

Declining Support for Education Threatens Economic Growth

By Kim Justice

Introduction

Washington's ability to create jobs and build a strong economy is closely linked to providing quality education and making it widely available. But progress is jeopardized by potential options that lawmakers will consider when they meet in special session to respond to the ongoing revenue crisis.

The need to maintain strong investments in education is one reason why Washington needs a balanced approach that includes revenue rather than a cuts-only approach that backs away from the building blocks of a strong economy.

Upholding a strong education system is crucial to our economic recovery and future prosperity. But decisions made in the wake of the Great Recession have taken our investments in a different direction, slicing approximately \$5 billion out of our education system in the last three years (figure 1). Another \$2 billion in cuts are being considered right now, many of which will come out of education, making it even harder for Washingtonians to access educational opportunities that are necessary for a better future. Some facts to help put this in perspective:(1)

- ***The average cost to attend college has risen 94 percent*** for students and families since 2007 at four-year institutions due to dramatic increases in tuition. The cost has risen 54 percent at community and technical colleges.(2) Current proposals would cut an additional 15 percent of state support from higher education;
- ***Over 20,000 eligible students were unable to receive financial aid*** in 2010 due to insufficient state resources. Financial aid for 70,000 students is on the line in the next round of budget decisions;
- ***The number of kids in K-12 increased by 12,135*** between 2008 and 2010, but the number of teachers in classrooms shrunk by nearly 3,000.(3) Further budget cuts would increase class sizes in grades 4 through 12, making it harder for kids to get the attention and engagement they need to succeed;
- ***Access to quality early learning during the first five years of life for over 2,000 kids would be cut*** under budget proposals currently being considered. Opportunities for childhood educators to advance their skills have been eliminated, weakening the quality of education for children during the most important learning years of their life.

A high quality education system – one that spans early learning through higher education and prepares adults for the labor market– is essential to ignite our sluggish economy and prepare our workforce to be globally competitive. A strong education system guarantees high quality early learning opportunities for children, upholds a strong K-12 system to prepare students for college or a job, builds a workforce that can translate today’s breakthroughs into tomorrow’s cutting-edge industries, and ensures educational opportunities among low and moderate income students by providing financial aid.

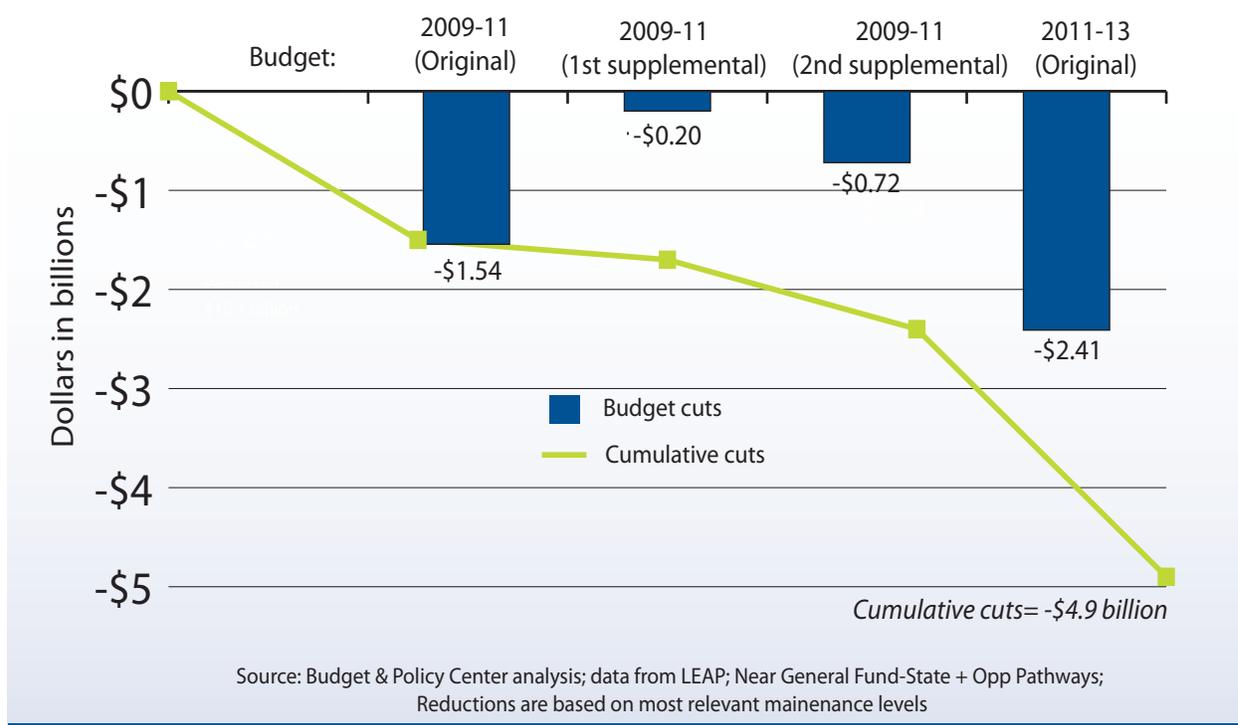
In our [Framework for Prosperity](#), we lay out a vision for the future prosperity of our state, which includes making investments in high quality, affordable education to put Washingtonians back to work. And we offer up solutions to boost our resources in order to make these essential investments.

Today’s job market requires more education and skills

At a time when the state’s unemployment rate sits at the highest it’s been since 1983 (9.1 percent), educational attainment has become even more essential to landing a job.(4) In fact, as of April 2010 nearly half of vacant jobs in Washington required an education beyond a high school diploma or GED, according to the University of Washington. Those with less educational attainment tend to fare worse in the job market — in 2010, nearly one in six people with less than a high school diploma were unemployed compared to one in 20 with a Bachelor’s degree or higher (figure 2).

Not only is higher education the key to employment, it also reaps significant benefits for individuals and society including higher lifetime earnings, better health, and more civic participation. According to a report by the Employment Security Department, a bachelor’s degree

Figure 1: Washington’s Entire Education System Has Been Undermined



is worth \$15.54 more per hour than a high school diploma.⁽⁵⁾

Our economy cannot begin to recover until people get back to work. For many, this will require further educational development and enhanced job skills. But there is a problem and policymakers need to prevent it from getting worse: just as the need to go back to school to train in a new career or advance educational skills is increasing, the ability to access education is shrinking.

HIGHER EDUCATION

Declining state support is making college unaffordable

The Great Recession, along with structural changes to our state and national economies, has greatly increased the need Washingtonians have for the opportunities provided by higher education. However, the prospect of obtaining an advanced education is diminishing for

many as it becomes harder than ever to afford the cost of attending a college or university.

Since 2007, the average cost to attend college has risen 94 percent for students and families at four-year institutions, due to dramatic increases in tuition. The cost has risen 54 percent at community and technical colleges. The state historically supported society’s commitment to learning by making sure students paid less than half the actual cost, but that flipped in 2011 and now families are asked to pay the lion’s share at four-year institutions, and 37 percent of the costs at community and technical colleges (figures 3 and 4). At the University of Washington, tuition jumped by \$3,528 between 2008 and 2011, and increased 30 percent at community and technical colleges over the same time period.

During the 2009-11 biennium, when the state faced enormous recession-induced declines in revenue, the

Figure 2: People With Less Education Have Higher Rates of Unemployment

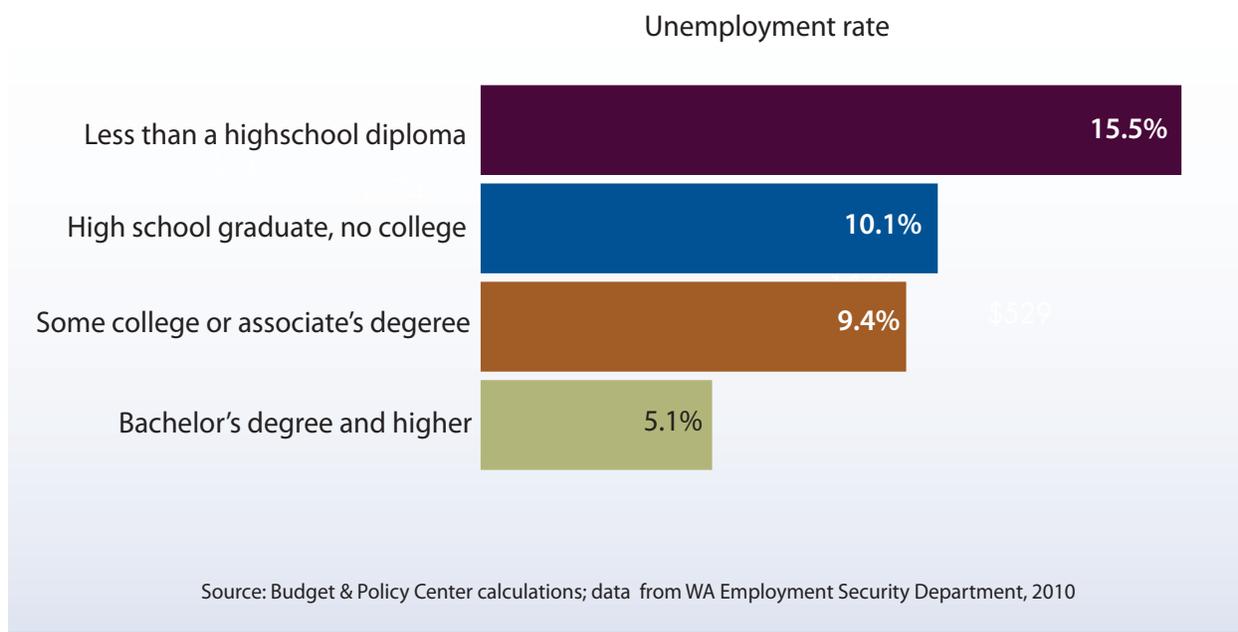
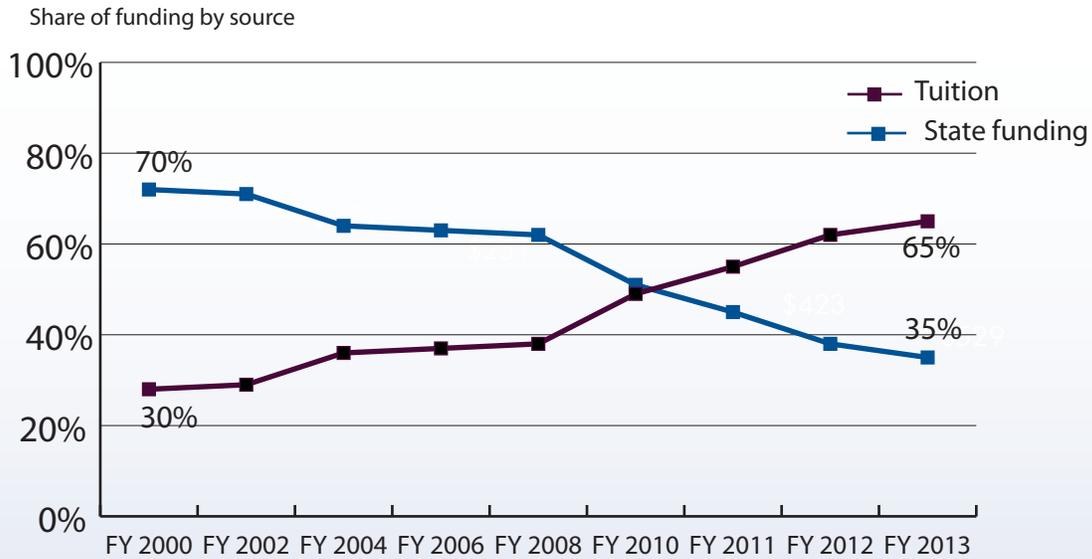
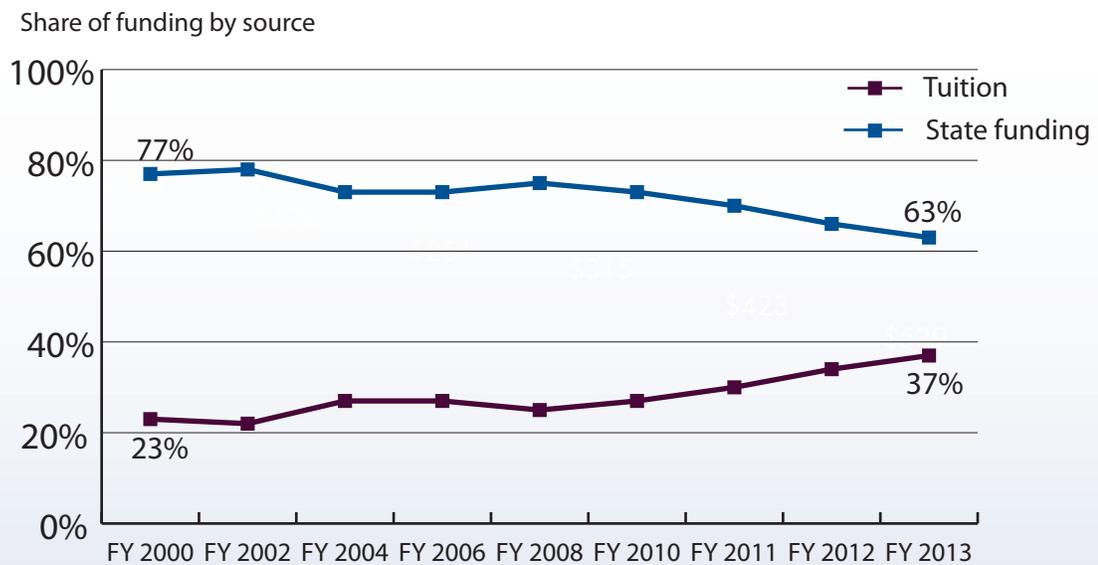


Figure 3: Students Are Paying Over Half of Higher Education Costs Through Tuition at 4-year Institutions



Source: Budget & Policy Center calculations; data from LEAP; reflects tuition in fund 149-B

Figure 4: Students Are Paying an Increasingly Larger Share of Costs Through Tuition at Community and Technical Colleges



Source: Budget & Policy Center calculations; data from LEAP; reflects tuition in fund 149-B

Legislature authorized tuition increases of 14 percent at the six baccalaureate universities and seven percent at the 34 community and technical colleges.(6) In the 2011-13 biennium, the Legislature authorized further tuition increases and allowed four-year institutions to go beyond their authorized increases by granting them the authority to set their own tuition. The University of Washington exercised this authority and raised tuition four percent beyond what the legislature authorized, for a total of a 20 percent increase in 2011-12. As discussed in Box 1, the dramatic increases in tuition have significantly shifted the majority of the costs to families.

Financial aid has not kept pace with need

Along with the rising costs of tuition, Washington's students are facing the challenge of having to pay for higher education with limited state financial aid. Even though the overall amount of state resources devoted to financial aid has increased since 2009, it has not kept up with growing needs. The State Need Grant (SNG),

Washington's largest and longest standing student aid initiative aimed at serving the state's lowest-income students, has experienced unparalleled levels of need. Since 2005, the number of students eligible for these grants has increased by 18 percent. However, over the same time period the number of students receiving the SNG has declined by 8 percent. As shown in figure 5, the total number of students receiving a SNG in 2005 (65,328) was greater than the overall number of students receiving grants in 2010 (59,941). Furthermore, *more than a quarter of all students eligible for state need grants in 2010 were unable to receive them due to insufficient state funding.*

More cuts would close the door to opportunity for many

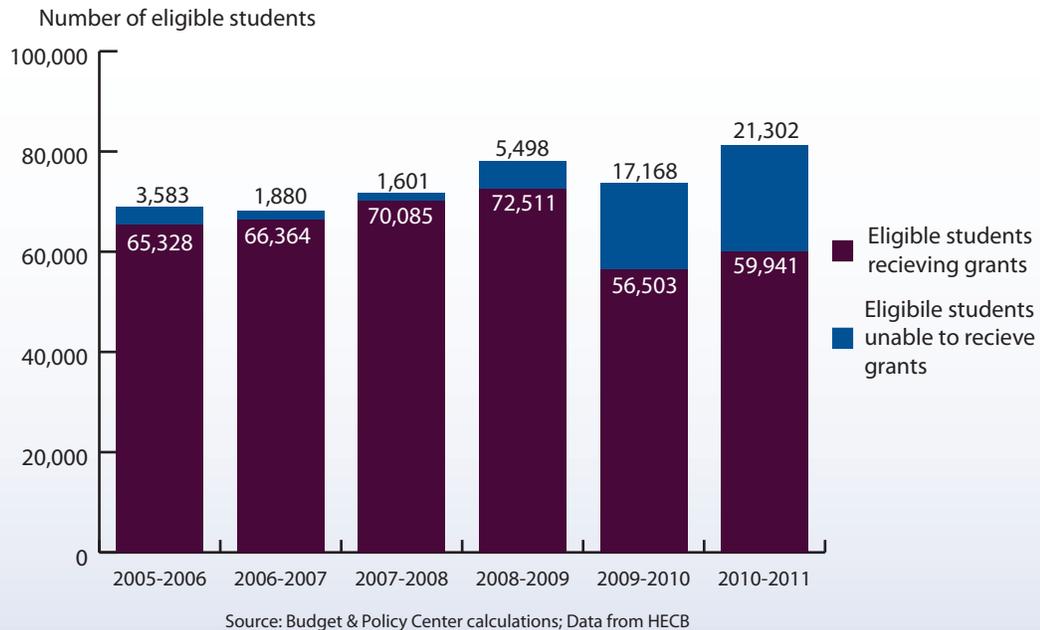
Reductions being considered for the 2012 supplemental budget would make access to a higher education impossible for many lower- to middle-income families.

Box 1: Tuition overwhelms many families' finances

The enormous growth in tuition at Washington's four-year and community colleges over the last three years has made it more difficult for families in our state to send their kids to college. For a typical family in Washington with household earnings of about \$55,631 per year (the state median income in 2010), tuition is taking an increasingly large bite out of the family budget. The average tuition at a four-year school now takes up 14 percent of such a family's income, a 64 percent increase between 2008 to 2011.(7)

Higher tuition also translates into higher debt for students who take out loans to afford the costs of college. College seniors who graduated in 2010 carried an average student loan debt of \$22,101.(8)

Figure 5: The Number of Eligible Students Unable to Receive State Need Grants Has Risen Dramatically



Further increases in tuition would be inevitable under initial budget proposals that recommend a 15 percent deeper cut to state funding of colleges and universities.

Students who most need access to financial aid to withstand tuition increases could find that there is no support to turn to. Proposed reductions to the State Need Grant range from reduced eligibility to reduced grant amounts, to complete elimination which would impact 70,000 low-income students.

EARLY LEARNING

The first few years of learning are the most important

The first five years of a child's life are the most critical time for learning. These years are a significant time for the development of a child's brain and shape a child's future health, happiness, and achievement in school. An effective early learning experience encompasses pre-

natal care for mothers, social-emotional development, child care and preschool, kindergarten through third grade, health and nutrition, education for parents, and professional development for educators.

Despite the importance of education during this time in a child's life, funding for early learning makes up the *smallest* portion of state spending on education (figure 6).

Quality early learning depends upon quality teachers

One of the key components to a child's successful learning during these first five years is having skilled, capable early childhood teachers. That was the driving force behind the creation of the Washington State Early Childhood Education Career and Wage Ladder. The program was first established as a pilot in 2000 to reduce staff turnover and improve the quality of early learning educators in licensed child care centers. It has been highly successful in providing opportunities for

childcare staff to enhance their skills and the professionalism of their career by increasing wages based on level of education, years of relevant experience, and level of work responsibility.

In a final evaluation report of the pilot project, child care centers with the Career and Wage Ladder pilot were measured against a comparison sample of centers that were not part of the pilot. Compelling positive outcomes of the program were identified, such as quality of care was found to be significantly higher in the pilot than in comparison centers observed, educational attainment of employees at pilot sites was much greater, and the average wage for educators was higher in the pilot than the comparison centers.(9)

Despite its proven track record, funding for the Career and Wage Ladder was eliminated in the 2011-13 budget. The lack of opportunities for educators to further their educational attainment and increase earnings will likely have an impact on not only the sustainability of

the profession, but also on the quality of care that children receive.

Looming cuts could close the door on early learning for many kids

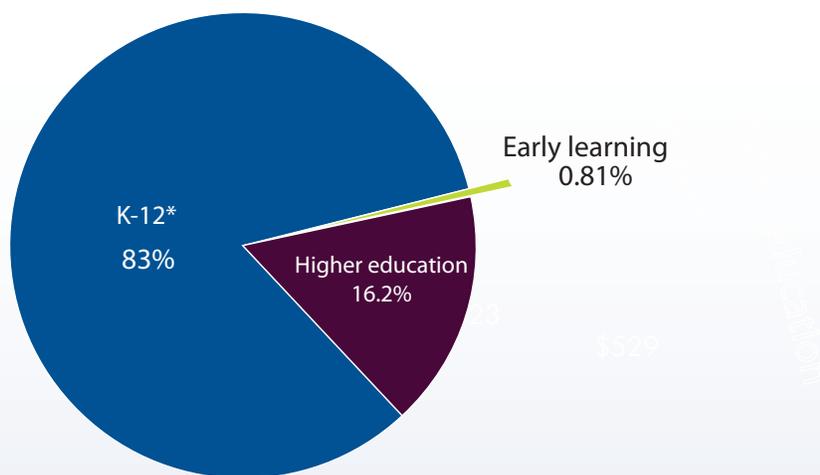
As additional reductions are being explored, there is risk that many kids will no longer have access to early learning at all. Options being considered under further budget reductions include cutting enrollments in early learning programs to all 3-year olds and some 4-year olds.(10) This cut would leave up to 2,200 kids without critical early learning.

K-12 EDUCATION

Our public schools must prepare children to succeed

A top-notch education complete with highly qualified teachers, safe buildings, small class sizes, and updated textbooks and equipment is integral to the ability of kids to succeed in jobs, college, and in life.

Figure 6: The Smallest Portion of Education Funding Goes Towards Early Learning



Total state spending, 2011-13 = \$16.7 billion

Source: Budget & Policy Center calculations; data from LEAP; Reflects enacted 2011-13 budget, Near General Fund State + Opp. Pathways; K-12 portion includes funding for State Schools for the Blind and Deaf

As our state’s population continues to grow, so do the number of kids enrolled in kindergarten through 12th grade. But our state’s investment in education — for good teachers, keeping class sizes small, and providing quality learning tools— have not kept pace with that growth. As shown in figure 7, Washington’s public schools have suffered steep cuts in the last three years. Consequently, kids are getting less support in the classroom. Between 2008 and 2010, enrollment in K-12 schools grew by 12,135 students, but the number of teachers in classrooms shrunk by nearly 3,000.

Student achievement threatened as class sizes grow

Research shows that smaller class sizes improve student learning and result in significant gains in student achievement. Small class sizes allow teachers to provide individualized attention to students. Initiative 728, passed by voters in 2000, established funding for quality improvements such as class size reduction. But in the last few years, our state has not maintained

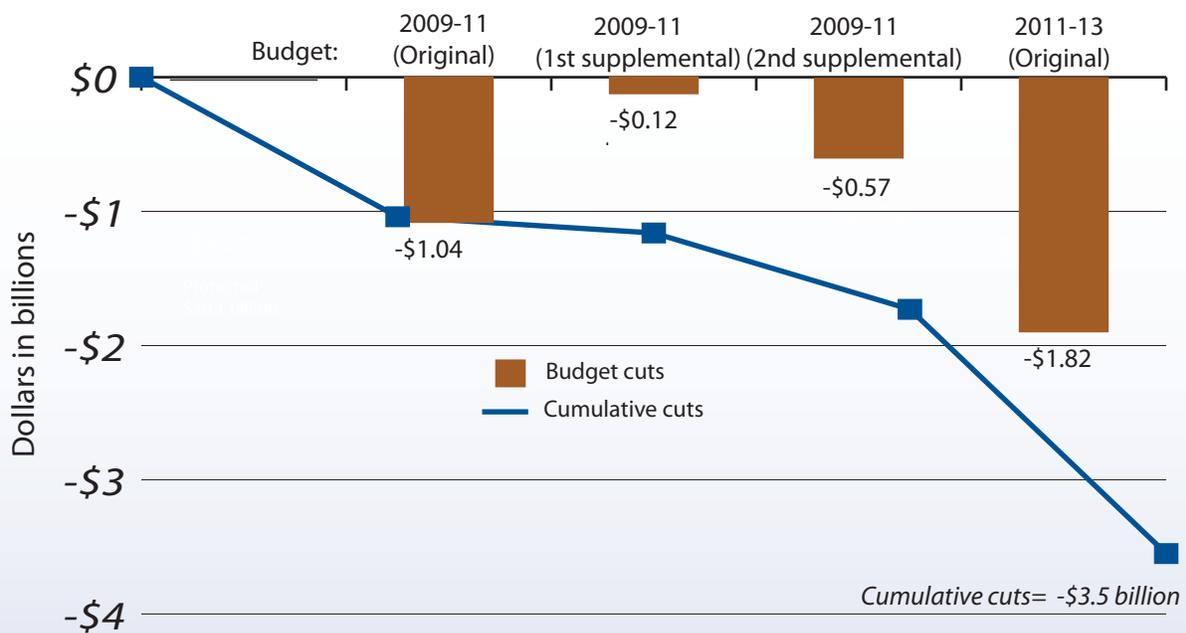
these investments. Funding for Initiative 728 was eliminated by the Legislature in 2010 and has been suspended ever since.

In addition, funding to reduce class sizes in fourth grade classrooms was reduced in the 2011 fiscal year, and in the current biennium, funding for class size reduction in kindergarten through fourth grade was eliminated altogether. Under the Governor’s preliminary 2012 Supplemental budget, class sizes would continue to increase in grades four through 12.

Conclusion

In the coming weeks, policymakers will convene during a special session to make decisions with serious implications for Washington’s commitment to invest in creating jobs and promoting economic recovery. Choices they make will go a long way toward determining whether the state stays with what has worked over the years to build economic growth or retreat from the established course and take stakes that hurt

Figure 7: Washington Schools Suffer Crucial Loss of Support



Source: Budget & Policy Center analysis; data from LEAP; Near General Fund-State
 Reductions are based on most relevant maintenance levels

the ability to create jobs and compete around the world. Washington's path to economic recovery and future prosperity is dependent upon the choices that are made. Access to a high-quality, affordable education is necessary to the vitality of our overall economy, businesses, families, and the quality of life we all want to enjoy.

In our [Framework for Prosperity](#), we lay out a vision for the future and solutions to get us there. We propose making investments that will put Washingtonians back to work by preserving opportunities to access high quality, affordable education. To do that, we need to build a revenue system that works. To continue to meet our immediate needs, we must raise revenue now, through options such as temporarily increasing and permanently modernizing the sales tax and eliminating unproductive tax breaks.

At the same time, we must also make long-term, structural changes to ensure our revenue system is sustainable into the future. This includes adding new revenue sources, strengthening our Rainy Day Fund, and increasing transparency and accountability of our tax system.

To read the full Framework for Prosperity, click [here](#).

Acknowledgments

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Endnotes

1. The primary source throughout the report is the author's analysis of budget data from the Legislative Evaluation and Accountability Program and the Office of Financial Management (see <http://fiscal.wa.gov>, <http://leap.leg.wa.gov>, and <http://ofm.wa.gov>).
2. Senate Committee Services, presentation to Senate Ways and Means Committee, Oct. 10, 2011.
3. Student enrollment data from LEAP, 350 students added to account for full-day kindergarten enrollment; data for teachers from the Office of Superintendent of Public Instruction, Personnel Summary Reports.
4. Data from the Bureau of Labor Statistics, Local Area Unemployment Statistics; Unemployment rate from 1976-2011, not seasonally adjusted.
5. Nora Keith, "WA State Spring 2010 Job Vacancy Report," Employment Security Department, July 2010.
6. WA State's six baccalaureate colleges: University of Washington, Washington State University, Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.
7. Data from the Higher Education Coordinating Board and US Census Bureau (ACS).
8. The Project on Student Debt, "Student debt and the class of 2010," November 2011.
9. Boyd and Wandschneider, Career and Wage Ladder Final Executive Summary, March 2004. http://del.wa.gov/publications/research/docs/CareerWageLadder_2004.pdf.
10. Budget reductions identified by Governor for 2012 Supplemental budget; reflects 11 percent and 25 percent enrollment reductions. Reductions would impact all 3-year olds except where needed to maintain viable classrooms.