

# HOUSE BILL REPORT

## HB 1418

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**As Reported by House Committee On:**  
Education  
Ways & Means

**Title:** An act relating to establishing a statewide dropout reengagement system.

**Brief Description:** Establishing a statewide dropout reengagement system.

**Sponsors:** Representatives Kagi, Priest, Sullivan, Walsh, Pettigrew, Roberts, Dickerson, Quall, Seaquist, Sells, Appleton, Hunt, Haler, Pedersen, Orwall, Ormsby, Hasegawa, Conway, Kenney, Maxwell, Santos, Probst, Driscoll, Goodman and Nelson.

**Brief History:**

**Committee Activity:**

Education: 2/6/09, 2/18/09 [DPS];  
Ways & Means: 2/27/09 [DPS(ED)].

**Brief Summary of Substitute Bill**

- Creates a statewide dropout reengagement system for youth aged 16 to 21 who have dropped out of school or are not expected to graduate by age 21.
- Requires the Educational Service Districts (ESDs) to manage model contracts and interlocal agreements between school districts and program providers who may be community and technical colleges or community-based organizations.
- Requires school districts to make high quality dropout reengagement programs available to eligible students, either directly, under contract, or through the model agreement with the ESD.
- Directs the Office of the Superintendent of Public Instruction to adopt rules and develop model contracts and interlocal agreements to be used in the system.
- Specifies minimum program components and allows state per-student funding to be allocated directly to the ESD.

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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 13 members: Representatives Quall, Chair; Probst, Vice Chair; Priest, Ranking Minority Member; Hope, Assistant Ranking Minority Member; Cox, Dammeier, Hunt, Johnson, Liias, Maxwell, Orwall, Santos and Sullivan.

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

**Background:**

Students are eligible to receive education in a public school until the age of 21 or completion of a high school diploma, whichever is sooner. School districts have broad authority to contract with colleges, community-based organizations, or other education providers to provide educational services. School districts that use Basic Education dollars for these services must meet certain criteria established by rules that are intended to assure that the contracted services meet the purpose of Basic Education program requirements. For example, contractors must assure that high school students are working toward course credits that satisfy high school graduation requirements. Minimum seat-time must be maintained to meet the definition of full-time equivalent (FTE) student.

A number of school districts have created programs for older youth who have dropped out of school and are so far behind in accumulating credits that graduation before the age of 21 is unlikely. Some districts offer their own programs through an alternative high school; others contract with community and technical colleges or community-based organizations. Programs tend to offer basic academic skills instruction, general equivalency diploma (GED) preparation, high school credit recovery, and introductory college and workforce preparation opportunities. The programs also assist students in addressing personal challenges that are barriers to their education. These programs are offered at the option of an individual school district. In some cases, one school district has acted as a contracting and fiscal agent on behalf of multiple districts in the region, and students from other districts enroll in the nonresident district using the state's "Choice" laws.

In recent years, however, a number of school districts have terminated their contracted dropout reengagement programs. Reasons cited include lack of clarity in state laws and rules governing these contracts. At least one school district has been the subject of audit findings for noncompliance with rules governing expenditure of Basic Education dollars. The Office of the Superintendent of Public Instruction (OSPI) has made several special adaptations to the rules, including on an emergency basis, in an attempt to provide clarity. School districts that have enrolled nonresident students also express concerns about assuming liability for these students, especially if the students are eligible for special education. There are no standardized contracts or agreements.

When high school students enroll in the Running Start program, colleges receive a payment of Basic Education dollars from the school district that is calculated at a uniform statewide average rate per FTE student, including enhancements for vocational courses. For the 2008-09 school year, this is approximately \$4,900. The school district keeps 7 percent of the allocation for administrative purposes. Every enrolled FTE student generates a payment to the school district from the Student Achievement Fund, which amounts to \$458 per FTE in 2008-09.

One of the recommendations from the Building Bridges Dropout Prevention, Intervention, and Retrieval Workgroup in its 2008 report to the Legislature was to establish a statewide dropout retrieval system with a single, comprehensive regulatory framework to govern retrieval programs. The recommendation included establishing authority for regional partnerships and designation of a lead agency in the region to contract for services and programs.

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### **Summary of Substitute Bill:**

A statewide dropout reengagement system is created to provide education and services to older youth who have dropped out of school or are not expected to graduate from high school by the age of 21. Under the system, Educational Service Districts (ESDs) act as brokers and managers of model interlocal agreements and contracts between school districts and dropout reengagement program providers. Program providers may be community and technical colleges or community-based organizations. School districts are required to make high quality dropout reengagement programs available to eligible students, either directly or under contract or agreement. Entering a model interlocal agreement with the local ESD accomplishes this requirement. Current authority of school districts to contract for program services is not affected.

Students eligible for dropout reengagement programs are those aged 16 to 21 who are so credit deficient that completion of a high school diploma before age 21 is not reasonable, or are recommended by social service or juvenile justice system case managers. Students must enroll in their resident school district.

Dropout reengagement programs must offer:

- academic instruction, including GED preparation, academic skills, and college and work readiness preparation, that generates high school credit for a school district diploma or a diploma issued by a college and has the goal of academic and work readiness skills for employment or postsecondary education;
- instruction by certified teachers or college instructors whose credentials are established by the college;
- case management, counseling, and resource and referral services to reduce educational barriers for at-risk youth; and
- opportunity for qualified students to enroll in college courses tuition-free if the program provider is a college.

Program providers must offer these program components and comply with the accountability requirements of the model contract, as well as cooperate with the resident school district or the ESD in cases where special education services are needed.

Under the system, the ESDs have the following responsibilities:

- identify and contract with program providers in the region, create partnerships, and identify other sources of funding that could be leveraged for the program;
- serve as liaison between school districts and program providers;

- monitor program performance and compliance with contract terms;
- manage enrollment and student data reporting and financial billing to the state on behalf of school districts; and
- work to assure students can earn high school credit through the programs.

An ESD can create a separate agreement with a school district to provide special education services for students in the programs, but must manage these agreements separately from the dropout reengagement system agreements to avoid a conflict of interest.

School districts who enter the interlocal agreement for the dropout reengagement system must:

- enroll and refer eligible resident students who the district determines would benefit from the program or counsel students to enroll in other district programs;
- provide special education services based on a student's individualized education program in cooperation with the program provider or under separate contract with the ESD; and
- provide student data to the ESD as necessary for the ESD to manage the program on the district's behalf.

The OSPI, in consultation with stakeholders, creates statewide model contracts and interlocal agreements to be used in the dropout reengagement system. Common performance and accountability measures must be included. The OSPI adopts rules for the program that clarify student eligibility, the basis for FTE student enrollment, and minimum instructional staffing ratios for programs offered by community-based organizations. These are not required to be the same standards and ratios as for basic education programs offered in the school district. The OSPI also provides information on its web-site describing high quality dropout reengagement programs to provide guidance to school districts that choose to offer programs rather than enter an agreement with the ESD.

Workforce Development Councils are encouraged to develop strategies for leveraging workforce investment funding with funding for dropout reengagement programs, participate in offering programs and services, and work with the ESDs.

The OSPI allocates the per-FTE student basic education funding, plus the Student Achievement Fund allocation, to the ESD directly for each FTE student enrolled in a dropout reengagement program. The basic education funding is calculated on a statewide average rate and includes vocational program enhancements. The ESD retains 5 percent of the allocation for administration, and the school district receives 2 percent of the allocation. The remainder goes to program providers through the model contract for program operation. For all other funding, including the state special education excess cost allocation, students enrolled in the dropout reengagement program are considered regularly enrolled students of the resident district, but they do not count against a district's basic education staffing ratio compliance.

**Substitute Bill Compared to Original Bill:**

It is clarified that school districts are required to make high quality dropout reengagement programs available to eligible students, either directly or under contract or agreement.

Entering a model interlocal agreement with the local ESD accomplishes this requirement. Rather than provide nonregulatory guidance about what constitutes a "similar" program to the program established in the bill, the OSPI provides information on its web-site describing high quality dropout reengagement programs to provide guidance to school districts that choose to offer programs rather than enter an agreement with the ESD. Workforce Development Councils are encouraged to develop strategies for leveraging workforce investment funding with funding for dropout reengagement programs, participate in offering programs and services, and work with the ESDs.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 18, 2009.

**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) A tremendous amount of work has been done on dropout reengagement by the Building Bridges workgroup. Much of this work is a result of concern about the future of existing programs, such as the one in Shoreline. These students are not likely to return to high school, and they need a program to reengage them and provide options for completing their education. In the past these programs have existed under contract with school districts, but because there is no legal framework, the State Auditor has disallowed programs and some school districts have terminated their contracts. The bill will give school districts options; they can operate their own program, contract separately, or sign a contract with the ESD to manage the program and relieve them of administrative responsibilities.

This addresses a statutory and regulatory framework to support reengagement programs. It is good public policy and makes business sense. Without viable programs, students end up in the underground economy with low wages and dead-end jobs. Washington should be a leader in addressing the youth dropout problem by providing opportunities and hope for students to go on to viable futures. The program at Shoreline has been named one of the top reengagement programs in the country because it meets the needs of the student population and provides case management, GED preparation, and career preparation. The typical student has passed fewer than half of their classes; a significant number come with five to seven credits. Students may have been affiliated with crime, homeless, or experiencing drug and family issues. Counseling is a very important component. Dropping out of high school is not necessarily an indicator that students are slow or unable to do the work. There could be a lot of factors outside of school. Students don't realize the impact of dropping out. These programs can make students successful for the first time.

There may be comments about why this approach won't work, why it is too complicated and too much of a requirement on school districts. The problem is that there is no statutory framework and programs are dying. High school completion needs to be more than a march to 19 credits. We have to be able to offer a true alternative. This is complicated, but the

issues are complicated. This is a giant step in the right direction. The ESDs are the state's agents to deliver statewide initiatives on a regional basis. They have people to serve and make this program happen. This is hard work; if it were easy, everybody would be doing it already. This is a new frontier for education in trying to serve a large population of invisible students. We need to get these kids back into the system to be contributing members of society. This is some of the most important work the Legislature is considering. We should be spending more time on students who need the most help.

(With concerns) The bill could be strengthened in terms of regional planning, and more effort could be made to leverage federal workforce investment dollars. There are other options for how the bill could be structured to allow all students in all parts of the state to participate. There is concern about the level of funding provided to sustain these programs.

(Opposed) There are alternative high schools that face burdensome regulations in trying to serve these same students. The bill should allow these alternative schools to have some freedoms and flexibility to operate.

**Persons Testifying:** (In support) Representative Kagi, prime sponsor; Lee Lambert, Pat Martinez Johnson, Mariko Kakiuchi, Zane Faamuli, Michelle Pinner, and Kellie Baird, Shoreline Community College; David Mickelberg, North Seattle Community College; Jim Shoemake, Association of Educational Service Districts; Mick Moore, Educational Service District 121; Wes Pruitt, Workforce Training and Education Coordinating Board; Jennifer Llamas, Legislative Youth Advisory Council; and Christie Perkins, Washington State Special Education Coalition.

(With concerns) John Aultman, Office of the Superintendent of Public Instruction; and Michael Tate, State Board for Community and Technical Colleges.

(Opposed) Lile Holland, Washington Association for Learning Alternatives.

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

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The substitute bill by Committee on Education be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Linville, Chair; Ericks, Vice Chair; Dammeier, Assistant Ranking Minority Member; Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Chandler.

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

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

No new changes were recommended.

**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) If the Legislature does not pass this bill, many of these drop-out reengagement programs may quit operating. The State Auditor has raised concerns about the lack of a legal framework for these programs to ensure accountability. There is no accountability in the current system for performance measures, standards, and student data. The Shoreline school district canceled its contract because it does not want an audit finding. There are over 1,000 youths in the state served in these programs, and Shoreline served over 600 students last year. Programs like those at Shoreline Community College have an important impact on students' lives. The programs try to establish a smooth transition from K-12 to colleges and universities. The Shoreline program has been working since 1995. Many kids cannot go back to high school because they have only earned half the credits they have attempted. For example, some are 17 or 18 years old but have the credits of a high school freshman. These programs allow students to finish three years of high school in two years of college. The state is obligated by law to serve these kids already. If the Legislature is willing to spend the money to send students to high school, why wouldn't it spend the same money to send them to an educational environment that works for them? It would be a shame to balance the budget by assuming kids will drop-out. According to a recent study, \$209,000 is the average savings to society for students who graduate from high school over the course of their career.

(Opposed) None.

**Persons Testifying:** Representative Kagi, prime sponsor; Mariko Kakiuchi and Lee Lambert, Shoreline Community College; Pat Johnson, Learning Center North; Shoubee Liaw, Shoreline Community College Board of Trustees; Amber Bonifas; and Kellie Baird.

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