

SENATE BILL REPORT

SB 6761

As Reported by Senate Committee On:
Early Learning & K-12 Education, February 3, 2010

Title: An act relating to the recommendations of the quality education council.

Brief Description: Regarding the recommendations of the quality education council.

Sponsors: Senators McAuliffe, Ranker, McDermott, Oemig, Fairley, Hargrove, Kline, Murray, Hobbs and Shin.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/28/10, 2/03/10 [DPS-WM, DNP, w/oRec].

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 6761 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Kauffman, Vice Chair, Early Learning; Oemig, Vice Chair, K-12; Gordon, Hobbs, McDermott and Tom.

Minority Report: Do not pass.

Signed by Senators King, Ranking Minority Member; Brandland.

Minority Report: That it be referred without recommendation.

Signed by Senator Roach.

Staff: Susan Mielke (786-7422)

Background: Last session, the Legislature passed ESHB 2261, which expanded the definition of basic education, created a new prototypical school funding formula, and created a number of working groups to inform the Legislature.

Working Groups. *Funding Formula Technical Workgroup (FFTWG).* Under ESHB 2261, the Office of Financial Management (OFM), with the Office of the Superintendent of Public Instruction (OSPI), was directed to convene the FFTWG, which had specified membership, to address specific issues and recommend to the Legislature the details of the prototypical school funding formula. The FFTWG submitted its report to the Legislature on December 1, 2009.

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.

Local Finance Working Group. ESHB 2261 directs OFM with OSPI to convene a Local Finance Group, with specified representation, beginning July 2010 to develop a new system of supplemental school funding through local levies and levy equalization, and report to the Legislature by December 1, 2011.

Compensation Working Group. In accordance with ESHB 2261, OFM must convene a Compensation Group beginning July 1, 2011, to begin the process of: developing an enhanced salary allocation model that is collaboratively designed; recommending the details of an enhanced salary allocation model that aligns educator development and certification with compensation; and reporting to the Legislature by December 1, 2012.

Quality Education Council (QEC). ESHB 2261 created the QEC composed of eight legislators, a representative of the Governor's Office, and representatives of the four state level educational agencies: OSPI, the State Board of Education (SBE), the Professional Educator Standards Board, and the Department of Early Learning. The QEC is to recommend and inform the ongoing implementation by the Legislature of an evolving program of basic education. The QEC submitted an initial report to the Governor and the Legislature on January 13, 2010. In addition to recommending technical corrections, the report contained the following recommendations to the 2010 Legislature:

Funding.

1. Urged the Legislature not to reduce the overall K-12 funding level in the 2010 Supplemental Operating Budget, including both basic and non-basic education allocations and to allocate at least 50 percent of any new state revenue to the implementation of the basic education program.
2. Enact prototypical school funding formulas:
 - a. enact a law replacing current funding formulas with the new prototypical school funding formulas with the baseline values designed by the FFTWG;
 - b. prioritize class size reductions in the primary grades by providing a K-3 class size allocation of 15 students per classroom teacher in the prototypical school funding formula. The phase-in of class size reduction should begin in the 2011-12 school year and be targeted to high poverty schools first; and
 - c. increase the Maintenance, Supplies, and Operating Costs (MSOC) factors in the prototypical school funding formula based on data collected by OSPI about costs incurred by school districts, phased in over a three-year period beginning in the 2011-12 school year.
3. Continue incremental phase-in of full-day kindergarten beginning with schools that have the highest poverty levels.
4. Implement the new student transportation funding formula starting in September 1, 2011, (not 2013); and phase-in full funding of the new pupil transportation funding formula over a three-year period beginning in 2011.

Workgroups.

1. Start the work of the Compensation Working Group immediately with a report due November 30, 2010, and change the lead staff agency to OSPI.
2. Begin the work of the Local Finance Working Group immediately, including additional tasks, with a report due November 30, 2010.

3. Continue the FFTWG to monitor early implementation of the prototypical school formula, provide technical advice to the QEC and OSPI, and recommend the details of a new component to be included in the prototypical school funding formula – the SOS fund that will provide state funding for school districts designated as requiring action by the state board of education to support transformation efforts in persistently low-performing schools.
4. Monitor the outcomes of the new Beginning Educator Support Team (BEST) program by the QEC and if effective, then sufficient funds should be phased-in beginning in school year 2011-12 to cover all first-year teachers.
5. Monitor the progress of the K-12 data governance group by the QEC and provide input to the group so that the final report fully addresses the data needed for financial and program accountability. The QEC will develop and recommend to the Legislature a process for how to adequately fund and use research-based, empirical data analysis to analyze and drive evidence-based practices through the education data center and the data governance group.

Early Learning.

Include a Program of Early Learning for at-risk children aged three and four as part of the definition of Basic Education. In implementation of this recommendation, the Legislature should consider the recent related opinion of the State Attorney General, AGO 2009 No. 8.

Summary of Bill (Recommended Substitute): The recommendations of the QEC are implemented, except for those addressing the details and enhancements of the baseline values of the prototypical school funding formula, phasing in the new student transportation formula, and the recommendation addressing the program of early learning.

Funding. The appropriations in the 2009-11 supplemental appropriations act, made for K-12 basic and non-basic allocations for school years 2009-10 and 2010-11, must be made in accordance with the statutory and budget policies in effect as of June 1, 2009, and those allocations must not be reduced. The education stabilization account is created in the state treasury. Moneys in the account may be spent solely for purpose of implementing the basic education. By September 30, 2011, and by September 30 of each odd-numbered year thereafter, at least 50 percent of all general state revenues that exceed the state revenues from the previous fiscal biennium must be transferred to the account to be used solely for the purpose of implementing the basic education program.

Beginning with the 2011-12 school year, all-day kindergarten will continue to be phased-in incrementally each year until full statewide implementation is achieved in the 2017-18 school year.

Workgroups. The OFM and the SPI must periodically reconvene the FFTWG to: monitor and provide advice on further development and implementation of the prototypical school funding formulas; provide technical assistance to the ongoing work of the QEC; and by December 1, 2010, the FFTWG must recommend to the QEC the details of a struggling schools fund (also known as an SOS fund), which must be a new component of the prototypical school funding formula. The fund will provide state funding for school districts

designated as requiring action by the SBE to support transformation efforts in persistently low-performing schools.

The starting date for the work of the Local Finance Working Group is moved up to April 2010 instead of July 2010. Additional topics are added for the working group to examine and analyze. The report will be due in 2010 instead of 2011.

The starting date for the work of the Compensation Working Group is moved up to April 2010 instead of July 2011. The OSPI will convene the group with the OFM.

By December 1, the QEC must (1) evaluate the effectiveness of the beginning educator support team program, and if effective, recommend to the Legislature phased-in funding for the program beginning in the 2011-12 school year in an amount sufficient to cover all first-year teachers, and increase the amount until it is sufficient to serve all teachers in their initial three years of teaching; (2) monitor the progress of the K-12 data governance group and provide input to the group so that the final report fully addresses the data needed for financial and program accountability; (3) develop and recommend to the Legislature a process for how to adequately fund and use research-based, empirical data analysis to analyze and drive evidence-based practices through the education research and data center and the data governance group.

Technical corrections are made.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (Recommended Substitute): The phase-in of the new student transportation formula is removed from the bill. Technical corrections of an internal reference and a report date are made.

Appropriation: None.

Fiscal Note: Requested on January 25, 2010.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill: PRO: We appreciate that this bill is following up on the framework of 2261 from last year. We like the commitment not to reduce education funding, and that you include a funding source for the bill by dedicating a portion of new revenue to basic education. It makes sense to have both technical working groups working immediately. We support the phase-in of transportation which will assist all school districts and especially small school districts.

CON: I am concerned that this is expensive and wonder if this is a ploy to justify an income tax. The efficacy of all day Kindergarten and some of the other programs are questionable. The Legislature should support more local control and should not mandate. In your attempt to qualify for federal funds be careful because your expenditures for all these things may exceed the level of federal funding that you may get.

OTHER: We are concerned that expediting the convening of both the Compensation and Local Levy technical work groups will overstretch staff. We understand that the QEC members want to get compensation information to determine the dollar values but that is not the QEC charge, that remains with the Legislature. Starting the Compensation workgroup this year is also bad timing because there are many teachers who will be losing the jobs when this workgroup will begin, and we prefer to start later when hopefully the economy is better and the teachers can more positively participate in the workgroup. This bill does not enhance MSOC and K-3 class size but should because 2018 is too long for this to be phased-in.

Persons Testifying: PRO: Senator McAuliffe, prime sponsor; Jennifer Priddy, OSPI; Tom Culliton, Fred Stanley, WA Assn for Pupil Transportation; Doug Nelson, Public School Employees; Mitch Denning, Alliance of Educational Associations; Dan Steele, WA State School Directors Assn.

CON: Joyce Fiess, Citizens United for Responsible Education.

OTHER: George Scarola, League of Education Voters; Randy Parr, WEA.