

HOUSE BILL REPORT

E2SSB 5627

As Reported by House Committee On:

Education
Appropriations

Title: An act relating to basic education funding.

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

Sponsors: 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].

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

- Creates a Joint Task Force on Basic Education Finance (Joint Task Force) which is composed of eight legislators, a chair, and three school officials appointed by the Governor, a representative of the Office of the Governor or the Office of Financial Management, and a representative of the Office of the Superintendent of Public Instruction. Its purpose is to develop a new definition of basic education, a new funding structure, and all necessary funding formulas.
- Requires the Joint Task Force to issue a report by September 15, 2007, proposing an initial plan of action. A preliminary report is due December 1, 2007, and the final report is due on September 15, 2008.

HOUSE COMMITTEE ON EDUCATION

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.

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.

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

Staff: Barbara McLain (786-7383).

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 Select Committee on Basic Education Finance (Committee) is created, with four members of the Legislature appointed from each of the major caucuses of the House of Representatives and the Senate. To address specific tasks in its work plan, the Committee may convene ad hoc work groups that include state agencies and organizations, school district staff, and others. Staff support for the Committee is provided by the Senate Committee Services and the House Office of Program Research, with assistance as requested from the Legislative Evaluation and Accountability Program, the Office of Financial Management (OFM), the Office of the Superintendent of Public Instruction (OSPI), and the Washington State Institute for Public Policy (Institute).

The purpose of the Committee 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. The Committee must first develop a work plan that identifies, in an ordered sequence, the aspects of the funding structure and formulas to be addressed, including reporting timelines. At a minimum, reports with recommended options are due to the education and fiscal committees of the Legislature by December 1, 2007, and December 1, 2008.

For each formula addressed, at least one of the options recommended by the Committee must be a prioritization within existing resources. In developing its recommendations, the Committee 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 options 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.

The Committee expires January 1, 2009.

Amended Bill Compared to Engrossed Second Substitute Bill:

Rather than having a Joint Task Force with four legislators, seven public members, and a chair appointed by the Governor, a Joint Select Committee of 16 legislators is created. Support for the Committee is provided by House and Senate staff with assistance as requested from staff in other agencies, rather than provided by the Institute. Rather than having an initial plan within 60 days, a report with options for school employee compensation by September 15, 2007, and a final report by January 1, 2008, the Committee develops a work plan that specifies the issues it will address along with reporting timelines. At a minimum, a report is due December 1, 2007, and December 1, 2008.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(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.

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

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).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Education:

The bill as amended by the Appropriations Committee creates a Joint Task Force composed of eight legislators, a chair, and three school officials appointed by the Governor, a representative of the Office of the Governor or the Office of Financial Management (OFM), and a representative of the Office of the Superintendent of Public Instruction (OSPI). The original bill had four legislators, a chair with business experience, and seven members appointed by the Governor, and the OSPI.

The Joint Task Force is provided research support by the Washington State Institute for Public Policy (Institute). In conducting research and developing options for consideration by the Joint Task Force, the Institute consults with stakeholders and experts and may request

assistance from the Legislative Evaluation and Accountability Program Committee (LEAP), the OSPI, the OFM, and legislative research offices.

The first report is due September 1, 2007 rather than 60 days after the bill takes effect. The second report is due on December 1 rather than September 15, 2007. The final report is due September 15, 2008, rather than January 1, 2008. References to "outcomes-based" formulas are removed. Regional cost-of-living elements are to be considered in the development of options for the compensation system.

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:

(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: 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: None.