



THE WASHINGTON STATE BOARD OF EDUCATION

A high-quality education system that prepares all students for college, career, and life.

| | |
|---|---|
| Title: School District Impacts of House Bill 2242 (McCleary) | |
| As related to: | <input type="checkbox"/> Goal One: Develop and support policies to close the achievement and opportunity gaps. <input type="checkbox"/> Goal Two: Develop comprehensive accountability, recognition, and supports for students, schools, and districts. <input type="checkbox"/> Goal Three: Ensure that every student has the opportunity to meet career and college ready standards. <input checked="" type="checkbox"/> Goal Four: Provide effective oversight of the K-12 system. <input type="checkbox"/> Other |
| Relevant to Board roles: | <input type="checkbox"/> Policy leadership <input checked="" type="checkbox"/> System oversight <input checked="" type="checkbox"/> Advocacy <input type="checkbox"/> Communication <input type="checkbox"/> Convening and facilitating |
| Policy considerations / Key questions: | This is an update on <i>McCleary</i> and there is no board action associated with this section at this meeting. |
| Relevant to business item: | None |
| Materials included in packet: | This section includes a PowerPoint from Office of Financial Management staff. |
| Synopsis: | Board members will be updated on an Office of Financial Management analysis of the school district financial impacts of House Bill 2242 (<i>McCleary</i>). |



School District Impacts of HB 2242

Kate Davis & Cynthia Hollimon

November 8, 2017

Property taxes increase in 2018 and more than 40% remain higher in 2019

2018



| | |
|--------------------|-----------|
| State Property Tax | \$ 0.87 ↑ |
| Local School Levy | no change |
| <hr/> | |
| Net Change | \$ 0.87 ↑ |

2019



| | |
|--------------------|------------|
| State Property Tax | \$ 0.91 ↑ |
| Local School Levy | \$ -0.94 ↓ |
| <hr/> | |
| Net Change | \$ -0.03 ↓ |

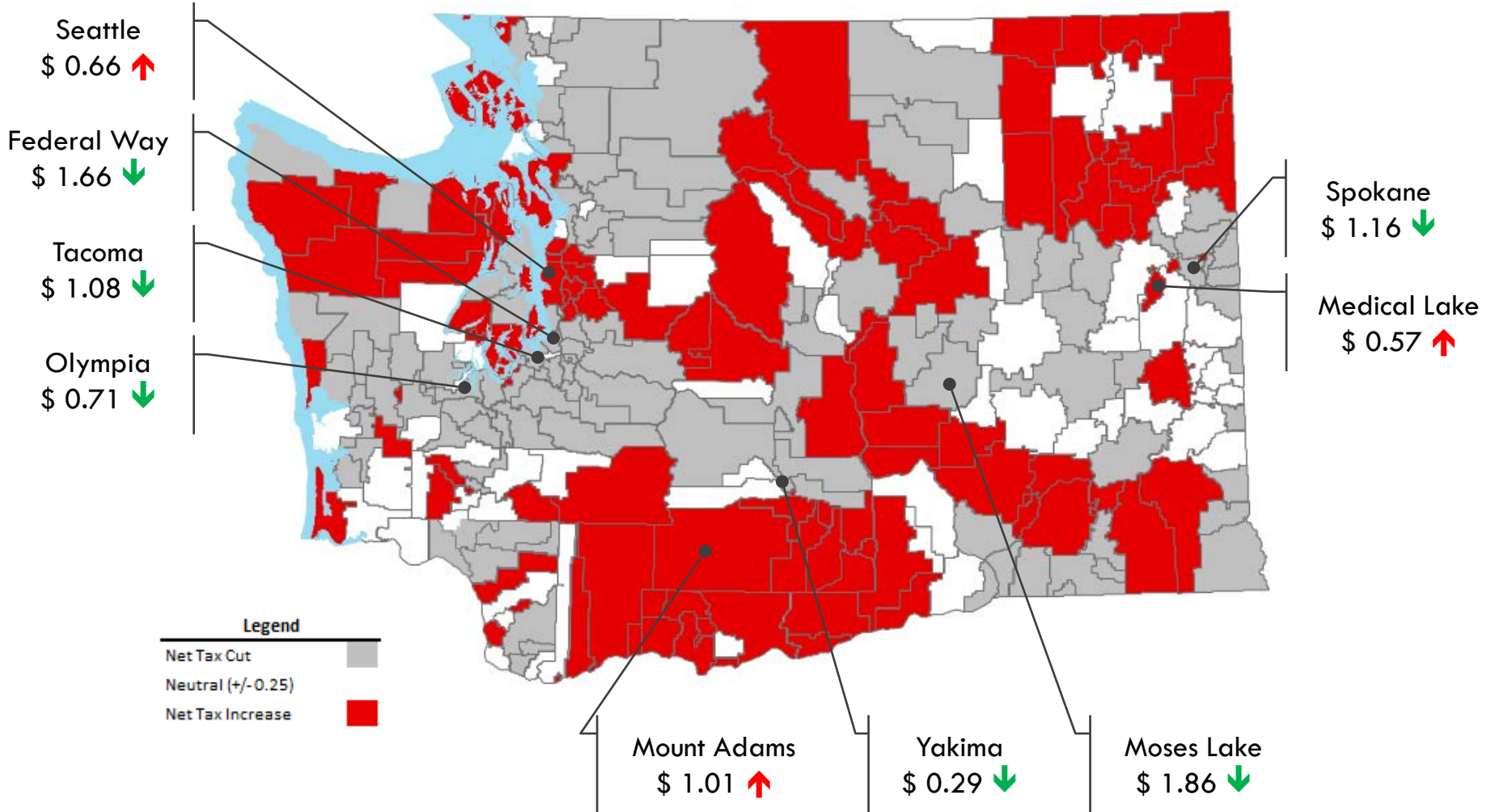
2020



| | |
|--------------------|------------|
| State Property Tax | \$ 0.95 ↑ |
| Local School Levy | \$ -0.84 ↓ |
| <hr/> | |
| Net Change | \$ 0.11 ↑ |

Estimates are statewide average rate changes

Tax changes vary widely across the state



What is the impact for school districts?

| School Year 2019-20 | <u>Net New Funding</u> | | <u>Unrestricted New Funding</u> | |
|------------------------|------------------------|---------|---------------------------------|---------|
| | Dollars (millions) | Percent | Dollars (millions) | Percent |
| Seattle | \$ 82.8 | 12% | \$ 47.1 | 8% |
| Federal Way | \$ 36.3 | 14% | \$ 13.4 | 6% |
| Tacoma | \$ 20.6 | 6% | \$ (4.0) | -1% |
| Olympia | \$ 2.4 | 2% | \$ (2.1) | -2% |
| Mount Adams | \$ 2.2 | 23% | \$ 1.2 | 17% |
| Yakima | \$ 24.1 | 13% | \$ 9.8 | 7% |
| Moses Lake | \$ 9.4 | 9% | \$ 2.1 | 3% |
| Spokane | \$ 24.3 | 7% | \$ 1.7 | 1% |
| Medical Lake | \$ 3.2 | 17% | \$ 2.0 | 14% |

Common Concerns Among School Districts

» Compensation

- ✗ Regional factor
- ✗ Staff mix eliminated
- ✗ Expectations of staff and community

» School Levy

- ✗ Not enough capacity
- ✗ The term “Enrichment”

Two Major Changes to How the State Funds Staff Salaries

✘ Regional factor

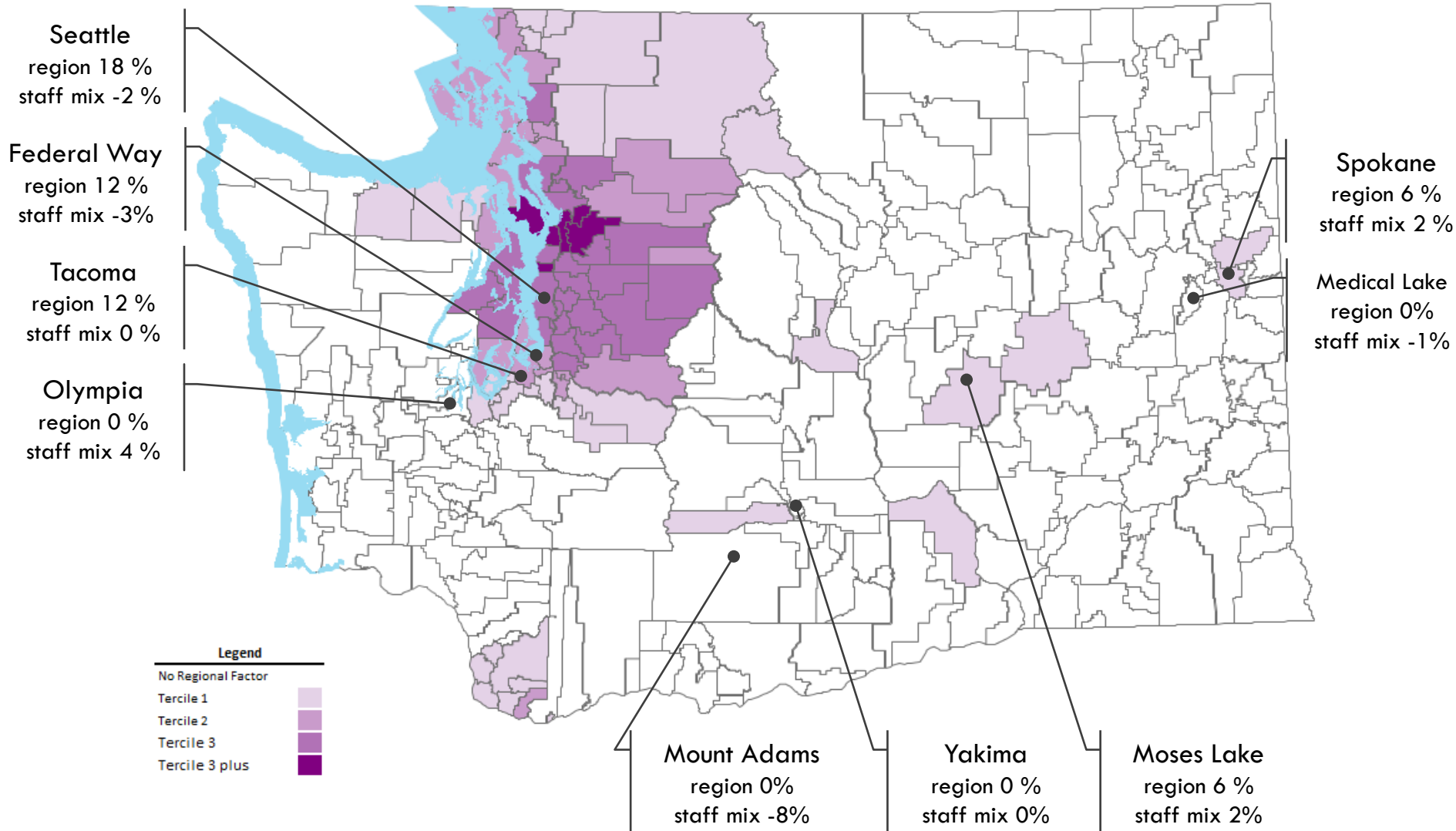
- ✘ Hard boundaries create difficulties for districts on the breaking point
- ✘ Tied to property value rather than prevailing wages
- ✘ Methodology is not transparent and cannot be replicated
- ✘ Overburdens remaining levy capacity

✘ Staff mix eliminated

- ✘ Financial disincentive to hire experienced staff
- ✘ Combined with new maximums, places extra burden on levies

✘ Staff Mix and Regional Factor DO NOT align

Regional Compensation Factor



“Allowable” expenses create unfunded expectations of staff and community

Minimum Salary

\$40,000



Creates a ripple effect for all other salaries

Maximum Salary

\$90,000



The most experienced person in each district expects the new maximum salary

Assignment Pay

10 %



Counselors, Librarians, Nurses, and Teachers in STEM, bilingual, and special education expect 10% higher salaries

Supplemental

Contracts



Districts still have supplemental contracts for additional time, responsibilities, and incentives

What happened to school levy capacity?

| | Current Levy & LEA | New Levy & LEA | Percent Change |
|--------------|-----------------------|-------------------|-------------------|
| Seattle | \$ 200 | \$ 135 | -33 % |
| Federal Way | \$ 65 | \$ 35 | -47 % |
| Tacoma | \$ 96 | \$ 43 | -55 % |
| Olympia | \$ 25 | \$ 15 | -40 % |
| Mount Adams | \$ 1.0 | \$ 0.9 | -8 % |
| Yakima | \$ 32 | \$ 24 | -24 % |
| Moses Lake | \$ 23 | \$ 13 | -43 % |
| Spokane | \$ 85 | \$ 45 | -47 % |
| Medical Lake | \$ 2.9 | \$ 2.8 | -3 % |

dollars in millions

School Enrichment Levy

- » The word “Enrichment”
 - › to supply with riches, wealth, abundant or valuable possessions
- » Enrichment levies may be used to supplement basic education
 - › Prototypical school staffing
 - › Special education
- » Examples of programs funded through enrichment levies
 - › Pre-School for all 4 year olds
 - › After-school and Saturday programs for credit retrieval
 - › PSAT/SAT for all students
 - › Specialty course offerings
 - › Assessment of students’ abilities in early grades

Budget Proposals from Last Session

| | Governor | Senate | House | Final |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| New State Funding | \$ 9.5 billion | \$ 7.7 billion | \$ 7.1 billion | \$ 7.0 billion |
| Change in Local M&O Levy | \$ -820 million | \$ -3.2 billion | \$ -850 million | \$ -1.4 billion |
| Net change in school funding | \$ 8.7 billion | \$ 4.5 billion | \$ 8.0 billion | \$ 5.6 billion |
| Average change per student per school year | \$ 2,092 | \$ 1,194 | \$ 2,028 | \$ 1,257 |

| | |
|---|-----------------------|
| Change in Local M&O Levy (NO levy after 2019) | \$ -5.1 billion |
| Net change in school funding | \$ 2.6 billion |
| Average change per student per school year | \$ 765 |