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Contact: **Joel Aune, Executive Director**
Washington Association of School Administrators
800-859-9272
jaune@wasa-oly.org
www.wasa-oly.org

School Districts Offer Remedy to Counter Losses due to Legislative Changes

Data review shows a third of public school districts will have less state funding for basic operating revenue in 2019, despite legislative 'hold harmless' provision

OLYMPIA — An analysis of the state's new K-12 funding system indicates legislative changes as a result of the McCleary decision will leave more than 100 school districts with less money for basic operating expenses in 2019-20, forcing budget cuts that will significantly impact staffing and programming, creating inequities in communities across the state.

The findings, presented last week by the Washington Association of School Administrators (WASA), also include a short-term legislative solution aimed at helping the affected districts break even and avoid deep cuts to staff and programming due to losses incurred under the new state funding structure.

"We are keenly aware of the complexities of the state's new funding system, and the glaring inequities that have emerged as a result of E2SSB 6362, the Legislature's response to the McCleary ruling," said **WASA Executive Director Joel Aune**. "Unfortunately, the loss of local levy funding was far greater than the increase in new basic education operating revenue, leaving over 100 districts across Washington facing budget shortfalls of considerable scope and consequence," he said. "The Legislature set out to ensure districts did not lose funding with a hold harmless provision. But our research confirms that the hold harmless did not achieve its intended purpose."

"Without legislative action this session, many school districts across the state face grim consequences, including program and staff cuts of significant magnitude," added Aune. "Administrators around the state acknowledge that the new funding structure was well-intended and meant to increase the state's investment in education. But the reality is that about a third of our districts will have less money to address basic operating expenses as a result of the way the state is now funding education."

Last fall, following implementation of E2SSB 6362, WASA convened a workgroup of superintendents, business managers and chief financial officers with the goal of providing assistance to small districts negatively impacted by the legislative changes. After months of analysis, the group determined about one third of districts statewide were incurring losses as a result of the way the state now funds education.

Because of legislative changes, local levies were reduced by \$1.1 billion. The change represents a significant decrease in local funds for many districts, some of which have been collecting as much as \$3 or \$4 per \$1,000. They are now limited to collecting about half that amount, with local levies capped at \$1.50 per \$1,000 or \$2,500 per student — whichever is less. This, despite the “hold harmless” provision in the legislative language that districts shall not lose funding under the legislative changes to the way schools are funded.

Additionally, many school districts are facing the challenge of transitioning from a variable teacher salary allocation model to the new fixed state salary allocation of \$65,216. The previous state funding allocation structure recognized that professional educator staff are paid on the basis of education and experience. The current model utilizes a one-size-fits-all state allocation for teacher salaries, which only funds a portion of the actual salaries of educators with training and years of experience above the state average. School districts must bridge the funding gap for the new and increased amount not covered by the state under the current structure.

To address the shortfall, WASA is proposing a short-term solution for the districts most severely impacted by the school funding changes. The proposed solution would:

- Increase state funding for 115 districts negatively impacted by legislative changes to get them to a financial break-even point, plus add an increase in basic education operating revenue based on the Annual Implicit Price Deflator (IPD), which accounts for inflation.
- Expand the state’s experience factor eligibility criteria to include districts that exceed the statewide average for teacher years of experience by 15%.

All told, the legislative remedy offered by WASA would cost approximately \$123 million to bring the 115 identified school districts back to a break-even point. It is important to note this proposal is a short-term fix that would provide immediate assistance to those districts most severely impacted by E2SSB 6362. These districts, and all others, are still confronted with enormous funding challenges related to school safety and security, special education, the School Employee Benefits Board (SEBB) program, and levies.

“While Vancouver is not one of the districts that will actually have less funding for basic operations in 2019, this is something every school district should be concerned about,” said **Dr. Steven Webb, Vancouver Public Schools superintendent**. “Over 30 percent of our state’s school districts now have less operating revenue as a result of these changes. We are hopeful the Legislature will give serious consideration to both the workgroup’s research and its recommendations.”

WASA is currently working with legislators on the proposal to enact changes this legislative session. A complete list of the affected districts is available on the [WASA website](#).

About the Washington Association of School Administrators (WASA)

WASA (www.wasa-oly.org) is a non-profit organization committed to the development of quality education through professional leadership. Members benefit from a supportive community of professional leaders working to provide insightful, valuable training support, and resources. WASA also strives to sustain a positive impact on legislative and community leaders. Membership is open to education administrators in Washington state.

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