

## Pasco's Higher New Homeowner Fees Could Lower Home Values

by Chris Cargill, Director, Eastern Washington Office  
 and Max Nelsen, Eastern Washington Research Assistant

March 2012

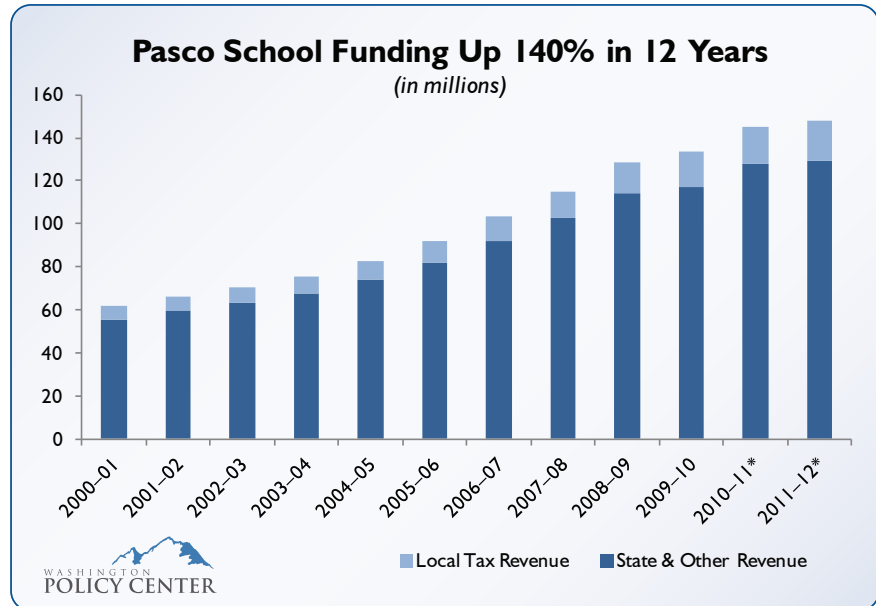
### Key Findings

1. Student enrollment in the Pasco School District has nearly doubled in the past 10 years.
2. Pasco is only the second school district in Eastern Washington to receive money from an impact fee.
3. The \$4,683 per-home fee will not provide the additional resources needed to build new schools.
4. Year-round schooling and public-private partnerships would be more successful to ease overcrowding.
5. State green building mandates make new schools 15% more costly in Pasco.

The Pasco School District is one of the fastest growing in the state of Washington. As a result, it faces increasing challenges to house its student population. From 2000 to 2010, Pasco School District's enrollment skyrocketed from 8,850 to 15,127, a 71% increase. State officials predict the growth will continue. The Office of the Superintendent of Public Instruction (OSPI) estimates 5,000 more students will be enrolled by 2016, bringing total enrollment to about 21,000 students.

In an attempt to solve the overcrowding problem, the Pasco City Council has imposed a \$4,683 fee on new single-family homes and a \$4,525 fee on new family apartment units — money that would go directly to the Pasco School District.

Taxpayers in the Pasco School District and the state of Washington are already very generous in funding public education. In fact, while student enrollment numbers were substantially increasing in Pasco, so was district spending. From 2000–2010, the Pasco School District's operations budget doubled. And the amount of local tax revenues going to Pasco schools during that same time period has nearly tripled.



The Pasco School District spends \$10,598 per student each year. While 1,577 people are employed by the district, barely half are classroom teachers. Fifty-three employees in the Pasco School District make more than \$100,000 per year.

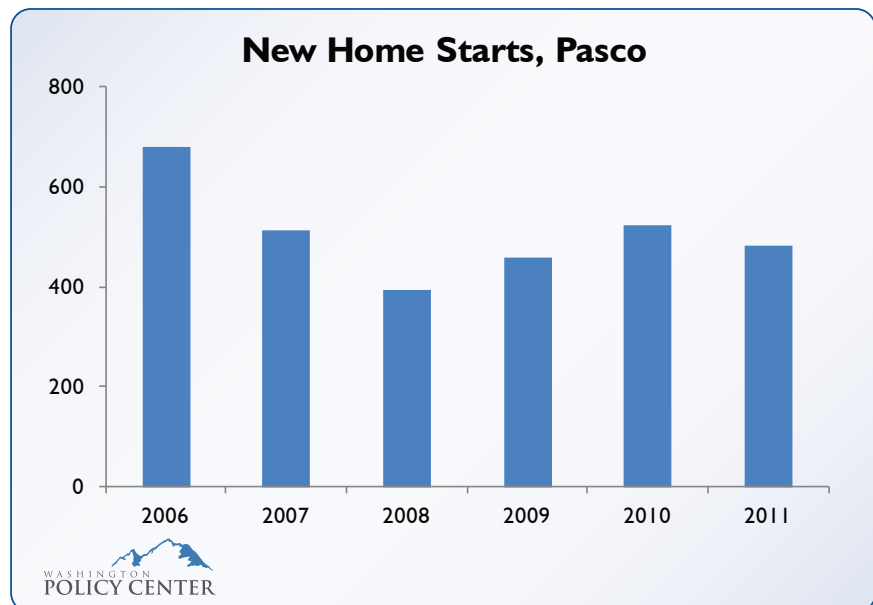
The superintendent makes a base salary of \$180,995, plus \$43,200 in benefits and pension.

As recently as 2008 and 2010, during the height of the financial crisis, Pasco voters approved two school levies which, together with state levy equalization dollars, account for 20% of the district's budget. The other 80% comes from state and federal funds. Roughly 10% of local levy dollars goes toward administration salary.

Pasco voters, however, have tired of rising property taxes. The most recent construction measure was voted down in February 2011. Even if they had been approved, the new schools would not have opened for at least two to three years.

Pasco becomes only the second school district in Eastern Washington to impose special fees on new homeowners.

Pasco School officials say the fees are “one of the few funding means available to help schools deal with new development that increases student enrollment that exceeds the space available in schools.” The numbers, however, tell a different story.



An analysis of the Pasco housing market shows implementing new homeowner fees would simply not provide the money needed to build more schools. In fact, it would likely only discourage people from buying homes in the Pasco area, thus lowering home values.

On average, 508 new homes are built in Pasco every year. Even with the new fees, the Pasco School District would get only \$2.3 million yearly in additional funds. It would take at least 10 years of impact fees to gain enough revenue to build just one school.

The new homeowner fee would, however, discourage home building in Pasco. Any community which is not growing is dying. The goal of the City of Pasco should be to attempt to expand the property tax base, not discourage it. This is especially true given the competing policies in neighboring communities like Richland and Kennewick.

Pasco residents need more single-family and multi-family options for living than are now available. If Pasco officials impose large fees on new

housing, developers are likely to abandon or delay their plans in the city. Driving developers out does not serve the interest of Pasco residents. If existing residential infrastructure is not expanded, overcrowding in homes will increase. This is detrimental to society at large, and hard on the parents and children who must live in crowded, run-down conditions.

## **Solutions Are Available**

Innovation, not additional monetary resources, is be the best way to solve overcrowding. A variety of options are available for school district administrators and the community.

### *Year-round schooling*

Pasco school officials could move to a year-round school calendar, which district officials say will increase school capacity by 20%. The California Department of Education describes various ways to stagger use of school facilities, pointing out that multi-track year-round schools can ease overcrowding by as much as 50%.

Of California's 6.3 million K–12 students, 1.1 million are enrolled in year-round schools. The California Department of Education encourages districts to consider year-round schooling, saying “year-round schooling may have positive effects on student achievement, especially for disadvantaged students.

Duke University scholars show the academic achievement of struggling and low-income students increases when their education is not interrupted by a 10–12 week break during the summer.

### *Public-private partnerships can ease overcrowding of schools*

Pasco officials could make arrangements with other public entities or with the private sector to ease school overcrowding. Delta High, a STEM public-private partnership school of the Kennewick, Pasco and Richland school districts, is leasing space from Columbia Basin College to house its portable modular classrooms. Delta High is also leading an aggressive fundraising campaign to build a new high school.

Pasco officials could explore the possibility of leasing empty space on private land for modular portable classrooms. Private landowners may be interested in assisting the schools in this way, particularly if private landowners were given a tax advantage for doing so by the City of Pasco.

Pasco officials should be encouraging the engagement of the community in facing the challenge of overcrowding in the schools. Imposing high fees on developers interested in increasing and improving the housing stock discourages community engagement.

## **Green Schools Cost More Green and Yield Few Results**

The state of Washington also has a role to play in helping the Pasco School District. Six years ago, the Washington state legislature passed a mandate requiring all new schools meet “green building standards.” The law's backers promised a range of benefits, including significant energy savings and healthier buildings. The results, however, have not been promising.

Pasco School District officials say the green mandate adds 15% onto the cost of a new school.

In 2011, the state provided \$264.6 million for the construction of new schools, while local school districts provided an additional \$338.5 million. Green building standards, therefore, siphoned at least \$12 million, and as much as \$36 million, away from other school needs.

A report by the legislature's Joint Legislative Audit and Review Committee (JLARC) found the green building requirements never pay for themselves. A 2011 JLARC report notes the payback time for a "green" school ranges from 27 to 30 years. The typical lifespan of a school building before it is remodeled or replaced, however, is only 20 years.

While the Pasco School District struggles to serve an increasing student population, it is being forced by the state to spend hundreds of thousands of dollars more to build any new facility.

*Chris Cargill is the Eastern Washington Office Director at Washington Policy Center. Max Nelsen is a Research Assistant with WPC's Eastern Washington office. WPC is a non-partisan, independent policy research organization in Washington state. Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body. For more information, visit [washingtonpolicy.org](http://washingtonpolicy.org).*

## **Conclusion**

There is no question the Pasco School District faces a serious problem, but it also has a unique opportunity. Enacting a \$4,683 fee on new homeowners will not provide the additional resources needed to build new schools. It will only depress the housing market in Pasco.

Other options are available to ease the overcrowding of Pasco schools: year-round schooling, ending the green mandate and public-private partnerships. These alternatives are better for students than discouraging developers in Pasco and punishing new homeowners with massive fees.