

HOUSE BILL REPORT

HB 1131

As Reported by House Committee On:
Education Appropriations & Oversight
Ways & Means

Title: An act relating to student achievement fund allocations.

Brief Description: Regarding student achievement fund allocations.

Sponsors: Representative Haigh; by request of Office of Financial Management.

Brief History:

Committee Activity:

Education Appropriations & Oversight: 1/18/11, 2/15/11 [DP];
Ways & Means: 2/24/11, 5/5/11 [DP].

Brief Summary of Bill

- Makes per student allocations from the Student Achievement Program in 2011-13 subject to appropriations in the budget.
- Eliminates the requirement to re-set Student Achievement Program allocations to the per student rate in effect for the 2008-09 school year, adjusted for inflation, beginning in 2011-12.

HOUSE COMMITTEE ON EDUCATION APPROPRIATIONS & OVERSIGHT

Majority Report: Do pass. Signed by 14 members: Representatives Haigh, Chair; Probst, Vice Chair; Anderson, Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Dahlquist, Fagan, Frockt, Maxwell, Nealey, Orwall, Rolfes, Santos, Sells and Short.

Minority Report: Do not pass. Signed by 4 members: Representatives Hargrove, Hope, Reykdal and Stanford.

Staff: Ben Rarick (786-7349).

Background:

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.

Initiative 728 (I-728), approved by the voters in November 2000, created the Student Achievement Fund and dedicated certain state revenues to support various school reform activities in public schools.

The allowable uses for I-728 funding include:

- reductions in K-4 class size;
- selected class size reduction in grades 5-12;
- extended learning opportunities for students;
- investments in educators and their professional development;
- early assistance for children who need pre-kindergarten support; and
- providing improvement or additions to facilities to support class size reductions.

The funding sources for the Student Achievement Fund have been modified several times by the Legislature. Beginning in 2001, portions of state property tax and state lottery revenues were dedicated to the Student Achievement Fund. Beginning in 2004, I-728 directed that the state property tax contribution to the Student Achievement Fund was to increase to \$450 per student full-time equivalent (FTE) and that lottery revenues would be deposited to the School Construction Fund. The 2003 Legislature revised the property tax per student contributed to the Student Achievement Fund to \$254 for 2004, \$300 for 2005, \$375 for 2006, \$450 for 2007, and an amount adjusted annually for inflation thereafter. By law, \$278 of the per pupil allocations must be supported with state property tax revenues, with the remainder supported by the Education Legacy Trust Account, which is supported by cigarette taxes and the estate tax.

Each year, school districts must submit a plan to the Office of Superintendent of Public Instruction outlining plans for the expenditure of I-728 revenues. Additionally, before every May 1, school boards must hold a public hearing on the proposed use of the new money. During the 2007-08 school year, about 52 percent of the funding was used for class size reduction, about 20 percent was used for professional development, about 10 percent was used for extended learning programs, and the remainder was used for a variety of initiatives such as early childhood programs and facilities improvements.

During the 2009 legislative session, the Student Achievement Fund was brought into the State General Fund and accordingly was renamed the Student Achievement Program. The 2009-11 base budget included a \$131 per student allocation in the 2009-10 school year, which was funded by \$200 million in federal funding from the American Recovery and Reinvestment Act. No funding was provided in the 2010-11 school year.

Chapter 541, Laws of 2009 (Substitute House Bill 2356) made 2009-11 allocations from the Student Achievement Program subject to appropriations in the budget, and further, required per student allocations to return to their original value adjusted for inflation, had they not been suspended during the 2009-11 biennium. In the 2011-12 school year, that allocation would be approximately \$476 per eligible student FTE.

Summary of Bill:

The bill makes per student allocations from the Student Achievement Program in 2011-13 subject to appropriations in the budget. Additionally, it eliminates the requirement to fund per student funded rates in effect for the 2008-09 school year, adjusted for inflation. Based on November economic forecast data, the per student rate would be about \$476 per eligible student beginning September 1, 2011.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011.

Staff Summary of Public Testimony:

(In support) The Governor considers this bill necessary to implement the budget. This bill suspends the Student Achievement Program for this biennium and resumes the previously passed rates in the 2013-15 biennium.

(Opposed) This bill is another cut to school funding, and will increase class sizes. School districts are anticipating these cuts but they will be difficult to implement. There is some concern that, even though funding is reinstated in 2013-15, there is no definitive dollar amount when it is reinstated. This bill should be folded into other education funding measures.

Persons Testifying: (In support) Jim Crawford, Office of Financial Management.

(Opposed) Randy Parr, Washington Education Association; and Doug Nelson, Public School Employees of Washington.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass. Signed by 27 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Staff: Ben Rarick (786-7349).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Education Appropriations & Oversight:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) The Washington Education Association is concerned that this bill is being framed as a suspension. It actually appears as if Initiative 728 is being repealed. There was a promise made by the Legislature to resume these programs, and the Legislature should keep that promise. Amendatory language should be more specific about how the funding will be reinstated.

Persons Testifying: Randy Parr, Washington Education Association.

Persons Signed In To Testify But Not Testifying: None.