

# Washington

Tommy E. Jackson II and Tamela C. Thomas

In December of 2020, Governor Jay Inslee proposed a \$57.6 billion two-year spending plan for the years 2021-2023.<sup>1</sup> The state of Washington ratifies budgets on a two-year cycle, which begins on July 1 of every odd year. The proposed budget contains \$1.3 billion in additional taxes that funds Covid-19 relief and approximately \$1.1 billion annually in new revenue derived from a capital gain tax aimed at Washington's most wealthy citizens.<sup>2</sup> Washington is projected to have about \$2.5 billion in total reserves when the biennium ends in mid-2021(current budget) and the new proposal forecasts approximately \$1 billion in reserves for the next biennium (FY 2021-2023).<sup>3</sup>

The bill also has the state utilizing its reserves to begin Covid-19 pandemic relief sooner to benefit Washingtonians that have been affected.<sup>4</sup> The budget sets aside close to \$400 million for public health needs related to Covid-19. The budget was developed to stimulate economic growth while funding key infrastructure projects in communities across the state.<sup>5</sup>

## FUNDING PRIORITIES

Washington's new budget boasts the State will begin work on backlogged infrastructure projects on college and university campuses; additionally, the state made a significant investment (\$360 million) by building capacity through instructional space at multiple community and technical colleges and funding new buildings for STEM at state colleges.<sup>6</sup>

In addition to investing in education, the budget contains \$400 million to build more affordable housing and preserve Washington's existing housing stock.<sup>7</sup> The budget also provides \$150 million to the state's Public Works Assistance Program (low-interest rate loans that localities utilize to fund infrastructure

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1. Melissa Santos, What you should know about WA Gov. Jay Inslee's 2021 budget plan, *Crosscut*, (December 18, 2020). <https://crosscut.com/politics/2020/12/what-you-should-know-about-wa-gov-jay-inslees-2021-budget-plan> (accessed March 2, 2021).

2. Ibid.

3. Sara Gentzler, Washington Gov. Inslee rolls out \$57.6 billion budget plan that includes capital gains tax, *The Olympian*, (December 17, 2021). <https://www.theolympian.com/news/state/washington/article247919260.html> (accessed March 20, 2021).

4. Ibid.

5. "Proposed 2021-2023 Budget & Policy Highlights," Office of Governor Jay Inslee, (December 2020). [https://ofm.wa.gov/sites/default/files/public/budget/statebudget/highlights/budget21/Proposed\\_2021-23\\_Budget\\_and\\_Policy\\_Highlights.pdf](https://ofm.wa.gov/sites/default/files/public/budget/statebudget/highlights/budget21/Proposed_2021-23_Budget_and_Policy_Highlights.pdf) (accessed March 9, 2021).

6. Ibid.

7. Ibid.

Tommy E. Jackson II, Assistant Professor, University of West Georgia; Tamela C. Thomas, Assistant Professor, Kennesaw State University

projects). The State's capital budget also contains \$800 million for statewide school projects, \$120 million for nursing facilities for clients with disabilities, and \$45 million towards broadband access for underserved citizens (public and private). Washington's funding priorities are as follows (biennial):

K-12 Schools – \$28.69 billion (49.5% of the operating budget)

Social and Health Services – \$7.37 billion (12.7% of the operating budget)

Health Care Authority – \$6.32 billion (11% of the operating budget)

Higher Education – \$4.76 billion (8% of the operating budget)

Bond and Retirement Interest - \$2.67 billion (5% of the operating budget).<sup>8</sup>

#### CHANGES TO THE FUNDING FORMULA

In 2017, the Washington legislature passed Engrossed House Bill (EHB) 2242 to meet its obligation to fully fund basic education for public schools. The state then established a two-tier cap on local levies to counterbalance an increase in the statewide property-tax rate for education funding.<sup>9</sup> The levy ceiling was increased in 2019, still, many analysts feared school districts with a high percentage of students from low-income status and with disabilities, would strain to balance the cut in their localities. EHB 2242 provisionally modifies the state levy from a budget-based system to a rate-based system.<sup>10</sup> “The rate for taxes due in 2018 through 2021 will be fixed at \$2.70 per \$1,000 of market value.”<sup>11</sup> Because of another bill passing in 2018 (ESSB 6614), the rate for 2019 was \$2.40 per \$1,000 of market value.<sup>12</sup> After the tax year 2021, the state levy returns to a budget-based system with a maximum levy rate of \$3.60 per \$1,000 market value.<sup>13</sup>

#### PRESSING STATE ISSUES

The governor's budget sets the framework for rebuilding the state's economy and supporting communities around the state. The budget also addresses those workers and businesses that were economically impacted by the pandemic. The governor makes significant investments related to racial and economic inequity, supports behavioral health reform and other human service-oriented programs while maintaining the strength of previous investments in education.

#### ALTERNATIVES TO TRADITIONAL P-12 PUBLIC SCHOOLS

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8. Ibid.

9. Neal Morton, “After years of tweaks, there are still winners and losers in Washington's school-funding plan, analysis finds,” *The Seattle Times* (July 13, 2019).

10. “Funding Education,” Department of Revenue Washington State, (January 2017). <https://dor.wa.gov/get-form-or-publication/publications-subject/tax-topics/funding-education> (accessed March 3, 2021).

11. Ibid.

12. Ibid.

13. Ibid.

Alternative Learning Experience (ALE) courses are those courses where a portion or all of the instruction for the class takes place independent from the regular classroom or school setting.<sup>14</sup> ALE is a funding and instructional model that provides basic education as an alternative to traditional education; moreover, the program's purpose is to ensure all students have educational opportunities designed to meet their individualized educational needs. Full-time equivalency (FTE) for ALE is determined by the estimated weekly hours of learning in the written student learning plan (WSLP).<sup>15</sup> Washington has no state requirement that ALE funds go to the ALE program; therefore, each district is solely responsible for determining how to disburse ALE funds.

#### PER PUPIL EXPENDITURE

The P-12 per-pupil expenditure is \$12,995.<sup>16</sup>

#### ALLOCATION OF STATE DOLLARS AND PERCENTAGE OF THE STATE BUDGET FOR P-12 AND HIGHER EDUCATION

Washington's current biennial operating budget is approximately \$57.849 billion and of those funds, P-12 and Higher Education receive \$28.69 billion and \$4.76 billion, respectively.

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14. The Alternative Learning Department, Guide to offering alternative learning experiences, [https://www.k12.wa.us/sites/default/files/public/student-support/GuideToOfferingALEFinal\\_2019-20.pdf](https://www.k12.wa.us/sites/default/files/public/student-support/GuideToOfferingALEFinal_2019-20.pdf)

15. Ibid.

16. U.S. Public Education Spending Statistics, Educationdata.org. <https://educationdata.org/public-education-spending-statistics> (accessed March 9, 2021).