McCleary mandate calls for tangible solutions

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OLYMPIA — Candidates who prevail in November will head to Olympia in January under the threat of sanctions the state Supreme Court says it will impose if lawmakers don't make solid traction on fully funding public education.

The Legislature pledged to meet that goal by 2018 in a 2010 education reform bill (HB 2776). But it is less than halfway there, some say by a long shot.

In the 2012 McCleary decision, the court ruled the state was not fulfilling its constitutional duty to fully fund K-12 education. On Sept. 11, the court found the Legislature in contempt for failing to produce a plan to meet its own deadline.

The court recently ruled it would hold off on sanctions until the end of the upcoming session.

Under the likeliest scenario, the court could nullify all or parts of whatever budget the Legislature does pass and send it back to the drawing board, leaving school officials in fiscal limbo.

In other options, the court could nullify tax breaks, require the sale of state property or, in what is being called the "nuclear" option, close schools until the Legislature hammers out a budget that meets the court's approval.

At the very least, discussion of education is likely to overshadow problem-solving on other pressing needs such as transportation, higher education and mental health.

EDUCATION BUDGET BASICS

By most estimates, the minimum additional money needed for K-12 education by 2018 is somewhere between \$5 billion to \$6 billion. That's on top of \$1 billion added for the 2013-2015 biennium.

For the 2015-2017 biennium, \$1.7 billion in new money would be needed to keep the Legislature on track toward its self-imposed deadline, according to Sen. Christine Rolfes, D-Bainbridge Island, who serves on the committee that reports to the Supreme Court and who is not running for office this year. HB 2776 calls for full coverage of smaller early elementary class sizes, state-supported all-day kindergarten, plus payment for the real cost of materials, operating costs and transportation.

The court has also added a mandate to shift much of the burden of paying for teachers off local taxpayers. Doing so would add more than \$1 billion per biennium in state education spending by 2017, according to a Senate finance staff estimate, and that cost must be sustained into the future. The mechanism for doing so has been debated in previous sessions without tangible results.

Factoring in inflation brings the estimated total increase needed for 2015-2017 to about \$3 billion, Rolfes said, again citing recent staff estimates. That number is far from written in stone but will serve as a starting point for Senate committee discussions, she said.

(http://mediaassets.kitsapsun.com/EducationSpending.png)

BEYOND MCCLEARY

But wait, there's potentially more on Olympia's to-do list.

If I-1351, calling for smaller classes, passes in November, \$2 billion more would be required in the 2015-2017 biennium and beyond.

Seldom mentioned but somewhere on the back burner is a report from the state's Quality Education Council that recommends a reset of school employee salaries to bring them into line with comparable professions. The cost, tallied in 2012, is an additional \$2 billion per year.

And before long, school capital funding will need to increase to accommodate lower class sizes and all-day kindergarten.

The Legislature will have to generate all that increased funding while sustaining and shoring up critical programs, like higher education, transportation, mental health, foster care, long-term care and the state's pension system.

It's a herculean task, according to Rolfes, and one that becomes more daunting the longer work toward sustainable solutions is deferred.

LITTLE PROGRESS, FEW EASY OPTIONS

The \$1 billion added to education in 2013 restored less than half the amount cut from the education budget between 2009 and 2011. Part of the infusion restored across-the -board pay cuts of 1.9 percent imposed on teachers and classified staff during the recession and 3 percent taken from school administrators.

"We're just getting caught up to where we were before the recession," Rolfes said.

The state is running out of options for cutting the budget, which was eviscerated during the recession, according to Rep. Ross Hunter, D-Bellevue, who chairs the House Appropriations Committee and who is running to defend his seat.

Restoration of a teachers' COLA is included in the draft 2015-2017 budget, but lawmakers have suspended the COLA in recent sessions to address McCleary and other education needs. Teachers, who have gone more than six years without a COLA, are on fire to keep that item off the chopping block. About two-thirds of the state's operating budget is protected from cuts by constitutional and federal requirements, leaving as fair game higher education, human services, mental health/substance abuse, and government operations.

As for raising revenue, the state can't rely on one-time infusions that have helped it limp along, Hunter said. "We've just gone through the worst recession since the '30s, and we used every trick we could."

A proposal last session to raise \$200 million by closing certain business tax loopholes made it through the House but died in the Senate. There are other tax breaks that could be considered for elimination, but they would be even harder to agree on, Rolfes said.

The low-hanging fruit has been picked clean.

SOLUTIONS STILL VAGUE

Most lawmakers agree that options for drastic cuts are limited, and bold new models for generating revenue are called for.

On the Democratic side, there is talk of a historic tax proposal.

What form that might take is as yet unknown. Incumbents and challengers who have done their homework will at least be able to explain the pros and cons of potential revenue sources.

"I cannot predict where the Legislature might go," Rolfes said. "Whatever tax increase the Legislature might approve, it has to be able to withstand the voters, because our assumption is there would be a referendum." Republicans propose a Fund Education First model, in which lawmakers would negotiate K-12 spending before any other parts of the budget. Rep. Chad Magendanz, ranking minority member of the House Education Committee, said the proposal would increase transparency by more directly including all legislators in crafting the education budget.

Since 2006, Fund Education First has been proposed as a "message bill," Magendanz said. In this session, he expects it will become a substantive proposal.

Magendanz has been meeting over the summer with a bipartisan group from both houses on education policy, including details of how this new method of getting the state's business done might look. He is unable to share details at this time, he said.

Last session a bill was introduced that would have set aside two-thirds of new revenue for early learning, K-12 education and higher ed. The Kids First Act is likely to be reintroduced this year.

With the economy improving, the state projects revenues of \$36.7 billion for 2015-2017. The current operating budget is about \$34 billion, of which K-12 education makes up \$14.3 billion.

But Hunter says much of the projected increase has already been spoken for in the rough draft of the 2015-2017 budget the Legislature was required to submit before leaving Olympia. The draft budget is balanced but relies on drawing down state reserve funds beyond what is allowable, Hunter said.

Effect of sanctions

Rolfes welcomes the pressure of the court's looming sanctions, which educators and many legislators hope will spur meaningful negotiations in Olympia. Some lawmakers believe the court is overstepping its authority, however. "I appreciate the court's strong voice in this debate," Rolfes said. "If they weren't being so forceful, we wouldn't be having the discussion about education funding that we are having."

Magendanz, too, senses an upgraded level of cooperation among lawmakers from both camps.

"I would like to point out that we really have a good group of education champions in both caucuses and both chambers, and the meetings we've had so far have emphasized the common ground that we have," he said. "There's certainly an urgency that was missing before."

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