**THE PROBLEM:**

- **THE STATE IS** not funding the full cost of the staffing units in the basic education allocation. School districts rely on local excess levies to cover the difference between what the State funds for each state-funded staffing unit and what districts must pay to employ a qualified workforce.

- **LOCAL EXCESS LEVIES** are an unstable and inequitable source of funding for basic education. The State Supreme Court has ruled twice that reliance on local levies to fund basic education is unconstitutional. In addition, wide variations in local levy funding result in inequities in both the amount of per student funding available and the burdens to taxpayers from district-to-district throughout the state.

**THE SOLUTION:**

- **FUND THE FULL** cost of basic education labor first, followed by other improvements as outlined in ESHB 2261 and SHB 2776. Requiring additional staff units or additional salary without first addressing the funding shortfall in the underlying compensation for state-funded staff units not only fails to solve the State underfunding problem, it actually increases districts’ reliance on local levy funding.

- **UPDATE AND IMPLEMENT** the recommendations of the Compensation Technical Workgroup. The workgroup completed its work in 2012 and provided recommendations to ensure an adequate and equitable allocation system for public school employee compensation. Recommendations such as the mechanism for limiting local spending on employee compensation may need to be reviewed and refined prior to enactment.

- **RECOGNIZE AND MITIGATE** the impact of any reduction to local levy authority on districts’ ability to meet their financial obligations. Proposals to decrease or limit the use of local levy funding must be accompanied by new state funding structured to align with current district labor commitments and mitigate the critical loss of flexible local levy funds. Simple “exchange” or “swap” of state and local property tax authority is an insufficient solution.

- **A COMPREHENSIVE SCHOOL** funding solution should include a substantial increase in the state funding share, including clarity and limitations on local levy authority and spending.

- **THE STATE MUST** prioritize resource solutions that will positively impact student learning.
On average, 85% of a school district’s budget is spent on labor costs. The percentage of average salary paid by the State has decreased from 99.1% in 1987-88 to 77.0% in 2012-13.

To close the gap, school districts spend an average of 53% of their local levy money to cover underfunded labor costs.