

# *McCleary* and K-12 Funding in Washington

Investing in Washington students

Silverdale Rotary Club

September 18, 2014

Senator Christine Rolfes, 23<sup>rd</sup> District

# *McCleary v. State of Washington*

- A lawsuit filed by the McCleary family and others claimed the state was not meeting its “paramount duty” to amply fund schools, as laid out in Article IX of the state constitution.

Article IX states: “*It is the paramount duty of the state to make ample provision for the education of all children residing within its borders...*”

- The state Supreme Court ruled in favor of the plaintiffs in 2012, saying the Legislature must develop a basic education program and it must **fully fund** that program through regular and dependable tax sources.
- In 2014, the Legislature was held in contempt for not having a plan to fund schools by 2018.



# The Cost of Fully Funding Basic Ed

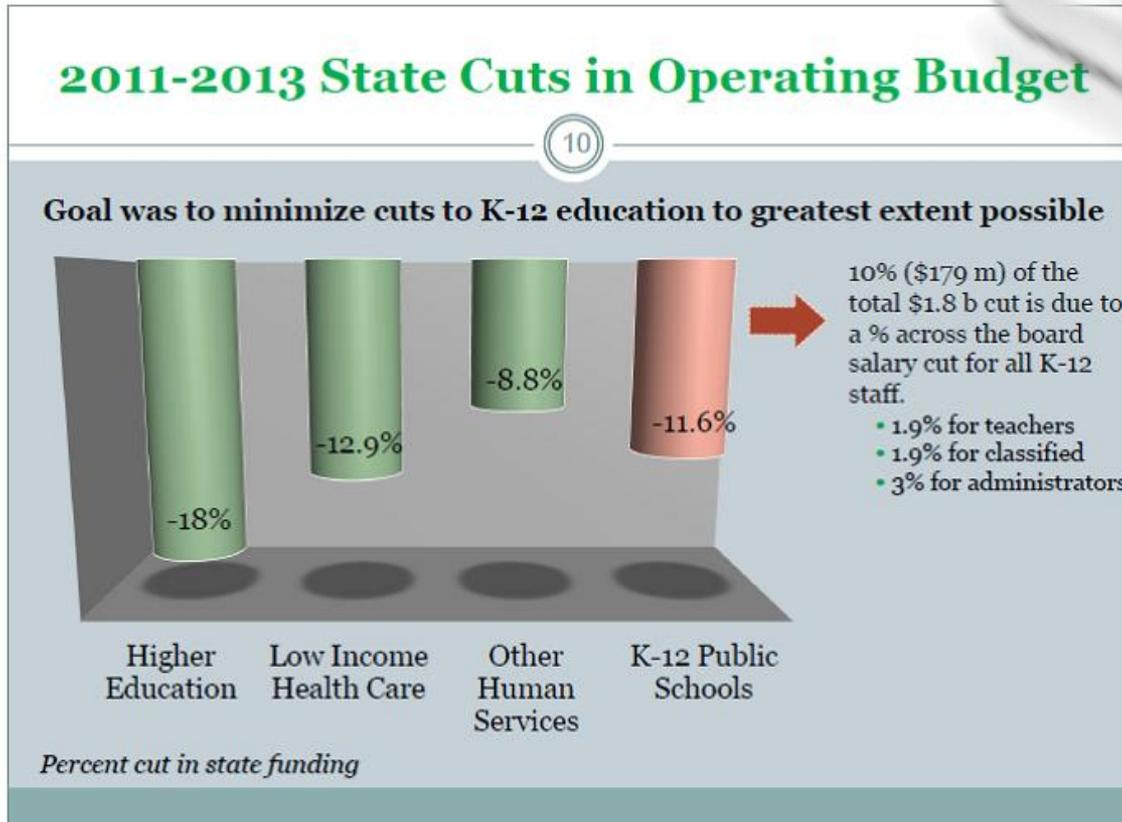
The cost of fully funding basic education is dependent on many things – including what programs you fund, and how many students are in the system.

Most estimates determine Washington will need at least an additional \$5 billion to meet the obligation to our kids.



# Recession and Reinvestment

- Significant budget cuts began in 2009 as the Recession took hold - eliminating
- \$1 billion to education in 2009-11 biennium alone.
- In the 2011-13 biennium, an additional \$1.8 billion was cut from K-12 funding - mostly in teacher and staff pay, and professional development.



- Simultaneously, the state was increasing teacher and administrator accountability and evaluation requirements.
- Although approximately \$1 billion has been added to K-12 funding in the past two years, it doesn't begin to make up what was removed during the recession.

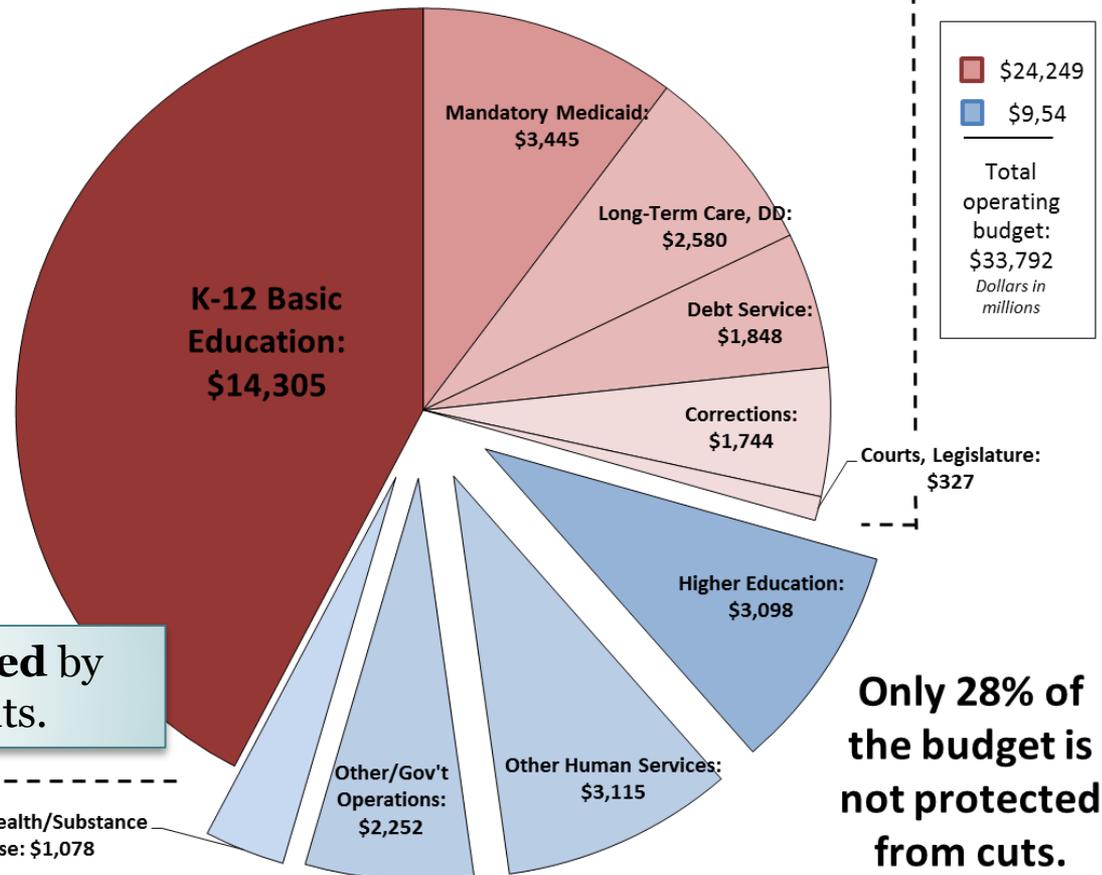
# McCleary and the 2015 Budget

The operating budget for Washington in the 2013-15 biennium was about **\$34 billion...**

72% of the operating budget cannot be cut.

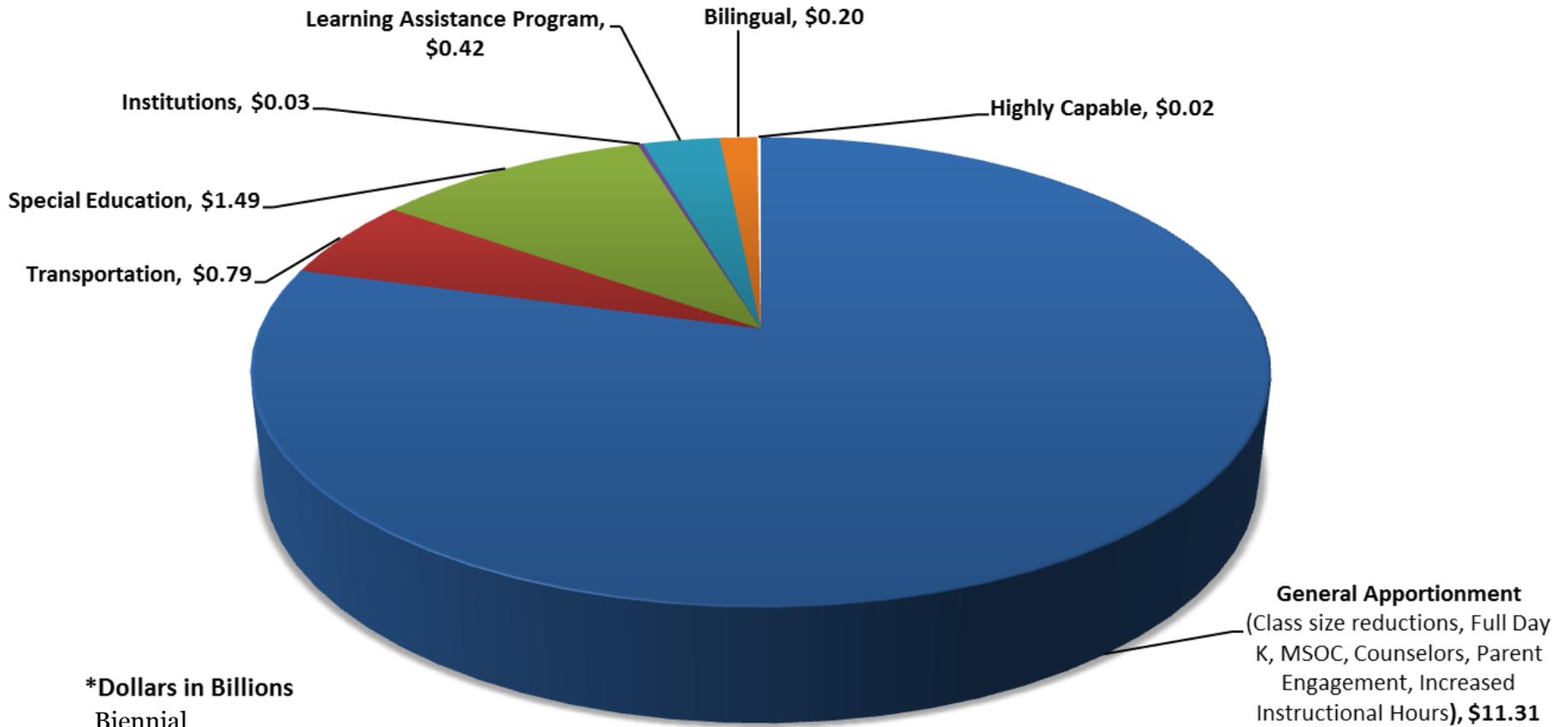
About **2/3** of the budget is protected by constitutional and federal requirements.

Mental Health/Substance Abuse: \$1,078



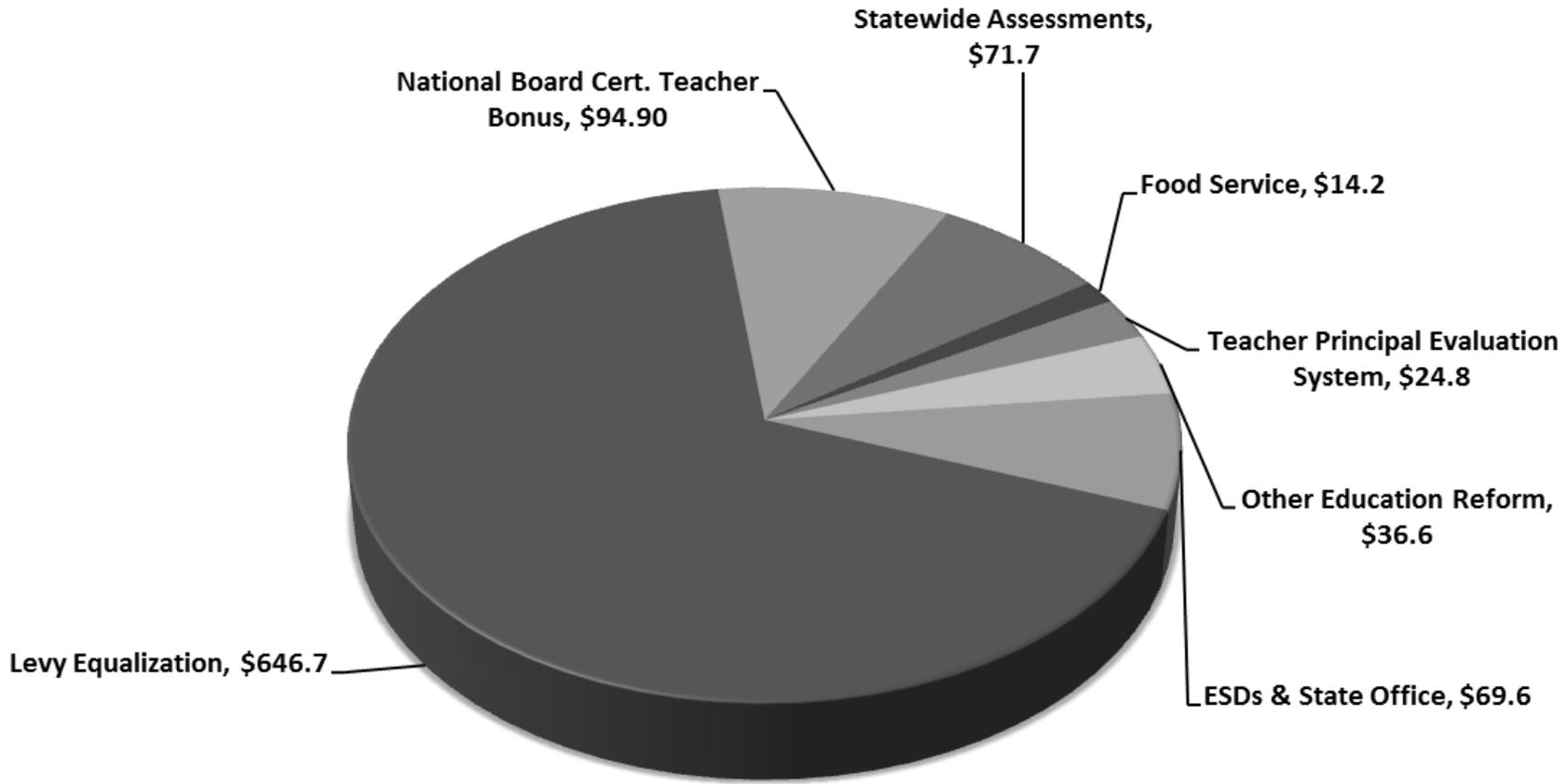
Only 28% of the budget is not protected from cuts.

# Basic Education Funding



\*Dollars in Billions  
Biennial

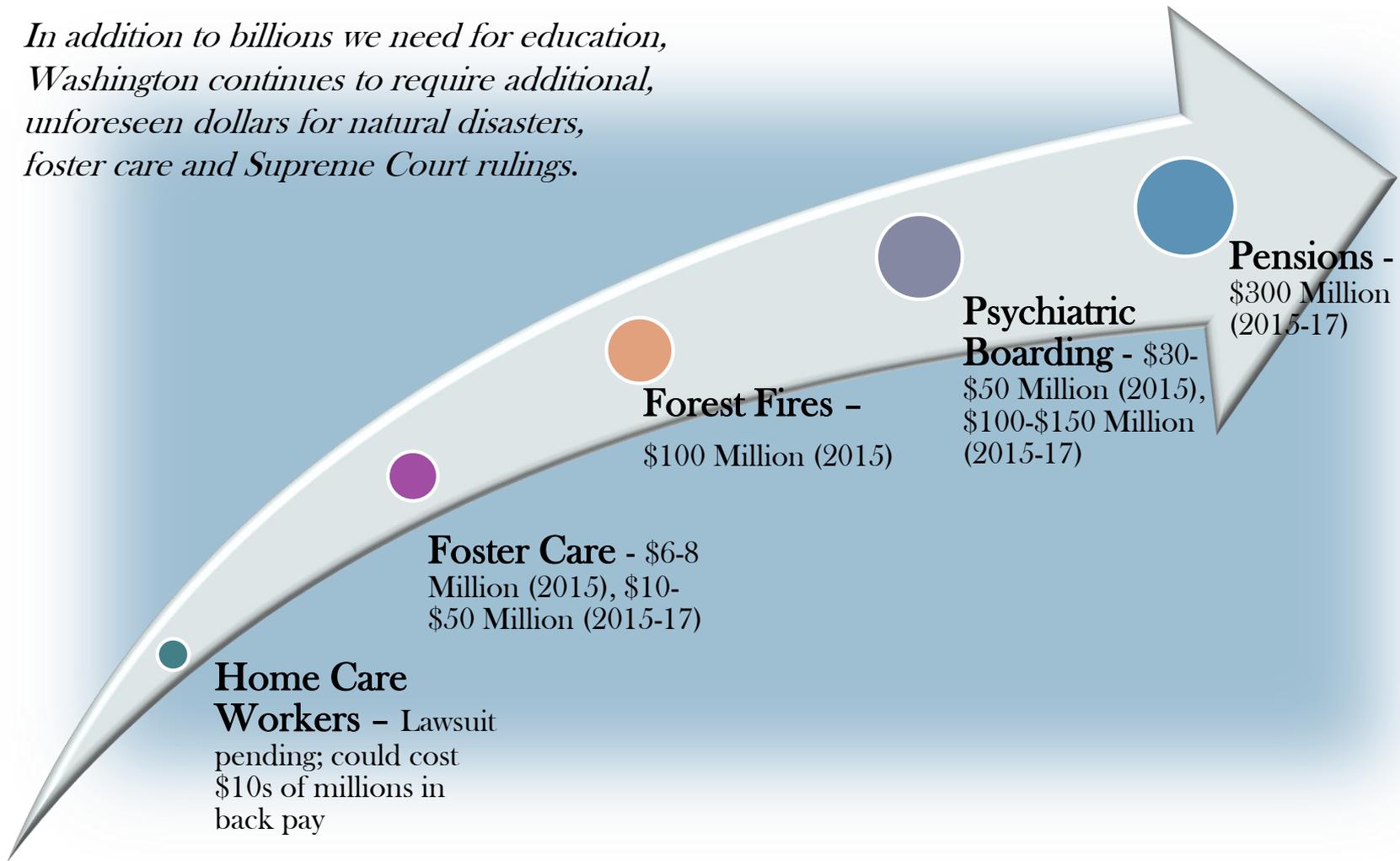
# Non-Basic Education Funding



\*Dollars in Millions  
Biennial

# Obligations in addition to *McCleary*

*In addition to billions we need for education, Washington continues to require additional, unforeseen dollars for natural disasters, foster care and Supreme Court rulings.*



**Home Care Workers** - Lawsuit pending; could cost \$10s of millions in back pay

**Foster Care** - \$6-8 Million (2015), \$10-\$50 Million (2015-17)

**Forest Fires** - \$100 Million (2015)

**Psychiatric Boarding** - \$30-\$50 Million (2015), \$100-\$150 Million (2015-17)

**Pensions** - \$300 Million (2015-17)

# Outcomes

What do your tax dollars do for Washington students?

- How much money given to each district is based on a variety of factors that determine a district's need - including the amount of students on free or reduced lunch and population.
- Once state funds are distributed to school districts, they have local control over how to use the funds.

The benefits of increased funding depends on numerous factors, including how the district uses the money and what their need is -  
but there are **some things we do know:**

- Increased funds have a significant long term impact on lifetime earnings and reduced rates of poverty and crime.
- Smaller class sizes have proven to be a very positive return on investment for taxpayers as well as students.
- Tutoring by both adults and peers has shown a positive return for all students, including non-English speaking learners.

# What about the state lottery?



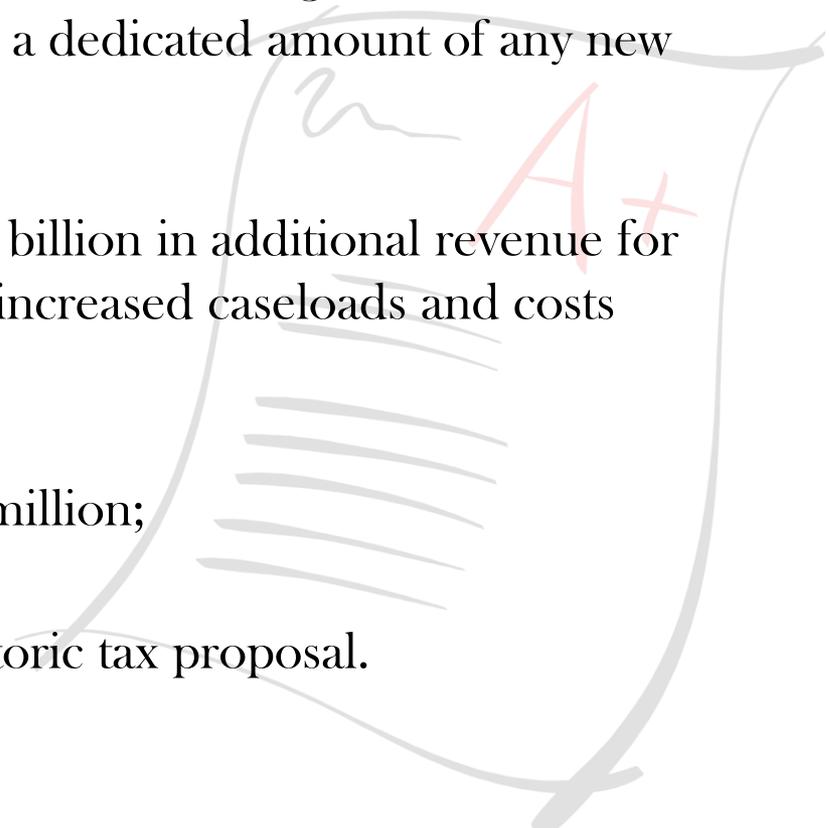
- 1982: WA lottery was created and funds were directed to the state General Fund.
- 1990s - 2000s: A variety of bills and an Initiative (728) moved Lottery revenue between the General Fund and direct education funding.
- 2010: Legislation was passed to re-direct around \$100 million of Lottery revenue annually from K-12 to early learning and higher education - this is still in place today. The rest goes toward debt reduction and problem gambling prevention and treatment.

**The total Lottery contribution to higher education in 2012 was \$121 million.**

**The K-12 budget for 2011-13 was over \$14 billion.**

# Solutions for 2015

*The difficulty in meeting this obligation surrounds where the money comes from to fund schools.*

- The solution will likely be multi-faceted - including measures like closing tax preferences and applying a dedicated amount of any new revenue to K-12 funding.
    - 4-year budget projects around \$3 billion in additional revenue for the 2015-17 biennium (although increased caseloads and costs could neutralize this);
    - “Easy” loophole closure = \$200 million;
    - More cuts to budget and/or a historic tax proposal.
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# Why does K-12 funding matter?

Despite the difficulty, it is all worth it:

- **Education = Opportunity**

A recent study showed that a “20 percent increase in per-pupil spending each year for all 12 years of public school for children from poor families leads to about 0.9 more completed years of education, 25 percent higher earnings, and a 20 percentage-point reduction in the annual incidence of adult poverty.”

\*National Bureau of Economic Research. May 2014, “The Effect of School Finance Reforms on the Distribution of Spending, Academic Achievement, and Adult Outcomes”

- **Education = Security**

More education means higher average annual salary, lower rates of poverty and lower unemployment.

\*PEW Research Center, Feb. 2014. “The Rising Cost of Not Going to College”

- **Education = Prosperity**

Because education funding leads to higher graduation rates and higher earned incomes – particularly for low income populations – the state and nation benefits by having fewer individuals rely on social services and fewer individuals being incarcerated.

“The roots of education are bitter, but the fruit is sweet.”

Aristotle