



FOR IMMEDIATE RELEASE

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Study: School Labor Costs Must Be Addressed Before Changes to Class Size, Levy Funding

OLYMPIA — The Washington Association of School Business Officials (WASBO) and the Washington Association of School Administrators (WASA) have released an important message to the Washington State Legislature: The current labor costs for basic education teachers and staff must be funded before any changes to class size, changes to the local levy funding system or increased requirements.

The professional associations for the state's business officials and school superintendents brought together representatives from school districts across the state to review and analyze the use of local levy funds. The Local Funding Workgroup began meeting in May 2014, with its work leading to the conclusion that the majority of local levy funds are used to fill the gap between actual labor costs and the amount funded by the state.

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, to 77.0% in 2012-13. To close the gap, school districts spend an average of 53% of their local levy money to cover the underfunded labor costs for teachers and staff.

Both WASBO and WASA feel strongly that information regarding the reliance and use of school district local levies would best be obtained from the experts on the frontlines: Superintendents, Chief Financial Officers and the Office of Superintendent of Public Instruction. Members of the Local Funding Workgroup represented school districts of varying size, location, and financial stability.

Nancy Moffatt, executive director of WASBO, said the workgroup's efforts are timely given that legislators will be looking for ways to increase state funding in order to meet the state Supreme Court's mandate related to the *McCleary v. State* education funding lawsuit.

"Any effort to simply shift funding currently coming from the local property tax to state property tax collections is not increasing funding and may actually be very detrimental to many school districts given the fact that the majority of levy dollars are used for compensation," she said.

A Compensation Technical Working Group was established as part of a landmark education reform bill passed during the 2009 legislative session (ESHB 2261). Completed in June of 2012, the Compensation Technical Working Group Report includes the recommendation that Washington state provide fair market based salary allocations for all K-12 staff.

"A fair and equitable compensation system is critical as we strive to recruit the best and the brightest into public education," said Bill Keim, executive director of WASA. "The work of the Local Funding Workgroup demonstrates the need for our legislators to understand the sequence and scope of any proposed changes to local levies this coming session," he said.

"We must be careful that we don't solve one problem by creating significant others throughout our K-12 system."

About the Washington Association of School Business Officials

The Washington Association of School Business Officials is a professional association that provides programs and services to promote best practices of school business management, professional growth and the effective use of educational resources. For more information, visit <http://waasbo.site-ym.com/>.

About the Washington Association of School Administrators

The Washington Association of School Administrators is committed to the development of quality education through professional leadership. Members benefit from a supportive community of professional leaders working to provide insightful and valuable training, support, and resources to education leaders, and to sustain a positive impact on legislative and community leaders. For more information, visit www.wasa-oly.org.

Students are our top priority.

Funding actual costs of staff who serve them must be yours.

In our mutual commitment to increase student achievement, prioritizing resource solutions that will positively impact learning is critical. **Current basic education labor costs must be funded first before any reduction in local levy.** Failure to do so will undermine any other steps the Legislature takes to fully fund basic education and will place districts in financial jeopardy.

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.

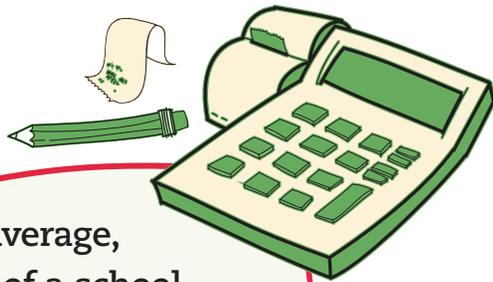


Efforts to fund basic education will topple if the actual costs of basic education labor are not addressed first.

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.

Percentage of Average Salary Paid by the State



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

