

HSD Labor Relations Q&A (updated Aug. 26, 2018)

[More recent questions and answers are being added at the end of this document.]

Aug. 20, 2018

1. What is the McCleary decision as it relates to school employee compensation?

In brief, the McCleary family sued the state of Washington because it said the state was not fulfilling its paramount constitutional duty, which is to fully fund education, and this included not providing enough funding for school employee salaries.

One of the issues was that school districts had to rely on passing local levies to supplement salaries.

After the McCleary case was settled, the Legislature increased funding for school employee salaries. However, it also capped the amount districts can collect from local levies at lower amounts, and it restricted how that money may be used.

Many have called this change a **levy swap**, because the state school property tax rates have increased, but the local school property tax rates -- levies -- are decreasing.

2. How is the levy swap impacting Hockinson School District?

In an effort to comply with the McCleary decision, the state has established a budget to fund basic education. To fund it, the Legislature increased the state schools tax rate from \$1.98 to \$2.89 (for Clark County) per \$1,000 assessed value, beginning in 2018.

It also put a cap on how much individual school districts can levy property owners. Beginning in 2019, it will allow districts to collect up to \$1.50 per \$1,000 assessed value in property taxes to fund "enrichment activities."

In Hockinson, the levy rate was \$3.43 per \$1,000 for 2018. To continue funding programs and staff salaries at current levels, the district needs to substitute lost levy money with funds from other areas of its budget.

Money provided by the "McCleary fix" is helpful to reduce district reliance on local levies, but in part it is necessary to replace money being lost from local levy collections.

Because the state schools tax rate increased in 2018, before the local levy rate decreases in 2019, 2018 has become a transition year. School tax rates temporarily rose in 2018 before they will decrease in 2019.

In the table below, the final number is the difference that the district is adding to the reserve fund to offset levy funding it will not receive in the 2019-20 school year, due to the levy swap.

2018-19 Salary Budget Information and impact of the levy swap

Certificated	Classified	Administrators	TOTAL	Notes
\$1,642,032	+\$598,842	+\$330,454	=\$2,571,328	Est. change in state salary & mandatory benefit funding ('17-18 to '18-19) Source: WEA
			+\$413,119	Special ed funding increases (primarily salaries)
			-(184,782)	Decline of 26 FTE students (salaries)
			-(872,680)	Levy/LEA reduction (primarily salaries)
			=\$1,926,985	Total new salary money available
			-\$1,504,458	2018-19 budgeted salaries and benefits, including funding for negotiations. Includes '17-18 staffing costs plus scheduled steps, 3.1% cost of living increase and 5 added paraprofessionals
			=\$422,527	Difference to reserve to be used to maintain staffing salaries and programs due to an additional loss in levy revenues in '19-'20

3. Is Hockinson School District passing the McCleary money through to certificated staff (teachers and specialists)?

Yes. The McCleary-related funding is embedded in the district's budget within the state general purpose and state special purpose line items. It is intended for many purposes, including making classes sizes smaller for kindergarten through third grade; maintenance, supplies and operating costs (MSOC); and salaries. (There is not a line item specific to the "McCleary fix.") The state has given Hockinson SD \$69,129 per certificated staff and the district's offer is greater than this.

This funding, approved by the state Legislature, provides more **state** money to the district and is reducing districts' reliance on local levies. It was created in part to reduce districts' dependence on supplemental contracts such as TRI (time, incentive and responsibility).

Until now, districts have used a significant portion of levy funds to offer TRI contracts. TRI contracts have provided the opportunity for districts to supplement the state salary schedule in acknowledgement that certificated staff were not being paid a professional wage.

4. What was the 2017-18 TRI (time, incentive and responsibility) funding for Hockinson's certificated staff?

For the 2017-18 school year HSD certificated staff received 18.5 percent more than the state salary schedule paid. In contrast, Woodland received 10 percent, Battle Ground 16.7 percent and Ridgefield 14 percent.

5. What is the levy cap for Hockinson School District?

In 2016, HSD voters approved a School Programs, Maintenance and Operations Levy, which was scheduled to provide a 2019 collection of \$4,997,000.

However, with the new levy cap approved by the Legislature, the district may only collect up to \$1.50 per assessed value. That is estimated to be \$2,077,722 -- a reduction in revenues of almost \$3 million dollars.

This levy cap will be implemented in January 2019, in the middle of the 2018-2019 school year. The cap will be applied to the full year of 2019-2020.

Hockinson School District levy collections, 2017-19

Tax year	2017	2018	2019
Local levy tax rate	\$3.20	\$3.42	\$1.50
Total amount collected	\$3,993,621.00	\$4,732,605.00	\$2,077,772.00*

*2019 levy collection to be finalized in November 2018.

Note: Rates are per \$1,000 assessed value.

6. How much money did the state provide Hockinson SD for certificated salaries?

The state has set the average salary for teachers statewide to be \$65,216.

Districts in areas with higher cost of living receive additional funding in the form of a regionalization factor, between 6 and 18 percent. Hockinson's regionalization factor is 6 percent, so HSD will receive a \$69,129 salary allocation per certificated staff member.

With the regionalization factor included, the average state salary allocation for Washington is \$71,711.

7. What has the district offered certificated staff?

The district has offered to pass through the salary set by the state for Hockinson -- \$69,129 -- and provide an additional amount through TRI (time, responsibility and incentive) for a total average salary of \$72,024 per staff member for a 180-day contract.

Additionally, the district will provide four additional days of pay for professional development, which averages \$1,539 per staff member and each staff member receives \$900 in enhancement funds for their use, or it may be used for pay. This brings Hockinson's total average compensation to \$74,463.

This would be an 8.0 percent increase over 2017-18 plus .6 percent for an additional professional development learning day.

8. How much will Hockinson teachers make under the district's offer?

That depends on their experience and education. A new teacher with a bachelor's degree would start at \$46,552 for 184 contracted days. A teacher with a master's degree + 90 credits at 15 years would receive \$87,845 for 184 contracted days.

9. What is the request from Hockinson Education Association for its certificated staff?

The proposal from Aug. 15, 2018, is an average salary of \$83,220, which is an average increase of 25.2 percent. Individual teachers would receive a salary (base and TRI) increase between 13 percent and 38 percent.

10. I heard that Woodland SD is giving a 22.5 percent salary increase. Why can't Hockinson provide that?

It is important to understand where the certificated staff contracts began. Woodland's percentage comes from what the district is offering above the state's base salary schedule. Woodland's estimated average salary per teacher for 2018-2019 is \$66,500.

If you take Hockinson's proposed 2018-19 average base salary (\$69,254) divided by the 2017-2018 state's average funded base salary (\$56,326), Hockinson's proposal shows a 23 percent increase. ($\$69,254/\$56,326=1.2295$)

Plus the district is adding TRI (time, responsibility and incentive) pay, district directed days and enhancement.

11. What is happening with classified staff salary increases?

The state funding changes led to an increased salary allocation for classified staff as well. This increase is based on 31.8 FTE (full time equivalent) staff.

However, to fully serve our students, Hockinson hires approximately 23 additional classified staff members (a combination of part and full time).

The classified staff's existing collective bargaining agreement runs through the 2018-19 school year. However, in response to the McCleary funding, the district agreed to reopen the Hockinson Education Support Personnel (HESP) agreement this year to provide an increase beyond the previously negotiated 3 percent.

12. What has the district offered Hockinson Education Support Personnel?

The district's most recent offer is a 7.25% increase to the salary schedule. Every employee would receive the same increase.

13. What is the request from Hockinson Education Support Personnel?

HESP has requested an average 35 percent increase for its members with a new salary schedule. Salary increases under this schedule would increase individual staff members' salaries by 24 to 50 percent from 2017-18.

14. Why does Hockinson School District say it cannot afford to give its employees larger pay increases, but it can afford to add \$503,000 to its reserve account/fund balance in 2018-19?

The purpose of a reserve account, also called a fund balance, is like a rainy day fund. It exists to provide funding to assist in the case of an emergency that cannot be covered otherwise; to assist with cash flow for the district; and to help acquire bonds at a lower rate.

Hockinson's district policy is to maintain an 8 percent fund balance. At this time, the fund balance is at nearly 10 percent.

The district is bolstering the fund balance in part to continue covering salaries at the rate it has offered for 2019-20. The district must find a way to cover an anticipated shortfall using reserves from 2018-19.

In addition to losing nearly \$3 million in anticipated levy funding in 2018-19, HSD will need to continue functioning without levy funding into the future. The district total projected loss for 2019-20 is -\$482,000. This was determined by rolling forward all 2018-19 budgeted revenues and expenditures and increasing each by 1.9 percent (a state-provided estimate).

Additional increases in revenue are also included for more students and the addition of more staff to support those students.

HSD fund balance as a percent of expenditures

2014-15 (actual)	2015-16 (actual)	2016-17 (actual)	2017-18 (projected)	2018-19 (projected)	2019-20 (projected)	2020-21 (projected)
16.35%	14.64%	12.41%	10.00%	10.00%	8.00%	7.00%

15. Why are the district and union only negotiating a one-year contract?

We are hopeful that the state will see the inadequacies of the new funding model and find a way to fix it.

When it is affordable and sustainable, Hockinson School District will be glad to reopen the contract and share additional funding with our staff.

16. What happens next?

Hockinson School District and Hockinson Education Association requested a mediator to assist with negotiations. On Friday, Aug. 17, they were assigned a mediator and began meeting Sunday, Aug. 26.

17. Is this unusual?

Hockinson School District has started the school year without a ratified contract for at least the past several years. The current contract remains in place until a new one is ratified, and the new contract will be applied retroactively.

It is the district's hope that our school year can start on schedule.

18. What if HEA votes to begin a work stoppage on Aug. 29?

Hockinson School District hopes that it will be able to reach an agreement with HEA before the first day of school.

However, if HEA votes to begin a work stoppage, there will be no way for us to safely begin school without our certificated staff members. We want our A team in place to educate our students, and we believe our Hockinson staff are the best ones to do that.

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19. Why has HSD not offered teachers a larger salary increase?

Hockinson School District's primary goal in these negotiations is to give our staff members as much as possible while being fiscally responsible this year and into the future.

State schools Superintendent Chris Reykdal recently sent guidance regarding negotiations to school district superintendents statewide. He wrote, "You are limited by what you can afford and what you can sustain" (emphasis his).

In Hockinson, we understand this. The district is responsible both to our teachers and to our community of taxpayers—and this requires us to make decisions that are affordable and sustainable.

If Hockinson were to give our certificated staff what the union requested, it would cost more than the district would be able to sustain. That means before long our schools would need to do more with fewer people—increasing class sizes and the ratio of students to counselors and other specialists.

20. How much McCleary money did Hockinson receive?

There is not a line item specific to the McCleary fix. McCleary-related funding is embedded in the district's budget within the state general purpose and state special purpose line items. This money is intended for many uses, including making class sizes smaller for kindergarten through third grade; maintenance, supplies and operating costs (MSOC); and salaries.

As part of the McCleary settlement, the Legislature put an extra \$1 billion in the state's education budget for salaries and created a new funding model. Unlike the old model, it offers a flat allocation per staff member and does not consider the longevity and experience/education level of a district's staff.

For 2018-19, the state gave an allocation of \$69,129 per certificated staff member in Hockinson School District. Any amount the district pays above that must be funded using other sources.

Like many districts, Hockinson has historically added to our teachers' salaries using TRI (time, responsibility and incentive) pay, which was funded using local levy dollars. However, with the state's levy swap—also part of the "McCleary fix," Hockinson has lost 58.53 percent of that funding—nearly \$3 million—effective in 2019.

The district cannot give its staff money that it doesn't have.

In short:

- Hockinson received McCleary funding to cover many district expenses.
- Hockinson received an allocation of \$69,129 per certificated staff member.
- Due to the levy cap, the district is losing 58.53 percent of its local levy funding—nearly \$3 million in 2019—money that was formerly used to help boost teacher salaries.

21. I hear that Hockinson's enrollment is growing faster than the district anticipated. Will that bring in additional money that the district can use to increase staff compensation?

It is possible that more students will enter Hockinson School District than anticipated in the district budget planning process—but it also is possible that some students have left HSD during the summer. Student numbers are very fluid until at least the first week of school and change throughout the year.

HSD budgets with its best information for an annual average FTE (full-time enrollment), as the state requires the district to report this information monthly for funding. The district avoids over-projecting enrollment, because doing so would cause a budget shortfall later.

Even if Hockinson’s student numbers end up higher than anticipated, the district’s local levy revenues are restricted to prior years’ enrollment and assessed valuation information. Enrollment numbers for the 2018-19 school year will not play a part in budget considerations until the state finalizes the district’s 2020 levy collection.

22. Have our teachers received salary increases in recent years?

Yes. The district has provided cost of living increases. Staff also have received regular step increases for length of employment and completion of additional training and education; and levy-funded TRI (time, responsibility and incentive) pay increases. Please see the table below.

History of Pay for Hockinson School District Teachers and Specialists

School year	Levy-funded annual TRI increase	State cost of living annual increase	Total annual increase without step	State-funded annual step increase based on experience and longevity (see LEAP salary schedule)
2015-16	2.5%	3.0%	5.5%	between 0 & 3.4%
2016-17	4.0%	1.8%	5.8%	between 0 & 3.4%
2017-18	3.5%	2.3%	5.8%	between 0 & 3.4%

Additional questions?

If you have questions that have not yet been answered, please send them to districtcommunication@hocksd.org.