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# 2018 Legislative Review: *McCleary* Education Funding Plan, Part II

*Wasa*



— 2017 —

***McCleary* Education Funding Plan**  
**EHB 2242**

# EHB 2242—*McCleary* Solution

Purpose of EHB 2242: to “realize the promise” of the reforms embodied in ESHB 2261 (2009) and SHB 2776 (2010)

- ▶ Revises and increases State salary allocations for education staff
- ▶ Revises State and local education funding contributions
- ▶ Increases transparency and accountability of education funding



**— 2018 —**

**EHB 2242 Review  
E2SSB 6362 “Fixes”**

- Salary Allocation**
- Levies & LEA**
- CBAs & Supplemental Contracts**
- Accountability & Transparency**
- Health Benefits**

# Salary Allocations—EHB 2242

- ▶ Current Salary Allocation Model (SAM) and “staff mix” are eliminated after SY 2017–18
- ▶ Salary allocations for CIS, CAS, CLS based on statewide average salary, adjusted for regionalization and inflation
- ▶ Beginning SY 2019–20, CIS salary: Min=\$40K; mandatory 10% increase after 5 years; Max=\$90K
- ▶ 10% increase over Max allowed for ESAs or teachers in STEM, TBIP and Special Ed (not provided by State, but allowable use of State allocation)
- ▶ Salary allocation and regionalization reviewed and re-based every six years (begins 2023–24)

# Salary Allocations—E2SSB 6362

- ▶ Accelerates funding schedule for educator salaries from 2019–20 to 2018–19 (§202)
- ▶ Adjusts regionalization for districts which share a boundary with another district that has regionalization more than one tercile higher (§203)
  - Positively impacts six west-side districts, beginning 2018–19
- ▶ Provides Experience Factor for districts with a median experience for CIS above the statewide average AND a ratio of CIS advanced degrees to bachelor degrees above the statewide ratio (§203)
  - Positively impacts 56 districts, beginning 2019–20
- ▶ Beginning in 2023–24, salary allocations and regionalization reviewed and re-based every FOUR years (§203)
  - Also must review what inflationary measure is most “representative of actual market experience”



## Certificated Staff Salary Allocations—EHB 2242

	2016–17	2017–18	2018–19	2019–20 <sup>2</sup>	2020–21 <sup>2</sup>
<b>Minimum</b>	\$35,700	\$36,521	None	\$40,000	\$40,000
<b>Average</b>	\$54,943	\$56,201 <sup>1</sup>	\$59,334	\$64,000	\$64,000
<b>Maximum</b>	\$67,288	\$68,836	None	\$90,000	\$90,000
<b>Specialty<sup>3</sup></b>	None	None	None	Up to 10% add	Up to 10% add

<sup>1</sup> 2017–18 Average is currently an estimate

<sup>2</sup> 2019–20 and 2020–21 amounts are minimum allocations and will be annually increased by inflation (IPD, not Seattle CPI)

<sup>3</sup> 10% Specialty “bonus” will not be paid by State, but considered an allowable use of State allocation

## Certificated Staff Salary Allocations—E2SSB 6362

	2016–17	2017–18	2018–19	2019–20 <sup>3</sup>	2020–21 <sup>3</sup>
<b>Minimum</b>	\$35,700	\$36,521	\$40,760 <sup>1</sup>	\$40,760	\$40,760
<b>Average</b>	\$54,943	\$56,201	\$65,216 <sup>2</sup>	\$65,216	\$65,216
<b>Maximum</b>	\$67,288	\$68,836	\$91,760 <sup>1</sup>	\$91,760	\$91,760
<b>Specialty<sup>4</sup></b>	None	None	Up to 10% add	Up to 10% add	Up to 10% add

<sup>1</sup> Minimum/maximum salary, adjusted for inflation (IPD (1.9%), not Seattle CPI)

<sup>2</sup> 2018–19 Average is salary allocation funded in state budget; “statewide average” is \$71,711

<sup>3</sup> 2019–20 and 2020–21 amounts are current minimum/maximums and will be annually increased by inflation

<sup>4</sup> 10% Specialty “bonus” will not be paid by State, but considered an allowable use of State allocation



# 2018–19 “Transition Year”

- ▶ Salary increases still limited to CPI for 2018–19, with added exceptions (§208)
  - Experience and education step increases
  - Salary changes for staffing increases due to enrollment growth or state-funded increases
  - Salary changes to provide professional learning
  - Increases related to National Board bonuses
  - If district’s CIS total average salary is less than statewide average, salary increases may be provided up to statewide average allocation

# CAS Salaries—EHB 2242

- ▶ 2019–20 Average allocation for Certificated Administrative Staff = \$95,000 (adjusted for inflation and regionalization)
  - Funded salary is for allocation purposes
  - Districts may expend local revenue on CAS salaries; however, the proportion of administrator salaries that are attributable to enrichment program cannot exceed the proportion of salary that local revenue represents as a percent of other revenues

# CAS Salaries—2ESSB 6362

- ▶ 2018–19 Average allocation for Certificated Administrative Staff = \$96,805 (adjusted for inflation and regionalization)
- ▶ If a school district spends local revenues for salary costs attributable to the administration of enrichment programs, enrichment levy funds cannot exceed 25 percent of total CAS salary expenditures (§301)

# Hold Harmless—EHB 2242

- ▶ In 2018–19, a district's *salary allocation* will be the greater of the district's 2017–18 *salary allocations*, adjusted for inflation, or the district's allocation based on the new statewide average salaries
- ▶ Regionalization hold harmless: no district will receive less state funding for minimum state *salary allocations* as compared to its prior school year as a result of adjustments reflecting updated regionalized salaries

# Hold Harmless—New Proposal

A school district qualifies for a hold harmless payment if the sum of the school district's *state basic education allocations plus its enrichment levy and local effort assistance* under chapter 13, Laws of 2017 3rd sp. sess. is less than the sum of what the district would have received for that year from the state basic education allocations, local maintenance and operation levy, and local effort assistance *under the law as it existed on January 1, 2017.*

–Governor Budget Request, Dec. 2017: Section 502(1)(h)

# Hold Harmless—E2SSB 6362

- ▶ A two-year (2018–19 and 2019–20) hold harmless is provided for districts that receive less funding from their state allocation, levy, and LEA than they received in the 2017–18 school year (§401)
- ▶ Addition provisions—and specific funding—for Tacoma School District

# Levies & LEA—EHB 2242

- ▶ State Property Tax increased to \$2.70/\$1,000 assessed valuation (approx. \$0.82)
- ▶ Maximum “Enrichment” Levy is *lesser* of \$1.50/\$1,000 AV or \$2,500 per student
- ▶ Beginning in Fall 2018, Enrichment Levy plan must be submitted to OSPI and approved before levies can go to ballot
- ▶ Beginning Sept. 1, 2019, local revenues may only be used for “documented and demonstrated enrichment”
- ▶ Local Effort Assistance is funded at maximum \$1,500 per student (max of levy + LEA)



# Levies & LEA—E2SSB 6362

- ▶ State Property Tax reduced in 2019 by \$0.30/\$1,000 assessed valuation (approx. \$2.40/\$1,000 AV) (via ESSB 6614)
- ▶ NO specific policy changes to EHB 2242 Levy or LEA policy; however:
  - levy/LEA caps annually increase by CPI, rather than IPD (§307 and 303);
  - references to “resident students” in levy/LEA calculations are removed (§307 and 303);
  - references to transportation levies are removed (§306); and
  - clarifies transportation and capital levies do not have same restrictions as enrichment levies (§307 and 303)

# CBAs & Supplemental Contracts—EHB 2242

- ▶ Levy funds can only be used for “enrichment” beyond basic education
- ▶ CBAs currently in place are not impaired; however agreements executed after bill’s effective date must comply with new law
- ▶ Supplemental pay may not exceed the employee’s basic education hourly rate
- ▶ Beginning Sept. 1, 2017, districts must annually report to OSPI on TRI contracts

# CBA & Supplemental Contracts—2ESSB 6362

- ▶ Beginning Sept. 1, 2018—not 2019—local revenues may only be used for “documented and demonstrated enrichment” (§301)
- ▶ For time-based supplemental contracts, the hourly rate the district pays may not exceed the hourly rate provided to that same instructional staff for services under the basic education salary (§205)
- ▶ For a supplemental contract, that is not time-based, the contract must document the additional duties, responsibilities, or incentives that are being funded in the contract (§205)

# Hard Bargaining on the Way

WEA to its members (Dec. 6, 2017):

- ▶ “Changes in educator salaries are an opportunity to **negotiate big pay raises**”
- ▶ “[EHB 2242] increases state funding for K–12 salaries by billions of dollars over the next several years, which means **educators will have the opportunity to negotiate substantial pay raises over time.**”
- ▶ “**Collectively bargaining salary increases locally is at the core of what we do as a union.**”

<https://goo.gl/qyE432>

# Hard Bargaining on the Way

WEA to its members (March 9, 2018):

- ▶ “We've won **billions of dollars in new funding for education**—mainly for competitive salaries”
- ▶ “Now is our **opportunity to join together and negotiate substantial pay raises** for all of our members.”
- ▶ “Now is the time for our locals to **push their school districts for competitive professional salaries.**”

<http://bit.ly/2p9b5Bj>

# Hard Bargaining on the Way

WEA to its members (March 28, 2018):

- ▶ “WEA members have a huge opportunity in coming months—the chance to negotiate **significant pay raises.**”
- ▶ “What kind of pay raises are possible? For certificated staff, **15 percent** or more. For classified education support professionals, pay increases as high as **37 percent.**”
- ▶ “This is a realistic goal...School districts have **the money.**”

<https://bit.ly/2KcxE1U>

# Accountability/Transparency—EHB 2242

- ▶ State Auditor will continue regular financial audits, with expanded review
- ▶ School Boards must adopt policy regarding audit findings
- ▶ School districts must develop four-year budget plans



# Accountability/Transparency—E2SSB 6362

- ▶ Beginning Sept. 1, 2018—not 2019:
  - school districts must establish a local revenue “subfund” (§302); and
  - OSPI must adopt rules requiring school districts to provide separate accounting of state and local revenues to expenditures (§408)—*VETOED; OSPI rules due 2019*
- ▶ Beginning with taxes levied for collection in 2018—not 2020—enrichment levy revenues must be deposited in a subfund; beginning in 2018–19, enrichment levies are restricted to enrichment activities and subject to audits (§307)
- ▶ Use of Professional Learning funds is required to be audited as part of regular school district financial audits (§402 and 406)

# Health Benefits—EHB 2242

- ▶ New SEBB established to design insurance benefit plans for school employees
- ▶ Existing health care plan provisions remain in effect through Dec 31, 2019
- ▶ Employee costs for full family coverage cannot exceed the cost for employee-only coverage
- ▶ Health benefits removed from local bargaining; beginning Jan 1, 2020, no basic or optional health benefits may be provided by school districts that are not provided through SEBB

# Health Benefits—E2SSB 6362

- ▶ No SEBB changes in E2SSB 6362
- ▶ Supplemental Operating Budget (ESSB 6032) provides \$28.7 million (in addition to previous appropriation of \$8.0 million) for Health Care Authority to implement SEBB

# Health Benefits—ESSB 6241

- ▶ SEBB implementation bill, includes multiple changes and clarifications, including:
  - health care premiums for full-family coverage may not exceed three times the premiums for employee-only coverage;
  - a school employee must be anticipated to work at least 630 hours per school year in order to be eligible for coverage; and
  - school districts may bargain for and provide: supplemental benefits when the same benefit is not offered by SEBB; and benefits to employees that are expected to work less than 630 hours per year

# Other Provisions—E2SSB 6362

- ▶ Special Education excess cost multiplier increased from 0.9309 to 0.9609 (§102)
- ▶ K–3 class size compliance (17-to-1) delayed until September 1, 2019 (§101)
- ▶ Delays beginning of three-year phase-in of Professional Learning Days by one year, 2019–20 (§101)—*VETOED; PLDs begin 2018–19*
  - Proposed limits of early release/late-start day removed from final bill

# Other Provisions—E2SSB 6362

- ▶ Bases high-poverty LAP allocations on a three-year rolling average—rather than annual—enrollment in Free and Reduced-Price meal programs in a school (§101 and 104)
- ▶ Creates a Transportation Alternate Funding Grant Program for districts that have unusual transportation funding needs above the formula (§103)
  - \$20.0 million funded in 2017–19 Budget

# Other Provisions—E2SSB 6362

- ▶ Requires school districts to have identification procedures for highly capable programs; specific criteria described (§105)
- ▶ MSOC funding for “other supplies and library materials” is split into two distinct allocations (§101)



# Other Provisions—E2SSB 6362

- ▶ OSPI must convene a Work Group to make recommendations to define duties and responsibilities that entail a “school day” under the state’s statutory program of basic education; recommendations required by January 14, 2019 (§402)



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