

McCleary solution requires new revenue

By Dr. Bill Keim

The Washington State Supreme Court continues to retain jurisdiction in the *McCleary v. State* education funding lawsuit. The court's recent order imposing a \$100,000 per day fine against the state has generated a lot of debate. Some feel the court has overstepped its bounds. Others feel the fine is insignificant in the scope of the \$38 billion budget and isn't likely to force legislative action.

At the heart of this impasse is the Legislature's failure to produce the plan ordered by the court to comply with the *McCleary* decision by 2018. Any acceptable plan must address several challenging elements. One of the most difficult, is reaching agreement on how to fund our schools.

Near the end of the 2015 session, a bipartisan group of senators unveiled a plan that likely would have satisfied the court. That legislation didn't move forward, however, because the senators knew they couldn't convince their colleagues to fund the \$3.5 billion biennial cost.

Since the issue of ample funding is at the heart of the *McCleary* decision, it's worth looking more closely at the state's efforts in that regard. Anti-tax legislators often claim that we are overtaxed as a state; but according to U.S. Census data, in 2012 Washington ranked 37th in combined state and local taxes as a percent of income. In 1996, Washington was ranked 12th.

Also, according to a 2013 analysis by the Washington State Economic and Revenue Forecast Council, state revenue as a percentage of personal income is at an historic low rate. In the past 30 years, it has dropped from 7 percent to less than 5 percent. This two-point difference represents \$15 billion per biennium.

More to the point regarding funding for education, according to the U.S. Census Bureau, in 2012 Washington ranked 46th in the nation in public education spending as a percent of personal income. That's down from 33rd in the nation in 1996.

Data from the Education Counts Research Center shows a similar decline. According to their data, the percent of Washington's Gross Domestic Product (GDP) spent on education in Washington dropped from 4.0 percent in 1996 to 2.8 percent in 2012. Based on the state's 2012 GDP, this 1.2 percent reduction translates into \$4.7 billion per year, or \$9.4 billion per biennium in education funding.

In other words, if our Legislature had merely maintained the percent of GDP that was going to public education in 1996, there would be more than enough revenue to fully fund public education. If that had occurred, there wouldn't have been a *McCleary* lawsuit and we wouldn't be facing a constitutional crisis. Looking ahead, it is clear we need new revenue to both catch us up and achieve the ample funding level set forth by the court.

The question for policymakers now is how much lower does our tax burden need to go to satisfy the anti-tax element within the Legislature? And is that goal more important than the oath all legislators took to support the state's constitution—including the paramount duty to provide ample funding for our schools?

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