

## Finding: State budget increases show Washington's public schools are not underfunded

By Liv Finne, Director, Center for Education

February 2018

### School superintendents are receiving \$3.8 billion more and still seek budget increases

#### Background – recent increases in public spending on schools

In recent years, the state legislature has enacted massive increases in state spending for public schools. In the 2017-19 state budget school district superintendents are receiving an increase of \$3.8 billion from the legislature, bringing average per-student spending to \$13,243, more than the tuition at many private schools.

Superintendents will receive billions of additional tax dollars in the 2019-21 state budget. These dollars represent the largest increase in state history, and they place Washington state among the most generously-funded schools in the country.

The legislature has been sharply increasing state spending on public school districts since the 2012 ruling of the state supreme court in *McCleary v. State of Washington*. The legislature delegated this task to the Education Funding Task Force, a bipartisan committee representing Democratic and Republican leaders of the House and Senate.

#### Superintendents still seek more funding

After three special sessions, the legislature in 2017 passed EHB 2242, the highly complex and interconnected product of the Education Funding Task Force. This law re-organizes the structure of public education funding to conform to the requirements of the *McCleary* case and to further increase the tax funding K-12 school superintendents receive by billions of dollars.<sup>1</sup>

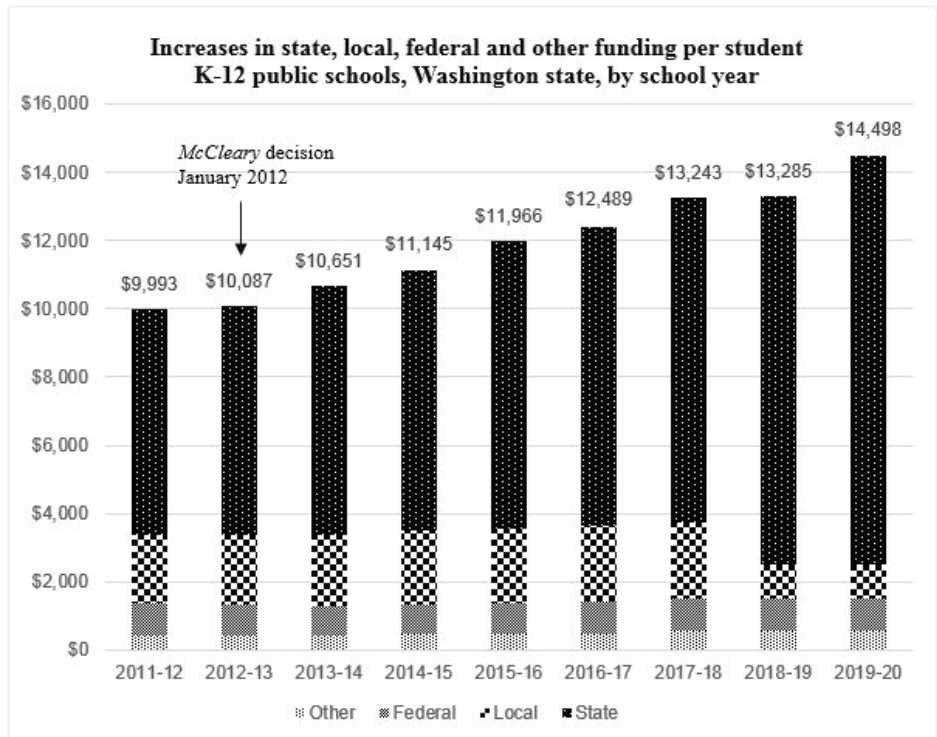
On November 15, 2017, the state supreme court acknowledged the legislature had met its constitutional duty to fund the schools.<sup>2</sup> Yet school district superintendents are still traveling to Olympia to complain that their budgets are underfunded.

This Legislative Memo reports the facts of recent school spending increases, with an analysis of the reasons why some superintendents say they are still dissatisfied with the increase in new state revenue they are receiving.

#### Trends in public school spending

The following chart reports the current and projected increases in total spending per student from all state, federal and local sources since the January 2012 *McCleary* court decision.

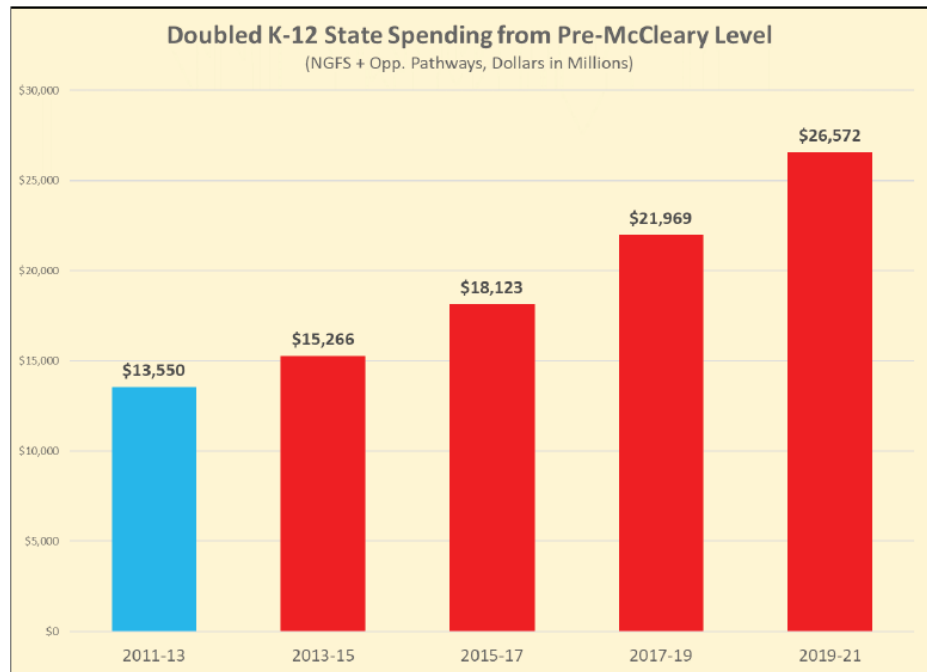
- 1 “Funding fully the state’s program of basic education by providing equitable education opportunities through reform of state and local education contributions,” Engrossed House Bill 2242, passed June 30, 2017 and signed by Governor Inslee on July 6, 2017. Accessible at <https://app.leg.wa.gov/bills/summary?BillNumber=2242&Year=2017>.
- 2 *McCleary v. State of Washington*, Case Number 84362-7, Washington State Supreme Court, Order dated November 15, 2017, at [http://www.courts.wa.gov/appellate\\_trial\\_courts/SupremeCourt/?fa=supremecourt.McCleary\\_Education](http://www.courts.wa.gov/appellate_trial_courts/SupremeCourt/?fa=supremecourt.McCleary_Education).



Public per-student spending has increased by more than 44% since the *McCleary* court decision. Public spending is now higher than tuition at most private schools.

The chart below illustrates the growth in state General Fund spending for schools since the *McCleary* decision. These figures do not include money superintendents receive from local levies and federal sources.

Currently school districts are receiving \$21.96 billion in state tax money in the 2017-19 budget, an increase of \$3.84 billion, or 21.9 percent, compared to what they received in the 2015-17 state budget.



State spending on public education has nearly doubled since the January 2012 *McCleary* court decision. Source: "The Greatest K-12 Infusion in State History," Economic Sense, Eleventh Edition, Senator John Braun, October 2017, page 5.

These increases place Washington state among the top five states in the entire country in per-student public education spending.<sup>3</sup>

### **Analysis – Why some school superintendents still claim lack of funding**

Despite unprecedented, historic increases in their own local school budgets, some school superintendents and their financial officers still complain to parents and lawmakers that their schools are underfunded.

School superintendents have been keenly aware the legislature has been under pressure to increase funding to schools since the 2012 *McCleary* decision. *McCleary* has perversely provided school superintendents with the strong incentive to increase the number of district and school employees, increase salaries and benefits, including their own, and try to spend more public money than the revenue Washington taxpayers provide.

There are several reasons school superintendents believe they can use the *McCleary* decision to press the legislature and the public for ever-increasing budgets.

**The confusing public school funding system.** The system for funding public schools is extremely complex. The system is so confusing that few parents or other members of the public understand it. School superintendents often take advantage of this complexity to press claims that their schools are underfunded.

**Creating deliberate short-falls.** Frequently superintendents and school financial officers develop funding shortfalls in one category of school spending while, at the same time, securing large funding surpluses in other categories. The complexity of the funding system allows them to create the appearance of not having received any money increases at all.

**The monopoly structure of public education.** Creating budget shortfalls is possible because public education operates on a monopoly model. Superintendents know elected officials are under pressure to approve spending increases to show they are “pro-schools,” knowing parents and policymakers have few educational alternatives.

**Lack of parent choice prevents accountability.** Poor public accountability is the result of lack of parent choice in education. Under a system of parent choice, families would not try to understand the complex layers of public education finance; they would simply make education choices that best serve the interests of their children. With a policy of family choice in education, district superintendents would lose monopoly control over public spending, would be less concerned with lobbying for increases, and would focus on delivering quality educational services to families.

School district superintendents are often caught between the impulse to spend, and their duty to wisely steward public funds.

Unfortunately, the experience of Washington state under the court’s *McCleary* ruling shows that, given current incentives, the impulse to overspend is stronger than the impulse to manage budgets for the primary benefit of children.

---

3 “The Greatest K-12 Funding Infusion in State History,” Economic Sense, Eleventh Edition, Senator John Braun, October 17, page 32, at <http://johnbraun.src.wastateleg.org/wp-content/uploads/sites/16/2017/10/Economic-Sense-K-12-Funding-Infusion.pdf>.

The complex monopoly structure of the public K-12 education system explains how school superintendents can receive twice as much money over a few years and still claim their budgets are underfunded.

## **Conclusion**

Washington's public school superintendents now receive the most generously funded budgets in state history, and they control among the highest level of per-student spending of any state in the country.

The remarkable funding increases that lawmakers have provided to superintendents show that public schools in Washington state are not underfunded. The people of Washington are clearly generous in providing abundant funding for schools. Instead, public financial data show that the ineffective management of local budgets, caused by the monopoly nature of school districts, is preventing the people's money from being used to provide for the education of every child residing in the state.

*Liv Finne is the director of  
Washington Policy Center's  
Center for Education.*

*Nothing here should be  
construed as an attempt to  
aid or hinder the passage of  
any legislation before any  
legislative body.*

*Published by  
Washington Policy Center  
© 2018*

*Visit [washingtonpolicy.org](http://washingtonpolicy.org)  
to learn more.*