

# HOUSE BILL REPORT

## HB 2733

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**As Reported by House Committee On:**  
Education

**Title:** An act relating to school funding review.

**Brief Description:** Creating the task force on school funding review.

**Sponsors:** Representatives Haigh, Cox, Schual-Berke, Jarrett, Hunt, Santos, Rockefeller, Fromhold, Quall, Edwards, Ogden, Morris, Chase, Upthegrove and Linville.

**Brief History:**

**Committee Activity:**

Education: 2/5/02, 2/7/02 [DPS].

**Brief Summary of Substitute Bill**

- Creating a task force to study and recommend a performance-based funding system for public schools.

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### HOUSE COMMITTEE ON EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Quall, Chair; Haigh, Vice Chair; Talcott, Ranking Minority Member; Anderson, Cox, McDermott, Rockefeller, Santos, Schindler, Schmidt and Upthegrove.

**Staff:** Susan Morrissey (786-7111).

**Background:**

The state constitution establishes the education of all children as the paramount duty of the state and requires the Legislature to provide for a system of public schools. The constitution is the foundation upon which three school funding decisions made in the 1970s and 80s rested. Those decisions, coupled with subsequent state laws and court decisions, have helped shape the budget formulas used to determine the state support for public education. In order to meet its paramount duty, the Legislature dedicates almost one-half of the state's general fund monies to support the education of children in the public schools.

The funding system begins with state-supervised school district budgeting, accounting, and financial reporting practices. State resources, supplemented by local and federal monies, are distributed through funding formulas to equalize educational opportunities throughout the state. Basic education and categorical programs are state supported through these formulas. State resources include general fund revenue, property taxes, timber excise taxes, and other state revenues.

Every few years, the Legislature revisits various aspects of school funding. The 1998 Legislature directed the Joint Legislative Audit and Review Committee to study the financing system for the public schools. The study included a review of school district revenue and expenditure practices, resource allocations within selected districts, and available data sources. The study also addressed class size and personnel deployment issues. It was presented to the Legislature in 1999.

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

The task force on school funding review is created. Of the 13 members, seven will be citizen members and one will be a representative of the Governor or the Office of Financial Management, each appointed by the Governor. Four members will be legislators appointed by legislative leadership from each major caucus of the House and Senate and one will be the Superintendent of Public Instruction or the superintendent's designee. The Governor will appoint the chair of the task force. In determining his or her appointments, the Governor will consider the educational finance expertise of the citizens who apply for task force membership, and will attempt to appoint parents, business and community leaders, and individuals with experience in various facets of education, including special education, career and technical education, and programs for students with limited English proficiency.

The task force has five tasks.

- First, it will identify successful comprehensive school and school district program models in this and other states using the results of criterion-based assessments and the National Assessment of Educational Progress.
- Second, it will review the state's existing education funding formula with the goal of simplifying it, removing financial system barriers to student achievement, achieving equity of educational opportunity, and creating a performance driven funding system that will focus on the need to bring all children up to the state's academic standards.
- Third, it will review performance-based and other innovative funding models in other states.
- Fourth, it will develop a series of options that could be used for funding education.

The options will include a current funding level budget with incremental additions to that base funding level.

- Finally, by October 1, 2004, it will report its findings and recommendations to the Governor and the legislative education and fiscal committees.

The Office of Financial Management will provide staff support to the task force and may enter into contracts for any necessary services. The Office of the Superintendent of Public Instruction (OSPI) will cooperate and share data and information with the task force.

The legislation expires on June 30, 2005.

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

The task force is reduced from 19 to 13 members and career and technical education is added to the types of expertise the members might bring to the group. The duties of the task force are restructured, the reporting and expiration dates are revised, and the OSPI is directed to provide the group with information and data.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** All of the state's public school children are expected to meet the state's academic standards, an expectation now echoed in the new federal education law that was signed last month. In order to meet that goal, the state has embarked upon an ambitious effort to restructure its public education system, moving from a system measured by seat time to a system measured by performance and student achievement. The time has come for the state to reexamine the method of funding public education as well. The current funding system is based on seat time, but the schools are evaluated based on student achievement. This creates a fundamental disconnection between the funding system and the rest of the state's education accountability system. School districts face funding challenges in compensation, transportation, special education, and in meeting the other needs of a diverse student body, which is another reason that the entire funding system must be reexamined. The state's school districts have equal responsibilities for ensuring that all students achieve high academic levels, but the same school districts do not have comparable amounts of money to meet those responsibilities. The state keeps making small changes to the funding system when a fundamental restructuring is needed.

**Testimony Against:** None.

**Testified:** Representative Haigh, prime sponsor; Rainer Houser, Association of Washington School Principals; Barbara Mertens, Washington Association of School Administrators; Dan Steele, Washington State School Directors' Association; Gary King, Washington Education Association; Kathleen Lopp, Washington Association for Career and Technical Education; and Ken Kenikeberg, Office of the Superintendent of Public Instruction.