

SENATE BILL REPORT

E2SSB 5627

As Amended by House, April 17, 2007

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: Early Learning & K-12 Education: 1/25/07, 2/07/07 [DPS-WM, w/oRec].

Ways & Means: 2/14/07, 2/21/07 [DP2S, w/oRec].

Passed Senate: 3/02/07, 43-5.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5627 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Tom, Vice Chair; Holmquist, Ranking Minority Member; Eide, Hobbs, Kauffman, Oemig, Rasmussen and Weinstein.

Minority Report: That it be referred without recommendation.

Signed by Senator Zarelli.

Staff: Susan Mielke (786-7422)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5627 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Brandland, Fairley, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Carrell, Hewitt and Parlette.

Staff: Bryon Moore (786-7726)

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.

Background: In 2005, the Legislature created a comprehensive education study steering committee (Washington Learns) comprised of legislators, the Governor, and others, and three sector advisory committees on which legislators and others served. The Washington Learns steering and advisory committees were directed to conduct a comprehensive study of early learning, K-12, and higher education; to develop recommendations on how the state can best provide stable funding for early learning, public schools, and public colleges and universities; and to develop recommendations on specified policy issues. The steering committee submitted an interim and a final report with recommendations to the Legislature.

Summary of Engrossed Second Substitute Bill: The Washington Institute of Public Policy (WSIPP) must staff a joint task force to review the current basic education definition and funding formulas and develop a new definition and funding structure that aligns with the final report of the Washington Learns steering committee and the basic education provisions in current law. The joint task force will consist of 13 members: four legislators, one member from each caucus of the House and Senate; the Superintendent of Public Instruction; and eight members appointed by the Governor, including the chair, who must have business experience and knowledge of the K-12 funding formulas. Each of the caucuses will submit names and the Governor will select individuals who have evidence of significant experience with Washington K-12 issues. The WSIPP will consult with stakeholders and experts to develop information for use by the joint task force.

WSIPP must provide an initial, second, and final report to the task force. The initial report must be provided within 60 days of the effective date of the act. It must include a plan of action with timelines, reporting deadlines, and a timeline that does not exceed six years for implementation of a new funding system. The second report is due by September 15, 2007, and must provide at least two but not more than four options for allocating school employee compensation, with one outcome-based option and one option that is a re-direction and prioritization within existing resources based on research-proven education programs. Additionally, the second report must provide a finalized timeline and plan for addressing the remaining components of a new funding system. The final report is due by January 1, 2008, and must include recommendations for at least two but not more than four options for revising the rest of the K-12 funding structure, with one outcome-based option and one option that is a re-direction and prioritization within existing resources based on research-proven education programs. The final report must include a timeline for phasing in the new funding structure and a projection of the expected effect of the investment made under the new funding structure.

The alternative funding models should reflect the most effective instructional strategies and service delivery models and be research-based with demonstrated cost benefits. The task force must consider several specified issues. Additionally, the recommendations should provide maximum transparency of the funding system and the structure should be linked to accountability for student outcomes and performance.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

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

Staff Summary of Public Testimony (Early Learning & K-12 Education): PRO: This is the next step to build on the recommendations of Washington Learns. There needs to be research to support any change that is made in the funding formulas. Appreciate and support continuing the work. We hope that the recommendations of the K-12 advisory committee will be considered. The bill requires some of the options to be out-come based but out-come based is not defined—it should be. The Legislature can still make progress in funding the schools as needed while the work of developing the new funding formula begins.

OTHER: We are frustrated that a new funding formula was not developed during the Washington Learns process and disappointed that a new formula will not be enacted this year. The funding system is broken and needs to be fixed. It is ironic that the more the state funds the poorer the districts get because the state doesn't fund all things. There have been plenty of studies and we don't need another. The ability for the committee to extend the timeline should be removed. School cannot wait. There is a need to review both the definition of basic education and the funding of basic education.

Persons Testifying (Early Learning & K-12 Education): PRO: Senator McAuliffe, prime sponsor; Bill Freund, Washington Education Association; Mitch Denning, Association of School Business Officers; Barbara Mertens, Washington Association of School Administrators; Jennifer Priddy, Office of the Superintendent of Public Instruction; Jerry Bender, Association of Washington School Principals.

OTHER: Connie Fletcher, Issaquah School District; Catherine All, North Kitsap School Board & League of Women Voters; Michael Green, Nine Mile Falls School District; Ken Kanikeberg, Public School Employees of Washington.

Staff Summary of Public Testimony (Ways & Means): PRO: The research and analysis that came out of the 18-month long Washington Learns has poised the state to take the next step in establishing a twenty-first century education system. This task force will allow us to change the K-12 finance system to meet new challenges and expectations. The structure of the task force is the right balance of political and financial experts. This is the most important thing for the K-12 community this session. The time is now for acting on this important legislation.

Persons Testifying (Ways & Means): PRO: Senator McAuliffe, prime sponsor; George Scarola, League of Education Voters; Mitch Denning, Alliance of Education Associations.

House Amendment(s): Maintains the establishment of a joint task force to review the definition of basic education and current funding formulas and propose a new definition and options for a new funding structure.

The composition of the joint task force is changed. The task force is now comprised of 14 members: eight legislators, the Superintendent of Public Instruction, a representative of the Governor's office or the Office of Financial Management (OFM), three members who have significant experience with K-12 finance issues and who are appointed by the Governor, and a chair with experience in finance and knowledge of the K-12 funding formulas who is appointed by the Governor.

The task force is provided research support by the WSIPP. In conducting research and developing options for consideration by the task force, WSIPP must consult with stakeholders and experts and may request assistance from the Legislative Evaluation and Accountability Program, the Office of Superintendent of Public Instruction, OFM, and legislative staff.

The reporting dates are changed. The first report is due September 15, 2007, rather than 60 days after the bill takes effect. The second report is due in December 2007, rather than September 2007. The final report is due September 15, 2008, rather than January 1, 2008.

References to "outcome-based" formulas are removed. Regional cost-of-living elements are to be considered for the compensation system. Removes the requirement that the task force must recommend a compensation system for instructional staff that includes such elements as pay for performance, recognition of difficult assignments, and other elements, and recommend a plan to implement the compensation system rather than considering such elements.

Removes the requirement that the joint task force, in its consideration of a new definition of basic education, must consider and make recommendations regarding proposed language for the goals of the Basic Education Act and a new fifth student learning goal addressing "civic participation in a pluralistic society."