

Title	2017-19 Governor's Proposed Budget
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Synopsis	David Schumacher (Director of the Office of Financial Management) and John Aultman (Senior Policy Advisor to Gov. Inslee) will discuss the Governor's proposed 2017-19 budget and context surrounding the proposed spending.
Guiding questions	1. How is Washington's revenue growing? 2. How will McCleary funding impact higher education? 3. Is the budget aligned with the Strategic Action Plan?
Possible Council Action	☒ Information/Discussion ☐ Approve/Adopt ☐ Other
Documents and Attachments	☐ Brief/Report ☐ PowerPoint ☐ Third-party materials ☐ Other



GOV. JAY INSLEE'S PROPOSED 2017-19 BUDGET

Washington Student Achievement Council

February 8, 2017

OFFICE OF

FINANCIAL **M**ANAGEMENT

Fundamental goals

Fully fund K-12 schools in next biennium

- Solve fundamental state budget challenge
- Increase school funding in all districts; honor local control and decision making

Launch major overhaul of mental health system

Continue efforts to prevent and reduce homelessness

Continue progress on clean energy, environment

Preserve safety net for vital services

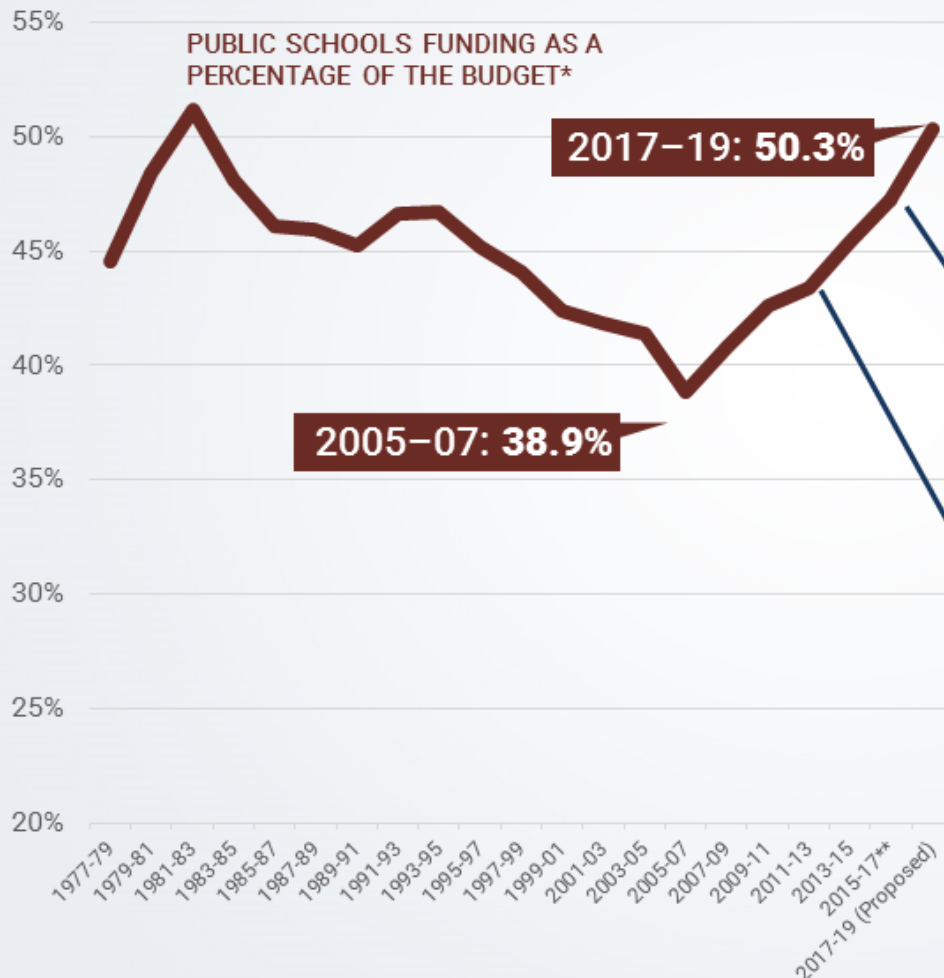
- We cannot cut our way to success to meet major challenges

Fully funding K-12 education

- Meets court order to fully, sustainably fund basic education
- \$2.7 billion to pay state's full share of teacher compensation
- Includes salary increase for beginning teachers
- Every district will receive more money from state
- Local school taxes reduced by at least \$250 million per year
- No increase in state property tax
- Alleviates decades-long funding disparities among districts
- Budget includes another \$1 billion to:
 - Continue shrinking early elementary class sizes
 - Boost teacher mentoring and other proven strategies
 - Address opportunity gaps

Fully funding education

In Gov. Inslee's budget, K-12 tops 50% of state spending for the first time in more than 30 years



2017-19

- ☑ Fully fund competitive wages for teachers and school staff, along with educator training
- ☑ Fully fund K-3 class size reduction
- ☑ Increase school support staff (guidance counselors, nurses, social workers, more)

2015-17

- ☑ Met state obligation to cover materials, supplies and operating costs
- ☑ Fully funded statewide all-day kindergarten
- ☑ Began reducing K-3 class sizes

2013-15

- ☑ Fully funded pupil transportation

*Near General Fund and Opportunity Pathways operating expenditures

**Including 2017 proposed supplemental budget

Additional education investments

Higher education costs remain significant burden for middle-class students and families. The governor's budget:

- Freezes tuition for next two years, offsets costs to colleges and universities
- Includes \$146 million for financial aid to 14,000 more students

Builds on recent historic investments in early childhood education:

- Funds 2,700 more ECEAP slots
- Increases ECEAP rates by more than 6%

Rebuilding state's mental health system

- Overhaul informed by recommendations from outside experts
- Includes \$300 million to significantly expand, improve services in the community and at state hospitals
- Funds first of nine new 16-bed regional behavioral health hospitals (all nine will be online by 2023)
- Adds 180 psychiatric staff positions at hospitals
- Funds more than 1,000 new beds system wide
- Continues state's health care integration initiative

Combating homelessness

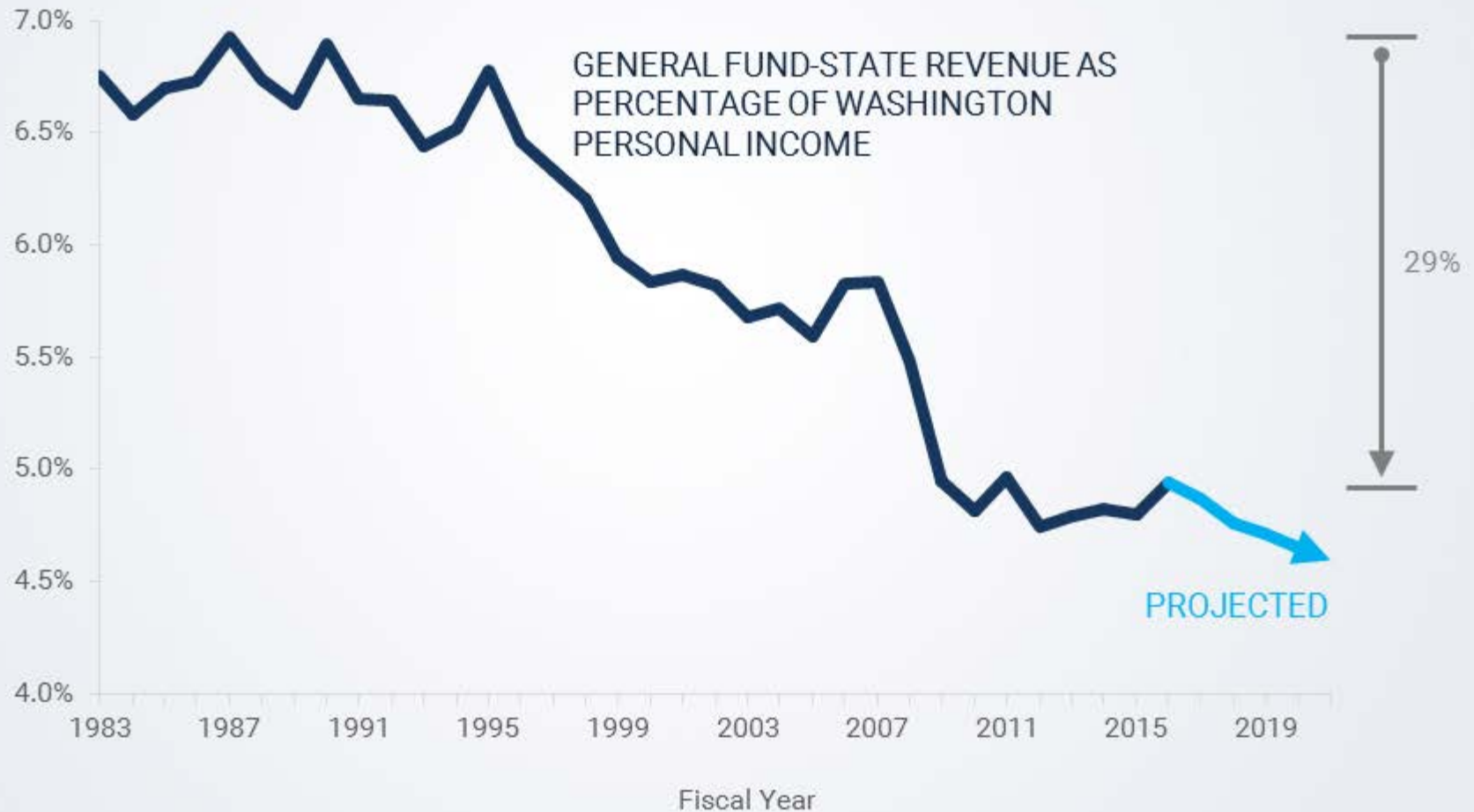
The governor proposes combating homelessness with a multipronged approach centered on three main strategies:

- Build, preserve stock of affordable housing available
- Strengthen partnerships with private sector to increase availability of housing
- Create targeted housing for specific populations such as homeless youth and people discharging from our state psychiatric hospitals

Additional budget highlights

- Continues funding to support state parks services
- Increases parks maintenance and preservation funding
- Boosts salmon habitat protection and fishing opportunities
- Invests in local public health systems modernization efforts
- Funds 25 more records staff at DOC to ensure offenders are confined, released as ordered
- Expands Hepatitis C treatment to 6,000 Medicaid clients
- Expands Veterans Conservation Corps internship program

Over the past 30 years, state revenue collections as a share of the economy have fallen by nearly 30%



Creating a more sustainable revenue system

- Calls for balanced mix of revenue changes to address short-term and long-term needs, obligations
- Majority of \$4.4 billion in new revenue dedicated to education
- Revenue proposal rooted in fairness for working families
- Proposed revenue changes are not new

Revenue package elements

- Increases state B&O tax on services from 1.5% to 2.5%
(generates \$2.3 billion next biennium)
- Imposes capital gains tax (7.9%) on sale of stocks, bonds, and other assets
(generates \$821 million next biennium)
- Creates carbon pollution tax
(generates nearly \$2 billion per year at the outset)
- Closes loopholes
(generates \$308 million next biennium)

Operating budget highlights

- Fully funds basic education
- Invests in high-quality teachers, closing the opportunity gap
- Implements expert recommendations to overhaul mental health system
- Freezes college/university tuition and expands financial aid
- Begins transformative restructuring of services for children and families
- Combats homelessness and opioid crisis
- Protects safety net for vital services

WSAC's Strategic Action Plan Recommendations and Governor Inslee's Proposed Budget 2017-19

	WSAC Recommendation	Governor's Budget Proposal
Affordability	Maintain the commitment to College Bound Scholarship students	\$45 M for expected caseload in the College Bound Scholarship.
	Fully fund the State Need Grant program to serve all eligible students, restore one-time funding and ensure grants keep pace with tuition.	\$30 M to maintain 2015-17 service levels. \$116 M to serve an additional 14,000 eligible students in each year of the 17-19 biennium.
	Maintain a stable, predictable tuition policy.	Freezes tuition at public institutions. \$35.2 M to fund backfill for the public baccalaureate institutions. \$21 M to fund backfill for SBCTC.
	Provide ample funding for higher education to maintain quality .	\$99 M compensation funding for the public baccalaureates \$32 M compensation funding for the SBCTC.
	Maintain state match for private donations raised for the Washington State Opportunity Scholarship .	\$15 M to match private donations for current program. \$3 M to expand scholarship eligibility to workforce training programs.
Readiness	Expand dual credit opportunities for low-income students.	No additional funding provided, but \$10 M in existing funding is provided to districts to support dual credit programs and subsidize exam fees.
	Invest in K12 counseling and high school completion efforts. Provide opportunity gap innovation grants.	\$325 M to increase the number of student support staff in K-12 \$50 M for the Learning Assistance Program for services for students scoring below grade-level in English and math. \$400,000 to DSHS to expand Check and Connect program for students showing signs of disengagement and supports military families. \$1.5 M to SBCTC to expand MESA program, supporting secondary students in math/science and engineering.

Completion	Invest in SBCTC's Guided Pathways initiative to increase completions.	\$8.5 M for Guided Pathways initiative.
	Expand I-BEST program for students in short-term programs.	No additional funding provided.
	Expand successful post-secondary student supports within four-year institutions.	\$10 M in student success funding: WWU: \$3.6 M, EWU: \$2.7 M, CWU: \$2.7 M, TESC: \$800 K.
Employment	Provide work-based learning opportunities by expanding State Work Study.	No additional funding provided at postsecondary level. \$6 M in new funding to offer career-connected learning experiences and apprenticeship training for secondary students.
	Expand investments in fields with anticipated workforce shortages .	\$4 M enhancement (\$6 M total) for curriculum development, teacher training and technology supplies for K-12 schools through Computer Science for Everyone. \$10 M to UW to expand WWAMI medical education in Spokane. \$10 M to WSU for Elson Floyd School of Medicine. \$11 M to PESB to expand the Alternative Routes to Teaching program. \$57.5 M to expand beginning teacher and principal mentoring/support programs.