

Importance of Restoring the 4% School Per Pupil Adjustment

The Senate Budget reduces, from 4% to 1%, the per pupil adjustment (“PPI”) factor used to calculate the school district levy base. The adopted 2009-11 Operating Budget uses a 4% PPI. The House Ways & Means Committee Budget maintains the 4%. The change in Section 502 of the Senate Budget will have a devastating impact on school funding.

Impacts to School Districts:

- School districts statewide will lose \$68 million dollars of voter-authorized levies. Seattle School District faces losses of \$6.95 million, Spokane loses \$3.27 million, Kent loses \$2.81 million, Lake Washington loses \$2.33, Northshore loses \$1.96 million, Highline loses \$1.61 million, Issaquah loses \$1.55 million, Everett loses \$1.95 million, Olympia loses \$850K, and Camas loses \$547K.
- The Senate budget cuts state funding more deeply than the House budget. For example, the Senate budget trims \$5.3 million in state funding for Northshore, 77% more than the House budget. The PPI cut reduces the ability of Northshore and other districts to mitigate these cuts with local levy dollars that the voters have already approved.
- There is only one cost to the State for using a 4% PPI rather than a 1% PPI. It increases the State's LEA obligation by around \$7 million. **The PPI has no other impact on basic education funding or on any other funding provided by the State.**
- For every dollar of state investment used to preserve the 4% PPI (\$7 million), the districts are able to collect around 10 dollars of local funding (\$68 million in levies).
- On February 9th, voters in 162 districts across the State approved school levies, totaling over \$4.6 billion over a 4-year period. Voters said YES to their schools. This budget change will force many districts to cut staffing and educational programs.

Background:

- PPI is not an adjustment for inflation. PPI addresses the increased cost for school districts of doing business. PPI reflects increases in salary for seniority and education (not cost of living increases), health benefits, unemployment, nonemployee-related costs, and insurance costs.
- PPI is an essential tool to help maintain levy base stability. The levy base is derived from a combination of state and federal revenues. The dramatic cuts in state funding in 2009-10 will over time decimate school levy bases. If PPI is reduced to 1%, the levy base statewide will be lower in 2011 than in 2010.
- The formula for generating the levy base for the next year uses data from the prior school year and is already outdated when calculating the levy base for the following year. The PPI helps to address this timing problem.
- Many districts built their multi-year school levies – and received voter approval – in reliance on the 4% PPI in the 2009-11 budget. The Senate budget will dramatically cut those levies.

Please restore the PPI to 4% so that districts can collect the funding that voters throughout the State have authorized.