

SENATE BILL REPORT

ESSB 5919

As Passed Senate, May 25, 2011

Title: An act relating to education funding.

Brief Description: Regarding education funding.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Murray and Zarelli).

Brief History:

Committee Activity: Ways & Means: 4/06/11, 4/15/11, 5/23/11 [DPS, DNP].

First Special Session: Passed Senate: 5/25/11, 34-11.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5919 be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Brown, Conway, Fraser, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Regala, Rockefeller, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Pflug.

Staff: Elise Greef (786-7708)

Background: Basic Education and K-12 Funding Formulas. In the 2009-11 biennium, two pieces of legislation were enacted to redefine basic education and restructure the K-12 funding formulas. The first was Engrossed Substitute House Bill 2261 (ESHB 2261), Chapter 548, Laws of 2009, which expands the definition of basic education by adding the programs for highly capable students and student transportation to and from school. A new transportation funding formula was adopted to predict pupil transportation costs based on regression analysis. Additionally, the all-day kindergarten programs that had been phased in since 2007 are to become part of basic education with the continued phase in of the highest poverty schools first. Increases in the number of instructional hours and the minimum number of credits for high school graduation are to be phased in on a schedule set by the Legislature. The framework for a new K-12 funding allocation formula based on prototypical schools was created. These changes are to take effect September 1, 2011.

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.

The second bill, Substitute House Bill 2776, Chapter 236, Laws of 2010, enacted in statute that the new prototypical school allocation formulas at funding levels which represent the 2009-10 school year state spending on basic education. The bill also established a timeline, effective September 1, 2011, for phasing in enhancements to the program of basic education and certain funding levels as follows: During the 2011-13 biennium,

- enhanced funding for transportation must begin to be phased in to be completed by the 2013-15 biennium;
- and beginning with the schools with the highest poverty students, the K-3 class size must be reduced to 17 students per teacher by 2017;
- the minimum allocation for maintenance, supplies, and operating costs (MSOC) must be increased as specified in the Omnibus Appropriations Act until specific amounts are provided in the 2015-16 school year; and
- funding for all-day kindergarten must continue to be phased in each year until full statewide implementation is achieved in the 2017-18 school year.

Career and Technical (CTE) Student Organizations. SPI must provide staff support for statewide coordination of CTE student organizations, including but not limited to the National FFA Organization; Family Career, and Community Leaders of America; SkillsUSA; Distributive Education Clubs of America; Future Business Leaders of America; and the Technology Student Organization.

Special Services Pilot Program. In 2003 the Legislature authorized and funded two school districts to pilot programs of early and intensive intervention services in reading and language with the intent to reduce the number of children who may eventually require special education services. The pilot program was originally to expire June 30, 2007. In 2007 the Legislature reauthorized, expanded, and funded the pilot program for seven school districts. The expanded pilot program is to expire June 30, 2011.

Student Assessments in Science. Since the graduating class of 2008, students have been required to meet the state standard on the statewide high school assessments in reading, writing, and mathematics to earn a Certificate of Academic Achievement (CAA). Students in special education who are not appropriately tested by the regular assessment may earn a Certificate of Individual Achievement (CIA). Earning the CAA or CIA in reading and writing is a requirement for graduation. There has been a temporary exemption through the class of 2012 where students may graduate without a CAA or CIA as a result of not meeting the state standard in mathematics by taking additional mathematics courses. Beginning with the graduating class of 2013, students will be required to meet the state standard on the high school assessments in reading, writing, mathematics, and science both to earn a CAA and for graduation.

Summary of Engrossed Substitute Bill: Basic Education and K-12 Funding Formulas. It is clarified that the number of instructional hours and the minimum number of credits for high school graduation will be increased no sooner than the 2014-15 school year.

The pupil transportation funding formula, scheduled to go into effect September 1, 2011, is adjusted as follows:

- The new formula includes statistically significant factors only.

- The indirect-cost rate added to the final prior year expenditures is specified as the federal restricted indirect rate.
- The growth in salaries and benefits in the allowable prior year expenditures will not exceed the growth provided for in the budget.
- During the transition to full implementation, the funding will include budgeted increases provided in the Omnibus Appropriations Act for salaries or fringe benefits.
- Clarifies that, during the transition to full implementation, in-lieu bus depreciation payments to contracting districts are not included in the reported prior year expenditures.

The transitional bilingual education funding formula is amended to provide that, notwithstanding the requirement that funding allocation provide a statewide average additional number of hours per week of instruction, the actual per-student allocation may be scaled for a larger allocation for students needing more intensive intervention and a commensurate reduced allocation for those needing less intensive intervention.

Student Assessments in Science. The requirement that students pass the statewide assessment in science to graduate from high school is changed from beginning with the graduating class of 2013 to beginning with the graduating class of 2015.

(CTE) Student Organizations and Special Services Pilot. The SPI is responsible for staffing the CTE student organizations only to the extent that funds are available. The special services pilot program expires March 1, 2011, instead of June 30, 2011.

Appropriation: None.

Fiscal Note: Requested on April 5, 2011.

Committee/Commission/Task Force Created: None.

Effective Date: Sections 1 through 3 of this act take effect September 1, 2011. Sections 4 and 5 are subject to an emergency clause and take effect immediately. Sections 6 through 8 take effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee:

CON: Judge Erlich's decision in the Superior Court ruling said the state cannot avoid its Constitutional duty to fully fund basic education by stating an intent to comply at some point in the future. This bill is realizing Judge Erlich's prediction. I hope you're uncomfortable and embarrassed. We've done a lot of great work in recent years putting the new system in place, and this bill allows you to bail. I understand this is an uncomfortable conversation to have every year when you don't have the money to follow through on a lot of these efforts but it's your paramount duty to have the conversation and keep the focus on basic education. This bill has good intentions but good intentions are not good enough. The bill strips all the dates. The Legislature is making dreadful decisions this year, but the dates should not be removed because they provide a backstop. Learning Achievement and English Language Learners programs are already part of basic education. They should not be removed. We understand the I-728 needs to be suspended, but don't eliminate it altogether. The four-year suspension of I-732 is too long, and the lost COLA should be brought forward. The school

directors' first priority is keeping HB 2261 and HB 2776 moving forward. You could look at the House budget to see a way to manage the funding. Put just a little bit into these programs in the next biennium. If you don't have timelines, it won't happen. You can afford it because you can at least give a dollar. In the transportation section, there are four amendments; the fourth is good.

Persons Testifying: CON: Chad Magendanz, Marnie Maraldo, Issaquah School Board; Lucinda Young, Washington Education Association; Marie Sullivan, Washington State School Directors' Association; Mitch Demming, Alliance of Educational Associations.