La Center School District – FAQ on Contract Negotiations & Fiscal Stability

Start of School - At this time, we fully anticipate that school will begin as scheduled. Should circumstances change, we will keep parents informed promptly. In the meantime, it is wise to have a contingency plan in place in the event teachers decide to strike.

1. Why is the District cautious about granting full IPD (Inflationary Price Deflater) (sometimes referred to as COLA) this year?

State funding is unstable. Almost every school district in Clark county has had significant layoffs, multi-million dollar budget shortages and hiring freezes. Many factors play into these financial difficulties including reduction in student enrollment, outsized employee compensation, incorrect reliance on COVID ESSR funds, etc. La Center is actively working to avoid these pitfalls and keep La Center finances in order for the long term stability of the District's finances for the benefit of our small community.

La Center has and continues to compensate our teachers in a fair manner. The District has provided cost of living increases over the years and provided significant raises over time. That being said, we see most districts in Clark County and around the state struggle to make ends meet and the Board of Directors want to ensure that the future of La Center Schools is solvent, able to pay their bills and make smart use of taxpayer dollars.

2. What is an Ending Fund Balance

The ending fund balance in a school or school district is the amount of money left in its general fund at the end of a fiscal year after all revenues (e.g., state funding, local taxes, grants) are received and all expenditures (e.g., salaries, supplies, utilities) are paid. It represents unspent funds that carry over to the next fiscal year. This balance is often maintained in the school's general fund, which covers day-to-day operations, and is typically held in cash or liquid assets. It's used to pay the bills on a monthly basis. It's also used to fill the gap in funding between inconsistent State payments to school districts. The Washington State Auditor's Office (SAO) suggests that the value of a school district's Ending Fund Balance should be approximately 1/6th of the district's annual budget.

A school's ending fund balance is akin to a business's cash reserves because both serve as liquid, accessible funds to ensure smooth daily operations, manage cash flow irregularities, and provide a buffer against unexpected expenses. While schools operate under stricter public funding and regulatory constraints, the fundamental purpose—maintaining financial stability and operational continuity—mirrors the role of cash reserves in a business. This analogy highlights the importance of prudent financial management in both sectors to sustain their core functions.

For example, the June apportionment (monthly state payments to school districts) were delayed leaving districts, including LCSD, with limited cash on hand and forced delay paying our bills. Additionally, Washington faces a projected $2 billion shortfall, which increases the risk of reduced or delayed state funding. Strengthening reserves is essential to ensure we can protect staff, programs, and students from these disruptions.

2. Has the District funded full IPD/COLA in the past?

Yes. The Board has historically provided above IPD for many years, even when it required difficult tradeoffs elsewhere. However, at present we do not see a sustainable way to both grant full IPD and strengthen reserves simultaneously. Additionally, the district already subsidizes teacher salaries in the amount of $943,406 above the state allocation for salaries, annually. This large amount of money comes from what would otherwise be spent on programs, maintenance, etc.

3. What compensation increases have staff already received?

Over the last three years, certificated staff compensation has grown by 12.7%. Teachers average salary is over $94,000 a year and many make more than our administrators hourly rates. Teachers at the top end of their salary, for 186 days of work make $114,000.

4. What is the District's current financial position?

- 24–25 Budgeted Ending Fund Balance (EFB): $1.8M = ~21 days cash on hand
    - Marysville School District went Bankrupt at 14 days - our district was 7 days away from bankruptcy.
- Estimated EFB August 2025: $2.1M = ~24 days cash on hand
- State Auditors Office expects: $5.35M = 60 days cash on hand (recommended by Governmental Accounting Standards Board)

5. What risks are currently impacting school funding?

- **State-level risks**: Apportionment delays, new tax on contracted services, projected tax collection shortfalls, and binding conditions for districts operating unsustainably.
- **Federal risks**: Proposed 12–15% cuts to federal programs.

6. How is enrollment affecting the budget?

- 2024–25: Budgeted 1,755 FTE but actual enrollment was 1,743 → shortfall of ~$130,000.
- 2025–26: Budgeting for 1,745 FTE, with smaller anticipated variance.

7. How does the District balance staff pay with financial health?

The District believes both priorities must be held together: fair recognition for educators and long-term financial stability. The proposed compromise—modest raises plus stronger reserves—aims to honor staff while ensuring the District can weather unstable funding in the years ahead.

8. What is the path forward?

The Board is committed to collaboration with LCEA and staff to reach an agreement that:

- Recognizes staff contributions,
- Protects students and programs long-term, and
- Builds financial stability for the future.

9. Overview of Financial Difficulties Statewide that will Impact La Center

Many school districts in Washington State, including those in Clark County, are facing significant financial difficulties due to a combination of systemic and economic challenges. The McCleary Decision of 2012 mandated increased state funding for education but capped local levies, reducing revenue for districts, especially those with lower property values. Declining enrollment, with a 2.8% drop since 2018–19, has further reduced per-student funding, while inflation has driven up costs for salaries, utilities, and supplies, outpacing state allocations. The expiration of federal COVID-19 relief funds in 2023–24 has left districts unable to sustain programs or staffing, and inadequate special education funding forces reliance on constrained local levies, exacerbating inequities, particularly in high-poverty and rural areas.

Examples of struggling districts include Marysville, facing a $17.5 million deficit, and Seattle, proposing to close 20 elementary schools. In Clark County, Evergreen and Vancouver have cut millions, with Evergreen facing a $16–20 million shortfall and Vancouver eliminating over 260 positions. The Office of Superintendent of Public Instruction (OSPI) is monitoring districts with deficits, imposing “binding conditions” to restore financial health, while advocates push for legislative reforms to increase state funding and adjust the outdated funding model. This systemic crisis threatens educational quality, with districts resorting to staff layoffs, program cuts, and school closures to balance budgets, highlighting the urgent need for equitable funding solutions.

The La Center School District is working to be proactive to limit the financial impacts to our students, staff, and families.