

# SENATE BILL REPORT

## SB 5475

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As of December 8, 2011

**Title:** An act relating to education funding.

**Brief Description:** Regarding education funding.

**Sponsors:** Senator Murray; by request of Office of Financial Management.

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 1/31/11, 2/16/11 [DPS-WM, DNP]; 12/14/11.

Ways & Means: 1/26/11 [w/oRec-EDU]; 2/17/11, 11/29/11 [w/oRec-EDU].

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Majority Report:** That Substitute Senate Bill No. 5475 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Harper, Vice Chair; Eide, Hobbs, Nelson, Rockefeller and Tom.

**Minority Report:** Do not pass.

Signed by Senators Litzow, Ranking Minority Member; Fain and King.

**Staff:** Susan Mielke (786-7422)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Elise Greef (786-7708)

**Background:** Under article IX, section 1 of the Washington State Constitution, "It is the paramount duty of the state to make ample provision for the education of all children residing within its borders ...." The courts have interpreted this to mean that the state must define a program of basic education and amply fund it.

In the 2009-11 biennium, two pieces of legislation were enacted to redefine the program of basic education and restructure the K-12 funding formulas. The first was Engrossed Substitute House Bill 2261 (Chapter 548, Laws of 2009), which expanded the program of basic education by adding the program for highly capable students and all-day kindergarten

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programs, with the kindergarten programs to continue to be phased-in with the highest poverty schools first. Student transportation to and from school, increases in the number of instructional hours, and the minimum number of credits for high school graduation were also included and are to be phased-in on a schedule adopted by the Legislature. The intent that the expanded program will constitute the program of basic education when fully implemented was also specified. The framework for a new K-12 funding allocation formula based on prototypical schools was also created and took effect September 1, 2011. In addition, three working groups were created to make recommendations to the Legislature:

1. The funding formula technical working group, which submitted its recommendations on December 1, 2009, with the details of the new prototypical schools funding formula and a phase-in strategy for resources;
2. The local funding technical working group, which submitted its recommendations on July 12, 2011, with recommendations on school district levy authority and levy equalization; and
3. The compensation technical working group, which began its work July 1, 2011, and must have an initial report by June 30, 2012, with recommendations for an enhanced salary allocation model that aligns educator development and certification with compensation.

The second bill, Substitute House Bill 2776 (Chapter 236, Laws of 2010) enacted the prototypical school allocation formulas at funding levels that represent the 2009-10 school year state spending on basic education. The bill provided that beginning in the 2011-13 biennium:

- the K-3 class size must be reduced, beginning with the schools with the highest poverty students, until there are no more than 17 students per teacher by the 2017-18 school year;
- the minimum allocation for maintenance, supplies, and operating costs (MSOC) is to be increased as specified in the Omnibus Appropriations Act until specified amounts are provided in the 2015-16 school year;
- funding for all-day kindergarten is to continue to be phased-in each year until statewide implementation is achieved in the 2017-18 school year; and
- the new distribution formula for transportation of students to and from school is phased-in and fully implemented by 2013-2015.

**Summary of Bill (Proposed Second Substitute):** The stated legislative intent for the recommendations of the technical working groups established in 2009 is to provide informed guidance to the Legislature including phase-in recommendations. Having a comprehensive set of recommendations from all of the working groups better enables the Legislature to identify common priorities and develop a reasonable and rational implementation plan that uses all of the information available, not just the information from the early reports.

All of the changes to the program of basic education and funding enhancements are to be in accordance with an implementation schedule adopted by the Legislature. The dates to begin providing enhancements are maintained but the dates for final implementation are removed.

By January 1, 2013, the State Board of Education (SBE) must synthesize all the workgroup recommendations and develop recommendations for a concurrent phase-in schedule for the

Legislature to fully implement the changes to the program of basic education and the enhancements to the funding formulas. The reports to be considered are:

- the funding formula technical working group report;
- the local funding technical working group report;
- the compensation technical working group report;
- the highly capable program technical working group report;
- the learning assistance program technical working group report;
- the transitional bilingual instruction program technical working group report;
- the high school graduation proposal of SBE; and
- the capacity report of the Office of Superintendent of Public Instruction (OSPI).

SBE is encouraged to also consider other major policy changes that schools and districts are being required to implement, such as the new common core state standards and assessments and the new teacher and principal evaluation when developing the recommendations. The recommendations must prioritize and provide a timeline for each of the phase-in actions. The SBE must work with OSPI to determine cost estimates for each step of implementation.

SBE must make recommendations as to whether Initiative-728 (I-728) funding should be removed as a separate funding source but be included in the basic education allocations; and the compensation working group must do the same for Initiative-732 (I-732) funding.

Beginning September 30, 2013, and in the odd years thereafter, at least 60 percent of the general fund-state revenues that exceed state revenues from the previous fiscal biennium must be transferred to the education stabilization account, which is created to implement the expanded definition and enhancements to basic education passed by the Legislature in 2009.

**EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (Proposed Second Substitute):** A new intent section is provided but is still focused on developing an implementation schedule for the expanded definition and funding enhancements for the basic education program. Instead of delaying the implementation of the program for highly capable students as a basic education program or removing the implementation dates for an increase in K-3 class size, MSOC, and all-day kindergarten, the requirements to implement these programs in the 2011-13 biennium are maintained. The final implementation dates are removed and most of the changes to the basic education program are made subject to an implementation schedule adopted by the Legislature. SBE is directed to synthesize all the working group reports and consider other major changes taking place in schools and recommend to the Legislature an implementation schedule for the changes to basic education, including a cost estimate of each action. Recommendations must be made as to whether I-732 and I-728 funding should be included in basic education. Beginning in 2013, at least 60 percent of the general fund-state revenues that exceed state revenues from the previous fiscal biennium must be transferred to the education stabilization account, which is created to implement the expanded definition and enhancements to basic education passed by the Legislature in 2009.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested for Proposed Second Substitute on 12/7/2011.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed, except for section 11, which has an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony on Original Bill (Early Learning & K-12 Education):** PRO: These are changes that are required to implement the budget reductions. These are the choices that the Governor chose, and we will be glad to be a resource as you work through making your choices.

CON: We oppose any delay in implementing the new definition of basic education and the funding enhancements promised by the Legislature in the last two sessions. Passing SB 5475 would slow much of the momentum we've been building for two years to a crawl. It also would push costs on to the next biennium, creating not a solution but a funding crunch in the future. What's worse, this is on top of the cuts to education we've had to face during the past two years, and it's on top of the cuts we're going to face for the next two years. The cuts aren't just numbers – they represent a bleaker future for individual students and an entire generation of our kids. This bill represents the Governor's choice of things to be suspended. She chose not to suspend transportation enhancements. You need to take the time to have a thorough discussion about how to prioritize the enhancements – you may choose to do things differently than the Governor – you may instead choose to restore the things that have been and are again being cut, such as Initiative 728 and Initiative 732, instead of funding enhancements. We specifically oppose any delay in including the program for highly capable students in the definition of basic education. Public education should address the full spectrum of students but currently some districts do not have a program. Highly capable students become disengaged in their education. These students withdraw or disrupt when they are not challenged early. Economically it makes sense to support these talented students who will grow up to be the talent of our state and draw talent to the state. You should not identify a group of students who have needs and then exclude them from definition of basic education.

OTHER: The economy is horrible but this bill steps back from the new basic education definition. You need to seriously think about the steps that need to be taken to move the phase-in forward and carry out the promise to students. The things to be phased in are our priorities and should be yours. If possible keep a little bit of money in all of them.

**Persons Testifying (Early Learning & K-12 Education):** PRO: Jim Crawford, Office of Financial Management.

CON: Randy Dorn, State Superintendent; Dave Berg, Academic Booster Club of Puyallup; Janis Traven, Garfield High School; Dr. Robert Vaughan, Ph.D, Seattle Public Schools; Robert Silber, Shoreline School District; Randy Parr, Washington Education Assn.; Hannah Lidman, League of Education Voters; Gerald Brennan, Ann Auman, Lannette Sargent, Joy Westberg, Robert Silber, parents; Marie Sullivan, Washington State School Directors' Assn.

OTHER: Ramona Hattendorf, Washington State Parent/Teacher Assn.; Marie Sullivan, Washington State School Director's Assn.; Brad Burnham, State Board of Education.