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For school systems, McCleary decision gave with one hand and took with the other

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(Nathanael Massey / The Spokesman-Review)

By [Jim Allen](#)

jjima@spokesman.com

[\(509\) 459-5437](tel:(509)459-5437)



The irony isn't lost on the state's school districts, teachers and the public they

serve: that the \$2 billion windfall created by the landmark McCleary court decision has reaped a whirlwind of contention, a chaotic summer of salary negotiations and an uncertain future for everyone.

The only certainty is higher taxes statewide, as districts will look to Olympia for even greater support of public education.

Barely two months ago, the Washington Legislature handed its school districts a one-time pile of money to help fulfill the McCleary mandate to fully fund public education, but scant advice on how and when to spend it.

Teachers seized the moment, saying that McCleary dictated that the entire \$2 billion go toward higher salaries – this year.

Districts hedged, saying that such raises were unsustainable.

Salary negotiations unfolded in all 295 school districts, which were hampered by ambiguous advice from the office of State Superintendent Chris Reykdal on how much to yield in those talks.

The result was a summer like no other. Some districts are on strike and others are wondering whether they gave away too much at the bargaining table.

“These are people’s lives,” said Shelley Redinger, superintendent of Spokane Public Schools. “This isn’t a computer system where you try it out and see how it works.”

“This has been very disruptive for children and families, for districts, staff, unions, everyone,” Redinger said. “It was contentious, and I don’t believe it needed to be.”

More angst lies ahead.

Two days after conceding an average pay raise of 13.3 percent to its teachers, Spokane Public Schools was compelled on Aug. 29 to add \$21 million to its operating budget for the new fiscal year.

That led to another irony: Despite the \$27.7 million in one-time funds, the district will operate \$12.9 million in the red this year.

Reserve money will cover the shortfall – this year, at least – but the timing couldn't be worse.

For Spokane schools, McCleary's biggest attraction was the window of opportunity it offered to leverage the boost in state support to build three new middle schools and make other crucial improvements required by the state - while lowering local tax burdens.

The resulting \$495 million bond – hailed as a unique partnership between the city and the district – needs a supermajority of 60 percent of voters to pass on Nov. 8.

“The message on this is very positive,” Redinger said.

School officials are hoping voters agree with them that there is a need for the November tax proposal and distinguish between the bond and the district's recent outlay for teacher and support staff salaries

The state's new funding model will leave districts scrambling to make ends meet, a fact that Reykdal acknowledged on Thursday.

In a statement, Reykdal promised to release a biennial budget request for 2019-21 that will “recommend ways to improve the new finance model.”

“Our efforts to improve school funding and student achievement have only just begun,” Reykdal said.

That's welcome news to many districts.

“If something doesn't happen with funding ... we're going to be in a reduction mode, and so will others,” West Valley superintendent Gene Sementi said.

A far-reaching decision

The McCleary case began more than a decade ago. In 2007, the McCleary family of Chimacum, Wash., sued the state “for not meeting its constitutional obligation to amply fund a uniform system of education.”

They argued that the use of local property levies created a gap between state funding and the actual cost of operating schools, resulting in a system that favors rich districts.

While the case worked its way through the courts, the legislature in 2009 approved legislation that incorporated an updated definition of “basic education,” including all-day kindergarten and no more than 17 students per certificated staff in grades K-3.

In 2012, the state Supreme Court ordered the Legislature to find a funding solution. Two years later, the court found the Legislature in contempt for failing to do so, and added a \$100,000 daily fine until a plan was approved.

Funding got a boost again in 2017 when the Legislature agreed to increase education spending by \$1.8 billion in attempt to meet demands of the Court.

Finally, in June, the Supreme Court ruled that the McCleary requirements had been fulfilled.

Windfall and whirlwind

Events moved swiftly from there.

As teachers and classified staff moved to open talks, districts had little time to sort through the nuances of the new requirements.

The big question: Were districts required to adhere to a 3.1 percent wage-hike limitation?

In a memo on Aug. 22, Reykdal’s office told districts that the salary language in legislation passed this year that modifies basic education provisions is “ambiguous, and we do not believe salary increases are limited to 3.1 percent.”

Reykdal's key point: "You are limited by what you can afford and what you can sustain."

The last four words of that sentence were underlined in Reykdal's memo.

For many districts, that advice came too late. Spokane and other districts had adhered to earlier advice from the state that the 3.1 percent guideline was valid.

"Districts needed more guidance, and sooner," Redinger said.

So did teachers. Lack of direction from the state "created a Hunger Games situation among the districts," said Katy Henry of the Spokane Education Association.

"That ambiguity led to some of what you've seen statewide," Henry said.

In the past three weeks, the word "sustainability" has been a drumbeat in negotiations.

"That word got tossed around a lot in salary negotiations," said Central Valley Education Association president Wally Watson, whose union ratified a new contract Friday night.

Indeed, negotiations hinged on that word. With varying success, districts tried to set some of their allocation aside for future years.

Strings attached

As it turned out, the state gave with one hand and took with another.

To offset the increase in statewide property-tax rate, lawmakers complied with a core McCleary requirement that limited the amount districts can raise through local levies.

That too comes with a kicker to poorer districts. Beginning next year, local school “enrichment” levy rates are limited to \$1.50 per thousand of assessed valuation.

For districts like West Valley, the change could cost more than \$3 million annually.

“Districts with a high property value, they’re able to levy more per student,” said Sementi, the district’s superintendent, whose comments highlight another irony in the post-McCleary world: if the lawsuit was inspired by inequalities among districts, why do those inequities still persist?

Jim Kowalkowski, superintendent of the Davenport School District, echoed those concerns in an op-ed published July 9 in The Spokesman-Review.

“If no changes are made, the ZIP code of students will end up determining the quality of their education. That is just plain wrong and was never the intent of the McCleary case,” Kowalkowski said.

Another kicker is the regionalization – or cost of living – differential for salaries, which is as high as 24 percent in some well-to-do Seattle suburban school districts.

Among local districts, only Spokane and Mead received 6 percent. However, many teachers’ unions felt that was too low. In resulting negotiations, some districts appeared to concede that point by agreeing to double-digit percentage raises.

That was a double-whammy for Spokane, where almost 40 percent of the teachers have at least 16 years of experience.

“We have a very veteran staff, so our money won’t go as far,” Redinger said.

Other local districts are worse off. West Valley is hampered by a relatively low tax base and a veteran staff. Also, the district received no regionalization

bonus.

“As these budgets become more dire, there’s more pressure to hire less experienced teachers,” said Sementi, who also worries that some teachers will leave for better money in Spokane and Mead.

“We’ve already had some folks leaving,” Sementi said.

Another new requirement is that all districts project a budget for the next four years. Given the uncertainties and complexities of budget forecasting under McCleary, that will be difficult.

“We’ve never shown a four-year budget, always a two-year,” Redinger said. “Logically, that’s too far out if you don’t know what your funding sources are.”

Spokane had no choice but to comply. Approved on Aug. 29, the new budget showed a deficit of \$12.6 million this year, \$40.5 million the following year, \$49.3 million in 2020-21 and a whopping \$57.2 million in 2021-22.

Added Redinger: “I can almost guarantee you that there won’t be one district in this state four years out that will show something that’s in the black.”

‘Where do we go from here?’

Despite its shortcomings, the McCleary decision has won praise for its comprehensive approach to paying for basic education salaries.

While not completely level, the educational playing field is less tilted.

“In that sense we achieved the goal,” said state Sen. Andy Billig of Spokane, who also pointed to success in funding the Learning Assistance Program, which aids younger students who aren’t achieving at grade level.

“That money is flowing through the districts in a very productive way,” Billig

said.

Billig conceded that lawmakers have more work to do in closing the wage gap between districts, and that more work lies ahead.

“We as a state made major systems changes, not just one system but one that affects 295 other systems,” Billig said. “It makes sense that there would be some additional tweaks here and there.”

According to Kowalkowski, special education, transportation, sick leave, insurance and professional development are underfunded by many districts.

Billig hopes to address special education funding and improve access to the Early Learning Program, which aligns educational opportunities for young children from birth through third grade.

Redinger sees other challenges.

“I would say that this really is the time to say, ‘where do we go from here?’ ” said Redinger, who last week repeated her concerns over sustainability, including health insurance, “pension spiking” and other byproducts of rising salaries under McCleary.

Redinger also suggested the possibility of statewide collective bargaining.

“Benefits negotiations are already moving to that model,” Redinger said.

“Local districts could still bargain over some things.”

Much depends on revenues. During negotiations, teachers cited a robust state economy that’s eminently capable of supporting higher salaries.

In the short term, that view was bolstered by a quarterly report issued in June by the Economic and Revenue Forecast Council that predicted more than \$500 million extra revenue during the next three years above its February forecast.

If that holds for the long term, everyone will be happy.

“We have to keep our eyes on the mission,” Redinger said. “The important thing is that we have a world-class education for our students and not get distracted by all of this.”

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Downtown Spokane

999 W Riverside Ave

Spokane, Wa 99201

Mailing Address

P.O. Box 2160

Spokane, WA 99210

Main switchboard:

(509) 459-5000

Customer service:

(509) 747-4422

Newsroom:

(509) 459-5400

(800) 789-0029

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