

POLICY BRIEF

Citizens' Guide to Spokane Public Schools and City of Spokane library bond measures *to partly cancel a state-level tax cut and add money for local schools and libraries*

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October 2018

Key Findings

1. Three measures on the ballot would, if approved, increase taxes in the Spokane area by nearly \$600 million.
2. Spokane Public Schools Proposition 1 seeks to build six middle schools and a new football stadium.
3. City of Spokane Proposition 1 would build or renovate more than a half-dozen city libraries.
4. Because state property taxes increased this year for education, local citizens were promised tax relief in 2019.
5. Instead of tax relief, officials now want to spend the tax refunds elsewhere and keep the property tax rate permanently higher.



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Introduction

This fall, voters in the City of Spokane and the Spokane Public School district will decide whether to cancel a portion of property tax relief provided under a state-passed education funding law.

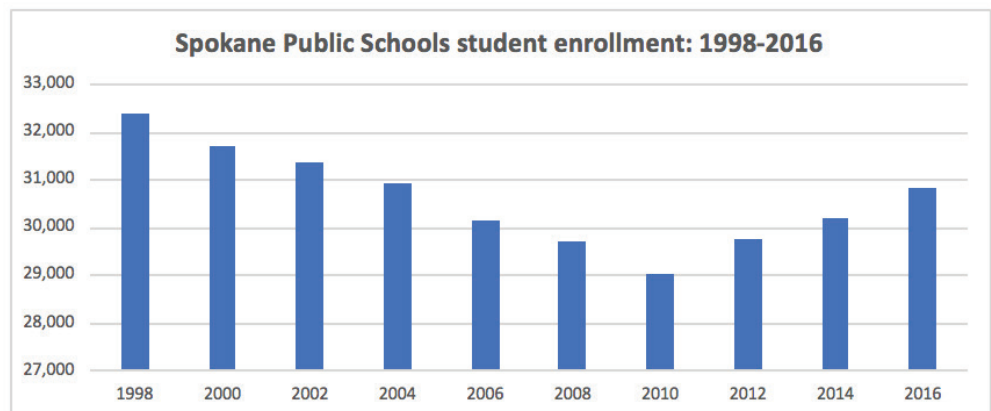
A trio of measures – Spokane Public School District Proposition 1, City of Spokane Proposition 1, and a City of Spokane Advisory Vote – would together increase taxes by more than half a billion dollars to build six new middle schools, a new high school football stadium, three new public libraries and renovate four other city libraries.

Passage of the measures would increase property taxes on the average Spokane homeowner by about \$200 per year.

Spokane Public Schools Proposition 1

The Spokane Public School district is the second largest in the state and serves more than 30,000 students.

Although enrollment has increased over the past five years, the number of students attending Spokane Public Schools over the past 20 years has declined. The district served 1,500 fewer students in the 2016-17 school year than it did in 1998. This is the equivalent of losing at least two middle schools worth of students.



Spokane Public School leaders say they want to take advantage of increased state education funding. They contend voter approval of a bond measure this year would provide reduced class sizes and replace and modernize older schools.

Their plan would increase local taxation by nearly a half-billion dollars. It includes replacing Glover, Sacajawea and Shaw Middle Schools, as well as building three new middle schools in Spokane – one in the Northeast, one in the Northwest, and one on the Southside. Further built into the bond is a new high school football stadium – either renovating Joe Albi stadium in Spokane, or building a new stadium near the Spokane Arena.

Planned property tax cut in Spokane (Per \$1,000 of Assessed Value)⁴

	<u>2017</u>	<u>2018 (current)</u>	<u>2019 (promised)</u>	<u>2019 (proposed)</u>
State K-12 Funding	\$2.00	\$2.80	\$2.80	\$2.80
School District Levy	\$3.79	\$3.79	\$1.50	\$1.50
New School & Library Bonds	-	-	-	\$0.98*
TOTAL	\$5.79	\$6.59	\$4.30	\$5.28*

**If bonds approved by voters*

The rise in state funding for education

Starting in 2011, Washington lawmakers began significantly increasing funding for public schools across the state. By the end of the 2018 legislative session, lawmakers had approved spending increases in K-12 education that nearly doubled the amount taxpayers provide to schools. Education spending by the state of Washington is up by \$9.7 billion, or 75%, in nine years.

Part of the reason for increasing state funding was to reduce the local property tax burden imposed by local school districts.

Lawmakers dramatically increased the state property tax this year, causing major property tax increases for homeowners across the state. At the same time, property owners in some school districts, including Spokane, were promised taxes would come down in 2019 when the local levy reduction kicked in.

Instead of Spokane taxpayers receiving the promised tax relief, government officials now want to spend the money elsewhere and keep the property tax rate permanently higher. The theory is that taxpayers are used to paying the extra tax and won't notice if scheduled property tax relief is partially cancelled.

Union demands push school budget deep into red

Great teachers deserve great salaries. By most measures, public school employees in Spokane are well-paid. Teachers in Spokane Public Schools make an average of \$72,000 per 10 month work year plus \$25,700 more in benefits.

The level of pay and benefits is more than twice the yearly household income for the average family in the city of Spokane.

In 2018, the state teacher's union pushed for what it called "BIG pay raises" and demanded salary increases of 15-37%.

After months of talks, Spokane school leaders agreed to a more than 13% hike.

The decision immediately put the Spokane School District budget into deficit – turning an \$8 million surplus into a \$12.6 million deficit for the current school year and a mammoth \$159.6 million deficit in its four year budget outlook.

State Senator Guy Palumbo (D- 1st District, Maltby) recently said “what concerns me are recent comments in the press from superintendents who are acknowledging that they are making unsustainable budget decisions and that the legislature is going to have to bail them out in the next several years. I think that is a recipe for disaster. There is no appetite in Olympia to bail out school boards and superintendents who make bad budget decisions.”

“Green” schools requirements increase costs

While the overall price of the Spokane school bond itself is staggering at \$495.3 million, some of that cost can be directly attributed to burdens placed on school districts by the state legislature.

Specifically, mandates to make new buildings “green” place a significant burden on taxpayers and deliver little in the way of energy savings or environmental improvement. Spokane has several examples of this.

In 2011, the Joint Legislative Audit and Review Committee (JLARC) found that of the \$455,826 spent by the Spokane School District to bring the new Lincoln Heights Elementary up to the “green” requirements, only \$81,000, about 18%, was spent on the energy efficiency elements.

The other 82 percent was spent to meet other elements of the LEED green building standard that did not yield savings. Put simply, the mandates required the district to waste hundreds of thousands of dollars simply to meet the law’s guidelines.

As a result, the so-called green schools don’t perform very well and often use far more energy than their traditionally built counterparts. Our own research backs up JLARC’s findings, noting that legislative mandates increase energy use, adding ongoing costs to the additional construction costs.

For example, Lidgerwood Elementary, which meets the “green” standards, used as much as 30 percent more energy than traditionally built schools in Spokane.

In fact, the most energy efficient elementary school in the district is Browne Elementary, which is 13 percent more efficient than Lincoln Heights. It was built in 2001 but without the “green” building standards.

These additional costs do not increase educational outcomes for students.

Stadium advisory vote

Perhaps the most controversial part of the Spokane Public Schools bond proposal is the element that includes construction of a new high school football stadium at a significant cost to taxpayers.

Joe Albi Stadium opened in 1950 and has been home to high school football in Spokane for decades. The 70-year-old stadium has begun showing its age. SPS officials say it must be renovated or replaced.

A study conducted in 2013 showed it would cost at least \$23.7 million to build a new stadium elsewhere, while it would cost \$18.1 million to renovate Albi. However, costs have likely significantly increased since that analysis was completed.

If it is relocated, Spokane city officials say they would like to see the stadium built to the east of the Spokane Arena – currently the site of a parking lot. But traffic concerns and the availability of parking have made the selection of that location precarious. Still, city leaders say it is viable with the addition of a parking garage – perhaps at the expense of taxpayers.

Resolutions and bond measures that would put taxpayers on the financial hook for the parking garage have not received an affirmative vote from city leaders. Voters will instead see an advisory proposition – not asking *if* a stadium should be built, but *where* – the Joe Albi stadium site or the site near the Spokane Arena on the North Bank of the Spokane River?

Library bond measure

Also on the ballot this fall for voters consideration is a \$77 million bond in the City of Spokane that, if approved, will give government officials more dollars to spend on the city’s library system.

The city’s Proposition 1 seeks renovations to current library branches in Downtown, the South Hill, Indian Trail and Shadle neighborhoods, plus construction of new locations at Hillyard, Liberty Park and Libby Center. In addition, the city promises to install library kiosks throughout the city¹.

In 2017, Spokane spent \$9.3 million on its public libraries – a 15% increase since 2010.² But even with six locations throughout the city, use of the public libraries is falling.

While there has been a 37% increase in new library card holders in Spokane over the past year to more than 100,000, attendance at actual Spokane library locations has declined.³ From 2015 to 2017, Spokane city libraries saw a 5% drop in attendance.⁴ Last year, fewer than 2,600 people per day entered Spokane city libraries – or just 424 people per library.

1 “Proposed Projects,” Spokane Public Library, available at <http://future.spokanelibrary.org/>.

2 “2017 Adopted Budget,” City of Spokane, available at <https://static.spokanecity.org/documents/budget/2017/2017-adopted-line-item-budget-2018-01-12.pdf>.

3 “2017 Spokane Public Library Annual Report,” Spokane Public Library, available at <http://www.spokanelibrary.org/wordpress/wp-content/uploads/SPL-2017-Annual-Report.pdf>. Library attendance figures shown above are averages; daily attendance at individual libraries varies.

4 “2015 Spokane Public Library Annual Report,” Spokane Public Library, available at <http://www.spokanelibrary.org/uploads/SPL-Annual-Report-2015-final.pdf>.

BY THE NUMBERS

SPOKANE CITY LIBRARIES

37%

Increase in new library card holders over past year

5%

Drop in attendance from 2015-2017

424

Average number of people entering a Spokane city library daily

In a tech-driven age, there is less need or desire on the part of the public to use libraries. Information is now widely available, often at little or no cost to users.

This trend raises questions about whether it's wise to spend \$77 million on a bond to nearly double Spokane's physical library footprint and expand a tax-funded service that some citizens find increasingly irrelevant.

Nearly 80% of adults say they have never gone to a public library.⁵ And since 2012, the number of Americans who said they visited a library in the past 12 months has dropped by almost 10%.

Meanwhile, the number of Americans who say they visit public library websites is on the *increase* – up 6% since 2012 – showing less need for buildings and staff and more need for online services.

Conclusion

Voters are being asked to approve a \$77 million bond to build and modernize seven city libraries. Separately, voters are being asked to approve a school bond plan that would spend \$495 million to build six middle schools and a new football stadium. Finally, in a separate advisory vote, voters are asked to decide the location of that football stadium. They do not get the opportunity to veto the stadium altogether, without rejecting the entire school bond.

Spokane-area property owners have seen a 44% hike in their state property taxes this year, a hike which was supposed to be balanced by a promised reduction in local property taxes in 2019 – a reduction that was to come at the expense of *state* taxpayers.

Now, Spokane officials want voters to partially repeal local property tax relief in these separate ballot measures that would collectively raise taxes in the Spokane area by nearly \$600 million. It is inaccurate to say, as some have, that any of these ballot measures would lower taxes.

Further, this summer, school district officials have put their budget more than \$12 million in the red – a deficit created by contract talks with the teachers' union. As one Democratic state senator put it, these contracts are “a recipe for disaster.”

Voters may decide it's not wise to spend another \$500 million on capital projects – which includes a sports stadium – while the school district is facing a budget “disaster” of its own making.

They might also consider it wasteful to spend \$77 million to build more library infrastructure while the need and use of the library by the public is waning.

Finally, a city advisory vote on the *location* of a sports stadium – without asking voters if they want the sports stadium in the first place – is really no choice at all.

⁵ *Libraries and Learning*, Pew Research Center, April 2016, available at <http://www.pewinternet.org/2016/04/07/libraries-and-learning/>.

While seeking to take advantage of partnerships is understandable, combining these important public spending questions on one ballot and into one campaign has greatly confused the issues at stake. The citizens of Spokane would be best-served if public officials instead presented issues separately and distinctly for careful consideration by voters, and did not try to wrongly convince citizens that approval would lower taxes.

About the Author



Chris Cargill is the Eastern Washington Director at Washington Policy Center. A sixth-generation Eastern Washingtonian, Chris grew up in Spokane and graduated from Gonzaga University with a bachelor's degree in broadcast communication studies and political science. Before joining WPC in 2009, he worked in TV news for 10 years. Chris has authored many of WPC's studies specific to Eastern Washington. He is an ex-officio for the Spokane Valley Chamber of Commerce and the Tri-City Regional Chamber of Commerce, and formerly served on the Spokane Regional Transportation Commission Advisory Committee and other mass transit sounding boards. He was also selected to serve on the budget and finance transition team for Spokane Mayor David Condon and currently serves on the Mayor's Advisory Council on Small Business. In 2011, Chris was named by Inland Business Catalyst magazine as one of the 20 top professional and civic leaders under the age of 40 in the Inland Northwest. When not working for WPC, you can often find him with family or at hockey games.



Rosemary Harris is the Eastern Washington Office Coordinator and Research Assistant for the Washington Policy Center. Rosemary grew up just North of the Tri-Cities and is proud to call the Columbia Basin her home. She received a Bachelor of Science in Business Management from Franciscan University of Steubenville in 2017. While in college she was an active participant in Christian Students for Free Enterprise and member of Franciscan University's Center for Leadership. She credits her Dad, a successful small business owner, with instilling in her passion for small business and free enterprise. Some of Rosemary's favorite things are discovering new hiking trails around the PNW and spending quality time with her family and friends.



Todd Myers is the Director of the Center for the Environment at Washington Policy Center. He is one of the nation's leading experts on free-market environmental policy. Todd is the author of the landmark 2011 book *Eco-Fads: How the Rise of Trendy Environmentalism Is Harming the Environment* and was a *Wall Street Journal* Expert Panelist for energy and the environment. Todd's research on the failure of "green" school mandates has stirred a reassessment of those requirements in school districts across the country. He currently sits on the Puget Sound Salmon Recovery Council and served on the executive team at the Washington State Department of Natural Resources. Todd also served as Director of Public Relations for the Seattle SuperSonics and Director of Public Affairs for the Seattle Mariners, and he holds a Master's degree from the University of Washington. He and his wife live in the foothills of the Cascade Mountains with two dogs and 200,000 honeybees.

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