

Why did my property taxes go up in 2018, did the school district receive all of the money?

Property taxes went up because the state of Washington imposed a new tax to amply fund public education as a result of the McCleary Court decision. The entire amount collected goes to the state of Washington. The state then redistributes all the money collected to each district based on the allocation model developed by the state. In the case of South Whidbey we received an amount that is about half of what our local taxpayers paid.

Why does the school district have more than one property tax levy and how much local tax money is collected by the district and what does it do with it?

The district has two local levies. One is for all of our capital projects including facilities improvements and technology acquisition. This is \$2 million per year. The other is for maintenance and operations and represents about 25% of the total district budget. Both of these levies have been approved by the voters and have been in place for many years.

Will the property tax rate/rules change in 2019?

The STATE property tax rate will reduce from \$2.70/1000 of assessed value to \$2.40. Local School district levies will be considered “enrichment” and levied at a rate of \$2500 per student fte.

How is public school accounting different from the private sector?

Public accounting incorporates the concept of categorical funds. These are dollars that are designated for a specific purpose or program. Revenue not used for these purposes are subject to auditing and recover from state and federal agencies.

What is fund accounting, who makes the rules?

Public school accounting is based on fund accounting. Each fund has a dedicated revenue stream and expenditure requirements. The rules are collaboration between OSPI and the State Auditor’s Office based on Generally Accepted Accounting Practices.

What are RCWs and WACs?

The Revised Code of Washington (RCW) is the compilation of all permanent laws now in force. It is a collection of Session Laws (enacted by the Legislature, and signed by the Governor, or enacted via the initiative process), arranged by topic, with amendments added and repealed laws removed. It does not include temporary laws such as appropriations acts. RCW’s cover all aspects of Washington Laws, including education.

The Washington Administrative Code (WAC) are regulations of executive branch agencies and are issued by authority of statutes. Like legislation and the Constitution, regulations are a source of primary law in Washington State. The WAC codifies the regulations and arranges them by subject or agency.

Who determines state funding for school districts?

It is actually determined by the legislator and summarized in law and explained in the RCW.

RCW 28A.150.260

Covers the allocation of state funding to support instructional program of basic education— Distribution formula—Per-pupil allocations reporting by the superintendent of public instruction and in legislative budget documents—Prototypical schools—Enhancements and adjustments—Review and approval—Enrollment calculation.

How does the state budget process affect school district budgeting?

The state now allocates the majority of funding that district's receive.

What is a prototypical school model; is South Whidbey typical?

As per *RCW 28A.150.260*

“To the extent the technical details of the formula have been adopted by the legislature and except when specifically provided as a school district allocation, the distribution formula for the basic education instructional allocation shall be based on minimum staffing and non staff costs the legislature deems necessary to support instruction and operations in prototypical schools serving high, middle, and elementary school students as provided in this section. The use of prototypical schools for the distribution formula does not constitute legislative intent that schools should be operated or structured in a similar fashion as the prototypes....It is the intent that the funding allocations to school districts be adjusted from the school prototypes based on the actual number of annual average full-time equivalent students in each grade level”

Therefore, it should be viewed as A FUNDING model and not an actual model to be used to serve students.

....prototypical schools are defined as follows:

- (i) A prototypical high school has six hundred average annual full-time equivalent students in grades nine through twelve;
- (ii) A prototypical middle school has four hundred thirty-two average annual full-time equivalent students in grades seven and eight; and
- (iii) A prototypical elementary school has four hundred average annual full-time equivalent students in grades kindergarten through six.

(4)(a)(i) The minimum allocation for each level of prototypical school shall be based on the number of full-time equivalent classroom teachers needed to provide instruction over the minimum required annual instructional hours under RCW [28A.150.220](#) and provide at least one teacher planning period per school day, and based on the following general education average class size of full-time equivalent students per teacher:

Where did SAM go?

The state did away with the SAM which is the Salary Allocation Model. The SAM determined the base rate of pay for teachers across the state based upon years of experience. Elimination of SAM requires districts and employees to negotiate a “NEW” district based salary schedule effective September 1, 2018 through the public employee collective bargaining process.

How will a state average salary allocation affect South Whidbey?

What was Mix Factor; will the experience factor offset the change?

Is guaranteed state apportionment really guaranteed?

What is IPD and CPI, why do we care?

IPD (Implicit Price Deflator – 1.9%) is the percentage increase the state allocates for funding purposes.

CPI (Consumer Price Index – 3.1%) is the percentage the state allows for expenditure increases.

How is the budget created, are there factors that drive this process?

Is there a timeline for budget creation?

Yes, this is in law. For our district it is as follows:

02/15/18 Next Year Enrollment Projection

- 07/10/18 Budget available for Public Review , to ESD (per RCW)
- 07/25/18 Public Budget Hearing and Adoption
- 08/01/18 Adopted Budget (F-195) Submitted to ESD (per WAC)
- 10/27/18 F-196 (Financial Statements) due to ESD 189
- 11/10/18 F-196 (Certified) due to OSPI
- 11/17/18 SEFA (Schedule of Financial Activity) due to SAO
- 11/25/18 Initial S-275 (Personnel Report) due to OSPI

Where does the school district revenue (income) come from? Can we generate more income?

The majority of district funding comes from the state through the apportionment process, based upon enrollment (69%). There is local revenue through the Maintenance levy (soon to become the enhancement levy) (27%) and federal and other sources (4%). The district accepts donations, applies for grants and looks to generate other sources of revenue. However, in order to employ people (the majority of district expense) we need to count on a continuous source of revenue.

Why does the district continue to talk about student enrollment, how does it affect finances?

Essentially all major sources of revenue are based upon student enrollment.

What is the importance of accurately projecting enrollment?

The enrollment drives revenue. If we vastly under estimate revenue we cut expenditures to match anticipated revenue because the district must provide a balanced budget. This would impact student programs. If we over estimate enrollment and anticipate more revenue and build program based upon this false assumption we would over spend and cause the district to fail to provide a balanced budget and potentially lose its local control.

Who decides the budget priorities?

The Board of Directors ultimately decides how money will be spent. It takes advice from the superintendent who builds the budget based upon anticipated student program needs.

What is a CBA, does it have any effect on the budget process?

The Collective Bargaining Agreement (CBA) is negotiated with each union. The district has four groups with CBA's. South Whidbey Teachers Association (SWEA) includes all certificated teaching staff (classroom teachers, psychologists, therapists, etc.). The Public Service Employees Union (PSE) includes classified staff (para educators, secretaries, etc.). The Service Employees International Union (SEIU) includes food service workers, bus drivers, custodians, etc. The fourth group is the South Whidbey School District Principals Association. These contracts outline agreements with the district over working conditions. This includes salary and benefits which directly impact the budget.

What are an F-203, F-195 and F-196?

Can we exceed the budgeted expenditure amount if we receive more money?

How much of the budget is dedicated to employee costs?

Currently about 86% of the total budget is spent on salaries and benefits

Are all employees funded by the state or federal government?

No, there is a local levy that pays a certain portion of these costs.

Does funding allocations dictate staffing levels?

No, the prototypical funding model is to determine revenue. Staffing levels are a local decision. Of course, funding has an impact on staffing.

What is a MSOC; does the state fully fund it?

What are program, activity and object codes?

Can we reduce costs in specific programs?

How many agencies monitor, guide or audit local school districts?

What is fund balance, why is it important and what is appropriate?

Can school districts have a negative fund balance, is so, are there any consequences?

Are there limitations on how we spend our money?

Yes, certain funds are categorical. The money may only be spent for the purpose of the fund. For example, the transportation fund may only be used for the cost of to and from school transportation.

Who is really responsible for the financial condition of the school district?

The local School Board is ultimately responsible for the financial management of the school district. The School Board hires a Superintendent that oversees the day-to-day management of the district.

If we sell unused district property, can we decrease class size?

The money collected from the sale of property must be used through the Capital account. This is limited to capital improvements. Therefore we cannot reduce class size by using it to pay for a salary to hire a teacher to reduce class size.

Are we required to provide student transportation and food service, how are they funded?

How many building square footage and acres are owned by the district?

Do you know how much the school district pays on an average month for utilities?