



Dems propose closing tax loopholes to meet McCleary obligations

Loophole-friendly Republicans favor a more incremental approach.

By John Stang

February 25, 2014.

Washington's Senate Democrats want to up the ante on McCleary. Now.

On Tuesday, the Senate minority caucus unveiled its approach to complying with a 2012 Washington Supreme Court decision — the so-called McCleary ruling to upgrade the state's schools. Unhappy with Olympia's slow pace towards its mid-2019 deadline for finishing the work, the court gave lawmakers an April 30 to hatch a catch-up plan.

The four legislative caucuses have just begun to meet on that task. Come April 30, the court may receive one united plan from the legislature, or four radically different approaches. No one knows for sure.

On Tuesday, Senate Democrats went public with their catch-up proposal, calling it a starting point. But Senate Democrats also want to dramatically increase spending on McCleary work this year, which could lead to another budget deadlock that might extend the legislative session beyond its current March 13 finish date.

"This is a large enough issue that it is worth it to stick around after March 13," said Senate Minority Leader Sharon Nelson, D-Maury Island.

Quick McCleary refresher: In 2012, the Supreme Court found that the state was not meeting its constitutional obligations to provide "basic education" for Washington's students. To correct the problem, the court ordered the state to dramatically improve teacher-student ratios in Grades K-3. So far, the Legislature has allocated \$982 million for McCleary compliance in 2013-2015. Which means it will need to appropriate \$1.5 billion to \$1.75 billion in each of the next two budget biennia (2015-2017 and 2017-2019).

Here's this week's McCleary progress report:

On Monday, the chief budget writers for both the Senate majority coalition and the minority Democrats announced a \$96 million supplemental budget. This is a routine fix-it measure for the second half of the 2013-2015 biennium, which includes an extra \$38.3 million for McCleary prep work. The \$96 million total does not revive long-dormant cost-of-living raises for teachers, and it doesn't close any tax breaks.

On Tuesday, the Senate Democrats said they wanted to add an additional \$101 million for extra McCleary work, along with similar but slightly different goals for the extra \$38.3 million in McCleary prep that was proposed on Monday. The additional monies would go toward reducing some second-grade class sizes, adding some all-day kindergartens and bringing back cost-of-living raises for teachers.

To pay for the extra efforts, Senate Democrats propose to close or drastically change four tax breaks currently in place. Doing so would raise \$106 million for 2014-2015 and \$203 million for 2015-2017. The four targeted exemptions advantage bottled water, five oil refineries and sales tax for out-of-state residents and for re-sellers of prescription drugs.

Gov. Jay Inslee called the approach "a sound plan that puts our children ahead of tax breaks."

Sharon Nelson (below) agreed: "New revenue is the only responsible way to address education and our children's future," said the Senate minority leader.



"These are ... tax preferences we can close without harming our economy," insisted Sen. Andy Billig, D-Spokane. Of course, the Senate majority coalition and House Republicans have successfully fought to keep those exemptions intact. The majority coalition did not respond Tuesday to the Democratic proposal.

On Wednesday, the Democratic-controlled House is expected to unveil its 2014-2015 supplemental budget, which includes McCleary-related components. So far, nothing is known about the budget specifics. Senate Democrats say they have kept in touch with House Democrats in an effort to (somewhat) coordinate efforts.

Senate Democrats proposed (on Tuesday) locking in a steady, "linear" funding and fix-it approach that would meet all the McCleary requirements by the court's mid-2019 deadline. House Democrats have been sympathetic to that strategy. Senate Democrats called for the same "linear" approach to improving teacher compensation, an issue that lingers around the edges of the McCleary ruling.

The Senate Majority Coalition and House Republicans have not unveiled their initial negotiating positions for the April 30 catch-up plan. But they have been chanting a "reform before revenue" mantra in which administrative fixes would come before finding and spending any money on teacher-student ratio issues.

The proposal by Senate Democrats to add extra McCleary funding is unlikely to get anywhere this session; that is, unless House Democrats want to adopt similar measures and timetable. While the Senate Majority Coalition Caucus can shrug off Senate Democrat wishes, the House Democrats have the clout to kill majority coalition bills. Which would force the two sides to (gasp) compromise.

Photo of Rep. Sharon Nelson by John Stang.

John Stang is a longtime Inland Northwest newspaper reporter who earned a Masters of Communications in Digital Media degree at the University of Washington. He can be reached by writing editor@crosscut.com.

View this story online at: <http://crosscut.com/2014/02/25/education/118922/dems-propose-closing-tax-loopholes-meet-mccleary-o/>

© 2014 Crosscut Public Media. All rights reserved.

Printed on February 26, 2014