

February 14, 2024

RE: K-12 Education Supplemental Operating Budget

Honorable Members of the Washington State Legislature:

Today, the Economic & Revenue Forecast Council's first quarterly revenue forecast update projected another \$121.8 million above the November forecast—on top of \$1.14 billion of additional revenue beyond expected revenues between March and November 2023. Additionally, revenues are up \$215.4 million in 2025-27.

School district leaders realize spending in a short session is generally limited; however, we have been told that any increases in the 2024 Supplemental Operating Budget for K-12 education will be minimal. To ensure more substantial funding in the upcoming budget, newly available revenue indicated by the February revenue forecast should be dedicated to the state's paramount duty: K-12 education.

While even this additional funding increase will not solve all school districts' current financial difficulties, it will help address ongoing underfunding of basic education, including special education, pupil transportation, and Materials, Supplies, and Operating Costs (MSOC)—and provide additional financial stability.

Due to this underfunding, many school districts are being forced to reduce budgets, dip into reserves, and overly rely on enrichment levies. Some school districts are, or are considering, closing schools. Others have begun reducing staff, and several are being forced to reduce nonessential programs or seek loans from their county treasurers to meet payroll. Emergency state stabilization funding (e.g., for enrollment, levy/LEA, and experience factor) and federal pandemic-related funding previously provided is no longer available or is being considered for this session to protect school district budgets.

The Legislature's recent increases in state funding for K-12 education have been modest at best, while school district expenses have been increasing at a faster rate. When K-12 funding is adjusted for inflation, school districts have seen a net reduction in state funding in the last few years. Further, K-12 education spending as a share of the Operating Budget continues to decline, from a peak of 52 percent in 2019 to under 44 percent in 2023. If the final K-12 funding increase is at the level we are currently assuming, the percentage share of the state budget will further decline.

K-12 education is the state's constitutional paramount duty—the Legislature's first priority—and, at a minimum, additional available revenue projected in the February revenue forecast should be provided to help stabilize school district budgets and address the fiscal crisis facing our school districts.

Thank you for your consideration,

- Charlie Brown, South Sound Superintendents
- Nora Burnes, ESD 105 Schools Coalition
- Mitch Denning, Alliance of Educational Associations
- Melissa Gombosky, Association of Educational Service Districts
- Jim Kowalkowski, Rural Education Center
- Troy Nichols, Capital Region ESD 113
- Marissa Rathbone, WA State School Directors' Association
- Dan Steele, WA Association of School Administrators; WA Association of School Business Officials; WA School Personnel Association
- Marie Sullivan, Eastern Washington Quality Schools Coalition; WA State PTA
- Roz Thompson, Association of Washington School Principals