
A Citizen's Guide to Washington State

K-12 Finance



2024

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Introduction

The 2024 Citizen's Guide to K-12 Finance is offered to provide a clear and simple overview of K-12 financial issues. It provides general information on K-12 finance by answering frequently asked questions.

For more in-depth information about K-12 finance, see *Organization and Financing of Washington Public Schools* published by the Office of Superintendent of Public Instruction (OSPI). It is available at: <http://www.k12.wa.us/safs/PUB/ORG/Org.asp>. The information presented in this document is based on statewide data.

For information about a specific school district, inquire with that school district. Detailed K-12 fiscal data, on both statewide and district-specific levels, are also reported on the Washington State fiscal transparency website at: <https://fiscal.wa.gov/K12/K12Overview>.

The 2024 Citizen's Guide to K-12 Finance was prepared by non-partisan Senate Committee Services staff supporting the Senate Ways and Means Committee and the Senate Early Learning & K-12 Education Committee, with the assistance from staff of the Legislative Evaluation and Accountability Program Committee.

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How many students attend K-12 schools in the state?

In the 2022-23 school year, the most current year for which data is available, approximately 1.1 million students were enrolled at over 2,300 public schools across the state.

In addition, it is estimated that approximately 81,959 students attended private schools and 28,032 students were registered for home-based instruction during the 2022-23 school year.

How are public schools in Washington organized?

The public school system in Washington involves various entities at both the state and local levels, including the Legislature, the Governor, the State Board of Education, OSPI, the federal Department of Education, the State Auditor's Office, the Professional Educator Standards Board, Educational Service Districts, the Washington State Charter School Commission, and local school districts. Each of these entities plays a role in establishing educational policies, implementing these policies, or providing administrative and financial oversight of the public school system.

Washington is largely considered a "local control" state. Each school district is governed by a locally elected school board whose members serve staggered four-year terms. Local school district boards have broad discretionary power to determine and adopt policies not in conflict with other laws that provide for the development and implementation of instructional programs, activities, services, or practices the school district board of directors determine will promote education or effective management and operation of the school district.

Currently, the state has a total of 295 school districts. Each school board hires a Superintendent who oversees the day-to-day operation of the school district.

What does the Washington State Constitution provide regarding K-12 public schools?

"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 Constitution, article IX, section 1

This constitutional provision is unique to Washington. While other states have constitutional provisions related to education, no other state makes K-12 education the "paramount duty" of the state.

How has this constitutional provision been interpreted in the state courts?

A handful of Washington State Supreme Court cases have addressed basic education under Article IX of the Washington State Constitution. The Court has interpreted Article IX, section 1 of the constitution to mean the state must define a "program of basic education" within the guidelines of the Court, distinguished from all other educational programs or services, and amply fund it from regular and dependable sources that cannot be dependent on local tax levies.

The Court has found this "paramount duty" is superior in rank and above all others. Neither fiscal crisis nor financial burden changes the Legislature's constitutional duty. The state has no duty to fund programs outside the definition of "basic education." School districts may use local property tax levies to fund enrichment programs and programs outside the legislative definition of basic education. However, the use of local levies cannot reduce the state's obligation to fund basic education.

The Court does not require the state to provide a total education or the offerings of all knowledge, programs, subjects, or services; however, the duty goes beyond mere reading, writing, and arithmetic. The Court has noted that a basic education also "embraces broad educational opportunities needed in the contemporary setting to equip children for their role as citizens and as potential competitors in today's market as well as in the marketplace of ideas." Additionally, the Court found that the education required by the constitution does not reflect a right to a guaranteed educational outcome.

The Court has acknowledged that the Legislature has an obligation to review the definition of a basic education program as the needs of students and the demands of society evolve. However, any reduction from the basic education program must be accompanied by an educational policy rationale and not for reasons unrelated to educational policy.

What is the *McCleary* decision?

The most recent court decision to address Article IX, section 1 of the state constitution is *McCleary v State*, 173 Wn.2d 477, 269 P.3rd 227, which was decided in January 2012. In *McCleary*, the Washington State Supreme Court found the State had failed to meet its paramount constitutional duty to amply fund a program of basic education because the level of state resources fell short of the actual cost of the basic education program.

The Court acknowledged the Legislature had enacted promising reforms in Engrossed Substitute House Bill ([\(ESHB\) 2261 \(Chapter 548, Laws of 2009\)](#)), which, if fully funded, would remedy deficiencies in the K-12 funding system. The Court retained jurisdiction to help facilitate the Legislature's compliance with its constitutional duty.

In the 2012 legislative session, the Legislature created the [Joint Select Committee on Article IX Litigation](#) to facilitate communication with the Washington Supreme Court on school funding. In July 2012, the Court ordered the Committee to annually report on legislative progress to amply fund a program of basic education. The reports can be found at: <http://leg.wa.gov/JointCommittees/Archive/AIXL/Pages/default.aspx>.

In January 2014, the Court declared the State was not on target to meet its 2018 constitutional funding obligations. The Court directed the State to submit, no later than April 30, 2014, a complete plan for fully implementing its program of basic education for each school year up to the 2017-18 school year. In April 2014, the Committee submitted its third [report](#) to the Court, which concluded no agreement was reached on the full implementation plan. The Court subsequently found the State in contempt for failing to comply with the Court's order to submit a plan but did not impose sanctions. The Court ordered the State must purge its contempt by adjournment of the 2015 session or the Court would reconvene and impose sanctions or other remedial measures.

After a third special session, the Legislature adopted a 2015-17 biennial budget, and the State submitted its annual post-budget report to the Court on July 27, 2015. The Court found that the 2015-17 operating budget made significant progress in some key areas. For example, the Court noted that the budget provided full funding for transportation and would fully implement all-day kindergarten by the 2016-17 school year, which was one year ahead of schedule.

However, the Court also noted that with a looming deadline for 2018 compliance, there was still no plan to fund K-3 class sizes of 17 students, and most importantly, the State failed to offer any plan to fund increased state allocations for teacher salaries, a major component of the State's deficiency. On August 13, 2015, the Court found the State to be in continued contempt of court and imposed a penalty of \$100,000 per day, until the State adopted a complete plan for complying with Article IX, section 1 by the 2018-19 school year.

During the 2016 legislative session, the Legislature enacted E2SSB 6195 (Chapter 3, Laws of 2016), which created an Education Funding Task Force (EFTF) to gather data concerning compensation school districts pay above the state basic salary allocations. More specifically, the legislation required the hiring of an independent consultant to assist the EFTF by collecting K-12 public school staff total compensation data; identifying market rate salaries that are comparable for certificated, administrative, and

classified staff; and providing analysis regarding whether a local labor market adjustment formula should be implemented and if so, which market adjustment factors and methods should be used.

During the 2016 legislative interim, the EFTF met 11 times to analyze data and deliberate on policy options for resolving the remaining element for fully funding its enacted policy reforms. In establishing the EFTF, the Legislature declared it would enact legislation by the end of the 2017 legislative session to eliminate school district dependency on local levies to support the state's program of basic education. The Court, in its October 6, 2016, order, recognized "that the Legislature had committed itself in E2SSB 6195 to satisfying the State's paramount duty by the end of the 2017 legislative session." The Court further recognized "the Legislature cannot realistically determine the appropriations necessary for full funding of basic education, including salaries, without the updated data that the current task force is charged with gathering and presenting." As part of its order, the Court clarified that full state funding of basic education must be implemented by September 1, 2018; however, the Legislature must enact a fully compliant program by the end of the 2017 session.

The Court issued an order on November 15, 2017, and concluded the State had met its constitutional duty to fully fund basic education with regard to materials, supplies, and operating costs (MSOC); pupil transportation; and categorical programs of basic education, including special education, the Highly Capable Student Program, the Transitional Bilingual Instructional Education Program (TBIP), and the Learning Assistance Program (LAP).

The Court also found the new salary allocation model established by EHB 2242 is sufficient to recruit and retain competent teachers, administrators, and staff. However, the Court held that the State remains out of compliance because changes to basic education salaries created under EHB 2242 are not fully implemented by the September 1, 2018 deadline. Following the passage of E2SSB 6362 during the 2018 session, which moved full salary funding to the 2018-19 school year, the Court issued an order ending the McCleary case on June 7, 2018.

How has the State implemented the Program of Basic Education?

In order to carry out its constitutional responsibility, the Legislature passed the Basic Education Act of 1977, which defined a "basic education" by establishing goals, minimum program hours, teacher contact hours, and a mix of course offerings for a school district to provide.

Currently, at least some portion of the seven programs (general apportionment; the Special Education Program for students with disabilities; some pupil transportation; the LAP for remediation assistance; the TBIP; the Highly Capable Program; and the educational programs in juvenile detention centers and state institutions) fall within the Legislature's definition of basic education.

General Apportionment - The General Apportionment formula provides foundational state funding to school districts and funds basic education as well as some non-basic education adjustments. The amount received by each school district varies based on certain characteristics of the district with enrollment being the largest factor. As discussed in more detail below, generally, enrollment drives the number of certificated, administrative, and classified staff, and the associated salaries and benefits, allocated to the district as well as the allocation of funds for other non-employee related costs.

General Apportionment formula:

The General Apportionment formula follows the prototypical school model. Prototypes illustrate a level of resources to operate a school of a particular size with particular types and grade levels of students. Allocations to school districts are based on actual full-time equivalent (FTE) student enrollment in each grade in the district, adjusted for small schools and reflecting other factors in the state's biennial budget. Under SHB 2776 (Chapter 236, Laws of 2010), the Legislature designed a funding formula that allocates funding in three primary groups:

- schools,
- district-wide support, and
- central administration.

The number of funded teachers is derived from class size and teacher planning time as determined by the Legislature (see Table 1). The calculation for deriving the number of funded teachers is:

$$(\text{Enrollment} / \text{Class Size}) \times (1 + \text{Planning Time Factor}) = \text{Teachers}$$

Other staff types are derived by using staff ratios for each school type: elementary, middle, and high school. Each prototype has a theoretical number of students and designated levels of staffing. The funding to each district is scaled according to actual enrollment in each of the grade ranges.

For example, an elementary school is assumed to have 400 students in the prototypical model. If a district has 800 elementary-grade students, it will receive funding for double the number of staff positions (shown in Table 2, below). The class sizes represent the levels of funding associated with assumed ratios of students to teachers, given certain assumptions about the length of a teacher's day and the amount of time reserved for planning. Funding is for allocation purposes only (except for the categorical, or dedicated programs), and it is up to the school district to budget the funds at the local level. Beginning with the 2011-12 school year, OSPI began reporting how school districts are deploying those same state resources through their allocation of staff and other resources to school buildings, so citizens are able to compare the state assumptions to district allocation decisions for each local school building. The information, by school building, is available from OSPI at: <https://www.k12.wa.us/policy-funding/school-apportionment/district-allocation-state-resources-portal>.

Grade	Class Size
Grades K-3	17
Grades 4-6	27
Grades 7-8	28.53
Grades 9-12	28.74
Career & Tech. Ed (CTE) 7-8	23
CTE 9-12	23
Skills Centers	19
Lab Science	19.98
Length of teacher day is assumed to be 5.6 hours in elementary school and 6.0 hours in middle and high school. Planning time is assumed to be 45 minutes per day in elementary school and 60 minutes in high school.	

Chapter 109, Laws of 2022 increased the minimum allocations for nurses, social workers, psychologists, and counselors in the prototypical school funding model over three years beginning in the 2022-23 school year. The

table below includes the staffing unit assumptions in the 2023-25 state operating budget for the 2023-24 school year.

Table 2: Staffing	Elementary School	Middle School	High School
<i>Prototypical school size:</i>			
Number of students	400	432	600
<i>Staff per-school:</i>			
Principals/administrators	1.2530	1.3530	1.8800
Librarian/media specialist	0.6630	0.5190	0.5230
School nurses	0.416	0.612	0.582
Social workers	0.222	0.060	0.089
Psychologists	0.075	0.016	0.035
Guidance counselors	0.827	1.550	2.882
Instructional aides	0.9360	0.7000	0.6520
Office support & non-instructional aides	2.0120	2.3250	3.2690
Custodians	1.6570	1.9420	2.9650
Classified staff for student & staff safety	0.0790	0.0920	0.1410
Parent involvement coordinators	0.0825	0.0000	0.0000

District-wide support is funded under the prototypical model in addition to the staffing levels presumed to be needed for individual school buildings, since these services need to be provided across the district. Funding is based on overall student enrollment levels.

Table 3: District-wide Support	
Number of students	1,000
Classified Staff	Per 1,000 Students
Technology	0.628
Facilities, Maintenance, Grounds	1.813
Warehouse, Laborers, Mechanics	0.332

Under the prototypical formula, administration costs directly associated with prototypical schools are included in those staffing levels — for example, the number of principals and level of office support needed for each elementary school, middle school, and high school. Central administration, however, is funded as an additional 5.3 percent of other staffing units generated by the formula. These general staffing units on which the 5.3 percent is calculated include K-12 teachers, school-level staffing, and district-wide support. It does not include additional staffing for

vocational programs, specialized classes, or categorical programs such as programs for highly capable students, special education, or the learning assistance program.

Finally, the prototypical funding formula for General Apportionment includes an allocation for MSOC, formerly known as non-employee related costs. Initially established based on district information from the 2007-08 school year, the formula provides the following per pupil funding amounts, which are adjusted annually for inflation.

The 2023-25 biennial budget provides \$1,483.44 per student for MSOC in school year 2023-24 and \$1,514.59 per student for MSOC in school year 2024-25. The 2023-25 biennial budget also provides enhancements for students in grades 9-12 and students enrolled in career and technical education and skill center programs.

MSOC Component	Per-Student Allocation SY 2023-24	Per-Student Allocation SY 2024-25
Technology	\$178.98	\$182.72
Utilities and insurance	416.26	425.01
Curriculum and textbooks	164.48	167.94
Other supplies	326.54	333.4
Library materials	22.65	23.13
Instructional professional development for certified and classified staff	25.44	25.97
Facilities' maintenance	206.22	210.55
Security and central office	142.87	145.87
Total	\$1,483.44	\$1,514.59
Students in grades 9-12	\$1,683.67	\$1,719.02
Students in CTE & skill center programs	\$1,724.62	\$1,760.84

Special Education - The state funding formula for special education is based on the additional "excess costs" of educating students receiving special education services. The formula was implemented in 1995 and was updated in the 2018 Legislative session, the 2019 session, and again in the 2023 session. After the passage of Chapter 387, Laws of 2019 and beginning with the 2020-21 school year, it was changed to a tiered excess cost multiplier for students who are eligible for and receiving special education aged 5-to 21-years-old. The tiered multiplier was increased again beginning with the 2023-24 school year and is 1.12 for students spending 80 percent or more in a general education setting, and 1.06 for students spending less than 80 percent in a general education setting. The state special education

allocation is 106 percent of the district's average per-student General Apportionment allocation for students spending less than 80 percent in a general education setting and 112 percent for districts that have 80 percent or more of students requiring special education services in a general education setting.

For children ages three and four and five-year-olds not yet enrolled in kindergarten eligible for and enrolled in special education, the special education allocation is 120 percent of the district's average per-student General Apportionment allocation. In addition to the per-student special education allocations described above, the special education funding structure includes safety net funding for districts that can show extraordinary special education program costs beyond state and federal resources.

Pupil Transportation - A revised transportation formula was effective September 1, 2011, and fully implemented in the 2014-15 school year.

The formula provides funding for the transportation of students "to and from school" as part basic education. The formula requires the funding to be calculated using a regression analysis of major cost factors that are expected to increase (or decrease) the prior year's pupil-transportation costs, including the count of basic and special education-student ridership, district land area (geography), roadway miles, the average distance to school, and other statistically significant coefficients.

As part of this funding, the state provides funding for school bus replacement costs using a depreciation schedule. Annual payments are made to districts from the year a bus is purchased until it reaches the end of its scheduled lifecycle.

State allocations are deposited into the district's Transportation Vehicle Fund to be used only for the purchase of new buses or for major repairs.

Learning Assistance Program (LAP) - LAP provides remediation assistance to students scoring below grade level in reading, math, and language arts. However, districts receive LAP allocations based on the number of students in poverty, as measured by eligibility for free or reduced-price lunch.

As with other categorical programs, the prototypical funding formula provides a designated number of hours of instruction per week. (A "categorical" program is one in which funds may be used for only the dedicated program and may not be re-allocated for use elsewhere in the school district.) State law provides 2.3975 hours of LAP instruction per-week, assuming class sizes of 15 students per certificated instructional staff, as well as an additional high-poverty, school-based LAP allocation for schools with at least 50 percent of the students who are eligible for free- or reduced-priced meals and 1.1 hours per week in extra instruction with a class

size of 15. School districts must distribute this allocation to the school buildings that generate the allocation.

Transitional Bilingual Instructional Education (TBIP) - TBIP was created by the Legislature in 1979. State TBIP funding supports students whose primary language is a language other than English and whose English skills impair learning to achieve proficiency in English. TBIP funds may also be used to provide training to staff in the TBIP.

As with other categorical programs, the funding formula provides a designated number of hours of instruction. For students in grades K through 6 and assuming class sizes of 15 students per certificated instructional staff, the formula provides 4.778 hours of bilingual instruction per week. For grades 7 through 12, the minimum allocation is increased to a total of 6.778 hours, with a class size of 15 students.

Funding for transitional support for up to two years after a student has exited the TBIP is also provided to assist students who have met the proficiency standards.

Under current law, 3.0 hours of additional instruction are provided for students who exited the program in the immediate prior two years.

Institutional Education Programs - The state funds a 220-day educational program for children in certain institutions. School districts, educational service districts, or others receive institutional education moneys if they provide the educational programs.

Highly Capable Program - The Highly Capable, or gifted students, Program is funded under basic education statutes for up to 5.0 percent of a school district's basic education student enrollment and, as is the case with other categorical programs, the allocation cannot be used for other programs.

As with other categorical programs, the funding formula for the Highly Capable Program provides a designated number of hours of instruction per week, in this case 2.159, assuming class sizes of 15 students per certificated instructional staff.

The Legislature also funds a variety of programs and activities outside of its definition of basic education. The chart below reflects the funding for the 2023-25 biennium (fiscal year (FY) 2024 and FY 2025) for the seven programs currently defined as "basic education" as well as the funding for other K-12 programs and activities funded by the state.

2023-25 Biennial Operating Budget BASIC EDUCATION PROGRAMS		
(Dollars in Millions)		
General Apportionment (RCW 28A.150.260)	\$21,332	69.7%
Special Education (RCW 28A.150.370)	\$3,564	11.6%
Transportation (RCW 28A.160.150)	\$1,526	5.0%
Learning Assistance Program (RCW 28A.165)	\$934	3.1%
Bilingual (RCW 28A.180)	\$473	1.5%
Highly Capable Program (RCW 28A.185)	\$66	0.2%
Institutions (RCW 28A.190)	\$30	0.1%
Sub-Total: Basic Education Programs	\$27,925	91.2%
2023-25 Biennial Operating Budget NON-BASIC EDUCATION PROGRAMS		
(Dollars in Millions)		
Compensation Adjustments	\$1,263	4.1%
Local Effort Assistance (Levy Equalization)	\$426	1.4%
Education Reform	\$282	0.9%
Grants and Pass-Through Funding	\$167	0.5%
OSPI & Statewide Programs	\$109	0.4%
Educational Service Districts	\$79	0.3%
Professional Educator Standards Board	\$44	0.1%
Food Service	\$113	0.4%
State Board of Education	\$9	0.0%
Charter Schools	\$185	0.6%
Charter School Commission	\$0.02	0.0%
Sub-Total: Non-Basic Education Programs	\$2,679	8.8%
TOTAL - STATE FUNDS*	\$30,604	100%
*State Funds include the General Fund-state, Opportunity Pathways Account, the Education Legacy Trust Account, and the Pension Funding Stabilization Account together known as Total Near General Fund.		

What is the role of the federal government in public elementary and secondary education?

Public K-12 education is primarily a state and local responsibility. However, the federal role in education has been evolving and increasing over time. Although the federal Constitution, which gives United States (U.S.) Congress its authority to act, is silent on the subject of education, Article I, Section 8, of the U.S. Constitution provides Congress has the power to provide funding for the general welfare of the United States. Congress has relied on this provision when enacting federal assistance programs addressing education, including the education of students with

disabilities (the IDEA) and the Americans with Disabilities Act and the education of students in poverty (Title I programs). State participation in these programs is voluntary; however, if the state accepts the federal funds, then the state must comply with all federal program requirements.

Federal funds comprise approximately 10.8 percent of total school district general fund revenues. Additionally, the due process and equal protection clauses of the U.S. Constitution provide the basis for the anti-discrimination laws (Title VI, Title VII, and Title IX) enacted by Congress. The federal courts have also had a significant impact on public education, especially in the areas of racial segregation, First Amendment and due process rights of students and employees, school finance, education programs for students who have limited English proficiency, and for students with disabilities.

The No Child Left Behind Act of 2001 (NCLB) reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). This legislation greatly expanded the federal role in public education. NCLB required all students to meet state proficiency on the statewide reading and mathematics assessments by 2014. Schools and school districts that received federal Title I funding and failed to meet this proficiency target were subject to sanctions, including parents must be notified by letter that the school is "failing" to meet their adequate yearly progress goals, and 20 percent of each school's Title I funds must be set aside to provide transportation to students who transfer from failing school into a passing school, *and* to provide supplemental education services to students such as tutoring programs.

The federal Every Student Succeeds Act (ESSA) is the most recent reauthorization of the ESEA and replaced NCLB in 2005. The stated focus of ESSA is an emphasis on equity, continuous improvement for all schools, provision of effective educators, and greater flexibility for the use of federal resources. ESSA requires states to submit a state plan to implement the ESSA provisions. OSPI submitted Washington State's plan on September 18, 2017. The submitted plan can be accessed at [Washington's Consolidated ESSA Plan](#). The plan went into effect starting in the 2017-18 school year and was revised on January 12, 2018.

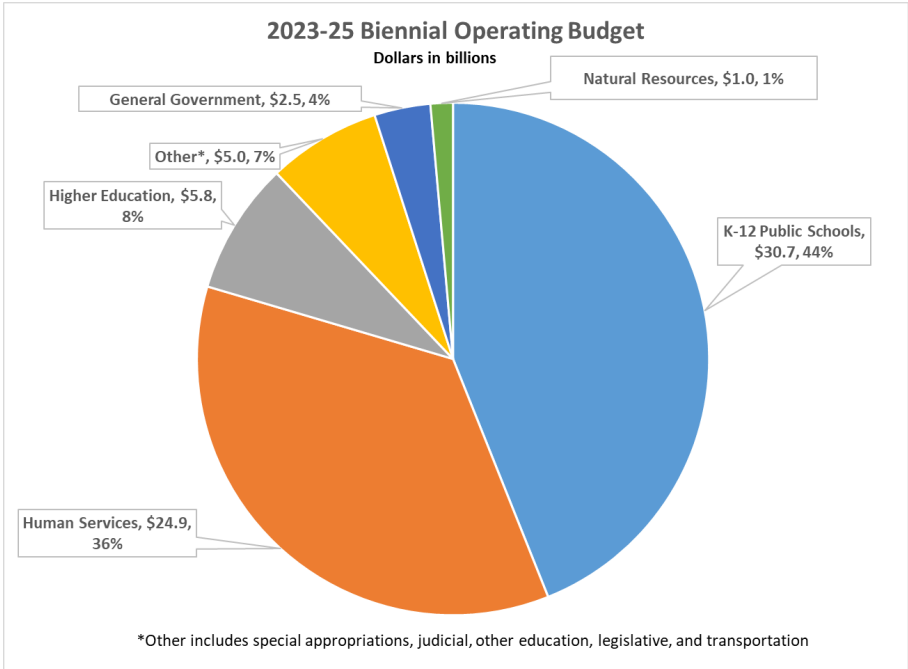
How much of the state near-general fund is spent on K-12 public schools?

The state general fund is the largest single fund within the state budget. It is the principal fund supporting the operation of state government.

Given the purposes are similar and fund transfers between the two are common, the education legacy trust account is often discussed in combination with the state general fund. Together, they are referred to as the state near-general fund.

In the 2023-25 biennium (FY 2024 and FY 2025), the Legislature appropriated \$30.7 billion, or about 44 percent, of the state near-general fund for the support and operation of K-12 public schools.

The following chart shows how the state near-general fund budget is currently allocated:



How do school districts receive local funding?

School districts are authorized to raise funds locally for their districts through excess levies, which are voter-approved and limited in duration.

In 2023, 282 of the state's 295 school districts passed local levies for enrichment activities. In addition to enrichment levies, school districts are also authorized to collect voter-approved transportation vehicle levies, which may be used to pay for school buses or other school transportation equipment. Local school district enrichment levy revenues are deposited in the school district's general fund. In the 2022-23 school year, enrichment levies made up an estimated 12.3 percent of total school district operating revenues on average on a statewide basis.

Since 1977, the Legislature has limited the amount school districts may collect through enrichment levies, previously referred to as maintenance and operation (M&O) levies. Prior to enactment of EHB 2242 in 2017, a school district's maximum levy authority was a percentage of the state and federal funding received by the school district in the prior year. EHB 2242 changed the maximum enrichment levy to the lesser of \$2,500 per pupil or a rate of \$1.50 per \$1,000 of assessed value effective in calendar year 2019.

In the 2019 session, Engrossed Substitute Senate Bill (ESSB) 5313 (Chapter 410, Laws of 2019) increased the maximum enrichment levy to the lesser of \$2,550 per pupil (\$3,000 for districts with more than 40,000 students) or a rate of \$2.50 per \$1,000 of assessed value which took effect in calendar year 2021. Beginning in calendar year 2021, the \$2,550 per pupil cap was increased by inflation.

Beginning with levies collected in calendar year 2021, school district enrichment levies are subject to a new requirement for pre-ballot approval by OSPI. Before a school district may submit an enrichment levy to the voters, it must receive OSPI's approval of an expenditure plan for the enrichment levy. OSPI may approve the plan if it is determined that the district will spend enrichment levy revenues and other local revenues only for permitted enrichment activities.

EHB 2242 established requirements for the review and approval process, including timelines for OSPI to make its decision on approval; the opportunity for districts to resubmit requests for approval to OSPI; and criteria for OSPI approval of changes to a previously approved enrichment expenditure plan. The same requirements also apply to transportation vehicle enrichment levies.

What is Local Effort Assistance and Levy Equalization?

The Local Effort Assistance (LEA) program, also referred to as state levy equalization, was created in 1987 to mitigate the effect that above average property tax rates have on the ability of school districts to raise local M&O revenues to supplement the state's basic program of education.

LEA is a program that provides state funding to equalize the property tax rates that taxpayers would otherwise pay for enrichment levies.

LEA funding is specifically designated and is not part of the school district's basic education allocation. In the 2023-24 school year, 138 of 295 school districts were eligible for LEA and received distributions totaling approximately 220 million.

LEA provides assistance to any school district that does not generate an enrichment levy of at least \$1,550 per student when levying at a rate of \$1.50 per \$1,000 of assessed value.

An eligible school district's maximum LEA is equal to the school district's resident enrollment multiplied by the difference of \$1,550, and the school district's enrichment levy amount calculated on a per pupil basis at a rate of \$1.50 per \$1,000 of assessed value. School districts that are eligible for LEA but not levying the maximum allowable levy receive LEA in proportion to their actual levy collection. The \$1,550 per-pupil cap is increased by inflation annually.

How does the state lottery support public schools?

When the state lottery was established in 1982, the state was in an economic recession. The Legislature deposited the lottery revenues into the state general fund, which supports K-12 public schools, higher education, human services, natural resources, and other state programs. Prior to the actual creation of the lottery, there were various proposals to dedicate the lottery proceeds to the developmentally disabled, public schools, or state institutions. While none of these proposals were enacted into law, they may have contributed to the popular misconception that the lottery had been entirely dedicated to K-12 education.

As a result of the passage of Initiative 728 in 2000 (the K-12 2000 Student Achievement Act), almost all lottery revenues were, in fact, dedicated for educational purposes (with the exception of about 10 percent, which was dedicated by previous legislation for debt service on the stadiums in Seattle).

It should be noted that while I-728 dedicated lottery revenues to educational purposes, the Legislature passed legislation in 2002 that authorized a new lottery game that is not subject to the distribution for educational purposes. The legislation authorized state participation in a multi-state lottery (now named Mega Millions), with the profits from the

game going to the state general fund. The legislation had provisions addressing the concern that some people might play the new multi-state lottery rather than the existing lottery games and, therefore, diminish the base revenues for educational purposes. For this reason, the legislation required \$102 million annual transfers to make the educational-related accounts "whole" before distributing any excess profits to the general fund. In other words, it was intended that the educational-related activities would receive as much money as they would have without the multi-state lottery.

In 2010, under E2SSB 6409, the Legislature created the Washington Opportunity Pathways Account (WOPA). Beginning in FY 2011, all net revenues from in-state lottery games not otherwise dedicated to debt service on the Safeco Stadium, CenturyLink Field, and Exhibition Center were dedicated to the new account. All net income from the multi-state lottery games, other than those dedicated to the Problem Gambling Account, were deposited into the WOPA rather than into the state general fund and used for specified early-learning, higher-education, and economic-development programs.

In 2016, the Legislature passed E2SSB 6194 which funds charter schools through the WOPA. Prior to September 2015, charter schools had received funding from the state general fund, but a Washington State Supreme Court ruling found charter schools are not common schools and are not eligible to receive funding from common school property taxes, which are deposited in the state general fund.

What are other types of dedicated funding utilized by school districts?

Over three-fourths of a typical school district's expenditures are for the day-to-day operation of the school district and are funded in the school district's general fund. For this reason, this document primarily focuses on these expenditures. However, it should be noted that school districts also use other funds including:

- Capital Project Funds, which are used for some facility construction and remodeling costs;
- Debt Service Funds, which are used for the repayment of bond debt;
- Associated Student Body Funds, which are used for student activities;
- Enrichment Levy Funds to be used for enrichment outside of the state's definition of basic education; and
- Transportation Vehicle Funds, which are used for purchasing school buses.

How is school construction funded in the state?

The Washington State Constitution treats capital construction differently from operating costs of basic education, and it is not part of the State's obligation under Article IX (see, [Washington Supreme Court Order in McCleary](#) issued on November 15, 2017). Since statehood, the state constitution has assumed that school district voters will incur debt to construct school facilities.

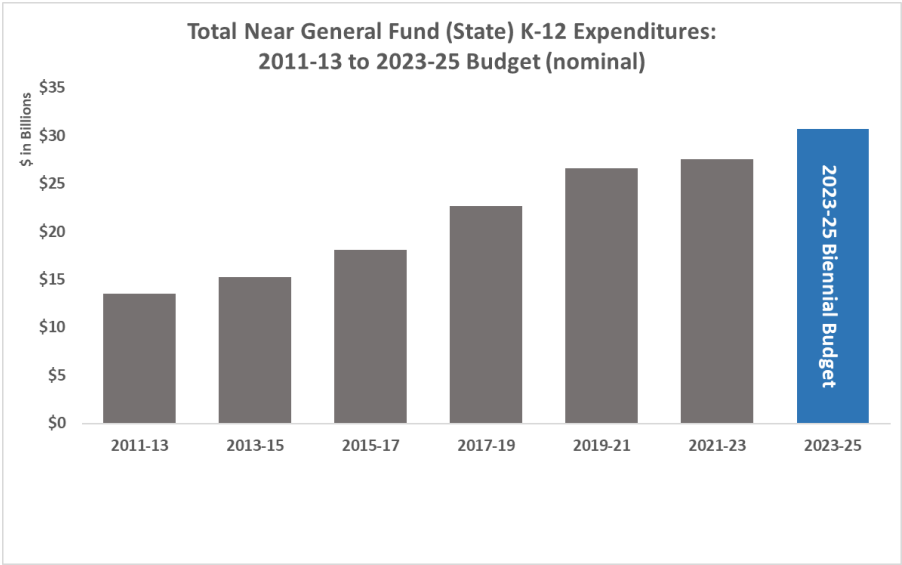
Additionally, in each biennial capital budget, the state provides financial assistance to school districts for constructing new and remodeling existing school buildings. The state-assistance program is based on two principles: (1) state and local school districts share the responsibility for the provision of school facilities; and (2) there is an equalization of burden among school districts to provide school facilities regardless of the wealth of the districts.

To be eligible for state funding, a school district must have a space or remodeling need and must secure voter approval of a bond levy or other funding for the local share of a school project. Once the local share is secured, the state money is allocated to districts based on a formula comprised primarily of a set of space and cost standards/allocations and a matching ratio based on the relative wealth of the district.

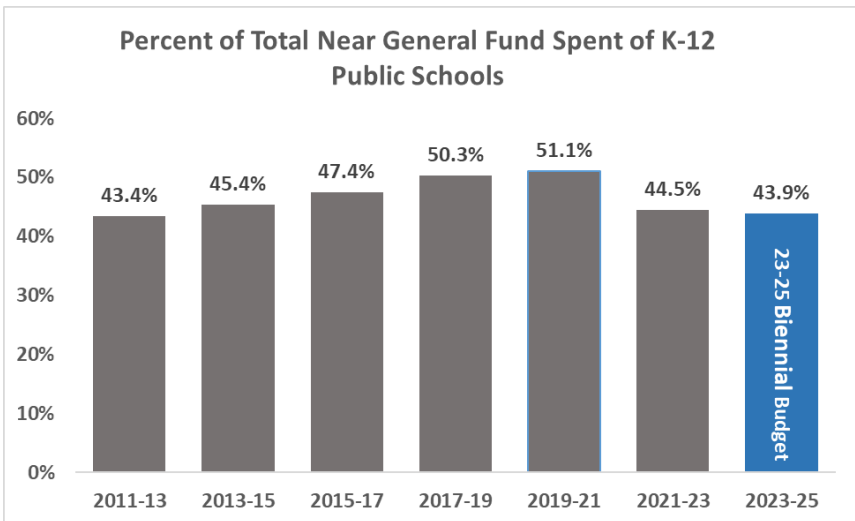
The state program does not reimburse all costs related to a project. Costs not eligible for reimbursement include site-acquisition costs; administrative buildings; stadiums/grandstands; most bus garages; and local sales taxes. Construction-related costs that are eligible include eligible construction costs per-square-foot; architectural and engineering fees; construction management; value-engineering studies; furniture and equipment; energy conservation reports; and inspection and testing.

How has the amount of the near-general fund support of K-12 public schools changed since 2011?

As depicted on the following chart, the amount of state near-general funds spent for K-12 public schools has increased from \$13.5 billion to \$30.7 billion per biennium since the 2011-13 biennium. '

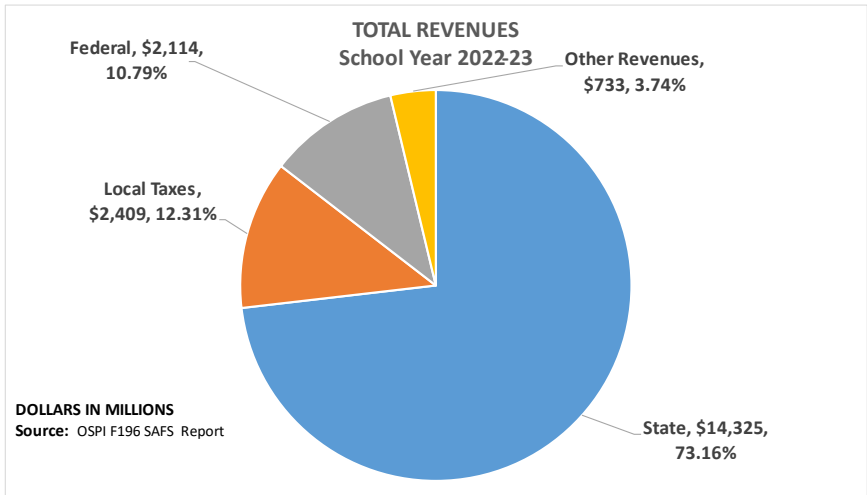


The chart below shows total near-general fund expenditures for K-12 public schools as a percent of the statewide total. They have varied over the biennia and increases or decreases in the share for K-12 funding can be attributable to increases to K-12 funding relative to the total budget, or increased funding for other state funded programs.



How much of total K-12 funding comes from the state?

In addition to state funding, school districts receive funding from the federal government, local taxes, and other miscellaneous sources. The sources of funding budgeted by school districts for operating costs for the 2022-23 school year are provided below.



State — Approximately 73 percent of revenue is from state sources. This amount consists of funding for the seven categorical programs currently defined as "basic education" (general apportionment; the special education program for students with disabilities; some pupil transportation; LAP; TBIP; the Highly Capable Program; and educational programs in juvenile detention centers and state institutions) as well as a variety of other grants, allocations, and items funded from the state general fund and the education legacy trust account.

Local Taxes — Approximately, \$2.4 billion, or 12.3 percent of the total school district revenues is derived from local taxes, which are primarily enrichment levies.

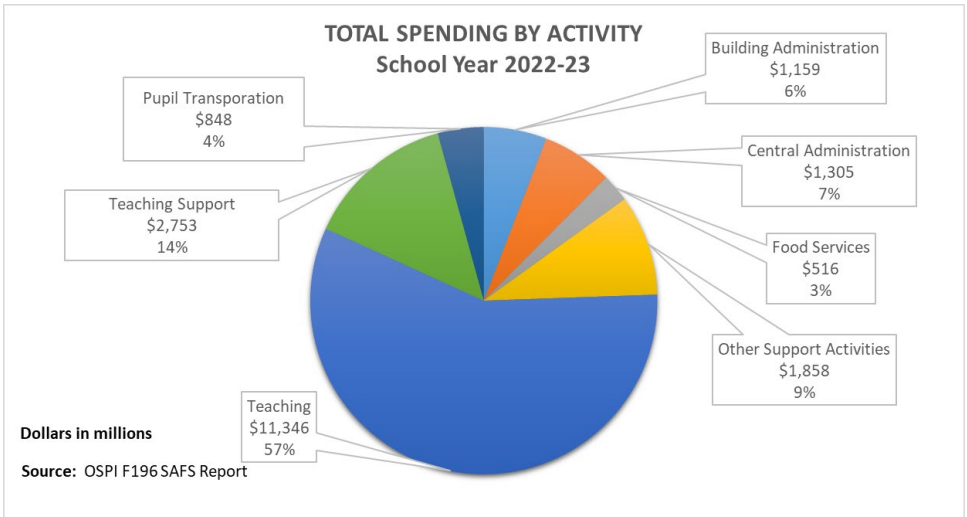
Federal — School districts received \$2.1 billion from federal sources for the 2022-23 school year. This represents about 10.8 percent of their total revenue. This includes funding for COVID-19; funding for the implementation of IDEA; instructional assistance and other strategies aimed at improving student achievement in high-poverty schools; a variety of professional development activities; the school lunch and other nutrition

programs; financial assistance to compensate school districts as the result of federal land ownership; and a variety of smaller allocations and grants.

Other Revenue & Reserves — This category, totaling \$733 million, or about 3.7 percent of total funding, includes a variety of miscellaneous sources such as charges and fees for non-basic education programs, school lunch charges, revenue from other school districts, rental income, donations, and the use of reserves or fund balance.

What are school district expenditures by activity?

One way to examine school spending is to identify how school districts spend the money received from state, federal, local, and other sources. School districts report detailed data to OSPI, including the "activities" on which they spend money. The expenditures for each activity for the 2022-23 school year are depicted below.



Teaching - For the 2022-23 school year, schools spent approximately \$11.3 billion (57 percent of the total) for teaching activities. This includes payments for salaries and benefits for classroom teachers, direct classroom instruction, extracurricular activities, and payments to other districts for educational services.

Teaching Support - School districts spent \$2.7 billion on teaching support activities for the 2022-23 school year. This represents approximately 14 percent of total school district spending. This includes guidance counseling,

library services, audio-visual functions, psychological services, health-related activities, and other services that support the delivery of teaching services.

Other Support Activities - School districts spent \$1.9 billion, (nearly 9 percent of total spending), in the 2022-23 school year on utilities, grounds care, plant operation and maintenance, insurance, information systems, and other support functions.

Central Administration - Approximately \$1.3 billion, or 7 percent, of total school district spending is for central administration. This includes school board functions, the superintendents' offices, business functions, human resources, centralized programs, and other district-level administrative functions.

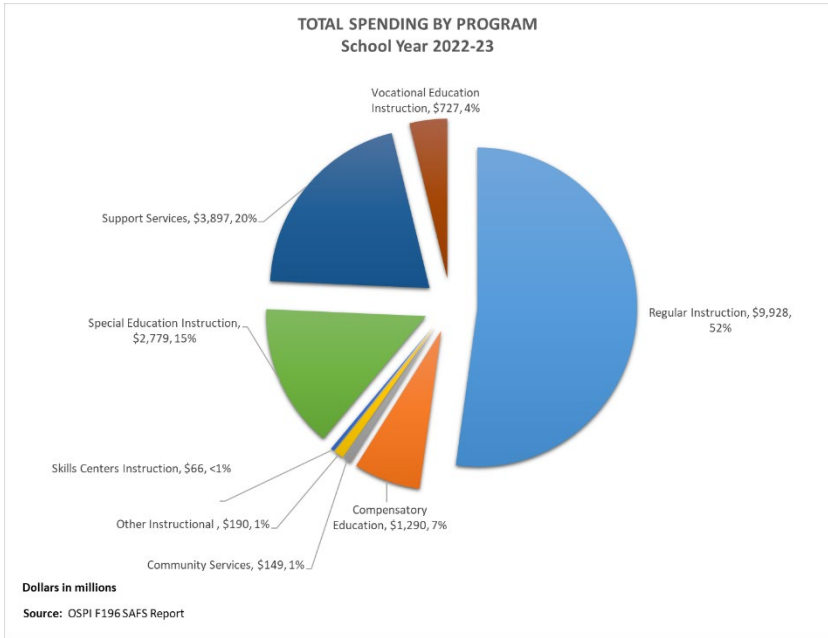
Building Administration - For the 2022-23 school year, school districts spent \$1.2 billion, 6 percent of total school district spending, on unit administration. This includes expenditures for principals and other building-level administrative functions.

Pupil Transportation - Schools spent \$848 million, or 4 percent, on pupil transportation for the 2022-23 school year. This includes bus and other vehicle operating costs, related maintenance, and program supervision.

Food Services - Approximately \$516 million, or 3 percent of total spending, is for food-operation functions, including program supervision and federal-nutrition programs, in the 2020-21 school year.

What are school district expenditures by student and program?

As an alternative way to examine how school districts spend money, the chart below shows total spending from federal, state, and local sources by program:



Regular Instruction - For school year 2022-23, districts spent approximately \$9.9 billion on regular instruction. This program area includes basic education expenditures for K-12 public education. This program area also includes expenditures for alternative learning and dropout reengagement.

Special Education Instruction - This program includes excess cost expenditures for providing special education and related services to special education-eligible students. For school year 2022-23, districts spent approximately \$2.8 billion on special education instruction programs.

Support Services - Support service programs consist of activities to accomplish objectives that support the educational programs of the district. Examples include food services and transporting pupils to and from school. For school year 2022-23, districts spent approximately \$3.9 billion on support service programs.

Compensatory Education Instruction - For school year 2022-23, districts spent approximately \$1.3 billion on compensatory education instruction. These programs include federal remediation, the state learning assistance program, and state institutions for juveniles.

Community Services - This area includes expenditures for programs primarily for the benefit of the whole community or some segment of the community. Examples include the operation of public radio or television broadcasting stations, childcare programs, and recreational programs such as ski school or swimming. For school year 2022-23, districts spent approximately \$149 million on community service programs.

Other Instructional Programs - This program area includes traffic safety, summer school, highly capable, targeted assistance for at-risk students, and youth training programs. For school year 2022-23, districts spent approximately \$190 million on other instructional programs.

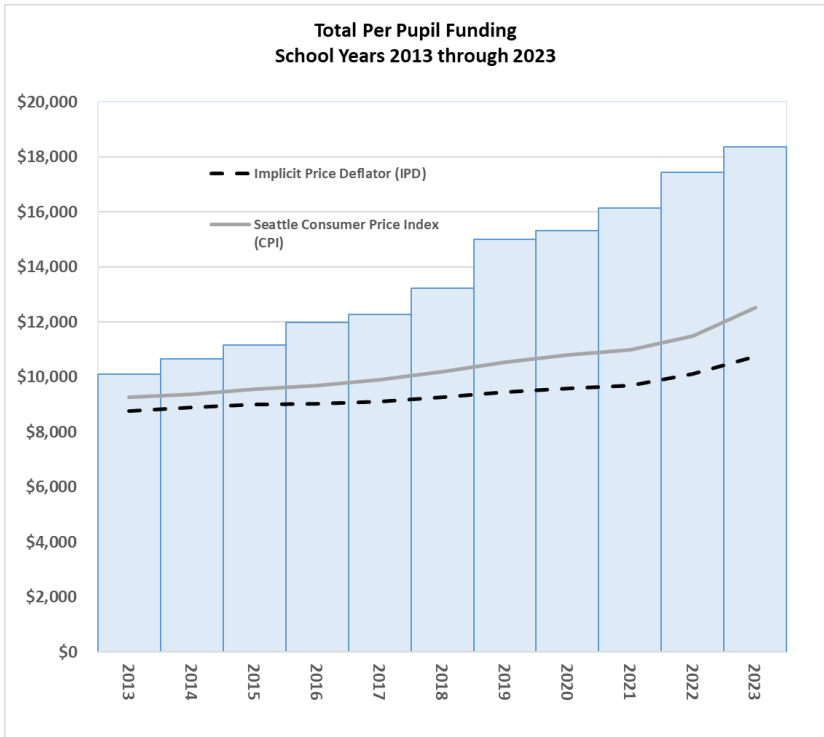
Skills Centers Instruction - This program represents expenditures for operating a skill center program approved by OSPI. For school year 2022-23, districts spent approximately \$66 million on skill center instruction.

Vocational Education Instruction - This program includes expenditures for 9-12 grade work skills programs approved for funding by OSPI and middle school career and technical education. For school year 2022-23, districts spent approximately \$727 million on vocational education programs, which includes the basic education allocation and the additional enhanced funding allocations for MSOC and class-size reductions.

How has *total* per-student spending changed since 2013?

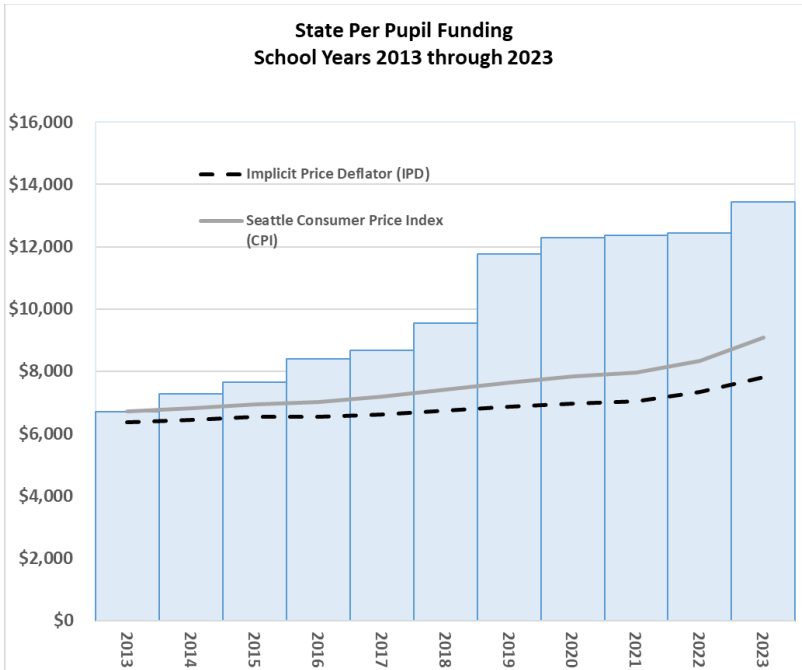
As can be seen from the following chart, total per-student spending (from state, federal, local, and other sources) has increased from \$10,807 in school year 2012-2013 to \$18,354 in school year 2022-23.

This represents an increase of approximately 148 percent over this period. The growth rate of total per-student spending exceeds both the Seattle Consumer Price Index (CPI) and Implicit Price Deflator (IPD), which are two commonly used measures of inflation.



How has *state* per-student funding changed since 2013

As can be seen from the following chart, state funding per student has increased from \$4,869 in SY 1999-00 to \$12,716 in SY 2020-21, approximately 161 percent over the period. The growth rate of state funding per student spending exceeds both the IPD and the Seattle CPI.



How is the salary level for teachers determined?

The Legislature allocates money to each district for state-funded employee salaries and associated fringe benefits. Salary funding is allocated to school districts based on minimum statewide average salaries for each of the three school staffing categories: certificated instructional staff (CIS), certificated administrative staff, and classified staff.

For school year 2023-24, the budgeted statewide average CIS salary allocation is \$75,419. State salary allocations are adjusted annually for inflation based on the IPD. State allocations are generally provided for allocation purposes rather than specific staffing levels.

Regionalization – Salary allocations are adjusted to reflect regional differences in the cost of hiring staff. The *regionalization factor* for each school district is based, in part, on differences in the median residential value of each school district as well as all neighboring districts within a 15-mile radius. Districts whose median residential values exceed the statewide average receive upward adjustments of 6, 12, or 18 percent. There is an additional experience factor adjustment of 4 percentage points for school

districts with above-average education and experience for CIS, beginning in the 2019-20 school year.

The most recent regionalization and experience factors by district can be found on the Washington State fiscal transparency website at: <https://fiscal.wa.gov/statebudgets/K12RegionalizationFactors>

Supplemental Pay – School districts may provide supplemental pay for additional time, responsibilities, and incentives (TRI) beyond that provided by the state. Most supplemental contracts are paid from local revenue. State law provides that supplemental pay contracts must not create any present- or future-funding obligation for the state. School districts must annually report to OSPI on supplemental contracts entered into for TRI. OSPI must annually report summarized district information to the Legislature. Beginning September 1, 2019, supplemental contracts for CIS must only be for enrichment activities and subject to the new definition of enrichment. The rate the district pays under a supplemental contract may not exceed the hourly rate of the CIS for services under the basic education salary.

How is the salary level of administrators and classified staff determined?

Like teachers, the Legislature allocates money to each district for administrator and classified employee salaries and associated fringe benefits. Some districts will receive an additional amount of funding for administrators and classified staff for regionalization. In school year 2023-24, each district will receive \$111,950 per full-time equivalent administrators and \$54,103 per full-time equivalent classified staff.

School districts may use local enrichment levies for additional activities or enhancements that OSPI determines to be a documented and demonstrated enrichment of the state's statutory program of basic education. The portion of administrator salaries attributable to enrichment must not exceed the proportion of the district's local revenues to its other revenues.

How does Washington fund school employee health benefits?

Beginning in calendar year 2021, school employee health care procurement was consolidated under a nine-member School Employees' Benefits Board (SEBB) within the Health Care Authority. SEBB develops and procures employee benefit plans and authorizes premiums contributions. Like the Public Employees Benefits Board for state employees, SEBB determines employee and dependent eligibility and enrollment policies subject to certain conditions outlined in the law.

SEBB also removed local bargaining for medical, dental, vision, and other basic and optional insurance benefits provided for school employees. Employee bargaining over the dollar amount expended for school employee health care benefits must be conducted between the Governor and one coalition of all the bargaining representatives impacted by benefit purchasing with SEBB.

How does Washington compare to other states?

National information is often used to compare different aspects of K-12 finance. The following three pages contain charts comparing per-student spending, students enrolled per teacher, and teacher average salary levels in Washington and other states based on the most recently available data. It should be noted that comparisons with other states, while interesting, often do not lend themselves to any definitive conclusions regarding each state's K-12 finance system, due to differences in reporting practices, demographics, public-school funding systems, and education provisions in each state's constitution.

Per-Student Spending

As depicted on the chart on page 30, Washington's total per-student spending of \$18,162 ranks 16th compared to the other states in the 2021-22 school year.

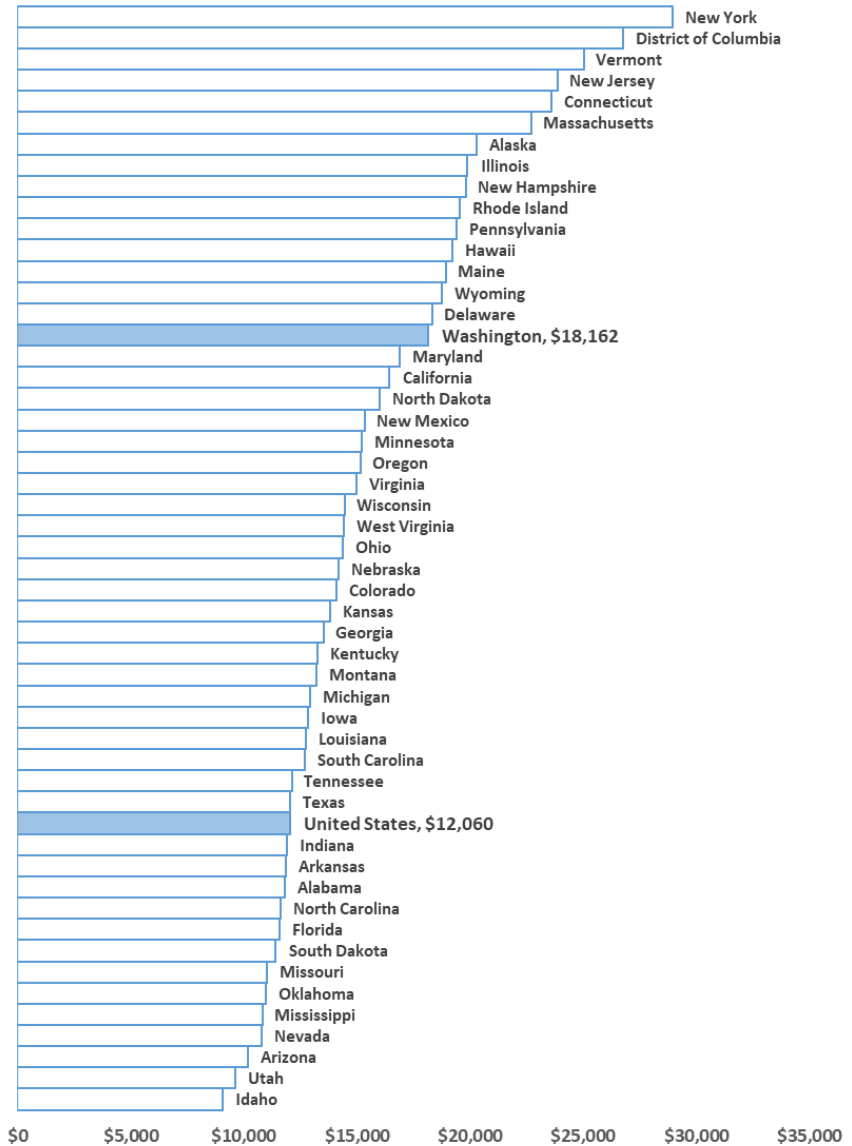
Students Enrolled Per Teacher

The chart on page 31 compares students enrolled per teacher in the 2021-22 school year. Washington's 16.6 enrolled students per teacher makes it the 12th highest in the nation. For a variety of reasons, this measure of students to teachers does not translate into the "average class size" in any given school, district, or state.

Teacher Average Salary Levels

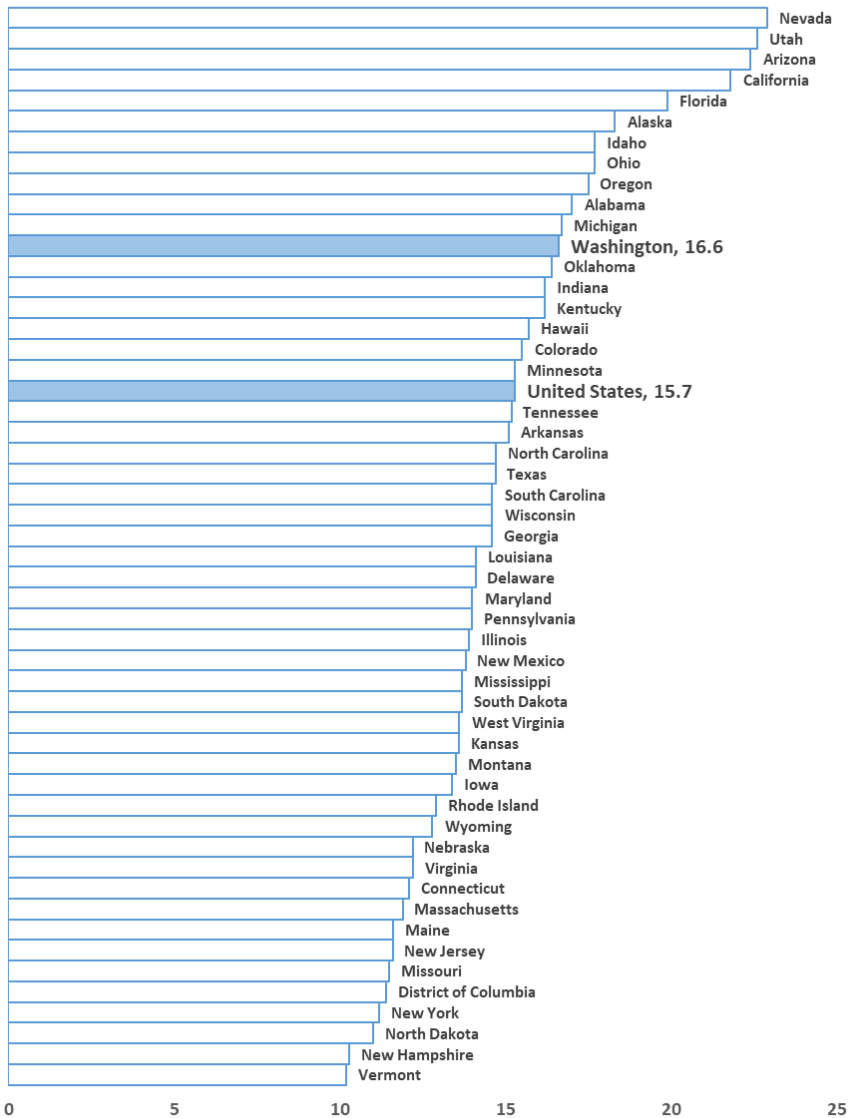
The chart on page 32 provides a comparison of average salary levels for teachers. In the 2021-22 school year, Washington's reported teacher average salary of \$81,510 made it the 5th highest in the nation. The average salary levels depicted on this chart do not include supplemental pay. Since data related to supplemental pay in other states is not available, it is unknown how this might affect the rankings.

Public School Current Expenditures Per Student School Year 2021-22



Source: NEA Research

Students Enrolled Per Teacher in K-12 Public Schools 2021-2022 School Year



Source: NEA Research

of Students per Teacher

Average Annual Salaries of Public School Teachers School Year 2021-22



Source: NEA Research

Thousands