

---

**Education Committee**

---

**HB 1811**

**Brief Description:** Requiring a study of the state's education finance system.

**Sponsors:** Representatives Hunter, Talcott, Haigh, Jarrett, Cox, Tom, Rockefeller, Schual-Berke, Miloscia, Quall, McDermott, Grant, Bailey, Nixon, Santos, Hunt and Clibborn.

**Brief Summary of Bill**

- Directs the Office of Financial Management to conduct a comprehensive school funding study that includes an examination of teacher compensation models.

**Hearing Date:** 2/19/03

**Staff:** Susan Morrissey (786-7111).

**Background:**

The Washington State Constitution (Constitution) establishes the education of all children as the paramount duty of the State and requires the Legislature to provide for a uniform system of public schools. The Constitution is the foundation upon which three school funding decisions, made in the 1970s and 1980s, rested. Those decisions, coupled with subsequent state laws and court decisions, have helped shape the budget formulas used to determine the state support for public education. In order to meet its paramount duty, the Legislature dedicates almost one-half of the state's general fund monies to support the education of children in the public schools.

The funding system begins with state-supervised school district budgeting, accounting, and financial reporting practices. State resources, supplemented by local and federal monies, are distributed through funding formulas to equalize educational opportunities throughout the state. Basic education and categorical programs are state supported through these formulas. State resources include general fund revenue, property taxes, timber excise taxes, and other state revenues.

Every few years, the Legislature revisits various aspects of school funding. The 1998 Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to study the financing system for the public schools. The study included a review of school district

revenue and expenditure practices, resource allocations within selected districts, and available data sources. The study also addressed class size and personnel deployment issues. It was presented to the Legislature in 1999. During the 2002 interim, two studies directed by the Legislature, looked at various aspects of school financing related to school construction and levy equalization. The committee studying levy equalization recommended a more thorough and comprehensive review of the entire school financing system.

In his budget request to the 2003 Legislature, the Governor asked the state to undertake a comprehensive study of school finance, including an examination of alternative teacher compensation models. The Governor estimated that 2.5 full-time equivalent employees and \$1,500,000 would be necessary to manage and coordinate the study.

### **Summary of Bill:**

The Office Financial Management (OFM) will conduct a comprehensive study of the state's education finance system. The study will include an examination of alternative teacher compensation models. In addition, it will: (1) compare the funding system with the system in states that are linking their finance systems to education reform and student results; (2) review the role of state and local funding and levy equalization policies; (3) design alternative school finance systems that align with policy expectations, provide stable, predictable, and flexible funding for districts, recognize district staffing costs and provide accountability based on student results for taxpayers; (4) design one or more compensation models that attract and retain high performing teachers, reward teachers for improving skills and knowledge in a way that improves student learning, recognizes mentors and different career stages for teachers, including leadership roles; and (5) design a pre-kindergarten finance system to help maximize school readiness and smooth transitions into kindergarten.

A 23 member steering committee will advise the OFM on the study and any recommendations that result from it. The members include eight legislators, the Superintendent of Public Instruction, the Governor, and thirteen members appointed by the Governor. The eight legislators will include the House and Senate majority and minority leaders and four other legislative members, one from each major caucus. The thirteen members appointed by the Governor represent various sectors of the educational community, one person from the business community, one parent, and three members representing the public. The Governor or the Governor's designee will chair the steering committee. The steering committee may form an executive committee and subcommittees. It may also permit alternative representatives.

Appointments to the steering committee will occur within 30 days after the law takes effect.

The OFM will report initial findings and recommendations of the steering committee to the Legislature, including the Education and Fiscal Committees, by June 30, 2004. The final report will be provided to the Education and Fiscal Committees by December 20, 2004.

The legislation expires on June 30, 2005.

**Appropriation:** None.

**Fiscal Note:** Requested on 2/14/03.

**Effective Date:** The bill takes effect ninety days after adjournment of session in which bill is passed.