



Washington State  
School Directors' Association

## Legislative Update

December 17, 2012

By [Marie Sullivan](#), WSSDA Director of Governmental Relations

### Ed Funding Task Force Wraps It Up *Defines "education box" but no specific revenue proposal*

By a vote of 6-2, members of the Joint Education Funding Task Force approved a list of 12 spending enhancements for the next six years and the projected levels of funding, but offered only a list of possible revenue options rather than a funding mechanism for Basic Education programs. K-

Voting in favor were Sens. Lisa Brown, D-Spokane, and David Frockt, D-Seattle, Reps. Pat Sullivan, D-Covington, and Marcie Maxwell, D-Renton, Mary Lindquist of the WEA, and Highline School District Superintendent Susan Enfield. Voting against were Reps. Gary Alexander, R-Olympia, and Susan Fagan, R-Pullman.

Task Force Chair Jeff Vincent, and Sens. Steve Litzow, R-Mercer Island, and Joe Fain, R-Auburn, were absent.

Democrat and Republican members and alternates attending today's meeting expressed disappointment in the final vote, saying that neither side was delivering on the committee's assignment.

As a reminder, [HB 2824](#) created an 11-member task force. Members included four House members and four Senators (two from each party) and three Governor-appointed members. Meetings began in August, and meeting materials are available on the [legislative website](#).

Each meeting started with a reminder of the [committee's assignment](#):

- Make recommendations for how the Legislature can meet the requirements of [ESHB 2261 \(2009\)](#) and [SHB 2776 \(2010\)](#).
- Develop a proposal for a reliable and dependable funding mechanism to support basic education programs.

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- At a minimum, the funding mechanism must support full implementation of the programmatic enhancements of 2261 and 2776, including full-day kindergarten; reduced K-3 class size; increased allocations for maintenance, supplies, and operating costs (MSOC); and a new pupil transportation formula.
- Task force may recommend multiple options, but must recommend one preferred alternative, including an outline of necessary implementing legislation.
- Consider the 2012 Quality Education Council (QEC) recommendations for the Bilingual funding formula and make recommendations.

### **In or out of the “box”**

Today’s meeting continued the conversation members have had during the past few months about what activities are inside or outside the committee’s assignment.

As the meetings unfolded, various “straw man” proposals were floated by House and Senate Democrats. Through their comments, it became clear that Republicans were drawing a box around the four minimum components: transportation, MSOC, full-day kindergarten, and K-3 class size. Democrats argued for a box that funded these four components plus other elements of 2261 and 2776, including career and college readiness (increased instructional hours and the 24-credit diploma), compensation (prototypical schools, pay for comparable salaries currently covered by local levies), and accountability (TPEP, common core, state accountability system).

House and Senate Democrats offered a [final proposal](#) today that funded transportation, MSOC, K-3 class size, full-day kindergarten, 80 hours of increased instructional time, a 24-credit diploma, increased allocation for classified and administrative salaries, and accountability, evaluation and common core systems. The cost in the 2013-15 biennium would be \$1.4 billion.

While the Democrats’ proposal would use the schedule in statute for prioritizing funding, with transportation funded in 2013-15, MSOC by fiscal year 2016, and all others by the 2017-19 biennium, it included a caveat that “amounts may vary depending on the phase-in of the components.”

House Republicans [proposed an alternative](#) for a cost of \$924 million in the upcoming biennium. Rather than funding all components to some extent in 2013-15, the proposal reprioritized them, with full funding of all-day kindergarten (\$349 million) and half of the K-3 class-size enhancement as a start.

Under their proposal, in 2015-17 half of MSOC (\$777 million) and the remainder of K-3 class size (\$576 million) would be funded. In the final biennium, the proposal would cover the remaining MSOC (\$778 million), all of the pupil transportation (\$232 million) and the additional 80 hours of instruction for grades 7 through 12 (\$211 million).

In addition, the proposal from House Republicans would fund the enhancements and existing K-12 education programs for each of the three upcoming biennia in a separate education budget.

While considered, the House Republican proposal failed by a 2-6 vote.

In arguing for the Democrats' proposal, Sullivan said the task force needed to comply with state law, which included fully funding transportation in the upcoming biennium to avoid a bow wave in the future. He suggested it was possible to put in more money up front for full-day kindergarten and K-3 class sizes but only with additional revenues.

The motion to support the Democrats' K-12 spending enhancements passed 6-2.

### **And on the revenue side of the equation**

When the Supreme Court ruled last January that the state was failing to meet its constitutional obligation to amply fund public schools, it referenced the education reforms in [ESHB 2261](#) and [SHB 2776](#) as a promising start.

These two bills describe some of the “what” that is included in the definition of basic education. “How” the state is going to achieve a reliable and dependable funding mechanism is more difficult, and remains unanswered after today’s meeting.

House Republicans said that the \$924 million for their proposed enhancements did not require new revenue. HB 2824 included a subsection that allowed for a “no new revenue option,” but required the task force to “identify what areas already in the budget would be eliminated or reduced.”

Speaking for the House Republicans, Rep. Gary Alexander of the 2<sup>nd</sup> Legislative District, said he had a plan for making the cuts that would protect vulnerable populations and fund existing K-12 programs and enhancements. The plan was not presented at the meeting.

Sen. Christine Rolfes, D-Bainbridge Island, an alternate on the task force, offered a [chart](#) to show the magnitude of what would need to be cut if no new revenue was raised. She said the chart made no cuts to higher education, held the debt service even, and imposed a 15 percent cut to all other programs. It was offered as a point of reference, not a recommendation.

House Democrats provided a list of K-12 revenue options that included a range of estimated biennial funding impacts but no “preferred alternative.”

Rep. Pat Sullivan, D-Covington, encouraged members to move the list of revenue options forward so that a debate could take place in the legislature, where each individual option – or different options – could be debated on the merits.

The [list of revenue options](#) included:

- Use Rainy Day Fund
- Retain existing taxes set to expire
- Additional budget efficiencies and savings
- Eliminate tax exemptions
- Transfer pupil transportation costs to the state transportation budget with revenue increases to cover costs
- Add an excise tax on capital gains (excluding first \$10,000, residence, and retirement distributions, retains same exclusions in federal law for mortgage-derived gains; 5 percent rate; possible circuit breaker)

In addition, Democrats kept property tax options on the table for discussion, although no specific recommendation was made. Without detail, options included revising the state school levy growth factor, increasing the state school levy, or using the state school levy to replace local levies.

The task force voted 6-2 to include the options in the report.

#### **What's next**

Vice Chair Enfield, who presided over today's meeting, said that she and the Chair had discussed the report that is due at the end of this month. Their recommendation was to keep the report very brief – 5 to 7 pages – and include many appendices.

House Rep. Cathy Dahlquist, R-Enumclaw, an alternate on the task force, said that the Republicans would be providing a solution that would be outside of the final report.

Staff will prepare a draft of the report based on today's votes and previous deliberations, and submit it to members for review by Thursday. Enfield asked for member comments by December 24 so that staff could meet the report deadline.

The Legislature will convene January 14 for a 105-day session.

#### **For more information ...**

For a look at today's meeting, here is where the [TVW link](#) (about two hours long) will be.

For meeting proceedings and related materials, click [here](#) or go to [www.leg.wa.gov](http://www.leg.wa.gov) and click on Legislative Committees.

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