



Office of Superintendent of Public Instruction
Financial Resources and Governmental Relations

School Funding and McLeary

March 2018

Purpose

- Review of the language in the state constitution, and the major court cases impacting education funding.
- Review of how districts receive state and local dollars to fund their operations.
- Discuss the impacts of legislative changes in the 2017-19 Biennial and 2018 supplemental budgets.



State Constitution – Article IX

- SECTION 1 PREAMBLE
 - *“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.”*



Major Court Cases

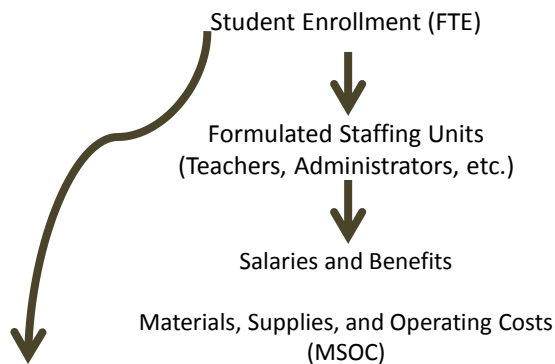
- Doran Decision I – January 1977
- Doran Decision II – April 1983
- Doran Decision III – 1988
- McCleary Decision – 2012 through 2018



STATE APPORTIONMENT MAJOR CONCEPTS, DATA, AND PROCESS



General Apportionment Basic Funding Concepts



State Apportionment- Data

- Enrollment data as submitted through the P223 system.
- Staff data as calculated through information submitted in the S-275 system.
- School district and school level poverty data as submitted through the CEDARS system.

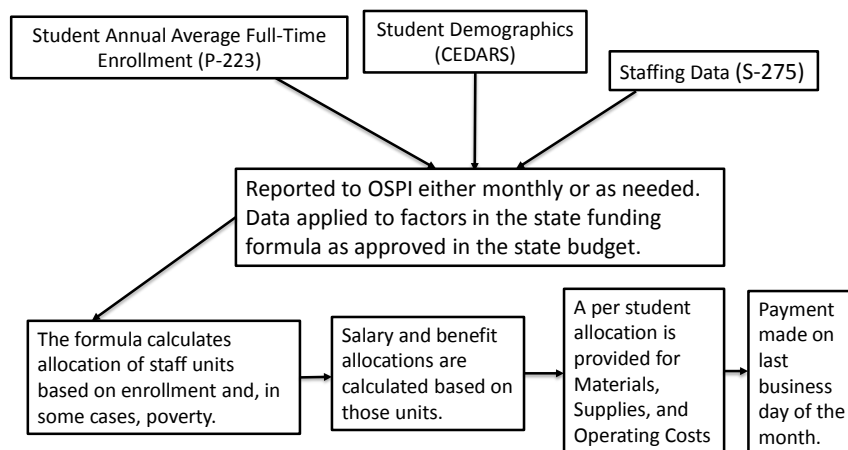
This list is not a comprehensive list of data reporting requirements, merely a focus on what is needed to make the apportionment system generate accurate state allocations.



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State Apportionment Process



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Maintenance and Operations Levies

- Article VII, Section 2 of State Constitution gives school districts the authority to levy local property taxes provided that the voters of the district approve the levy.
- Current law limits school district's local levy collections to a percentage of select prior school year revenues.
- For calendar year 2017:
 - 288 districts approved levies totaling \$2.52 billion.
 - 7 districts elected not to run a levy.



Percentage of State vs Local Revenue

School Year	State	Local	Total
2016-17	77.18%	22.82%	100%
2015-16	75.37%	24.63%	100%
2014-15	75.09%	24.91%	100%
2013-14	73.70%	26.30%	100%
2012-13	74.20%	25.80%	100%
1973-74	56.37%	43.63%	100%



LEGISLATIVE CHANGES LOOKING FORWARD



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Engrossed House Bill 2242

- Increases state funding allocations for compensation.
- Establishes a new local levy structure and lowers limits of allowable levy collections.
- Requires much more detailed accounting and reporting from school districts to OSPI and the State Auditor's Office.



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Compensation

- Increases the base salary allocation by staff type as shown below:

Staff Type	2017-18 SY	2018-19 SY
Certificated Instructional Staff	\$54,800	\$65,216
Certificated Administrative Staff	\$62,900	\$96,805
Classified Staff	\$34,000	\$46,784



Enrichment Levies

- Levy collections are limited to the lesser of \$1.50 per \$1,000 of assessed valuation or \$2,500 per pupil.
- Levy collections projected to reduce by approximately \$1 billion statewide.
- Enrichment levy proceeds may only be used for non-basic education expenditures.
- Districts must get approval from OSPI on how they intend to spend their enrichment levy proceeds prior to submitting their levy to ballot.



Accounting and Accountability

- Districts must account for enrichment levy proceeds separately through a sub-fund.
- Location codes will be added to the expenditure coding for school districts report costs by school and building level.
- Federal NCES codes will be added to provide comparable detail to other states, as well as a mechanism for reporting more specific expenditure detail.



Projections of the Future

School Year	State	Local	Total
2019-20	89.41%	10.59%	100%
2018-19	86.13%	13.87%	100%
2017-18	80.09%	19.91%	100%
2016-17	77.18%	22.82%	100%
2015-16	75.37%	24.63%	100%
2014-15	75.09%	24.91%	100%
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QUESTIONS & ANSWERS

