Legislative Review: 2017
2017 Legislative Review (Update)

- Setting the Stage

- McCleary Implementation
  - Basic Education Compensation

- 2017–19 Budget Update

- Education Funding Plans
  - Education Funding Task Force
  - Local Funding Workgroup
Supreme Court rules (January 2012):
- The State “has consistently failed” to provide the ample funding required by the Constitution.
- “Reliance on levy funding to finance basic education was unconstitutional 30 years ago in Seattle School District, and it is unconstitutional now.”

Supreme Court Orders State to:
- “demonstrate steady progress” under ESHB 2261 (described as a “promising reform”); and
- “show real and measurable progress” towards full Article IX, Section 1 compliance by 2018.
The Court clarified the deadline to fully comply with the Court’s decision:

- “The State has until September 1, 2018, to fully implement its program of basic education.”
- The remaining details of the program, however, “must be in place by the final adjournment of the 2017 Legislative Session.” This includes “funding sources and the necessary appropriations for the 2017–19 biennium.”
2017: Year of McCleary
**McCleary Implementation**

- **Required Basic Education elements (HB 2776):**
  - Pupil transportation (2014–15)
  - MSOC (2015–16)
  - All-day kindergarten (2017–18)
  - K–3 class size reduction (2017–18)

- **Additional Basic Education items (HB 2261), including:**
  - Highly Capable program
  - LAP and TBIP
  - Special Education
McCleary Implementation
Final Step Required

Educator Compensation

Two major tenets of McCleary decision:

(1) Consistent, unconstitutional underfunding of basic education

(2) Unconstitutional over-reliance on school district levies
Educator Compensation

“A major component of the State’s deficiency in meeting its constitutional obligation is its consistent underfunding of the actual cost of recruiting and retaining competent teachers, administrators, and staff.”

– McCleary Order
Aug. 13, 2015
School District Employee Salaries

Percentage of Average Salary Paid by State and Local District
(Historically through 2012–13)

Note: Salaries are for all programs and do not include benefits

Source: OSPI, 9/14
Levy Cliff

ESB 5023 adopted, March 9
Governor signed, March 15
Crisis averted!

Can engaged educators have an Impact on the Legislative process?

Levy Cliff delay passed with eleven “No” votes:
Senate: 48–1; House 87–10
ESB 5023—Amendments

- **Accounting provisions:** Beginning in Calendar Year 2018, levy collections must be deposited into a local revenue subfund within the general fund to track the amount and object of expenditures from levy collections.

- **Accountability provisions:** Beginning in Calendar Year 2018, school districts must provide a report to OSPI detailing the programs and activities that will be funded through proposed levies. OSPI must approve the report before a ballot proposition can be submitted for voter approval.
2017–19 Operating Budget
2017–19 Budget Outlook

Projected Spending Needs

2015–17 BUDGET
2017–19 MAINTAIN SERVICES AT CURRENT LEVELS
+ CBAS AND UNREP COMP
+ OTHER POLICY ENHANCEMENTS
+ BASIC EDUCATION OBLIGATIONS

Projected Revenue

$1.5 B
$700 M
$700+ M
$3.5 B

Source: OFM, 11/16
Senate Republican Proposal

- Total Spending: $43.31 billion

- Revenues/Savings:
  - Local Effort Levy ("levy swap") = $1.52 billion
  - Fund transfers = $197 million
  - Budget Stabilization Account = $700 million
  - Revenue-related increases = $51 million (net)
  - Budget-driven revenue = $10 million
  - Reductions = ($420 million)

- Total Reserves = $2.02 billion ($815 million unrestricted)
House Democratic Proposal

- Total Spending = $44.69 billion

- Revenues/Savings:
  - Fund transfers = $75 million
  - Revenue increases = $3.0 billion
  - Budget-driven revenue = ($3.1 million)

- Total Reserves = $2.35 billion ($1.22 billion unrestricted)
AMPLE STATE FUNDING "PROGRESS"

State Funding Per Pupil
(above local & federal funding)

$8,000
$6,000
$4,000
$2,000
$0

$18,000
$16,000
$14,000
$12,000
$10,000

PATH OF ACTUAL STATE FUNDING PROGRESS
according to State Legislature’s 2015 Report to the Supreme Court

PATH OF STEADY PROGRESS

School Year


$6,849 $6,648 $6,535 $6,764 $6,770 $7,371 $7,785 $8,541 $9,024

$1,119 gap $2,150 gap $2,839 gap $3,751 gap $4,068 gap $4,572 gap $4,734 gap $5,169 gap

over $16,000

per State's court testimony & reports 2

Source: Network for Excellence in Washington Schools, 10/16
2017–19 Budget Proposals

Major Points of Disagreement

- Housing & Essential Needs Program
- LEOFF Retirement Contributions
- Higher Education; Early Learning; Mental Health
- State Employee CBA
- K–12 Assessments
- Total spending & revenue enhancement
- Education Funding Plan
Education Funding Plan Comparisons

fiscal.wa.gov
K–12 Education Funding Estimates

K-12 Funding Proposals Compared to Current Law: Estimated Net Levy Rate Change
(Rate/$1,000 Assessed Value)
(Assumes school districts levy the lesser of their current voter approved levy or the maximum permitted)

- HB 2185 and HB 1764
- SSB 5607 as modified by ESSB 5875

Source: fiscal.wa.gov, 4/17
K-12 Funding Proposals Compared to Current Law: Net Change in Total State and M&O Levy Funding Per Pupil
(For HB proposals - assumes lesser of current levy or maximum permitted)
(For SB proposal - assumes no new local levy after it is eliminated in 2019)

Source: fiscal.wa.gov, 4/17
K-12 Funding Proposals Compared to Current Law:
Estimated Net Levy Rate Change
(Rate/$1,000 Assessed Value)
(For HB proposals - assumes lesser of current levy or maximum permitted)
(For SB proposal - assumes no new local levy after it is eliminated in 2019)

Source: fiscal.wa.gov, 4/17
Next Steps to a Solution
“Reconstituted” EFTF:

**SENATE REPUBLICANS**
- Ann Rivers (Vancouver)
- John Braun (Chehalis)

**SENATE DEMOCRATS**
- Andy Billig (Spokane)
- Christine Rolfes (Bainbridge Is)

**HOUSE DEMOCRATS**
- Pat Sullivan (Covington)
- Kris Lytton (Anacortes)

**HOUSE REPUBLICANS**
- Paul Harris (Vancouver)*
- David Taylor (Moxee)*

*not on original EFTF
Local Funding Workgroup

Comprehensive set of Education Funding positions developed by the Workgroup

April 10, 2017

Education Funding Recommendations

- **Per Pupil Prototypical Model**
  - Support continued use of the Prototypical Model—a transparent per pupil funding model

- **Salary Schedule & Salary Allocation Model**
  - Support continuation of a state salary schedule and allocation model

- **Supplemental Pay**
  - Support statutory limits of future CBAs prohibiting bargaining of levy resources for basic education duties

- **Expenditure Limitation for Salary and Benefits**
  - *Oppose* unworkable concept
Education Funding Recommendations

- Salary Increments for Teachers
  - Support continued salary increments for advanced degrees and years of experience

- Professional Development
  - Support 10 days of professional development

- Cost of Living Adjustments
  - Support regular cost of living adjustments

- Regionalization or Poverty Factors
  - Support additional incentives to attract and retain high-quality staff
Education Funding Recommendations

- **Beginning Teacher Pay**
  - Support significant increase in minimum salary

- **Health Benefits**
  - Support transition to statewide health benefits program for K–12 staff

- **Grandfathered Levies & Salaries**
  - Support elimination of grandfathered levy lids and salary allocation, with ample funding

- **Hold Harmless During Transition**
  - No district should lose resources due to funding formula changes
Education Funding Recommendations

- Local Levy Lid
  - Support levy lid of 10–15%, with ample funding

- Fund Accounting/Audit Standards
  - *Oppose* accounting requirements that increase operational expenses

- “Levy Swap”
  - *Oppose* using local levy capacity to fund state’s obligation without significant new funding

- Local Effort Assistance
  - Support continuation of Local Effort Assistance for qualifying districts
Essential Ingredients of a McCleary Solution

http://bit.ly/2oQX3mR
What Needs to be in the Plan?

- Provide Ample Funding
- Maintain SAM & Staff Mix Formula
- Place Limitations on Locally-Funded Salaries
- Hold Districts/Staff Harmless During Transition
- Ample Funding Requires New Revenue
Daniel P. Steele
Assistant Executive Director, Government Relations
825 Fifth Avenue SE
Olympia, WA 98501
360.489.3642
dsteele@wasa-oly.org

2017 Superintendent Workshop