

# HOUSE BILL REPORT

## HB 1599

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### As Reported by House Committee On:

Education  
Ways & Means

**Title:** An act relating to establishing the pay for actual student success dropout prevention program.

**Brief Description:** Establishing the pay for actual student success dropout prevention program.

**Sponsors:** Representatives Probst, Haler, Maxwell, Orwall, Haigh, Santos, Dammeier, Seaquist, Lias, Reykdal, Kagi, Roberts, Kenney and Ormsby.

### Brief History:

#### Committee Activity:

Education: 2/10/11, 2/11/11 [DPS];

Ways & Means: 2/24/11, 2/25/11 [DP2S(w/o sub ED)].

#### Brief Summary of Second Substitute Bill

- Creates the Pay for Actual Student Success Program (PASS), to invest in proven dropout prevention and intervention programs and provide an annual financial award to high schools that demonstrate improvement in dropout prevention indicators.
- Directs the Office of the Superintendent of Public Instruction to develop a performance metric using three specified indicators and extended graduation rates.
- Provides that, if funds are appropriated, funds are allocated to support the PASS through four specified dropout prevention and intervention programs.
- Makes high schools eligible for an award beginning in the 2011-12 school year, if funds are appropriated.
- Provides that awards are divided with 90 percent to the high school and 10 percent to the school district and must be used for specified dropout prevention activities.

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### HOUSE COMMITTEE ON EDUCATION

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*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:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Santos, Chair; Lytton, Vice Chair; Billig, Dahlquist, Fagan, Finn, Haigh, Hunt, Klippert, Ladenburg, Liias, Maxwell, McCoy and Probst.

**Minority Report:** Without recommendation. Signed by 6 members: Representatives Dammeier, Ranking Minority Member; Ahern, Angel, Hargrove, Kretz and Wilcox.

**Staff:** Barbara McLain (786-7383).

**Background:**

A 2007 report entitled *The Costs and Benefits of an Excellent Education for All of America's Children* found that the benefit to taxpayers of a prevented dropout, over the adult working lifetime of the individual, has a present value of approximately \$236,000 in 2009 dollars. This represents a savings of public expense of approximately \$10,500 per year for that individual.

There are a number of ways to represent high school dropout and graduation rates. According to the Office of the Superintendent of Public Instruction (OSPI), in the 2008-09 school year:

- An average of 5.1 percent of students in each of grades nine through 12 drop out each year.
- Annual drop-out rates are higher for 12th grade students (8.1 percent) than for ninth grade students (3.6 percent).
- For the class of 2009, 73.5 percent of students graduated with a high school diploma within four years of entering high school.
- If students who took longer than four years to earn a diploma are included, the extended graduation rate for the class of 2009 was 79.2 percent.
- There are significant differences in dropout and graduation rates across groups of students and across school districts.

The Building Bridges Dropout Prevention and Intervention Program has provided state grants to local consortia of high schools and community-based organizations. An evaluation of the grant projects in 2009 found that key interim measures associated with reduced dropout rates include:

- increased earned credits towards graduation;
- increase in the percentage of students on track for on-time graduation; and
- reduction in school risk behaviors (suspensions).

In 2009 the K-12 Data Governance group was established to develop policies, protocols, and definitions for collecting data from school districts and for adding new collection requirements through the student information system.

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**Summary of Substitute Bill:**

The Pay for Actual Student Success Program (PASS) is created to provide an annual financial award for high schools that demonstrate improvement in dropout prevention indicators, including those that lead to increased graduation rates.

*Dropout Prevention Indicators.* The OSPI, in consultation with the State Board of Education, must annually calculate the following for each high school:

1. the extended graduation rate, which may be statistically adjusted for student demographics in the school;
2. the proportion of students at grade level, calculated based on earned credits and using a standard definition;
3. the proportion of students who are suspended or expelled, not including in-school suspensions; and
4. a student attendance measure, beginning in 2012-13, using an indicator adopted by the OSPI and a standard definition of a student absence.

The OSPI may add indicators to the list, but must rely on data collected through the student information system to the maximum extent possible. The K-12 Data Governance group must establish parameters for the collection of student attendance data and student discipline data. School districts must submit attendance and discipline data for high school students for purposes of the PASS beginning in 2012-13.

*Performance Metric.* The OSPI must develop a metric for measuring performance on the dropout prevention indicators that assigns points and results in a dropout prevention score. The score must be weighted so that no high school qualifies for an award without an increase in its extended graduation rate. The OSPI may establish a minimum level of improvement to qualify for a PASS award.

*Award.* Subject to funds appropriated for this purpose, each year beginning in the 2011-12 school year, a high school that demonstrates improvement in its dropout prevention score compared to a baseline year is eligible to receive a PASS award. The award amount is determined by the OSPI based on appropriated funds and eligible high schools. The Legislature's intent is to provide an award commensurate with the degree of improvement and the size of the school. A minimum award amount must be established. It is also the Legislature's intent to recognize continuous improvement by using a baseline year for calculating scores, so that a school retains previously earned award funds from one year to the next. The OSPI must establish objective criteria to prioritize awards to high schools with the greatest need for assistance if there are not sufficient funds to provide an award for each school. High schools receiving awards may be required to demonstrate a community match.

*Use of Award.* Ninety percent of the award is allocated to the high school, and 10 percent is allocated to the school district. Award funds must be used on specified activities and can be offered directly by the school or district, or under contract with education agencies or community-based organizations. Activities include: strategies to close the achievement gap, graduation coaches, comprehensive guidance and planning programs, parent engagement activities, dropout early warning data systems, and early learning programs for pre-kindergarten students.

Award recipients are encouraged to implement dropout prevention and reengagement strategies in a comprehensive and systematic manner. Graduation coaches are defined as staff assigned to identify and provide specified early intervention services to students who have dropped out, are at risk of dropping out, or not graduating on time.

*Support and Accountability.* The OSPI regularly informs schools about the PASS and the activities likely to increase the PASS awards. Within available funds, the OSPI develops strategies for identifying and disseminating successful programs and may offer support and assistance through regional networks. Award funds may be withheld if the OSPI finds that schools or districts have willfully manipulated their dropout prevention indicators. A non-appropriated Dropout Rate Reduction Account (Account) is established to receive legislative appropriations for the PASS, federal funds, gifts, or grants. Expenditures of funds in the Account are authorized by the OSPI and are used to make PASS awards.

### **Substitute Bill Compared to Original Bill:**

The OSPI is required, rather than authorized, to set a minimum PASS award amount. The OSPI must establish objective criteria for prioritizing high schools if funds are not available for all schools. The OSPI must encourage, and may require, community financial or in-kind match for the PASS awards. The award is divided between the high school and school district at 90 percent and 10 percent, rather than being evenly split. A non-appropriated Account is established to receive private and foundation grants and other funds to be used for PASS Program Awards, with expenditures authorized by the OSPI.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) When a student drops out of high school, they regret it for the rest of their lives. It dramatically affects their ability to take part in the American dream. That ought to be enough for us to renew our efforts to focus on the dropout rate. But there are reasons beyond that. Taxpayers spend \$10,500 each year for each individual who drops out of high school. This is a tremendous burden on taxpayers. The business community realizes that we need to do more than just recover our economy; we need to build a stronger foundation. That is why the Business Roundtable's third measure of what makes a state competitive is the dropout rate. It is a uniquely American trait to be confident. There is nothing more we could do to establish confidence than this bill.

Counselors are increasingly having to spend time tracking graduation requirements and coordinating state testing. This bill offers exciting opportunities for different types of interventions to assist students and provide actual support for them to achieve their dream.

The OSPI believes this is a good way to encourage innovations in schools and get them to think about their dropouts. It rewards success and assists in developing strategies for dropout prevention. It might be better if the extended graduation rate is calculated using a three-year weighted average. The bill specifically identifies Running Start for the Trades as a dropout prevention strategy, which is positive. Pre-apprenticeship programs can help individuals become self-sustaining.

There is a need for kid-focused solutions and incentives for innovation. High school graduation is the ultimate barometer of success. The results will be exponential. Businesses and parents have called for this type of legislation for many years. Dropout prevention is a long-standing priority for parents. There is an extreme urgency to help kids now. We need to do something.

(With concerns) Dropout prevention is absolutely supported as important and needing attention. But this is a poignant reminder of how the dramatic budget cuts harm students. We have seen a loss of counselors, social service workers, support staff, and student support programs. We are creating an environment where it is more difficult to create the adult relationships and provide the curriculum that keep students in school. The budget crisis and the cuts to education funding will contribute to the very conditions that this bill hopes to eradicate. The only schools who will be able to implement the aggressive measures necessary to achieve an award are the wealthy ones. To truly address dropouts, we must focus on restoring Basic Education funding.

(Opposed) None.

**Persons Testifying:** (In support) Representative Probst, prime sponsor; Kim Reykdal, Washington School Counselors Association; Andrea Cobb, Office of the Superintendent of Public Instruction; Lori Province, Washington State Labor Conference; Jim Kainber, Stand for Children; and Ramona Hattendorf, Washington State Parent Teacher Association.

(With concerns) Wendy Rader-Konofalski, Washington Education Association.

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

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Education. Signed by 17 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Carlyle, Cody, Dickerson, Haigh, Haler, Hudgins, Hunt, Kagi, Kenney, Ormsby, Pettigrew, Seaquist, Springer and Sullivan.

**Minority Report:** Do not pass. Signed by 10 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Chandler, Hinkle, Parker, Ross, Schmick and Wilcox.

**Staff:** Ben Rarick (786-7349).

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

The Ways and Means Committee recommended that in addition to providing a financial award for high schools that demonstrate improvement, the purpose of the Pay for Actual Student Success Program is to invest in proven dropout prevention and intervention programs. Subject to funds appropriated and as specified in the State Omnibus Operating Appropriations Act, funds are allocated to the Opportunity Internship program, the Jobs for America's Graduates program, and Building Bridges programs which have been determined to be successful in reducing dropout rates, and individualized student support services provided by a college scholarship organization under contract with the Higher Education Coordinating Board. Various agencies must collaborate to assure these programs operate systematically and are expanded to include as many schools and students as possible. The Dropout Reduction Account is renamed as the High School Completion Account and its purpose is to make investments in proven programs, as well as make financial awards.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) None.

(Opposed) None.

**Persons Testifying:** None.

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