

Comparing the Education Funding Proposals

Briefly

- Four major education funding plans have been proposed to address the McCleary decision.
- Gov. Inslee's proposal and the House-passed ESHB 1843 would stay broadly within current parameters.
- The Senate-passed SSB 5607 would overhaul the current system.
- SB 5825 would borrow from both the House- and Senate-passed bills.
- Legislators must agree on what to spend and how to fund that spending.

The following table compares the major education funding plans that have been proposed so far. They each attempt to address the state Supreme Court's McCleary decision.

	Gov. Inslee	ESHB 1843 (passed House)	SSB 5607 (passed Senate)	SB 5825 (Mullet proposal)
State Spending Increase	2017-19: \$2.951B 2019-21: \$5.554B	2017-19: \$1.763B 2019-21: \$5.822B 2021-23: \$7.005B	2017-19: \$2.481B 2019-21: \$4.434B	NA
Revenue Sources	•Increase B&O tax rate on services (SB 5113) •Carbon tax (SB 5127) •Capital gains tax (SB 5111) •End tax exemptions	None specified	•Levy swap •Unspecified budget savings	•Levy swap •Economic nexus (SB 5855, SB 5856)
Net New Funding for Districts*	NA	SY 2018-19: \$1.552B SY 2019-20: \$3.053B SY 2020-21: \$3.453B	SY 2018-19: \$1.908B/ \$1.908B SY 2019-20: \$1.075B/ \$1.567B SY 2020-21: \$1.226B/ \$2.287B	NA
Per-pupil funding*	NA	SY 2018-19: \$13,580 SY 2019-20: \$14,900 SY 2020-21: \$15,370	SY 2018-19: \$13,910/ \$13,910 SY 2019-20: \$13,110/ \$13,560 SY 2020-21: \$13,370/ \$14,320	NA
First Year of Full Funding	SY 2018-19	SY 2019-20 for salaries, SY 2020-21 for other funding	SY 2018-19	SY 2018-19
Funding Formula	Keeps current prototypical school model	Keeps current prototypical school model	Per-pupil funding model (at least \$12,500 per pupil)	Keeps prototypical school model but establishes a uniform per-pupil amount (at least \$11,500)
Salary Model	Current model would be simplified, steps reduced	Salary allocation model simplified	Repeals salary allocation model	Salary allocation model simplified
Minimum Teacher Salary	SY 2017-18: \$44,976 SY 2018-19: \$54,587	\$45,500	\$45,000	\$45,000
Other Salary Items		•Regional adjustments •Salaries rebased every six years based on comparable wage analysis	•Pay based on non-subject matter degrees is banned •Expenditures for compensation limited to 80 percent of total expenditures •Recruitment and retention bonus •Teacher recognition grant •Housing allowance	
Cost-of-Living Adjustments	Funds I-732	Funds I-732 (made part of basic education)	Repeals I-732, but amounts are adjusted for inflation	Funds I-732
Class Size Reductions	Funds I-1351	Funds I-1351	Repeals I-1351	Funds I-1351

	Gov. Inslee	ESHB 1843 (passed House)	SSB 5607 (passed Senate)	SB 5825 (Mullet proposal)
Levies	No change to current system.	No change to current system.	<ul style="list-style-type: none"> •Would impose a new state property tax (on top of current property tax) that would be \$0.45/\$1,000 in CY 2018, up to \$1.80/\$1,000 thereafter (called the "local effort levy") •It would not be subject to property tax growth limit •Local taxing districts could be reimbursed if negatively impacted by the local effort levy (due to the constitutional 1% limit) 	<ul style="list-style-type: none"> •Districts would be required to impose a regular property tax at a rate of the lesser of \$5/\$1,000 or the district's M&O levy rate that could only be used for basic education •Districts could still ask voters for additional enrichment levies •Constitution would be amended (SJR 8207) to exempt the new regular school district levies from the constitutional 1% limit.
Levy Lid	2018: 24% 2019: 15% 2020: 15% 2021: 15%	2018: 28% 2019: 27% 2020: 26% 2021: 24%	2018: 28% 2019: 0 2020: 10% 2021: 10%	2018: \$1,000 per student 2019: \$1,000 per student 2020: \$1,000 per student 2021: \$1,000 per student
Local Effort Assistance	Maintained	Maintained	Eliminated	State would provide matching funds for enrichment and regular levies for property-poor districts
M&O Excess Levy Change/ Net levy impact*	NA	CY 2018: \$249.9M CY 2019: \$368.3M CY 2020: \$400.0M CY 2021: \$302.2M	CY 2018: \$747.3M/ \$747.3M CY 2019: \$109.7M/ \$109.7M CY 2020: \$240.0M/ \$1,520M CY 2021: \$389.3M/ \$1,677M	NA
Net Levy Rate Change*	NA	CY 2018: 0.24 CY 2019: 0.33 CY 2020: 0.34 CY 2021: 0.24	CY 2018: 0.73/ 0.73 CY 2019: 0.09/ 0.09 CY 2020: 0.18/ 1.27 CY 2021: 0.28/ 1.32	NA
Accountability		<ul style="list-style-type: none"> •Creates a working group to make recommendations on school district accounting practices •Districts would have to report to OSPI on supplemental contracts. 	<ul style="list-style-type: none"> •School districts would have to get approval from OSPI to ask for M&O levies, to ensure they aren't used for basic education. •Basic and non-basic expenditures and revenues from difference sources would be separately accounted for. •State auditor would review spending to ensure excess levies aren't used for basic education. 	<ul style="list-style-type: none"> •School districts would have to get approval from OSPI to ask for M&O levies, to ensure they aren't used for basic education. •Basic and non-basic expenditures and revenues from difference sources would be separately accounted for. •State auditor would review spending to ensure excess levies aren't used for basic education.

*Under SSB 5607, the first number assumes that no districts have M&O levies after CY 2018. The second number assumes that M&O levies are the lesser of 10% or the previous voter approved levy after CY 2019.

Fiscal estimates are from the [Office of Program Research](#) and the [Senate Ways and Means Committee](#).

The table is not exhaustive; the plans include many more policy issues. For more details on some of the proposals, see "[Education Funding Plans: The Governor and House Want Significant New Spending](#)" and "[Senate-Passed Bill Would Overhaul and Increase School Funding](#)." Also, for a more in-depth look at the McCleary problem, see our 2016 report, "[McCleary Deadline Approaching, But How Long Will the Solution Last?](#)"

The House-passed bill was proposed without a revenue source to fund the

new spending. Meanwhile, although the Senate-passed bill would make use of a levy swap, it would also partially rely on finding savings in the budget. Eventually legislators will have to decide where to find the money. As with all policy proposals, the fate of the McCleary plan (whatever it ends up being) is inextricably linked to the biennial budget negotiations.

Washington Research Council
 520 Pike Street, Suite 1250
 Seattle, Washington 98101
 206-467-7088
 fax: 206-467-6957
researchcouncil.org