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About TWIO

This Week in Olympia is emailed to active WASA and AEA members each Friday during the Legislative Session and is posted on WASA's website at www.wasa-oly.org/TWIO.

Special Edition: Education Funding Plan

Yesterday, after budget negotiators pulled an all-nighter on Tuesday, [Governor Inslee announced](#) legislators had reached an “agreement in principle” on a compromise 2017–19 Operating Budget. Of course, even with a deal supposedly in place, no details were released. Near the same time, word was out that the Education Funding Task Force members had reached an agreement on a required *McCleary* solution. Again, no details were provided. Budget-writers and legislative leaders began to talk openly that deals were in place and they were confident they would be able to adopt the budget and the Education Funding Plan and get them to the governor for his signature before their midnight deadline tomorrow night, June 30. At the same time, however, they explained they were going to brief their caucuses before releasing any details. The four caucuses were briefed this morning at 10:00 a.m. and budget details were supposed to be available around noon. Late last night, however, we learned that the documents would not be available until this evening “at the earliest.”

Well, wishful thinking. This afternoon it was announced budget documents were still being drafted and likely will not be publicly available until tomorrow. Which means advocates, educators and the rest of the public will only have, if we're lucky, about 14 hours to review a new \$44 billion budget with massive implications for K–12 education (including a new compensation system, levy reform and a slew of other once-in-a-generation changes). The next time I hear a legislator proudly boast that the Washington Legislature doesn't act like the “other Washington,” I'm going to remind them about this historic session. Additionally, because legislators are precluded from voting on budgets (or any bills) without a printed document, neither the Senate or House will be able to act on the budget until tomorrow.

While the overall budget is still under wraps, some details of the Education Funding Plan have been slowly released. We'll have more details about the budget and the *McCleary* solution out to you tomorrow or Monday, but we wanted to get as much information to you as we could as quickly as possible. Below are some of the key points of the *McCleary* plan; however, be advised that a set of bullet-points will not fully address all aspects of the plan. Reading the specific language of the bill will be important. For now, here is what we know (reviewed through the lens of WASA's primary points of advocacy):

Funding Model

The current Prototypical School Funding Model will be maintained as the mechanism to determine funding allocations; however, a per-pupil reporting format will be required. Budget documents must report funding information using per-pupil allocations. This is the “hybrid” model that has been discussed for several months.

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Salary Allocation Model

Without seeing the actual legislation, it is hard to fully understand how salaries are allocated; however, in simple terms state allocation for salaries will be based on a statewide average allocation for each staffing type and adjusted for regional differences (based on median residential values). Actual salary amounts will be subject to local collective bargaining, with specific minimum and maximum salaries specified in statute. Minimum salary for beginning Certificated Instructional Staff will be \$40,000 (which is less than proposed by the governor, less than proposed by the Senate and less than proposed by the House—and significantly lower than proposed by the 2012 Compensation Technical Working Group). The minimum salary must be adjusted for inflation, as well as regional differences. The maximum salary will be \$90,000, again adjusted for inflation and regional differences. After five years of employment, a ten percent salary increase is mandatory. It is clarified that the minimum and maximum limits only apply to basic education salaries, not supplemental contracts. It is also clarified that a district may pay a salary over the maximum by up to ten percent for ESAs or teachers that are teaching Science, Technology, Engineering, or Math. The same ten percent additional salary may be provided for ESAs/teachers in Transitional Bilingual Instruction or Special Education programs.

Certificated Instructional Staff average allocations increase from \$54,062 (School Year 2016–17) to a minimum base of \$64,000 in School Year 2019–20. The range of state salary with regionalization is \$66,194–\$82,081. Certificated Administrative Staff average allocations increase from \$61,752 (SY 2016–17) to a minimum base of \$95,000 in School Year 2019–20. The range of state salary with regionalization is \$98,257–\$121,839. Classified Staff average allocations increase from \$33,299 (SY 2016–17) to a minimum base of \$45,912 in School Year 2019–20. The range of state salary with regionalization is \$47,486–\$58,883. The claim is: “The state is picking up what locals have been paying for years by paying the full cost of basic education salaries.” That is yet to be determined.

Beginning in 2023, and every six years after, the Legislature is required to review and re-base salary allocations to ensure they continue to provide market-rate salaries and to ensure that regionalization is accurate. A hold-harmless provision is included, stating that no district can receive less state funding for minimum state salary allocations compared to its prior year allocation.

A specific salary allocation model is not included; however, OSPI must convene a technical working group to develop a model salary grid for districts. The model will not be mandatory.

There has been no discussion about a Staff Mix factor. It is assumed it will be repealed.

Levy Reform

Current Maintenance and Operations levies are renamed “Enrichment Levies.” Additionally, Transportation Vehicle Levies are renamed “Transportation Vehicle Enrichment Levies.”

Beginning with levies collected in 2019, the maximum levy is the lesser of: \$1.50 per \$1,000 of Assessed Value of property; or \$2,500 per pupil, calculated using the prior year’s average student enrollment, increased by inflation.

Enrichment levies—and all local revenue—are subject to new rules. Activities funded out of local revenue are defined as only those activities that are supplementing basic education allocations. A list of permitted activities (which we have not seen) is included in the bill. Additionally, new Accountability and Accounting are required. Presumably the language is the same or substantially similar to the provisions first adopted in [SB 5023](#) (Levy Cliff Delay). A district must submit a levy report to OSPI and be approved before the levy can be put on the ballot. Unlike SB 5023, this bill apparently includes a specific

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approval process. Local revenues will have to be deposited in a separate “sub-fund” in the school district’s General Fund.

Local Effort Assistance continues; however, beginning in 2019 it will be calculated differently. LEA will be included in the definition of “local revenue” and be subject to the new rules as discussed above. LEA will be funded up to \$1,500 per student (plus inflation). The new formula is based on the Enrichment Levy rates of the district and the district’s enrollment.

Supplemental contracts are maintained in law, but they are subject to new rules. Supplemental contracts may only be used for defined enrichment activities (as noted above, but still unknown). The hourly rate for supplemental contracts may not exceed the hourly rate provided to that same instructional staff under the basic education salary.

Locally-Funded Salaries

Currently negotiated and approved Collective Bargaining Agreements remain in place; however, CBA’s executed after the effective date of this bill (this section appears to be effective 90 days after session is adjourned) may not provide an increase to total salary that exceeds an inflationary adjustment. It is clarified the inflationary calculation is based on the Consumer Price Index (CPI), not the Implicit Price Deflator (IPD). If the actual average salary for staff is less than the statewide average for that particular staff category, the district may increase those salaries accordingly.

As noted above supplemental contracts may only be used for defined enrichment activities and the hourly rate under the supplemental contract may not exceed the hourly rate provided to that same instructional staff under the basic education salary.

Additional Details

Health Benefits. The *McCleary* plan establishes a School Employees Benefits Board (SEBB) within the Health Care Authority. The SEBB will be responsible for the development of school employee benefit plans, the authorization of premium contributions, the determination of eligibility criteria and enrollment policies, and terms of participation in SEBB plans. The Health Care Authority will administer the health care benefit programs for school employees.

Beginning in January 2020, all school districts will be required to participate in the SEBB program and all district and ESD employees will be merged into a single, community-rated risk pool separate from the risk pool for Public Employee Benefit Board health benefits.

Collective Bargaining Agreements must be consistent with the changes in this bill and the scope of health benefits provided for school employees are removed from local bargaining. Beginning January 2020, bargaining over the dollar amount expended for school employee health care benefits must be conducted between the Governor and a coalition of all the exclusive bargaining representatives impacted by benefit purchasing with the SEBB.

Initiative 1351. Initiative 1351, Class Size Reductions, is maintained; however, the staffing enrichments contained in the Initiative are removed from basic education and re-codified in a different chapter of the RCWs, with language specifically stating that the enhanced staffing units are an enrichment to basic education. If an additional staffing unit is funding by specific reference in the Operating Budget, then those units become part of basic education.

OSPI is required to convene a technical working group to review the staffing enrichments in I-1351 and make recommendations (by December 2019) on a possible phase-in plan that prioritizes those that are research or evidence-based strategies.

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Accountability and Transparency. School district budget requirements are modified. School district budgets must set forth state funded basic education salary amounts and local funded salary amounts in addition to total salary amounts for each individual staff in the three staff categories. Additionally, the budget process must include the development or update of a 4-year budget plan that includes 4-year enrollment projections and an estimate of funding necessary to support both continuing program and services costs and supplemental contract obligations.

The State Auditor is required to conduct regular financial audits to ensure districts are using local revenues in compliance with the provisions of the bill. School boards must have a policy for responding to any negative audit findings and may include progressive disciplinary actions for the district superintendent.

School districts must also annually report to OSPI on the supplemental contracts they enter into and OSPI must summarize the district information and submit an annual report to the Legislature.

**** UPDATE ****

As this *TWIO* was being finalized, the final *McCleary* solution bill was released. It is numbered as [HB 2242](#).



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