



# POLICY BRIEF

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## Overview of the McCleary Decision on Public Education Funding and Reform

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January 2014

### Key Findings

1. *In McCleary, the justices ruled that simply adding more money to the current system is not sufficient for the legislature to meet its constitutional duty.*
2. *Schools are receiving an average of \$11,400 per student; more than many private schools.*
3. *The McCleary decision noted how past efforts by judges to set education policy had failed.*
4. *The justices noted the legislature, not the courts, is best equipped to meet the changing needs of children.*
5. *The justices ruled, "Pouring more money into an outmoded system will not succeed."*
6. *Special interests tend to distort the true picture of public school finance to expand their own budgets.*
7. *Providing each child with a Student Education Scholarship would significantly improve the public's understanding of school funding.*



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# Overview of the McCleary Decision on Public Education Funding and Reform

by Liv Finne  
Director, Center for Education

## Introduction

The Washington State Supreme Court McCleary decision has caused significant confusion among lawmakers, educators, parents and the general public. This important January 2012 ruling written by Justice Debra Stephens, ruled that the state legislature has failed to fulfill its paramount duty under the constitution to “make ample provision for the education of all children residing within its borders...”<sup>1</sup>

The McCleary decision’s lack of clarity and conflicting language led the State Senate K-12 Education Committee to ask the state Attorney General to interpret the decision. The uncertainty about the meaning of the McCleary decision has encouraged interest groups to quote selectively from its provisions to claim it requires the legislature to add more public money to their favored state programs.

A thorough reading of the decision, however, shows the Supreme Court judges found that simply adding more public money to the current school system is not sufficient for the legislature to meet its constitutional duty to provide for the education of children in the state. The court ruled that effective reforms are needed, and that only the legislature can enact these reforms.

This study examines just what the McCleary decision says regarding both reforms and funding, reviews the key past education funding court ruling, provides an overview of increases in education funding since the courts became involved in education policy and finally, attempts to clarify the debate about what the decision means and what actions the legislature should take next to improve learning outcomes for children.

The study includes Washington Policy Center recommendations to reform school spending and to fulfill the McCleary requirement, to improve the way public education funds are spent and to bring transparency to the excessively complex and opaque system of public school finance.

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<sup>1</sup> McCleary, et.al. vs. The State of Washington, Supreme Court, Case No. 84362-7, January 5, 2012, page 4, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

## Background - The failure of past court rulings

Washington courts have been involved in setting state education policy before. In the 1970s, Thurston County court judge Robert Doran ruled that Washington school districts relied too much on local levies to pay for public education, and that this violated the state's constitutional requirement to fund the schools. Judge Doran was the first to attempt to improve education policy and educational outcomes through a mandatory court ruling. Previously, public education policy had been set by elected members of local school boards and by elected members of the legislature.

The purpose of Judge Doran's ruling was to reduce what he saw as an over-reliance on local levies. Judge Doran believed that increasing state-level funding would lower the drop-out rate, narrow the achievement gap, expand educational opportunities for poor students and improve the quality of the education of all children attending Washington public schools.

Judge Doran's ruling was upheld by the state Supreme Court in 1978. The legislature enacted a number of laws designed to implement Judge Doran's directive to define the state's basic program of education and to increase state funding for local schools and reduce the role of local levies.<sup>2</sup>

The legislature passed the Levy Lid Act, limiting to 10% the share of public school spending that could come from local levies. Later the legislature repealed this limit and raised the local funding level to 28% in 205 of 295 school districts, and between 28% and 38% in 90 districts.<sup>3</sup> Over the same period the legislature greatly increased state-level funding to local schools, in accordance with the Doran decision.

The years before the first Doran court decision, in 1975-76, the legislature provided \$890 of revenue per student (\$3,650 in 2013 dollars).<sup>4</sup> By 2013, the

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2 After Judge Doran's ruling, the legislature passed the Basic Education Act of 1977, which defined a series of education programs that would be funded with state tax dollars. Schools were no longer to be funded by local levies, and any local tax dollars collected were simply to supplement the basic education program funded by the state. To carry out this policy the legislature passed the 1977 Levy Lid Act, limiting the amount of a school district's budget that could come from local tax money to 10%. The legislature also passed the 1977 Levy Equalization Act, to use state law to collect money from well-off parts of the state and redistribute it to poorer districts.

The 10% levy lid limit was later repealed, and a new limit of 28% enacted, with a higher 38% limit for certain exempted districts, as described on pages 8 and 9 of the McCleary decision. The Levy Equalization law has remained intact. Today the state redistributes money from well-off districts to poorer districts.

3 "School District Property Tax Levies, 2013 Collections, Executive Summary," by Steve Shish, Supervisor, Apportionment Payments, Basic Education Payments, Office of Superintendent of Public Instruction, August 2013, page iv, at [www.k12.wa.us/safs/PUB/LEV/1314/13levy.pdf](http://www.k12.wa.us/safs/PUB/LEV/1314/13levy.pdf).

4 "Figure 29, Historical Comparison of Statewide School District General Fund—Revenues and Expenditures Per Pupil," Organization and Financing of Washington Public Schools, 1996 Edition, Office of Superintendent of Public Instruction, page 123 at [www.k12.wa.us/safs/PUB/ORG/96/org\\_fin96.pdf](http://www.k12.wa.us/safs/PUB/ORG/96/org_fin96.pdf).

legislature had dramatically increased per student funding to \$7,279 in 2013-14 and to \$7,764 in 2014-15.<sup>5</sup> In inflation-adjusted dollars, the legislature has more than doubled per-student spending in response to the Doran decision.<sup>6</sup>

Schools in Washington State in 2013-14 are receiving, on average across the state, at least another \$3,400 per student from local levies, federal and other funding, for an average total of \$11,400 per student.<sup>7</sup>

Thirty-six years later, the McCleary decision noted how past efforts by judges to set education spending policy had failed.<sup>8</sup> The broad educational goals Judge Doran expected to achieve through greatly-increased state spending have not been met. Today, about one-quarter of high-school students drop out, the achievement gap remains stubbornly large, poor students still lag behind their peers and academic assessment outcomes in reading, math and science have not improved.

In addition, McCleary decision author Justice Stephens noted that the Doran decision's effort to reduce the reliance of school districts on funding from local levies has failed.<sup>9</sup> Today, 19.91% on average of local school funding comes from local levies, well above the initial 10% level the legislature enacted in response to the Doran ruling.<sup>10</sup> The Doran decision and the legislature's responses to it failed to achieve its two primary objectives: they did not reduce the reliance of schools districts on local levies, which today depend on local taxes for nearly one third of their yearly budget and, more importantly, they failed to improve educational outcomes for Washington's school children.

## Review of the McCleary decision

In January 2012, the courts again sought to set public education policy through a judicial ruling. Since being handed down, the Supreme Court's McCleary decision has caused confusion and conflicts in interpretation among lawmakers, educators, parents, the media and the general public. Public employee labor unions and other private interest groups argue the decision means that further large increases in public spending will solve the problems plaguing public schools. Others point to passages in the ruling that indicate policy changes and operating improvements must be enacted before new money is added to an unreformed system.

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5 "Statewide Expenditure History – Operating Total State (TOT-S)," Office of Financial Management, at [fiscal.wa.gov/SpendHist.aspx](http://fiscal.wa.gov/SpendHist.aspx).

6 "2013-15 Operating Budget Overview," Senate Ways and Means Committee, July 27, 2013, at [www.leg.wa.gov/Senate/Committees/WM/Documents/June%2027%20ESSB%205034%20Striker%20Highlights.pdf](http://www.leg.wa.gov/Senate/Committees/WM/Documents/June%2027%20ESSB%205034%20Striker%20Highlights.pdf).

7 "Statewide Expenditure History – Operating Total State (TOT-S)," Office of Financial Management, at [fiscal.wa.gov/SpendHist.aspx](http://fiscal.wa.gov/SpendHist.aspx).

8 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 23, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

9 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, pages 8 and 9, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

10 "School District Property Tax Levies, 2013 Collections," by Steve Shish, Supervisor, Apportionment Payments, Basic Education Payments, Office of Superintendent of Public Instruction, August 2013, Table 3, page 3, at [www.k12.wa.us/safs/PUB/LEV/1314/13levy.pdf](http://www.k12.wa.us/safs/PUB/LEV/1314/13levy.pdf).

A review of the McCleary decision's main provisions helps to clarify this confusion.

First, the judges briefly explained their role in deciding the meaning of the state constitution.

“The judiciary has the primary responsibility for interpreting article IX, section 1 to give it meaning and legal effect.”<sup>11</sup>

The judges then said state officials have not fulfilled their constitutional duty to make ample provision for public education, and they provide guidance for the meaning of “ample.”

“The State has not complied with its article IX, section 1 duty to make ample provision for the education of all children in Washington.”<sup>12</sup>

“The word ‘ample’ in article IX, section 1 provides a broad constitutional guideline meaning fully, sufficient and considerably more than just adequate.”<sup>13</sup>

Returning to the funding problems Judge Doran tried to solve, the McCleary court ruled that,

“Ample funding for basic education must be accomplished by means of dependable and regular tax sources.”<sup>14</sup>

Still, the court noted that it is elected representatives, not judges, who must define the meaning of “education” and who must enact a detailed program of public schooling.

“The legislature has the responsibility to augment the broad educational concepts under article IX, section 1 by providing the specific details of the constitutionally required ‘education.’”<sup>15</sup>

“The program of basic education is not etched in constitutional stone. The legislature has the obligation to review the basic education program as the needs of students and demands of society evolve.”<sup>16</sup>

After ruling that the legislature, not the courts, must define the program of public education, the judges noted a law enacted three years earlier as ESHB 2261 as one way the legislature can define the state's public education program.

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11 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 2, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

12 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 3, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

13 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 3, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

14 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 3, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

15 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 2, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

16 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 3, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

“The legislature recently enacted a promising reform package under ESHB 2261, 61st Leg., Reg. Sess. (Wash. 2009), which if fully funded, will remedy deficiencies in the K-12 funding system.”<sup>17</sup>

The judges’ use of the definitive term “will remedy” has contributed to confusion over the McCleary decision. Some analysts question whether today’s Supreme Court judges will be any more successful than in the 1977 Judge Doran decision in setting education funding policy in a way that solves the problems plaguing the state’s K-12 schools.

Perhaps in recognition of this problem, the judges in the McCleary decision made it clear that, while the court has the “primary responsibility” for interpreting the constitution, judges are not well equipped to set detailed policy direction for complex public programs. The McCleary decision stated only the legislature can direct public education policy, although the judges say they intend to retain jurisdiction over the case itself.

“This court defers to the legislature’s chosen means of discharging its article IX, section 1 duty but retains jurisdiction over the case to help facilitate progress in the State’s plan to fully implement the reforms by 2018.”<sup>18</sup>

While not attempting to direct detailed policy, the court noted that the public education system that has developed in the 36 years since the Doran decision has not served the educational needs of Washington school children. The court ruled that simply adding money to a flawed system does not meet the requirements of the ruling, and that basic changes are needed in order for the legislature to comply with the McCleary decision:

“Fundamental reforms are needed for Washington to meet its constitutional obligation to its students. Pouring more money into an outmoded system will not succeed.”<sup>19</sup>

These passages are the source of much of the confusion over the meaning of the McCleary decision. On the one hand, Justice Stephens seems to order that a particular 2009 law enacted as ESHB 2261, must be funded in order to comply with the court’s ruling. Unions, as private organizations representing public education employees, have asserted that this passage requires the legislature to add \$4 billion to the current \$15.2 billion two-year state level education spending, and assume that no significant reforms are needed.<sup>20</sup>

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17 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 3, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

18 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, pages 3 and 4, at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

19 McCleary, et.al. vs. The State of Washington, Supreme Court Case No. 84362-7, January 5, 2012, page 69 at [www.courts.wa.gov/opinions/pdf/843627.opn.pdf](http://www.courts.wa.gov/opinions/pdf/843627.opn.pdf).

20 “School advocates critical of Legislature’s education funding,” by Donna Blankenship, AP, The Seattle Times, August 31, 2013, at [seattletimes.com/html/localnews/2021731164\\_edfundingreportxml.html](http://seattletimes.com/html/localnews/2021731164_edfundingreportxml.html).

On the other hand, the decision clearly asserts the primary role of the legislature, not the court, in choosing the means for carrying out the state's public education program, while stating that fundamental reforms must be enacted in the way schools educate children because "pouring more money into an outmoded system will not succeed."

The McCleary decision notes that the legislature must set education policy and allocate money to the state's public education program because of lawmakers' "uniquely constituted fact-finding and opinion gathering process..."<sup>21</sup>

The ruling points to the two ways the legislature represents the people of the state. First, lawmakers respond to the needs of the state through the formal legislative process such as bill drafting, public hearings, work sessions, roll call votes and floor activity. Second, lawmakers continually engage in an informal process of representation, traveling the state, visiting schools, listening to parents, and following the media and public opinion.

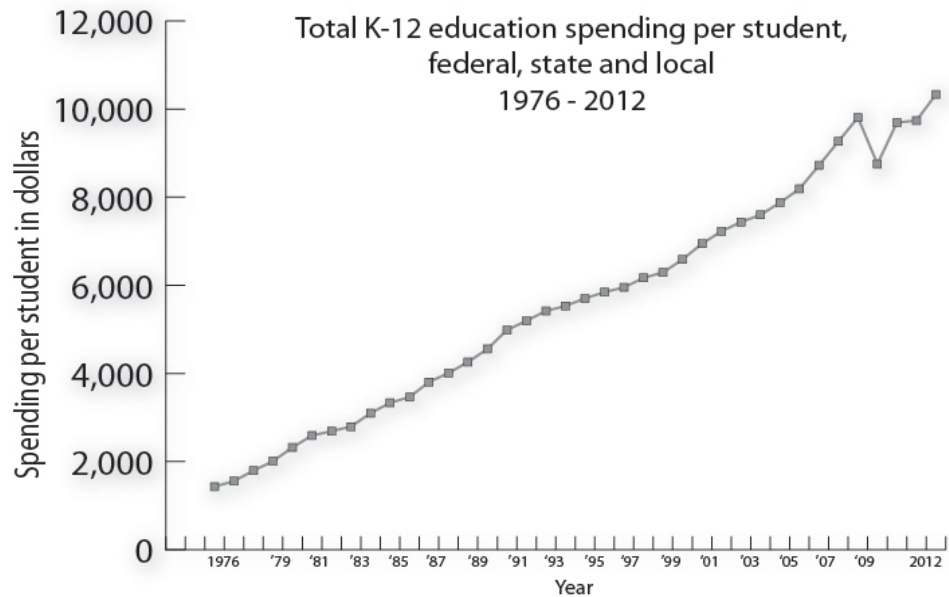
Neither of these two forms of representation is easily accessible to judges, which helps clarify the meaning of the McCleary decision when Justice Stephens wrote that the court "defers to the legislature" in defining and funding education policy. The court recognizes that the elected legislature is best equipped to stay current with the changing educational needs of the children of the state.

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## Increases in education spending since the Doran decision

As noted, the courts first became involved in state education policy in the late 1970s. One of the primary assumptions at that time was that devoting more tax money to the public education system would improve learning outcomes for children. That policy has been vigorously implemented in the years since the Doran ruling. The following graph shows the large increases in spending that lawmakers have devoted to education.



Total spending per student, including state, federal and local, 1976 to 2012.<sup>2223</sup>

Before the first Doran court decision, in 1976-77, the legislature provided \$930 of revenue per student (\$3,737 in 2012 dollars).<sup>24</sup> Total revenue per student from all state, local and federal sources was \$1,542 (\$6,197 in 2012 dollars).<sup>25</sup> In 2011-

22 “Figure 29, Historical Comparison of Statewide School District General Fund—Revenues and Expenditures Per Pupil,” Organization and Financing of Washington Public Schools, 1996 Edition, Office of Superintendent of Public Instruction, page 123, at [www.k12.wa.us/safs/PUB/ORG/96/org\\_fin96.pdf](http://www.k12.wa.us/safs/PUB/ORG/96/org_fin96.pdf)

23 “Figure 41, Historical Comparison of Statewide School District General Fund—Revenues and Expenditures Per Pupil,” Organization and Financing of Washington Public Schools, 2013 Edition, Office of Superintendent of Public Instruction, page 148, at [www.k12.wa.us/safs/PUB/ORG/13/Final%20Edition%202013.pdf](http://www.k12.wa.us/safs/PUB/ORG/13/Final%20Edition%202013.pdf).

24 “Figure 29, Historical Comparison of Statewide School District General Fund—Revenues and Expenditures Per Pupil,” Organization and Financing of Washington Public Schools, 1996 Edition, Office of Superintendent of Public Instruction, page 123 at [www.k12.wa.us/safs/PUB/ORG/96/org\\_fin96.pdf](http://www.k12.wa.us/safs/PUB/ORG/96/org_fin96.pdf).

25 “Figure 29, Historical Comparison of Statewide School District General Fund—Revenues and Expenditures Per Pupil,” Organization and Financing of Washington Public Schools, 1996 Edition, Office of Superintendent of Public Instruction, page 123 at [www.k12.wa.us/safs/PUB/ORG/96/org\\_fin96.pdf](http://www.k12.wa.us/safs/PUB/ORG/96/org_fin96.pdf).

12, the legislature provided \$6,522 of revenue per student. Total revenue per student from all state, local and federal sources was \$9,816.<sup>26</sup>

The high rate of per-student spending has resulted in a significant increase in the number of employees working for public school districts and to steady increases in public salary and benefit costs.

Number of public school employees per 1,000 students in 1976-77:  
79.33.

Number of public school employees per 1,000 students in 2012-13:  
102.70.

Percentage increase since 1976-77: 29.5%.

This means that in 1976-77 schools had 744,362 students and 59,050 employees, or one employee for every 13 students. Schools in 2012-13 had 987,757 students and 101,442 employees, or one employee for every 10 students.<sup>27</sup>

At the same time, the share of school employees devoted to classroom instruction has been cut. The proportion of teachers to total staff has fallen from 57% in 1976-77 to 53% in 2012-13.<sup>28</sup>

Many school districts have also cut the number of days students are permitted to attend school. State law provides that students are entitled to 180 days of instruction per year, but in 1995 the State Board of Education started allowing districts to cut the number of school days.<sup>29</sup> Recently, a growing number of districts have instituted weekly Late Starts or Early Dismissals, so school children in these districts receive only four full days of school a week.<sup>30</sup>

## The legislature's response to the McCleary decision

In the 2013 Legislative Session, the legislature cited the McCleary decision as the reason for reprioritizing spending on K-12 schools over other budget demands. The 2013 legislature directed further spending increases to K-12 school

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26 "Figure 41, Historical Comparison of Statewide School District General Fund—Revenues and Expenditures Per Pupil," Organization and Financing of Washington Public Schools, 2013 Edition, Office of Superintendent of Public Instruction, page 148 at [www.k12.wa.us/safs/PUB/ORG/13/Final%20Edition%202013.pdf](http://www.k12.wa.us/safs/PUB/ORG/13/Final%20Edition%202013.pdf).

27 "Table 4: Kindergarten Through Twelfth Grade (And Kindergarten Through Fourth Grade) staff per 1,000 enrolled students," Historical Comparison of Statewide School District Personnel, Office of Superintendent of Public Instruction, at [www.k12.wa.us/safs/PUB/PER/1213/tbl04.pdf](http://www.k12.wa.us/safs/PUB/PER/1213/tbl04.pdf).

28 "Historical Comparison of Statewide School District Personnel, Table 4: Kindergarten Through Twelfth Grade (and Kindergarten Through Fourth Grade) Staff per 1,000 Enrolled Students, School District Personnel Summary Reports, 2012-13," by Rosauero Bunda, Supervisor, School Personnel Reporting, Office of Superintendent of Public Instruction, at [www.k12.wa.us/safs/PUB/PER/1213/ps.asp](http://www.k12.wa.us/safs/PUB/PER/1213/ps.asp).

29 "Basic Education Waiver Requests," State Board of Education, May 8-9, 2013, at [sbe.wa.gov/documents/2013.05.01%20BEA%20Waivers.pdf](http://sbe.wa.gov/documents/2013.05.01%20BEA%20Waivers.pdf).

30 For example, the Lake Washington School District dismisses school 1.5 hours early every Wednesday, providing elementary students only 132 full days of instruction, and middle and high school students only 138 full days of instruction. See 2013-14 Calendar, at [lwsd.org/SiteCollectionDocuments/Global/2013-14-District-Sheet-Calendar.pdf](http://lwsd.org/SiteCollectionDocuments/Global/2013-14-District-Sheet-Calendar.pdf).

funding. For the 2013-15 biennium, schools will receive \$15.2 billion<sup>31</sup> in state funding, an increase of \$1.6 billion, or 11.4% over the previous budget.<sup>32</sup>

This reverses the trend of prioritizing non-education spending over education spending in the state budget. In the 2013-15 biennium, schools will receive 45.5% of the state general fund, up from 43.5% in the previous budget.<sup>33</sup> As a result, state funding per student will rise from \$6,782 per student in 2012-13, to \$7,279 per student in 2013-14 and \$7,764 per student in 2014-15.<sup>34</sup>

The \$7,764 per student in the 2013-15 budget is more than double the amount the state provided, in inflation-adjusted dollars, to schools in 1978, the year the State Supreme Court confirmed the Doran decision.<sup>35</sup> Schools will receive on average another \$3,400 per student from local levies, federal and other funding, for a total of \$11,400 per student.<sup>36</sup>

This means that for a class of 25 students, schools are receiving about \$285,000 per classroom in funding. With an average teacher's salary (\$64,662) and benefits (\$19,398) costing the state \$84,060, each class receives over \$200,000 to cover all other costs.<sup>37</sup>

## **The McCleary decision requires the legislature to pass fundamental reforms to school spending**

As noted, the McCleary Court decision requires the legislature to pass fundamental reforms to improve the schools; particularly since government reports show that only 59 cents of every dollar actually reaches classrooms.<sup>38</sup> The 2009 law ESHB 2261, is insufficient to meet the requirements of the McCleary decision because this law did not reform public schools in ways that improve learning outcomes

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31 "2013-15 Operating Budget, Statewide Summary and Agency Detail," Senate Ways and Means Committee, July 27, 2013, page 1A, at [www.leg.wa.gov/Senate/Committees/WM/Documents/soAgencyDetail\\_0627.pdf](http://www.leg.wa.gov/Senate/Committees/WM/Documents/soAgencyDetail_0627.pdf).

32 This year, 2013-14, the state will provide \$7,279 per student. In 2014-15 the state will provide \$7,764 per student, nearly \$1,000 more per student than the \$6,782 per student provided in the last biennium. See page 6 of Senate Ways and Means "2013-15 Operating Budget Overview," Senate Ways and Means Committee, July 27, 2013, at [www.leg.wa.gov/Senate/Committees/WM/Documents/June%2027%202ESSB%205034%20Striker%20Highlights.pdf](http://www.leg.wa.gov/Senate/Committees/WM/Documents/June%2027%202ESSB%205034%20Striker%20Highlights.pdf).

33 "Statewide Expenditure History—Operating, Near General Fund- State (NGF-S), at [fiscal.wa.gov/SpendHist.aspx](http://fiscal.wa.gov/SpendHist.aspx).

34 "Statewide Expenditure History – Operating Total State (TOT-S)," Office of Financial Management, at [fiscal.wa.gov/SpendHist.aspx](http://fiscal.wa.gov/SpendHist.aspx).

35 "2013-15 Operating Budget Overview," Senate Ways and Means Committee, July 27, 2013, at [www.leg.wa.gov/Senate/Committees/WM/Documents/June%2027%202ESSB%205034%20Striker%20Highlights.pdf](http://www.leg.wa.gov/Senate/Committees/WM/Documents/June%2027%202ESSB%205034%20Striker%20Highlights.pdf).

36 "Statewide Expenditure History – Operating Total State (TOT-S)," Office of Financial Management, at [fiscal.wa.gov/SpendHist.aspx](http://fiscal.wa.gov/SpendHist.aspx). Local levies, the federal government, and other revenues provide about another \$2,000, \$1,000, and \$400 per student, respectively, so the total per student amount in Washington will reach an all-time high of over \$11,000 per student. "Statewide Expenditure History – Operating Total State (TOT-S)," Office of Financial Management, at [fiscal.wa.gov/SpendHist.aspx](http://fiscal.wa.gov/SpendHist.aspx).

37 "State Summary, School District Personnel Summary Profiles, School Apportionment and Financial Services," Office of Superintendent of Public Instruction, Table 19, page 6 of 6, at [www.k12.wa.us/safs/PUB/PER/1213/tbl19.pdf](http://www.k12.wa.us/safs/PUB/PER/1213/tbl19.pdf).

38 K12 Expenditures—Statewide Summary, Statewide by Activity Group," Office of Financial Management, at [fiscal.wa.gov/K12.aspx](http://fiscal.wa.gov/K12.aspx).

for children. The ESHB 2261 law continues the public education practices of the past by imposing more complex and prescriptive formulas on education spending. It does not add innovation and best practices, improve the delivery of resources to the classroom, nor enact reforms to improve the quality of instruction.

At the same time the 2013 legislature increased by \$1.56 billion funding for schools, in 2013 the Senate passed three major reform bills to comply with the McCleary requirement of passing fundamental reforms to improve the schools. These bills would have:

- Required teachers to obtain the consent of a school principal before securing an assignment to a school, overriding seniority rules in union contracts;<sup>39</sup>
- Limited the rate of growth in spending on non-education programs to a factor of inflation and population growth, changed the way the state expenditure limit is calculated and directed funds raised by various taxes to the education legacy trust account to protect education funding in the budget;<sup>40</sup>
- Created an A-F grading program for schools based on the state's accountability index,<sup>41</sup> a reform Governor Inslee promised the public he would enact when he was running for office.<sup>42</sup>

These bills were opposed by the governor and blocked by the House in 2013, but statutes like these would introduce fundamental reforms to the existing system of schools, and would help fulfill the legislature's constitutional duty to improve the schools.

## **Policy Options for 2014—creating a Student Education Scholarship to provide clarity to school funding**

Washington Policy Center recommends the legislature redefine its program of education in favor of a student-centered finance model, which would allocate an actual dollar amount for each student, adjusted for inflation. This Student Education Scholarship would be weighted, with more money provided to students with special learning needs.

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39 "2013 Senate Bill 5242: Requiring policies regarding assignment of certified instructional staff," Washington Votes at [www.washingtonvotes.org/Legislation.aspx?ID=152362](http://www.washingtonvotes.org/Legislation.aspx?ID=152362).

40 "2013 Senate Bill 5895: Funding education," Washington Votes, at [www.washingtonvotes.org/Legislation.aspx?ID=152362](http://www.washingtonvotes.org/Legislation.aspx?ID=152362).

41 "2013 Senate Bill 5328: Creating a school-grading program that relies on the accountability index," Washington Votes, at [www.washingtonvotes.org/Legislation.aspx?ID=151874](http://www.washingtonvotes.org/Legislation.aspx?ID=151874).

42 In fall of 2012, then-candidate Jay Inslee said: "We have a quarter of our children who are sort of forgotten children, and that is going to be unacceptable when I'm governor. That's one of the reasons I'm proposing (that) every school will have a letter grade that will be given and disseminated then to the parents in the district so that we hold ourselves accountable." See "Governor Inslee supports letter grades for schools," Washington Policy Center Blog, February 19, 2013, at [www.washingtonpolicy.org/blog/post/governor-inslee-supports-letter-grades-schools](http://www.washingtonpolicy.org/blog/post/governor-inslee-supports-letter-grades-schools).

Each year the legislature could increase the Scholarship amount in response to inflation and programming needs. Such a funding model would better inform the public how much the state is actually providing to the schools.

The actual dollar amount of the Student Education Scholarship, which would be \$7,279 in 2013-14, would follow each student to his or her school, with a set percentage going to overhead costs in the district. Additional funding, approximately \$3,400 per student in 2013-14, would continue to be provided to schools from local, federal and other sources. School districts could be required to report on how much of the state's per student amount actually reached school buildings, and how much districts could save if they contracted with the private sector to deliver various services.

Lawmakers in California recently enacted a similar reform. Governor Jerry Brown's recommendation to convert California's complex school funding formulas has been adopted as a Local Control Funding Formula, which defines a dollar amount per student, with additional sums provided to students with special needs.<sup>43</sup>

Delivering more dollars to students with special learning problems would go a long way towards fulfilling the state's paramount duty for actually educating every child within its borders.

## Conclusion

State K-12 education funding formulas in Washington are driven by the cost of providing certain public school personnel and programs. These formulas are based on certain staffing ratios, one-size-fits-all salary scales and a variety of categorical program requirements including Basic Education Apportionment, Special Ed, Transportation, Non Basic Ed, Levy Equalization, Learning Assistance Program and more. These formulas make it very difficult for the public to learn the amount per student the legislature provides K-12 schools each year.

As a result, the public is not well informed about the amount of money the schools actually receive. Obtaining accurate, current numbers about school finance requires considerable knowledge and experience with funding formulas, categorical program spending and budgeting practices.

Government summaries of school budgeting decisions are not produced until the January after the legislative session, so this time lag prevents reporters from informing the public about how much schools receive when a budget is passed. Reporters have difficulty providing the public accurate school funding numbers for all these reasons.

This environment allows self-interested parties to distort the true picture of public school finance in their efforts to expand their own budgets. The lack of understanding among the public then frustrates efforts to improve the way public dollars are spent in the schools, so resources can be delivered to help children learn. Schools cannot be held accountable for improving their performance in

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43 "Local Control Funding Formula," California Department of Education, at [www.cde.ca.gov/fg/aa/lc/](http://www.cde.ca.gov/fg/aa/lc/).

this environment because the public's basic confusion over school funding leads to endless discussions of school finance.

Clarifying and simplifying the reporting of school spending numbers by creating a Student Education Scholarship would significantly improve the public's understanding of school funding and finance, and ultimately allow a conversation to begin about how to spend school resources better, to help children in the schools. This goal, better public education for children, not just more spending, is what the Supreme Court was trying to achieve in handing down the McCleary decision.

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