



POLICY BRIEF

Governor Gregoire's Education Legacy

More spending did not improve schools

Liv Finne
Director, Center for Education

April 2013

Key Findings

1. *During her term in office, Governor Gregoire increased total spending on schools by 32%, from \$12.37 billion to \$16.36 billion.*
2. *Under Governor Gregoire per-student spending increased nearly 30%, from \$8,001 to \$10,322.*
3. *Despite higher spending, student academic achievement remained flat.*
4. *Governor Gregoire cut aid to public universities and allowed large tuition increases to shift more of the cost of higher education to middle-class students seeking to attend the state's public universities.*
5. *These findings indicate that policy changes (like those offered in WPC's "Eight Practical Ways to Improve Schools") other than simply increasing funding are needed to improve public education in Washington.*



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Governor Gregoire's Education Legacy

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Introduction

Parents, policymakers and educators have been told for years that the best way to improve public education is to spend more money. Now, in the wake of the state Supreme Court's 2012 McCleary decision, many policymakers believe the court has ordered the legislature to spend up to \$4 billion more per biennium on K–12 education, in addition to the current spending level of \$16.3 billion in operating and capital funds.¹

The political pressure to increase education budget outlays is grounded in the sincere but largely unquestioned belief that more spending leads to improved public schools and better educational outcomes for children.

The purpose of this study is to examine that assumption in light of data on education funding trends, graduation rates and academic achievement in Washington's more than 2,000 public schools. This study reviews Washington's recent experience in significantly increasing spending on K–12 schools under Gov. Christine Gregoire.

In reviewing Gov. Gregoire's public education policy, this study seeks to answer the research question: "Does significantly increasing spending on K–12 schools in Washington result in a higher-quality public education system and better academic results for children?"

¹ "Recast History Expenditure, Statewide Summary, Operating and Capital, Total Budgeted," Office of Financial Management, at www.fiscal.wa.gov/SpendHist.aspx.

Governor Gregoire’s Education Funding Policy

The question of whether more spending improves public education has been put to the test in recent years. Gov. Gregoire wholeheartedly adopted this policy approach in an effort to improve K–12 public schools, raising spending by 32%, and by the end of her term increasing per-student spending to the highest level in state history: \$10,300 per year.²

She signed budgets that greatly increased spending on initiatives to expand school programs, lower class sizes, and increase the pay, benefits and pensions of school district employees. As she noted at the time, her chief priority in education was to send more money to school districts:

*The two-year budget approved in 2007 included an education funding increase of nearly \$900 per student in kindergarten through 12th grade and \$2.5 billion overall.*³

Yet, in spite of significantly increasing education spending, a disappointed Gov. Gregoire later concluded that schools had not improved. She said:

*I came in here determined to make the system work better. To invest more money. I put a lot more money into K–12. But then you sit there and say, “Why have I not been able to get the result I set out to achieve?”*⁴

Spending More on Education

When Gov. Gregoire took office in 2005, the state economy was booming, resulting in state officials receiving tax revenues at double-digit rates of growth compared to the previous two-year budget.⁵ The governor used this windfall to dramatically increase spending on public schools during her tenure. The following graph illustrates the rise in state education spending over her eight years in office.⁶

2 “Workload/Staffing/Finance, Statewide, 2012–13,” Office of Financial Management, at www.fiscal.wa.gov/K12.aspx.

3 From “Governor Gregoire’s Priorities,” at www.governor.wa.gov/priorities/education/default.asp.

4 “Frustrated Gregoire says ‘status quo does not work,’” by Andrew Garber, *The Seattle Times*, January 15, 2011.

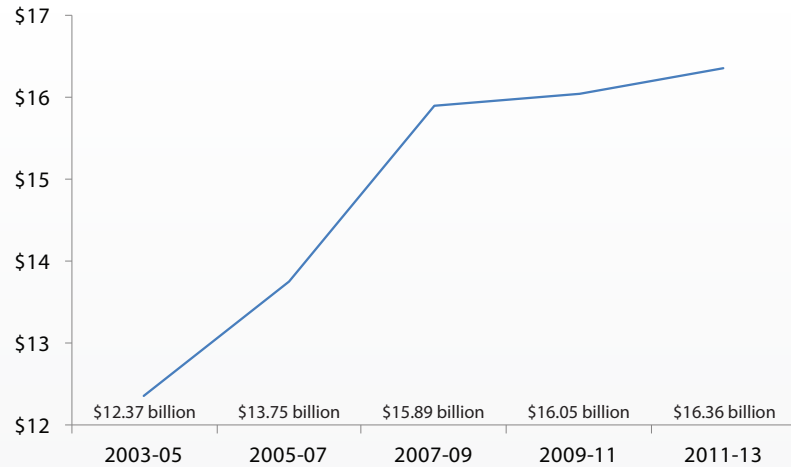
5 “Washington State Economic and Revenue Forecast,” November 2012, Economic and Revenue Forecast Council, table 3, page 69, at www.erfc.wa.gov/publications/documents/nov12pub.pdf.

6 “Recast History Expenditure, Statewide Summary, Operating and Capital, Total Budgeted,” Office of Financial Management, at www.fiscal.wa.gov/SpendHist.aspx.

Total State Public Education Operating and Capital Spending



2003-05 to 2011-13 (in billions)

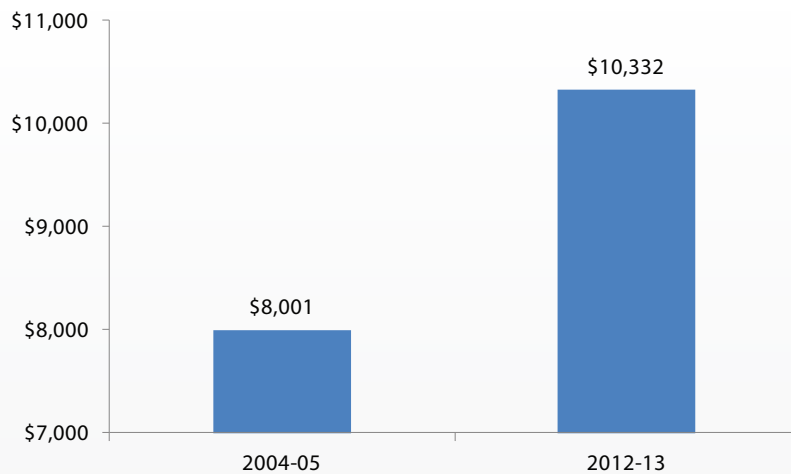


Education operating and capital expenditures increased by 32% from 2003 to 2013.

Total Public Education Operating Spending per Student



2004-05 to 2012-13



Over a similar period, per-student spending increased by nearly 30%.⁷

⁷ "Workload/Staffing/Finance, Statewide," Office of Financial Management, at www.fiscal.wa.gov/K12.aspx.

Poor Student Learning Results under Governor Gregoire

How did students actually perform before and after Gov. Gregoire's administration? Here are some key metrics for learning:

- The on-time graduation rate for all students remained largely unchanged from 2004–05 to 2011–12 at about 75%.⁸ In some schools, only about 50% of students manage to graduate.⁹
- The on-time graduation rate for low-income students remained unchanged from the 2004–05 academic year to 2011–12, at about 65%.¹⁰ In some schools, only about 50% of students manage to graduate.¹¹

Poor 2011–12 state test results include:

- Only 68% of third graders in Washington can read at grade level. For low-income students, only 57% are reading at grade level, even though many of these students attended all-day kindergarten.¹²
- Only 67% of eighth graders can read at grade level. For low-income and minority students, only about 50% can read at grade level.¹³
- 52% of public school graduates attending community and technical colleges must enroll in remedial classes in math, English or reading before they are prepared for college-level study.¹⁴

Below are two images from the Superintendent of Public Instruction online School Report Card showing typical trends in academic learning over the last eight years.¹⁵ The charts show that learning achievement for third grade students has been essentially flat in reading and math, despite significant increases in state education funding. Additional examples are available at the OSPI school report card website.

8 “Washington State Report Card, School Years 2011–12 and 2004–5,” Office of Superintendent of Public Instruction, at reportcard.ospi.k12.wa.us/summary.aspx?groupLevel=District&year=2011-12.

9 Annual on-time graduation rates for Rainier Beach High School (Seattle) and Lincoln High School (Tacoma); “Graduation and Dropout Statistics, Annual Report, 2004–5, Appendix B, On-Time Graduation Statistics for Districts and Schools,” Office of Superintendent of Public Instruction, at www.k12.wa.us/DataAdmin/pubdocs/GradDropout/04-05/AppendixB2004-05.pdf; and “Graduation and Dropout Statistics, Annual Report, 2010–11, Report to the Legislature,” by Deb Came, Ph.D., Student Information, Office of Superintendent of Public Instruction, March 2012, page 12, figure 1, Historical Trend of Estimated On-Time Graduation Rates, at www.k12.wa.us/DataAdmin/pubdocs/GradDropout/10-11/GradDropoutStats_2010-11.pdf.

10 Ibid.

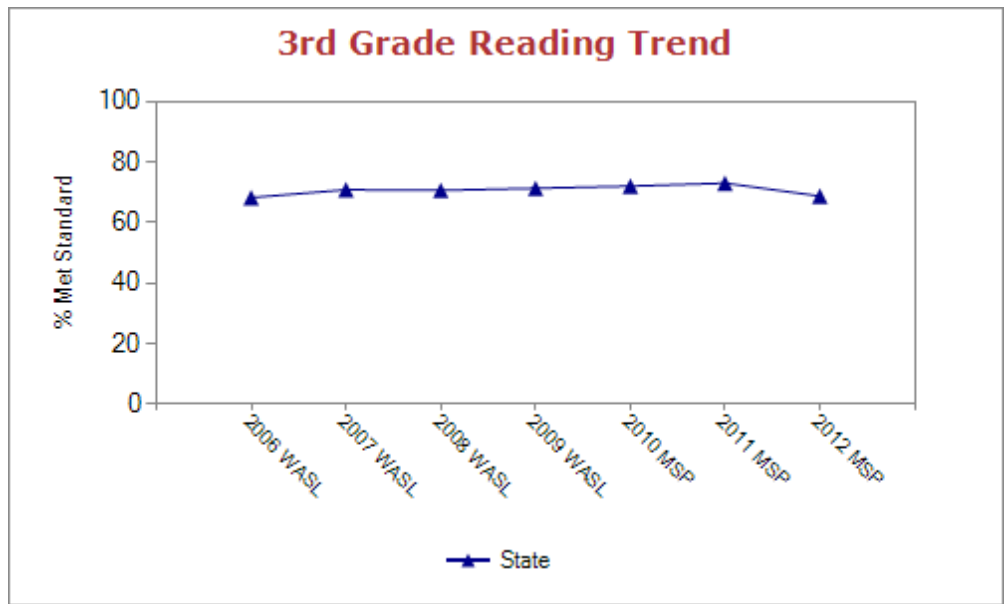
11 Annual On-Time Gradation Rates for Rainier Beach High School (Seattle) and Lincoln High School (Tacoma), “Washington State Report Card, School Year 2011–12,” Office of Superintendent of Public Instruction, at www.reportcard.ospi.k12.wa.us/summary.aspx?groupLevel=District&year=2011-12.

12 Ibid.

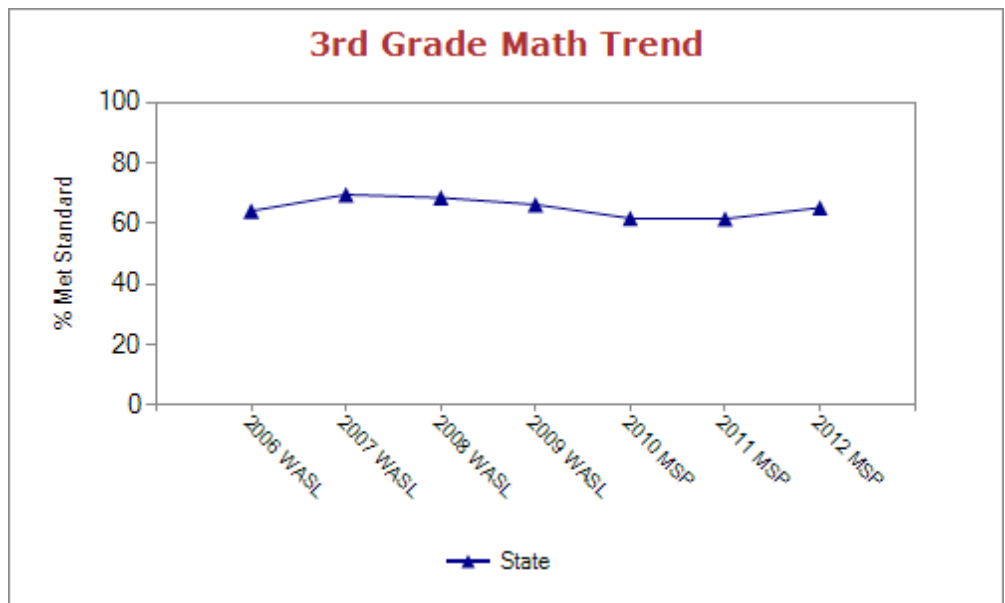
13 Ibid.

14 “Role of Pre-College (Developmental and Remedial) Education for Recent High School Graduates Attending Washington Community and Technical Colleges,” Research Report No. 07-2, Washington State Board for Community and Technical Colleges, December 2007.

15 “Statewide Assessment Trend – All Students,” Washington State Report Card, Office of Superintendent of Public Instruction, at <http://reportcard.ospi.k12.wa.us/wasITrend.aspx?year=2011-12&gradeLevelId=3&waslCategory=1&chartType=1>, images accessed on April 15, 2013.



Source: Washington State Report Card, Office of Superintendent of Public Instruction



Source: Washington State Report Card, Office of Superintendent of Public Instruction

Where Did the Money Go?

Given massive increases in spending over such a short time, coupled with the poor academic outcomes for public school students, a natural question arises: “Where did the money go?”

The great majority, 81%, of public education funding is spent on pay and benefits for school district employees.¹⁶ The state tracks salary and benefit spending per job classification for Washington’s 295 school districts.¹⁷

These reports describe 36 job categories of school district employees. Only five categories are for teachers. The remaining categories include administrators, support personnel, counselors, occupational therapists, nurses, psychologists, aides, janitors and office staff. The data show a significant increase in school district staff pay and benefits over the period.

Growth in Salaries and Benefits of School District Staff, 2004–2012			
<i>Total average pay and benefits by general job category¹⁸</i>			
Job Category	2004–05	2011–12	Percent Change
<i>Administrative staff</i>	\$103,010	\$132,830	+29%
<i>Certificated instructional staff</i>	\$63,107	\$81,336	+29%
<i>Classified staff</i>	\$45,818	\$59,549	+30%
<i>Inflation</i>	-----	-----	+18%

For comparison purposes, inflation over this period was 18%, and the mean annual wage for all workers in Washington in 2011 was \$50,280.¹⁹

State data show that only about 60 cents of every education dollar reach the classroom.²⁰ As one comparison, private schools typically spend 90% of operating funds on classroom instruction.

The State Auditor has described ways school districts can shift spending from non-classroom to classroom activities. The auditor’s recent report, “K–12 Education Spending,” describes ways some districts successfully control costs through the use of contracted services, controls on the rise in staff salaries and benefits, reviews of non-instructional spending, less central administration and reduced facilities expenditures.²¹

16 “K–12 General Fund Expenditures per FTE Enrollment: by Object Group, 2011–12,” Office of Fiscal Management, at www.fiscal.wa.gov/K12.aspx.

17 “School District Personnel Summary Profiles, Table 7, All School Personnel by Duty,” Office of Superintendent of Public Instruction, School Apportionment and Financial Services, at www.k12.wa.us/safs/PUB/PER/1112/ps.asp.

18 “S275 Multi-Year Current Benefits and Salary Data,” March 2013, Legislative Evaluation and Accountability Program Committee, from Form S275 data collected by the Office of the Superintendent of Public Instruction, at www.k12.wa.us/safs/PUB/PER/1112/ps.asp.

19 May 2011 State Occupational Employment and Wage Estimates, Washington,” by Bureau of Labor and Statistics, at: www.bls.gov/oes/current/oes_wa.htm#00-0000. Inflation based on U.S. Bureau of Labor Statistics, Database, Tables and Calculators by Subject, CPI Inflation Calculator, at www.bls.gov/data/inflation_calculator.htm.

20 “K–12 Expenditures — Statewide Summary, Statewide by Activity Group, 2011–12,” Office of Fiscal Management, at www.fiscal.wa.gov/K12.aspx.

21 “State Auditor’s Office Performance Audit, K–12 Education Spending,” by Washington State Auditor, Brian Sonntag, June 6, 2012, at www.sao.wa.gov/auditreports/auditreportfiles/ar1007826.pdf.

Cuts in State Higher Education Spending

During her tenure, Gov. Gregoire initiated a policy of cutting funding to state colleges and universities and shifting more of the cost to the families of upper- and middle-income students (low-income students continued to be eligible for tuition assistance). In 2009, she signed legislation calling for significant increases in tuition, while cutting General Fund state aid to these institutions.²²

In 2011, the governor signed legislation calling for further higher education tuition increases.²³

In the 2012 supplemental budget, Gov. Gregoire cut state assistance for higher education operating spending by \$341 million, and reduced state support for capital spending by \$316 million. All the governor's cuts in state aid to higher education were supported by Democratic majorities in the legislature.²⁴

In line with the governor's higher education policy, the governing boards of public colleges and universities dramatically increased tuition rates on students and their families. Gov. Gregoire's higher education policy resulted in:

- An increase in annual tuition at the University of Washington from \$5,286 in 2004–05 to \$12,383 in 2012–13, a rise of 134% in eight years.²⁵
- Annual tuition at Washington State University increased from \$4,836 to \$9,886, a rise of 104%.²⁶

22 2009 legislation removing existing cap of 7% tuition increases: "An Act Relating to Undergraduate Resident Tuition," Engrossed Substitute House Bill 2344, passed April 26, 2009 and signed by Gov. Gregoire on May 18, 2009, at www.apps.leg.wa.gov/billinfo/summary.aspx?year=2009&bill=2344.

23 "2011–13 Operating Budget," Second Engrossed Substitute House Bill 1087, passed May 25, 2011, signed by Gov. Gregoire June 15, 2011, at www.apps.leg.wa.gov/billinfo/summary.aspx?year=2011&bill=2127. See also 2011 legislation allowing tuition to rise: "Higher Education Opportunity Act" Engrossed Second Substitute House Bill 1795, passed May 24, 2011 and signed by Gov. Gregoire on May 25, 2011, at www.apps.leg.wa.gov/billinfo/summary.aspx?year=2011&bill=1795.

24 "Recast History Expenditure, Statewide Expenditure History — Operating, Total Budgeted," Office of Financial Management, at www.fiscal.wa.gov/SpendHist.aspx.

25 "Twenty-year History of Tuition and Required Fees, Full Time, Academic Year (Autumn, Winter, Spring) Only" by University of Washington, Office of Planning and Budgeting, at www.opb.washington.edu/sites/default/files/opb/Tuition/2012-13_20-Year_T%26F_History.pdf.

26 "Undergraduate and Graduate Tuition History since 1970–71," Washington State University Institutional Research, at www.ir.wsu.edu/Utils/Search.aspx?search=tuition.

Conclusion

The numbers show that Gov. Gregoire's policy of greatly increasing state spending on the existing K-12 monopoly system failed to significantly improve learning outcomes for children. Expressed in simple terms, spending more money did not improve student learning in public schools.

Over the period covered by this study, private education spending increased at a much slower rate than in the public sector, yet private schools in general delivered a better-quality education, often to children whose social, demographic and economic profile mirrored that of their public school peers living in the same communities.

These findings indicate that policy changes other than simply increasing funding are needed to improve public education in Washington. There are alternatives. Encouraging structural reforms have been passed by bipartisan majorities in the state Senate in the 2013 Legislative Session. Important analysis of school district management and policy inefficiencies, along with recommendations for improvement are presented in the State Auditor's Report #1007826, "K-12 Education Spending." Fact-based education research and policy recommendations can be found in Washington Policy Center's "Eight Practical Ways to Improve Public Schools."

Recent experience shows that simply increasing spending did not work. Policymakers should consider policy alternatives which, along with vigorous, open-minded leadership at the state level, will foster education reforms that will expand access and improve the quality of public education for all Washington school children.

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Liv Finne is director of WPC's Center for Education. Prior to that position she served as an adjunct scholar focusing on education policy issues, authoring in-depth studies including *An Overview of Public School Funding in Washington* and *Early Learning Proposals in Washington State*. She is the author of Washington Policy Center's *Education Reform Plan: Eight Practical Ways to Improve Public Schools*, *Learning Online: An Assessment of Online Public Education Programs*, *Review of Quality Rating and Improvement System (QRIS) Programs for Child Care Services*, and more. Liv holds a law degree from Boston University School of Law and a Bachelor of Arts degree from Wellesley College.

