

SENATE BILL REPORT

SB 5627

As Reported By Senate Committee On:
Early Learning & K-12 Education, February 7, 2007
Ways & Means, February 21, 2007

Title: An act relating to basic education funding.

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

Sponsors: 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].

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 Bill: The Washington Institute of Public Policy (WSIPP) must staff a technical advisory committee to review all current basic education funding formulas and develop a new funding structure that aligns with the final report of the Washington Learns steering committee and the basic education provisions in current law. The technical committee will consist of 12 members plus a chair: eight members appointed by the WSIPP and four legislators from the two caucuses in the House and Senate. The members must have experience with Washington K-12 finance issues. When selecting the members, the WSIPP must seek recommendations from specified entities but is not required to select any individual submitted by the entities. The chair is appointed by the Governor and must have business experience and knowledge of the K-12 funding formulas.

The committee must provide an initial report, a second report, and a final report to the Governor and the Legislature. The initial report must be provided within 60 days of the effective date of the act. The initial report 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. 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 and a timeline for phasing in the new funding structure. One of the options must be outcome based. The committee will be granted additional time if a written request is submitted including why additional time is needed, what issues remain to be resolved, and an estimated date for completion.

The alternative funding models should reflect the most effective instructional strategies and service delivery models and be research-based with demonstrated cost benefits. The committee 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.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Early Learning & K-12 Education): The composition of the group is changed. Now, instead of the WSIPP choosing some of the members the membership is: four legislators; the chair, who must have business experience and experience with Washington finance issues, including knowledge of the K-12 funding formulas, and is appointed by the governor; the SPI or her designee; the President of the Senate and the Speaker of the House must submit recommendations to the Governor and the Governor must appoint the remaining seven members.

WSIPP is required to consult with stakeholders and experts. Additional items that must be part of the consideration are listed, including, high-quality studies that are available; the research and evaluation of the cost-benefits of various K-12 programs and services developed by WSIPP as directed by the Legislature in last session's budget; and whether the compensation system for instructional staff shall include pay for performance, knowledge, and skills elements; elements to recognize assignments that are difficult; recognition for the professional teaching level certificate in the salary allocation model; and a plan to implement the pay structure.

The WSIPP will report to the joint task force rather than the Governor and Legislature. The reports must include a projection of the expected effects of the investments made under the new recommended funding structures.

The ability for the WSIPP or the task force to extend the timelines or seek additional time through a written request is removed.

EFFECT OF CHANGES MADE BY RECOMMENDED SECOND SUBSTITUTE AS PASSED COMMITTEE (Ways & Means): Language is added that clarifies that all the caucuses will submit names for the remaining members of the task force. Language is also included that states that each of the remaining members chosen must have evidence of significant experience with K-12 financing issues in Washington, including the current funding formulas.

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.