



# UNDERSTANDING THE BIG THREE

# UNDERSTANDING THE NEED FOR THE BIG THREE

- State funding reduced from 52% of state budget to current 43%
- Five districts on binding conditions
- 19 districts on the financial watch list
- Solvency is an issue in some districts
- Several districts are requesting and receiving apportionment advances to offset cashflow issues
- Enrollments are stagnating in many areas of the state
- Uncertainty of Federal supports going forward

# UNDERSTANDING THE NEED FOR THE BIG THREE

Strikes

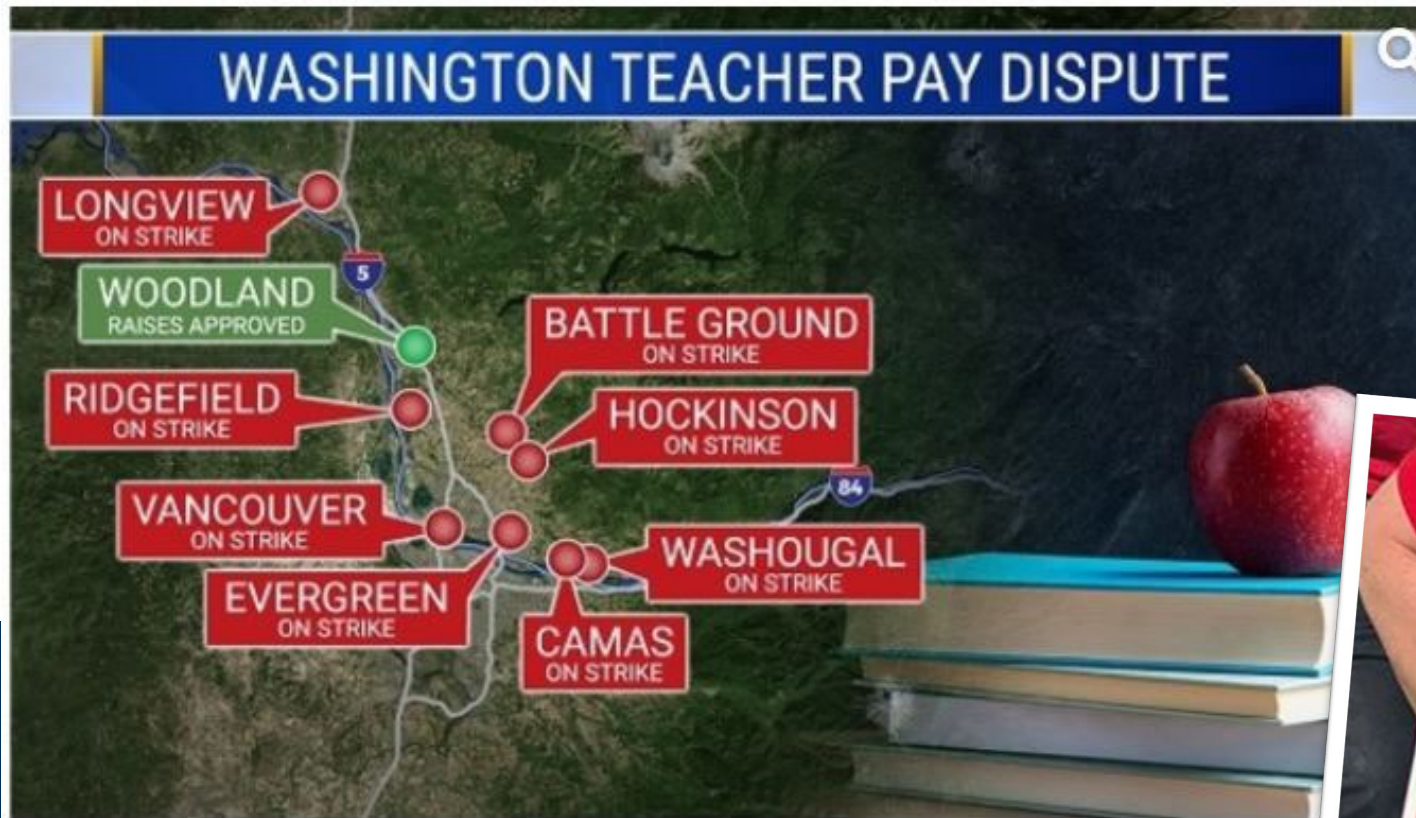
Enrollment Declines

Inflation Increases beyond IPD

Levy/Bond Failures



# STRIKES ACROSS THE REGION



This graphic shows the areas of teacher pay disputes in Washington, 5pm, August 28, 2018 (KOIN)

## Washington teacher strikes end with double digit raises

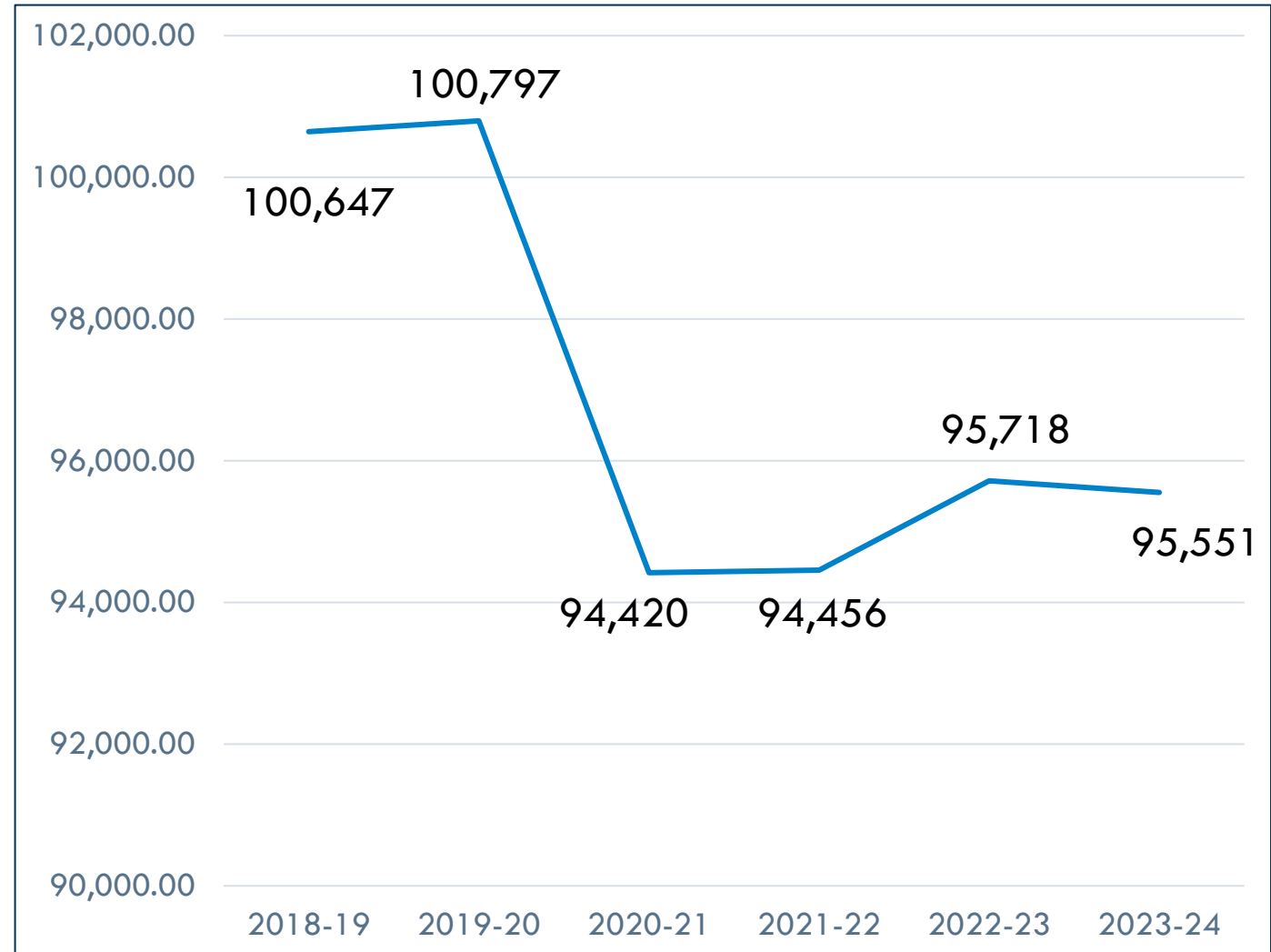
© Sep 18, 2018   ➤ Collective Bargaining



# ESD 112 ENROLLMENT 2018-2024

The loss of 5,246 students over the pandemic years represents a loss of about \$125 million in revenues in ESD 112.

- Decreasing birth rate
- Families moved
- Private School Enrollment ↑
- Home Schooling ↑





# INFLATION INCREASES

## MSOC Revenue increased 15.53% from 2020-21 to 2023-24

  
↑ **33%**

Average increase in the cost of milk since 2018  
(Click to read more)

  
↑ **39%**

Average increase in the cost of diesel fuel since 2018  
(Click to read more)

  
↑ **37%**

Average increase in electricity costs since 2018  
(Click to read more)

  
↑ **60%**

Average increase in the cost of insurance since 2020  
(Click to read more)

  
↑ **18%**

Average salary increase for teachers since 2018  
(Click to read more)

### Food Service

The prices of food have increased dramatically in recent years. For example, milk has gone up more than **33%** in the Western United States since 2018. This adds up to a big impact on school budgets across the state of Washington.

Source: [U.S. Bureau of Labor Statistics](#)

### Transportation

The price of fuel has gone up **39%** in the Western United States since 2018. That's a steep increase for schools that are required to provide bus transportation for students. To make matters worse, the state funding doesn't come close to covering these costs, even before record inflation. The numbers are staggering: In the 2022-23 school year alone, **\$80.7 million** in state-wide school transportation expenses were left unfunded by the state.

### Utilities

Just as your utility bills have increased, so has the cost for school districts. Since 2018, the average cost of electricity in the Western United States increased by **37%**. The price of natural gas for heating increased by **62%**.

Source: [U.S. Bureau of Labor Statistics](#)

### Insurance

Just like a homeowner or a business, local school districts must carry insurance. Since 2020, the cost of insurance for Washington's school districts has increased by nearly **60%** (through 23-24). Costs continue to increase. The state only pays for a portion of the total cost, leaving the school district to foot the bill for more than **\$73.7 million** in 2023-24 alone.

SOURCE: Insurance company invoices from all school districts across the state

### Salaries

Salaries for certificated instructional staff (teachers) and educational staff associates (counselors, social workers, speech-language pathologist/audiologist, etc.) have increased by nearly **18%** (excluding the cost of benefits) since 2018-19, yet the funding provided by the state for these costs has only increased by **11%** in 22-23 (represents the latest complete data available).

SOURCES: [Apportionment](#), [Enrollment](#), and [Fiscal Reports](#) | OSPI:

# LEVY & BOND FAILURES

## Levy failure for Woodland Public Schools clouds future of more than just athletics

By Griffin Reilly, Columbian staff writer, and  
Meg Wochnick, Columbian staff writer

Published: May 12, 2023, 6:03am

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## Washougal School District levies failing

First ballot count shows 54% of voters saying 'no' to levies that fund athletics, arts, school nurses, counselors and more

By Doug Flanagan | February 15, 2023 10:10 am | [comments](#)

## Voters rejecting Evergreen Public Schools replacement levy



## Ridgefield School District bond appears headed for failure again



# MAJOR BUDGET CHALLENGES

## Financial 'tough decisions' loom in Washougal School District

Expenses are increasing as revenues decline, officials tell school board

**Camas School District to cut dozens of employees as it shaves \$6M off budget**

## Evergreen Public Schools braces for third year of budget cuts

**With no levy, what will \$3,000,000 IN CUTS look like?**

Without a replacement levy for its expiring levy, Woodland Public Schools must cut \$3,000,000 in educational programs and services for the upcoming 2023-2024 school year, plus an additional \$3,000,000 in cuts for the 2024-2025 school year.



# THE BIG THREE

## FULLY FUND



**SPECIAL EDUCATION**



**MSOCs**



**TRANSPORTATION**

DC112

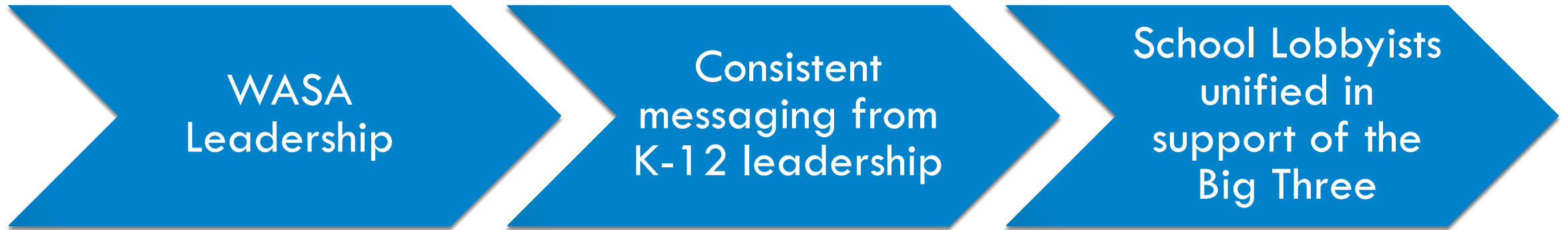
- Basic Education programs are the paramount duty of the state
- All districts will benefit in some programs
- Recent success with Special Education and MSOC
- These programs are currently underfunded, and additional revenue will relieve some pressures on other areas of the district budget

# THE BIG THREE

- The Big 3 effort represents a shift in focus to fully fund basic education by identifying program needs one at a time
- We realize we could have a Big 10, (LEA, substitute costs, prototypical model etc.)
- When funding in one area is deemed to be taken care of, we work on the next topic



# COLLECTIVE EFFORTS



- The Big Three is well known to legislators and has been publicized around the state
- Bills are being readied in support of Big Three concepts
- The need is real – there is a sense of urgency

# HEADWINDS

- State budget deficits – prioritizing K-12
- Keeping our coalition together
- Competing interest of school districts – (Levy Lid/LEA)
- Turnover in legislative staff knowledgeable in K-12 issues
- Turnover in K-12 staff



# LEGISLATIVE ASK



In 2023-24, the state was about \$700-800 million short in funding special education, MSOC, and transportation programs



Additional funding in priority areas will provide some breathing room and financial stability for school districts



Case can be made that these are all basic education funding and are protected in the constitution



Additional funding in these categories will benefit all districts

# BUDGET CONSIDERATIONS – SPECIAL EDUCATION



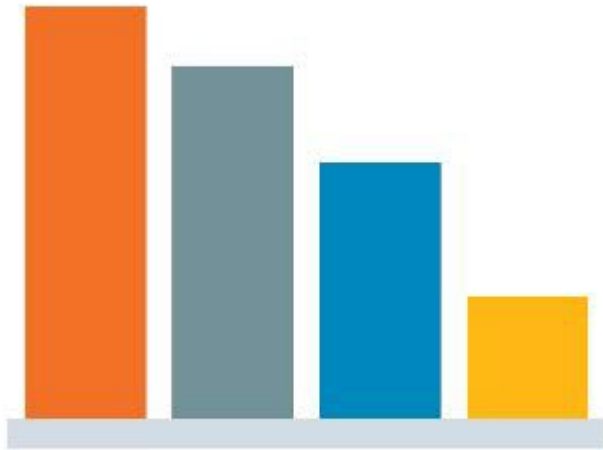
- Shortfall of \$440 million
- Increase multiplier in all categories
- Remove funding cap
- Lower safety net threshold



# SPECIAL EDUCATION – INFORMATION TO KNOW

1. What is your district's total gap, i.e., what are your expenditures above revenues? Leave out federal grants like IDEA.
2. Know your percentage of students identified for sped, has it been increasing or decreasing, is this a function of your general ed enrollment?
  - ✓ The cheap way out is to increase the cap, but not many districts are helped by this now.
  - ✓ Know whether increasing the cap will/won't help you.
  - ✓ Better to increase the multipliers (multipliers are various funding amounts, which are tiered, you receive more if a student is served in gen ed more than 80% of the time), this will result in the most funding
3. Have you submitted for safety net? How much have you received?
  - ✓ Decreasing the safety net threshold, means being able to apply for students who you spend more than you receive, but less than the \$39k current safety net threshold.

# SPECIAL EDUCATION – WHAT TO HAND LEGISLATORS



Chart, at least for three years, showing state revenues and expenditures and the gap.

If this isn't your issue, then no info needed!

# BUDGET CONSIDERATIONS MSOC



- Shortfall is in \$200-300 million range
- Increase funding in categories by 10%-20%
- Add a small school factor for MSOC - \$16,000 for each funded certificated unit

# MSOC– INFORMATION TO KNOW

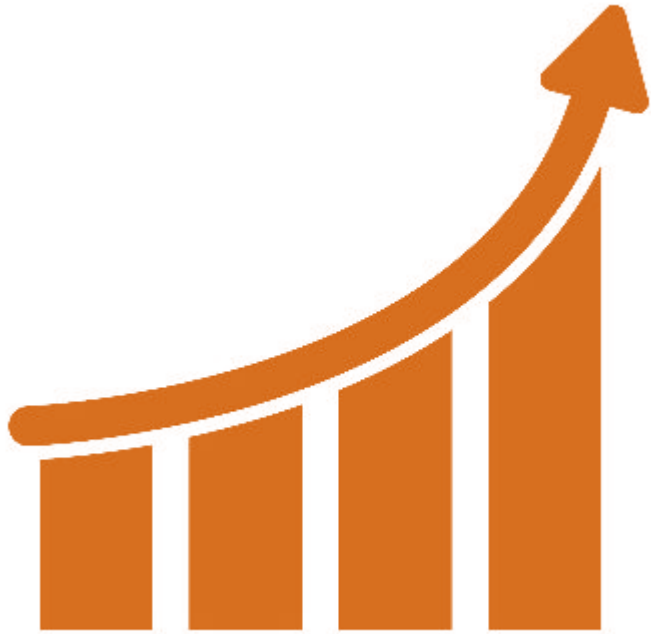
## MSOC Categories

**Basic Education Entitlement Rate Table**

		A.	B.	C.	D.	E.	F.
		Regular Instruction	Grades 9-12 Additional	Grades 7-8 CTE - Exploratory	Grades 9-12 CTE - Exploratory	Grades 9-12 CTE - Preparatory	Skill Center
2. Technology	\$	182.37	44.88	175.75	175.75	175.75	175.75
3. Utilities/Insurance	\$	438.43	0.00	509.62	509.62	509.62	509.62
4. Curriculum	\$	167.61	48.97	193.30	193.30	193.30	193.30
5. Library Materials	\$	23.09	6.16	35.15	35.15	35.15	35.15
6. Other Supplies	\$	332.74	95.86	386.62	386.62	386.62	386.62
7. Professional Dvlpmt	\$	29.50	8.16	35.15	35.15	35.15	35.15
8. Facilities Maintenance	\$	210.13	0.00	246.05	246.05	246.05	246.05
9. District Wide Support	\$	149.15	0.00	175.75	175.75	175.75	175.75
<b>10. Total Allocated MSOC</b>	\$	1,533.02	204.03	1,757.39	1,757.39	1,757.39	1,757.39



# MSOC– INFORMATION TO KNOW

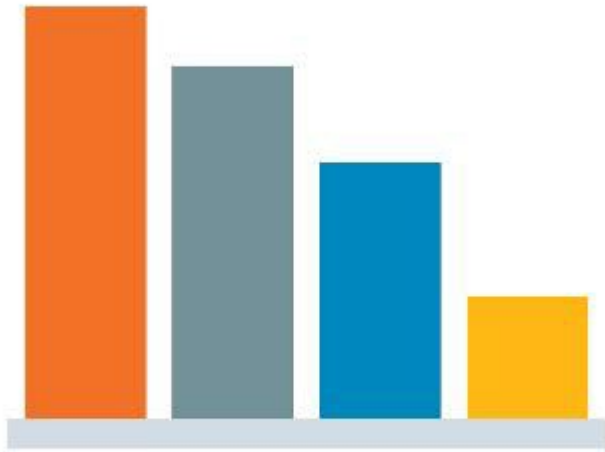


ONLY utilities and insurance information, other areas are discretionary.

Has NOT kept up with inflation.

Dollars you have spent over the last three years on each category and the percentage increase this represents.

# MSOC– WHAT TO HAND LEGISLATORS



Chart, at least for three years, showing state revenues and expenditures for JUST utilities and insurance and the gap.

If this isn't your issue, then no info needed!

# BUDGET CONSIDERATION TRANSPORTATION



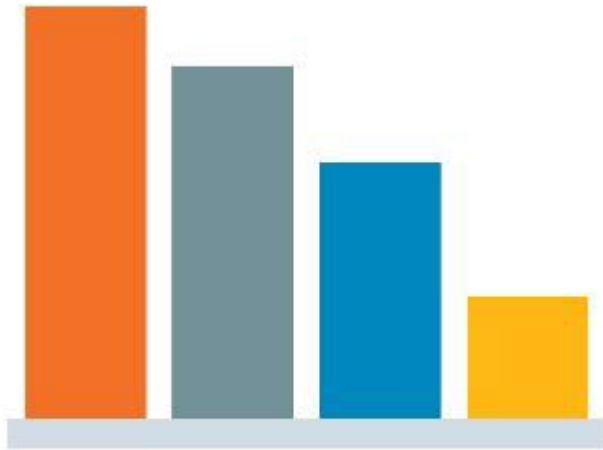
- Shortfall of \$81 million
- Increase funding for special trips – special education, homeless, etc.

# TRANSPORTATION – INFORMATION TO KNOW

1. No new formula is likely to be discussed or to happen.
2. Is this an issue for your district, meaning expenditures are higher than revenues?
3. Have you applied for the transportation safety net?
4. Would an increase in transportation safety net (i.e. full reimbursement for special ed, foster and McKinny Vento routes) solve the problem?
5. Fuel or other three-year costs won't be comparable given the pandemic.



# TRANSPORTATION – WHAT TO HAND LEGISLATORS



Chart, at least for three years, showing state revenues and expenditures.

How an increase in the transportation safety net could help.

If this isn't your issue, then no info needed!



# QUESTIONS?

SERVING CHILDREN, SCHOOLS AND THEIR COMMUNITIES