

## Comparing the Education Funding Proposals, Second Edition

### Briefly

Several education funding plans have been proposed to address the state Supreme Court's McCleary decision.

**Update April 7:** The table has been updated to reflect new information from the Office of Financial Management.

The following table compares the major education funding plans that have been proposed. They each attempt to address the McCleary decision.

In March, we [compared](#) the plans that had been passed by the House (ESHB 1843) and Senate (SSB 5607), along with those of Gov. Inslee and Sen. Mullet. Since then, the Legislature has enacted and the governor has signed ESB 5023, which maintains the maximum levy percentage for districts at 28 percent for 2018. As enacted, the legislation includes levy accountability language similar to that in SSB 5607.

Additionally, the Senate has passed ESSB 5875 (which amends SSB 5607) and its 2017–19 operating budget (ESSB 5048), which funds the Senate's education spending plan. The House has also

passed an operating budget, but instead of funding ESHB 1843, it would fund HB 2185 (which has not been heard by committee). HB 2185 is very similar to ESHB 1843, but it would revoke the new levy accountability language and suspend I-1351.

The Office of Program Research (OPR) recently released a [new fiscal analysis](#) of the House and Senate education funding plans. For its analysis of the House proposal, OPR assumes enactment of HB 1764 (which would replace the property tax growth limit and which has not been passed). For the Senate proposal, OPR does not include the additional appropriations that the Senate budget bill would provide to districts that would lose funds under the bill (\$500,000 in 2017–19 and \$20.0 million in 2019–21).

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	Gov. Inslee	HB 2185 (not passed), as funded by House-passed budget, assuming HB 1764 (not passed)	SSB 5607, as amended by ESSB 5875, as funded in ESSB 5048 (all passed by Senate)	SB 5825 (Mullet proposal)
<b>State Policy Spending Increase for K-12</b>	2017-19: \$3.414B 2019-21: \$6.2B	2017-19: \$1.873B 2019-21: \$3.3B	2017-19: \$1.790B 2019-21: \$4.0B	NA
<b>State Spending Level for K-12 in Budget</b>	2017-19: \$23.500B	2017-19: \$22.024B	2017-19: \$21.942B	NA
<b>Revenue Sources</b>	•Increase B&O tax rate on services (SB 5113) •Carbon tax (SB 5127) •Capital gains tax (SB 5111) •End tax exemptions	Assumes HB 2186 and HB 1764 (not passed): 2017-19: \$2.965B 2019-21: \$4.697B	•Levy swap (2017-19: \$1.521B, 2019-21: \$4.045B) •Budget savings	•Levy swap •Economic nexus (SB 5855, SB 5856)
<b>Net New Funding for Districts*</b>	SY 2017-18: \$1.024B SY 2018-19: \$2.802B SY 2019-20: \$2.504B SY 2020-21: \$2.412B	SY 2017-18: \$670.6M SY 2018-19: \$1.632B SY 2019-20: \$2.947B SY 2020-21: \$3.277B	SY 2018-19: \$953.5M/ \$953.5M SY 2019-20: \$765.2M/ \$1.402B SY 2020-21: \$877.9M/ \$2.142B	NA
<b>Per-Pupil Funding Change*</b>	SY 2017-18: \$938 SY 2018-19: \$2,537 SY 2019-20: \$2,257 SY 2020-21: \$2,154	SY 2017-18: \$614 SY 2018-19: \$1,478 SY 2019-20: \$2,656 SY 2020-21: \$2,926	SY 2018-19: \$863/ \$863 SY 2019-20: \$690/ \$1,263 SY 2020-21: \$784/ \$1,913	NA
<b>First Year of Full Funding</b>	SY 2018-19	SY 2019-20 for salaries, SY 2020-21 for other funding	SY 2019-20	SY 2018-19

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	Gov. Insee	HB 2185 (not passed), as funded by House-passed budget, assuming HB 1764 (not passed)	SSB 5607, as amended by ESSB 5875, as funded in ESSB 5048 (all passed by Senate)	SB 5825 (Mullet proposal)
<b>Funding Formula</b>	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)
<b>Salary Model</b>	Current model would be simplified, steps reduced	Simplified salary allocation	Repeals salary allocation model	Salary allocation model simplified
<b>Minimum Teacher Salary</b>	SY 2017-18: \$44,976 SY 2018-19: \$54,587	\$45,500	\$45,000	\$45,000
<b>Other Salary Items</b>	•Salaries rebased every four years	•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	
<b>Cost-of-Living Adjustments</b>	Funds I-732	Funds I-732 (made part of basic education)	Repeals I-732, but amounts are adjusted for inflation	Funds I-732
<b>Class Size Reductions</b>	Funds I-1351	Suspends I-1351 (would need to be fully funded in 2023-25)	Repeals I-1351	Funds I-1351
<b>Levies</b>	No change to current system.	No change to current system.	•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 \$1.55/\$1,000 thereafter (called the "local effort levy") •It would not be subject to property tax growth limit •Local taxing districts would be reimbursed if negatively impacted by the local effort levy due to the constitutional 1% limit (the budget would appropriate \$3.9M for this purpose)	•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
<b>Levy Lid</b>	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
<b>Local Effort Assistance</b>	Maintained	Maintained	Eliminated	State would provide matching funds for enrichment and regular levies for property-poor districts
<b>Net Levy Change*</b>	CY 2018: \$21.6M CY 2019: -\$283.9M CY 2020: -\$464.1M CY 2021: -\$470.2M	CY 2018: \$63.3M CY 2019: \$460.5M CY 2020: \$407.7M CY 2021: \$447.9M	CY 2018: \$496.5M/ \$496.5M CY 2019: -\$197.7M/ -\$197.7M CY 2020: -\$65.6M/ \$1,143.7M CY 2021: \$57.6M/ \$1,321.9M	NA
<b>Net Levy Rate Change*</b>	CY 2018: 0.02 CY 2019: -0.25 CY 2020: -0.39 CY 2021: -0.38	CY 2018: 0.06 CY 2019: 0.41 CY 2020: 0.34 CY 2021: 0.36	CY 2018: 0.49/ 0.49 CY 2019: -0.18/ -0.18 CY 2020: -0.08/ 0.95 CY 2021: 0.01/ 1.04	NA
<b>Accountability</b>	•Funds a redesign of school financial systems	•Strikes levy accountability language passed in ESB 5023 •Creates a working group to make recommendations on school district accounting practices •Districts would have to report to OSPI on supplemental contracts	•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	•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 Financial Management and the [Office of Program Research](#).