

Education Funding Status at the end of the First Special Session 5/24/17

Despite the media, a small group of education policy legislators and budget writers are meeting almost daily. The struggle is twofold: both how to generate the additional funding, and also the philosophy around how the dollars are driven to districts. The Education Funding Taskforce was unable this summer to come up with a bi-partisan solution on how to reform local levies, in order to create a state funded system of education. It is complex, with potential winners and losers to each model. Washington State has been struggling with this issue since the 1977 Supreme Court case.

The result of the Education Funding Taskforce became the Democratic recommendation from both the House and the Senate. The Senate Republicans came forward with a very different looking plan. Compromise will need to come on both the policy behind how the money is allocated to districts, and where the revenue comes from. The House Republicans have a drafted plan they have not released yet. Theirs is a hybrid, with funding levels based on the Prototypical School Funding Model (the House majority plan), and driven out in a student-based formula (the Senate majority plan).

Beyond fully funding staff salaries, the legislators who have been meeting are going through policy points and deciding which parts of the system they can agree upon enhancing (Career Technical Education, for example, is an area all 4 sides agree needs to be better funded). The total amount of spending is close, and OSPI data indicates both plan totals would satisfy the Court. The House plan has \$22.02 Billion in this next two-year budget, and the Senate plan has \$21.94 Billion. With the full salary obligation from the state, including the starting teaching salary being raised to \$45,100, OSPI says it will take \$21.72 Billion for this biennial budget.

While the numbers look close, and there is general agreement on programs, which need to be better funded, the sticking point is how to generate the revenue. Both Republican plans rely on a Statewide Property Tax, or Levy Swap, which will replace M&O levies locally. Both plans allow districts to go out to voters for enrichment levies. The Democrat plan includes taxes most believe there aren't enough votes for (ex: Capital Gains, B&O, Carbon Tax). If the base of a State Property tax is used, there is potential appetite on both sides for a tax on Internet sales, and a bottled water tax. Those new taxes, in addition to a modest revenue forecast increase and a State Property Tax could get us there.

No movement will be made until leadership agrees upon the revenue for the policy. In the meantime, the Education Policy legislators (8 total, 2 from each party in each Chamber) are diving into details such as the Salary Allocation Model, Staff Mix, and State Healthcare for school district employees. There are markers to watch. The next Revenue Forecast is coming out June 20th. The State Budget needs to be passed by June 30th. If there is not ample agreement by that date, as was done in 2015, the legislature could pass a continuing resolution to keep the government running (and maintain K12 status quo). While some say we are 'close to a deal', the plans which have been shared publicly are still grounded in the ideology of the party putting them on the table. Wednesday 5/24, the first day after the Special Session, Superintendent Reykdal released his "McCleary +" plan. It is OSPI's vision of how to solve McCleary, and how to transform our education system over the next 6 years.