

November 10, 2022

Re: ***Letter in Opposition to Decreasing Cost-of-Living Adjustments for State Basic Education Compensation Allocations***

Dear Representative,

As locally-elected officials, and on behalf of the students and community we represent, we urge you to vote against any decrease to the regionalization factor which defies common sense and would deprive students in higher-cost-of-living areas of the basic education they are entitled to under state law.

***Local Communities in Our Region Cannot Afford to Lose More than \$1 Billion Dollars in State Funding for Public Education***

The Office of Superintendent of Public Instruction's [proposal](#) to decrease the current cost-of-living adjustments, (*a.k.a.* the "regionalization factor"), for state basic education compensation allocations from 18% to 12% would result in an anticipated loss of more than \$1 billion dollars over four years for public schools in the greater Puget Sound region. Under the proposed 12% maximum regionalization factor, our school district would have received approximately \$2.1 million dollars less for the 2021-22' fiscal year, and, with an assumed inflation rate of 6% inflation, the loss would total \$9.35 million dollars over the four-year period contemplated by the proposal (2022-26').

Our school district, along with every other school district in our region, is already struggling to pay living wages while managing inflationary pressures and revenue shortfalls caused by enrollment volatility. This is an enormous loss that our school district and our community simply cannot afford.

***Higher Cost-of-Living Creates Challenges Under Current Funding Arrangements***

The greater-Seattle area is routinely listed as one of the most expensive areas in the country to live – an economic reality that is reflected in the higher compensation required to retain workers here. According to the [Bureau of Economic Analysis](#) data, in King County the average wage and salary is \$103,596 compared to \$47,834 in non-metropolitan areas of the state. The current maximum standard regionalization factor of 18% only partially offsets this dramatic wage differential.

As a result, it is difficult for teachers, administrators and support staff to afford living within commuting distance of the school districts in which they work and it is more difficult for school districts to recruit and retain teachers in higher cost-of-living areas. This dynamic is reflected in the overall lower average number of years of teacher experience in the greater-Seattle area, (*e.g.* 11.0 years in Seattle Public Schools compared to 14.8 years in the Spokane School District), and is most pronounced in districts that receive the same regionalization factor adjustment as adjacent districts but have a higher cost-of-living. Therefore, in contrast to OSPI's proposal, if there is any change in the regionalization factor, the data overwhelmingly supports increasing the adjustment rate to fully reflect economic reality and to calibrate for greater sensitivity to local differences.

Our state already has a very compressed range for per student basic education spending that doesn't fully take into account the very wide regional cost-of-living differences. This creates challenges for districts like Mercer Island that receive minimal federal funding and are limited by the amount they can compensate through local levies. In fact, despite the common assumption that Mercer Island is a "wealthy" school district, the exact opposite is true. We receive just 88% of the state median per student funding, (\$17,082 statewide versus \$15,053), despite having the highest-cost-of living of any district in the state.

***No Evidence that Changed Circumstances Following the McCleary Decision Support Reducing the Regionalization Factor***

Four years ago, after intense debate and discussion, the state legislature reached a compromise and determined that a regionalization factor of up to 18% was appropriate to satisfy its obligation to provide education funding that "corresponds to the cost of providing all students with the opportunity to learn through the state's statutory program of basic education."

The importance and impact of regional cost-of-living differences in our state is common sense. It is also explicitly recognized in [RCW 28A.150.412](#), which requires the legislature to review and rebase state basic education compensation allocations every four years, including the regionalization factor. Now, for the first-time since the sweeping changes to state education funding following the *McCleary* decision, changes to the regionalization factor are up for reconsideration. Remarkably, neither OSPI's proposal, or the recommendation from the K-12 Basic Education Compensation Advisory Committee upon which it is based, present any evidence that cost-of-living differences across the state have narrowed over the past four years.

It's critical that any changes approved by the legislature in the upcoming session are grounded in economic reason rather than political rhetoric to ensure equitable funding and to avoid the prospect of protracted litigation.

***Reducing the Regionalization Rate Harms Students and Communities in the Region and Conflicts with the Law***

During the past four years, cost-of-living increases in the most expensive metropolitan areas in the state have continued to outpace other regions, most visibly in skyrocketing median home prices, which is the only metric specifically identified in the enacting legislation "to aid the legislature in reviewing and rebasing regionalization factors." [RCW 28A.150.412\(3\)](#). However, OSPI's proposal and report from the K-12 Basic Education Compensation Advisory Committee, omits any consideration of median home prices, the single most important factor for regional cost-of-living differences. This deficiency is particularly glaring given the significant increase in assessed property values on Mercer Island and the fact that 38.5% of local property taxes goes towards the state education general fund. Consequently, in the face of escalating cost-of-living increases, our community is paying more in taxes to support public education in our state but under OPSI's proposal would receive less funding to support students in our school district.

Even more concerning, OSPI's proposal harms districts in higher cost-of-living districts by decreasing funding on an inflation-adjusted basis. The proposed base salary increase of 6% does not even cover the actual cost of inflation. It is deceptive and wrong to opportunistically use inflation as a cover to negate the clear legislative intent of [RCW 28A.150.412\(4\)](#) ("No district may receive less state funding for the minimum state salary allocation as compared to its prior school year salary allocation as a result of adjustments that reflect updated regionalized salaries.").

***Legislators Should Focus on Common Issues Shared by All School Districts***

The legislature has many important issues to consider regarding basic education funding in the upcoming session, including the appropriate inflationary measure, additions to the prototypical school model to reflect the staffing actually needed in schools, and whether particular areas, such as special education, should receive additional funding. These three priorities are complementary to one another and one cannot be traded for the other. For example, if regionalization is contracted by 6% in exchange for fully funding special education, the gains from enhanced special education funding would be completely eroded by the regionalization losses. Against this backdrop, it is concerning that unwarranted and unsupported downward adjustments to the regionalization factor are being proposed that will create needless distraction from the important issues that all school districts share.

We urge you to vote against any decrease to the regionalization factor which would harm our students and our communities and focus on the common issues shared by all school districts in Washington.

/s/ Maggie Tai Tucker, Board President  
/s/ David D'Souza, Board Vice-President  
/s/ Dan Glowitz, Board Legislative Representative  
/s/ Tam Dinh, Board Member  
/s/ Dan Glowitz, Board Member  
/s/ Deborah Lurie, Board Member