Request for Proposed Solutions from the Public: Recommendations to the Legislature on Implementing the Program of Basic Education as Defined in Statute

As discussed during the June 8th meeting of the Education Funding Task Force (EFTF), members of the EFTF would like to request proposals from the public on what recommendations they would make to the Legislature on implementing the program of basic education as defined in statute.

Proposed solutions must be submitted by e-mail at EFTFResponses@leg.wa.gov. Please submit proposals by July 31st. Proposals must include both a plan for expenditures and the source of resources to fund the expenditures, either cuts to existing expenditures, new sources of revenue or some combination thereof. The resource portion of the proposal must be specific. For instance, if the proposal includes elimination of tax exemptions, it must specify which tax exemptions are recommended to be eliminated. Proposals should include recommendations for each of the education funding components that are outlined in Section 2 of Engrossed Second Substitute Senate Bill 6195.

A copy of E2SSB 6195 can be found here: http://lawfilesext.leg.wa.gov/biennium/2015-16/Pdf/Bills/Session%20Laws/Senate/6195-S2.SL.pdf

Ten responses were received.
Page numbers for the merged document are at the top of each page in the middle.

1. Owen Ewald (pages 3-4)
2. Washington Association of School Administrators (pages 5-16)
3. Donald Nielsen (pages 17-20)
4. State Treasurer - Jim McIntire (pages 21-22)
6. Washington Education Association (pages 29-38)
7. Office of the Superintendent of Public Instruction (pages 39-44)
8. Washington's Paramount Duty (pages 45-58)
9. League of Education Voters (pages 59-82)
10. Brendan Kolding (pages 83-87)
From: Owen Ewald  
Sent: Monday, June 27, 2016 2:38 PM  
To: EFTF Responses  
Subject: education funding

Dear Legislature,

You could fund basic education according to the state constitution (estimated cost: $3.5 billion) if you did the following things:

1) repeal the professional services exemption from the Business & Occupations tax. It is insane that landscaping services and hair salons pay B & O tax, but law firms and software companies do not. This change would raise $1 billion per year.

2) repeal all or some of the special tax breaks given to Boeing. They are now headquartered in Chicago and no longer a WA state corporation. This change would raise over $300 million per year.

3) raise taxes on carbon (including gasoline and propane), alcohol, and cigarettes, to the level of $2.2 billion per year

Total: $3.5 billion per year.

Sincerely, Owen Ewald
From: Dan Steele  
Sent: Thursday, July 07, 2016 2:44 PM  
To: EFTF Responses  
Subject: EFTF Recommendations to implement program of Basic Education

Education Funding Task Force:

On behalf of the Washington Association of School Administrators, please find attached a set of recommendations regarding the education funding components outlined in E2SSB 6195 (Section 2). We appreciate the opportunity to contribute to this important project and stand ready to provide additional input to assist you in successfully completing your assignment.

Thank you,

-Dan

Daniel P. Steele  
Assistant Executive Director, Government Relations  
Washington Association of School Administrators
Recommendations of the Washington Association of School Administrators
To the Washington State Legislature’s Education Funding Task Force
July 2016

The Washington Association of School Administrators appreciates the opportunity to provide input to the Education Funding Task Force regarding their assignment. Our recommendations are listed below, organized around the specific task force responsibilities as defined in E2SSB 6195, Section 2.

(1) The education funding task force is established to ... make recommendations to the legislature on implementing the program of basic education as defined in statute.

Background:
The prototypical school funding model is at the heart of the revised definition of basic education incorporated in ESHB 2261. That model derives from the recommendations of Picus and Odden’s 2006 evidenced-based approach that was part of the Washington Learns study. While ESHB 2261 created most of the new staff allocation categories of Picus and Odden’s prototypical school funding model, that law didn’t define the values for the allocation formulas.

The work of creating the allocation formula was assigned to two different groups. The Funding Formula Technical Working Group (FFTWG) was the first to create values. In their Final Report, the FFTWG stated that their proposed baseline values merely translated current funding levels into the more numerous staff categories of the new allocation model:

This baseline provides the same level of staffing and non-employee related costs as the current formula, but allocates those funds according to the new prototypical school structure in ESHB 2261. (pg. iv)

This work was only intended as the starting point upon which additional funding was to follow. The Quality Education Council (QEC) was “created to recommend and inform the ongoing implementation by the legislature of an evolving program of basic education” (ESHB 2261, pg. 26). Their 2010 Report provided the recommended 2018 values for the prototypical allocation model.

RCW 28A.150.260 provides the current actual allocations. With the exception of the staffing elements addressed in SHB 2776, most of those values still reflect the baseline developed in 2009 by the Funding Formula Technical Working Group. In
other words, much more needs to be done to provide school districts with the staff required to implement the new prototypical funding model. A critical aspect of this funding model is that the formula is intended for allocation purposes only. This allows districts the flexibility to adjust their staffing to accommodate fractional FTE allocations and to address local priorities.

In addition to the need to fully implement the prototypical school funding model, there are several significant areas of underfunding that are not addressed by that formula. School districts across the state are routinely forced to make significant expenditures from their local levy revenue to fund programs that aren’t part of the prototypical formula such as special education, substitute costs, free/reduced meal costs, and professional development. Those issues must also be addressed if local levies are limited to the enhancement role spelled out by two State Supreme Court decisions. Additional capital funding will also be needed for districts to realize the expansion of All Day Kindergarten and the lower grades 1-3 class sizes funded in the staff allocation model.

Recommendation:

Implement the prototypical school funding model as defined in the QEC 2010 Report and maintain the statutory expectation that such funds are for allocation purposes only.

In his 2016 budget request, State Superintendent of Public Instruction Randy Dorn used the QEC recommended values as a starting point but made proposed modifications in some of the staffing levels. WASA supports the rationale used by Superintendent Dorn in making those adjustments. We would support either the 2010 QEC recommendation, or the 2016 OSPI budget request. Whichever target is selected by the Legislature; full funding should be achieved within four years.

Steps should also be taken immediately to provide ample allocations for programs that aren’t part of the prototypical formula such as special education, certificated and classified substitute costs, free/reduced meal costs, professional development, and any other areas of underfunding not fully addressed by the prototypical model.

(2) Using the data and analysis provided by the consultant and the previous body of work provided to the legislature, the task force must, at a minimum, make recommendations for compensation that is sufficient to hire and retain the staff funded under the statutory prototypical school funding model and an associated salary allocation model.
Background:
In ESHB 2261 the Legislature recognized the importance of providing competitive wages:

... providing students with the opportunity to access a world-class educational system depends on our continuing ability to provide students with access to world-class educators. The legislature also understands that continuing to attract and retain the highest quality educators will require increased investments. The legislature intends to enhance the current salary allocation model and recognizes that changes to the current model cannot be imposed without great deliberation and input from teachers, administrators, and classified employees. Therefore, it is the intent of the legislature to begin the process of developing an enhanced salary allocation model that is collaboratively designed to ensure the rationality of any conclusions regarding what constitutes adequate compensation (pg. 57).

The Compensation Technical Working Group (CTWG) was the collaborative design group created to develop the new market-based salary allocation model. They worked for an entire year, beginning in July of 2011, and submitted their Final Report in June of 2012. In addition to the broad-based membership of this committee, the CTWG also utilized recommendations from numerous outside experts in developing a fair market-based salary allocation model. Even though the CTWG’s final report was submitted on June 30, 2012, as directed by the Legislature, it didn’t receive a legislative hearing until 2015.

While there may be some misgiving among some legislators about some of the conclusions reached by the CTWG, it is doubtful that the current Education Funding Task Force will be able to improve on the rigor of their work in the few months they have available. The current teacher shortage highlights how important it is to move forward immediately with this delayed aspect of ESHB 2261.

Recommendation:
Begin implementation of the salary allocation model proposed by the Compensation Technical Working Group with values adjusted to reflect cost of living increases that have occurred since the study was completed. Balancing the urgency of addressing inadequate educator salaries with the time needed to implement such a significant change, we recommend that the new model be implemented over four years. That would also provide ample time during the transition period to review and adjust any of the recommendations which may not make sense in the current context. Such a review should involve both legislators and representatives of the groups who will be impacted by the new system.
(2) The recommendations must also include provisions indicating whether:
   (a) A system for future salary adjustments should be incorporated into the salary allocation model and if so, the method for providing the adjustment;

Recommendation:
Implement the Compensation Technical Working Group proposal found on page 14 of their Final Report:

To ensure that the K-12 salary allocations keep pace with the wages of comparable occupations, the CTWG recommends that the comparable wage analysis be conducted every four years and allocations be adjusted accordingly, if necessary. In the interim, state allocations should be adjusted annually with the Seattle-Tacoma-Bremerton Consumer Price Index as per the provisions of Initiative 732.

(2) The recommendations must also include provisions indicating whether:
   (b) A local labor market adjustment formula should be incorporated into the salary allocation model and if so, the method for providing the adjustment. This must include considerations for rural and remote districts and districts with economic and distressing factors that affect recruitment and retention.

Background:
The purpose of any labor market adjustment is to ensure that each district is able to attract and retain excellent educators. Many districts face a challenge in that regard due to their high cost of living. Other school districts face a similar challenge due to their remote location and lack of amenities. Any system designed to provide a fair labor market adjustment should address both challenges.

The proposals offered thus far to address the high cost needs have been based on regional or county data. Those systems aren’t able to address the often dramatic differences within such areas. In Chelan County, for example, the cost of living in Lake Chelan is much higher than living in Wenatchee; yet most proposals would have treated them as the same. It is important, therefore, for any high cost market adjustment to be based on district-level data. The median home value provided within the US Census data provides this type of district-level data and is a good proxy for other cost of living differences.

A staff mix factor is calculated for each school district, and it provides a good metric for measuring differences in the ability to attract and retain teachers. School districts with low staff mix factors have less experienced and/or less highly-trained staff. Averaging
that factor over a few years would provide a good metric that eliminates the volatility that might occur annually in small districts’ data.

**Recommendation:**

A labor market adjustment should be utilized which includes two elements—an index that reflects cost-of-living differences, and one that addresses the needs of school districts in hard to recruit and retain areas. Both indices should rely on district-level data rather than factors at a county or regional level.

For cost of living differences, the US Census provides district-level median home values and the data is updated every few years. That would provide a reasonable proxy for cost-of-living differences. To address needs of districts in hard to recruit areas, we propose an index based on a multi-year average of district staff mix factors. Both indices should be calculated for each district and the higher of the two should be applied to each district’s salary allocation.

(3) The task force must review available information to determine whether additional state legislation is needed to help school districts to support state-funded, all-day kindergarten and class-size reduction in kindergarten through third grade.

**Background:**

School districts across the state face challenges in providing the classroom space needed to realize the expansion of all-day Kindergarten and lowering of class sizes in grades K-3. Legislative actions thus far have been inadequate in addressing this challenge. Based on OSPI’s calculation of the need, Superintendent Dorn’s 2015-17 Capital Budget proposal requested almost $2.0 billion to provide the new classrooms necessary. In response, the Legislature only provided $235 million to address that need. Additional funding is needed if students, regardless of their zip code, are able to benefit from the reduced class sizes allocated in the prototypical funding model.

The other state legislation needed to ensure all students have adequate classroom space is to change the current supermajority requirement for school bond elections. With the statewide change to mail-in ballots for all elections, there can no longer be a justification within our democracy for allowing minority rule with such capital ballot measures.

**Recommendation:**

To ensure all school districts have the resources to secure additional facility space necessary to accommodate all-day kindergarten and K-3 class size reduction, WASA urges the Legislature to:

(1) Advance a constitutional amendment to the people authorizing school district bond issues to be approved with a simple majority vote;
(2) Enhance the State’s investment in K-12 construction by updating the current, outdated funding formulas for the Construction Cost Allowance and Student Space Allocation to ensure funding more closely reflects actual construction costs and educational space needs; and

(3) Provide a significant increase in capital funds to assist school districts with necessary new construction or modernization.

(5) The task force must also make recommendations regarding:
   (a) Local maintenance and operation levies and local effort assistance;

Background:

The WASBO-WASA Local Funding Workgroup spent over a year studying this complicated issue. In the Whitepaper produced at the conclusion of that effort, the Local Funding Workgroup emphasized the importance of funding basic education costs before any adjustment is made to local levy levels:

*Fund the full cost of basic education labor first, followed by other improvements as outlined in ESHB 2261 and SHB 2776. Requiring additional staff units or additional salary without first addressing the funding shortfall in the underlying compensation for state-funded staff units not only fails to solve the State underfunding problem, it actually increases districts’ reliance on local levy funding.*

After state funding is provided for basic education costs that are currently covered by local levies, some reduction in levy authority makes sense. However, it would invite financial disaster in many districts for the state to lower levy authority, either prior to or concurrently with, steps to fully fund basic education. It will take a significant transition period to gradually unwind this complicated blend of local and state dollars that support basic education.

**Recommendation:**

Local levies can be reduced after state funding has increased to cover basic education costs formerly paid with those local dollars. Such reductions should only occur after the new state funding is fully integrated into school district operating costs.

Even with a reduced levy, there would still be a need for LEA due to the dramatic disparity in district property values and related levy rates. We stand ready to work with the Legislature to review and revise the current LEA formula as long as any changes create an equitable learning opportunity for all students regardless of their zip code.
(5) **The task force must also make recommendations regarding:**

(b) **Local school district collective bargaining;**

**Background:**

Most of the current contentiousness related to collective bargaining relates to compensation issues. Given the lack of state funding to provide market rate educator salaries, school districts have become the focal point of union efforts to enhance salaries. Section (4) of RCW 28A.400.200 allows such locally bargained salaries “for additional time, for additional responsibilities, for incentives, or for implementing specific measurable innovative activities.” This is generally referred to as TRI pay. That section prohibits districts from using local funds to pay for “services which are a part of the basic education program.” But as pointed out by the Supreme Court in the *McCleary* decision:

*The State points to the Basic Education Act, which declared from its inception that “[b]asic education shall be considered to be fully funded by those amounts of dollars appropriated by the legislature pursuant to” the funding formulas (pg. 60).*

In other words, for nearly four decades the definition of basic education has been whatever the Legislature funded under that title. Given that fact, nothing school districts have done to enhance state salaries with local levies should be viewed as violating that section of RCW 28A.400.200.

Nonetheless, it will be a very complicated process to unwind four decades of history. Over the years, much of this local salary has been bargained as “deemed done.” In other words, it’s viewed for what it is, a backfilling of the inadequate state salary allocation. Given that fact, concurrent with or prior to the implementation of a new salary allocation model, the state must eliminate the current TRI provisions of 28A.400.200 (4). As addressed below, some local salary should be permitted, but only as defined in the recommendation.

**Recommendation:**

RCW 28A.400.200 should be amended to eliminate current TRI provisions and to only allow for locally funded salaries related to:

- Additional recorded time needed to implement student programs outside of the state-funded contract school day.
- Additional duties not funded by the state basic education allocation (e.g., instructional coaches, department chairs, etc.).
- Additional recorded time for staff professional development outside of the state-funded contract school day or school year.
With this statutory change, collective bargaining should continue to occur at the local level except for state-funded salaries and insurance benefits. Those compensation elements should be bargained at the state level with a panel composed of the unions who represent staff impacted by the state-level compensation decisions.

(5) The task force must also make recommendations regarding:

(c) Clarifying the distinction between services provided as part of the state’s statutory program of basic education and services that may be provided as local enrichment;

Background:

As pointed out in Section (1), the Legislature has not completed the work of providing school districts the staffing levels necessary to fully implement the prototypical school funding model that is at the heart of ESHB 2261. Because the prototypical model has not yet been fully implemented, school districts have added significantly to the staff allocated by the state.

For the 2014-15 school year, school districts added nearly 10,000 staff in the building and central office categories (not including CTE, Skills Centers, and Categorical Programs). Those added staff represent a 15% increase over the state staffing allocation in those categories, with a local base salary cost (not including TRI) of over $630 million per year. While some may view that as an enhancement, most of it is backfilling the state’s underfunding of the commitments made to the prototypical model in ESHB 2261.

Until the prototypical school funding model is fully implemented, the new definition of basic education created by ESHB 2261 will not be fully realized. And until that happens, it is difficult to define what the state’s responsibility and what is a permissible local enhancement.

Even after the prototypical model and other basic education costs are funded, there will still be a significant challenge in creating a working definition of basic education which can help define permissible local enhancement. For example, the current transportation formula, which is considered fully funded, does not meet districts’ costs for half of the districts (148). For many of those districts the formula is close, but for eighteen districts (18) the funding only meets 80% or less of their costs.

Should the fact that half of our districts need to supplement the state allocation be considered an enhancement, or does it reflect a formula that doesn’t cover the actual cost of providing basic education? Many other examples could be provided regarding the complexity of this enhancement issue. As a result, it would be very difficult to nail down the issue of enhancement until a clear plan exists regarding what is included in the state’s basic education allocation and when it will be fully implemented.
**Recommendation:**

Assign a task force to study this issue and make legislative recommendations after a fully developed basic education funding plan is adopted by the Legislature. The task force should be made up of equal numbers of legislative and school district representatives who have extensive knowledge and expertise in this area.

(5) *The task force must also make recommendations regarding:*

- (d) District reporting, accounting, and transparency of data and expenditures;

**Background:**

There seems to be little debate that the state’s current school accounting system cannot provide the kind of data necessary to differentiate school district expenditures by the source of funds. The current school district data collection requested by the consultants who were contracted to support this task force, is a good example of how hard it is to get complete answers to fairly simple questions.

The federal *Every Student Succeeds Act* includes a requirement for this type of funding source reporting at the school level. Significant changes will be required in our current accounting systems to meet that requirement.

In creating any system to address these needs, it is absolutely critical that we not drown school district business officials with data demands that are not really necessary to answer the Legislature’s questions. It is also imperative that the cost of any accounting system change is fully funded at both the state and school district level.

**Recommendation:**

Work with OSPI and WASBO, the school business officials’ association, to collaboratively design an efficient system to provide the data necessary to evaluate school districts’ use of funds from state, local, and federal sources. After the system is defined it should only be launched after the Legislature fully funds the cost of implementation at both the state and district levels.

(5) *The task force must also make recommendations regarding:*

- (e) The provision and funding method for school employee health benefits;

**Background:**

Employee health benefits are an integral part of employee compensation. The Court has ruled that such compensation for the program of basic education is the state’s responsibility. The state should, therefore, provide the same health benefit to all K-12 employees. Providing the same dollar amount may seem like a reasonable solution, but that would result in different levels of coverage in different parts of the state. The Legislature has spent years studying a potential K-12 system similar to the Public
Employees Benefit Board (PEBB). As is the case with the PEBB, multiple options could be provided within such a state plan. Now is the time to realize the efficiency and equity that would be created by such a unified educator healthcare benefit system.

**Recommendation:**

Work with OSPI and representatives from all categories of K-12 employees to design and implement a unified employee health benefit system similar to PEBB.

(5) The task force must also make recommendations regarding:

(f) Sources of state revenue to support the state's statutory program of basic education.

**Background:**

In January 2012, in its ruling in *McCleary v. State*, the Supreme Court held that the state “has consistently failed” to comply with its constitutional paramount duty to make ample provision for the basic education of all children in Washington. The Court also ruled that the ample provision be “by means of dependable and regular tax sources.” To fully fund basic education, additional revenues will be required. The current state budget structure cannot accommodate the required increases in basic education to fully comply with the *McCleary* decision. Some argue that basic education could be fully funded without new revenues if current non-basic education expenditures were reduced or eliminated. A significant percentage of the non-basic education budget, however, is federally or constitutionally required (including debt service, pensions, and certain medical services) and, therefore, is “off limits.”

Similar to one of the charges of this Education Funding Task Force, in 2012 the Legislature established a Joint Task Force on Education Funding (JTFEF) to “develop a proposal for a reliable and dependable funding mechanism to support basic education programs.” That task force was required to recommend “one preferred alternative.” In its final report, the JTFEF—comprised of legislators from both parties and both houses, as well as three citizens—failed to recommend one preferred option. Instead, they adopted a list of “options for the Legislature to consider.” Potential funding options included use of the Rainy Day Fund, enacting budget efficiencies, eliminating tax exemptions, and using the State School Levy to replace local district levies.

Each year the Department of Revenue produces a tax exemption study which lists exemptions for the major state and local taxes in Washington. The 2016 Tax Exemption Study calculates the potential state revenue gains to be $30.1 billion in the 2017-19 biennium for all such exemptions.

Legislation was adopted in 2006 (EHB 1069), creating the Citizen Commission for Performance Measurement of Tax Preferences (CCPMTP). The Commission works with the Joint Legislative Audit & Review Committee (JLARC) to review tax preferences. This review and CCPMTP recommendations could help evaluate tax preferences that could be eliminated.
Recommendation:

We strongly support an expansion of state revenues to ensure the Legislature is able to fully comply with the constitutional paramount duty with “regular and dependable” sources of funding.

We do not claim to be tax experts and do not feel qualified to determine the “best option” to secure ample funding for basic education. Even the legislators serving on the Joint Task Force of Education Funding were unable to recommend a single proposal. We suggest that the Education Funding Task Force follow their lead and advance a list of potential choices, so your colleagues will have a full menu of options from which to choose.

While we do not suggest any specific sources of revenue, there are three guiding principles we strongly advocate the Legislature follow in deciding on any new revenue package:

(1) The revenue system should be designed to provide ample and dependable full funding of basic education, rather than adjusting basic education to fit the revenue package;

(2) Any new taxes or changes to existing taxes should result in a system that is less regressive for the Washington citizens; and

(3) Any proposal to fund basic education that simply “swaps” state and local property tax authority without providing significant new state funding will not result in ample funding and, therefore, cannot be supported.

The Washington Association of School Administrators appreciates the opportunity to share these recommendations related to the Education Funding Task Force’s legislative proposal. We stand ready to provide any additional input that would be helpful in completing your assignment.

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Dan Steele  
Assist. Exec. Director for Governmental Relations  
dsteele@wasa-oly.org  
360-489-3642
From: Don Nielsen
Sent: Saturday, July 23, 2016 11:55 AM
To: EFTF Responses
Subject: A Plan for Washington

Education Funding Task Force:

The McCleary decision seems to suggest that more money will enhance the performance of our school system. Unfortunately, we have tried that and it has not had any impact. (See attached slide) Since 2000, we have increased spending by 78%, while enrollment has increased only 6.9%. Academic achievement and drop out rates have not materially improved. Obviously, money is not the problem.

Washington, like all other states, has a 19th Century school system trying to meet 21st Century needs. That situation can not be solved with more money, it can only be solved by transforming our education system. To do that will not only require a detailed plan, it will require a new type of teacher and a new type of leader, neither of which is possible in today’s environment. Today, both teachers and principals need to be “certified.” However, certified is no longer the equivalent of “qualified” and until it is, it has no merit. Also, major cities will require a difference governance model as elected school boards are proving to be a hindrance to improving schools, particularly in urban systems. We need a new system for selecting and training teachers, a new system for selecting and training leaders and a new governance model in urban systems. These changes all require legislative action, at the state level. None, require more money.

With new people who are prepared to teach and lead the schools we need, not the schools we have, we then need to allow for the creation of new types of schools. Again this will require legislative action to allow for the creation of schools of innovation—perhaps even districts of innovation. Because our present school system has been in place for so many decades, it has dictated a lot of our current culture—particularly the six hour day and the 180 day year. Changing our culture cannot be done quickly and, therefore, changing our schools needs to evolve, perhaps over a decade or more. As innovative schools prove an ability to effectively educate every child, more and more parents will demand that their school operate in a similar fashion. This will cause an evolutionary change to occur. Note: The State of Mississippi recently passed legislation that allows for the creation of innovation districts.

Funding a new system should be based upon students, not adults. Funding should follow the child and funding should recognize that some children cost more to educate. Thus, a one-size-fits-all funding model will not work. In this case, equal would not be equitable. The “weighted student formula” system adopted by the Seattle Schools in the mid-90’s, would be an appropriate template to use. Also, any funding system needs to take into account the cost of living in the area where the child is living. This type of funding model will allow for schools to have their own budget which will include using their budget to pay staff. There would no longer be a state salary schedule. Schools would hire the most qualified people they could find and would pay them what they needed to in order to have them accept a position. Like private schools, charter schools, community colleges and universities, public schools would be allowed to hire the most qualified people they can find, regardless of whether they were certified or not. Funding schools this way will put the power in the hands of principals and teachers and will dramatically diminish the need for central office staffs. This will allow even more money to flow to the students. (Note: The United States is the only country in the developed world where the education system employs more people who do not teach than who do).
Graduation requirements need to be changed from being a “time-based” measurement (credits) to an “achievement-based” measurement (performance). The state of Idaho has recently passed legislation to move in this direction.

The state should set standards, not curriculum. How schools get their students to standard should be their responsibility, but whether they get them to standard should not be compromised.

None of the above will require additional money, but all will require political courage.

Don

Donald P. Nielsen
Money is not the problem

Source: (i) 2015 Report to the Washington State Supreme Court by the Joint Select Committee on Article IX Litigation (ii) A Citizen’s Guide to Washington State K-12 Finance
Dear Senator Rivers and Representative Lytton:

Please find enclosed a summary of my comprehensive proposal that – if adopted – would solve Washington’s substantial and complex education funding issues. As you know, I have worked on state and local government revenue policies and education funding issues for decades. I strongly believe that Washington state needs to create a modern tax system that will help our economy grow, is fair to businesses and low income people, and reforms education funding in a sustainable way.

A comprehensive and sustainable approach to solving the state’s education funding issues is required. Our tax base has been shrinking for decades, which means tax revenue no longer grows as fast as the demand for public services. Moreover, the Legislature has doubled our dependence on local school levies for funding basic education in recent years as state revenues have failed to keep up. As a result, it’s become mathematically impossible to sustain a quality education system with our shrinking tax base.

As your Chief Financial Officer, I can tell you our tax system is failing. It’s grossly unfair to businesses and households, and doesn’t keep pace with the economy. Standard & Poor’s rates our credit and tells us that “tax revenue growth slows as income inequality rises, especially in sales-tax dependent states” like Washington. My proposed solution to Washington’s education funding problems would make our tax system fairer and less regressive, make businesses more competitive, and would keep pace with demands for K-12 and other public services going forward.

Just like every parent, I want our children and grandchildren to fully participate in their communities and in our state’s economy. We need a strong public education system throughout our state to give every child these opportunities. It’s high time we give our children the education they need to compete with the highly trained people who flock here for the high tech and high income jobs we create. Waiting will only make our problems harder to solve.

Sincerely,

James L. McIntire,
State Treasurer

Treasurer James L. McIntire’s Education Finance Reform Plan

K-12 education expenditures account for over 45% of the State General Fund Budget. Significant reforms are needed to properly organize financing for the K-12 education our voters and the Legislature passed into law, the constitution requires, and the state Supreme Court insists upon:

- New sources of revenue are required – it is mathematically impossible to sustain an adequate education system with our state’s shrinking tax base; and
- Fully resolving the McCleary case will also require property tax levy reforms so that the state picks up more of the cost of basic education that is now unconstitutionally paid from local school levies.

The state will need to increase K-12 spending next year so that by the 2019-21 biennium there can be a net $4 billion increase to fully resolve the McCleary case – but this will be difficult with a tax system designed for an economy that no longer exists.

- Long term changes in our underlying economy have created a structural deficit where economic growth and the resulting demands for education services outpace revenues.
- Low income households and businesses carry too much of the load in a system that many analyses over many years all have shown to be the worst in the nation.

Relying on the current tax system would weigh heavily on low income households and our businesses, and in a few years would cause us to fall short once again. Instead, we should adopt the comprehensive, constitutional education finance reforms in SJR8207 (a constitutional amendment) and HB6114 (accompanying legislation) to:

- Eliminate the state property tax, lower regular tax limits, and limit excess local school levies;
- Set the B&O rate at 1.0 percent for business services and at Boeing’s 0.29% for all others;
- Cut the state sales tax to 5.5%;
- Create a constitutional 5 percent flat rate income tax dedicated to education (with a $50,000 deduction for a typical family of four); and
- Protect taxpayers by requiring a 3/5 vote of the legislature to make any changes to the income, sales or B&O rates.

Adopting this new education finance system would lower taxes for most low and moderate income households, increase fairness across all households, and reduce the business tax burden for every business in the state. This new system would:

- Be more stable over time;
- Produce revenue that grows in step with the economy; and
- Create certainty and stability for the public by putting this fairer, stronger system in the constitution – which requires a 2/3 vote of the legislature and a majority vote of the public.
Hello,
Attached you will find input from the Washington State School Directors’ Association (WSSDA) regarding the tasks of the Education Funding Task Force outlined in E2SSB 6195. WSSDA appreciates the opportunity to provide input to the Education Funding Task Force. Our organization is committed to the success of EFTF recommendations and stands ready to provide any additional input to assist in completing them.

Please do not hesitate to reach out with any questions you have on this document or other issues pertinent to their work that we might be able to assist with.

Sincerely,

Jessica Vavrus, Governmental Relations Director
Washington State School Directors' Association
July 29, 2016

To: Washington State Legislature’s Education Funding Task Force

From: Alan Burke, Executive Director
Jessica Vavrus, Director of Governmental Relations
Washington State School Directors’ Association

Re: Recommendations from WSSDA on Implementing the Program of Basic Education as Defined in Statute

The Washington State School Directors’ Association (WSSDA) appreciates the opportunity to provide input to the Education Funding Task Force (EFTF) that was created pursuant to E2SSB 6195 by the 2016 Legislature. This document is in response to the Task Force’s request for public input on their task as outlined in E2SSB 6195, Section 2. Using the expert work of the various legislated task forces and reports since 2009, the following recommendations have been compiled using the filters of WSSDA’s foundational Permanent Positions, 2016 Standing Legislative Positions, as well as our 2015 and 2016 Legislative Platforms. All of these positions form the basis of our organization’s steadfast commitment to the students of Washington State and to engaging in solutions to meet our state’s paramount duty in serving each of them with a high quality and equitable public education.

The overarching task defined in E2SSB Section 2 (1) requires the Task Force to, “…make recommendations to the legislature on implementing the program of basic education as defined in statute.” In 2009, ESHB 2261 revised the definition of the program of basic education and established the Funding Formula Technical Working Group (FFTWG) tasked with, “…developing details of [basic education] funding formulas; recommending a schedule for phasing-in increased program or instructional requirements from the legislature; and examining possible sources of revenue to support increases in funding allocations” (ESHB 2261, Sec. 112). The bill also created the Quality Education Council (QEC) as a bi-partisan body tasked with, “recommending and informing the ongoing implementation by the legislature of an evolving program of basic education and the financing necessary to support such program” (ESHB 2261, Sec. 114). These two groups produced solid recommendations that should not be overlooked. Further, SHB 2276 (2010) was adopted by the legislature as the vehicle for defining and implementing the prototypical school funding formula based on the recommendations of the FFTWG and QEC.

WSSDA recommends that the 2016 EFTF utilize these foundational bodies of work as the foundation for “…making recommendations on the program of basic education as defined in statute”. We recommend implementation of the prototypical school funding model as defined in the 2010 QEC report and enacted in SHB 2776 over the next four years. It should be noted, however, that there are programs and services that many consider essential to the program of basic education that are not currently included in the prototypical formula (such as special education, certificated and classified substitute costs, free/reduced priced meal costs, and professional development). To address these gaps, a bi-partisan
task force (either a sub-group of the EFTF or one established by the EFTF) should be constituted to make recommendations on what precisely should/should not be considered in the basic education prototypical funding formula. Implementing the model over four years will allow sufficient time to review and adjust as necessary based on recommendations from the sub-group.

With regard to the more specific topic areas the Task Force is required to make recommendations on, WSSDA respectfully submits the following input for consideration:

<table>
<thead>
<tr>
<th>EFTF Topic Areas for Required Recommendations</th>
<th>WSSDA Recommendations</th>
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<tbody>
<tr>
<td>(2) Using the data and analysis provided by the consultant and the previous body of work provided to the legislature, the task force must, at a minimum, make recommendations for compensation that is sufficient to hire and retain the staff funded under the statutory prototypical school funding model and an associated salary allocation model. The recommendations must also include provisions indicating whether:</td>
<td>• Phase-in implementation of the salary allocation model proposed by the Compensation Technical Working Group (CTWG, 2012) over four years. This time frame would provide sufficient time during the transition to review and adjust recommendations based on the current context.</td>
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<td>(a) A system for future salary adjustments should be incorporated into the salary allocation model and if so, the method for providing the adjustment; and</td>
<td>• Implement the CTWG recommendation (p.14) for ensuring that K-12 salary allocations keep pace with wages of comparable occupations by conducting a comparable wage analysis every four years and adjust allocation accordingly, if necessary.</td>
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<td>(b) A local labor market adjustment formula should be incorporated into the salary allocation model and if so, the method for providing the adjustment. This must include considerations for rural and remote districts and districts with economic and distressing factors that affect recruitment and retention.</td>
<td>• Until this system is in place, make annual adjustments using the Seattle-Tacoma-Bremerton Consumer Price Index as per provisions of Initiative 732.</td>
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<tr>
<td>(3) The task force must review available information to determine whether additional state legislation is needed to help school districts to support state-funded full-day kindergarten and class size reduction in kindergarten through third grade.</td>
<td>The needs are dire and the current resources provided in this area are insufficient. This is evidenced by the number of schools that applied for and did not receive K-3 class-size reduction funding; and the number of districts struggling with space to implement full-day kindergarten. Legislation that would accelerate resourcing of sufficient and safe facilities are at the heart of recommendations in this area:</td>
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<td>• Advance a constitutional amendment to the people that would authorize school district bond issue approval with a simple majority vote.</td>
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<td>• Elevate the School Construction Technical Working Group (established in 2016, ESHB 2380, Sec. 6018) to become a formal Joint Legislative Task Force on School Construction.</td>
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<td>• Accelerate implementation of their recommendations that</td>
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<tr>
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<tr>
<td>E2SSB 6195, Section 2...</td>
<td>will update the current, outdated school construction funding formulas to more closely reflect actual construction costs and educational space needs.</td>
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<td>• Significantly increase capital funding to assist districts with necessary new construction or modernization for implementing full-day kindergarten and K-3 class-size reductions.</td>
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<td><strong>(4)</strong> The task force must review the report on addressing the problem of teacher shortages prepared by the Professional Educator Standards Board. The task force must make recommendations for improving or expanding existing educator recruitment and retention programs.</td>
<td>Districts across the state are in crisis-mode to assure every classroom is adequately staffed with quality educators every day. In 2016 E2SSB 6455 presented bi-partisan recommendations to address the teacher shortage crisis. In addition, the CTWG recommendations for starting teacher/educational staff associate salaries (Recommendation One, p. 13); investment in 10 professional development days (Recommendation Five, p.15); and for allocation of mentors and instructional coaches in the basic education funding formula (Recommendation Six, p.15) represent solid steps for increased recruitment and retention. As such, WSSDA recommendations include:</td>
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<tr>
<td>• Implement and resource all components of E2SSB 6455.</td>
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<td>• Implement CTWG recommendations that would specifically address educator recruitment and retention; including an increase in the starting salary for teachers to include the additional professional development days defined by the CTWG.</td>
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<td><strong>(5)</strong> The task force must also make recommendations regarding:</td>
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<td>(a) Local maintenance and operations levies and local effort assistance;</td>
<td>(a) Local levy amounts should only decrease to the extent that the state has fulfilled its responsibility to fund compensation (per ESHB 2261 and SHB 2776). Districts should be held harmless to ensure that total funding is maintained or enhanced. To mitigate differences in local funding capability, LEA should continue to be fully funded and be commensurately adjusted to assure equity among districts.</td>
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<td>(b) Local school district collective bargaining;</td>
<td>(b) Basic education funding is a state responsibility, therefore items that fall within that definition (e.g. teacher salaries) should not be subject to local bargaining. WSSDA commits to working with all groups to encourage collaborative bargaining practices. Specific recommendations in this area include:</td>
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<td>• Transfer authority for bargaining basic education salaries and insurance benefits to the state (per amendment to RCW 28A.400.200); and implement recommendation eight from the CTWG (p.16) to limit bargaining for locally funded salary enhancements to “no more than 10%” of the state allocation.</td>
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<td>(c) Clarifying the distinction between services provided as part of the state’s statutory program of basic education and services that may be provided as local enrichment;</td>
<td>(c) Amend RCW 28A.400.200 to eliminate current TRI provisions and to only allow for locally funded salaries related to:</td>
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<td>- Additional recorded time needed to implement student programs outside of the state-funded contract school day.</td>
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<td>- Additional duties not funded by the state basic education allocation (e.g., instructional coaches, department chairs, etc.).</td>
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<td>- Additional recorded time for staff professional development outside of the state-funded contract school day or school year.</td>
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<td>(d) Required district reporting, accounting, and transparency of data and expenditures;</td>
<td>(d) Assign a bi-partisan, representative task force to study this issue and make legislative recommendations following the adoption of a fully developed basic education funding plan by the legislature.</td>
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<td>- Composition of the task force should be determined to assure continuity from the work of the EFTF.</td>
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<td>(e) The provision and funding method for school employee health benefits; and</td>
<td>(d) Collaboratively work with OSPI and school business officials (WASBO) to design a system that will provide the data necessary to evaluate school districts’ use of funds from local, state, and federal sources without duplication.</td>
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<td>- Identify the cost of implementation at state and district levels and establish a funding mechanism to successfully implement when launched.</td>
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<td>(f) Sources of state revenue to support the state’s statutory program of basic education.</td>
<td>(e) Health care benefits should be bargained and funded at the state level. They should be excluded from being negotiated in school district’s collective bargaining agreements.</td>
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<td>- A task force should be established to design and implement a unified employee health benefit system similar to PEBB for all state employees.</td>
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<td>(f) A stable and sustainable funding plan for education in Washington State is essential to comply with the state’s paramount duty. While WSSDA does not feel qualified to determine the “best option” for identifying and securing “regular and dependable” funding, we fully support the EFTF to follow the groundwork laid by the Joint Task Force on Education Funding and develop a list of potential revenue options.</td>
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In addition, WSSDA has several Standing Legislative Positions that speak to our positions on revenue. Specifically, WSSDA would recommend:

- Any effort to restructure the Washington State tax system to establish a stable, broad-based, flexible source of revenue for the State of Washington which is equitable and
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<td>adequate, in order to ensure better educational funding as well as to provide other essential state services.</td>
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<td>• Collaboration with the State Department of Natural Resources to explore diversification of state trust land assets in the interest of providing maximum revenue for school construction costs; including creating a protected/dedicated fund for common school trust revenue.</td>
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<tr>
<td></td>
<td>• Securing permanent elimination of the apportionment withholding of federal forest land revenues for districts eligible to receive them.</td>
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Again, the Washington State School Directors’ Association appreciates the opportunity to share these recommendations regarding the tasks of the 2016 Education Funding Task Force. We are committed to the success of EFTF recommendations and stand ready to provide any additional input to assist in completing them.
From: Julie Salvi  
Sent: Friday, July 29, 2016 3:15 PM  
To: EFTF Responses  
Subject: WEA McCleary Plan

Good afternoon.

At the June meeting of the Education Funding Task Force, the Task Force members asked interested parties to submit complete plans for implementing the program of basic education. On behalf of Kim Mead, President of the Washington Education Association, I am submitting the WEA’s plan for school funding.

-Julie Salvi  
Washington Education Association
Washington Education Association School Funding Recommendations to the Washington Legislature

“It is the paramount duty of the state to make ample provision for the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex.” – Washington Constitution, 1889

Washington’s 1.1 million public school students have a constitutional right to an amply funded quality public education.

Our state Constitution is the only one in the United States of America that specifically covers all children, regardless of race, color, caste or sex. The constitution makes it clear the state’s obligation to our students is the same whether they live in Toppenish or Mercer Island, and whether they come from a family of software engineers or migrant farm workers.

In Washington state, public education is a civil right. A quality public education gives all children the opportunity to be successful. Yet every day the state fails to fully fund basic education, we are violating our children’s civil rights. Now, nearly 10 years after the McCleary school funding case began, it is time to deliver on the promise our Constitution makes to our children.

Recognizing that public education is both the state’s paramount duty and every child’s constitutional civil right, the Supreme Court, in its McCleary decision, ordered the state to increase state funding for basic education.

Some, however, want to make McCleary about anything other than increasing state funding for basic education. Washington Education Association members remind legislators that:

McCleary is not about levy reform.

McCleary is not about increasing state control over public schools or reducing local flexibility and decision-making.

McCleary is not about restricting how teachers are paid.

McCleary is about the Legislature keeping its constitutional promise to our children and fully funding the basic education program it – the Legislature itself – wrote into law.

The Legislature established high expectations and a broad vision when defining the goals of basic education in Washington, found in RCW 28A.150.210:

(1) Read with comprehension, write effectively, and communicate successfully in a variety of ways and settings and with a variety of audiences;

(2) Know and apply the core concepts and principles of mathematics; social, physical, and life sciences; civics and history, including different cultures and participation in representative government; geography; arts; and health and fitness;
(3) Think analytically, logically, and creatively, and to integrate technology literacy and fluency as well as different experiences and knowledge to form reasoned judgments and solve problems; and

(4) Understand the importance of work and finance and how performance, effort, and decisions directly affect future career and educational opportunities.

The Washington Constitution requires the state to amply fund a public education that gives every student an opportunity to meet the goals and expectations the legislature has set into law. Ample does not mean the bare minimum or just enough to get by. The dictionary definition of ample is “more than enough.”

Yet, based on the most recent data available:

- Washington students remain in some of the most crowded classrooms in the country. Washington is 46th out of 50 states for class sizes.
- Washington is dead last in average teacher compensation among West Coast states.
- Washington ranks 39th in education spending per student, well below the national average.

These statistics do not describe the amply funded education system our Constitution requires.

As educators, WEA members put students at the center of everything we do. An amply funded public school should provide every child with individual attention and support from committed, qualified, caring adults in the classroom, the library, the cafeteria, the playground, the school office and on the school bus.

We believe the state should focus on making investments in K-12 public schools that directly benefit students. Our experience and professional judgment as educators leads us to make the following recommendations regarding state funding for public schools:

**Recommendation:** Fully fund the prototypical school model as envisioned by the state’s Quality Education Council and enacted by voters in Initiative 1351, including additional support staff and smaller class sizes in every grade level.

All students deserve small class sizes and professional support that provide the individual one-on-one attention they need to be successful. Students thrive in classrooms that are not overcrowded and where educators have the time to meet each student’s unique learning needs. The state’s Quality Education Council, formed in response to the McCleary lawsuit, understood the value of smaller class sizes and recommended that the state reduce class sizes at all levels.

The voters made smaller K-12 class sizes part of basic education through Initiative 1351, which they approved in 2014.

Small class sizes and individualized support are even more vital in schools with higher concentrations of students who are struggling or at risk of falling further behind. That is why the state’s Quality Education Council recommended, and voters approved, even lower class sizes in the schools that have the highest concentrations of students living in poverty.
Here are the student ratios required by existing law (I-1351 plus current funding of Lab Sciences):

<table>
<thead>
<tr>
<th>Grade</th>
<th>Non-High Poverty</th>
<th>High Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-3</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>5-12</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>Lab Science Grades 9-12</td>
<td>19.98</td>
<td>19.98</td>
</tr>
<tr>
<td>Career and Technical Education</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Skills Centers</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

While the role of the teacher is vital to students’ success, students also need to receive additional instruction, guidance, and support from other caring, committed, and qualified adults in the school such as principals, librarians, paraeducators, nurses, counselors, social workers, psychologists, secretaries, and parent involvement coordinators. Safe and healthy schools are maintained by custodians, food service workers, and maintenance workers. Here are the staff ratios required by existing law (I-1351):

<table>
<thead>
<tr>
<th>Staffing of Prototypical School (Ratios based per “X” enrollment)</th>
<th>Elementary of 400 students</th>
<th>Middle School of 432 students</th>
<th>High School of 600 Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principals/Building Administrators</td>
<td>1.3</td>
<td>1.4</td>
<td>1.9</td>
</tr>
<tr>
<td>Teacher Librarians</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>School Nurses</td>
<td>0.585</td>
<td>0.888</td>
<td>0.824</td>
</tr>
<tr>
<td>Social Workers</td>
<td>0.311</td>
<td>0.088</td>
<td>0.127</td>
</tr>
<tr>
<td>Psychologists</td>
<td>0.104</td>
<td>0.024</td>
<td>0.049</td>
</tr>
<tr>
<td>Guidance Counselors</td>
<td>0.5</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td>Teaching Assistance - Classified</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Office Support and Non-Instructional Aides</td>
<td>3</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Custodians</td>
<td>1.7</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Classified Staff for Student &amp; Staff Safety</td>
<td>0</td>
<td>0.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Parent Involvement Coordinators</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<th>District Staff</th>
<th>Per 1000 Students</th>
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<tbody>
<tr>
<td>Technology</td>
<td>2.8</td>
</tr>
<tr>
<td>Facilities/Maintenance/Grounds</td>
<td>4</td>
</tr>
<tr>
<td>Warehouse/Laborers/Mechanics</td>
<td>1.9</td>
</tr>
</tbody>
</table>
Initiative 1351 holds the state to its own recommendations for class sizes and school staffing. Yet the 2015 Legislature voted to delay implementation of I-1351 until 2022. At that pace, another generation of Washington students will be educated in an unconstitutional, underfunded system since the time the Supreme Court first issued its McCleary decision.

The 2016 Legislature approved controversial charter school legislation that affects 1,000 students in eight schools. The same Legislature failed to make any significant progress toward amply funding public schools for 1.1 million students as ordered by the Supreme Court. It is time to live up to the words and values of our constitution and to make basic education for all of our students the paramount duty of our state. The implementation of the prototypical school model enacted with Initiative 1351 should be expedited.

**Recommendation:** Fully fund competitive, professional base pay and benefits for all K-12 school employees, and maintain flexibility for school districts to supplement educators’ pay beyond the base state salary.

All students deserve caring, committed and qualified teachers and education support professionals. The state must provide funding that allows districts to pay competitive, market-based wages as outlined in the Compensation Technical Working Group report from 2012, and adjusted for inflation since that report was developed:

- Beginning pay for certificated educators should be over $54,000 in the 2017-18 school year, which is significantly higher than the state’s beginning salary allocation of $35,700 for 2016-17.
- Classified staff salaries should be allocated at averages that range from about $41,000 to almost $94,000 depending on the type of position. Those competitive classified salaries are all higher than the 2016-17 school year state average salary allocation for classified staff, which is $33,412 for most districts.
- Once competitive wages are funded by the state, the state should fund annual cost-of-living adjustments and periodic updates to a comparable wage analysis to ensure that state funding remains competitive or ample over time.

The following table shows the recommended K-12 staff salaries based on the Compensation Technical Working Group’s 2012 report.
Competitive compensation includes health benefits. As with salaries, state funding has not kept pace with the increased cost of health benefits:

- The state allocation for K-12 health benefits increased by less than 2% total (only $12 per month) since the 2010-11 school year, while national trends have put health benefit inflation much higher.
- Funding for K-12 health benefits is significantly below legislator and state employee benefits. In 2017, the state will allocate $780 per K-12 FTE staff per month while funding $888 per eligible state employee (half-time or more).
- The state has underfunded the cost of health benefits in two ways. The rate has not kept pace with inflation. In addition, the state funds K-12 employees on an FTE basis, prorating any health benefit support when someone works less than full-time. For state employees, every employee that works half-time or more generates the full health benefit funding. As a result, it will take hundreds of millions of dollars just to create funding parity with the state system.

This underfunding of K-12 health benefits generally has been borne by K-12 employees, not by school districts, because many districts tied their contributions to the state allocation. When state rates are flat, any inflationary costs are passed along to employees.

At a minimum, the state should allocate funding to districts for K-12 health benefits on par with what it is providing for legislators and state employees. School districts should retain the ability to decide which insurance plans to offer their employees; there is no evidence that creating a new state health care bureaucracy will save money nor improve the quality of healthcare.

The McCleary order is clear that fully funding educators’ base salaries and benefits is the state’s responsibility as part of basic education. However, there is no legal requirement for limiting local school districts’ freedom to pay teachers for additional time, responsibility and incentives beyond their state-
funded basic education responsibilities. We recommend maintaining the current flexibility school
districts have to negotiate pay and benefits with their employees to address local needs. By definition,
collective bargaining is between employees and their employers. K-12 school employees are employed
by their school districts, not the state of Washington.

**Recommendation:** Fund 10 days of professional development for certificated instructional staff and job-specific training for other educational support professionals.

Students need qualified teachers and support staff who are well-trained, yet the state currently does
not fund any professional development days for most educators. The state should fund 10 days of
professional development for certificated instructional staff as outlined in the state’s Compensation
Technical Working Group report from 2012 and fund professional development opportunities for all
classified staff based on their work assignment. Professional development for paraeducators must be
funded and should be based on the recommended employment standards from the Paraeducator Work

**Recommendation:** Fully fund curriculum, utilities and school supplies.

Students need well-maintained schools, current curriculum and adequate school supplies. The state
must fully fund the cost of updated curriculum, adequate supplies and heat, lights and other
Maintenance, Supplies, and Operating Costs (MSOCs).

The state developed MSOC allocation formulas at a time when districts were operating in an
unconstitutionally underfunded system. Many corners were cut – especially in textbook and curriculum
costs. In addition, changing technology offerings and subscriptions may change the cost structure over
time. The state should review current spending on essentials such as heat and lights, and should develop
a model cost for areas where districts often scrimp and save – such as technology, curriculum, and
library materials.

Funding for Career and Technical Education (CTE) MSOCs should be raised to reflect the adjustments
that have been made in the regular MSOC allocation. CTE programs have higher operating costs on
average due to equipment and materials that are needed for many of these programs. Historically, this
has been recognized in higher MSOC allocations for CTE programs. But, as the state has increased
allocations for MSOC in general education, it has not provided corresponding increases for CTE.

**Recommendation:** Fully fund modern technology for all students.

The state must ensure that students have access to 21st century technology – including sufficient
numbers of computers or technology tools and reliable connectivity. Washington’s school system should
allow every student the opportunity to develop computer and technology skills; it should not reinforce
the digital divide.
A recent Crosscut article titled “Why Washington Kids Aren’t Getting Our Best Jobs” highlighted the status of STEM (science, technology, engineering, and math) education and computer science education in particular since software engineering is considered the state’s most common profession.

http://crosscut.com/2016/06/washington-kids-stem-economy/

- “As of last school year, just 7 percent of high schools offer a computer science class, according to Washington STEM,” and
- “Demographic gaps in computer science participation are particularly striking: In 2014, just 23 of the 1,048 Washington students who took Advanced Placement Computer Science were African American, 25 were Hispanic, and 260 were girls, according to Code.org.”

A student’s zip code should not dictate their educational opportunities. All students, regardless of their zip code, should have access to a full spectrum of course offerings, including technology courses.

**Recommendation:** *Fund specific student needs.*

The state must fully fund basic education formulas for students with specific educational needs. Special education, gifted, learning assistance program, and transitional bilingual education for English language learners are all essential for providing an opportunity to achieve the basic education goals for all students. As staffing and compensation are addressed in the underlying funding for all students, these programs too must be adjusted to reflect compensation changes and should generate funds to be fully staffed based on the instructional time or service levels assumed in statute.

**Recommendation:** *Fully fund school construction to modernize existing schools, build new schools and expand classroom capacity.*

All students deserve to learn in clean and safe school facilities, including ample classroom spaces equipped with modern technology. The state must modernize the school construction funding program to reflect the lower class sizes funded by the state, and reexamine space and construction cost assumptions to reflect current construction climate, and ensure that schools are safe and healthy for staff and students.

**Recommendation:** *Fully fund to/from transportation costs in all districts*

While the state funding formulas have been improved for transportation, the new formula does not fully fund the cost of transporting students to/from school. The formula is based on year-old data with estimates of how costs change from year to year. Those estimates may not keep pace with reality. In addition, some districts face greater challenges in meeting the state’s definition of efficient transportation because of topography, urban congestion, and other factors. When transportation is not fully funded, districts must find other funding sources to meet transportation costs or make cuts or changes to academic programs in order to become more “efficient” in their transportation system. We have lost our focus on meeting the civil rights of students if we make educational decisions based on the most efficient operations of a transportation program. That is not an amply funded system. The state
must fully fund the actual costs of transportation so that districts and their communities can focus on their core mission: providing a basic education for every Washington student.

**Recommendation:** Reform the tax code to support basic education

Washington’s tax code hurts our students in two ways: It is unfair to the families of the students who need the most support, and it doesn’t generate enough revenue to fully fund basic education and other critical needs.

Washington’s public schools are the state’s paramount duty, but they are not the state’s only funding obligation.

As educators, we see the challenges that many of our students and their families face every day. We do not support funding education at the expense of needed safety net programs that these children and their families need. Cutting health and social services such as early learning opportunities, foster care, TANF, mental health or chemical dependency treatments would only cause more of those needs to appear in our schools and make the challenge of providing opportunities for all students to meet our state learning expectations harder and more costly to achieve in K-12. In addition, cutting off students’ future opportunities, such as higher education, would not serve our students nor our state. Access to higher education brings opportunities to individuals and economic benefits to our state.

It is widely known that Washington has the most unfair tax code in the nation – placing the greatest burden on our lowest-income families while asking less of our most affluent citizens. We support efforts to reexamine Washington’s tax code and to identify changes that would make it more equitable, more consistent and more sufficient.

There are many options to consider and many places to look - from changes within the current code, such as closing tax loopholes, to more broad based change to the overall tax code, including comparisons to structures in other states. For example, recent reports of Washington Department of Revenue data indicate that adopting a tax code like Idaho would raise significant revenues to address McCleary.

Story from Oregon Public Broadcasting:


“An unofficial calculation prepared by Washington’s Department of Revenue indicates that if Washington had Oregon’s income-tax system, it would collect $9.6 billion more per fiscal period than it does now.”

“The calculation also says that if Washington had Idaho’s tax system – a combination of income and sales tax – the state would be $10 billion richer.”

https://www.documentcloud.org/documents/2715904-Tax-Rate-Comparison.html
Recommendation: *Protect levy funding and preserve local control of public schools.*

Washington has 295 local school districts, each one governed by a locally elected school board accountable to its voters. Local school boards are in the best position to decide how funding and resources should be spent to support local needs.

Elected school boards are accountable to their local communities to provide a basic education for all students and to implement the parent, educator, and community vision for their school district, which may be above and beyond what the state has defined as basic education.

Our 295 districts are quite different, with different enrollment sizes, differences in the numbers of languages spoken, or varying geographic sizes. There is not a one-size approach to Washington schools.

Local, community control is a longstanding bedrock value across Washington. Local communities are invested in their schools and school districts as part of their local identity. During the Senate listening tour in the fall of 2015, parents were vocal in their support for local levies – with the connections that they bring between districts and their communities and for the accountability that comes with passing local levies.

Local levies fund student enrichment as determined by district administrators and their communities, and levies give them the flexibility to meet the unique needs of their students, including the need to pay educators beyond the state-funded base salary. The Supreme Court has not required levy reform as a component of the McCleary implementation, and the court has expressly stated that it is offering no opinion on the issue of levy reform.

The core McCleary issue is the ample funding of public schools, not reforming the levy system.

**Conclusion**

All students have a constitutional right to a quality education, regardless of where they live in our state and regardless of their family background.

Our students cannot wait any longer. Washington Education Association members call on the 2017 Legislature to adopt these recommendations and to fully fund K-12 public schools so all children have equal opportunity to succeed.
From: Randy Dorn  
Sent: Friday, July 29, 2016 4:50 PM  
To: EFTF Responses  
Subject: EFTF Response from OSPI  
Importance: High

Dear Members of the Education Funding Task Force:

Please find attached OSPI’s Recommendation Letter to implement the program of basic education. Thank you for your consideration.

Randy Dorn  
State Superintendent  
of Public Instruction
July 29, 2016

Dear Members of the Education Funding Task Force:

During the past eight years, I have shared many ideas and recommendations with you. I appreciate the opportunity you’ve given me to again propose a pathway to finally achieve what the constitution requires: full state funding of basic education.

My proposals combine prior detailed recommendations with new recommendations to create a complete plan that complies with the state Supreme Court’s order.

Every child in our state deserves the opportunity for a 21st century education that is not dependent on his or her zip code. This opportunity must be equitable in all aspects. The current system, which relies on the high or low assessed property values and the whim of the electorate, isn’t equitable – nor is it reliable or dependable.

The major components of my plan are as follows:

Compensation

*K–12 Employee Salaries.* My staff has been participating in the school district data collection required in SB 6195 (2016). With this data I hope to see meaningful data analysis that shows district-to-district salary differences in our state.

I understand that this data will be used by the task force to determine the portion of current K–12 employee salaries paid by districts for basic education activities. This determination should include the true costs of hiring and retaining an employee for the position. For example, the state does not provide state-funded professional learning but requires teachers to participate in mandatory training and to implement new educational reforms. Annual job-related employee training is a typical cost even outside the K–12 environment and is vital in a field where the effectiveness of teachers is the single most important factor in student academic success. The task force recommendations should include ten professional development days by school year 2022–23.

The task force should also consider the recommendations and components of the Compensation Technical Working Group (CTWG), a work group authorized in SHB 2261 (2009). In recent years, many of these recommendations have been included in legislative compensation plans, including a modified salary allocation model (SAM), periodic market analysis to ensure K–12
salaries are keeping pace with the market salaries, and increased state-funded salary levels for beginning teachers.

As the state reduces class sizes for kindergarten through 3rd grade, it is assumed the additional teaching positions created will be filled with new and less experienced teachers. School districts statewide must be able to offer competitive salaries if they are to recruit and retain these new teachers. Funding and staffing considerations should be made in the prototypical school funding model to provide teacher-mentors and instructional coaches to support these new teachers in building a strong foundation and improve overall teacher effectiveness.

**Differential Pay Factor.** The task force should consider differential pay that takes into account regional differences in cost-of-living across the state, not just in the Puget Sound region. The market-based analysis should consider other occupations that require similar skills, education, and experience as the positions in school districts. Differential pay should also be considered for hard-to-fill subjects and programs such as math, science, special education, and bilingual instruction.

**Reoccurring Market Analysis.** The recommendations of the CTWG and SB 6130 (2015) included a market analysis completed every four years to ensure K–12 employee salaries keep pace with other occupations requiring similar skills, education, and experience. In future years, this analysis should be completed by the Employment Security Division. SB 6130 further refined this concept by creating a non-partisan technical working group on school employee wages, which was required to make recommendations for a K–12 regional cost factor. While I support this effort, I strongly recommend that the Superintendent be given a role in this process.

**CIS Salary Allocation Model.** I recommend consolidating the current certificated instructional staff (CIS) salary allocation model (SAM) to a condensed model tied to the career continuum for educators. This condensed model was a recommendation of the CTWG and has been incorporated in SB 6104, SB 6109, and SB 6130.

**Benefits.** I recommend statewide consolidation of health benefits into a school employees’ benefits system as provided in HB 1937 (2015) and SB 5976 (2015). Provisions should be made for part-time employees to allow school districts the flexibility to provide health benefits to part-time employees employed less than half-time. Full-time equivalent employees working more than half-time should be provided health benefits similar to how they are provided for state employees. The current system has created a cost burden on K–12 employees with families.

**Statewide Collective Bargaining.** I recommend statutory changes that create a process to allow for statewide bargaining for basic education salaries, pensions, and health benefits. This process should allow for regional representation. As the state assumes its constitutional role in terms of funding the full costs of basic education, including salaries and benefits, local bargaining in these
areas must be phased out. Local school boards and bargaining units should retain the ability to bargain working conditions and non-basic education local enrichments as defined in statute.

Teacher Recruitment and Retention. I appreciate the Legislature’s support of K–12 recruitment efforts this past session. But funding was provided for these efforts only on a one-time basis. I recommend continuing funding for the statewide recruitment campaign until quantifiable data exists showing the teacher shortage has been fully addressed. I expect that, as the K–3 teacher shortage is addressed; the need for teachers in grades 4–12 will increase as I-1351 is phased-in. This will most likely cause the current teacher shortage to extend past the final implementation date of school year 2022–23.

Additionally, this task force should recommend a process to evaluate the experience of individuals who have relevant prior career experience so that they will receive credit on the statewide salary allocation schedule, which would lessen the current financial disincentive for mid-career professionals to become teachers.

In recognition of the recent adoption of the teacher evaluation system, the task force should recommend replacing the current professional certification process with second-tier certification requirements that will promote professional growth.

The task force should recommend increased and continued funding for the conditional scholarship programs the state provides to increase enrollment and provide student supports for teacher preparation programs.

Local School District Excess Levies

Maintenance and Operations Levies. I assume the state will fund at least the statewide average of all salaries, completed K–3 class size reductions in school year 2017–18, and full phase-in of the staffing units provided in I-1351 by school year 2022–23. Based on these assumptions, I propose a levy lid for maintenance and operations (M&O) levies of 15 percent of the prior school year’s state and federal revenues. There should be a fixed levy base, and a fixed lid on levies.

Local Effort Assistance. No changes are recommended to local effort assistance (LEA). The current funding formulas should be maintained to match 50 percent of the maximum M&O levy lid.

Limitations for Local Enrichments. I recommend specific statutory language to define and limit educational enrichments funded with local M&O levies past legislative recommendations have attempted to more clearly define the program of basic education in an effort to strengthen the line between local enrichment and state basic education funding, but interpretation of this language has proved challenging. Future statutory language must be far more specific and make clear that
funds generated by local levies may not be used to pay for student transportation; materials, supplies and operating costs; and salaries of school and district staff.

If the legislature does not act now to clearly define and limit the use of local levies, the inequities in the current, unconstitutional system will continue and we will find ourselves right back where we started.

**Accounting and Transparency.** My staff is currently working with stakeholders and school districts to change the school district accounting structure. Accommodating the changes will require additional state funding for state and local programming changes to their existing accounting and reporting software. I recommend for these measures to be included in any final plan of the legislature.

**Capital Capacity**

*K–3 Class Size Reduction.* SB 6080 (2015) established a pilot program to fund K–3 classrooms to address the reduction of K–3 class sizes from 25.23 to 17 students per teacher. Although $236 million in state capital funds were provided as state match for the program, the funding was not able to fund all the classrooms requested. This funding has provided a stop-gap solution to address smaller K–3 class sizes, but no changes have been made to the School Construction Assistance Program (SCAP), which is the traditional K–12 school construction state match formula. School districts receiving K–3 class size reduction pilot grants will not be able to request SCAP funding in the near future, since the K–3 pilot grants are funded at an increased square foot per student.

I recommend permanent changes to the SCAP to fund K–3 capital spaces, beginning with the 2017 SCAP grant awards. The construction cost allocation should be increased from 90 square feet per student to 140 square feet.

*I-1351 Class Size Reduction.* I-1351 reduces class sizes in grades 4–12. To accommodate this, additional classrooms are needed. I recommend funding formula changes to the SCAP that will allow for the lower class sizes to include the student space allocation and the construction cost allocation. Student space allocation should be increased to 140 square feet per student for grades 4–6, 155 square feet per student for grades seven 7–8, 165 square feet per student for grades 9–12. The construction cost allocation should be increased to the median actual K–12 construction costs and rebased annually.

Finally, the legislature needs to mindful that the Court has properly raised the issue that school buildings are necessary to provide a basic education, and, therefore, the state’s responsibility. Serious work needs to begin on how we transition to a fully state funded capital program.
Revenue

All of these recommendations and all the reports that have been written on this subject are meaningless if they are not supported by new revenue. It is long past time for the Governor and legislature to have the courage to address this issue. The time has come for action.

During the course of this debate, I have not been hesitant to call for new revenue to fund our schools.

I proposed a plan to raise the state sales tax, and implement the so called, “levy swap,” in which the state property tax is increased, while local levies are dramatically decreased.

I recommend a change to the current revenue structure that aligns to the plan proposed by the State Treasurer in 2015 and in SB 6114 and SJR 8207. This proposal would eliminate the state property tax levy, lower the state sales tax rate, lower business and occupation taxes, create a five percent flat personal income tax, and create a constitutional requirement for a super-majority vote on future tax increases. Specific detail for this tax proposal can be found in the senate bill and joint resolution.

I applaud the state House for taking votes to increase revenue, and the bipartisan coalition in the Senate who introduced legislation acknowledging that additional revenue was needed to fully fund our schools.

There is no shortage of ideas on how we can pay for full state funding of basic education. What has been lacking is the political will to do so. Time has run out. It is time for leadership. I call on this Task Force to provide that leadership.

Thank you for your consideration. If you have any questions, please don’t hesitate to contact me.

Sincerely,

Randy I. Dorn
State Superintendent
of Public Instruction
From: Summer Stinson  
Sent: Saturday, July 30, 2016 12:46 PM  
To: EFTF Responses  
Subject: Washington's Paramount Duty: Submission to EFTF

Dear Education Funding Task Force Members and Staff:

On behalf of more than 10,000 parents, teachers, students, individuals, and community leaders joined in advocating for funding basic education, Washington’s Paramount Duty submits this response to the Education Funding Task Force’s request for recommendations to fully fund K-12 public education in our state.

Regards,

Washington’s Paramount Duty
We must be clear. There isn’t a way around the fact that new statewide revenues from wealthy individuals and large corporations are needed to solve this problem. This is not ideology—it’s arithmetic. Our schools are underfunded because the Legislature maintains a regressive tax system, in violation of our constitution and our moral obligations to our children.

This is not ideology—it’s arithmetic

We strongly believe in public education as a critical service provided by state and local government. Education is, at its core, the root of our democracy and the cornerstone of our economy. Public education allows children, no matter their background, to learn important knowledge and develop skills that will allow them to become thriving adults who are able to contribute positively to our society. Access to a quality education can help a child to break out of the poverty cycle.

For those reasons, Washington’s founders enshrined in our constitution some of the strongest language anywhere in the country guaranteeing every child a right to fully funded public education. Visionary legislators such as John Rogers worked to provide a funding source for our public schools that would meet the needs of every child, no matter in which district or community they lived.

Unfortunately, that system has broken down as a result of decisions—such as tax and revenue limiting legislation and initiatives—made in recent decades. The State’s paramount duty is to amply fund basic education. However, the State has instead prioritized keeping taxes low on wealthy individuals and large corporations at the expense of our children.
As you know, our state faces a severe teacher and substitute teacher shortage, serious inequities in student learning and graduation rates, schools with lead in the water, large class sizes, schools without nurses, schools that don't have the funds to offer art, music, or an up-to-date curriculum, just to name a few of the many problems we have heard from parents and teachers.

As a result, communities are left to fend for themselves and scrounge together enough funds to provide children with a quality education. Poorer communities and many people of color often do not have the resources needed to make up for the lack of sufficient funding from the State. The Seattle Times has called this “the state’s civil rights crisis” due to the funding inequities that have been inadvertently reinforced between school districts (through local levies) and within school districts (through PTA funding) throughout our state.¹

Why are we in this mess?

Washington has the most regressive tax system in the nation. This unfair system is why our schools are underfunded. As the most wealthy individuals and corporations in our state take home more income and profits than ever before, yet are not asked to contribute to help fund our schools, we are left to fund education solely through taxes on working people.² It is neither ample nor dependable.

The good news is that statewide polling has shown that the 63% of likely voters agree that our schools are underfunded. Moreover, they want to fully fund our public schools with new revenue.³

We believe that with your leadership, Washington’s citizens are willing consider solutions to fix this critical challenge. This task force can address this problem by identifying new revenue to amply and equitably fund basic education in public schools for every child in the state.

Lastly, while we welcome the opportunity to provide input at the task force’s invitation, we also wish to remind you that it is challenging for any grassroots group to provide the level of detail the task force is requesting.
Guiding Principles for this Task Force to Consider

Washington's Paramount Duty and its supporters do not endorse any single, specific solution to this crisis. Our aim is to provide this task force with guiding principles and recommendations as you move forward with bringing your colleagues together to find a common solution, on behalf of Washington's 1.1 million public school students. The courts and the people of Washington agree that a solution must be adopted in the 2017 legislative session. We will not accept any further delay.

Meets constitutional and legal requirements

In McCleary, Washington's Supreme Court held that “[t]he legislature’s duty to make ample provision for funding the basic education program includes the requirement that funding ‘be accomplished by means of dependable and regular tax sources.” The words “ample,” “dependable,” and “regular” are important. The solution legislators adopt in 2017 must meet these requirements and serve our public schools for generations to come.

Protects important state priorities

The State’s paramount duty is to support and promote education in all of its forms. To achieve that, the Legislature must ensure that children and their families have the services and opportunities they need to do well in school. Otherwise, we fail to meet our paramount duty. We must not fix education funding by taking already sparse funds from the programs that support our society’s most vulnerable members. Therefore, it is unacceptable to fund K-12 public education through cuts to other vital services, such as early learning and higher education, mental health care, long term care, public safety, and other social services.

Sustainable and sufficient revenue

Washington has the most regressive, unfair, and upside-down tax system in the country. Our wealthiest residents are paying the lowest rate of taxes of anyone in the state, while the burden of taxation falls on the poorest members of our society. This needs to be fixed. Addressing our chronically underfunded public education system is inextricably linked to addressing our tax system. And while we mention several different methods by which this revenue can be raised, it is the Legislature’s responsibility to make the final decision.
Equitable

All schools need more funding than they currently have. Some need a lot more. As the Legislature finally acts to increase the amount of funding given to all schools in 2017, it should build upon existing legislation defining basic education (ESHB 2261) and ensure schools with greater needs get an even larger increase in funding. This can and should be done without reinforcing the state’s already problematic emphasis on high stakes testing. In particular, schools with many students of color and students from different cultural backgrounds will need an additional amount of funding. The level of increase should not be a one-size-fits-all amount.

Based on existing legislation

The definition of basic education is laid out in two comprehensive education reform bills, passed in 2009 and 2010: ESHB 2261 and SHB 2776. These two laws provide a detailed road map, spelling out everything that a basic education must encompass, and the Legislature must now fully fund these laws.

While there is a time and a place for reforms that improve the quality of public schools, it is clear that the Legislature finds it easier to propose further reforms without delivering the promised corollary funding. It is time to rectify this dynamic by fixing the funding gap before adopting any complex new education reforms. Dozens of reforms have been passed including the most recent 2016 educational opportunity gap (SHB 1541) – it is time to fund these mandates.

Transparency of funding and spending accountability in Olympia

Voters expect and deserve assurances that any new revenues will be spent as promised. Legislators must ensure that these funds will make it to schools and classrooms, to pay for materials, teacher salaries, and other important elements of a basic education, and the funding process must be transparent. State common schools funding, including new revenues, must go to fully funding basic education in our public schools, and not to charter or private schools.
Possible Tax Revenue Options for this Task Force to Consider

Washington’s Paramount Duty recommends that the Education Funding Task Force not waste precious resources by reinventing the wheel at this final hour before the 2017 legislative session deadline. Instead, we recommend the task force dust off the solutions that have been proposed in recent years to fund basic education. Parents, teachers, and community members have frequently suggested these solutions to us, and we briefly discuss some of these options below.

The final answer will likely include elements from several of these proposed revenue solutions to amply fund basic education from “dependable and regular tax sources.” Consider these options as an a la carte menu, from which the Legislature may pick and choose options and build its own solution.

1. Closing Tax Breaks on Large Corporations

The Boston Globe aptly described the stark choice facing the Washington Legislature as “a question of tax cuts or education.” While the State claims it cannot afford to amply fund basic education, “it gives away more money in corporate tax breaks than any other state aside from New York, which has nearly three times the population.”

Tax breaks account for about $30 billion a biennium!

The state currently chooses to provide about 150 tax breaks to four industries: aerospace, technology, agriculture, and timber. Large companies in these key industries “pay little or nothing of the $3.1 billion collected” under the Business and Occupation (B&O) tax on receipts.

We urge the Legislature to raise the level of intellectual and economic discussion regarding these tax breaks. While these tax breaks result in billions of dollars of lost revenue to our state, there is little to no data on the true public benefit or return on investment these tax breaks provide. Without full transparency and examination of these tax breaks, we cannot properly weigh whether these tax breaks benefit Washington residents. And, even if our state determines that each of these tax breaks is beneficial, we must still weigh whether the purported economic benefit truly outweighs the opportunity cost. Should we be giving away billions of dollars to large corporations or using this money to educate Washington’s 1.1 million public school students?
The Legislature has data from which it can assess the efficacy of each tax break. This allows the Legislature to make a judgment on the opportunity cost, but the public is excluded from these assessments.\textsuperscript{11} Thus, it is a tad audacious for this task force to ask outside organizations to judge the efficacy of specific tax breaks while it withholds the bulk of the data crucial to these discussions. Because the Legislature does not provide transparent information regarding most current tax breaks, the public is unable to “specify which tax exemptions are recommended to be eliminated” as this task force requested.\textsuperscript{12}

Without full transparency on all tax breaks, public school parents and other stakeholders are shut out. The public has every right to engage in a robust discussion or argument about the true value of the revenue lost from these tax breaks. The public is being actively denied the right to determine whether the value of the tax breaks to massive corporations that pay an incredibly low tax rate really outweighs the benefits that this lost revenue would provide to Washington’s school children.

Over the past several years, legislators have suggested numerous proposals—that have passed various committees and chambers—to close specific tax exemptions and instead, invest the funds in public education. The Legislature has passed very few of these proposals into law.

2. **Capital Gains Tax on High Profits**

According to a recent Washington poll, \textit{65\% of likely Washington state voters support a capital gains tax on the wealthy to fund basic education}.\textsuperscript{13} Capital gains are long-term profits from the sale of corporate stocks, bonds, investment property, and other high-end financial assets. Capital-gains tax proposals would not tax gains on residences, retirement-accounts, college-savings accounts, inherited capital assets, dividend payments, or agricultural land. \textit{The 7\% capital gains tax would only apply to capital gains in excess of $50,000 per year for a married couple and $25,000 for single filers.}

A capital-gains tax would raise about \$800 million in fiscal year 2017.\textsuperscript{14} Because the actual amount collected from any capital gains tax would fluctuate with the financial markets, the state would rely on only a portion of the average tax revenue and would save the additional revenue in a reserve fund.
Most of the new revenue from a capital gains tax would be paid by the richest 1% of households—meaning those with incomes of at least $490,000 per year. In addition to voter support as shown by the poll, the Seattle Times endorsed a capital gains tax: “A long-term solution to the education-funding crisis in Washington is right in front of lawmakers. . . . [The Legislature] should buckle down and make the choice to begin taxing capital gains.” Only nine states, including Washington, do not tax capital gains. Additionally, our neighboring states all tax at a rate higher than the 7% proposed in Washington: 13.3% (California), 9.9% (Oregon), and 7.4% (Idaho).

3. **Repeal Tax Break for Bottled Water**

Until 2004, the state sales tax applied to purchases of bottled water. Repealing the sales tax exemption on bottled water would bring in nearly $60 million a biennium. Washington’s Paramount Duty recommends that any proposal maintain the exemption for schools and people who do not have access to potable water. This reasonable compromise measure raises revenue while preserving reasonable, untaxed access to water.

4. **State Income Tax on High Earners**

An income tax on wealthy individuals—those earning more than $200,000 a year or households earning more than $400,000—would bring in over $3.2 billion a year. For individuals with an adjusted gross income of $400,000 but not over $1 million, the tax rate could be 5% of the excess over $400,000. For individuals with an adjusted gross income over $1 million the income tax could be $30,000 plus 9% of the excess over $1 million. The state estimated that with these proposed income tax rates, 38,400 Washington state tax payers—12,400 individual tax returns and 26,000 married joint, head of household, and widower—would pay the income tax. The Legislature can include an assurance in the legislation that these proposed income tax rates would not be increased for any income level without a majority vote of the Legislature and submission of the changes to the voters for their approval.

As reported in the Seattle Times, a recent study “shows that the wealthiest Americans tend to stay put, regardless of their home state’s tax system.” Moreover, the migration data from the study predicts that if Washington were to tax its wealthiest residents’ income at a 1% rate, Washington would “witness an exodus of 19 millionaires.”
5. **Washington Investment Trust (State Bank)**

Nearly a century ago, North Dakota established a state bank that is controlled by the people for the benefit of the people and economy of North Dakota. Washington could use the billions of dollars in tax receipts to deposit in the Washington Investment Trust, which would be owned by Washingtonians. The state bank would also generate new revenue from the interest collected on loans made to invest in Washington, its infrastructure, and the state's residents. According to a 2010 analysis, a state bank “could pay total accumulated dividends to the state’s General Fund of $71 million after 10 years, $206 million after 20 years, $382 million after 30 years, and $675 million after 40 years.” Leaders have sponsored bills to create a state bank, including SB 553.

6. **Carbon Tax or Cap and Trade System**

The Legislature could raise revenue by placing a price on carbon, through either capping or pricing carbon pollution. A carbon tax would raise revenue through the tax collections, and a cap-and-trade system would raise revenue through the auction of carbon allowances. Any revenues could be invested in funding basic education in addition to funding strategies to transition Washington to a low carbon economy. According to the fiscal note for 2SHB 1314, a 2015 carbon pricing proposal, such a system could raise as much as $600 million to $700 million annually for public education in the next five years. We suggest the legislature address the regressive nature of a carbon tax or cap and trade system by compensating lower income households for increased prices.

7. **State Property Tax**

Washington’s Paramount Duty does not support the controversial proposal to do a “levy swap.” This concept would raise the state’s property tax and lower local property-tax levies. We have heard concerns from parents and teachers in communities across the state that this would not solve the financial woes facing our schools, and could create an unfair burden on poorer residents of our state’s urban communities.

Importantly, a levy swap is not required under *McCleary*. The Supreme Court offered “no opinion on whether full state funding of basic education salaries must be accompanied by levy reform,” because “how the State achieves full state funding is up to the legislature.”
Close the Gap!

Currently, property tax resource growth for Washington’s schools at both the state and local level is limited to the lower of either 1% per year or the rate of inflation.25 Accordingly, increasing the state property tax to cover a larger chunk of the funding needed to amply fund basic education would also require the Legislature to eliminate the 1% growth cap on property taxes for school funding.

However, enacting a levy swap would force Washington to continue to rely upon the same legs on the same shaky stool that makes up our regressive tax system—essentially, a broken B&O tax with our largest companies carrying little to no tax burden, a heavy reliance on the sales tax, and significant state and local property taxes. Thus, Washington’s Paramount Duty recommends that the Legislature examine and consider revenue sources that branch out from these three taxes to diversify and strengthen Washington’s tax structure.

Moreover, if the Legislature examines options with an increased state property tax, the Legislature should also enact a protection for lower income households. For example, property tax payments for homeowners could cease once the tax payments exceed 5% of a household’s annual income.

While Washington’s Paramount Duty includes the state property tax as a possible source of revenue, we again emphasize that we do not endorse this option. Our organization shares many of the same concerns that the Seattle Times has identified: “Property-tax proposals so far would disproportionately place the burden on people who own homes and business properties in King County. That is not a reasonable fix and would compound the housing-affordability problem that now threatens growth in the core of the state’s economy.”26

The inequities that exist between Washington’s urban and rural areas also exist within the state’s urban centers. Although some districts may be comparatively “rich” as a whole, this overlooks the fact that many urban and suburban residents in those districts do not share in that prosperity, struggle to make ends meet, and already carry too heavy of a tax load in our state. Instead, we should look to wealthy individuals and large corporations—who pay relatively little taxes right now—for new revenue.
In conclusion, Washington’s Paramount Duty recommends a range of possible solutions to fully fund basic education. Thank you for considering the above guidelines and recommendations. We look forward to engaging with you in a robust conversation on how to best support Washington’s 1.1 million public school students, who represent the future of our state.

Tali Rausch, President

Summer Stinson, Vice President

John Freeman, Treasurer

Rebecca Vaux, Secretary

Dawn Bennett, Board Member at Large

Rita Green, Board Member at Large

Robert Cruickshank, Board Member at Large

pays/states/washington.php (“Washington has the most unfair state and local tax system in the country.”) (emphasis in the original); Jon Talton, *Washington suffers most regressive tax system in U.S.*, The Seattle Times (Mar. 3, 2015), http://www.seattletimes.com/business/economy/washington-suffers-most-regressive-tax-system-in-u-s/ (“Poor residents here pay 16.8 percent of family income in state and local taxes while the wealthiest 1 percent pay only 2.4 percent. By comparison, the percentage spread in Alaska is 7 percent and 2.5 percent; Idaho, 8.5 percent and 6.4 percent, and Oregon, 8.1 percent and 6.5 percent.”); Janet Novack, *State With World’s Richest Man Has Most Regressive Taxes*, Forbes, http://www.forbes.com/sites/janetnovack/2015/01/16/state-with-worlds-richest-man-has-most-re-
gressive-taxes-but-dont-blame-bill-gates/#2ccef433f933 (“Washington State continues to have the most “regressive” tax system in the country—meaning its taxes hit poor families the hardest, compared to rich ones.”); Carolyn Adolph, *This Portland Barista Pays Fewer Taxes Than Seattle Baristas*, KUOW, http://kuow.org/post/port-
land-barista-pays-fewer-taxes-seattle-baristas (“In Washington state, part-time minimum wage workers – like students – pay up to 24 percent of their earnings in state and local taxes according to the state revenue depart-
ment.”).

3 Andrew Villeneuve, *Washingtonians Really, Really Want A Capital Gains Tax To Address Education Funding Crisis*, Northwest Progressive Institute (June 20, 2016), https://www.nwprogressive.org/weblog/2016/06/washingtonians-really-really-want-a-capital-gains-tax-to-ad-
dress-education-funding-crisis.html.


5 Institute on Taxation and Economic Policy, supra, note 2.


8 Id.

9 Id.

sions, the public must know the actual cost of special tax deals made by lawmakers. This is especially important as the state struggles to fund education and other unmet needs.”).

11 The 2013 tax-break disclosure provision in ESSB 5882 is commendable at providing transparency to new and extended tax breaks, but unfortunately, it does not apply to most current tax breaks. See e.g., Jim Brunner, *For First Time, Boeing Reveals state tax breaks*: $305 million in 2015, The Seattle Times (April 29, 2016), http://www.seat-
tletimes.com/seattle-news/politics/boeing-saved-305-million-last-year-from-state-tax-breaks/ (“State Sen. Reu-
en Carlyle, D-Seattle, pushed for the tax-break transparency provision, approved in 2013, that requires savings from new or extended tax breaks claimed by companies to be disclosed. Previously such company-specific information has usually been deemed confidential. Carlyle said opening up the data on tax breaks is crucial for the public and policymakers to make informed decisions.”) (emphasis added); Jim Brunner, *Boeing Must Disclose Tax-Break Savings*, State Department of Revenue Rules, The Seattle Times (Jan. 7, 2016), http://www.seattletimes.com/seattle-news/politics/boeing-saved-305-million-last-year-from-state-tax-breaks/ (“In the past, taxpayer confidentiality laws have, with few exceptions, shielded disclosure of tax-break benefits enjoyed by individual companies. Instead, such information has been largely limited to estimates of how the tax breaks apply to broad industry sectors. The 2013 tax-break disclosure provision changed that, requiring tax savings claimed by individual businesses to be made public within two years for any new or expanded tax break passed by lawmakers.”) (emphasis added).

13 Andrew Villeneuve, supra, note 3.


21 Id.


26 The Seattle Times Editorial Board, supra, note 11.
From: Kelly Munn  
Sent: Thursday, August 4, 2016 2:49 PM  
To: EFTF Responses  
Subject: League of Education Voters Ed Funding Plan

Hello!  
Attached is the League of Education Voters Ed Funding Plan. Thank you so much for the opportunity to send you our thoughts!

Kelly Munn  |  State Field Director  
League of Education Voters  
Working to improve public education in Washington state from cradle to career with ample, equitable, and stable funding
A WAY FORWARD

We can and must do better for Washington’s students.

January 2015
Washington's policymakers have spent much time, money, and intellectual capital trying to overhaul our state's education funding system—multiple task forces, studies, work groups, legislative efforts—and yet, we lack a plan for ample, equitable, and stable funding. In addition, our definition of "basic education"—what this funding system is supposed to pay for—doesn't go far enough to prepare our kids for college or career.

The Washington State Supreme Court found that the state was violating its constitutional obligation to amply fund basic education in the McCleary v. State of Washington funding case. Lawmakers were given a 2018 deadline to fix how we fund basic education. The passage of Initiative 1351 to lower K–12 class sizes statewide magnifies the intense pressure on the Legislature to determine a viable funding plan for public education. Though the 2018 deadline looms, the Court found the Legislature in "contempt of court" last fall, giving them until the end of the 2015 legislative session to make significant progress on a funding plan. While the funding issues are paramount to the Court, this time frame provides a unique opportunity to reflect on what our kids really need from our public education system to succeed.

While we have made progress in improving the K–12 system, we have not changed the way we think about what a basic education entails. A child's education should be a continuum with seamless transitions. Our state's approach to providing that education is hamstrung by silos, bureaucratic fights, politics, and battles pitting different parts of that child's education against each other.

The League of Education Voters (LEV) endorsed the re-definition of basic education developed by our Legislature in 2009 (it includes smaller class size, full-day kindergarten, transportation, materials, and supplies) upon which McCleary is based, but we also advocated, based on our leadership and support for Initiatives 728 and 884, that the definition should include early learning and higher education.

A new definition of basic education must address one of the critical and more pernicious challenges we face statewide: a growing achievement gap between low-income kids, kids of color, and English Language Learners; and their white, more afuent counterparts. Too many kids, particularly low-income kids, arrive at kindergarten already behind. At the other end of the education spectrum, all data point to the need for a postsecondary degree or certificate in...
preparation for the jobs of today and tomorrow.
We know there is no single policy solution that will close the opportunity and achievement gaps for Washington students.

We believe the pathway to providing a high-quality public education for all students begins with identifying and funding what works.

For the League of Education Voters, this requires a new definition of basic education, which includes early learning, strategic investments in teacher compensation and professional learning, and at least two years of post-secondary education for each Washington student. We can and must do better for Washington’s students.

LEV’s vision for an expanded definition of basic education is aspirational, yet achievable, and will spark change in Washington state’s investment in the public education system. This vision ensures all students in Washington have access to a high-quality public education required by our state’s Constitution.

In order to achieve that vision, Washington’s basic education system must:

- **Prioritize** students and their learning
- **Invest** in proven strategies to close the opportunity and achievement gaps
- **Recognize** that students who need more support to reach high standards should get more support
- **Establish** a stable salary system and program of professional learning that helps attract and retain the best teachers and administrators while providing opportunities for growth and improvement
- **Embrace** rigorous and relevant learning opportunities for all
- **Acknowledge** the importance, and necessity, of involving parents and caregivers
- **Guarantee** that the quality of a student’s education is not determined by his or her ZIP code

If we are to prepare all kids for success, it is critical that our investment priorities are proven effective at closing systemic opportunity and achievement gaps. Funding for public education in our state must include substantial resources focused on addressing and ultimately eliminating these gaps in academic outcomes.
EARLY LEARNING

One of the best economic investments we can make for our state

What We Know

Early learning begins at birth. We know that the majority of a child’s brain development takes place during the first three years of their life. During this significant developmental time, some children and their families need extra support. This is why the League of Education Voters supports home visiting programs, high-quality childcare, and nutrition programs to ensure these kids get a good start in life.

We also know that between ages three and seven is a unique time in the development of a child and the needs of families. During this time, many parents return to the workforce and families begin to look for preschool or childcare options. At this important milestone, it is critical that children continue their social, emotional, and cognitive development to ensure their ultimate academic success.

Given the dramatic increase of families in need and the science about the critical nature of this time period in a child’s life, LEV is focused on ensuring access to high-quality preschool and increased alignment with the K–12 system.

Many studies show that children in high-quality early learning programs are more prepared for kindergarten, more likely to graduate high school, healthier, more likely to be employed, and report higher income. They are also less likely to repeat grades, be placed in special education, be involved in the juvenile justice system, and commit crimes as adults. High-quality early learning is one of the best ways to close the opportunity and achievement gaps, which are already present by the beginning of kindergarten. Much of high-quality early learning focuses on the social and emotional learning that is so vital throughout a child’s life.

Early learning benefits add up to savings for school districts, taxpayers, and the state. In some cases, school districts save approximately $3,700 for each low-income child or child with risk factors who receives early learning. There is an additional $1,000 of savings per child in costs outside of school like healthcare, drug prevention, and criminal justice.

Children furthest from opportunity who do not have access to high-quality early learning experiences are 40 percent more likely to repeat grades, 29 percent more likely to drop out of school, 41 percent more likely to be placed in special

“Children in high-quality early learning programs are more prepared for kindergarten, more likely to graduate high school, healthier, more likely to be employed, and report higher income.”
education, 60 percent more likely to never attend college, 33 percent more likely to be arrested as a juvenile, and 42 percent more likely to be arrested for a violent crime, all of which require costly state resources.

During the 2015 legislative session, policymakers must pass the bi-partisan Early Start Act.

It is important to note that while high-quality early learning has clearly shown benefits, it is essential that children transition from these programs into high-quality schools in order to maintain their growth.

A Way Forward

Thanks to McCleary, the state has made progress toward funding two important components of high-quality early learning. Approximately 44 percent of kindergarten students are enrolled in full-day kindergarten paid for by the state. Fulfilling implementation of full-day kindergarten, per McCleary, will require an additional $174 million annually. The state is also making progress toward lowering class size for students in grades K–3. The state has prioritized lowering class sizes in these grades, beginning with schools that have a majority of low-income students. Fully funding K–3 class-size reduction, per McCleary, will cost the state an additional $573 million a year.

We must also build on our recent success in expanding the state’s preschool program (Early Childhood Education and Assistance Program, or ECEAP). This begins with fully funding ECEAP by the 2018 implementation deadline (an annual cost of $96 million), but that will still leave many children unserved. For a yearly investment of an additional $227 million, the state could extend eligibility to provide
high-quality preschool to the 30,000 low-income Washington students not yet served.4

Lastly, during the 2015 legislative session, policymakers must pass the bipartisan Early Start Act, which aims to increase the quality of childcare and pre-

school programs for low-income families in Washington through a combination of incentives and provider requirements. The Early Start Act creates tiered reimbursements, enhanced coaching and mentoring, and improves financial stability for early learning providers. Implementation of the Early Start Act is estimated at $100 million a year.

<table>
<thead>
<tr>
<th>A WAY FORWARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100 M  Early Start (New annual investment)</td>
</tr>
<tr>
<td>$227 M  Expand ECEAP (New annual investment)</td>
</tr>
<tr>
<td>$96 M  Fully fund ECEAP (Previous commitment)</td>
</tr>
<tr>
<td>$174 M  Full-day kindergarten (McCleary commitment)</td>
</tr>
<tr>
<td>$573 M  K–3 class-size reduction (McCleary commitment)</td>
</tr>
</tbody>
</table>

| $327 M  TOTAL NEW INVESTMENT PER YEAR |
| $1.17 B  TOTAL PER YEAR |
| $2.34 B  TOTAL PER BIENNUIUM ($654M new investment) |
What We Know

The research is clear: teachers make the biggest school-based difference in a child’s education. In addition, effective school leadership plays a significant role in the academic results of students building-wide. Changes to the way we prepare, recruit, and retain highly effective teachers and leaders are necessary to close gaps and improve outcomes for all kids. Currently, about half of Washington’s new teachers will not be teaching within five years.

Teacher Compensation

In Washington, starting base pay for beginning teachers is $34,048. Changes to our state’s compensation system are necessary to attract, retain, and reward quality teaching. Our current system pays too little for starting teachers, is results-blind, and is too focused on time served and degrees earned rather than the difficulty of the job, student growth, and career ladders.

Increasing starting salaries for the 2,200 new teachers that entered the workforce in 2013–2014 from the current base pay of $34,048 to the $48,687 recommended by the Compensation Technical Working Group would require an additional investment of $32.2 million a year.

Ideally, that compensation would reflect an extended contract that more accurately remunerates the amount of time teachers dedicate to their students outside of the school day or year. This will allow for expanded high-quality, job-aligned professional learning, team collaboration, and planning. Rather than scheduling sporadic

The research is clear: teachers make the biggest school-based difference in a child’s education.
We must end the piecemeal approach to paying our teachers.

half days that interrupt learning and leave parents scrambling for childcare, professional learning should ideally be conducted both prior to and after the school year. Ten additional days of professional learning for Washington’s teachers will cost $200 million a year. However, additional time and money alone will not change outcomes for kids. Time used well and results-oriented compensation can.

Washington has adopted many major systemic improvements that have recently been implemented or are in the midst of implementation, including the Teacher and Principal Evaluation Program (TPEP); state intervention in persistently failing schools; statewide indicators of educational health, requiring that districts select from a menu of best practices to spend Learning Assistance Program (LAP) dollars; creation of a statewide achievement and accountability index; new college- and career-ready high school graduation requirements; as well as roll-out of the Common Core State Standards and aligned assessments and Next Generation Science Standards.

Policy Implementation

Unfortunately, our state has a history of investing little to no resources in putting policy into practice. The “unfunded mandate” results in uneven implementation, varied quality, and unnecessary shuffling of resources by districts to pay for adequate training and implementation. To ensure that systemic policy changes are implemented with fidelity and that teacher and principals receive adequate support, LEV proposes the state create an Implementation Fund to assist the implementation of statewide changes. As the bulk of implementation costs are tied up in professional learning, the Implementation Fund would work in tandem with the 10 days of professional learning for certificated staff to furnish the needed resources to ensure high-quality implementation.
### WHAT WILL IT COST?

<table>
<thead>
<tr>
<th>Cost</th>
<th>Description</th>
<th>Investment Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200 M</td>
<td>Professional learning for teachers</td>
<td>New annual investment</td>
</tr>
<tr>
<td>$20 M</td>
<td>Policy implementation fund</td>
<td>New annual investment</td>
</tr>
<tr>
<td>$780 M</td>
<td>State-funded teacher compensation</td>
<td>New annual investment</td>
</tr>
<tr>
<td>$428 M</td>
<td>Materials, Supplies, Operating Costs</td>
<td>McCleary commitment</td>
</tr>
</tbody>
</table>

**$1 B** TOTAL NEW INVESTMENT PER YEAR

**$1.43 B** TOTAL PER YEAR

**$2.86 B** TOTAL PER BIENNIAL ($2B new investment)

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As a starting point, we suggest that 10 percent ($20 million) of the proposed $200 million K–12 professional learning budget be reserved for implementation.

### A Way Forward

Lastly, we must end the piecemeal approach to paying our teachers. While the state has been shirking this duty, districts have been forced to go without or underwrite basic education costs, including compensation, from local levy funding when able. Not only is this unconstitutional, it injects animosity across districts as teachers and administrators are left to wrangle over how to deliver the best education for our kids without the resources to do it. By assuming this obligation, the state will make salary increases more uniform statewide, facilitating more equitable compensation for teachers from district to district and freeing up local levy funding for supplemental program costs. A 2012 report determined this would cost $780 million a year.

Additional time and money alone will not change outcomes for kids. Time used well and results-oriented compensation can.
Teacher Training
One of the ways we can ensure that all Washington students have a world-class education that prepares them for career and life is to increase their access to high-quality teachers. This starts with teacher training.

While many of Washington’s teacher-preparation programs produce high-quality teacher candidates, there is variation in teacher effectiveness across and within teacher preparation programs. Some programs require extended periods of classroom experience; others require as little as ten weeks.

The inconsistency of training is exacerbated by a state salary schedule that provides incentives for Master’s degrees—for which there is no correlation to higher academic success for kids or improved teacher quality. The national average compensation bump for Master’s degrees is 9 percent; in Washington state it is 21 percent.

Inadequate training programs, coupled with incentives for degrees that have little to no impact on kids’ achievement, is not the kind of teacher-talent pipeline our kids need.

Cultural Competency
The demographics of the teaching force have not kept up with the changing demographics of the students it serves. Less than 10 percent of educators are people of color while over 40 percent of pupils are students of color.

The more than 160 languages spoken by Washington students are illustrative of the degree of cultural diversity in schools throughout the state. More than 1 in 5 schools in Washington have 10 percent or more students enrolled in the Transitional Bilingual Instructional Program. Despite the high and growing need for teachers who can teach ELL students, just over 300 teachers graduated with an ELL endorsement in 2013 from a Washington state university teacher-credentialing program. The teacher workforce needs better preparation to provide the best instruction possible for students with varying degrees of English proficiency and such diverse backgrounds.

Students of color, low-income students, and students receiving special education services are underrepresented in advanced courses, overrepresented in disciplinary actions, and generally have not had the same levels of achievement as other groups.

Culturally responsive instruction, social-emotional learning, academic acceleration, and...
access to the most effective teachers\textsuperscript{14} are all promising, cost-effective approaches to closing some of these gaps with research behind them.\textsuperscript{15}

### Professional Learning and Evaluation

Changes to the way we evaluate our principals, coupled with the state’s new accountability system, have put more emphasis on principals as instructional leaders and coaches, yet they have limited authority to create the teams necessary for success.

Principals are accountable for building-wide results but receive no state funds for building-aligned professional learning.

In addition, principals should be able to recommend, if not require, professional learning that is aligned to teachers’ or teaching staff’s individual needs based on their evaluations. Often, however, the time, place, and nature of professional learning are dictated by the local collective bargaining agreement.

While improving teaching effectiveness is a primary goal, removing ineffective teachers is still a necessary component to building a highly effective team. Yet, the process to remove teachers can take upwards of three years, and once gone, their replacements may not be chosen by the principal and building leadership teams, but by district human resource offices bound to hire from displacement pools.

To recruit the right talent to schools and align teams to a shared school culture, principals and their hiring teams should be able to “open hire” without requirements to hire from the displacement pool first. Every school has its own unique culture and needs, and we should allow them to try and meet those needs as best they can.
POSTSECONDARY EDUCATION
A necessary step to ensure success for all Washington students

What We Know
Whether a student wants to work in healthcare, manufacturing, aerospace, or in any other industry, a degree or credential beyond high school is becoming less of a luxury and more of a necessity. Two-thirds of Washington jobs in just four years will require some sort of postsecondary degree. There are 25,000 unfilled jobs in Washington because of the job skills gap.

The Washington Student Achievement Council reports that by 2021, our state must boost degree completion by 25 percent in order to address our state’s skills gap. This gap causes employers to import talent and could cause us to lose some of the companies that have built so much of Washington state’s economy.

Graduates with a postsecondary education tend to earn significantly more than those with only a high school education and fare better in economic downturns. Postsecondary education also helps the economy at large.

Adding one year of schooling to the average educational attainment of employed workers with at least a high school diploma is associated with an increase in real gross domestic product (GDP) of more than 17 percent per capita.

It also helps workers, who each receive an increase in real wages of nearly 18 percent. In Washington, this means that, on average, for every year of postsecondary educational attainment, an individual’s annual earning potential increases by $8,500.

Yet, the cost of higher education for Washington students increased every year from 2008 to 2012 for both two- and four-year institutions, despite universities lowering their overall operating expenses. In 2008, the state paid, on average, 55 percent of the cost of education at public four-year universities. By 2012, the state only contributed an average of 32 percent of the cost of education.

A Way Forward
As it becomes more and more expensive to obtain a
postsecondary education, we believe the state must increase its responsibility to help all students afford to study for a postsecondary degree or credential.

Our state invests in a number of programs to help low- and middle-income students attend postsecondary institutions. The State Need Grant (SNG) is a financial aid program for low-income Washington residents seeking postsecondary education or training. This program is $123 million underfunded each year, which means that 34,000 eligible students are not being served.22

The College Bound Scholarship Program provides scholarships for 7th and 8th grade students who are low-income or in foster care. While the first cohort of College Bound Scholars just entered college in fall of 2012, there are already encouraging results. According to survey results, enrollment in the College Bound Scholarship program had a positive impact on students’ decision to graduate from high school, maintain higher GPAs, and take advanced classes in high school.23 Of students enrolling in higher education, College Bound students are almost 50 percent more likely to attend a four-year college than low-income students statewide.24

Though the state has fulfilled its financial duty to fund College Bound Scholarships up to this point, the state must sustain that commitment as the number of students enrolled in College Bound increases.

We must build on the success of the College Bound Program. The definition of basic education must include at least two years of postsecondary education. By investing an additional $127 million a year, we can provide full tuition support and a book allowance for each low-income Washington high school graduate with two years of postsecondary education at a two- or four-year institution.25

By taking this bold step, we will deliver on the promise of our state’s constitution to provide an ample education for each Washington student.

### WHAT WILL IT COST?

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<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>$127 M</strong> Tuition and books for every low-income Washington high school graduate (New annual investment)</td>
<td></td>
</tr>
<tr>
<td><strong>$123 M</strong> Fully fund State Need Grant (Previous commitment)</td>
<td></td>
</tr>
<tr>
<td><strong>$127 M</strong> TOTAL NEW INVESTMENT PER YEAR</td>
<td></td>
</tr>
<tr>
<td><strong>$250 M</strong> TOTAL PER YEAR</td>
<td></td>
</tr>
<tr>
<td><strong>$500 M</strong> TOTAL PER BIENNIUM ($252M new investment)</td>
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</tbody>
</table>
FUNDING OPTIONS
To get from here to there

There are numerous ways to achieve ample, equitable, and sustainable funding for public education. To fund the League of Education Voters’ vision of an education continuum, it is going to take more than minor tweaks to our current funding system. Instead, we must overhaul how we fund public education in our state. It won’t be easy. But if it was easy, we would have done it long ago. To be successful will require us to think differently about the investment we make to support education and prepare each of our state’s students for the jobs of the future.

Below are three well-discussed ideas. The list is by no means exhaustive and should not be interpreted to preclude other options.

State property tax reform
State property tax reform would shift more responsibility for revenue collection to the state by uniformly increasing state property taxes, while reducing the local property taxes established through the passage of school levies. This would ensure a more reliable revenue stream for all schools, with more consistent funds over time and more equitable distribution.

Prioritizing education spending
Education is the state’s “paramount duty.” This approach seeks to increase the percentage of education spending as it relates to overall spending. Wherever possible, and without harming critical investments in social services and public safety, education investment should be the priority for state dollars.

New revenue
Washington does not currently raise sufficient tax revenues to fully fund an effective education system and maintain funding for existing government services. Our state is also often cited as one of the most regressive tax structures in the country. In order to continue funding essential services and meet our constitutional duty, the state should reform its tax code to generate additional tax revenue, reduce the regressive nature of the current system, and put the state on the path to fully funding public education.

We must overhaul how we fund public education in our state. It won’t be easy. But if it was easy, we would have done it long ago.
Washington state has the people, resources, and innovative spirit to create the best public education system in the world, but it’s going to take tough decisions from each of us to make it a reality. During 2015, the League of Education Voters is engaging policymakers, community members, parents, and educators across the state to discuss our vision for a high-quality public education system from cradle to career.

We invite you to join us.
ADDENDUM

WHAT WILL IT COST?
Cost estimates for an enhanced P–16 education continuum

The following pages provide additional information about our cost estimates for an enhanced P–16 education continuum.

EARLY LEARNING

The Early Start Act:

• Establishes a tiered reimbursement system for providers to incentivize high-quality early learning.
• Provides resources for early learning providers to enhance the quality of their instruction.
• Increases the slot reimbursement rate to enable providers to hire high-quality early learning instructors.

Early Start will cost approximately $50 million per year.

Improved access to high-quality preschool:

• Would increase the amount of funded slots through the Early Childhood Education and Assistance Program (ECEAP), which provides low-income parents the option of enrolling their child in high-quality preschool.
• Would provide funding for an additional 30,000 low-income children, beyond current phase-in plan, to enroll in preschool.
• Eligibility would be expanded from the current eligibility threshold of families within 110% of the federal poverty level to allow families below 185% of the federal poverty level to participate in the program. (This is the same eligibility threshold as the Free and Reduced Price Meals program.)
• Using expected participation rates of approximately 70% an estimated 30,000 more students would participate in ECEAP due to the change.

The cost per ECEAP slot will be $7,579. This program would cost approximately $227 million annually.

K–12 EDUCATION

Implementing Existing Law:

• The state needs an additional $174 million annually to achieve full-implementation of full-day kindergarten.
• The state needs an additional $573 million annually to fully fund K–3 class size reduction.
• The state needs an additional $428 million annually to fully fund Materials, Supplies, and Operating Costs (MSOC).
Implementation Fund
A major cost to implementation is professional learning to help K–12 staff to adapt to the impending changes. If the state were to provide 10 days of professional learning a year, as proposed, that allocation could pay for the professional learning component of the Implementation Fund. Additional funds would still be needed to pay for the production of materials, hiring of consultants, or any additional non-professional learning related costs. 10 percent of state K–12 professional learning expenditures will be dedicated annually to the Implementation Fund to assist districts in implementing changes passed by the state legislature. This would cost approximately $20 million annually in support.

Teacher Compensation

In the Compensation Technical Work Group’s 2012 report they determined that local school districts were using $780 million in local funds to supplement basic education employee salaries. The state does not provide adequate salary allocations to districts to enable them to pay a sufficient salary to hire and retain administrators, teachers, and support staff. Districts are then forced to use local levy money to make up for the lack of adequate salary allocations by the state.

• To increase starting salary for the 2,200 new teachers that entered the workforce in 2013–14 from the current amount of $34,048 for beginning teachers to the $48,687 recommend in the Compensation Technical Working Group it would cost $32.2 million.

Professional Learning
The state should fund 10 days of professional learning for all state funded certificated instructional staff.

• This proposal would cost approximately $200 million annually.

• This would provide professional learning to classroom teachers, librarians, counselors, nurses, psychologists, and social workers.
• Costs estimates were taken from the fiscal note for SB 6161 (2014).
POSTSECONDARY EDUCATION

Provides up to two-years of tuition support to low-income, recent high school graduates who attend a two- or four-year institution.

- Students are eligible to receive tuition support equivalent to two-years of full-time tuition support.
- Each community or technical college student will receive $4,467 per year. This includes tuition support and a $500 book allowance. (Same amount as College Bound Scholarship.)
- Each student enrolled in a four-year institution will receive an average of $10,627. This will be enough to cover tuition and fees and a $500 book allowance.

- The tuition support amount was determined by using a weighted average that took into account current State Need Grant postsecondary enrollment patterns and current College Bound Scholarship award amounts.
  - This is not a retroactive policy; this will go into effect for the first graduating class after passage.
  - This proposal would provide the full tuition cost and a book allowance for all eligible students. The cost estimates do not factor in a sliding scale. For purposes of cost estimates, all students who qualify would get the same award amount.

- Assuming State Need Grant is fully funded, the cost to provide these financial aid enhancements would be an additional $127 million annually above the shortfall for State Need Grant.
  - State Need Grant is currently underfunded by $123 million annually.
  - The cost projections assume a 25 percent increase in postsecondary attendance for low-income, recent high school graduates, from 48 to 73 percent, while holding constant current higher education enrollment patterns.
  - The 73 percent postsecondary attendance rate is the same as the targets identified in the King County Road Map Project.
  - The current average unmet need for State Need Grant recipients is 23 percent of the cost of education. Further, the average State Need Grant recipient covers 18 percent of their educational costs through federal education loans.

The cost estimates for low-income students (below) assume all income-eligible students will receive the full award amount. Current State Need Grant policy has tiered support depending on family income. This proposal would eliminate the tiered system and make all qualifying students eligible for the full award amount. Additionally, State Need Grant awards are reduced depending on how much other aid, mainly Pell Grant, was received by the student. This calculation makes the current State Need Grant funding complete in the sense that all tuition is covered regardless of other financial aid sources.

<table>
<thead>
<tr>
<th>Institution type</th>
<th>New eligible low-income students per year</th>
<th>Cost per annual</th>
<th>Annual cost at full</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two-year</td>
<td>11,930</td>
<td>$27 M</td>
<td>$54 M</td>
</tr>
<tr>
<td>Four-year</td>
<td>7,405</td>
<td>$36 M</td>
<td>$73 M</td>
</tr>
<tr>
<td>Total</td>
<td>19,335</td>
<td>$63 M</td>
<td>$127 M</td>
</tr>
</tbody>
</table>


4. The ECEAP expansion would make more children eligible to participate by increasing the income eligibility threshold from 110% of federal poverty to 185% of federal poverty. This estimate assumes a per ECEAP slot cost of $7,579 and an additional 30,000 students being served.


25. Calculation assumes a fully-funded State Need Grant program that reflects the same formula as the College Bound Scholarship Program. The state would cover the full costs of tuition plus a book allowance for all low-income and fostered high school graduates enrolling in postsecondary. Each State Need Grant student attending a community or technical college would receive $4,467 per year. This includes tuition support and a $500 book allowance. Each State Need Grant student enrolled in a four-year institution would receive an average of $10,627 for tuition and books.
Our vision is that every student in Washington state has access to an excellent public education that provides the opportunity for success.

League of Education Voters
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info@educationvoters.org
educationvoters.org

The League of Education Voters was founded in 2001 by Washingtonians to support a public education system that provides all students an equal opportunity for success from cradle to career.
To whom it may concern:

The attached bill is a simple way to reduce the amount of money that the state has to spend on public education. There is much discussion about how to raise more revenue, but very little on how to reduce the overall financial burden.

Happy to discuss further, if you like.

-Brendan Kolding
AN ACT Relating to establishing a partial reimbursement program for donations made by people to approved non-profit private schools; and adding a new chapter to Title 28A RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. (1) The legislature finds that:

(a) Approved non-profit private schools educate a significant percentage of children throughout the state, thereby reducing the amount of money that must be spent on public education as the State makes ample provision for the education of all children residing within its borders; and

(b) Approved non-profit private schools provide parents with options for the education of their children; and

(c) Approved non-profit private schools rely heavily on donations to meet their operating costs, which include, but are not limited to, salaries and benefits for staff, facility maintenance, and tuition assistance.

(2) The legislature intends to:

(a) Meet its Constitutional obligation and paramount duty to make ample provision for the education of all children residing within its borders; and

(b) Allow maximum freedom to parents to provide for the educational needs of their children.

NEW SECTION. Sec. 2. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) “Approved non-profit private school” means a school that is an approved private school for the purposes of RCW 28A.225.010(3); and is exempt from taxation under 26 U.S.C. Sec. 501(c)(3) of the Federal Internal Revenue Code of 1986, as amended; and that does not discriminate on the basis of race, color, disability, or national origin;

(2) “Donation” means a gift of money or property.
(3) “Fiscal year” means the twelve-month period from July 1st of the calendar year to June 30th of the next calendar year.

(4) “Married couple” means two people who are in a marriage together for the purposes of RCW 26.04.010.

(5) “OSPI” means the Office of the Superintendent of Public Instruction.

NEW SECTION. Sec. 3. (1) The Education Support Incentive Program (ESIP) is created. Under this program, beginning January 1st 20XX, people can be partially reimbursed for donations made to approved non-profit private schools. The amount of reimbursement shall be 25% of the amount donated and shall not exceed one-thousand dollars per individual, or two-thousand dollars per married couple, per fiscal year.

(2) In order to receive a reimbursement, an individual or married couple must make a donation to an approved non-profit private school. Within 30 days of receipt of the donation, the approved non-profit private school must certify to the OSPI, in the form and manner determined by the OSPI:

(a) That the individual or married couple made the donation; and

(b) The full value of the donation; and

(c) That the individual or married couple is seeking reimbursement.

(3) The OSPI will issue a reimbursement, as appropriate, to the individual or married couple within thirty days of receiving certification of the donation.

NEW SECTION. Sec. 4. The amount of money that is reimbursed is not tax-deductible on federal income tax returns.

NEW SECTION. Sec. 5. Sections 1 through 4 of this act constitute a new chapter in Title 28A RCW.

NEW SECTION. Sec. 6. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.
Washington State 2014-2015 School Year

92.5% of students attend public school
0.4% of students are home-schooled
7.1% of students attend private school

Private School Enrollment
Total enrollment: 81,179 students
- 75,814 students attend 464 non-profit schools
- 5,365 students attend 59 for-profit schools

Savings to the taxpayers: More than $800 million

Potential for Growth and Increased Savings
The total amount of vacancies in Washington private schools is unknown. However, the Archdiocese of Seattle reports 4,300 empty seats across its 74 schools. That equals 20% of current enrollment. The taxpayers would see a savings of approximately $43 million if those seats were filled. If that statistic holds true across the state, over $162 million stands to be saved if private schools operate at full enrollment.

If the national statistic that 40% of families would prefer to send their children to private school is accurate for Washington, private school enrollment could grow by a factor of five or six if we can make these schools more accessible.