





K-12 Funding Basics:

Understanding Education Finance



**FUNDING
THE FUTURE**

SUPPORTING PUBLIC EDUCATION

JANUARY 11
3:30 PM – 8:00 PM

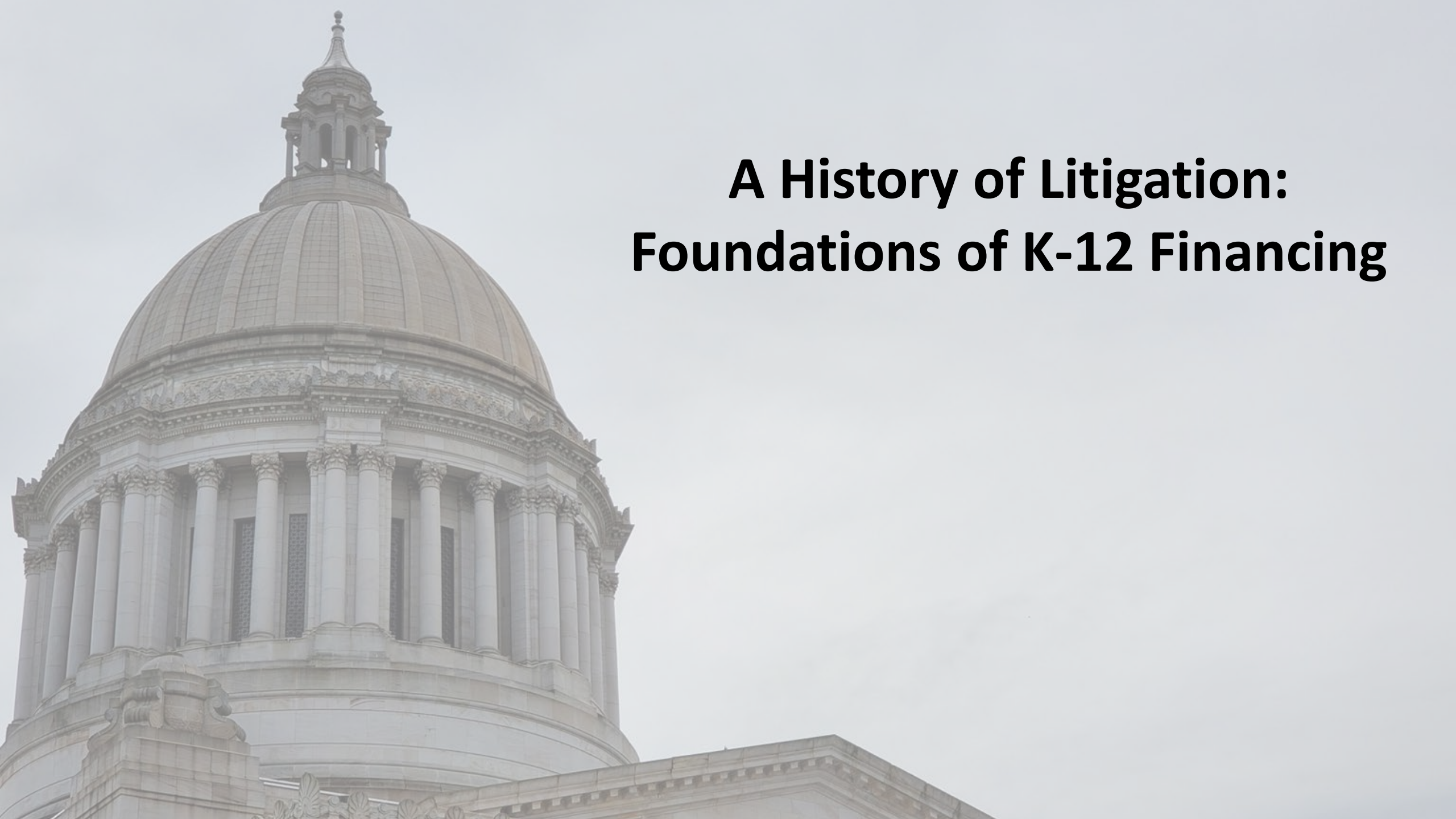
JANUARY 12
8:00 AM – NOON

2025

SeaTac Hilton and Convention Center

K-12 Education Funding

- Litigation: Foundations of K-12 Financing
 - Doran Decision(s)
 - McCleary Decision
- Prototypical School Funding Model
- McCleary “Solution”—EHB 2242 & E2SSB 6362
- Solving the School Funding Problem



A History of Litigation: Foundations of K-12 Financing

Paramount Duty Clause

“It is the paramount duty of the state to make **ample provision** for the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex.”

Article IX, Section 1
Washington State Constitution

Education Litigation and Funding: Doran Decision

- **1976:** Following a double-levy failure, Seattle School District filed suit against state (*Seattle School District v. State of Washington*)
- **1977:** Superior Court Judge Robert Doran finds for the plaintiffs
 - Doran directed Legislature to define and fully fund a program of basic education for all students in Washington
 - In response, Legislature adopted **Basic Education Act of 1977**
 - Legislature defined Basic Education; established a revised funding formula; substantially increased state funding; and limited the amount and purpose of special levies

Basic Education Act of 1977

- The Act defined the basic education program to require:
 - A minimum of 180 school days per year
 - Minimum instructional hours for kindergarten, Grades 1–3, 4–6, 7–8, and 9–12
 - Specific instructional content for each grade group
 - Minimum ratios of certificated staff to students
- Funding was provided for each FTE student based on staff/student ratios and allocations for staff salaries, benefits, and nonemployee related costs (NERCs)

Basic Education Act

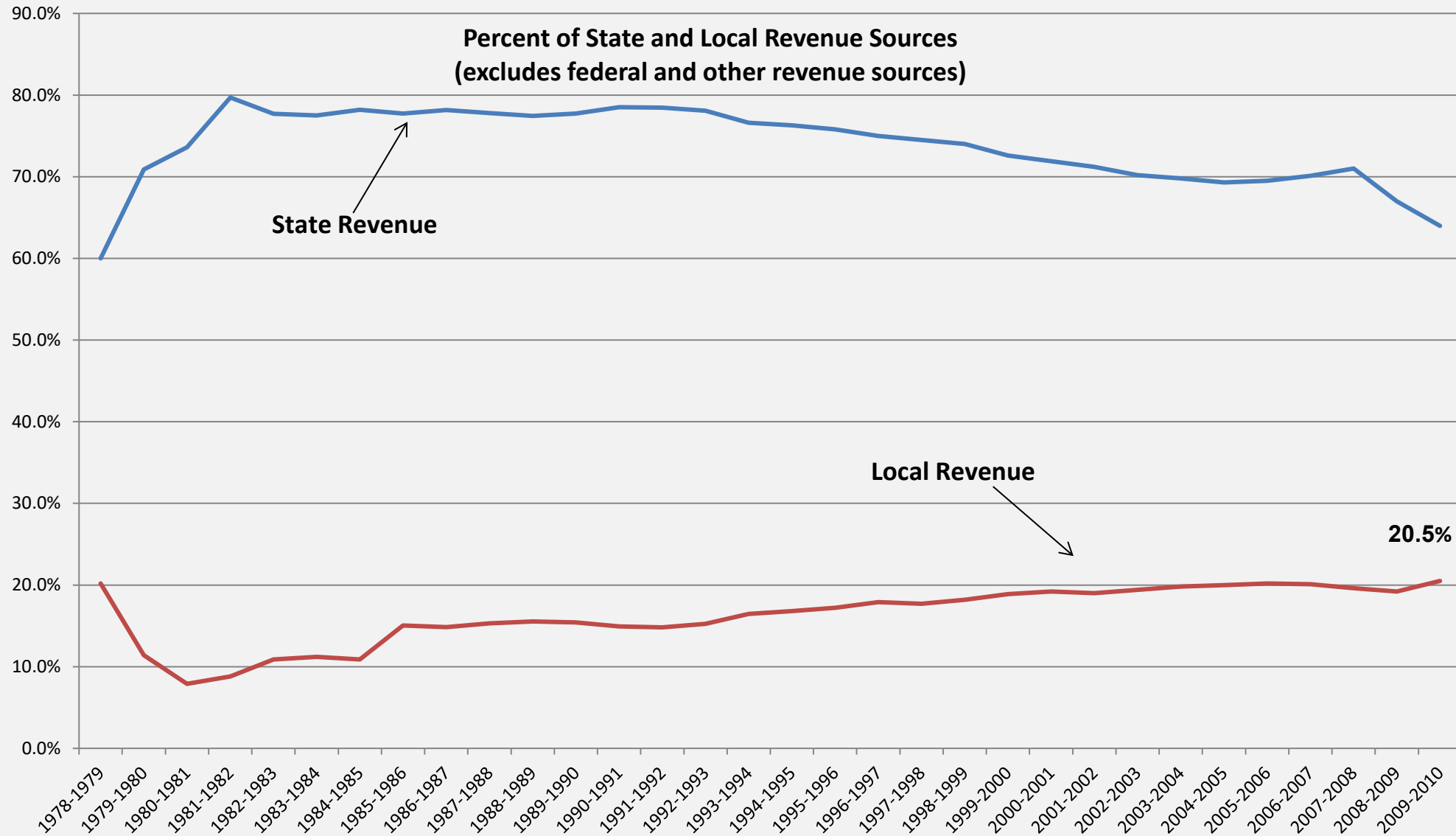
- Later Court decisions (Doran II & Doran III) expanded the state's basic education responsibility:
 - Special Education
 - Transitional Bilingual Education Program
 - Institutional Education
 - Learning Assistance Program
 - Student Transportation

McCleary Decision

- 2005: Coalition of school districts and other organizations formed the Network for Excellence in Washington Schools (NEWS)
- 2007: NEWS files lawsuit asking the Court to order the State of Washington to live up to its ***paramount*** constitutional duty to make ***ample*** provision for the education of ***all*** Washington children



Local levy revenue at the same level as before Doran Decision



McCleary Decision

- 2009: *McCleary v. State of Washington* heard in King County Superior Court
- 2010: Judge John Erlick rules for the plaintiffs, declaring the State's failure to fully fund public schools is unconstitutional:

“This Court is left with no doubt that under the State’s current financing system, the state is failing in its constitutional duty”

Legislative Intervention

New Basic Education Funding Formula

- **ESHB 2261**—adopted 2009
- Redefined and expanded Basic Education:
 - Increased instructional hours
 - **Special Education**
 - All-day kindergarten
 - Highly Capable program
 - LAP and TBIP
 - **Pupil Transportation**
- Required to be fully implemented and funded by Sept. 1, 2018

Legislative Intervention

New Basic Education Funding Formula

- **SHB 2776**—adopted 2010
- Implemented Prototypical School Funding Formula
- Provided implementation schedule for required Basic Education elements:
 - Pupil Transportation (2014-15)
 - **Materials, Supplies, and Operating Costs—MSOC** (2015-16)
 - All-day kindergarten (2017-18)
 - K-3 class size reduction (2017-18)
- Distribution formula is for “allocation purposes only” (not including categorical programs)



Prototypical School Funding Model

Prototypical School Funding Model

- Previous funding model provided high level formula staff units, solely at the district level:
 - Certificated Instructional Staff: 46/1000 student FTE
 - Certificated Administrative Staff: 4/1000 student FTE
 - Classified Staff Units: 1/58.75 student FTE

Prototypical School Funding Model

- New funding model breaks funding structure into four major functional areas of a school district:
 - Schools
 - Districtwide Support
 - Administration
 - Other Instructional Funding

Prototypical School Funding Model

- Funding is generated based on student enrollment by grade
- A Prototypical School is a fixed theoretical school size used for modeling purposes
- Replaced the previous paradigm of a staff ratio per 1,000 students
- The model is fully scalable
 - As enrollment increases or decreases from prototypical size, the staff units change proportionately
- Distribution formulas (in most cases) are for “allocation purposes only”

School Level Staffing Allocations—2024-25 ratios

School Level Staffing	Elementary (K-6) 2024-25	Middle (7-8) 2024-25	High (9-12) 2024-25
Base Enrollment	400	432	600
Principals	1.253	1.353	1.880
Teacher Librarians	0.663	0.519	0.523
Guidance Counselors	0.993	1.716	3.039
<u>Health & Social Services:</u>			
School Nurses	0.585	0.888	0.824
Social Workers	0.311	0.088	0.127
Psychologists	0.104	0.024	0.049
Teaching Assistance	0.936	0.700	0.652
Office Support	2.012	2.325	3.269
Custodians	1.657	1.942	2.965
Student & Staff Safety	0.079	0.092	0.141
Parent Involvement Coordinators	0.0825	0.000	0.000

School Level Staffing Allocations—2024-25 ratios vs. Initiative 1351 (adopted 2014)

School Level Staffing	Elementary (K-6) 2024-25	Elementary (K-6) I-1351	Middle (7-8) 2024-25	Middle (7-8) I-1351	High (9-12) 2024-25	High (9-12) I-1351
Base Enrollment	400	400	432	432	600	600
Principals	1.253	1.300	1.353	1.400	1.880	1.900
Teacher Librarians	0.663	1.000	0.519	1.000	0.523	1.000
Guidance Counselors	0.993	0.500	1.716	2.000	3.039	3.500
<u>Health & Social Services:</u>						
School Nurses	0.585	0.585	0.888	0.888	0.824	0.824
Social Workers	0.311	0.311	0.088	0.006	0.127	0.015
Psychologists	0.104	0.104	0.024	0.002	0.049	0.007
Teaching Assistance	0.936	1.195	0.700	1.295	0.652	1.121
Office Support	2.012	3.220	2.325	3.029	3.269	3.382
Custodians	1.657	3.524	1.942	3.454	2.965	4.412
Student & Staff Safety	0.079	0.099	0.092	0.506	0.141	0.723
Parent Involvement Coordinators	0.0825	0.676	0.000	0.676	0.000	0.676



How many student FTE are needed to generate one staff FTE? 2024-25

School Level Staffing	Elementary (K-6)	Middle (7-8)	High (9-12)	Staff Type
Base Enrollment	400	432	600	Student
Principals	319	319	319	CAS
Teacher Librarians	603	832	1,147	CIS
Guidance Counselors	403	252	197	CIS
<u>Health & Social Services:</u>				
School Nurses	684	486	728	CIS
Social Workers	1,286	4,909	4,724	CIS
Psychologists	3,846	18,000	12,245	CIS
Teaching Assistance	427	617	920	CLS
Office Support	199	186	184	CLS
Custodians	241	222	202	CLS
Student & Staff Safety	5,063	4,696	4,255	CLS
Parent Involvement Coordinators	4,848	--	--	CLS



A New Funding System: The McCleary “Solution”

EHB 2242—McCleary “Solution”

- 2017 McCleary Education Funding Plan implemented major changes in K-12 financing, significantly impacting both State and local funding
- Once-in-a-generation changes in:
 - Educator Salary Allocations
 - repealed Salary Allocation Model & Staff Mix
 - Local Levies and Local Effort Assistance
 - Collective Bargaining and Supplemental Contracts
 - Accountability and Transparency
 - Health Benefits

E2SSB 6362—McCleary “Solution Fixes”

- 2018’s McCleary “fixes” implemented further finance system revisions:
 - Accelerated funding schedule for educator salaries
 - “Smoothing” of Regionalization adopted
 - “Experience Factor” adopted
 - Accelerated local funding limitations
 - Accelerated accountability, including “sub-fund”
 - Increased Special Education Cost Multiplier
 - Delayed K-3 class size compliance
 - Revised Highly Capable provisions
 - Revised LAP allocations

Staff Salary Allocations

- Allocations for staff salaries and benefits are provided through three staffing categories: Certificated Instructional Staff (CIS); Certificated Administrative Staff (CAS); and Classified Staff (CLS)
- Salary funding (established in the state budget) is allocated to school districts based on minimum statewide average salaries for each staffing category
- Current law declares these salary allocations are considered “sufficient to hire and retain qualified staff”

Staff Salary Allocations

➤ Current Salary Allocations:

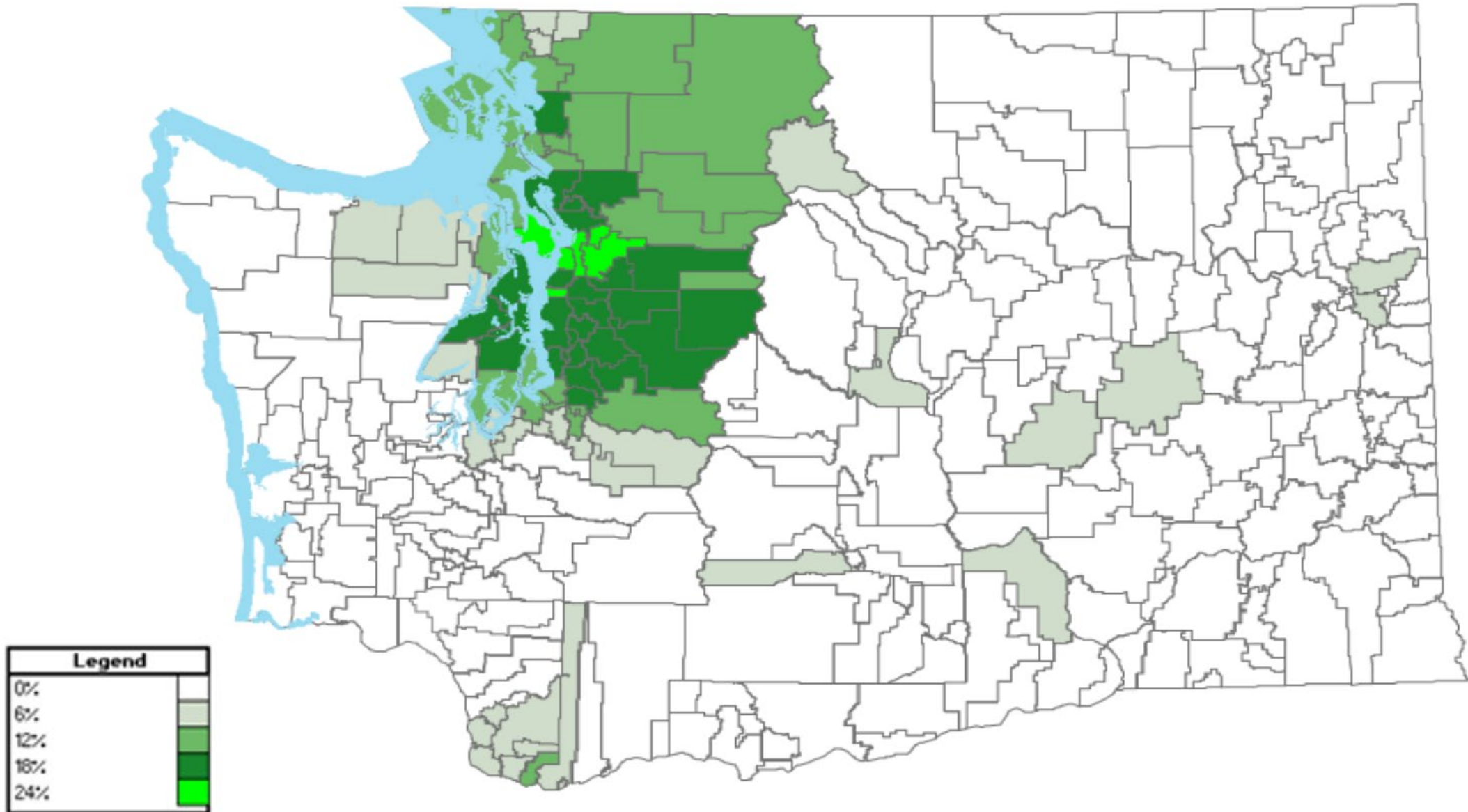
	2022-23	2023-24	2024-25
CIS	\$72,728	\$75,419	\$78,209
CAS	\$107,955	\$111,950	\$116,092
CLS	\$52,173	\$54,103	\$56,105

➤ Allocations annually adjusted by inflation (IPD—Implicit Price Deflator)—previous “COLA” was repealed

Regionalization/Experience Factor

- State salary allocations for each staff category (CIS, CAS, CLS) are adjusted for regional differences (Regionalization)
- **Regionalization factors** are based on the median single-family residential value of each school district and “proximate school district” median single-family residential value
- “Proximate school districts” are within fifteen miles of the boundary of the school district for which the median residential value is being calculated
- Districts with median residential values exceeding the statewide average receive upward adjustments of 6, 12, or 18 percent

State of Washington K-12 School Districts Regionalization based on Housing Values (2019-20)



Regionalization/Experience Factor

- An additional salary adjustment is provided to districts which have Certificated Instructional Staff with above-average education AND above-average experience
- Experience factors add an additional 4% to a district's salary allocations

Materials, Supplies, and Operating Costs (MSOC)

- Prior to 2010, school districts were provided an annual allocation for Non-Employee Related Costs (NERC) to address school district costs beyond salaries
- Beginning in 2011, school districts are provided with an annual allocation for Materials, Supplies, and Operating Costs (MSOC)
- MSOC provides funding based on eight specific categories; distribution formula is for “allocation purposes only”
- Base allocations are provided as per pupil rates and determined in the state budget, “adjusted annually for inflation”

Materials, Supplies, and Operating Costs (MSOC) Per Pupil Rates

K-12 per FTE	MSOC Component	2023-24 SY	2024-25 SY
	Technology	\$178.98	\$182.37
	Utilities/Insurance	\$430.26	\$438.43
	Curriculum/Textbooks	\$164.48	\$167.61
	Other Supplies	\$326.54	\$332.74
	Library Materials	\$22.65	\$23.09
	Prof Development	\$28.94	\$29.50
	Facilities Maintenance	\$206.22	\$210.13
	Security/Central Ofc	\$146.37	\$149.15
9-12 per FTE	MSOC Component	2023-24 SY	2024-25 SY
	Technology	\$44.04	\$44.88
	Curriculum/Textbooks	\$48.06	\$48.97
	Other Supplies	\$94.07	\$95.86
	Library Materials	\$6.05	\$6.16
	Prof Development	\$8.01	\$8.16

Levies/Local Effort Assistance

- Prior to 2017, school districts could collect voter-approved Maintenance and Operations Levies, up to a specific levy lid: 28% of a school district's revenue
- The 2017 McCleary “solution” provides for a district's collection of voter-approved “Enrichment Levies”
- A district's maximum Enrichment Levies are capped at: \$1.50 per \$1,000 of assessed value of property in the school district; OR \$2,500 per pupil—whichever is less
- The per pupil limit is calculated using the prior year's average student enrollment, and is increased by inflation each year

Levies/Local Effort Assistance

- Prior to 2017, Local Effort Assistance (LEA or “levy equalization”) was provided to help school districts with above-average property tax rates to raise local levies
- “Eligible districts” had a 14% levy rate exceeding the statewide average 14% levy rate
- The 2017 McCleary “solution” stated the purpose of LEA is to “assist property-poor districts with funding to enhance equity in students’ access to enrichment programs”
- “Eligible districts” are determined by using the new rate and per pupil-based levy system; LEA is provided to school districts that do not generate an Enrichment Levy of at least \$1,550 per student, when levying at a rate of \$1.50 per \$1,000 of assessed value



Solving the School Funding Problem



2025 Legislative Conference “Hot Topics”

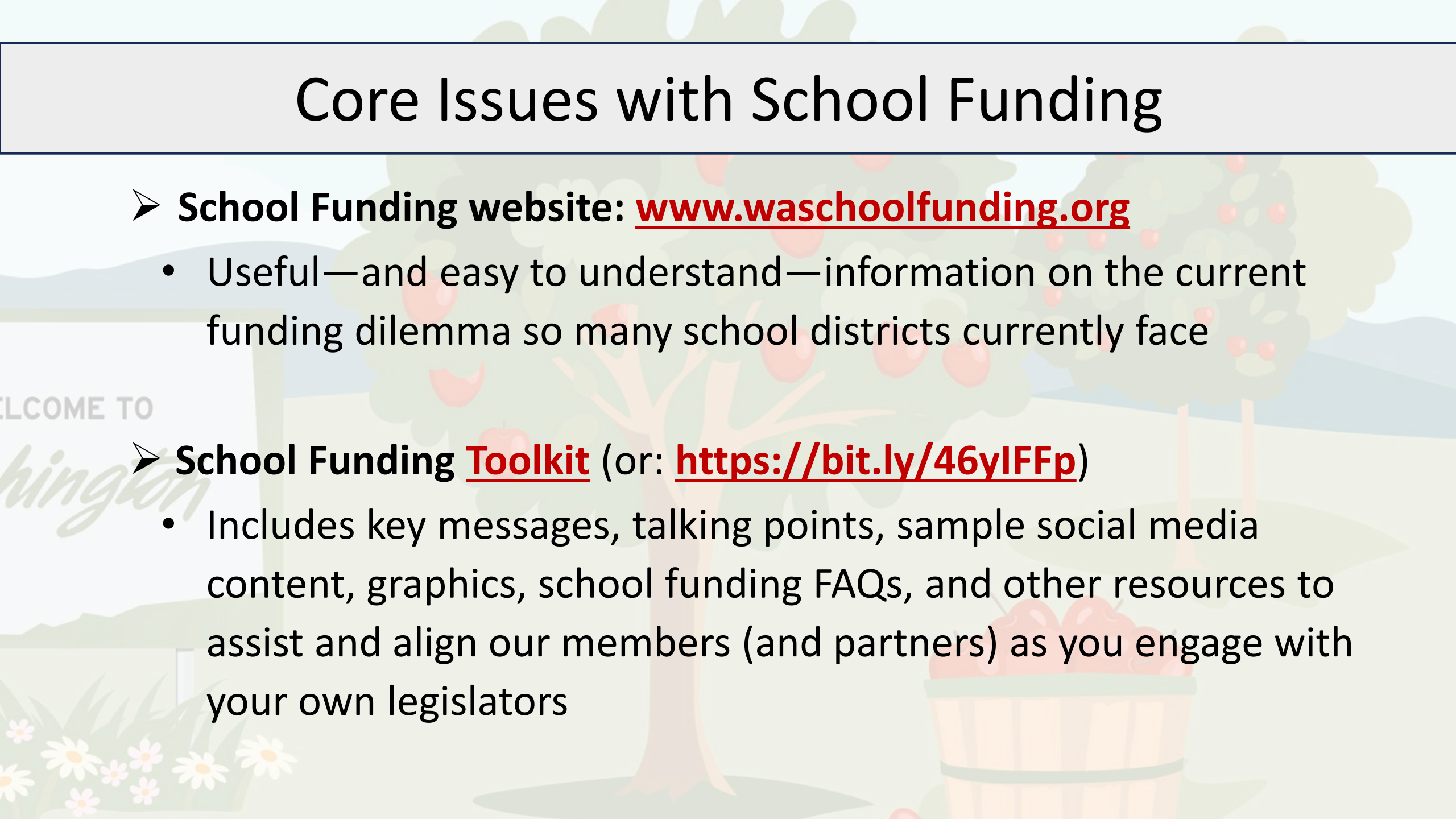
- Ample Fund Special Education
- Ample Fund Materials, Supplies & Operating Costs (MSOC)
- Ample Fund Pupil Transportation

Full funding of these basic education programs would benefit all 295 school districts across the state. We urge our legislators to prioritize public education, honor their constitutional obligation, and provide the critical resources our schools desperately need.

— *Caution* —

- Beware the many distractions beyond the “Big Three”—including the growing conversation about completely overhauling the current K-12 finance system
 - We have told legislators we will support this necessary conversation—in 2026
 - Many districts are struggling financially and urgently need support. We intend to take a “First Things First” attitude, urging legislators to address the full funding of basic education in 2025

Core Issues with School Funding

- 
- **School Funding website:** www.waschoolfunding.org
 - Useful—and easy to understand—information on the current funding dilemma so many school districts currently face
 - **School Funding Toolkit** (or: <https://bit.ly/46yIFFp>)
 - Includes key messages, talking points, sample social media content, graphics, school funding FAQs, and other resources to assist and align our members (and partners) as you engage with your own legislators

2025



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