

**WSPA Annual Conference
at Sheraton Tacoma Hotel, Tacoma
February 28, 2023**

7th Washington State Legislature: 2023 Halftime Update



2023 Legislative Session Update

- 2023 Session Overview
- 2023-25 Budget
- Priority Issues Review
- Other Major Issues
 - Educator Compensation
- Advocacy Resources



2023
Legislative Session

2023 Legislative Session

- First year of the 68th Biennial Legislature
 - “Long,” budget session—limited to 105 days
 - January 9 to April 23

- Major focus:
 - 2023-25 Operating, Capital, and Transportation Budgets
 - 2023 Supplemental Budgets (Mandatory caseload adjustments)
 - New and/or updated Policy items



2023-25
Operating Budget

Status Check

- **February 28:** Day 51
- **March 8:** House of Origin Cut-off
- **March 29:** Opposite House Policy Committee Cut-off
- **April 4:** Opposite House Fiscal Committee Cut-off
- **April 12:** Opposite House Cut-off
- **March 20:** Updated Revenue Forecast Released
- **April 23:** Day 105—Sine Die



2023 Legislative Session

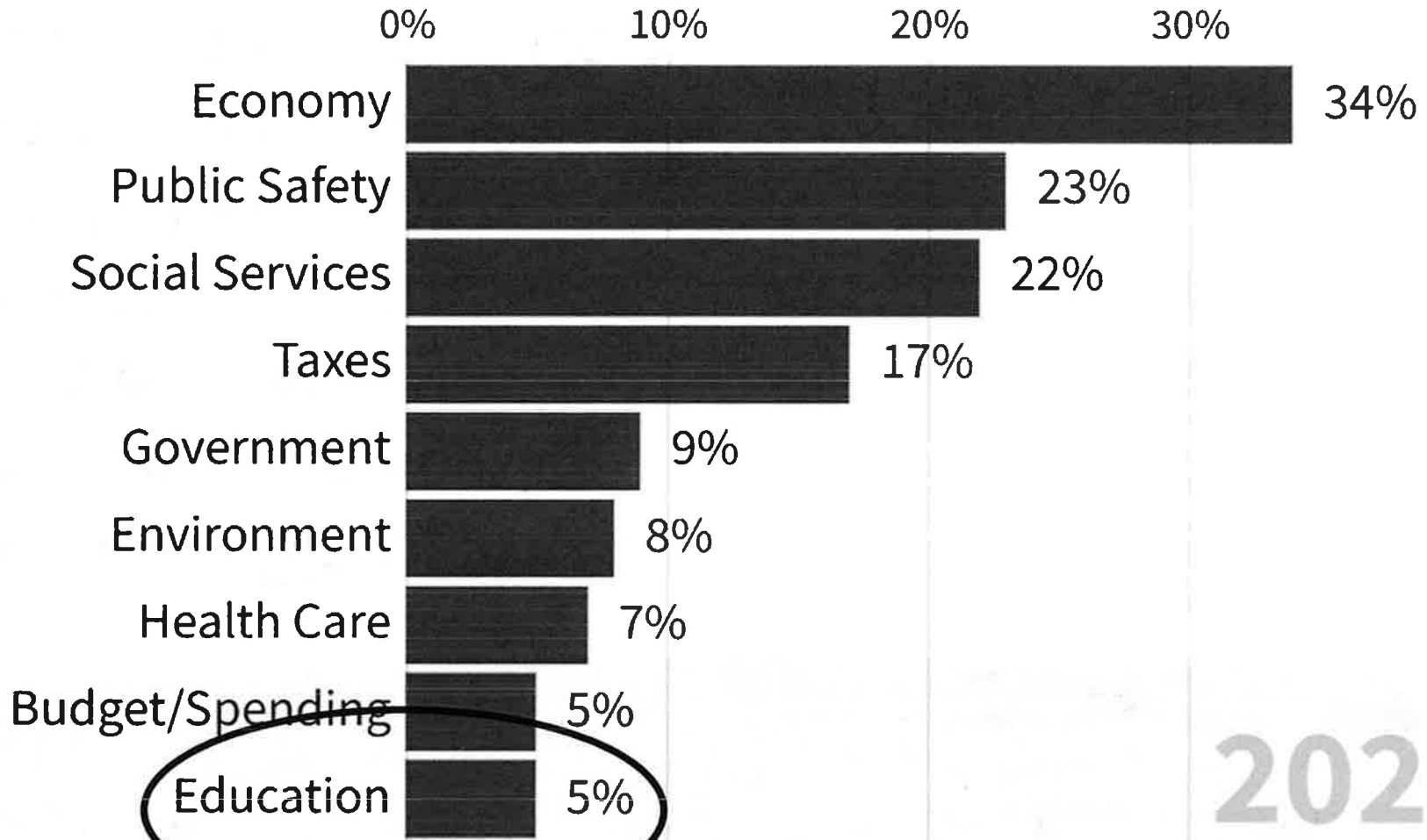
Major Policy Discussions:

- Homelessness/Housing
- Climate Change
- Behavioral Health
- Salmon Recovery
- Public Safety/Gun Violence
- Reproductive Health Care



Voter Priority Issues

(December 2022)



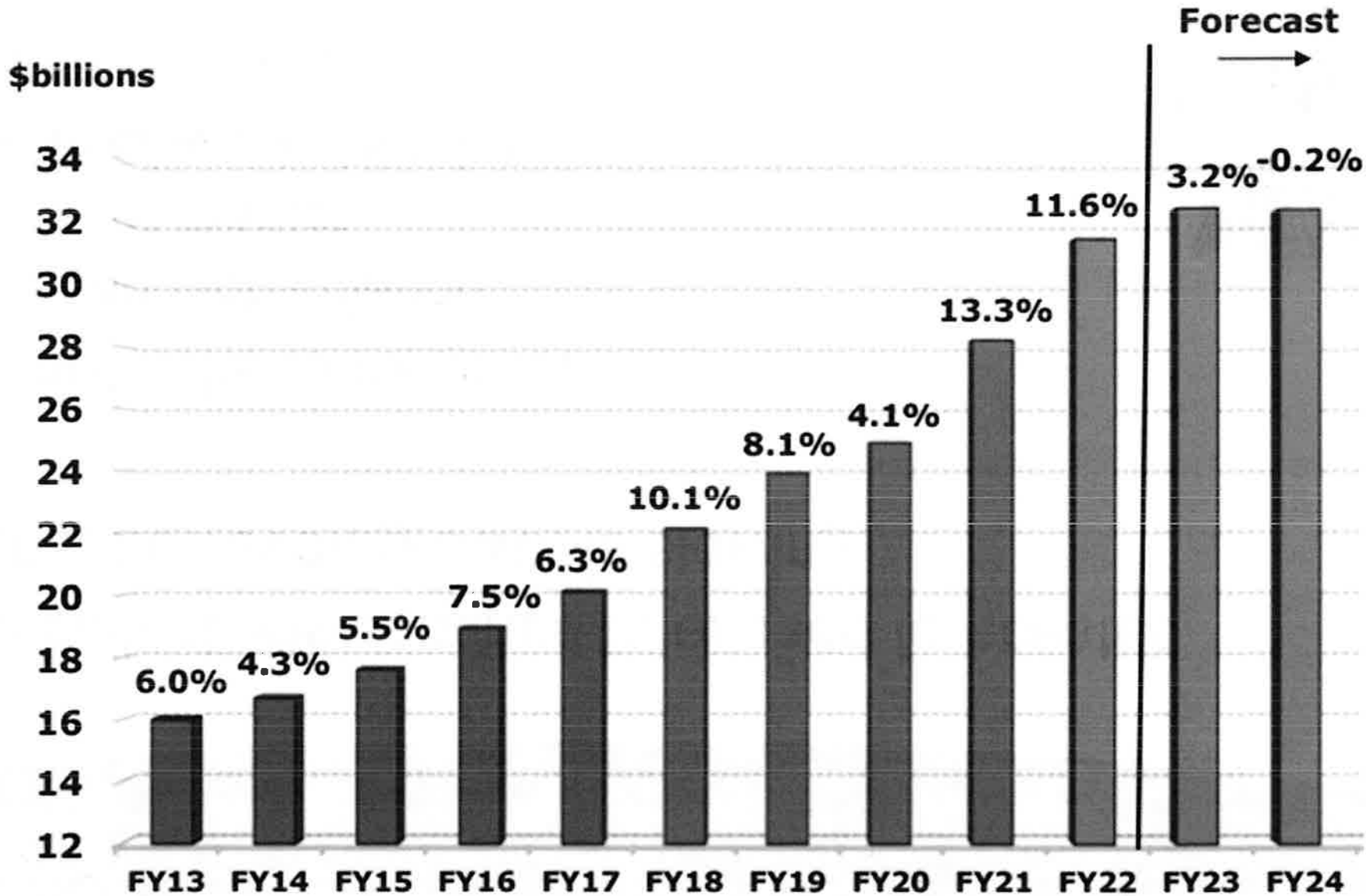
2023

State Budget Update

Revenue collections continue to exceed forecasted projections; however, growth is slowing

- Significant risks to forecast:
 - Continued high inflation
 - Tight labor market
 - Impacts of war in Ukraine
 - Potential recession





*Funds subject to the budget outlook process are General Fund-State plus Education Legacy Trust, Washington Opportunities Pathway and Workforce Education Investment Accounts

Source: ERFC forecast, November 2022

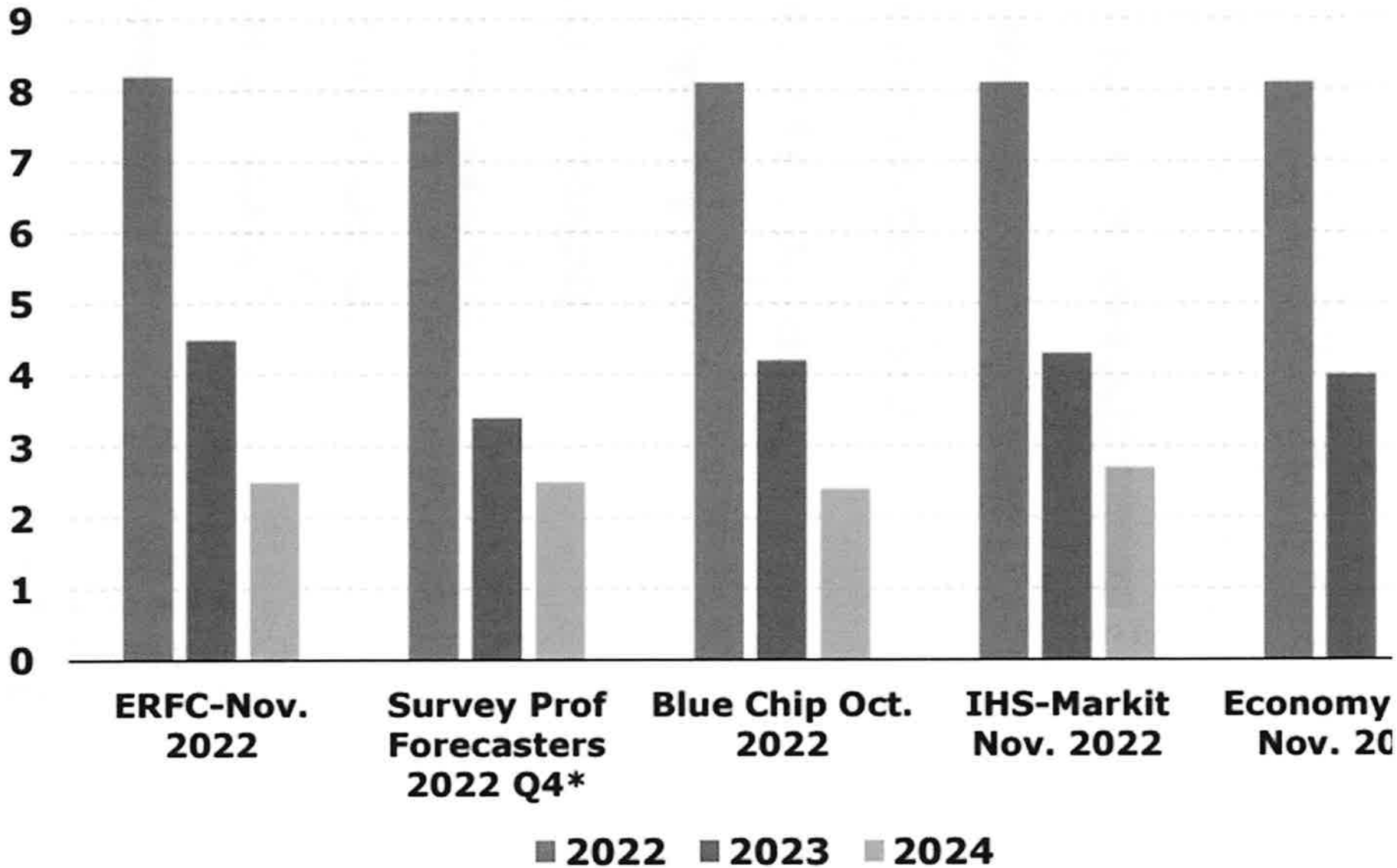
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST

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view

18, 2022

Consumer Price Index, Annual % Change



Survey of Professional Forecasters reflects change in price level in 4th quarter compared to 4th quarter of prior year; all others reflect average change over the year compared to prior year.

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18, 2022

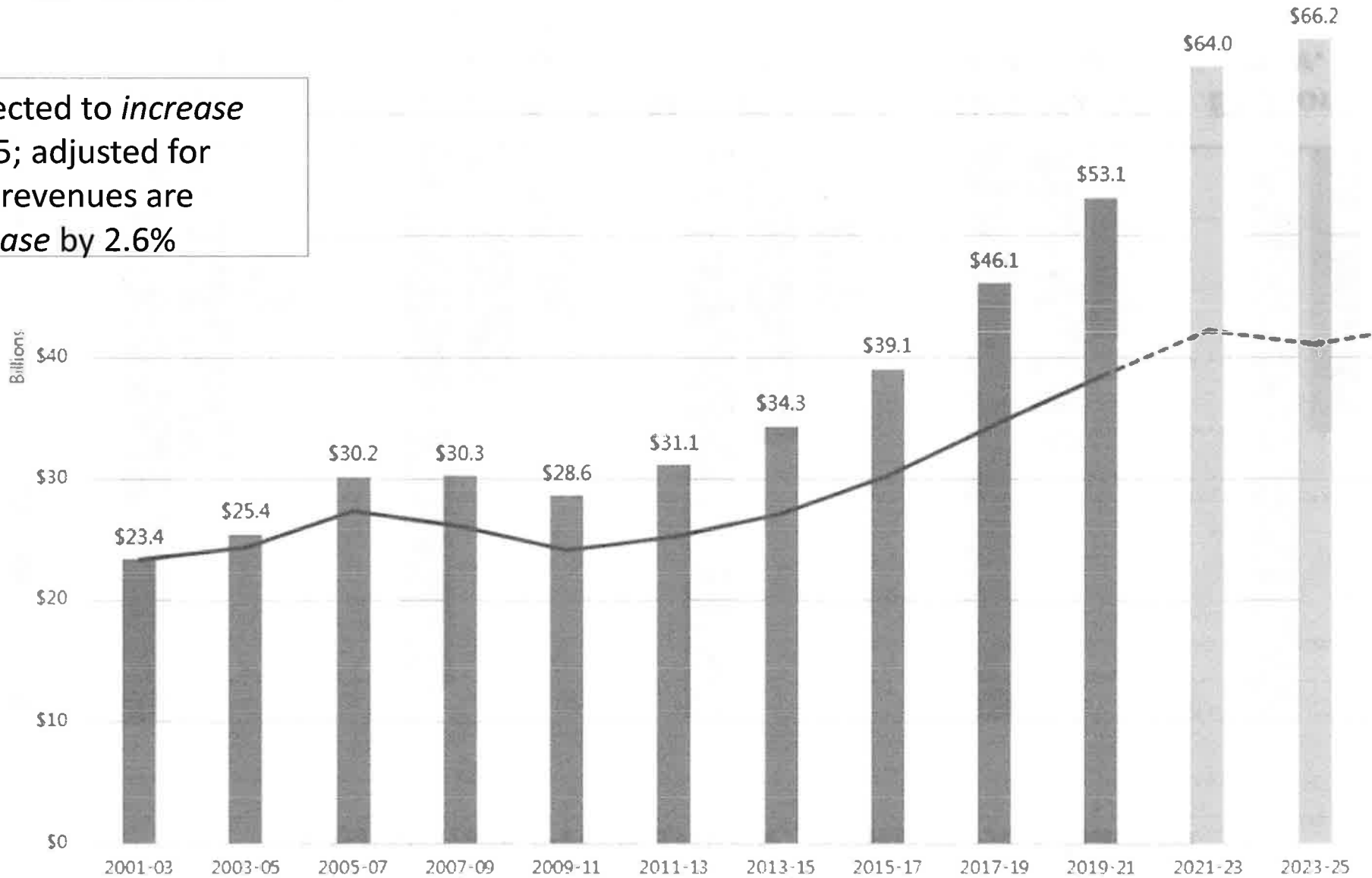
NGFO Revenues

\$80

\$70

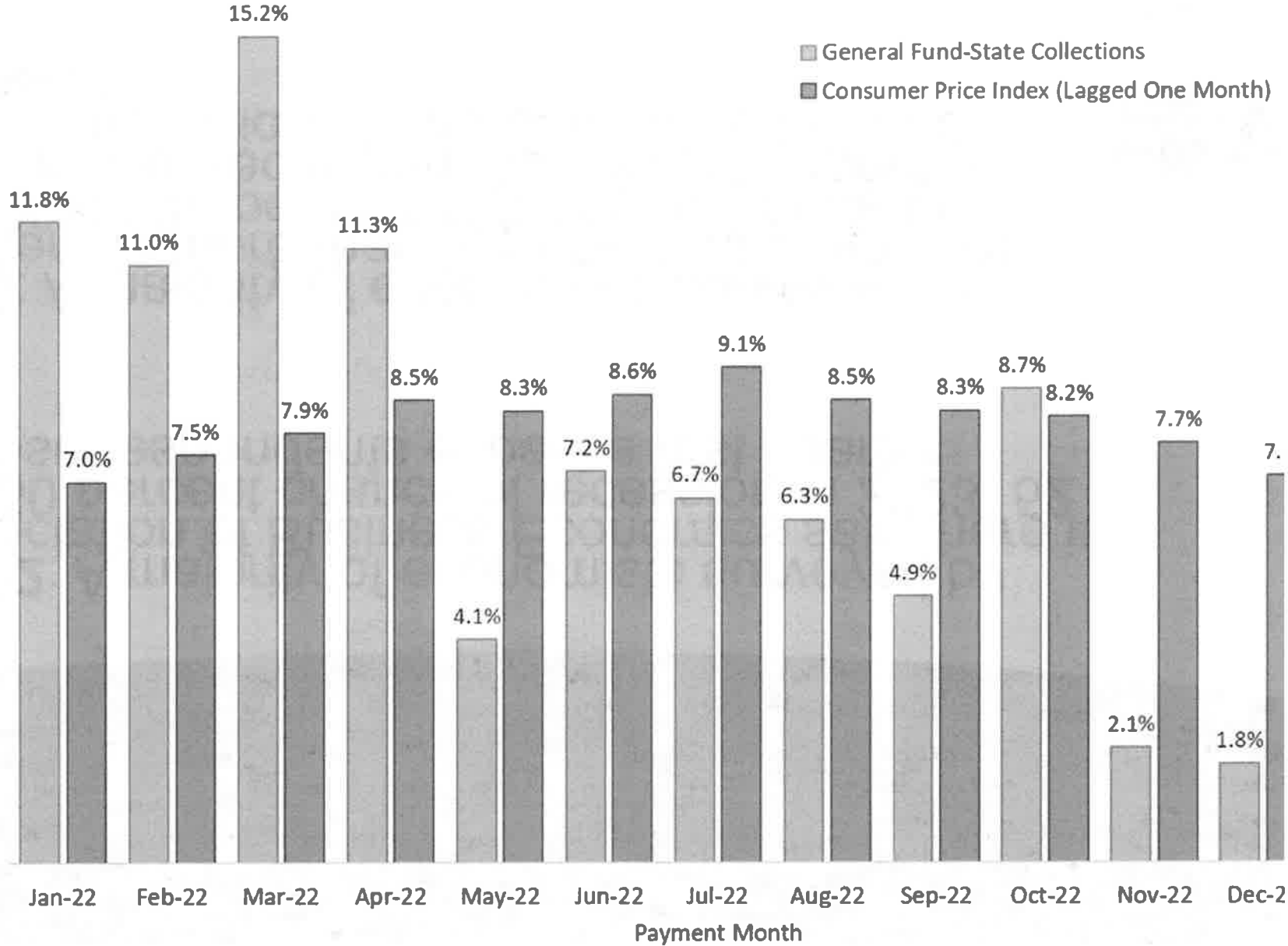
History and Nov. 2022 Forecast Adjusted for Inflation

Revenues are projected to *increase* 1.6% in 2023–25; adjusted for inflation, 2023–25 revenues are projected to *decrease* by 2.6%



Year-Over-Year Percent Growth

General Fund-State Collections
 Consumer Price Index (Lagged One Month)



of the last 9
 year-over-year
 exceeded
 year-over-year
 in GFS
 es. While
 n has trended
 ard since mid-
 r, the gap
 n inflation and
 e growth has
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Recession...or Not?

December '22: A majority of economists surveyed by National Association of Business Economics said there is more than a 50 percent chance of recession in 2023; 52 percent of those respondents expect a first quarter recession

February '23: A majority of economists surveyed by NABE said there is more than a 50 percent chance of recession in 2023; 28 percent of those respondents expect a first quarter recession; 33 percent expect a second quarter recession; 21 percent expect a third quarter recession



K-12 Approaching Fiscal Cliff

apidly approaching economic/fiscal shocks:

ESSER spending (obligation) deadline arriving (Sept 2024)

Continuing (or growing) enrollment declines

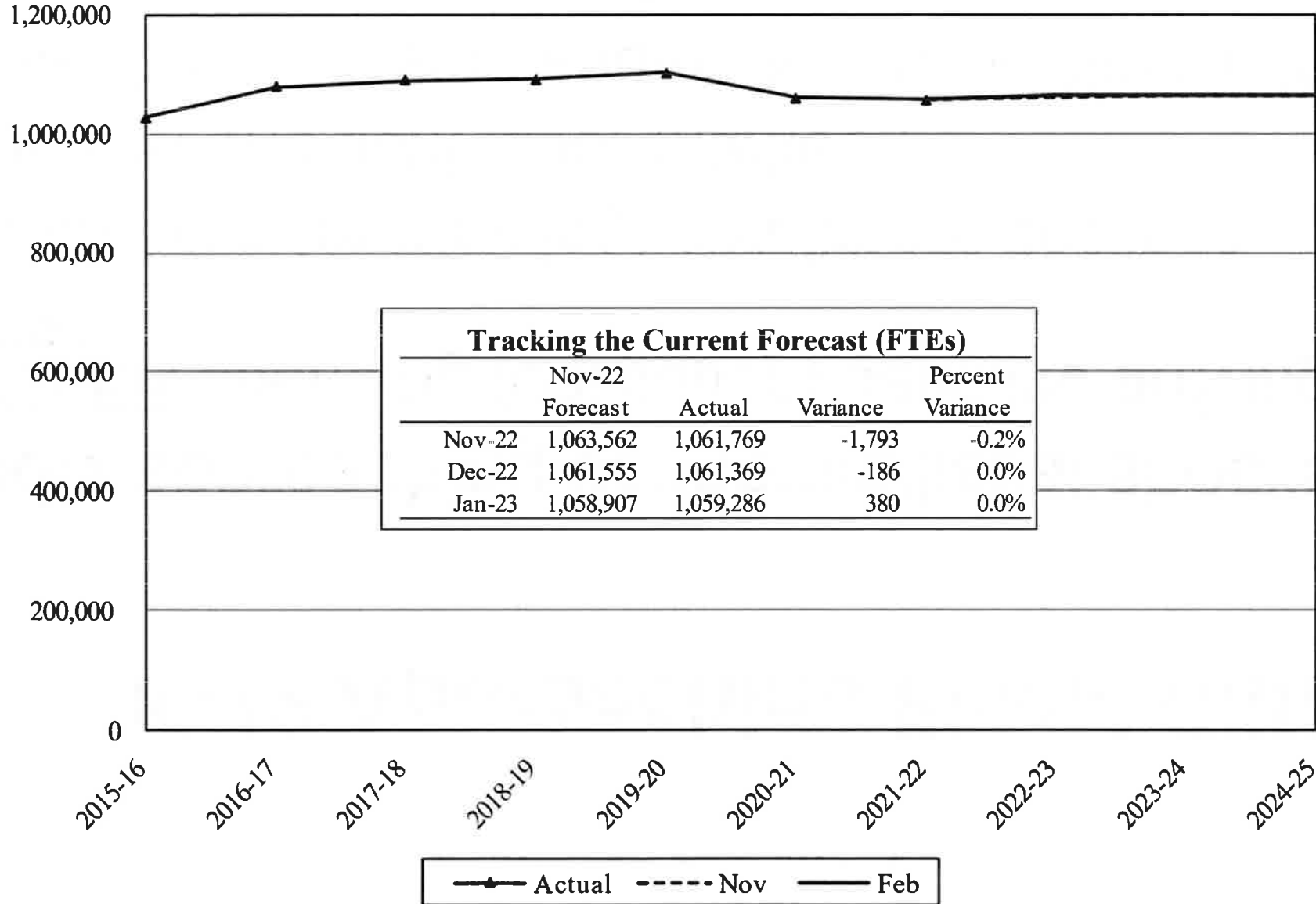
Inflation and tight labor market

Potential recession and/or economic slowdown

Common Schools Enrollment

Caseload Forecast Council
February 10, 2023

Common Schools Average Annual Enrollment (FTE)



Common Schools Enrollment

Caseload Forecast Council
February 10, 2023

Academic Year Caseload Change (FTEs)

	Academic Year	Caseload	Change from Prior Year	Percent Change
Actual	2015-16	1,028,594		
	2016-17	1,079,421	50,827	4.9%
	2017-18	1,089,687	10,266	1.0%
	2018-19	1,091,958	2,271	0.2%
	2019-20	1,101,758	9,800	0.9%
	2020-21	1,060,586	-41,172	-3.7%
	2021-22	1,057,179	-3,407	-0.3%
Forecast	2022-23	1,063,179	6,001	0.6%
	2023-24	1,066,362	3,183	0.3%
	2024-25	1,065,001	-1,361	-0.1%

Priority Issues Review

FULLY FUND SPECIAL EDUCATION

Since 2019, the Legislature has provided incremental funding increases and programmatic changes in Special Education; however, inadequate funding continues to force districts to use local levy funds to backfill the gap between what the state (and federal government) allocates and actual district expenditures

Legislators are urging the Legislature to take more deliberate action to provide full funding of Special Education costs and align funding with best practices

Special Education —Where We Were

SSB 5311

Adopted by Snte Early Learning & K-12 Education Cmte

- Enrollment funding cap: 13.5% to 15.0%
- Multiplier increases, Pre-K to K-12
 - Four-year phase-in, 2023-24 thru 2026-27
- Safety net eligibility, tied to regionalization

Funding level: \$303 million, 2023-25

Special Education —WHERE WE ARE

2SSB 5311

Adopted by Snte Ways & Means Cmte

- Enrollment funding cap: 13.5% to 15.0%
- Multiplier increases, Pre-K to K-12
 - Increased in 2023-24 only
- Safety net eligibility, tied to regionalization
- ESD Special Education Advocates

Funding level: \$352 million, 2023-25

Special Education —Where We Were

HB 1436

Requested by Supt. Reykdal

- Enrollment funding cap: removed 2023-24
- Multiplier increases, Pre-K to K-12
 - Four-year phase-in, 2023-24 thru 2026-27
- OSPI: review disproportionality; assist w/ inclusionary practices professional development

Funding level: \$803 million, 2023-25

Special Education —WHERE WE ARE

SHB 1436

Adopted by House Appropriations Committee

- Enrollment funding cap: Removed in 2027-28
 - Phased increases: '23-24, 14%; '24-25, 14.5%; '25-26 & '26-27, 15%
- Multiplier increases, K-12 only
 - Four-year phase-in, 2023-24 thru 2026-27
- OSPI: review disproportionality; assist w/ inclusionary practices professional development
- JLARC: performance audit of special education

Funding level: \$168 million, 2023-25

SPECIAL EDUCATION MULTIPLIERS

OSPI REQUEST VS SSB 5311 vs 2SSB 5311

OSPI Request	Current	FY 2024	FY 2025	FY 2026	FY 2027
K-12 Multiplier LRE 1	1.0075	1.337	1.2484	1.3569	1.3611
K-12 Multiplier LRE 2-3	0.9950	1.325	1.3359	1.3444	1.3486
Pre-K	1.1500	1.175	1.1800	1.1900	1.2000

SSB 5311	Current	FY 2024	FY 2025	FY 2026	FY 2027
K-12 Multiplier LRE 1	1.0075	1.0742	1.1408	1.2074	1.2740
K-12 Multiplier LRE 2-3	0.9950	1.0283	1.0617	1.0950	1.1283
Pre-K	1.1500	1.175	1.1800	1.1900	1.2000

2SSB 5311	Current	FY 2024	FY 2025	FY 2026	FY 2027
K-12 Multiplier LRE 1	1.0075	1.1200	1.1200	1.1200	1.1200
K-12 Multiplier LRE 2-3	0.9950	1.0600	1.0600	1.0600	1.0600
Pre-K	1.1500	1.200	1.2000	1.2000	1.2000

SPECIAL EDUCATION MULTIPLIERS

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HB 1436	Current	FY 2024	FY 2025	FY 2026	FY 2027
K-12 Multiplier LRE 1	1.0075	1.610	1.1784	1.1961	1.2140
K-12 Multiplier LRE 2-3	0.9950	1.1459	1.1631	1.1805	1.1923
Pre-K	1.1500	1.1600	1.1700	1.1800	1.1900

SHB 1436	Current	FY 2024	FY 2025	FY 2026	FY 2027
K-12 Multiplier LRE 1	1.0075	1.0350	1.0400	1.0430	1.0590
K-12 Multiplier LRE 2-3	0.9950	1.0200	1.0250	1.0280	1.0430
Pre-K	1.1500	1.1500	1.1500	1.1500	1.1500

SPECIAL EDUCATION MULTIPLIERS

2SSB 5311 vs SHB 1436

2SSB 5311	Current	FY 2024	FY 2025	FY 2026	FY 2027
K-12 Multiplier LRE 1	1.0075	1.1200	1.1200	1.1200	1.1200
K-12 Multiplier LRE 2-3	0.9950	1.0600	1.0600	1.0600	1.0600
Pre-K	1.1500	1.2000	1.2000	1.2000	1.2000

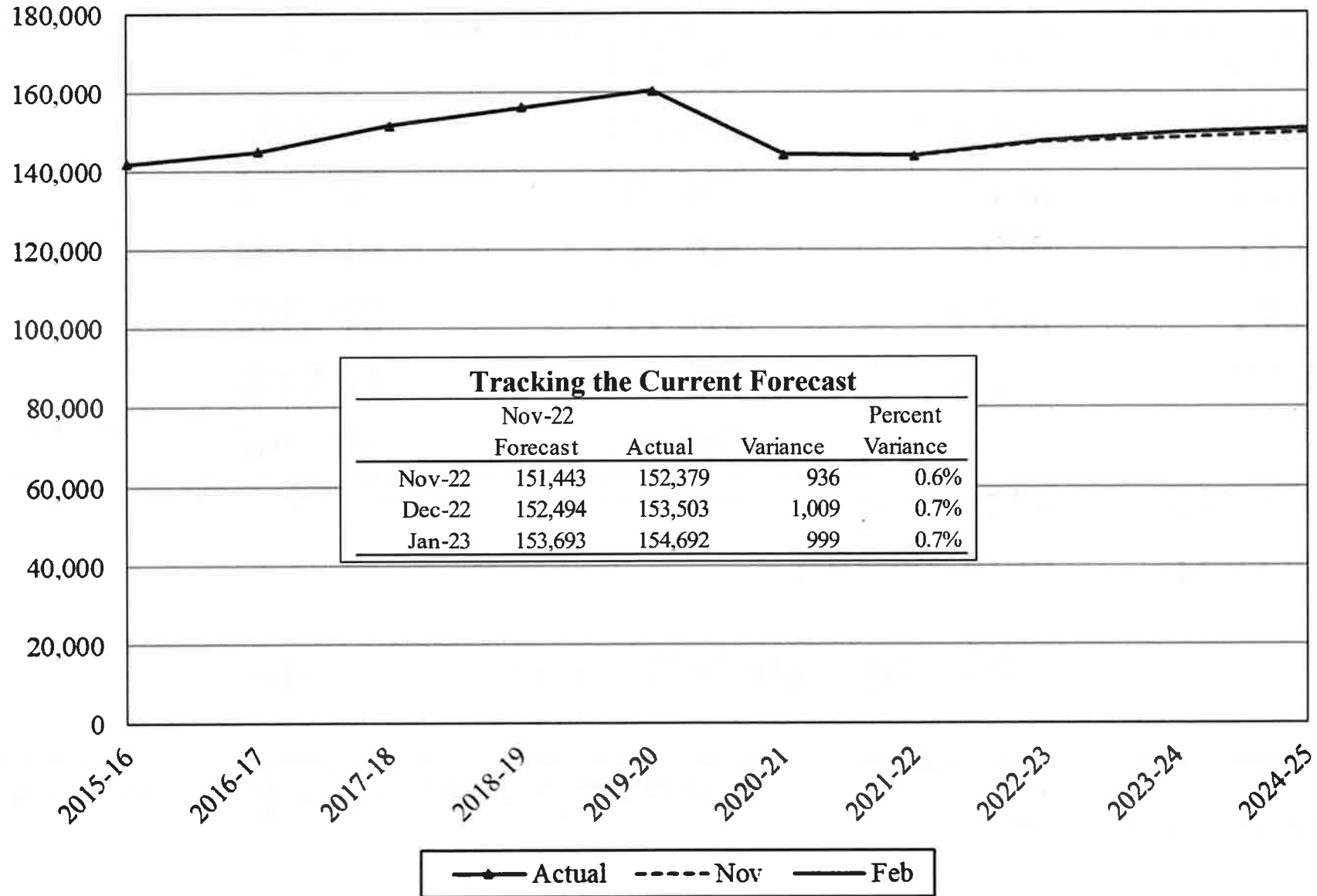
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K-12 Multiplier LRE 2-3	0.9950	1.0200	1.0250	1.0280	1.0430
Pre-K	1.1500	1.1500	1.1500	1.1500	1.1500

2023-25 Budget

Common School Special Education

Caseload Forecast Council
February 10, 2023

**Special Education Average Annual Enrollment (HC)
(Age 3-PreK and State Funded Age K-21)**



Academic Year Caseload Change

	Academic Year	Caseload	Change from Prior Year	Percent Change
Actual	2015-16	141,992		
	2016-17	145,006	3,014	2.1%
	2017-18	151,515	6,509	4.5%
	2018-19	156,201	4,686	3.1%
	2019-20	160,361	4,160	2.7%
	2020-21	144,060	-16,301	-10.2%
	2021-22	143,866	-194	-0.1%
Forecast	2022-23	147,465	3,598	2.5%
	2023-24	149,620	2,155	1.5%
	2024-25	150,689	1,070	0.7%