

WOVE Legislative Update for Career and Technical Education

2025 Legislative Session | April 24, 2025

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We are just three days away from the scheduled April 27 Sine Di celebration of the first half of the biennium, but maybe not-so-fast. This week budget writers have called for “pencils down” as all of the toothpaste squeezing and budgetary tricks have been laid to rest. While the House and Senate budget versions seem to be miles apart in the public view, behind closed doors there is some optimism emerging from leadership.

Democratic leaders say budget writers are done hashing out details on a new two-year operating budget for Washington State. “We have made all the decisions, but there’s still a lot of pieces that have to fall into place,” said Sen. June Robinson, D-Everett, chair of the Senate Ways and Means Committee and chief architect of the Senate operating budget proposal.

Republican Leader John Braun was a little less optimistic, saying “that while there is ‘every indication they finished negotiations,’ what happens to the revenue bills is the wild card that could cause the budget to ‘go off the tracks’.”

This version of the *WOVE* will dive-in deeper to what’s happening now and what is currently being debated within the operating budget versions on the table.

[HB 2081](#) - This revenue measure has been maybe the most controversial bill of the second half of the session. In the late A.M. hours of Saturday night, a bipartisan coalition of lawmakers (both Democrats and Republicans) banded together to try to defeat this taxing provision. Ultimately the bill passed 50-48 by a single member vote and was moved forward in the process. HB 2081 includes the following:

- Increases the state’s primary business and occupation (B&O) tax rate from 0.484% to 0.5% of gross proceeds, impacting hundreds of thousands of businesses.
- Raises the B&O tax rate for service businesses with annual taxable revenue exceeding \$1 million from 1.75% to 2.1%.
- Imposes a higher tax rate on financial institutions with annual net income of \$1 billion or more, increasing from 1.2% to 1.5%, starting October 1, 2025, affecting about 200 businesses.
- Introduces a temporary 0.5% surcharge for four years on approximately 400 corporations with annual revenue exceeding \$250 million.

Based on the vote last Saturday night, this bill will be part of the final operating budget version as well as several others.

Senate Budget Proposal:

Total Budget: \$78.5 billion operating budget, with \$34.3 billion (43.7% of the general fund) allocated to public schools.

K-12 Education Investments:

- **Special Education:** Allocates \$1 billion for special education services in the 2025-27 biennium, with projections to increase to \$2.2 billion over four years. This includes funding to eliminate the 16% cap on the percentage of a district's student population that can receive additional state funding for special education, a significant step toward full funding.
- **Materials, Supplies, and Operating Costs (MSOC):** Provides \$175 million to cover non-employee-related expenses (e.g., utilities, technology), increasing to \$423 million over four years. Senate Bill 5192, passed 85-12 in the House after Senate approval, boosts MSOC funding per student to \$1,614 (a \$35 increase) and adds \$214.94 per high school student.
- **Overall K-12 Commitment:** The Senate emphasizes education as a priority, with K-12 representing over 80% of new investments across a five-year outlook.

Other Education Provisions:

- Proposes \$4.3 million in administrative cost reductions at the Office of the Superintendent of Public Instruction (OSPI) and \$3 million in cuts to statewide programs (e.g., youth suicide prevention, math skills improvement).
- Adjusts monthly apportionment to shift \$386.2 million of spending into the next budget cycle, a cost-saving measure.
- Trims funding for academic enrichment and technical education programs by \$48.9 million, preserving partial or full funding for some programs like civics education.
- **Revenue Dependence:** The Senate budget relies on \$16 billion in new revenue over four years, including a payroll tax on high earners, and property tax reform.

House Budget Proposal:

Total Budget: \$77.8 billion operating budget, with \$33.2 billion (43% of the general fund) allocated to public schools.

K-12 Education Investments:

- **Special Education:** Allocates \$188.9 million for special education, significantly less than the Senate's \$1 billion. However, the House passed Senate Bill 5263 (97-0 vote) to eliminate the special education funding cap, committing to an additional \$870 million over the next two budgets through a compromise with the Senate.
- **Materials, Supplies, and Operating Costs (MSOC):** Supports MSOC funding increases similar to the Senate's, as evidenced by the House's passage of Senate Bill 5192.
- **Levy and Local Effort Assistance (LEA):** Increases funding for levies and levy equalization, unlike the Senate, which made no changes to the LEA formula. This aims to support districts reliant on local taxes.

Overall K-12 Commitment: The House budget allocates a slightly smaller share of the general fund to education compared to the Senate, with concerns raised by Superintendent Chris Reykdal that the education share continues to shrink.

Other Education Provisions:

- Requires \$1.8 million in administrative cuts.
- Shifts \$396.7 million of apportionment spending to the next budget cycle, a slightly larger deferral than the Senate's.
- Eliminates funding for nearly all academic enrichment and technical education programs (except financial education), saving \$138 million.
- Ties additional education dollars to House Bill 2049, which proposes lifting the lid on local levies. This could generate \$200 million for schools in the next biennium and \$618 million in 2027-29. It has not been passed yet into a concurred final form. We are on a wait and see mode on this property tax program.
- The House budget assumes \$5.2 billion from a revenue package, including property tax reform, a surcharge on large corporations, and a wealth tax. Education funding could be reduced if these measures fail as it appears several of them may be.

Key Differences:

- **Special Education Funding:** The Senate's \$1 billion allocation dwarfs the House's \$188.9 million, but the passage of Senate Bill 5263 reflects a compromise to provide \$870 million over two budgets. Four corner negotiations will likely focus on aligning funding levels closer to the Senate's proposal or securing new revenue to bridge the gap.
- **Revenue Reliance:** Both budgets depend on unpassed tax measures. The Senate's \$16 billion revenue plan is more ambitious than the House's \$5.2 billion, creating uncertainty about final education funding levels.
- **Program Cuts:** The House cuts more deeply into academic enrichment programs (\$138 million vs. Senate's \$48.9 million), which we are hearing is a sticking point.
- **Apportionment Shifts:** Both chambers defer apportionment spending, but the House's larger shift (\$396.7 million vs. \$386.2 million) may face scrutiny for delaying district funding.
- **Levy Support:** The House's focus on levies and LEA contrasts with the Senate's unchanged formula, reflecting different priorities for supporting local districts.
- **Special Education Milestone:** The passage of Senate Bill 5263 by both chambers is a "historic" step toward fully funding special education by removing the 16% cap, addressing a long-standing issue where districts relied on local levies to cover costs.
- **Revenue Uncertainty:** Proposed tax increases (e.g., property tax reform, wealth tax) face political resistance, and failure to pass them could lead to deeper education cuts. Gov. Bob Ferguson has expressed reluctance to support new taxes without exhausting cost-cutting options, adding complexity to negotiations.

CTSO Operation Funding - The \$800,000 per year CTSO operating funds are still in limbo as the budget versions differ on this funding. The senate version funds the dollars through the first half of the biennium (2026 fiscal year), while the House version eliminates the funding completely and most of the original section. Stay tuned for more information on this as a final version of the budget is set to be released Friday.

As we go throughout the session you can follow along the [daily schedule of the legislature](#) and see the [Senate Floor Calendar](#) and the [House Floor Calendar](#).

WOVE Bill Status & Upcoming Events Report

Upcoming Events

Ways & Means (Senate) - SHR 4 and Virtual JACB - 4/25 @ 1:30pm


- [SHB 2077](#) - Exec Session - Establishing a tax on certain business activities related to surpluses generated under the zero-emission vehicle program.
- [SHB 2081](#) - Exec Session - Modifying business and occupation tax surcharges, rates, and the advanced computing surcharge cap, clarifying the business and occupation tax deduction for certain investments, and creating a temporary business and occupation tax surcharge on large companies.

Bill #	Abbrev. Title	Short Description	Status	Sponsor	Position	Priority
SHB 1121	Work restrictions/age 16, 17	Concerning restrictions on the working conditions and hours of sixteen- and seventeen-year olds.	C 79 L 25	McClintock	Support	
HB 1167	Maritime careers task force	Directing the statewide career and technical education task force to consider educational opportunities for careers in maritime professions.	Del to Gov	Shavers	Support	
SHB 1198 (ESSB 5167)	Operating budget	Making 2025-2027 fiscal biennium operating appropriations.	H Rules R	Ormsby		
SHB 1216 (SSB 5195)	Capital budget	Concerning the capital budget.	H Rules R	Tharinger		
2SHB 1273	Dual credit program access	Improving student access to dual credit programs.	C 104 L 25	Paul	Concerns	
2SHB 1285	Financial education	Making financial education instruction a graduation requirement in public schools.	S EL/K-12	Rude	Support	
ESHB 1414	CTE careers work group	Improving access to career opportunities for students.	C 61 L 25	Connors		
HB 1556 (SB 5542)	HS completers/CTC tuition	Expanding tuition waivers for high school completers at community and technical colleges.	C 42 L 25	Entenman		
SHB 2077 (SB 5811)	Zero-emission vehicle prg.	Establishing a tax on certain business activities related to surpluses generated under the zero-emission vehicle program.	S Ways & Means	Fitzgibbon		
ESHB 2081 (SB 5815)	Business and occupation tax	Modifying business and occupation tax surcharges, rates, and the advanced computing surcharge cap, clarifying the business and occupation tax deduction for certain investments, and creating a temporary business and occupation tax surcharge on large companies.	S Ways & Means	Fitzgibbon		
SHB 2084	Tax preferences	Increasing funding for K-12, health care, and public safety by repealing or modifying tax preferences for certain industries and goods.	H 2nd Reading	Ramel		
ESSB 5009	Student transp. vehicles	Modifying the student transportation allocation to accommodate multiple vehicle types for transporting students.	Del to Gov	Braun		
ESSB 5167 (SHB 1198)	Operating budget	Making 2025-2027 fiscal biennium operating appropriations.	H Conf appt	Robinson		
SB 5189	Competency-based education	Supporting the implementation of competency-based education.	Del to Gov	Wellman		
ESSB 5192	School district materials	Concerning school district materials, supplies, and operating costs.	S Passed FP	Nobles	Support	Medium
SSB 5195 (SHB 1216)	Capital budget	Concerning the capital budget.	H 2nd Reading	Trudeau		
2SSB 5358 (HB 1280)	Career & tech. ed./6th grade	Concerning career and technical education in sixth grade.	C 134 L 25	Braun	Support	
SSB 5738 (HB 1988)	Retired employees/work	Permitting individuals retired from the public employees' retirement system, the teachers' retirement system, and the school employees' retirement system additional opportunities to work for up to 1,040 hours per year while in receipt of pension benefits.	H Rules R	Wellman		
SB 5792	State employee compensation	Concerning temporary compensation reductions for state government employees during the 2025-2027 fiscal biennium.	S Ways & Means	Robinson		
SB 5793	Public employee health plans	Concerning employer contributions and incentives for public and school employee health benefit plans.	S Ways & Means	Robinson		
ESSB 5794	Tax preferences	Adopting recommendations from the tax preference performance review process, eliminating obsolete tax preferences, clarifying legislative intent, and addressing changes in constitutional law.	H Passed 3rd	Salomon		

SB 5795	Sales and use tax rate	Reducing the state sales and use tax rate.	S Ways & Means	Krishnadasan		
SB 5796	Payroll expense tax	Enacting an excise tax on large employers on the amount of payroll expenses above the social security wage threshold to fund programs and services to benefit Washingtonians.	S Ways & Means	Saldana		
SSB 5797	Intangible assets tax	Enacting a tax on stocks, bonds, and other financial intangible assets for the benefit of public schools.	S 2nd Reading	Frame		
SSB 5798	Property tax	Concerning property tax reform.	S 2nd Reading	Pedersen		
SB 5811 (SHB 2077)	Zero-emission vehicle prg.	Establishing a tax on certain business activities related to surpluses generated under the zero-emission vehicle program.	S Ways & Means	Lovelett		
SB 5815 (ESHB 2081)	Business and occupation tax	Modifying business and occupation tax surcharges, rates, and the advanced computing surcharge cap, clarifying the business and occupation tax deduction for certain investments, and creating a temporary business and occupation tax surcharge on large companies.	S Ways & Means	Saldana		

[2025 Session Cutoff Calendar](#)

April 27	Sine Die: Last day allowed for regular session under the state constitution.
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	Federal Legislation: <ul style="list-style-type: none"> • ACTE Advocacy Webpage • CTE Policy Watch Blog • Take Action • ACTE Policy Agenda • Advocacy Resources
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