

SENATE BILL REPORT

SB 5191

As Reported By Senate Committee On:
Early Learning, K-12 & Higher Education, January 31, 2005

Title: An act relating to an education finance study.

Brief Description: Providing for a comprehensive K-12 education finance study.

Sponsors: Senators Weinstein, Esser, McAuliffe, Swecker, Eide, Poulsen, Brown, Kastama, Schmidt, Spanel, Berkey, Rockefeller, Rasmussen, Jacobsen, Kline and Kohl-Welles.

Brief History:

Committee Activity: Early Learning, K-12 & Higher Education: 1/24/05, 1/31/05 [DP-WM, DNP].

SENATE COMMITTEE ON EARLY LEARNING, K-12 & HIGHER EDUCATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Berkey, Carrell, Eide, Kohl-Welles, Pridemore, Rasmussen, Schmidt, Shin and Weinstein.

Minority Report: Do not pass.

Signed by Senators Mulliken and Schoesler.

Staff: Brian Jeffries (786-7422)

Background: The state Constitution (under Article IX, Section 1) 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.

During the 2004 interim, the House of Representatives organized a House K-12 Finance Workgroup that studied the finance structure for the state's public schools. The study concluded that the basic finance structure was sound to the extent that it is driven by student enrollment and staffing ratios, and attempts to address special needs; however, the workgroup

found that there were structural flaws in our state funding formulas in the areas of teacher compensation, special education, transportation, the Learning Assistance Program, and grandfathered local levy limitations that warranted further study.

Summary of Bill: The K-12 finance study executive committee is created to conduct a comprehensive K-12 education finance study. The comprehensive study must address the constitutional and legal requirements of the current finance system and the impact of the goals of the current education reform on the system, the strengths and weaknesses of the current finance formulas and how those formulas affect school district operations and performance, potential changes to the current finance system, and a review of the funding systems in at least five other states.

The executive committee includes the Governor and the Superintendent of Public Instruction or their designees; one member of each major Senate caucus appointed by the President of the Senate; and one member of each House of Representatives caucus appointed by the Speaker of the House of Representatives.

The executive committee will select the person or entity to conduct the study and approve the expenditure of funds. The executive committee must form an advisory committee with the members appointed jointly by the Governor and the Superintendent of Public Instruction including representatives of school boards, school superintendents, school principals, school business managers, certificated instructional staff, classified school employees, parents, business, and the public. The advisory committee will advise both the executive committee and the person or entity conducting the study.

The study must be completed by December 10, 2005, and the results reported to the Governor, the Legislature, and the Superintendent of Public Instruction.

Appropriation: None.

Fiscal Note: Requested on January 18, 2005.

Committee/Commission/Task Force Created: Yes.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: While there have been numerous studies of the K-12 finance system since the 1970's, the funding formulas and finance structure of the K-12 education system has been virtually unchanged since that time. Additionally, the impact of our state's current education reform has been significant, not only in terms of increased student achievement but also increased burden upon the educational system in terms of cost and effort. With the impending new graduation requirements, especially the Certificate of Academic Achievement, are about to have a major impact on the system, now is the time for the state to take a comprehensive and through examination of the K-12 education finance system.

Testimony Against: None.

Who Testified: PRO: Terry Bergeson, State Superintendent of Public Instruction; Lisa MacFarlane, League of Education Voters; Randy Parr, Washington Education Association; Rainer Houser, Association of Washington School Principals; Barbara Mertens, Washington Association of School Administrators; Karen Madsen, Everett School District Board of

Directors; Nancy Atwood, AEA; Mary Kenfield, Washington PTA; Barbara Ann Galler, Parent; Jean Strother, teacher; Suzanne Weaver, Parent.