Many states are trying to balance interests in school between taxpayers' concerns and providing students with a good education. Washington is trying to overcome these problems and renew and enhance its public schools. Three court decisions in the late 1970s and early 1980s set strict constraints within which Washington's school funding system must operate. Concerns have been raised recently over the state's highly centralized school funding system. Educational reform efforts also stress the importance of the individual school in improving education. These reform efforts were being hindered by the state-centered funding system. Many critics claimed that while school funding increased significantly in the 1980s, the quality of education did not increase at a similar rate. These spending increases were due largely to higher costs for employee benefits and increased special-education enrollment. The Governor's Council on Educational Reform and Funding (GCERF) was created in 1991 to develop a long-term K-12 reform plan. The plan sets student goals, decentralizes operations, establishes school achievement rewards, and increases funding for professional development and technology and changes teacher certification practices. Obstacles to reform include insufficiently tested and expensive assessment methods, resistance to decentralization, and inequitable funding. Four tables and footnotes are included. (JPT)
Financial Roadblocks to Renewing and Enhancing Washington's Public Schools

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1. Introduction

Major problems exist in how our nation funds its schools. While legal challenges to state
funding systems are pending throughout the U.S., few, if any, of these cases address the central
issues facing the school finance community: How can taxpayers get the maximum return for
their education dollar? How can a state's children get the maximum return for their education
effort? This paper briefly discusses one state's efforts to renew and enhance its public schools.
While the specifics of Washington's situation are not universally generalizable to all states, this
paper will attempt to use Washington as a "case in point" to discuss a number of financial
roadblocks states face in renewing and enhancing their public schools.

The first section of the paper gives a brief summary of Washington's school funding
history. The paper then reviews the salient factors underlying the current national reform
movement and provides a synopsis of the recommendations put forth by a Blue Ribbon
Governor's Commission to improve Washington's public schools. These recommendations are
nearly identical to those put forward in a number of other states. The final section will outline
potential roadblocks states face in realizing the goals of greater decentralization and
accountability in public education.

2. Washington's School Funding History

A series of three court decisions in the late 1970s and early 1980s are very influential in
setting the constraints within which Washington's school funding system must operate. The first
of these court decisions was issued in January, 1977. In response to a suit filed against the state
by the Seattle School District, Judge Robert Doran established four school funding requirements.
Following this decision, the Washington Legislature put into place two pieces of legislation: (a) The Washington Basic Education Act of 1977, which defined basic education in terms of goals, educational programs, and the distribution of funds; and (b) The Levy Lid and Salary Control Act that sought to limit the amount of revenue school districts could raise through local taxation and the salaries school districts could pay to school employees. Except for some relatively marginal tinkering, most of which have focused on creating exceptions to the levy lid and to teacher salary controls, the funding system developed in 1977 remains in place today.

3. The Push for Renewal and Enhancement

By the late 1980s and early 1990s, an increasing number of Washington's business people, educators, and other interested citizens began to express concern about the highly centralized system of school funding put into place by the 1977 legislation. These individuals and groups argued that the state needed to revisit the provisions of its state funding system in light of the current political climate. For example, in 1992 -- amid a state recession -- voters in 57 school districts, educating more than one-half of the state's students, approved $62 million in local school property tax levies that current state law will not allow the districts to collect.

A strike by thirty-six school districts in the western part of the state in Spring, 1991, demonstrated the extent to which the state controlled school resources. In order to end the strike -- which was called to protest school funding levels -- Washington's governor delayed the start of a legislative session. Within two days the teachers went back to work since everyone recognized that the state legislature makes all significant school funding decisions in Washington. The financial capacity of local school districts to address such issues was quite limited.

At the same time, a decade of educational reform efforts began to coalesce around a single finding that efforts to substantively improve education must focus on the individual school. In Washington, though, tight restrictions on local revenue generation were creating an
inherent tension between "the school as the center for change" and "the legislature as the center for funding decisions."

For example, in February, 1992, Seattle voters agreed to raise taxes in order to support a variety of local education programs. State law, though, prohibited the school district from collecting more than $21 million of these taxes. Critics of the school funding system pointed-out that while it's permissible for Seattle's citizens to tax themselves to hire more police or to pay for political campaigns, voluntary taxation for school books, not to mention programs designed to meet the unique needs of Seattle's children, was strictly limited.1 Given such a system, it is not surprising that Washington's schools are almost dead last in the nation in spending for books and supplies.

In addition, an increasing number of interested parties began to discuss the disadvantages of a centralized funding system in light of the greater support voters show for local schools than they do for the educational system as a whole. The latest Gallup Poll shows that while 40% of those surveyed gave their local schools an A or a B, only 18% gave the nation's schools such high marks. Among parents with children in the public schools, the rating gap was even wider, with 64% of public school parents giving the school their children attend an A or B, while only 19% of public school parents gave all schools an A or B.2 Such data suggested that voters may be more likely to financially support their local schools than to vote for state tax measures to fund faceless schools that they hold in low regard. Current state law, though, required taxpayers who place a high preference on quality education to persuade a majority of the entire state's voters to first send their dollars to Olympia, for


redistribution back to the local schools, in order realize their preferences for increased public school spending.


A striking example of the impact of Washington's school funding system on children and educators was reflected in research conducted on the impact of varying local costs on teachers' standards of living across the state. Later work found that during the 1990-91 school year, when the relative costs of living are taken into account, a novice teacher's salary in the Spokane School District provided $2,810, or 16 percent, more in goods and services than did the salary of a novice teacher in Seattle. Veteran teachers in Spokane received a salary that provided $6,350, or 20 percent, more purchasing power than did the salary of a comparable veteran teacher in Seattle. These data do not suggest that teachers in the Spokane and Wenatchee School Districts are paid too much; what they suggest is that states should stop confusing equity with equality. Equal is not necessarily equitable.

A completely different set of factors, revolving around a perceived lack of productivity in the school system, was also at play during the late 1980s and early 1990s that instigated the

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5 Ibid, 9.
formation of a council to review educational funding. One of the candidates in Washington's 1992 gubernatorial race very well reflected this view in his often stated observation that while spending for K-12 education in Washington had increased by 40% per student over the last decade in constant dollars, Washington's schools were certainly not 40% better than they had been previously. His conclusion, and that of a large number of other people in the state, was that "we've already tried throwing money at the schools and we've found that increasing spending isn't the solution to improving them."

The perception that Washington -- and other states -- have received a great deal of extra money, but aren't any better than they were before receiving the money, necessarily assumes some relationship between how the money was spent and student outcomes. Analysis of the "drivers" of higher per pupil spending raises some doubt as to the linkage between spending and outcomes.

In 1981-82, Washington's public schools paid $408 per pupil (in 1992 dollars) for employee benefits (e.g., health insurance, FICA, retirement, workman's compensation); in 1991-92 Washington's public schools paid $918 per pupil, a 125% increase in inflation-adjusted dollars. In what way should the state's taxpayers expect a 125% increase in the cost of benefits such as health insurance to improve the quality of the state's schools? All lines of work have seen health costs escalate rapidly in the last decade. Has it, in any way, improved the product produced? The relationship between the level of health costs and student learning is tenuous at best.

In addition, in 1981-82, Washington's schools enrolled about 60,000 special education students, who comprised about 8% of total enrollment. In the next 10 years, special education enrollments increased by 4.6% per year, while other enrollments increased at only one-third that rate. As a result, in 1992-93 K-12 schools enroll nearly 100,000 special education students and such students comprise 11% of total enrollment. Assuming the ratio between the cost per special education pupil and the cost per regular education student hasn't changed at all in the last decade, and using 1982 costs, the cost per pupil of having 11% instead of 8% of your students in special education programs is $198 per pupil (in 1992 dollars). Thus, a change in student mix amounts
to a 7% spending increase. The same question applies here as before: Should the state expect a 60% increase in special education enrollments to improve student outcomes?

Adjustments for two societal changes over which public schools in Washington had little or no control, lower the initial 40% increase in per pupil spending to barely 10%. Further adjustments for the costs schools incur due to increasing percentages of children living in poverty, increasing numbers of bilingual students, and so on, lowers the real spending increase to well under 10%.

The purpose in reviewing the last 10 years is not that increasing spending is the sole solution to improving schools. The work of top educators such as Ted Sizer, Ann Lieberman, Seymour Sarason, and John Goodlad provides strong evidence that simply lowering class size, buying more computers, and increasing faculty pay -- in the absence of substantive change in school and university incentive systems and organization -- isn't a productive investment. It's important, though, in discussing the financial and economic issues involved in improving K-12 education, to be clear that the notion that Washington and other states have spent the last 10 years throwing money at K-12 schools is the contemporary version of "The Big Lie".

For example, when you compare Washington's 1991-93 biennial general fund budget with the 1981-83 biennial general fund budget, increases in spending for human services (7.2% annual increase in constant dollars), legislative costs (6.1%), and natural resource management (6.1%) have far outstripped K-12 or higher education spending education spending (3.5% and

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3.2%, respectively). During this period, enrollments in K-12 schools increased by 80,000, half of whom are in special education programs. Looking at these data on a per pupil basis, the rate of increase in K-12 spending falls to 1.2%, the lowest increase for any state program. When spending for human services is also adjusted for changes in case load, the priorities in state spending are even more stark.

4. The Governor's Council on Educational Reform and Funding

Regardless of the accuracy of many of the views expressed, sufficient pressure had been created by 1991 that Governor Gardner named a Blue Ribbon panel -- The Governor's Council on Educational Reform and Funding (GCERF) -- to develop a long-term action plan to reform the state's K-12 schools. GCERF's plan follows what Larry Cuban describes as the "cookbook recipe for school reform." The plan: (a) Outlines clear Student Learning Goals that are to be used to develop a Performance-based testing system; (b) Decentralizes operations so that managers and employees who make the product decide how it is to be done; (c) Calls for rewards for those schools increasing the proportion of their students passing state tests, as well as assistance and eventually consequences for those schools having difficulty meeting these goals; and, (d) Provides a substantial amount of professional development and technology and changes to educator certification practices.


A number of potential roadblocks exist to realizing GCERF’s goals of greater decentralization and accountability in public education. The next section discusses these roadblocks.

5. Roadblocks to Reform

The national call for incentives and assistance to help all children reach the Student Learning Goals is linked to a series of new and largely untested student examinations. Many technical and practical questions that must be answered before a state can even consider using the results of these embryonic assessments to drive the distribution of large amounts of school funding.9

In addition, research using the examples from European as well as American schools, suggests that the cost may be anywhere from 6-20 times as much as current testing practices.10 These data do not defend current standardized testing practices, but highlight two important issues: (a) States must address the cost of implementing these new assessments if they are to meet these national goals (Washington's reform plan assumes the cost to be no greater than current testing); and (b) If that cost is many times what states are currently spending for standardized testing (which is already very large), can that sum be better spent for school improvement in some other way? If states have limited funding to improve the quality of K-12 education, is the best place to put it in developing and scoring a system of examinations--or is


there some more appropriate place to put it—a place the funding would have more impact and a greater chance of being effective?

Even if the costs weren't as large as they are likely to be, the research evidence is, at best, shaky that an examination system can improve the quality of schools. The examples given are often from foreign countries, but as Ted Sizer points out, mounting evidence suggests that the success of students in other countries on international comparisons probably has much more to do with other aspects of the experience of those youngsters and their families than the existence of external exams of one kind or another.11

The Council's efforts to decentralize Washington's educational decision making process could very well founder unless the state is able to also decentralize its school funding system. Decision making authority that is passed down to the schools and school districts without concomitant financial authority provides a weak mechanism to engender reform. As demonstrated in the state teachers strike, local school districts possess little capacity to address financial issues. The amount of resources available to a school district and the flexibility districts have in allocating these funds is tightly constrained by policy makers in Olympia.

Underlying the reticence to decentralize school funding is a large number of powerful, vested interests in most state capitals whose self-interest is not served by decentralizing school funding authority. For example, the number of full-time employees in the Washington State Legislature has grown from 50 to over 1,100 in the last 20 years. These burgeoning bureaucracies, as well as similar ones in executive branches, potentially have a great deal to lose if resources follow decisions to the school district level.

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Observers in Washington have therefore expressed concern about the proposed composition of the group that is to develop a funding system to implement GCERF's agenda.12 The committee is heavily skewed towards bureaucracies that have seen their budgets and staff sizes skyrocket since Washington moved to a highly centralized school funding system. Discussions in the GCERF funding group suggest that committee representatives from these bureaucracies are likely to weigh the impact of decentralization not just on teaching and learning, but also on the power and control exercised by their agencies.

Finally, by redefining basic education in terms of learning outcomes, the state incurs a constitutional duty to provide a base school finance system that will "make ample provision" for such a performance-based program of education for all resident children. The diversity among children in Washington suggests that if the state is to provide all students with equal opportunity to achieve these outcomes, the cost of the basic program in some schools will need to be several times what it is today. In order to generate these resources for schools with large number of disadvantaged kids, the state will have two choices: (a) Substantially increase the amount of state resources devoted to K-12 education, or (b) Reallocate resources away from successful students.

Given the demands that are likely to be placed on legislators during the next decade for health care reform, transportation, and public safety, the former option--substantially increasing the amount of state resources devoted to K-12 education--could prove to be politically difficult. Before states find themselves in a situation in which they are robbing Peter to pay Paul, they need to be proactive and seriously consider the financial implications of the agenda proposed.

7. Conclusions

In conclusion, supporters of using mandated, standardized tests to improve schools must work to see that: (1) The cost implications of these proposals are fully analyzed before they are approved; (2) The new student examinations, if adopted, are used in ways that will support national goals, not as tools to undermine local improvement efforts by comparing the results produced by various schools or as a basis to deny funding; and (3) Decision making authority be passed down to local schools and school districts with the concomitant financial capacity to address emerging local needs. Avoiding difficult issues such as funding, the proper use of assessment results, and the political question of who should decide if resources can follow decisions to the school district level, greatly increases the likelihood of another failed school reform effort.
Table 1
Washington State School Funding Requirements Established in
Seattle School District v. State, No. 53950, Memorandum Opinion
(Thurston County Superior Court, January 14, 1977)

i. The State's duty to provide ample education for all children is paramount; that is supreme, preeminent, or dominant. It takes precedence over all other obligations facing the State and the Legislature.

ii. The Legislature must define "basic education" and, as a first priority, must make ample provision for funding such a program of education. Funding must be accomplished by means of regular and dependable tax sources and cannot be dependent on special excess levies.

iii. The State's duty goes beyond basic academic subjects. It also embraces broad educational opportunities needed to equip our children for their role as citizens and as potential competitors in today's market as well as in the market place of ideas.

iv. The Legislature may authorize the use of special levies to fund programs, activities, and support services which the State is not required to fund.

Table 2
Purchasing Power of Novice\textsuperscript{a} Teacher Base Salaries in Eight Washington Communities, 1990-91 School Year

<table>
<thead>
<tr>
<th>School District</th>
<th>1990-91 Novice Teacher Salary</th>
<th>1990-91 Relative Purchasing Power\textsuperscript{b}</th>
<th>Difference in Purchasing Power\textsuperscript{b}</th>
<th>Percentage Above Seattle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wenatchee</td>
<td>20,001</td>
<td>21,017</td>
<td>3,313</td>
<td>18.7</td>
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<tr>
<td>Spokane</td>
<td>20,001</td>
<td>20,514</td>
<td>2,810</td>
<td>15.9</td>
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<tr>
<td>Yakima</td>
<td>20,001</td>
<td>20,147</td>
<td>2,443</td>
<td>13.8</td>
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<tr>
<td>Olympia</td>
<td>20,001</td>
<td>19,988</td>
<td>2,284</td>
<td>12.9</td>
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<tr>
<td>Tacoma</td>
<td>20,001</td>
<td>19,720</td>
<td>2,016</td>
<td>11.4</td>
</tr>
<tr>
<td>Kennewick</td>
<td>20,001</td>
<td>19,633</td>
<td>1,929</td>
<td>10.9</td>
</tr>
<tr>
<td>Vancouver</td>
<td>20,001</td>
<td>18,417</td>
<td>713</td>
<td>4.0</td>
</tr>
<tr>
<td>Seattle</td>
<td>20,001</td>
<td>17,704</td>
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</tbody>
</table>

\textsuperscript{a} No teaching experience and a baccalaureate degree.

\textsuperscript{b} Compared to average cost of living in U.S. urban areas during the third and fourth quarters of 1990 and the first and second quarters of 1991.

## Table 3
### Purchasing Power of Veteran Teacher Base Salaries in Eight Washington Communities, 1990-91 School Year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wenatchee</td>
<td>37,513</td>
<td>39,418</td>
<td>7,697</td>
<td>24.3</td>
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<tr>
<td>Spokane</td>
<td>37,718</td>
<td>38,685</td>
<td>6,964</td>
<td>22.0</td>
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<td>Yakima</td>
<td>38,052</td>
<td>38,330</td>
<td>6,609</td>
<td>20.8</td>
</tr>
<tr>
<td>Olympia</td>
<td>37,251</td>
<td>37,226</td>
<td>5,505</td>
<td>17.4</td>
</tr>
<tr>
<td>Kennewick</td>
<td>37,718</td>
<td>37,024</td>
<td>5,303</td>
<td>16.7</td>
</tr>
<tr>
<td>Vancouver</td>
<td>35,826</td>
<td>32,989</td>
<td>1,268</td>
<td>4.0</td>
</tr>
<tr>
<td>Seattle</td>
<td>36,530</td>
<td>32,335</td>
<td>614</td>
<td>1.9</td>
</tr>
<tr>
<td>Tacoma</td>
<td>32,173</td>
<td>31,721</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

*a* 17 years of teaching experience and 90 quarter credits beyond the baccalaureate degree.

*b* Compared to average cost of living in U.S. urban areas during the third and fourth quarters of 1990 and the first and second quarters of 1991.

Table 4
Funding Recommendations of the Governor's Council on Education Reform and Funding

i. The Legislature, in consultation with OSPI, the State Board of Education, OFM, and the Commission on Student Learning, will design a new funding formula to be implemented in 1996-1997.

ii. The formula will support the new performance-based education system and allow for maximum local control and flexibility.

iii. The formula will ensure that every student will have an equitable opportunity to achieve the Essential Learning Requirements.

iv. The formula will reflect the state's responsibility to fully fund a basic education.

v. The state will supply sufficient resources so students can achieve the desired learning outcomes.