

HOUSE BILL REPORT

E2SSB 5627

As Passed House - Amended:

April 10, 2007

Title: An act relating to basic education funding.

Brief Description: Requiring a review and development of basic education funding.

Sponsors: By Senate Committee on Ways & Means (originally sponsored by Senators McAuliffe, Clements, Tom, Weinstein, Rockefeller, Oemig, Kastama, Hobbs, Pridemore, Eide, Franklin, Shin, Regala, Marr, Murray, Spanel, Hargrove, Kline, Kilmer, Haugen, Kohl-Welles and Rasmussen).

Brief History:

Committee Activity:

Education: 3/15/07, 3/27/07 [DPA];

Appropriations: 3/29/07, 4/2/07 [DPA(APP w/o ED)s].

Floor Activity:

Passed House - Amended: 4/10/07, 62-36.

Brief Summary of Engrossed Second Substitute Bill (As Amended by House)

- Creates a Joint Task Force on Basic Education Finance (Task Force) composed of eight legislators, a chair and three public members appointed by the Governor, a representative of the Governor's Office or the Office of Financial Management, and the Superintendent of Public Instruction.
- Directs the Washington State Institute for Public Policy to provide research support for the Task Force and issue reports by September 15, 2007, December 1, 2007, and September 15, 2008.

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass as amended. Signed by 8 members: Representatives Quall, Chair; Barlow, Vice Chair; Priest, Ranking Minority Member; Haigh, McDermott, Roach, Santos and P. Sullivan.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 1 member: Representative Anderson, Assistant Ranking Minority Member.

Staff: Barbara McLain (786-7383).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Appropriations and without amendment by Committee on Education. Signed by 22 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Morrell, Pettigrew, Schual-Berke, Seaquist and P. Sullivan.

Minority Report: Do not pass. Signed by 12 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Dunn, Hinkle, Kretz, McDonald, Priest and Walsh.

Staff: Ben Rarick (786-7349).

Background:

In 2005, the Legislature created a comprehensive education study called Washington Learns comprised of the Governor, legislators, and members of the public, as well as three advisory committees on which legislators and others served. The Washington Learns steering and advisory committees were directed to conduct a series of studies of early learning, K-12, and higher education, and develop recommendations on how the state could best provide stable funding for early learning, public schools, and public colleges and universities. The Washington Learns Steering Committee submitted its final report to the Legislature in November 2006.

With regard to K-12 finance, the report recommended a number of initiatives as a "significant down payment" to improve education funding in key areas and stated that the Washington Learns Steering Committee would "issue recommendations for a revised K-12 funding model" by December 2008.

Summary of Amended Bill:

A Joint Task Force on Basic Education Finance (Task Force) is created with fourteen members: a chair and three individuals with significant experience in K-12 finance appointed by the Governor; two members of the Legislature appointed from each of the major caucuses of the House of Representatives and the Senate; a representative of the Governor's Office or the Office of Financial Management, and the Superintendent of Public Instruction. The Legislative caucuses may submit names to the Governor for consideration for the three public members. Research support for the Task Force is provided by the Washington State Institute for Public Policy (Institute), which may also request assistance from other state agencies including the legislative research offices.

The purpose of the Task Force is to review the definition of basic education and all current basic education funding formulas, and to develop a new funding structure and formulas that align with the final report of the Washington Learns Steering Committee and the basic education provisions in current law.

In developing its recommendations, the Task Force reviews and builds on reports produced as a result of the Washington Learns study, available high-quality studies, and research conducted on the cost benefits of various K-12 programs. The funding structure alternatives considered by the Task Force must take into consideration specified legislative priorities, including research-proven programs, activities with demonstrated cost benefits, professional development, all-day kindergarten, optimum class size, and other issues. The recommendations should provide maximum transparency of the funding system, and the structure should be linked to accountability for student outcomes and performance. In addition, the Task Force must recommend a compensation system for instructional staff that includes pay for performance, knowledge, and skills elements; recognition of difficult assignments; and recognition for the professional teaching certificate.

The Institute provides the Task Force with the following reports:(1) by September 15, 2007, an initial report that includes a plan of action with timelines, reporting deadlines, and a timeline that does not exceed six years for implementation of a new funding system; (2) by December 1, 2007, between two and four options for allocating school employee compensation, one of which must be a redirection of current resources, and a finalized timeline and plan for addressing the remaining components of a new funding system; and (3) by September 15, 2008, a final report with between two and four options for revising the remaining K-12 funding structure and a timeline for phasing in the new structure. One of the options must be a redirection of current resources.

The Task Force, in its consideration of a new definition of basic education, must consider proposed language that amends and expands the goals of the Basic Education Act and make recommendations about whether the proposal provides adequate guidance and vision for the state's education system in the 21st century.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 28, 2007.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: (Education)

(In support) This is not a study bill; it is a plan of action. Washington Learns puts us in a position to take the Steering Committee's work and put it into place very quickly. In a sense, this is additional implementing legislation for Washington Learns. We need to do something and we need to do it now in order to be ready for the next legislative session. This is the work we have been waiting for, especially with the realization that Washington Learns did not address the fundamental funding issues. The voters in the state cannot be asked to increase

their financial support for education unless the definition of basic education is in line with how the system is funded. This is an excellent strategy to pick up where Washington Learns left off.

(In support with concerns) The timelines are supported, along with the intent that this is a plan of action. However, given the magnitude of the task, the Institute should be augmented by the addition of legislative staff and staff of the OFM and the OSPI. One of the compensation options should not be limited to "within existing resources." The foundation of education should be funded first. Membership on the Task Force should reflect people working in the field, not business people. Education is not run on a business model. This approach merely politicizes the issues once again. People in school districts and Educational Service Districts have the answers because they own the problems. They have the expertise and they should be the ones to sit down in a room and write the formulas.

(Opposed) None.

Staff Summary of Public Testimony: (Appropriations)

(In support) The Washington Association of School Business Officials supports this bill. We support this bill. We believe this type of project is long overdue. We would also like to provide some technical assistance during this process. Our members are familiar with the funding formulas and the impact on schools. We support the changes that the House is proposing to the bill. It seems workable and flexible. The success of this process will depend on the work plan and we encourage you to involve school business officials. Public schools is a \$10 billion business in Washington. Personally, I spent four years at the OFM and 10 years at the OSPI. I know that you do not see the faces or hear the voices of the students. You don't know what the impacts are on kids and schools. The school business officials would understand that aspect of this issue. Practical solutions come out of a dialogue. You need to be engaged with practitioners. Also, the state data for K-12 education is somewhat limited. The state only has eight total objects, whereas Tumwater has 45 objects for purchased services alone.

The OSPI has as one of its highest priorities that this work get done. We want to create those structures regardless of where we are financially today because it will take time. At this time, we like the Senate version, because of involvement of the Superintendent and the Governor, but regardless we will be a happy participant in the process.

(Opposed) None.

Persons Testifying: (Education) (In support) Senator McAuliffe, prime sponsor; Pat Montgomery and Kim Howard, Washington State Parent Teacher Association; Jennifer Priddy, Office of the Superintendent of Public Instruction; Marcia Fromhold, Educational Service District 112 and Evergreen School District; and Mitch Denning, Alliance of Educational Associations.

(In support with concerns) Barbara Mertens, Washington Association of School Administrators; Bill Freund, Washington Education Association; and David Crook and Tom Lopp, Public School Employees of Washington.

Persons Testifying: (Appropriations) Mitch Denning, Alliance of Education Associations; Allen Jones, Washington Association of School Business Officials; and Kyra Kester, Office of the Superintendent of Public Instruction.

Persons Signed In To Testify But Not Testifying: (Education) None.

Persons Signed In To Testify But Not Testifying: (Appropriations) None.