

HOUSE BILL REPORT

HB 2955

As Reported by House Committee On:

Education
Appropriations

Title: An act relating to creating a joint task force on K-12 finance.

Brief Description: Creating a joint task force on K-12 finance.

Sponsors: Representatives Hunter, Jarrett, Haigh, Cox, Tom, Schual-Berke, Kagi, Quall, Ruderman, Hunt, Santos, Armstrong, Nixon, O'Brien, Rockefeller, Edwards, Linville, Wallace, Conway and Morrell.

Brief History:

Committee Activity:

Education: 2/4/04, 2/5/04 [DPS];

Appropriations: 2/9/04, 2/10/04 [DP2S(w/o sub ED)].

Brief Summary of Second Substitute Bill

- Creates a task force to study the school finance system and to propose alternatives to that system.
- Describes a set of principles upon which to base the alternative finance systems.
- Requires a report to the Legislature by October 1, 2006.

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; McDermott, Vice Chair; Talcott, Ranking Minority Member; Tom, Assistant Ranking Minority Member; Anderson, Cox, Haigh, Hunter, McMahan, Rockefeller and Santos.

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 1980s 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.

Summary of Substitute Bill:

The joint task force on K-12 finance is created to study the current financing structure and to develop alternative school funding models. The task force will include the Governor and the Superintendent of Public Instruction (SPI) or their designees, and eight members of the Legislature, two from each major caucus of the House of Representative and the Senate respectively. The Governor will appoint the chair of the task force.

The task force will form a subcommittee that includes educators, principals, administrators, school directors, educational service districts, the Gates Foundation, the Center for Reinventing Education and organizations representing employers and employees.

Staff support will be provided by the Office of Financial Management (OFM), the Office of the Superintendent of Public Instruction (OSPI), and legislative committee staff. The members of the task force and the advisory committee will have their travel expenses reimbursed by their own agencies and organizations.

The task force will compare the state's school funding system with those in other states that link their finance system to education reform and expected levels of student achievement. It will design alternative school finance systems that reflect a set of principles. The principles include funding equity, the recognition of staffing costs,

funding stability and predictability, local flexibility, accountability, and a split between local and state funding responsibilities. One or more of the alternatives will be based on the existing expenditure level for public schools. Other alternatives may include new or additional funding.

The task force will also consider alternative compensation models that attract and retain high performing teachers. It may consider compensation systems that reward teachers for improving skills and knowledge that lead to improved student achievement and those that recognize regional cost of living differences. The task force will also review the role and appropriate compensation for noncertificated staff.

The task force will report its findings and recommendations to the Legislature by October 1, 2006. The act expires on June 30, 2007.

Substitute Bill Compared to Original Bill:

The task force is expanded to include eight rather than four legislators. The task force will form an advisory group that includes broad representation from the educational community, employer and employee organizations, and two members who were formerly included on the task force. The task force will review constitutional funding requirements. It will not be required to consider compensation models that recognize superior performance and it will include at least one alternative model within existing revenue levels. The OFM and the OSPI as well as legislative committee staff will help support the task force. Each agency or organization is responsible for reimbursing the travel expenses of its members. Technical corrections are made and the emergency clause is removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The state has not seriously reexamined its financing system for the public schools since the 1970s and society's expectations for students have changed dramatically over those years. One dramatic change occurred when the state, through education reform, moved from a seat-time to a performance-based accountability system for the public schools. That change has never been reflected in the funding structure provided to those schools. Since one of the best ways to discover what a society values is to examine how the society spends its money; one of the best ways to determine what society values in education is to discover how it spends its education dollars. In this state, our education dollars are driven out based on seat time. It is high time they were

driven out based on the educational needs of children instead. The state needs a new funding model that aligns its expectations for students with the resources available for the education of those students. The state also needs to examine the funding issue differently, considering the tools schools need to make sure all children can reach state standards rather than using formulas such as the number of teachers per thousand students. It also needs to include in that examination parental expectations, the requirements of a changing world, the ways to appropriately compensate and encourage excellence in teachers, and the need of some students for extra time and assistance. The funding study needs to consider funding from the aspect of adequacy, equity, inflation, and regional cost differences. Support for the funding study is widespread and is the first legislative priority of many groups representing various educational interests.

Testimony Against: None.

Persons Testifying: (In support) Representative Hunter, prime sponsor; Megan Atkinson, Office of the Superintendent of Public Instruction; Donna Obermeyer, Washington State Special Education Coalition; Mary Kenfield, Barb Billinghamurst, and Jean Strother, Parent Teacher Association; Janice Greer, Washington Federation of Teachers #461; Thelma Jackson, African-American Think Tank; Lorraine Wilson, Tacoma Public Schools; Gary King, Washington Education Association; and Rainer Houser, Washington Association of School Principals.

Persons Signed In To Testify But Not Testifying: (In support) Dan Steele, Washington State School Directors' Association; Kathleen Lopp, Washington Association for Career and Technical Education; and John Dekker, Washington Association of School Administrators.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Education. Signed by 25 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Buck, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

Minority Report: Do not pass. Signed by 2 members: Representatives Chandler and Clements.

Staff: Denise Graham (786-7137).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Education:

The task force will include only legislators. No advisory committee is required. The findings and recommendations of the task force must be adopted by majority vote. The task force will examine state funding and school district expenditures for school levies, levy rollbacks, and levy equalization; the Transitional Bilingual Instruction program; special education including the Safety Net program; food service funding; and school facility construction and modernization. The task force will examine the current definition of basic education to determine its alignment to education reform. It will hold at least nine meetings, one in each educational service district, to take public comment on the existing definition and new possible definitions. Reference to local funding is removed as one of the principles of a new funding structure. In reviewing compensation levels for teachers, the task force may recognize the need for appropriate compensation to cover the costs of continuing education and professional development.

Appropriation: None.

Fiscal Note: Available on the original bill and applies to the substitute bill.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: Our K-12 finance system is 25 years old. A lot has changed since its creation, including the expectations on students. There has been a decrease in unskilled jobs, so kids need to know more today than ever before. A lot of money is at stake, so it is difficult to discuss. But we need to ask whether the money is being spent in the most effective way and whether it is enough. This is a priority issue for the Washington Education Association and for other education groups.

Testimony Against: None.

Persons Testifying: (In support) Representative Hunter, prime sponsor; and Randy Parr, Washington Education Association.

Persons Signed In To Testify But Not Testifying: None.