

"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."

Washington State Constitution, Article IX, Section 1.

2007	2012	2018	2018	2019+
State is sued over funding by McCleary family, school districts, teacher's unions and others.	Supreme Court orders state to raise education spending by 2018.	New funding model raises state spending and restricts local property taxes historically voted on by school district residents.	Additional salary spending requirements are implemented with the new funding.	For most districts, additional funding is not enough to fund new spending requirements.

Legislature changes school finance with a 3 pronged approach

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1. State funding goes up by increasing taxes collected by the state.
2. Average minimum pay for employees is mandated to increase.
3. Local property taxes are reduced and limits are put in place, severely limiting local decisions on property taxes.

Expectation is created for significant salary increases.

WEA references teacher & support staff increases of 12%-40+% in one year.

State funding
goes up with
increased
statewide taxes.

Average
minimum pay
for employees is
increased.

Local property
taxes are
reduced and
limits are put in
place.

Statewide State Funding Increase

2018-2019	\$2,800,000,000
2019-2020	\$ 286,000,000
2020-2021	\$ 207,000,000
2021-2022	\$ 246,500,000
2021-2022	\$ 246,500,000
5 Year Total	\$3,293,493,000 (est)

**Years 2021-2022 & 2022-2023 are estimates based on previous 2 year average.

Salary & Benefit Increases

20% Salary Increase in 18-19 + 3% increases after =
Approximate school district cost statewide of \$1.8
billion in 18-19

Additional cost each year after of \$350 million ...
Accumulated 4 Year Cost to school districts...

\$2,900,000,000+

(does not include potential increases to health insurance cost)

Statewide Property Tax Decrease

2018-2019	\$ (557,000,000)
2019-2020	\$ (494,000,000)
2020-2021	\$ 80,000,000
2021-2022	\$ 80,000,000 (est)
2021-2022	\$ 80,000,000 (est)
5 Year Total	\$ (971,000,000) (est)

Net 5 Year Legislative Change

State Revenue Increases	\$3,293,493,000
<u>Local Property Tax Decreases</u>	<u>\$ (971,000,000)</u>
Equals Net Revenue Gain	\$2,322,493,000

Union Bargaining Goals 12%-42% Salary Increases

Increases of 20% in year 1 and 3% thereafter (Admin,
Cert & Classified)...

Total cost approximately \$2,900,000,000
(not including any increase in health insurance)

Net School District Shortfalls

New Revenue	\$2,322,493,000
<u>New Salary Expenses</u>	<u>\$ (2,900,000,000)</u>
School District Deficits	\$ (577,507,000)

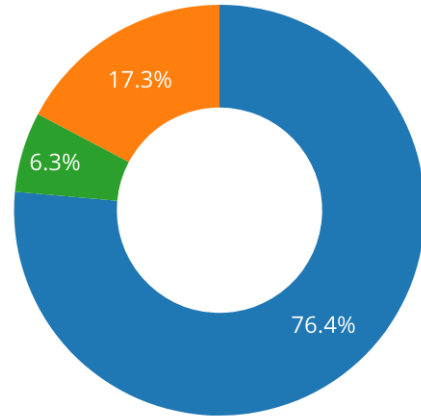
Revenue estimates (state and levy) are based on OSPI Multi-Year Tool, state-wide summary.

[OSPI multi-year tool, dated June 15, 2018](#)

Salary estimates are based on OSPI S275 Summary.

[OSPI S275 Summary Report](#)

2017-2018 Actual Revenues (Pre-McCleary)



■ State Funds
■ Local Taxes / Funds
■ Federal and Other

2017-18 Actual State Revenues

\$5,666,696

2018-19 Budgeted State Revenues

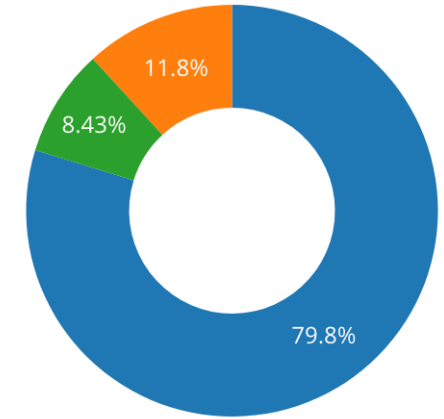
\$6,679,622

State Revenue Increase, due to McCleary Act

\$1,012,926

17.88%

2018-2019 Budgeted Revenues (Post-McCleary)

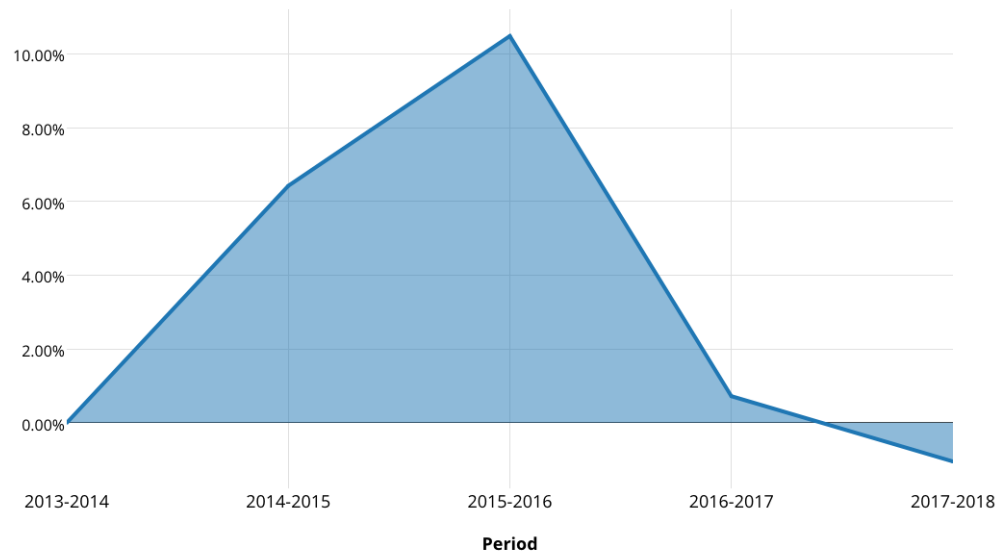


■ State Funds
■ Local Funds
■ Federal and Other

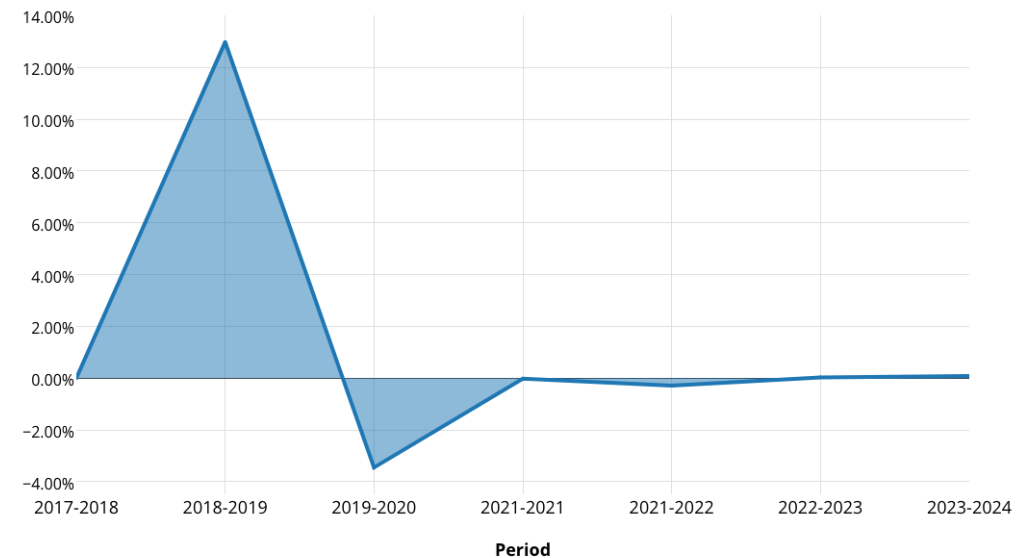
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Total	\$6,326,294	\$6,732,595	\$7,438,365	\$7,491,905	\$7,413,310
State Funds	\$4,737,001	\$5,130,861	\$5,651,052	\$5,759,018	\$5,666,696
Local Funds	\$1,119,652	\$1,141,505	\$1,243,308	\$1,240,332	\$1,279,435
Federal and Other	\$469,640	\$460,229	\$544,006	\$492,556	\$467,178

	2017-2018	2018-2019	2019-2020	2021-2021	2021-2022	2022-2023	2023-2024
Total	\$7,413,310	\$8,375,301	\$8,086,119	\$8,084,153	\$8,061,059	\$8,063,339	\$8,070,071
State Funds	\$5,666,696	\$6,679,622	\$6,681,076	\$6,670,641	\$6,638,910	\$6,632,380	\$6,630,126
Local Funds	\$1,279,435	\$989,340	\$698,704	\$707,173	\$715,810	\$724,620	\$733,607
Federal and Other	\$467,178	\$706,339	\$706,339	\$706,339	\$706,339	\$706,339	\$706,339

General Fund Revenue Change % (Pre-McCleary)

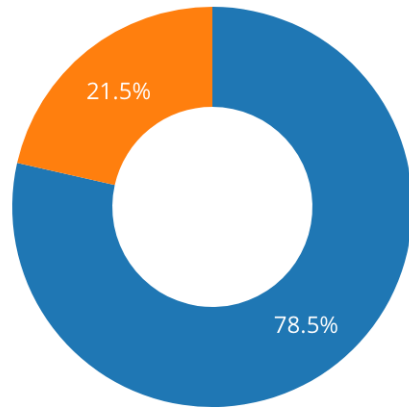


General Fund Projected Revenue Change % (Post-McCleary)



Change in Expenses

2017-2018 Actual Expenditures (Pre-McCleary)



Salaries and Benefits Other Expenses

2017-18 Actual Salary & Benefit Expenditures

\$6,284,435

2018-19 Budgeted Salary & Benefit Expenditures

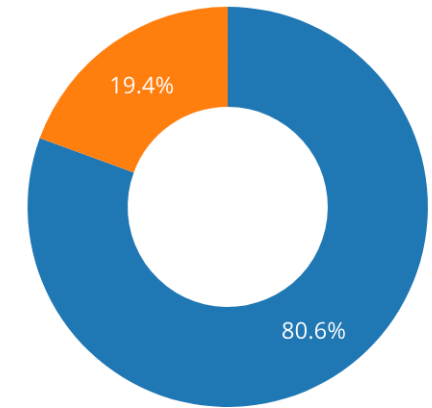
\$6,841,270

Salary & Benefit Increase, due to McCleary Act

\$556,835

8.86%

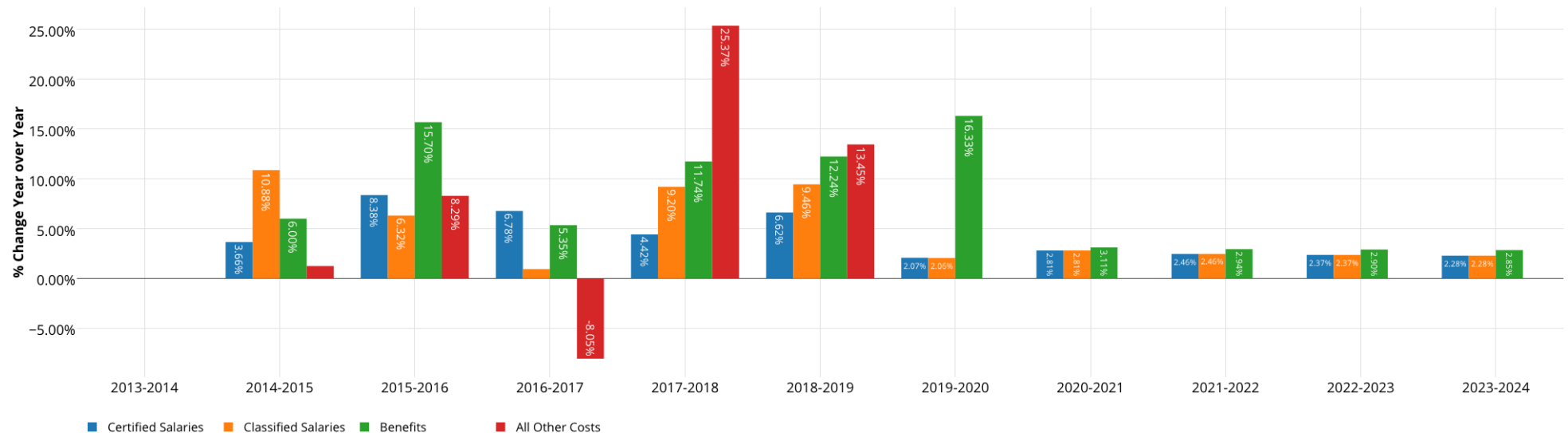
2018-2019 Budgeted Expenditures (Post-McCleary)



Salaries and Benefits Other Expenses

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total	\$6,365,346	\$6,570,976	\$7,403,821	\$7,411,123	\$8,003,479	\$8,489,507	\$8,926,204	\$9,137,871	\$9,334,192	\$9,529,677	\$9,724,504
Certified Salaries	\$2,495,923	\$2,587,326	\$2,804,131	\$2,994,205	\$3,126,558	\$3,333,414	\$3,402,294	\$3,497,911	\$3,584,020	\$3,668,874	\$3,752,554
Classified Salaries	\$1,010,228	\$1,120,189	\$1,191,002	\$1,202,101	\$1,312,641	\$1,436,799	\$1,466,456	\$1,507,625	\$1,544,700	\$1,581,235	\$1,617,264
Benefits	\$1,278,112	\$1,354,801	\$1,567,503	\$1,651,332	\$1,845,235	\$2,071,057	\$2,409,217	\$2,484,098	\$2,557,236	\$2,631,331	\$2,706,449
All Other Expenses	\$1,581,082	\$1,508,659	\$1,841,186	\$1,563,484	\$1,719,044	\$1,648,237	\$1,648,237	\$1,648,237	\$1,648,237	\$1,648,237	\$1,648,237

Budget % Change, History and Projections



Statewide, the average general fund balance in FY2017 was 19.95%

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund	\$388,490	\$517,109	\$508,652	\$470,435	\$612,988	\$468,782	\$-401,303	\$-1,485,021	\$-2,788,154	\$-4,284,492	\$-5,968,925

Fund Balance Trend

