

Rep. Hunter Proposal: State Allocation for K-12 Compensation, Local Maintenance & Operation Levies, and State Property Levy

Compensation

Effective with the 2018-19 school year, the state K-12 salary allocation model is based on an expected cost formula. The state-funded salary allocation model is revised by increasing allocations to equal the estimated market-rate cost to hire and retain certificated instructional (CIS), certificated administrative (CAS) and classified staff (CLS) in each school district in the state. The minimum allocation that the state must fund is the amount necessary to hire and retain each staff type in the school district with the lowest cost market rate in the state. Allocations for districts that have a market rate cost above the minimum must be funded at the minimum level as increased by a regionalization factor. A technical workgroup is established to identify, and recommend to the Legislature, the market rate and regionalization factor for each school district

Technical Working Group:

A technical working group is established to make recommendations to the legislature regarding state-funded compensation for the CLS, CAS and CIS staff units funded in the prototypical school formula. By December 2016, the work group must:

- Identify and make recommendations regarding the market rate in the lowest cost district and a regionalization factor that builds on the lowest cost market rate that will be applied to each school district. In developing the recommendations, the work group must use repeatable economic data so that in the future the legislature may review and adjust the market rate and the regionalization factors at least once every ten years.
- Make recommendations regarding the state salary allocation grid. These recommendations may include simplification or elimination of the existing grid.
- Make recommendations about limiting the use of school district levies or other local revenues for additional compensation to enhancements outside the program of basic education, including reporting, auditing, or other accountability measures regarding local levy expenditures.

State Property Tax Levy & School District Maintenance & Operation Levies

Beginning CY 2018 and CY 2019, the state property tax levy is increased by an amount equal to the amount appropriated for SY 2018-19 new state compensation allocation. Beginning CY 2018, school district M&O levies are reduced.

CY 2018, School Year 2017-18, State Fiscal Year 2018

To address the overlap in school years, calendar years, and state fiscal years, CY 2018 is a transitional year for the property tax revisions. For CY 2018, each school district's M&O levy is reduced by an amount equal to the state appropriated allocation for the new state funding allocated to the district for compensation. At the same time, the state property tax levy is increased by the statewide amount of the new compensation allocation. For school year and state fiscal year 2017-2018, the state allocates state property levy proceeds to school districts to supplant the reduction to the local M&O that occurs prior to the new compensation allocation. This addresses the differences in the calendar and fiscal years. For districts that experience a reduction in total funding as the result of reduced local effort assistance (LEA) funding, the state allocates a one-time hold-harmless payment using the state savings from LEA cost changes.

CY 2019, School Year 2018-19, State Fiscal Year 2019, and thereafter

The new state property tax levy rate is continued in CY 2019, and the growth limit is revised from 1% to the Seattle Consumer Price Index, beginning with CY 2020 property tax levy. The current

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M&O levy limitation system is eliminated and replaced with a per-pupil levy lid. Beginning in CY 2019, school district M&O levies are limited to a rate of \$2,500 per pupil, except in districts with fewer than 40 full time equivalent resident students, in which case the levy limit is \$100,000. To begin collecting levies under the new per-pupil system, school districts must request voter approval for collection beginning in CY 2019. The current LEA system is replaced with a new LEA system that equalizes to one-half of the statewide median M&O levy rate per pupil.

Use of Local M&O Funds:

School districts may use M&O levy revenues only for expenditures that are enhancements or enrichment to the program of basic education.