ Compensation (including insurance)
 - ▶ State vs local levy funding
 - ▶ Staffing
 - ▶ Facilities



Plan to plan – SB 6195

- Passed in 2016 session
- “The state is fully committed to funding its program of basic education as defined in statute and to eliminating school district dependency on local levies for implementation of the state's program of basic education.” Section 1, E2SSB 6195



Education Funding Task Force (EFTF)

- Meetings over the last 7 months
- 4 Senators, 4 Representatives
 - 4 Democrats, 4 Republicans
- Recommendations on 8 areas



EFTF recommendations

- ▶ **Compensation that is sufficient to hire and retain state-funded basic education staff, including whether and how future salary adjustments and a local labor market adjustment should be incorporated;**
- ▶ Whether additional state legislation is needed to help school districts to support state-funded all-day kindergarten and K-3 class size reduction;
- ▶ **Improving or expanding existing educator recruitment and retention programs;**
- ▶ **Maintenance and operation levies and local effort assistance;**
- ▶ **School district collective bargaining;**
- ▶ **Clarifying the distinction between basic education and local enrichment services;**
- ▶ **The provision and funding of school employee health benefits; and**
- ▶ Sources of state revenue to support the state's statutory program of basic education.



Collect local funding data

- ▶ Third Sector Intelligence, Inc. Report
 - ▶ Report to EFTF on November 15, 2016
- ▶ “School salaries are market based”
- ▶ However, local levies pay for basic education salaries and staffing - \$1.455 billion
 - ▶ Classified employee staffing - \$164 million
 - ▶ Classified employees salaries - \$225 million



Governor Inslee's McCleary Fix

- ▶ \$2 billion compensation increases
 - ▶ \$540 million for classified employees
 - ▶ State allocation increased from \$33,898 to \$39,457, Sept 1, 2017, (another 16.3%) and to \$52,908, September 1, 2018 (a 34% increase)
 - ▶ Includes Initiative 732 COLA of 2.4% - 9/1/17 and 2.8% - 9/1/18
- ▶ \$139 million for insurance premium inflation
 - ▶ Insurance increase \$780 to \$835.96 per month (7.2% increase) for the 2017-18 school year and \$848.91 per month (1.6% increase) for the 2018-19 school year
- ▶ \$4.75 million for paraeducator training – 20 hours in 2017, 40 hours in 2018.

Inslee - continued

- Does not address local funding of classified employee staffing
- Relies upon \$4 billion in new tax revenue sources

Major Components of Operating Budget Revenue Plan	2017-19 Total
Increases	<i>\$ in millions</i>
B&O tax on services – Increase rate to 2.5% (all services)	\$2,276
Carbon tax (net revenue) – \$25/ton plus inflation plus 3.5%	\$1,069
Capital gains tax – 7.9% (\$25,000/\$50,000 threshold, exempt all residential property)	\$821
Limit trade-in exclusion to \$10,000	\$91
Limit REET foreclosure exemption	\$59
Repeal bottled water sales tax exemption	\$57
Repeal extracted fuel (except hog fuel)	\$52
Refund nonresident sales tax exemption	\$49
Extend economic nexus to retailing B&O activities	\$12
Decreases	
Cigarette smoking to age 21	\$(16)
High-technology R&D tax incentives	\$(30)
Increase small business B&O tax credit and tax filing threshold	\$(92)



Democratic proposal

- \$7.3 billion over the next 4 years
- New salary schedule for teachers
- **Raise classified employee salary allocation to \$54,178**
- **10 professional development days, including classified employees**
- Bring levy lid down to 24% by 2021, including grandfathered districts
- CTE, **LAP, TBIP, Special education**, highly capable, guidance counselors and **parent involvement coordinator** increases
- New taxes – similar to Governor Inslee
- **No change to classified staffing formula**



Republican proposal

- ▶ Offered guiding principles - not fully developed yet
- ▶ Increase beginning teacher salaries
- ▶ Regional funding adjustments based on cost of living and teacher attrition
- ▶ **Salary limitations, health benefits, and other limitations on union activities**
 - ▶ Including mandatory membership, ghost leave, and teacher strikes
- ▶ Levies limited to “true enrichment purposes”
- ▶ **SEBB for health benefits to ensure equity and improved administration of health care**
- ▶ Dedicate existing revenue growth to K 12 and repair regressive levy structure
- ▶ **No change to classified staffing formula**



Legislative Platform

Critical issues PSE will be pursuing

2017 Legislative Platform

McCleary – PSE supports full funding of basic education and the McCleary decision through additional, more equitable revenue sources and reducing school district reliance on local levies by increasing the state property tax and reducing the local property tax. Any plan to settle the McCleary case should include:

- state funded market based salaries for classified employees (including annual 1 732 salary increases) and,
- full funding of current staff and the increased staff recognized in the classified employee adequacy report approved by the Quality Education Council and Washington citizens in 2015.

Higher Education - Full state funding of:

- PSE's negotiated agreements with Central Washington, Washington State, and Western Washington Universities, and,
- the state employee and higher education employee coalition agreement on insurance.

Insurance Funding and Consolidation – K12 health care premiums have increased 43% in the last 4 years. State funding for premium increases have only increased by 1.6%. Because classified employees don't receive the salary increase to offset the difference, their take home pay is continually shrinking to cover the premium increases not funded by the State. The State must fully fund insurance premium inflation. Additionally, the State must consolidate K12 insurance into either a new or existing statewide purchasing system similar to the one that provides insurance plans for legislators which will reduce premiums for classified staff.

Paraeducators – In recognition of the crucial work paraeducators provide students who struggle to succeed in school, PSE supports legislative efforts that will make paraeducators a recognized member of the education team. The legislature can do this by establishing statewide employment standards for paraeducators, provide paraeducators, state and school district funded professional development programs and improved educational pathways for paraeducators who want to become teachers. The legislature can must also establish increased professional development for teachers who supervise a paraeducator.

Ongoing Legislative Platform

- PSE supports legislation that strengthens the rights of employees to unionize and requires all union members to pay their fair share of union dues.
- Compensation to attract and retain highly qualified K-12 and higher education employees to include fully funding state salary surveys and indexed COLAs.
- Preserve and fully fund state pensions in good and bad economic times.
- Provide high quality, comprehensive, affordable health care insurance options for state and educational employees.
- Increased funding for higher education.



McCleary

Classified compensation and staffing



Compensation


- Compensation - \$450 to \$540 million
 - Market based salary already in place but paid by local levy
 - Watching out for state salary controls

Compensation Technical Workgroup

- Proposal from 2013
- \$277 - \$324 million

Classified salary recommendation

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Position	 Current State Funding	 Current Local Funding	 Total Current Funding	 New State Funded Amount
Teaching Assistance (Instructional Aides/Paraeducators)	\$31,699	\$1,197	\$32,896	\$45,386
Office Support and other Non-instructional Aides	\$31,699	\$6,037	\$37,736	\$40,949
Custodians	\$31,699	\$5,070	\$36,769	\$39,454
Classified staff providing student and staff safety	\$31,699	\$5,651	\$37,350	\$44,040
Family Involvement Coordinator	\$31,699			\$45,386
Technology	\$31,699	\$23,249	\$54,948	\$83,253
Facilities, maintenance and grounds	\$31,699	\$15,616	\$47,315	\$50,057
Warehouse, laborers, and mechanics	\$31,699	\$10,743	\$42,442	\$36,522
Central Office, Classified	\$31,699	\$22,872	\$54,571	\$56,374

Classified employee staffing formula

- Staffing - \$164 million
 - State formula for teachers and principals accurate
 - Classified employees formula 29.5% off
 - Third Sector Intelligence report to Education Funding Task Force, November 15, 2016:

	State Allocated FTEs	Actual FTEs
Certificated Instructional Staff (CIS)	53,463	53,677
Certificated Administrative Staff (CAS)	4,023	3,991
Classified Staff (CLS)	17,225	22,309
Total	74,711	79,978

Another example of needed formula change

- Initiative 1351 / classified employee adequacy study
- \$680 million increased funding
 - Current state funds - \$788 million
 - 86% increase
- Potential 21,000 new classified employees

State funding increase

Teaching Assistants (Elementary / Middle / High)	94,913,779
Office Support (Elementary / Middle / High)	103,741,723
Custodians (Elementary / Middle / High)	5,346,783
Student Safety (Elementary / Middle / High)	38,483,136
Parent Involvement Coordinators (E / M /H)	111,130,003
Districtwide Technology Staff	119,730,144
Districtwide Facilities, Maintenance, Grounds Staff	120,560,606
Districtwide Warehouse Staff, Laborers, Mechanics	86,432,305
Total	680,338,479




Levy – local funding bailing out state

- ▶ State Property Tax Increase? Currently plenty of capacity...\$1.64 billion/yr
- ▶ Local levy decrease? If state pays its share, should local taxpayers have to pay twice?
 - ▶ Reducing local levies and increasing state property tax, will result in rich districts sharing their locally raised taxes with poor districts...



Levy cliff

- ▶ Where does levy cliff fit in?
 - ▶ Legislative response to shrinking state budget in 2009 great recession
 - ▶ Calendar year 2010, districts can collect 4% more from local levies for 8 years in addition to ghost money
 - ▶ 2018 calendar year is coming up
 - ▶ Expect it to be hot issue at early part of session – must have clear sense by April
 - ▶ **HB 1059 passed House Appropriations committee 17-15**




Higher education contracts and insurance agreement

- ▶ \$700 million to implement all state employee and higher education contracts and insurance agreement
- ▶ PSE agreements at Western, Central, and Washington State University




Insurance – broken system

- Since 2010, 1.6% increase in state funding
- Since 2012, 43% premium increases
- Classified employees, especially with families priced out of market



2012 – SB 5940

- PSE's effort to force insurance to be family friendly
 - Since 2012, 3 year effort to fix the K 12 system failed
 - Here we are again...
- 



PSE Solution

- State accurately funds insurance inflation
 - Consolidate into the PEBB system
- 



PEBB – who's on it

- Higher education members and PSE staff are on it
- K-12 Employees on PEBB: 3,015
 - K-12 employees and dependents: 7,065
- K-12 Retirees: 35,766
 - Total Retiree members: 50,720



Insurance Consolidation

Placing K-12 employees into PEBB increases covered lives and costs

Eligibility	0.5 FTE and above fully eligible
Employee premium	15% for all tiers
Additional covered lives	39,000 employees and dependents
Increased employer cost	\$182 million above current funding



Paraeducators

Why are we working on this?



Opportunity gap not closing

- State and federal programs to close the gap
 - Title I, LAP
 - Transitional bilingual
 - Special Education

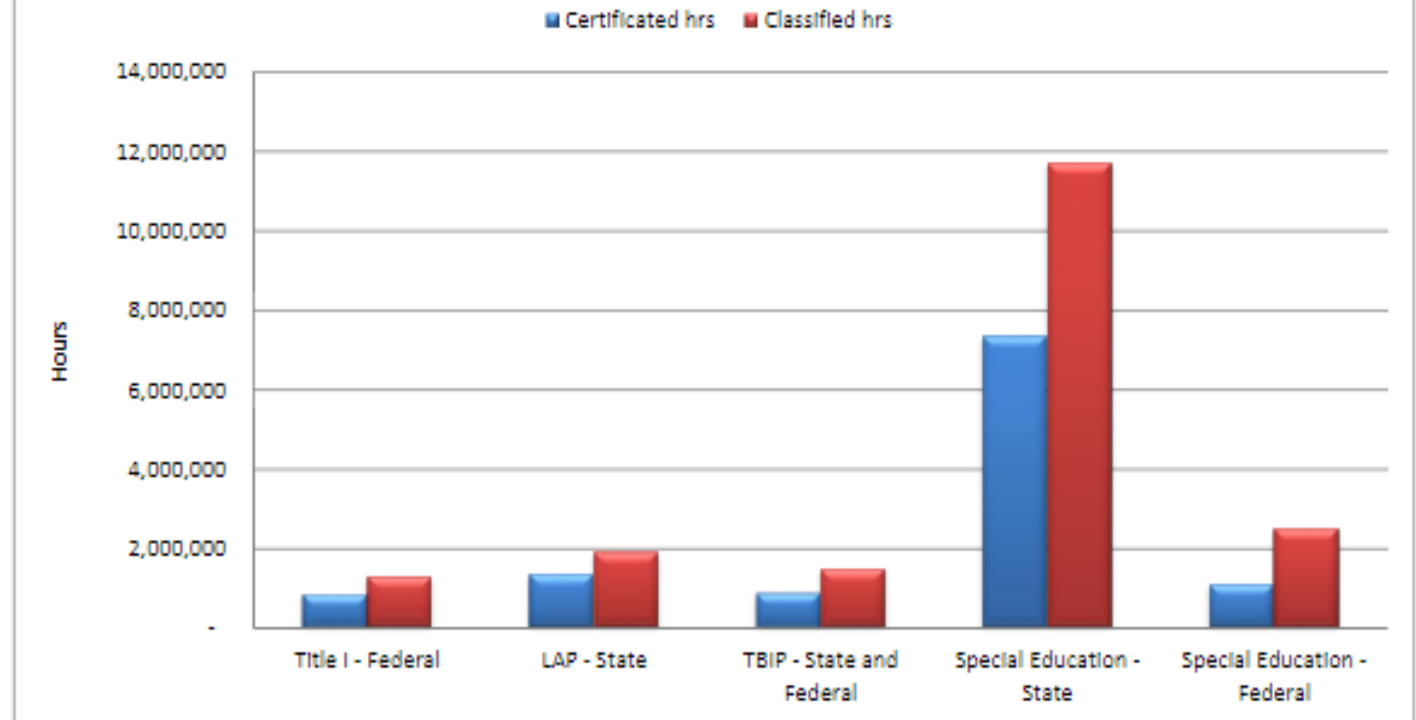
Programs for students in poverty, immigrants, or have disabilities

- The state and federal government spend \$1.7 billion per year
- Affects over half of all k 12 students

62% Instruction by Paraeducators



2015-16 School Year Hours of Instruction



Program	Certificated hrs	Classified hrs	Total hrs	Classified %
Title I - Federal	860,567	1,301,511	2,162,078	60.2%
LAP - State	1,365,144	1,925,447	3,290,591	58.5%
TBIP - State and Federal	894,029	1,495,006	2,389,035	62.6%
Special Education - State	7,361,085	11,722,004	19,083,089	61.4%
Special Education - Federal	1,115,045	2,504,992	3,620,037	69.2%
Total	11,603,928	18,957,754	30,561,682	62.0%

Cut teacher
time

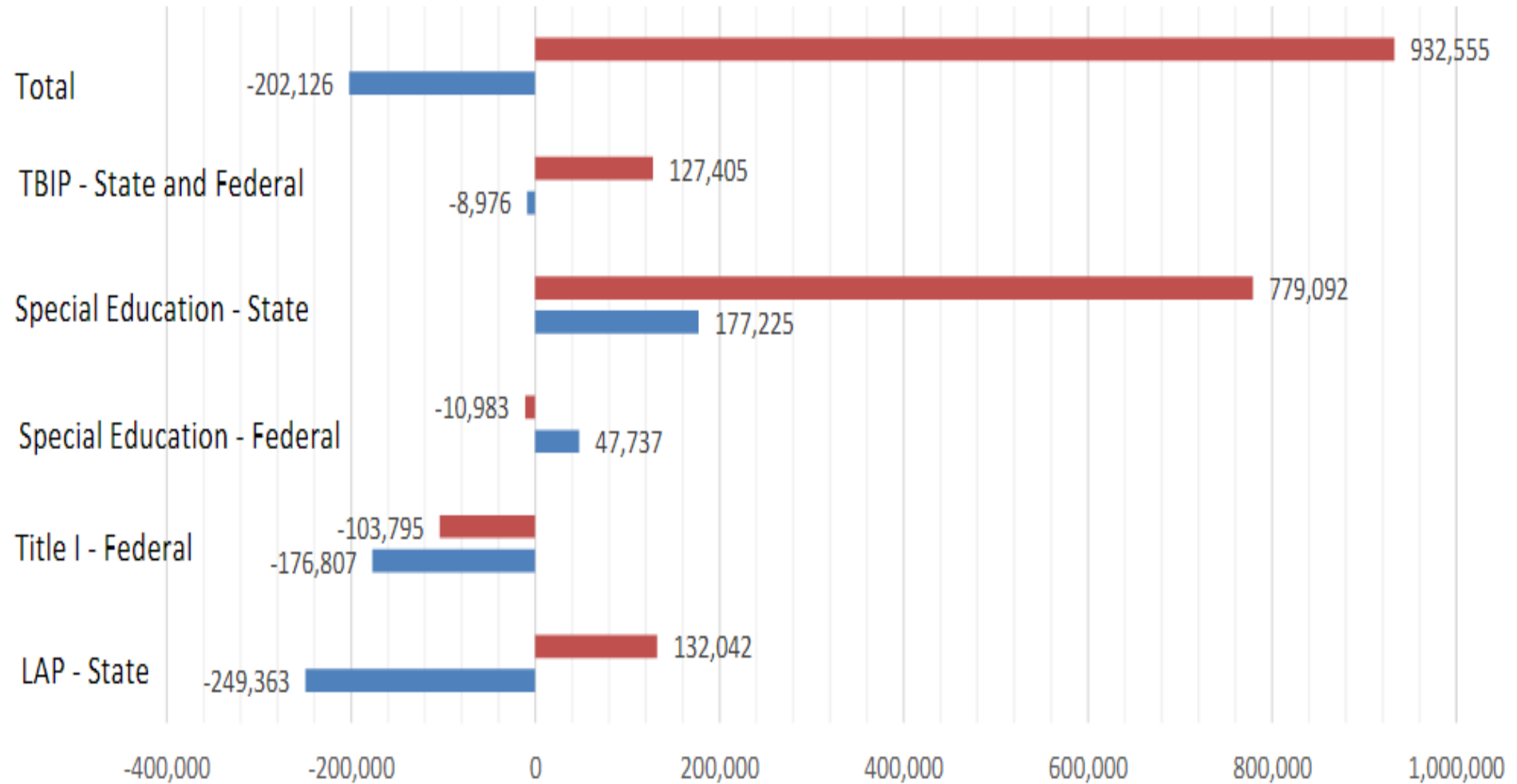
Increase
paraeducator
time



Instruction Hour Changes

2014-15 to 2015-16

■ Paraeducator ■ Teacher



Instructional professional development

- 2016 supplemental budget - 2ESHB 2376, Section 502 (8a)
- Instructional Professional Development for Certificated **and Classified Staff**
- \$21 million each year
 - \$21.53 per student (times one million students)

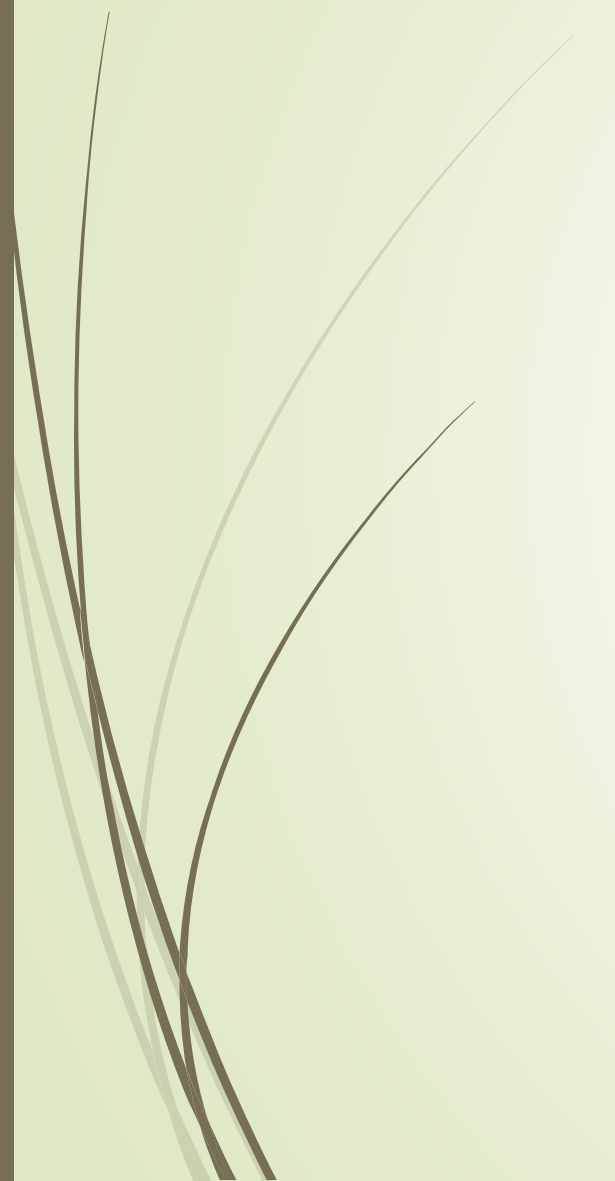
Districts report providing no paraeducator training

**Instructional Professional Development
Activity Code 31
2015-16 School Year**

Rank	Position	Hours	
1	Other Support Personnel	1,114,231	34.1%
2	Elementary Teacher	765,521	23.4%
3	Secondary Teacher	690,180	21.1%
4	Other Teacher	421,064	12.9%
5	Counselor	56,309	1.7%
6	Other School Administrator	38,809	1.2%
7	Library Media Specialist	38,745	1.2%
8	Speech-Language Pathologist or Audiologist	36,699	1.1%
9	Reading Resource Specialist	31,968	1.0%
10	Psychologist	27,500	0.84%
11	Other District Administrator	9,880	0.30%
12	Professional	9,805	0.30%
13	Occupational Therapist	8,135	0.25%
14	Nurse	7,400	0.23%
15	Other	6,558	0.20%
16	Paraeducator	1,740	0.05%
Total		3,264,544	100.000%

Source: 2015-16 s275

What's the solution





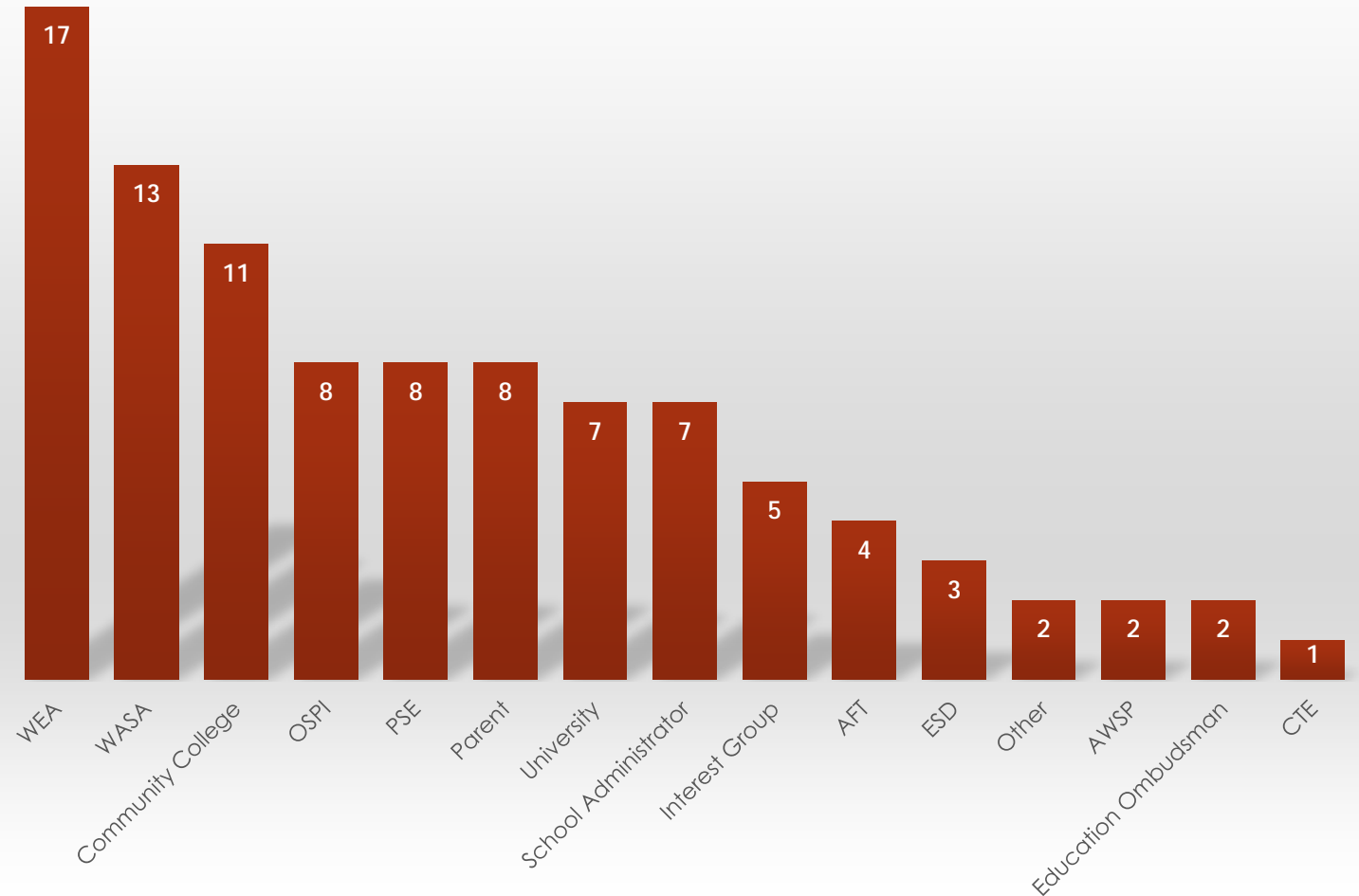
2014 legislative session

- ▶ SB 6129 – Paraeducator Advisory Workgroup established and funded
- ▶ Report on Title I and ELL Paraeducator standards, timelines, Paraeducator board, career ladder, teacher/principal training, Paraeducator to teacher pipeline
- ▶ Passed Senate 48-0 & House 92-6

Advisory committee
Superintendents, principals,
administrators, teachers,
Paraeducators, parents and
interest groups

WEA and WASA/administrators
dominated participation

Who Developed Paraeducator Recommendations?



What did they recommend?

- ▶ Title I Standards for all (to be hired)
- ▶ Paraeducator standards (2 years to prepare and pilot standards and training), 3 years to meet
 - ▶ Special education and English language learners endorsement (2 years to prepare and pilot), 3 years to meet
- ▶ Career ladder
- ▶ Reduce obstacles to becoming a teacher
- ▶ Training for teachers and principals how to use a paraeducator in the classroom

2015 legislative session

- SB 5179 – Implementing Title I and ELL Paraeducator Advisory Workgroup recommendations
- Passed Senate 45-3
- Passed House education committee 19-2
- Passed House appropriations committee 28-3
- Striking Floor amendment killed bill

2016 legislative session

- ▶ SB 6408 – Implementing all Paraeducator Advisory Workgroup recommendations
- ▶ Passed Senate 43-5
- ▶ Striking Amendment Passed House Education and Appropriations Committee – killed bill
 - ▶ Sets Up Paraeducator Board
 - ▶ Allows OSPI to implement performance standards based on Paraeducator Advisory Workgroup recommendations
 - ▶ Implement training grants in 2017-18 school year & 2018-19 school year
 - ▶ Report to legislature by December 15, 2018 on outcomes, whether there should be statewide standards, estimated costs, recommendation on timelines, effects of standards on Paraeducators, etc.
- ▶ \$3 million in House Budget for Paraeducator Professional Development
 - ▶ \$1.75 million in Final Budget



2017 legislative session

- Continued concern about opportunity gap
- Increasing concern about teacher shortage
 - especially in programs filled with paraeducators
- Paraeducators most effective new source of teachers – GYO (grow your own)
- ESSA (Every Student Succeeds Act) eliminated Title I paraeducator standards



Stay involved

- Keep up with Blog
 - <http://pseclassified.org/category/2017-legislative-session/>
- Participate in lobbying activities
 - Email / call your legislator – leg.wa.gov
 - Encourage colleagues to do the same
 - Send written correspondence
 - April 3-7 lobby week