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## Appropriations Committee

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### HB 2051

**Brief Description:** Implementing basic education expenditures.

**Sponsors:** Representatives Lytton, Hunter, Sullivan, Maxwell and Pollet.

#### Brief Summary of Bill

- Requires specified Basic Education allocations to be increased in equal annual increments beginning in the 2013-14 school year through the 2017-18 school year.
- Adjusts allocations to be provided for maintenance, supplies, and operating costs to reflect updated data.
- Phases in increased salary allocations for classified and administrative staff in biennial increments based on market rate salaries identified in a 2012 study.
- Specifies an implementation schedule for increased instructional hours under Basic Education.
- Directs the State Board of Education to adopt a 24-credit graduation requirement framework to take effect with the graduating class of 2018.
- Creates a legislative Task Force on Career Education Opportunities, and requires a report by December 15, 2013.
- Directs that the state expenditure limit not be rebased for Fiscal Year 2014 through 2018 based on the previous year's actual expenditures.

**Hearing Date:** 4/22/13

**Staff:** Jessica Harrell (786-7349) and Barbara McLain (786-7383).

**Background:**

*Prototypical School Funding Formula.*

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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.*

The prototypical school funding formula provides the statutory framework for the state's allocation of funds to support the Instructional Program of Basic Education, including allocations for such programs as the Learning Assistance Program (LAP), the Transitional Bilingual Instruction Program (TBIP), and other categorical programs. The formula includes allocations for various categories of staff based on an assumed school grade level and size, districtwide staff, and administration. For most categorical programs, the allocation is based on assumed hours of supplemental instruction per week.

The LAP provides instructional support for students who are performing below grade level. Funds are allocated based on the percentage of students in the school district who are eligible for free and reduced price lunch. The TBIP provides instructional support for students whose level of English language proficiency is determined to be sufficiently deficient to impair learning. Students exit the TBIP based on results from a statewide assessment administered each spring.

#### *Phased-in Implementation of Basic Education Changes.*

Legislation enacted in 2009 and 2010 provided for phased-in implementation of changes in both the Basic Education program and the funding to support it. Class size reductions for grades kindergarten through 3 (K-3) and statewide implementation of all-day kindergarten are to be completed by the 2017-18 school year. A new pupil transportation funding formula must be fully implemented in the 2013-15 biennium. Specified increases to support materials, supplies, and operating costs (MSOC) are to be achieved by the 2015-16 school year. The amounts to be allocated for the MSOC are based on a survey of school district expenditures in 2007-08.

A schedule for increasing the minimum instructional hours provided for students has not yet been adopted, although 2011 legislation stipulated that the increase may not occur before the 2014-15 school year.

#### *Graduation Requirements.*

The revised definition of Basic Education requires that school districts provide students with the opportunity to complete 24 credits for high school graduation, based on courses specified by the State Board of Education (SBE). The increase to 24 credits is also subject to an implementation schedule to be adopted by the Legislature.

Changes in graduation requirements proposed by the SBE must be submitted for legislative review before they are adopted. Changes that are found to have a fiscal impact on school districts take effect only if formally authorized and funded by the Legislature. In November 2010 the SBE adopted a resolution proposing a Career and College Ready framework for the 24 credits. In 2011 the SBE implemented changes from the proposed framework that had been identified as not having a fiscal impact, to take effect with the graduating class of 2016. The remaining changes have not yet been authorized or funded by the Legislature.

#### *Compensation.*

Funding to support salaries for the classified and administrative staff allocated through the prototypical school funding formula is specified in the omnibus appropriations act. The state allocates a salary rate for classified staff and a salary rate for administrative staff in each district. There are 71 school districts with grandfathered allocation rates above the standard rate for classified staff and 207 districts with grandfathered rates for administrative staff. A report issued in 2012 by a Compensation Technical Working Group (Group) recommended that allocations be

based on market rate salaries for comparable occupations, as identified by a study commissioned by the Group.

*State Expenditure Limit.*

The state expenditure limit is calculated on an annual basis and applies to the state general fund. Each November, the Expenditure Limit Committee adjusts the limit for the previous and current fiscal year, and projects a limit for the following two years. The projected expenditure limit is calculated by multiplying the previous year's limit by the "fiscal growth factor." The fiscal growth factor is the average growth in state personal income for the prior 10 fiscal years. The baseline expenditure limit is then adjusted for actual expenditures in the previous year ("rebasement") as well as certain money transfers and program cost shifts.

**Summary of Bill:**

*Prototypical School Funding Formula.*

The following Basic Education funding allocations must be increased in equal annual increments beginning in the 2013-14 school year and through the 2017-18 school year:

- K-3 class size reductions in both high-poverty (more than 50 percent low-income students) and non high-poverty elementary schools until a class size allocation of 17.0 is achieved in all elementary schools;
- continued phase-in of all-day kindergarten based on the highest poverty schools;
- increased allocations for the Learning Assistance Program (LAP) from 1.5156 hours per week of supplemental instruction to 2.0 hours per week;
- increased allocations for the Transitional Bilingual Instruction Program (TBIP) from 4.778 hours per week of supplemental instruction for all students to 6.0 hours per week for grades 7 and 8 and 8.0 hours per week for grades 9 through 12;
- a new TBIP allocation of 3.0 hours per week of supplemental instruction based on students who have exited the TBIP within the previous two years;
- a new allocation to support increased instructional hours, based on 2.222 hours of additional instruction per week for students in grades 7 through 12, using the general education class size; and
- increased staffing allocations of 0.50 full-time equivalent staff for counselors in middle and high schools and family engagement coordinators in elementary schools.

Allocations for materials, supplies, and operating costs (MSOC) are increased in equal annual increments through the 2015-16 school year. The allocations to be achieved in 2015-16 are adjusted based on updated school district expenditure data from the 2011-12 school year. Statutes pertaining to the pupil transportation funding formula are adjusted to reflect full implementation of the revised formula beginning in the 2014-15 school year.

*Implementation of Basic Education Changes.*

School districts must provide a minimum of 1,000 instructional hours, districtwide, for students in each of grades 1 through 6 beginning in the 2017-18 school year. For students in each of grades 7 through 12, districts must increase instructional hours districtwide as follows:

- 1,020 hours in 2014-15;
- 1,040 hours in 2015-16;
- 1,060 hours in 2016-17; and

- 1,080 hours in 2017-18 and thereafter.

School districts must make a program of instructional support available for up to two years immediately after students exit the TBIP for those who need assistance in reaching grade-level performance in other academic subjects.

#### *Graduation Requirements.*

School districts must provide students the opportunity to complete 24 credits for high school graduation beginning with students in the graduating class of 2018. The State Board of Education must adopt rules to implement the Career and College Ready framework that was adopted by resolution on November 10, 2010. The provisions of the bill constitute the legislative authorization required under current law to change graduation requirements.

A legislative Task Force on Career Education Opportunities (Task Force) is established to identify strategies to improve the integration of career education into secondary education opportunities for all students. The Task Force is composed of eight legislators, the Superintendent of Public Instruction, and one representative each from the Workforce Training and Education Coordinating Board, the Student Achievement Council, and the Washington Association of Career and Technical Education. The Office of the Superintendent of Public Instruction must recommend a list of course equivalencies for career and technical education (CTE) to the Task Force by September 1, 2013. A report from the Task Force is due December 15, 2013, and must address at least the following items:

- analysis of the Career and College Ready graduation requirements;
- policies to support and provide state oversight for CTE in middle schools, high schools, and skill centers;
- how to maximize use of the recommended CTE course equivalencies; and
- feasibility of establishing technical high schools.

#### *Compensation.*

Salary allocations for classified and administrative staff must be increased in equal biennial increments through the 2017-18 school year to market-rate salaries as identified by a 2012 comparable wage analysis submitted to the Compensation Technical Working Group, adjusted for inflation from 2010. School districts with grandfathered allocation rates receive the greater of their grandfathered allocation or the new state allocation.

#### *State Expenditure Limit.*

When calculating the expenditure limit for fiscal years 2014 through and including fiscal year 2018, the state expenditure limit committee will not rebase the limit by adjusting for actual expenditures in the previous fiscal year.

**Appropriation:** None.

**Fiscal Note:** Requested on April 18, 2013.

**Effective Date:** This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for Sections 2 through 8 pertaining to changes to the prototypical school funding formula, implementation of all-day kindergarten, compensation allocations for administrative and classified staff, and changes to the TBIP which take effect September 1, 2013;

and Section 10 pertaining to full implementation of the revised pupil transportation funding formula which takes effect September 1, 2014.