State, Local, & Regional Needs

Subgroup Co-chairs

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Recommended Options to Explore in 2026

1. Explore **adjustments to regionalization factors**.
2. Explore **funding solutions – both capital and operating – for small districts**.
3. Explore **funding solutions and state support for classified staff**.
4. Explore strategies to **reduce school district MSOC and insurance costs**.
5. Explore the **impact of recent legislation on rising legal costs**.
6. Explore **alternative revenue sources** to provide additional resources for public schools.
7. Consider creating a **dedicated fund source to support the capital needs** of skills centers.
8. Explore ways for districts and the state to better **support CTE programs and skills centers**.
9. Explore **housing solutions** for communities facing shortages or affordability challenges.
10. Explore **cost-saving options for school districts, such as shared operations**.
11. Consider a **grace period for districts to meet K–3 class size requirements**.
12. Explore **solutions to address superintendent and business manager turnover**.

Themes from Subgroup Meetings and Discussion

Funding & Regionalization

The workgroup should consider adjustments to the current regionalization model to minimize inequities between small and large sized districts. Regionalization smoothing is needed, with suggestions to limit the increment between steps to no more than 2%.

Problems to Address:

- The prototypical model is not sufficiently funding basic education, causing districts to rely on levy funds to support basic education costs.
- Voters are aware that local enrichment levies are supplementing state funding, which reduces public trust and can create confusion when discussing our funding system.
- The regionalization model requires adjustments and smoothing to lessen border impacts.
- A robust safety net is needed to support students and populations whose needs differ from the assumptions built into the state's funding models.
- Washington's broader tax structure exacerbates funding disparities across communities.

- The sole use of housing costs as an indicator does not account for housing availability, commuting costs, or other factors that influence recruitment and retention. In addition, the formula does not consider the impacts of housing costs in other states on border communities.

Compensation & Educator Recruitment/Retention

The workgroup should explore solutions to address insufficient compensation and educator retention and recruitment.

Problems to Address:

- Insufficient compensation contributes to teacher shortages and unfilled positions, exacerbating inequities in staffing and student learning experiences.
- Classified staff (CLS) positions are inadequately funded and require urgent attention. The prototypical model does not fund enough of these positions and the salary allocations are too low, leading to high turnover.
- Mastery-based learning initiatives may worsen underfunding challenges because more staff are needed to provide these individual supports for students.
- By funding based on average salaries instead of a state funded salary allocation model, state funding no longer adjusts to changing compensation costs for districts. This disconnect and the changes for districts moving in and out of regionalization or experience mix factors have introduced greater uncertainty in district budgets and added complexity for financial planning.
- School districts that border higher cost areas have pressure to meet the salaries of neighboring districts to recruit and retain their education workforce, even though they do not have the same funding available from the state.
- High housing costs, and, in some areas, limited housing availability, undermine districts' ability to attract and retain educators.
- Many educators cannot afford to live in the communities they serve, a challenge further compounded by limited access to essential services such as groceries, pharmacies, and other community supports.
- Low teacher retention rates negatively impact student learning outcomes.

Increased Liability & Financial Pressure

The workgroup should elevate the liability risks of operating and increased costs associated with operating a school district.

Problems to Address:

- Significant legal costs are consuming district budgets.
- Lawsuits against districts are increasing due to recent legal rights expansions. Districts often pay even when not directly responsible.

- Complexity of laws/regulations makes running districts expensive and lawsuit-prone.
- District insurance costs are too high.
- MSOC needs significant increases.
- Superintendents and business managers are turning over at a high rate; this lack of experience exposes districts to legal and financial vulnerabilities.

Career & Technical Education/Skills Centers

The workgroup should consider options to support state skills centers and CTE.

Problems to Address:

- Skills Centers depend on host districts for capital funding and operational support, but with districts facing unprecedented budget crises, they cannot adequately support them. Relook at the MSOC for CTE, to ensure it adequately reflects the higher material costs for these programs.
- The state should provide capital funding to skills centers.
- The state is missing opportunities to build a future workforce and create jobs resilient to AI.
- Small and/or remote school districts lack access to skills centers.
- Students need accessible transportation to and from skills centers.

Small District Issues & Inequities

The workgroup should explore funding solutions and problems unique to small districts.

Problems to Address:

- Persistent disparities remain between districts, with ongoing gaps in student outcomes linked to geography, student demographics, and economic factors.
- Small districts continue to face challenges in securing levy and bond approvals. These difficulties exacerbate inequities and underscore the need for state-level solutions that reflect the unique circumstances of smaller communities.
- Many school buildings constructed in the 1960s are approaching the end of their usable lifespan, potentially leading to a simultaneous surge in capital facility demands.
- Local Effort Assistance (LEA) funding is insufficient given rising property values.
- Small districts may benefit from exploring cost savings through consolidated central services, such as information technology (IT) and IT security.
- The full-time equivalent (FTE) per-pupil allocation formula disadvantages small districts. We have some small school funding factors, but the funding floors may need to be revisited.
- Limited housing and inadequate community infrastructure, including access to groceries, pharmacies, and other essential services, can prevent educators from living in the communities they serve.

Additional Workgroup Information

Specific Options Discussed

- The regionalization model requires adjustments, specifically, lowering the increments from 6% differences to 2%, including border communities in other states and removing the 15-mile radius provision.
- Superintendents are consistently exposed to legal and financial risks and require appropriate training and guidance. The legislature should consider measures to support superintendents in mitigating these risks.
- Explore options that increase cooperation and collaboration between and among school districts in serving students. This may range from operational cooperation (transportation), or educational service cooperation (CTE and skills centers).
- Skills Centers depend on host districts for capital funding and operational support, but with districts facing unprecedented budget crises, they cannot adequately support them. The state is missing opportunities to build a future workforce and create jobs resilient to AI and should provide dedicated capital funding to skills centers.
- Districts are being penalized for noncompliance with K–3 Classroom Size Requirements despite the lack of adequate staffing. Could these penalties be removed?