

POLICY NOTE

Spokane Public Schools seek property tax increase as working families and homeowners struggle with lost income and unemployment amid COVID shut-down

By Liv Finne, Director, Center for Education

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Key Findings

1. Spokane Public Schools seeks voter approval of Proposition 1, a property tax increase, on the February 2021 ballot.
2. School officials say this is merely a “renewal” of the 2018 special school levy. This statement is incomplete and untrue.
3. The 2018 tax took a total of \$105 million from Spokane homeowners.
4. The proposed 2021 levy would take more than twice that amount, \$221.6 million.
5. If the proposed higher Proposition 1 Levy tax passes in February, a typical Spokane homeowner will pay \$1,813 more in property tax. Rents paid by apartment-dwellers will also increase.
6. Taxpayers have recently increased the budget of Spokane Public Schools to \$482 million, to about \$16,000 per student.
7. The events of 2020 have caused intense disruption, loss and personal pain to families living in Spokane and across the state.
8. Seeking a \$221.6 million tax increase, on top of current high tax rates, seems to show a misunderstanding of the times by Spokane school leaders.

Introduction

People living in Spokane are among the hardest hit by the economic devastation of COVID and the governor’s several shut-down orders.

Thousands of people in Spokane have lost their jobs, thousands of businesses have closed (many permanently), and thousands of families have felt the despair of isolation, unemployment, and lost income. Yet though it all, Spokane Public Schools have remained fully funded and school district employees have maintained full employment, income and benefits.

The Spokane Public School budget is \$482 million this year, or over \$16,000 per student, an increase in spending over the previous school year. Overall, the school district’s budget has nearly doubled over the last few years.

Full funding has continued even though public schools have been closed since March, as parents struggle to adapt and seek learning alternatives for children.

Seeking higher school taxes

Even so, Spokane school officials have announced that they would like higher school taxes and an increase of \$221.6 million in funding over the next three years. The higher school property tax proposal appears before voters under the heading of “Proposition 1” on the February 2021 ballot.

Enrichment Levy request seeks to double the tax burden on the people

School officials say this is merely a “renewal” of the 2018 special school levy. This statement is incomplete and untrue. The 2018 tax took a total of \$105 million from Spokane homeowners. The proposed 2021 levy would take more than twice that amount, \$221.6 million.

The actual proposal before voters would impose a significant tax increase and would bring a financial windfall to the School District, though school officials are making efforts to downplay this fact.¹

¹ “2021 Replacement Levy,” Spokane Public Schools, accessed December 2, 2020, at <https://www.spokaneschools.org/levy>.

Higher tax on a typical Spokane home

Analysis of the ballot proposal shows the added financial burden a typical Spokane area homeowner would bear if the measure is passed. The owner of a modest median-value home valued at \$264,000, like the one pictured below, paid \$2,057 in property taxes in 2020.² The state, county and school officials collected the full amount of tax, despite the widespread economic and employment disruptions caused by the COVID shut-down.



The owner of a median-value home in Spokane would see a school-tax increase of 152%.

Of this amount, school district officials took more than half, \$1,169, as follows:

State School Tax: \$306

State School Levy 2 extra tax: \$165

Spokane Schools bond-funding tax: \$431

Spokane Schools additional local tax: \$267

If the proposed higher Proposition 1 Levy tax passes in February, a typical Spokane area homeowner will pay \$1,813 more in property tax, as follows:³

\$538 more in 2022;

\$604 more in 2023;

\$671 more in 2024.

In all, the proposed school tax increase represents a rise of 152% above the current levy amount, at a time when annual inflation is less than 2%.

² “Spokane Real Estate Market 2020 Overview,” by Marco Santarelli, May 16, 2020, *Norada Real Estate Investments*, at <https://www.noradarealestate.com/blog/spokane-real-estate-market/#:~:text=The%20median%20home%20value%20in,a%20sizzling%20hot%20seller's%20market>.

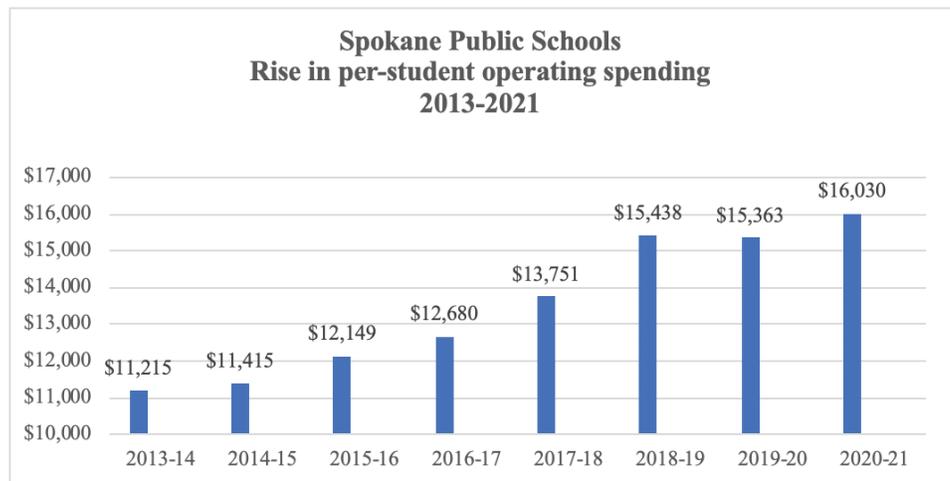
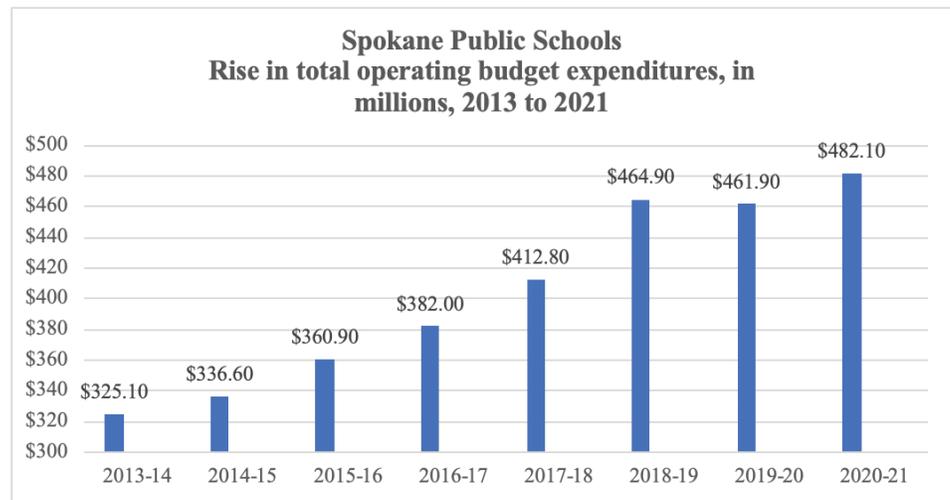
³ The estimates of the cost of the February 2021 levy are based on the \$2.40, \$2.45 and \$2.50 tax rates, per thousand dollars of assessed value, advertised by the Spokane Public Schools for 2022, 2023, and 2024 to be paid by area property owners and renters.

Throughout the economic crisis, Spokane School officials received full funding

As noted, money paid by taxpayers has increased the budget of Spokane Public Schools over the years to nearly half-a-billion dollars, or about \$482 million. This represents a near-doubling of the school budget over the last few years.

Over the same period, the per-student funding officials receive has increased to \$16,030, more than the student tuition at many private schools.

The charts below show the sharp rise in tax funding for Spokane Public Schools, and that full funding continued after the governor's first shut-down order and after the state's public schools were closed.



Families and business owners are struggling under economic shut-down

The governor's decision to shut down the economy in the first quarter of 2020 has caused economic devastation to hundreds of thousands of people in Washington state. Unemployment has approached Great Depression levels. Hundreds of small and mid-sized community businesses have closed and gone bankrupt. Whole sectors of the economy have been shut down, with widespread unemployment affecting working families in every part of the state.



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Employment numbers for Spokane and Spokane Valley show all categories of workers suffered dramatic drops in employment in April. The hardest hit sectors are retail, mining, logging and construction, and leisure and hospitality. In April the overall unemployment rate in Spokane and Spokane Valley was 16.7 percent.⁴

Not all sectors were affected equally. People working for tech companies, online businesses, home delivery, government agencies and school districts were hardly impacted at all. Most people in these sectors continue with full employment and incomes due to the burgeoning “Zoom” economy. Payrolls and benefits for public school employees remain fully funded, although many of their peer educators working at private schools were laid off without pay.

The personal stress and uncertainty remain. Many people are concerned the governor may fully close down the economy again, and parents in particular are learning schools may not re-open in the current school year.

Conclusion

It is clear the events of 2020 have caused intense disruption, loss and personal pain to families living in Spokane County and across the state. Most families have not recovered, and continue to experience lost income, emotional stress and broken daily lives. Working families and families with children have been particularly hard hit, while public school administrators, elected officials and public-sector employees have been relatively protected.

Seeking a \$221.6 million tax increase, on top of current high tax rates, seems to show a misunderstanding of the times by Spokane school leaders. The ballot measure gives an appearance of not caring about people’s lived experiences, and of being insensitive to the very real day-to-day problems that Spokane-area families face.

Whether these conditions justify the desire by school officials for another tax increase to add to their budget is something Spokane voters will decide in February.

⁴ “Economy at a Glance, Spokane, WA,” U.S. Bureau and Labor Statistics, at https://www.bls.gov/eag/eag.wa_spokane_msa.htm. Unemployment rates for Spokane and Spokane Valley in May, June, July, August, September and October were 15%, 9.7%, 11.3%, 9.2%, 8.5%, and 6%, respectively.