

## POLICY NOTE

# School funding in the 2019 legislative session; Washington state public schools now receive more money than most private schools

By Liv Finne, Director, Center for Education

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### Key Findings

1. The 2019-21 State Budget added \$4.5 billion to school funding, an increase of 20 percent.
2. Washington's public schools now receive \$16,000 on average per student, more funding than most private schools.
3. The 2019 Legislature lifted the limit on local school levies from \$1.50 to \$2.50 per thousand dollars of assessed property value.
4. This broke the promise made in 2017 to limit local levies to ease the burden on homeowners and businesses hit with the large state property tax increase.
5. The 2019 Legislature denied charter schools a portion of local levy funding other public schools get.
6. Despite large revenue increases, high spending put many school districts in deficit.
7. No school administrator was dismissed or disciplined for mismanaging public education funds.
8. This cycle of unaccountability has led to an ever-rising tax burden on the people of Washington state.

### Introduction

In 2017 state lawmakers of both parties joined together and passed a historic bill to provide schools with the greatest funding increase in Washington state history. This bill, HB 2242, was the Legislature's final resolution of the state Supreme Court's 2012 McCleary decision, and the latest in a six-year series of higher taxes and more funding to schools. The courts approved this bill in June of 2018, and ended the McCleary case.

The Washington state legislature has met the constitutional standard of "ample funding" for education, and today every public school across the state receives more money than ever before.

HB 2242 made two important changes in school funding policy. First, the bill raised the state property tax from \$1.89 to \$2.70 per thousand dollars of assessed value, a heavy tax increase that greatly boosted state funding for all schools. Second, lawmakers imposed a lid on local levies of \$1.50 per thousand of assessed value to provide a measure of relief to home and business owners who were hit with the large state tax increase.

At the time, lawmakers recognized the increase in the state property tax would be very difficult for many families to pay, so they promised to reduce local levy taxes with the \$1.50 cap. The other reason legislators imposed the \$1.50 lid on local levies was to respond to the McCleary court's mandate that lawmakers reduce reliance on local levies and lower inequities in school funding across the state.

The McCleary justices said that Washington's practice of allowing districts with high property tax values to raise more levy dollars than districts with low property values "affects the equity of the statewide system."<sup>1</sup> Higher levies and the resulting wealth disparities in school funding contributed to the filing of the McCleary court challenge in the first place.<sup>2</sup>

### Breaking the promises made in 2017

With a bi-partisan funding policy in place, the system for providing ample resources provided to public schools seemed settled. However,

<sup>1</sup> *McCleary v State of Washington*, 173 Wn.2d477, 269 P3d 227 (2012), page 56.

<sup>2</sup> *Ibid*, page 56.

Democrats gained full control of the Legislature and in the closing hour of the 2019 session decided to open the question again.

Near midnight on the last day the Legislature passed SB 5313 to repeal the \$1.50 limit on local levies. This bill broke the 2017 promise of levy tax relief for home and business owners, and reintroduced higher levies and inequity in school funding.

SB 5313 was introduced by Senator Lisa Wellman (D-Mercer Island), who was elected with strong WEA support. Governor Inslee signed the bill, which ended the \$1.50 lid, and now allows districts to impose levies of \$2.50 per \$1,000 of assessed value or \$2,500 per pupil, whichever is less. This higher local burden is placed on top of the higher state property tax that lawmakers have already passed.

This higher limit benefits wealthier districts with a property tax base that allows for collection of additional local levy sums for the schools. Property-poor districts in rural and suburban areas will be unable to collect these higher sums, and will have thousands of fewer dollars to educate their children.

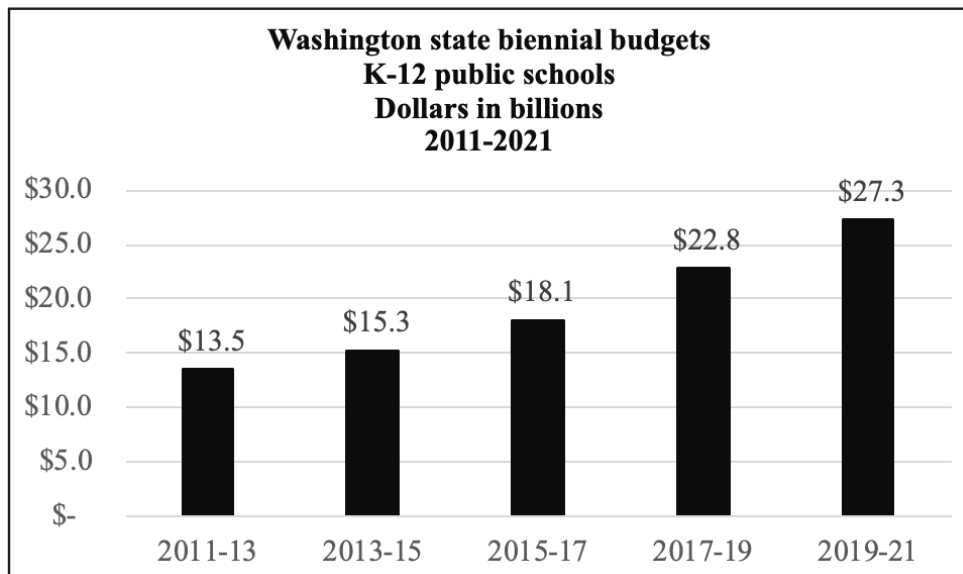
In addition, the SB 5313 law allows the district with the greatest wealth, Seattle Public Schools, to levy up to \$3,000 per student, that is, at \$500 more per student than any other district in the state.

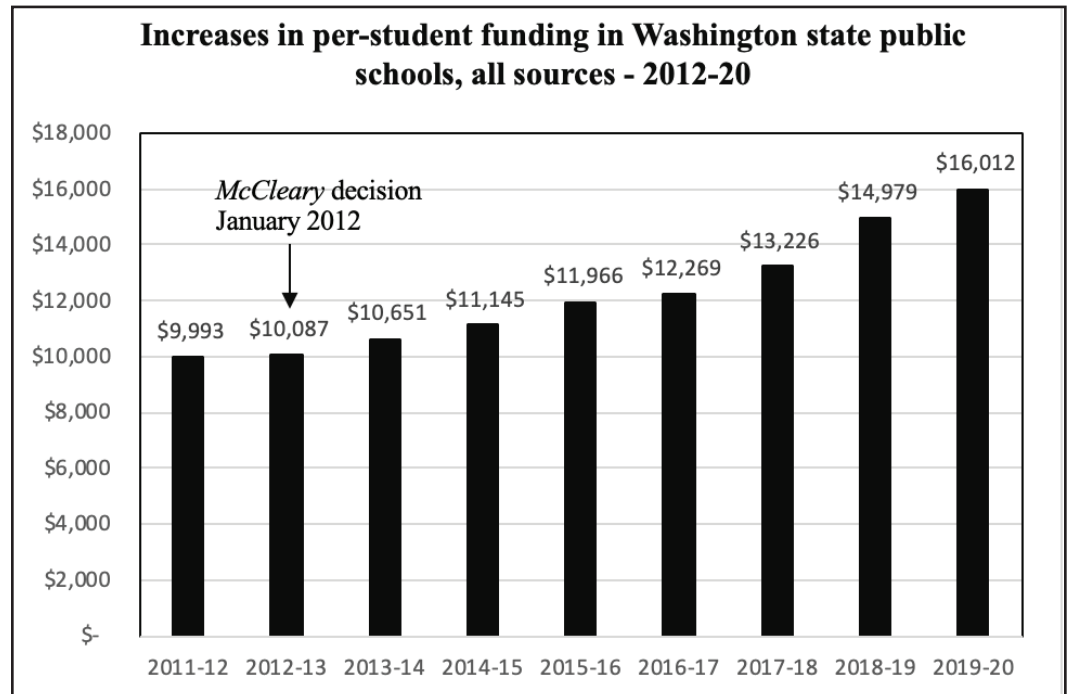
In local districts, officials deny levy money to charter school families in their area. In the final hours of deliberation, Senator Palumbo (D-Maltby), introduced an amendment to allow charter schools to receive up to \$1,550 per student.

Majority Democrats ignored Senator Palumbo's appeals to fairness and equity in school funding, ignored the McCleary language about equity in school funding, and defeated his amendment. As a result, the ban on allowing charter school families to participate in local education funding remains in place.

### Public school spending has doubled in eight years

The 2019-21 budget added \$4.5 billion to school funding, from \$22.8 billion to \$27.3 billion, an increase of 20 percent in one budget cycle. Overall, spending on public education in Washington has doubled in eight years, rising from \$13.5 billion in 2013 to \$27.3 billion for the budget ending in 2021.





### Public schools now have more funding than private schools

Officials at Washington’s public schools now receive \$16,000 on average for the education of each student, a dramatic increase over the pre-McCleary rate of \$10,000 per student. Public school employees are now among the highest-paid workers in the state. By comparison, average private school tuition in Washington state is \$9,687 for elementary schools and \$12,567 for high schools.<sup>3</sup> Teachers’ salaries and benefit levels at private schools are consistently lower than those of their peers in public schools.

The comparable numbers for Seattle are even higher. The 2019-20 budget for Seattle Public Schools is \$1.04 billion, or \$19,740 per student for 52,931 students.<sup>4</sup> Seattle Public Schools manages 101 public schools. Seattle now collects \$3,000 per student in local levy funds, in addition to state and federal funding.<sup>5</sup>

Seattle has 128 private schools serving 26,041 students, or 33 percent of the total population of Seattle students.<sup>6</sup> This is one of the highest rates of private school attendance of any major city in the country. In fact, many Seattle School District employees send their own children to private schools. Meanwhile, most of Seattle low-income and working families have no choice but to send their children to the city’s public schools.

3 “Private School Review,” accessed May 10, 2019, at <https://www.privateschoolreview.com/washington>.

4 “Seattle Public Schools, 2019-2020 Recommended Budget,” by Denise Juneau, Superintendent and School Board, at [https://www.seattleschools.org/UserFiles/Servers/Server\\_543/File/District/Departments/Budget/2020%20Budget%20Development/recommended20.pdf](https://www.seattleschools.org/UserFiles/Servers/Server_543/File/District/Departments/Budget/2020%20Budget%20Development/recommended20.pdf).

5 “Budget Update for 2019-20, Seattle Public Schools Budget Update,” by Seattle Public Schools, April 29, 2019, at <https://www.seattleschools.org/cms/One.aspx?portalId=627&pageId=84576249>.

6 Ibid.

Still, most private school tuition is less than what the public schools receive through the district's tax-funded budget. Average private school tuition in Seattle is \$14,683 for elementary schools and \$18,443 for high schools.<sup>7</sup>

## **Despite revenue increases, high spending has put many school district budgets into deficit**

As noted, in 2017 the Legislature passed a large property tax increase for schools then, in 2019, broke the promise made just two years before by repealing the limit on local property tax increases as well. The result was record-high level of money going to school districts.

However, officials in many school districts responded by increasing spending, mostly for staff salaries and benefits, well beyond the record revenue increases they received.

Compounding the problem, the WEA union brought conflict and politics into the public education program by threatening to close schools with strikes. Responding in fear, many district officials awarded double-digit pay increases to staff in an effort to secure labor peace.<sup>8</sup> A number of school administrators provided pay increases that even their larger budgets could not afford, putting their budgets in deficit.

For example, JoLynn Berge, Chief Financial Officer for Seattle Public Schools, reported that the 10.5 percent pay increases that she and the board had approved in response to union political pressure were unaffordable:

“If the (maintenance and operations) levy [in February] does not pass, we won't be able to make it [in funding promised pay raises].”<sup>9</sup>

The cost of these Seattle pay increases to taxpayers was about \$55 million.<sup>10</sup>

During the 2019 Session of the Legislature, eight school superintendents, or their district representatives, pressed Senate committees to cancel the \$1.50 limit on local levies. Each administrator threatened to cut learning services to their own students unless they received more money from tax increases. For example, JoLynn Berge said that without more tax money, Seattle Public Schools will “make cuts in 2019-20.”<sup>11</sup>

This hardened attitude follows a pattern. In the years leading up to the 2017 McCleary funding agreement, these administrators demanded more money from the state. Then, after the state gave them a \$9.3 billion increase, many

7 “Private School Review, accessed June 5, 2019, at <https://www.privateschoolreview.com/washington/seattle>.

8 “Leadership from schools chief comes far too late, editorial, *The Seattle Times*, August 26, 2018, at <https://www.seattletimes.com/opinion/editorials/leadership-from-schools-chief-comes-far-too-late/>.

9 “Seattle educators ratify new teachers union contract,” by Neal Morton, *The Seattle Times*, September 8, 2018, at <https://www.seattletimes.com/education-lab/seattleeducators-ratify-new-teachers-union-contract/>.

10 “Read highlights and full tentative contract between Seattle Public Schools and teachers union,” by Dahlia Bazzaz, *The Seattle Times*, September 4, 2018, at <https://www.seattletimes.com/seattle-news/education/read-the-full-tentative-contract-between-seattle-public-schools-and-its-teachers-union/>.

11 Testimony of JoLynn Berge before Senate Ways and Means Committee, Washington state legislature, January 21, 2019 at <https://www.tvw.org/watch/?eventID=2019011170>, at 1:25:55.



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administrators, responding to union pressure at the local level, put their budgets in deficit. They then told the Legislature they would cut programs unless they were allowed to pass higher local taxes and gain access to \$1 billion to \$2.8 billion in additional money.

Some district superintendents made another threat. Jim Kowalkowski, superintendent of the Davenport School District, and Gene Sementi, superintendent of West Valley (Spokane), said they would reduce their funding for programs that raise graduation rates, harming students trying to advance to college.<sup>12</sup> Tacoma’s superintendent Carla Santorno said she also planned to cut graduations, saying, “Without this flexibility we will be...putting our success at graduating students at risk.”<sup>13</sup>

## Conclusion

In recent years the Legislature has raised the property tax burden to provide record high levels of funding for public schools. In addition to passing a major state tax increase in 2017, on the promise that local taxes would be limited, lawmakers in 2019 repealed that limit and permitted record-high increases in local property taxes too.

Of course all taxes, whether state or local, are paid by the same working families and business owners, reducing take-home pay and adding to people’s overall financial burden of supporting the government.

The 2019 Legislature added \$4.5 billion in funding to K-12 schools, now providing more money to public schools than private schools get. At the same time, the 2019 Legislature abandoned the principle of fairness and equity in school funding, and refused to hold districts accountable for bad budget decisions. Further, lawmakers in 2019 instituted a ban on allowing local levy money to go to charter public schools, denying these families, mostly children of color living in low-income communities, from receiving resources on an equal basis as children who attend other public schools.

In addition to exacerbating inequity, the Legislature’s decision to bail out badly-managed districts increases the likelihood that school officials will again put their budgets into deficit on the expectation local property owners will provide them a bailout. In 2019 no school administrator was dismissed or disciplined for mis-managing public education funds. The result of this cycle of unaccountability has been an ever-rising tax burden imposed on the hardworking people of Washington state.

<sup>12</sup> Testimony of Jim Kowalkowski and Gene Sementi before Senate Ways and Means Committee, Washington state legislature, January 21, 2019, at <https://www.tvw.org/watch/?eventID=2019011170>, at 1:29:00 and 1:37:15, respectively.

<sup>13</sup> Testimony of Carla Santorno before Senate Ways and Means Committee, Washington state legislature, January 21, 2019, at <https://www.tvw.org/watch/?eventID=2019011170>, at 1:44:40.