

# HOUSE BILL REPORT

## HB 1146

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### As Reported by House Committee On:

Education

**Title:** An act relating to the creation of a commission on school funding review.

**Brief Description:** Creating a commission on school funding review.

**Sponsors:** Representatives Haigh, Cox, Hunt, Armstrong, Rockefeller, Fromhold, Linville, McDermott, Jackley, Quall, Lantz, O'Brien, Romero, Keiser, Benson and Eickmeyer.

### Brief History:

#### Committee Activity:

Education: 2/12/01, 2/26/01 [DP].

#### Brief Summary of Bill

- Creating a commission to study, pilot test, and report on performance-based funding systems for public schools.

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### HOUSE COMMITTEE ON EDUCATION

**Majority Report:** Do pass. Signed by 12 members: Representatives Quall, Democratic Co-Chair; Talcott, Republican Co-Chair; Haigh, Democratic Vice Chair; Cox, Ericksen, Keiser, McDermott, Pearson, Rockefeller, Santos, D. Schmidt and Schual-Berke.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Anderson, Republican Vice Chair; and Schindler.

**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 the 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 state general fund revenue, other state revenues, state property taxes, and timber excise taxes.

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 Bill:**

The Commission on School Funding Review is created. The commission will identify between 15 and 25 successful comprehensive school or school district program models operating within the state. In its identification process, the commission will place special emphasis on the results of the Washington Assessment of Student Learning. After reviewing the structure and operation of the successful program models, the commission will approve pilot performance-based funding programs that could be used in these schools and school districts. The pilots will implement either school-based or district-wide performance-based funding systems. The pilots may include, but are not limited to, weighted student formulas and systems that provide flexibility in determining expenditures of state and federal funds. In designing the pilot performance-based funding programs, the commission shall consider the actual cost of meeting the immediate and future needs of students served by participating schools or districts.

The commission will be composed of 18 members. Of those members, 13 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. The Governor will appoint the commission's chair. In determining his appointments, the Governor will consider the educational finance expertise of the citizens who apply for commission membership, and will attempt to appoint parents, business and community leaders, and individuals with experience in various facets of education. He will also include members with expertise in special education and with transitional bilingual programs.

The commission will report its findings and recommendations to the Governor and Legislature by January 1, 2003. In its final report, the commission will recommend steps for the implementation of a statewide system of performance-based financing for the common schools.

The commission may employ necessary staff, enter service contracts, and create technical advisory committees as needed.

The commission will expire on January 1, 2003.

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**Appropriation:** None.

**Fiscal Note:** Requested February 27, 2001.

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

**Testimony For:** The state has embarked upon an experiment 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 keeps making small changes to the funding system when a fundamental restructuring is needed. 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.

**Testimony Against:** None.

**Testified:** (In support) Representative Haigh, prime sponsor; Linda Lamb, State Board of Education; Greg Williamson, Office of the Superintendent of Public Instruction; Karen Davis, Washington Education Association; and Dan Steele, Washington State School Directors' Association.