

WASHINGTON STATE INSTITUTE FOR PUBLIC POLICY

Joint Task Force To Establish A New Basic Education System For Washington State

Dan Grimm – Chairman, Members of the Committee

You have posed four questions to me to comment on based upon my report which I completed in September, 1975,

In many ways the problems that existed 33 years ago are the same today – Not enough state funding, too much reliance on special levies that help create an unlevel burden on taxpayers, more funding needed beyond the 12% allowance for special needs children, and I am certain that other issues, such as the definition of Basic Education, is open for debate.

One of the issues Chairman Grimm cited to was state vs. local control, but I would like to set that aside, and focus my comments on the role of adequacy of funding versus equity. These are two equity issues, one being the variation in the burden on taxpayers, the other being the burden on students. The taxpayer burden, while important, does not have a constitutional mandate, such as Article 9, Education, Section 1. "it is the paramount duty of the State to make ample provision for the education of all children". This provision, when read with Section 29 of Article 1, which makes provisions in the Constitution mandatory, and places a priority on funding equity for students, rather than the lesser issue of the inequality that special levies creates among taxpayers.

The approach to creating equity among students was in establishing a funding formula that established a ratio of 50 certificated staff per 1,000 students; 16.67 classified staff per 1,000 students, and a lump sum of \$3,691 for each allowable certificated staff. With the exception of the applying the formula for small high schools, and non-high schools, which was resolved with a suggested formula amendment, we treated student equity in terms of teachers and non certificated personnel, with the number of students. We acknowledged that the salary variance between districts for certificated staff could be handled as a separate issue, perhaps with a state-wide salary schedule for certificated and non-certificated staff.

The legislature has adjusted the formula over its 30 years existence and to my knowledge the basic principles involving equity among students remains the same.

I am aware that a number of schools have filed suit against the State, saying that it does not provide adequate funding for special needs children.

Now, let me talk about the Local vs State control issue. In part, on page 7 of the report, we ask the question, "How can the Legislature be accountable for state spending while it does not have a voice in teacher salary negotiations. The Constitutional heading under the Legislative Section entitled Article 2, Section 28, Special Legislation, Item #15, limits the legislature from enacting any private or special laws providing for the management of Common Schools. I am uncertain whether this item has seen tested in a court of law, but it is a factor since the act of salary negotiations is an integral part of the management.

I am pleased that the legislature is again looking at the K-12 funding formula and has the opportunities

to update the provisions established 30 years ago. I am certain that the legislature will vote to curb the size of special levies in order to correct some of the inequities that special levies create on taxpayers.

Let me comment on the role of an income tax which we included in the report. Governor Dan Evans attempted on three occasions to implement an income tax. It is my view that a variable rate income tax will not be accepted by the general public. In addition, we may have reached a limit of 10% on the sales tax. However, there are other revenue sources available.

Karen Vialle tells me that as an Assistant to Governor Evans, she argued that implementation of a fixed rate income tax is possible.

We examined a tax on intangible wealth which currently is exempt from the property tax. The value of intangible property has been increasing substantially and should be considered as a potential income source.

When you consider which taxes ought to be raised, I would call your attention to an excerpt from a 2003 copyrighted article by the Institute on Taxation and Economic Policy. It has a catchy title, WHO PAYS ?, and is a distributional analysis of the tax system in 50 states. I have included a section on Washington State that shows that this state has the most regressive tax status of all 50 states. The state sales tax is a major factor in Washington's regressive tax structure.

I am not sure if the Institute on Taxation and Public Policy has updated this important study which is five years old.

I would be pleased to answer any questions you might have.