

# School Funding FAQ



## Frequently Asked Questions about changes to school funding in Washington State and its impact on districts

### BACKGROUND

Changes to school funding were implemented by the Washington State Legislature following the state supreme court's 2012 ruling that the state was not doing enough to fully fund basic education.

While state funding for education did increase as a result of the Legislature's 2017 "McCleary Fix," it was fraught with complications. For example, the ability for districts to fund education at the local level through levies was dramatically reduced. This reduction, combined with several factors, has had negative unintended consequences. Even with recent Legislative changes to address problems with the fix, school districts are being forced to dip deep into their reserves and brace for potential cuts to programs and staff in order to maintain financial viability.

**Q:** The state believes it has met the Supreme Court's ruling to fully fund basic education.

Why are districts still struggling financially?

**A:** While the intention was good, the Washington State Legislature's 2017 "McCleary Fix," has caused our school districts to face significant budget challenges. While the state made an additional investment in basic education, as required to fulfill the state's paramount duty, the model does not ensure consistent and equitable resources for ALL school districts and limits how districts can raise and spend local funds. The new funding structure does not account for the loss of large amounts of local money, some of which is used to help fund things like extra-curricular activities, special education, teacher compensation and key classified staff positions.

The plan impacts districts differently, but most will experience declining revenues needed to cover increased operating and salary costs.

**Q:** What are the main factors that cause many districts to lose funding under the new model?

**A:** There are several major factors that have caused districts to lose significant funding. They include:

- **Staff with Wages above the State Allotment:** The district has more experienced, longer-serving teachers who earn higher salaries than the one-size average allocation from the state.
- **Local Effort Assistance (LEA):** The district is losing LEA—additional money from the state if it is located in an area with lower property values.
- **Caps to Local Levies:** While the Legislature raised the cap imposed on local levies from \$1.50 to \$2.50 per \$1,000 of assessed property value, the cap is still well below the amount some districts were previously able to collect.
- **Regionalization:** the district did not receive money from the state allocated for the high cost of living areas (regionalization money).

**Q:** Didn't the Legislature increase state property taxes specifically for education?

**A:** Yes, but they reduced the ability to collect enough local funding through levies to pay for non-state funded salaries, special education costs above the state allocation and previously covered programs and services. Levies are now limited to \$2.50 per \$1,000 of assessed property value with a maximum value of \$2,500 per student.

**Q:** How does the new state funding structure change local Maintenance and Operations levies?

**A:** School districts rely on local funding to bridge the gap between what the state pays and actual operational expenses. Under the new plan, local levies are capped at \$2.50 per \$1,000 of assessed property value. For many districts, this cap is below what they previously collected. Even with additional state money for staff salaries, allocated in 2018, loss of other funding resources leaves many districts in a difficult financial situation.

**Q:** How did the recent collective bargaining contracts impact district budgets?

**A:** Some additional money was provided by the state to raise teacher salaries and better reflect the expertise and talent in our local communities. However, the new funding model does not provide enough money to pay for all of these increases. Unless districts can raise more money locally or the state increases funding, districts will actually be forced to lay teachers off, beginning with the 2019-20 school year.

**Q:** Did the state also increase funding for classified positions and school administrators?

**A:** Yes. Using the prototypical school formula, the state increased the average salary allocation for these positions. However, the same scenarios exist. Many staff earn more than what the state allocates. As classified unions bargain for double-digit salary increases, combined with the reduction in local funding, districts will be required to make cuts in order to balance their budgets, beginning with the 2019-20 school year.

