

Impacts of Legislative Response to *McCleary* Decision

Woodland Public Schools Funding Picture for 18-19 and Beyond



McCleary Decision: 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



McCleary Decision: General and Uniform System of Schools

The legislature shall provide for a general and uniform system of public schools. The public school system shall include common schools, and such high schools, normal schools, and technical schools as may hereafter be established. But the entire revenue derived from the common school fund and the state tax for common schools shall be exclusively applied to the support of the common schools.

Article IX, Section 1 • Washington State Constitution



What is included in “General and Uniform System of Schools?”

- **Basic Education Act of 1977**
 - The goal of the school system, which includes providing students the opportunity to develop essential knowledge and skills in various subjects,
 - The Instructional Program to be made available by school districts; and,
 - The determination and distribution of state funding to support the Instructional Program.



What is included in “General and Uniform System of Schools?”

Court decisions have held that other educational programs are also part of the state's constitutional obligations

- Special Education programs for students with disabilities
- Transitional Bilingual education programs
- Remediation assistance
- Transportation for some students
- Education for students in residential programs and juvenile detention and for juveniles detained in adult correctional facilities



HB 1209 (1993) Redefining “Basic Education”

- **The Goals of the Basic Education Act**
 - (1) Read with comprehension, write with skill, and communicate effectively and responsibly in a variety of ways and settings;
 - (2) Know and apply the core concepts and principles of mathematics; social, physical, and life sciences; history; geography; arts; and health and fitness;
 - (3) Think analytically, logically and creatively, and integrate experience and knowledge to form reasoned judgments and solve problems;
 - (4) Understand the importance of work and how performance and decisions directly affect future career and educational opportunities; and
 - (5) Function as responsible individuals and contributing members of families, work groups, and communities.

McCleary Lawsuit (2007)

- December 2007: Lawsuit Filed by Matthew & Stephanie McCleary and Robert & Patty Venema against the State of Washington in King County
- “Failure to meet the Paramount Duty to make ample provision for the education of all Washington Students”
- 2009 Trial in King County Superior Court decided for the Plaintiff on virtually all points
- State appeals to State Supreme Court
- State Supreme Court upheld lower court and retained jurisdiction with 2018 deadline for increased funding



ESHB 2261 (2009) Redefining Basic Education The “Intent” and “Timeline”

The Legislature intends to continue to review, evaluate, and revise the definition and funding of Basic Education in order to continue to fulfill the state's obligation under Article IX of the State Constitution. For practical and educational reasons, major changes in the program and funding cannot occur instantaneously. The Legislature intends to develop a realistic implementation strategy and establish a formal structure for monitoring the implementation of an evolving Program of Basic Education and the financing necessary to support it. The Legislature intends that the redefined Program of Basic Education and funding be fully implemented by 2018. It is the Legislature's intent that the policies and formulas under the bill will constitute the Legislature's definition of Basic Education once fully implemented.



SHB 2776 (2010) Prototypical School Funding Formula

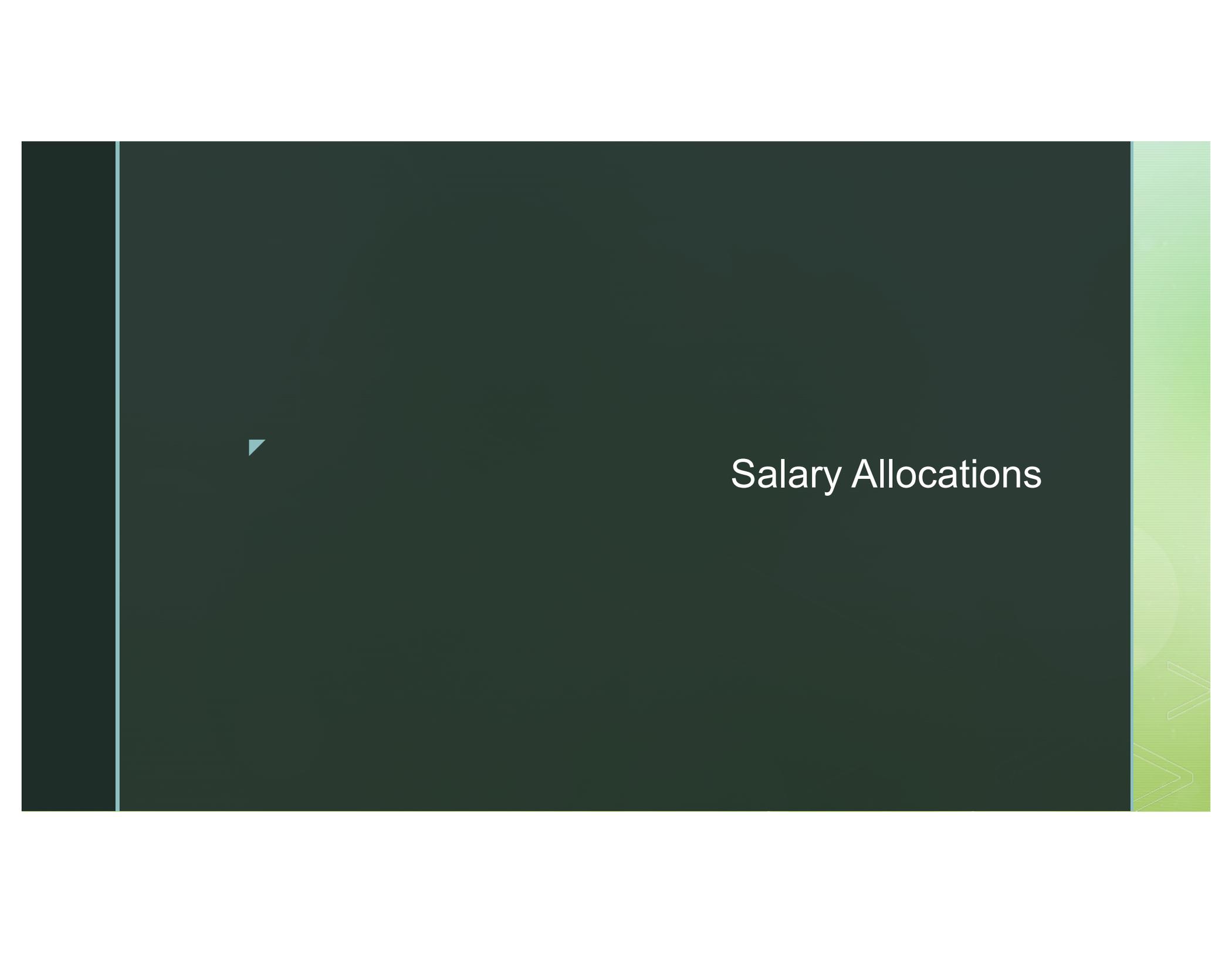
- Specifies Technical Details for BEA distribution formula
- Implementation Schedule and Planned increases of MSOC, K-3 teacher funding, Full Day Kindergarten, Pupil Transportation
- Requires Full Implementation by September 1, 2018



EHB 2242 (2017) *McCleary* Solution

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

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



Salary Allocations

Salary Allocations — Overview

- 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,Max=\$90K; after 5 years mandatory 10% increase
- 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)

Certificated Salary Allocations

	2016-17	2017-18	2018-19	2019-20*	2020-21*
Minimum	\$ 35,700	\$ 35,521	None	\$ 40,000	\$ 40,000
Average	\$ 54,943	\$ 56,201	\$ 59,334	\$ 64,000	\$ 64,000
Maximum	\$ 67,288	\$ 68,836	None	\$ 90,000	\$ 90,000
Specialty	None	None	None	Up to 10% add	Up to 10% add

- 2019-20 and 2020-21 amounts will be annually increased by inflation (IPD, not Seattle CPI)
- 2017-18 Average is currently an estimate
- 10% Specialty “bonus” will not be paid by State, but considered an allowable use of State allocation

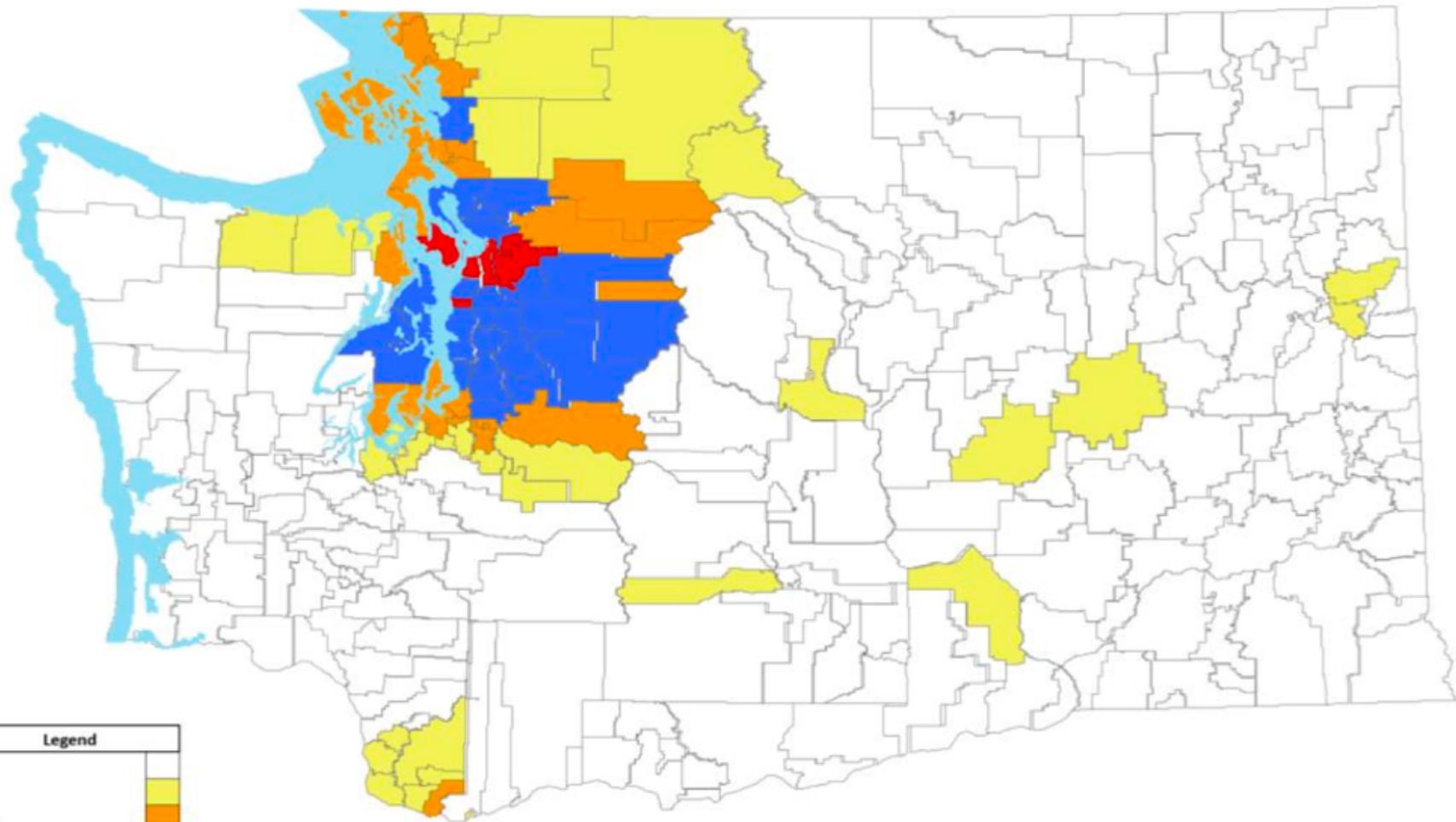
Administrator Salary Allocations

- 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

Regionalization

- LEAP Document 3: <http://bit.ly/2w9gRVk>
- Based on single-family residential value of each school district and “proximate school district” median single-family residential value (“proximate” = within 15 miles of boundary)
- Regionalization factors/enhancements will be 6,12, or 18 percent (with additional adjustments in the Operating Budget).
 - Most factors remain the same until re-basing (2023-24).
 - 93 districts have regionalization factor; of those, 27 districts have factors above the calculated value which will decline beginning in 2020-21

2010-2011



Legend	
-	White
6%	Yellow
12%	Orange
18%	Blue
>18%	Red



Regionalization in Clark & Cowlitz

	2018-19	2019-20	2020-21	2021-22	2022-23
Cowlitz County	1.0	1.0	1.0	1.0	1.0
Woodland	1.0	1.0	1.0	1.0	1.0
Clark County	1.06	1.06	1.06	1.06	1.06
Green Mountain	1.0	1.0	1.0	1.0	1.0
Washougal	1.0	1.0	1.0	1.0	1.0
Camas	1.12	1.12	1.11	1.10	1.09

Salary Allocation Model

- Current Salary Allocation Model Eliminated
 - Funding Currently based on “Mix Factor”
- OSPI required to develop a model salary grid (12/1/17)
 - Six “options” delivered with request to delay
 - Intended as a resource not a requirement
- New funding based on Statewide Average Salary



Professional Learning Days

- Beginning in SY 2018-19, Professional Learning Days are phased in for Teachers, as follows:
 - 2018-19 — 1 day
 - 2019-20 — 2 days
 - 2020-21 — 3 days
- Professional Learning Days are not included in base salaries, but the funding for the days is included in the salary allocations
- Districts have discretion in how the days are used; however, they meet the definitions and standards as provided in law



Enrichment Levies & LEA

Levies & LEA — Overview

- 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
- Local revenues must be deposited in separate “sub-fund” of General Fund
- Local Effort Assistance is funded at maximum \$1,500 per student (max of levy + LEA)

Levy Lid

- Beginning with taxes levied for collection in CY 2019, “Enrichment Levies” are limited to \$1.50 per \$1,000 of assessed value of property in the district
- OR \$2,500 per pupil—whichever is less
 - Per pupil limit calculated using prior year’s average FTE student enrollment
 - Beginning with taxes levied for collection in CY 2020, per pupil limit increased by inflation
- Use of levy proceeds are restricted to enrichment activities only

Local Effort Assistance (LEA) AKA: Levy Equalization

- LEA is continued “to assist property-poor districts with funding to enhance equity in students’ access to extracurricular activities and similar enrichments”
- To qualify for LEA, a district must:
 - pass a levy; and
 - have a maximum levy that is less than \$1,500 per pupil
- LEA will be provided on a per-pupil allocation basis so the sum of levy funding and LEA is \$1,500 per pupil
- \$1,500 per pupil LEA maximum adjusted for inflation beginning in CY 2020

Impact on Woodland Schools of Levy Changes

	2017-18	2018-19	2019-20	2020-21
Local Levy	\$ 4,274,500	\$ 3,323,194	\$ 2,580,194	\$ 2,709,204
LEA	\$ 1,075,687	\$ 1,072,705	\$ 1,019,782	\$ 957,662
TOTAL	\$ 5,350,197	\$ 4,396,398	\$ 3,599,977	\$ 3,666,866
Change from 17-18		(\$ 953,799)	(\$1,750,000)	(\$1,683,311)

Levy and LEA Restrictions

- Beginning Sept. 1, 2019, local revenues may only be used for “documented and demonstrated enrichment of the State’s statutory program of basic education”
- Enrichment are expenditures which provide a supplement beyond State:
 - Minimum instructional offerings;
 - Staffing ratios or program components of basic education (including additional staff); or
 - Professional learning allocations

Levy and LEA Restrictions, continued

- Permitted enrichment activities:
 - Extracurricular activities, extended school days, or an extended school year;
 - Additional course offerings beyond the minimum basic education instructional program;
 - Early learning programs;
 - Additional salary costs attributable to the provision or administration of allowed enrichment activities; and,
 - Additional activities or enhancements determined to be a documented and demonstrated enrichment of basic education by OSPI as part of the Enrichment Levy pre-ballot approval process

Levy and LEA Restrictions, continued

- OSPI “may” develop recommendations for expanding the list of specifically permitted enrichment activities
 - OSPI not required to provide recommendations and no deadline is provided
 - If OSPI provides recommendations, the Legislature must “consider the recommendations in the 2018 Legislative Session”—but is not required to adopt



Levy Expenditure Plans

- Beginning with collection in CY 2020, OSPI must approve districts' Enrichment Expenditure Plan before a proposition may be submitted to voters—required for Enrichment Levies and Transportation Vehicle Enrichment Levies
- Pre-ballot approval process will begin in Fall of 2018
 - See OSPI FAQ: <http://bit.ly/2wMKZKt>

Levy Expenditure Plans, Continued

- When plan submitted, OSPI has 30 days to notify district of approval
- If plan is rejected, district may revise and resubmit and OSPI has 30 days to respond
 - After a plan has been approved, a school district may submit revised spending plan
 - District must make revisions in an open meeting of the Board
 - Following resubmission, OSPI has 30 days to respond
- If OSPI has approved expenditures, a district may change the relative amounts to be spent of respective purposes without receiving additional approval from OSPI—if the change is adopted as part of the district's annual budget

Accounting for Local Revenues

- By SY 2019-20, school districts must establish a local revenue “sub-fund” to account for financial operations that are paid from local revenues
 - Local revenues include Enrichment Levies,
 - Transportation Vehicle Enrichment Levies, LEA funding, and other local revenues, such as grants, donations, and state/federal payments in lieu of taxes
- Districts must track expenditures from this sub-fund separately to account for the expenditure of each stream of revenue by source
- OSPI to update accounting rules by SY 2019-20

CBAs and Supplemental Contracts

- 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



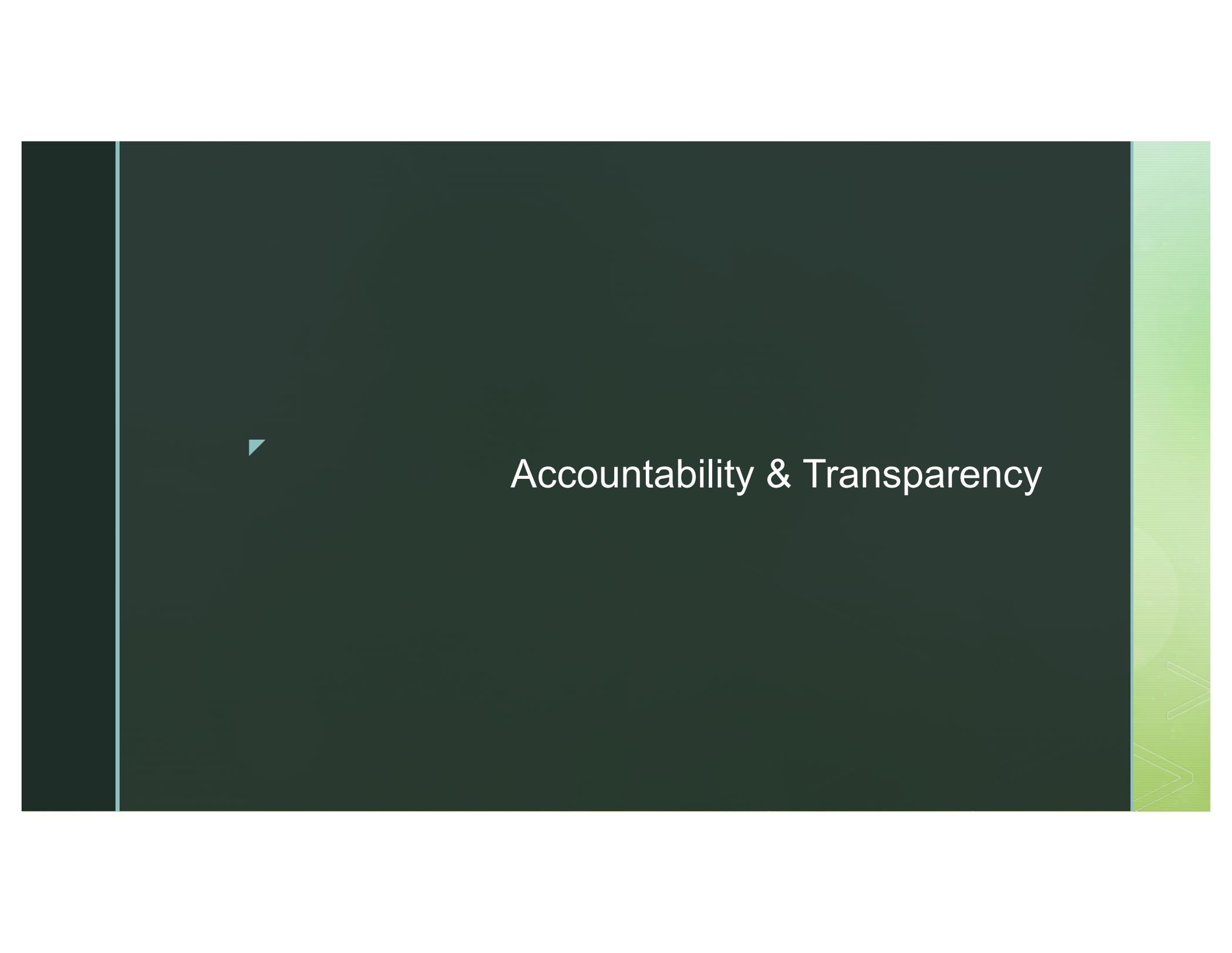
Collective Bargaining

- During the 2018-19 transitional period for new salary allocations, district CBAs may not provide a total salary increase (including supplemental contracts) that exceeds inflation (Seattle CPI)
- Applies to CBAs executed after July 6, 2017
- If a district's average CIS, CLS or CAS salary is less than the allocation for 2018-19, the district may increase those salaries up to the amount allocated by the State.



Supplemental Contracts

- Districts may pay CIS salaries exceeding State salary allocations, but must use separate supplemental contracts for additional Time, Responsibility, or Incentive (Innovation eliminated)
- Supplemental contracts are restricted to activities defined as enrichment, beginning Sept. 1, 2019
- The hourly rate under a supplemental contract may not exceed the hourly basic education salary provided to that employee



Accountability & Transparency

Accountability & Transparency — Overview

- 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



Auditor Reviews

- Beginning with SY 2019-20, regular State Auditor audits must include:
 - Review of expenditure of local revenues for compliance with new restrictions; and
 - Compliance with OSPI-approved Levy Expenditure Plans
- Any audit findings must be reported to OSPI, OFM and Legislature
- Before SY 2019-20, School Boards must adopt policy for responding to audit findings.
- The policy
 - must require a public hearing; and
 - may include “progressive disciplinary actions” for superintendent

Transparency

- Beginning in 2018, districts must develop four year budget plans, including enrollment-projections, and estimates of funding necessary to maintain current program levels and supplemental contract obligations
- Budget must specify amounts and sources of each employee's salary, beginning SY 2019-20
- School districts must: provide public notice of budget hearing; and electronically post the budget and four-year plan



Transparency, Continued

- Districts must submit budget and four-year plan to their ESD and OSPI
- OSPI must use budgets and plans to rank districts by financial health and provide information to districts to help them avoid financial difficulty, insolvency, or binding conditions



Projected Impacts to Woodland

- The State has significantly increased state funding of Basic Education
- The State has significantly reduced the amount of local funding available to School Districts
- Costs, most of them mandated in 2242, exceed our ability to pay to maintain our current program within the combination of state and local resources

Staffing Costs and Revenue

	2018-19 Increased costs from Current	2019-20 Increased costs from Current	2020-21 Increased costs from current
Staffing Cost Increases	\$ 691,526	\$1,549,789	\$1,969,589
MSOC Cost Increases	\$ 158,905	\$ 324,165	\$ 502,393
Unfunded cost of COLA Increase		\$ 207,881	\$ 207,881
Total Potential Cost increases	\$ 850,431	\$2,081,835	\$2,679,871
General Apportionment Increase	\$1,652,694	\$3,847,825	\$4,276,483
Levy & LEA	(\$972,159)	(\$1,776,051)	(\$1,709,645)
Total Revenue Increase	\$ 680,535	\$2,071,774	\$2,566,818
NET	(\$169,896)	(\$ 10,061)	(\$ 113,053)

Special Education Funding Gap

- 2242 increases funding for “Safety Net” BUT . . .
- There is an unfunded gap that will cost about \$575,000 per year!

State Per-pupil Funding for Special Education	(approx.) \$7000
Spending required before Safety-net triggers	\$30,000
Per pupil funding-gap	(\$23,000)
Current number of pupils eligible for Safety-net funding	25
Unfunded Special Education Costs	(\$ 575,000)

“Prototypical” Funding Gaps Certificated Staff

Position	Funded FTE	Actual FTE	Difference
Principals	7.03	6.20	0.83
Teachers & Librarians	116.37	110.76	5.61
Counselors and Social Workers	5.23	5.97	-0.74
School Nurses	0.40	1.0	-.60
School Psychs*	0.06	-	.06
District Cert Administrators	2.18	2.05	.13
Totals	131.27	125.98	5.29

* We currently have 3.6 FTE School Psychologists funded through SpEd

“Prototypical” Funding Gaps Classified Staff

Position	Funded FTE	Actual FTE	Difference
Classroom Assistants	5.58	21.60	-16.02
Office Support	10.99	8.76	2.23
Custodians	9.32	18.10	-8.78
Security	0.44	0.09	0.35
Family Inv. Coordinators	0.06	-	.06
Health Asst.	0.00	1.38	-1.38
Technology	1.33	4.00	-2.76
Facilities & Warehouse	4.53	6.65	-2.12
Other Classified	6.34	9.74	-3.40
Totals	170.0	196.44	-26.44

“Prototypical” Funding Gaps Current Basic Education Salary Costs

Category	Funded Salaries	Total Salaries	Total Unfunded
Certificated Staff	\$7,279,590.67	\$7,384,617.53	\$ -105,026.86
Classified Staff	\$1,325,602.94	\$2,923,624.00	\$ -1,598,021.06
Totals	\$8,605,193.61	\$10,308,241.53	\$ -1,703,047.92