

**Final Report of the  
Joint Task Force on  
Basic Education Finance**

**January 14, 2009**

**Report to the  
Washington State Legislature  
As Directed by SB 5627, 2007 Legislature**



# Joint Task Force on Basic Education Finance

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Superintendent of Public Instruction  
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January 14, 2009

The Honorable Christine O. Gregoire  
Governor of Washington  
P.O. Box 40002  
Olympia, WA 98504-0002

The Honorable Brad Owen  
Lieutenant Governor of Washington  
P.O. Box 40482  
Olympia, WA 98504-0482

The Honorable Frank Chopp  
Speaker of the House  
P.O. Box 40600  
Olympia, WA 98504-0600

Dear Governor Gregoire, Lieutenant Governor Owen, and Speaker Chopp:

As required by Senate Bill 5627, I am submitting the Final Report of the Joint Task Force on Basic Education Finance. Attached to the Final Report are five minority reports submitted by individual Task Force members.

Developing education finance and related policy recommendations has been every bit as challenging as it is essential to the future of our state. Task Force members deserve to be commended for their commitment, their insights, and their civility. I have been honored to serve with them.

The Task Force report would not have been possible without the expertise and dedication of Director Roxanne Lieb and the staff of the Washington State Institute for Public Policy, Assistant Superintendent of Public Instruction Jennifer Priddy, Ben Rarick and Barbara McLain of the House Office of Program Research, and Susan Mielke and Bryon Moore of Senate Committee Services.

At the final meeting, Task Force members voted to include the attached statement to this letter of transmittal.

Sincerely,



Dan Grimm  
Chair  
Joint Task Force on Basic Education Finance

Statement from the Joint Task Force on Basic Education Finance:

*We are aware of the state's financial circumstances and the difficult choices facing state leaders. However, the Task Force believes that all current K–12 funding should be retained. Numerous studies have demonstrated that the state's K–12 system is underfunded. To make cuts to the education of the state's children would be contrary to the paramount duty that is so clearly stated in our Washington State Constitution.*

Adopted December 9, 2008

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<http://www.leg.wa.gov/Joint/Committees/BEF/>



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# Acknowledgments

The Task Force would like to thank several individuals who contributed technical assistance to the deliberations of the Joint Task Force on Basic Education Finance.

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## **EXECUTIVE SUMMARY**

### **Education: The Paramount Duty**

“It is the paramount duty of the state to make ample provision for the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex.”

– Article IX, Washington State Constitution

This provision of our constitution seems perfectly clear, but for most of our state’s history, we have struggled to implement it.

Today’s laws reflect multiple waves of court decisions and education reforms. In 1978, a state Supreme Court decision reiterated the state’s constitutional obligation to pay for basic education, and that court decision resulted in the creation of the funding formulas and levy laws now in the Revised Code of Washington (RCW).

Layered over those 1970s-era funding formulas is the state’s 1993 school reform legislation, which established the learning goals now in the RCW. The 1993 law recognized that dramatic changes in our economy and technology had raised the bar for students, and that higher levels of skill and knowledge would be required for meaningful participation in the emerging knowledge-driven world.

In 2006, Washington Learns—a Governor-led study of Washington’s cradle-to-career education system—called for raising the educational attainment of citizens even further, noting that all students will need some form of post-secondary education or job training, and that our state’s employers also need more people with baccalaureate and advanced degrees, especially in math, science, engineering and health care.

Washington Learns also led to the creation of the state’s Department of Early Learning and expansion of the state’s early learning efforts. Recent research has highlighted the importance of ensuring that all children “learn to learn” in the crucial first years before they begin kindergarten. Early learning opportunities were also identified as a critical part of the state’s efforts to close the achievement gap between children from low-income families and those from more economically privileged families.

### **The Joint Task Force on Basic Education Finance**

So what exactly is basic education in the 21st century? How do we know whether the state is meeting its constitutional obligation to fully fund it, in accord with the constitution’s clarion call to make it our “paramount duty”?

Following the work of Washington Learns, the Joint Task Force on Basic Education Finance (Task Force) was commissioned to answer these questions, and to provide the missing link between the state’s learning goals and its funding formulas. The Task Force sought ways to move from piecemeal reform and episodic patchwork to a coherent, durable, and transparent system that lives up to our constitutional mandate to define and fully fund basic education.

The Task Force that took on this challenge included legislators, educators, a representative of the Governor, and a local school board member. For 17 months, we worked to craft answers to these daunting questions. This report presents our conclusions, and proposes legislative action to implement them over the next six years.

## **The Definition of Basic Education**

The State Board of Education, which sets high school graduation requirements, recently proposed that the state increase the current number of required courses from 19 to 24, and specify a more rigorous distribution of required subjects. This proposal, called “Core 24,” recognizes the need for all students to graduate from high school ready for post-secondary education, apprenticeship programs, or other job training.

The Task Force supports this change, and its definition of basic education begins with the need to implement Core 24. Thus, the starting point for the Task Force’s recommended definition of basic education is the opportunity for all students to meet the new, more rigorous high school graduation requirements proposed by the State Board of Education. To make achievement of this goal possible for all students, basic education must include pre-school for children from low-income families, specialized instruction for English language learners and students with disabilities, and extra time and teaching for struggling students. The definition of basic education must also include the means to achieve these goals, including the associated funding formulas.

The Task Force’s most important recommendation is to link the goals of education to the means of achieving those goals, and to the necessary funding formulas required to make “ample provision” for the education of all children. This should include all the elements described below in the legal definition of “Basic Education.”

This definition means that the state is obligated to fund a program of education sufficient to provide every child in Washington with the opportunity to meet the graduation requirements set by the State Board of Education.

The Task Force recommends a specific program of education based on its broad review of education research, but recognizes that individual districts will need flexibility to respond to unique differences in

their populations. The program we recommend has significantly more instructional time than current state funding provides, which is necessary to meet the increased demands of the Core 24 program.

The Task Force recommends a system of allocations to school districts that will provide smaller class sizes for both academic and career and technical education programs, and additional days for teacher professional development. The allocation formulas also provide increased funding for school counselors, teacher-librarians and other specialist professionals, and funding for classified staff, school administration, and other costs. All these allocations are based on the number of students to be served.

These funding allocations are more specific and more easily understood than current funding formulas. This clarity will help citizens and the legislature gauge the impact of funding allocations and measure results. In our current funding system, we are missing this vital feedback mechanism.

The Task Force recommends that the legislature also include the following elements in the funding formulas, as they are necessary adjustments that enable ALL children to take advantage of the core program.

- **Early learning**

Because many students will need pre-school to be prepared to succeed in our public schools, the Task Force recommends including pre-school for all children from low-income families in the definition of basic education. The proposed pre-school program would be funded based on the federal Head Start model.

- **Demographic adjustments**

The Task Force recommends specific allocations sufficient to fund additional time and resources for struggling students, students who need to learn English, students with disabilities, and students who live in state residential facilities.

Allocations for additional time and instruction for struggling students will be based on the percentage of students in a school who come from low-income families, because this is the best predictor of the level of need. However, these funds will be used to serve all students who need extra help, regardless of family income.

The Task Force did not include programs for highly capable students as part of basic education, but strongly recommends that districts continue to develop programs best suited to their students' specific needs. We also urge the state to continue to fund these programs.

The quality of instruction in the classroom is the most important factor in determining student learning outcomes, and thus the Task Force also recommends revamping the teacher preparation and compensation system.

- **A new compensation system for new teachers**

Quality teaching is the most vital investment we make in education, and so improving teacher quality is the investment that matters most.

A new career ladder for teachers will require a new model for teacher compensation that provides increases in pay for increases in classroom effectiveness, based on new categories of residency, professional, and master teachers.

The new salary allocation model also provides for mentoring of new teachers by master teachers, a mechanism for comparing educator salaries to similar non-education salaries in regional labor markets, school-wide bonuses for improving student learning, and special incentives to attract teachers in shortage areas such as math, science, bilingual education, and special education.

- **A new system of teacher preparation and a new career ladder**

The current system of teacher preparation assumes that more post-graduate coursework and degree attainment translates into increased student learning, but research contradicts this belief. The Task Force recommends that the state invest in intensive mentoring of new teachers by expert teachers, coupled with an ongoing system of objective, structured peer review of teachers' classroom practice, and school-wide rewards and incentives for improvement.

The Task Force recommends creation of a career ladder for teachers that includes three levels: residency, professional, and master teacher. Moving up this career ladder will require successively higher scores on an objective, structured peer review process. The Professional Educator Standards Board will create this peer review process and set scores for entry into the teaching profession and advancement on the career ladder. The master level will be equivalent in skill and effectiveness to teachers who have earned National Board for Professional Teaching Standards certification.

Peer reviews will be performed by master teachers who have no conflicts of interest.

## **Funding and Oversight**

Today's education funding system is an accumulation of patches, remedies for specific problems, and arcane formulas that are fully understood by only a handful of people. The allocation models created by the Task Force replace this rickety structure and keep only those pieces that contribute to the structural integrity of the new system.

The Task Force recommends retaining the provisions of Initiative 732 (not as part of basic education) and folding Initiative 728 into the basic education core allocation. This initiative provides cost of living increases for educators and school staff. The Task Force also proposes to continue a small school district funding enhancement, in recognition of the diseconomies of scale in small districts.

To promote fiscal accountability, the Task Force proposes a requirement for all school districts to use a new common fiscal accounting and budgeting system. A new statewide student data system is also proposed to better track information about students, test scores, teachers, and overall student achievement, and to provide for quick transfer of student records when students change schools. Recognizing that parental involvement is the key to educational success, this new data system will also provide parents with a better means to stay involved in their child's education, allowing them easy access to records concerning their child's grades, attendance, and homework completion.

The Task Force supports implementation of the State Board of Education's accountability principles, which outline a system for intervention and improvement in schools where student achievement is insufficient.

## **Local School Levies and Levy Equalization**

Local levies should remain a part of the way Washington funds public education. They provide flexibility for local communities to go beyond the basics, use local funds to enrich their school programs, experiment and innovate, and tailor programs to local needs.

The ability of local districts to experiment and innovate will help drive educational improvement, letting districts innovate with new technologies and enhanced teacher training. Local levies also ensure that communities are connected with their schools and increase the likelihood of community support for public schools, support for state funding of basic education, and community accountability for continuing educational improvements.

Local levies should be limited and equalized, with consistent formulas and no grandfathering of variable rates. These changes are necessary to ensure a basic equity across the state. Unlike the current system, the new levy system should be based on how much local support is permitted per student, rather than on either local property values or the revenues generated by the district.

These are complex and technical questions. The legislature should create a technical team to develop a new local levy and equalization system for implementation in the 2011–13 biennium and later.

### **Costs and Phase-In of the New System**

A model was developed to estimate costs of the new system. Cost estimates involving large-scale system changes require a number of assumptions about future student and staff behavior. Future enrollment and demographic changes also factor heavily into future costs. With more time and a more sophisticated model, we would be able to further refine and more accurately gauge the additional costs involved.

The goal, however, is to phase in these changes over six years. It will take time for technical experts to develop details of the new formulas, and for schools, districts, and the state to create the support systems necessary for changes in teacher preparation, compensation, mentoring, and peer review. Reductions in class size will also create additional demand for teachers and other school staff, and these positions cannot be filled quickly.

It is important to recognize that a significant part of the proposed increases in state allocations will cover expenses now being paid for by local school levies, including many that most parents would call “basic education.” Supplanting these expenditures with state funding will allow local districts to reduce their levies, thus reducing the total impact on taxpayers.

The phase-in plan should be flexible, but the state’s commitment to creating the new systems and providing full funding for basic education should be incontrovertible.

## **1. TASK FORCE ASSIGNMENT**

The 2007 Washington State Legislature created the Joint Task Force on Basic Education Finance to review the definition of basic education, and to develop options for a new funding structure. The Task Force was asked to build on the foundational work of Washington Learns, a 2005–06 Governor-led effort that analyzed and recommended improvements to Washington’s early learning, K–12, and higher education systems. (Exhibit 1 outlines the specific legislative direction provided to the Task Force.)

The Task Force was composed of 14 members. Five, including the Chair, were appointed by the Governor; the other members included eight legislators and the superintendent of public instruction. (Exhibit 2 lists Task Force members.)

In 2007 and 2008, the Task Force met 17 times for a total of 25 days (see Exhibit 3). Early meetings included staff presentations on basic education finance history, current funding formulas, and research evidence. Later, the meetings included public hearings, presentations from nationally known experts, and initial Task Force discussions. Funding proposals were first presented to Task Force members in June 2008. Formal Task Force proposals for preliminary decision-making were distributed in October and November 2008. The Task Force website, <http://www.leg.wa.gov/Joint/Committees/BEF/>, includes all interim reports, presentations, and links to meeting podcasts from the group’s deliberations.

This document summarizes the recommendations of the Task Force following its final meeting on December 8-9, 2008.

## Exhibit 1

### SB 5627 Assignments for the Joint Task Force on Basic Education Finance

- ✓ “Review the definition of basic education and all current basic education funding formulas.”
- ✓ “Develop options for a new funding structure and all necessary formulas.”
- ✓ “Propose a new definition of basic education that is realigned with the new expectations of the state’s education system.”
- ✓ “[R]eview and build upon the following:
  - Reports related to K–12 finance produced at the request of or as a result of the Washington Learns study, including reports completed for or by the K–12 advisory committee;
  - High-quality studies that are available; and
  - Research and evaluation of the cost-benefits of various K–12 programs and services developed by the institute.”
- ✓ The recommended “funding structure should reflect the most effective instructional strategies and service delivery models and be based on research-proven education programs and activities with demonstrated cost benefits.”
- ✓ “Consider the following issues:
  - (a) Professional development for all staff;
  - (b) Whether the compensation system for instructional staff shall include pay for performance, knowledge, and skills elements; regional cost-of-living elements; elements to recognize assignments that are difficult; recognition for the professional teaching level certificate in the salary allocation model; and a plan to implement the pay structure;
  - (c) Voluntary all-day kindergarten;
  - (d) Optimum class size, including different class sizes based on grade level and ways to reduce class size;
  - (e) Focused instructional support for students and schools;
  - (f) Extended school day and school year options;
  - (g) Health and safety requirements”; and
  - (h) “Staffing ratios and other components needed to support career and technical education programs.”\*
- ✓ “The recommendations should provide maximum transparency of the state’s educational funding system in order to better help parents, citizens, and school personnel in Washington understand how their school system is funded” and “be linked to accountability for student outcomes and performance.”
- ✓ “In light of recent court decisions, the task force shall specifically consider issues related to equalizing school employee salary allocations among school districts.”\*
- ✓ Report to the legislature by December 1, 2008.\*

*\*Added in 2008 legislation*



**Exhibit 2**

**Washington State Joint Task Force on Basic Education Finance**

Dan Grimm, Chair  
Representative Glenn Anderson  
Terry Bergeson, Superintendent of Public Instruction  
Senator Lisa Brown  
Cheryl Chow, Board President, Seattle School District  
Laurie Dolan, Governor's Executive Policy Office  
Senator Mike Hewitt  
Senator Janea Holmquist  
Representative Ross Hunter  
Superintendent Bette Hyde, Bremerton School District  
Superintendent Jim Kowalkowski, Davenport School District  
Representative Skip Priest  
Representative Pat Sullivan  
Senator Rodney Tom

Alternates:

Representative Kathy Haigh  
Representative Fred Jarrett

**Exhibit 3**

**Washington State Joint Task Force on Basic Education Finance  
Meeting Days**

September 10, 2007  
October 22, 2007  
November 19-20, 2007  
December 13, 2007  
January 11, 2008  
March 24, 2008  
April 14, 2008  
May 6, 2008  
June 9-10, 2008  
July 8, 2008  
August 6, 2008  
September 15-16, 2008  
October 20-21, 2008  
November 10-11, 2008  
November 17-18, 2008  
November 24-25, 2008  
December 8-9, 2008

## 2. BASIC EDUCATION DEFINITION

*Task Force Recommendation:*

**Define basic education as the opportunity for all students to meet new, more rigorous high school graduation requirements (Core 24)** proposed by the State Board of Education. To make achievement of this goal possible for all students, basic education should include pre-school for children from low-income families, specialized instruction for English language learners and students with disabilities, and extra time and teaching for struggling students.

### Key Ideas

Current Washington law calls for all students to have “the opportunity to become responsible and respectful global citizens, to contribute to their economic well-being and that of their families and communities, to explore and understand different perspectives, and to enjoy productive and satisfying lives.” Current law also calls for students to learn the skills to:

- “Read with comprehension, write effectively, and communicate successfully in a variety of ways and settings and with a variety of audiences;
- Know and apply the core concepts and principles of mathematics; social, physical, and life sciences; civics and history, including different cultures and participation in representative government; geography; arts; and health and fitness;
- Think analytically, logically, and creatively, and to integrate different experiences and knowledge to form reasoned judgments and solve problems; and
- Understand the importance of work and finance and how performance, effort, and decisions directly affect future career and educational opportunities.”

The connection must be strengthened between these goals and both the funding or programmatic requirements needed to ensure that students have the opportunity to meet them.

In addition, students need to learn progressively higher levels of skill and knowledge as our society and economy evolve. The State Board of Education now recommends raising state high school graduation requirements from 19 to 24 credits (this proposal is called “Core 24”), with course requirements that will prepare students for postsecondary education, job training or apprenticeship programs, lifelong learning, and citizenship. (Because this change will have a fiscal impact, it must be approved by the legislature before taking effect.)

Given this new benchmark for what students need to know and do to lead “productive and satisfying lives,” the definition of basic education must include educational programs that provide all students

with the opportunity to earn the required 24 course credits and other state-established requirements for high school graduation.

Students have differing needs, and so the new definition of basic education, and the new funding structure, should include specific programs to address those needs: early learning for children from low-income families, extra time and teaching for struggling students, programs for English language learners, and special education services for students with disabilities.

Students from low-income families are the most likely to start kindergarten without the academic and social skills they need to succeed. Therefore, the definition of basic education includes pre-school for three- and four-year olds so that they can begin public school at the same starting line as their peers.

The complete text of the proposed definition is in Appendix A.

During the Task Force discussions, members noted that the statutes related to basic education are not consolidated in the Revised Code of Washington (RCW). In the future, it would be helpful for policymakers and citizens alike to have access to a single statutory reference point or RCW chapter for the program of education and financing system that the legislature defines as basic education.

### **3. INSTRUCTIONAL PROGRAM OF BASIC EDUCATION**

*Task Force Recommendation:*

**Adopt a specific description of the educational opportunities** that all students need in order to graduate from high school ready for post-secondary education, job training, apprenticeships, and lifelong learning and citizenship.

#### **Key Ideas**

All students should receive the instruction necessary to prepare them to complete the proposed Core 24 class requirements and to graduate from high school prepared for post-secondary success. An instructional program of basic education must include sufficient time, expertise, resources, and support so that students with a wide variety of educational needs will all be able to achieve this goal.

Students from low-income families are also likely to need extra time and teaching during their K–12 years. Therefore, the funding system provides extra resources to schools, based on the percentage of students from low-income families, for this purpose. However, the percentage of low-income students in a school is intended to be a measure for predicting the level of need for additional time and teaching.

The intent of the Task force is that schools will use these resources for all struggling K–12 students, regardless of family income.

Basic education should also include specialized instruction for students whose first language is not English, and special education for students with disabilities.

### **Summary of Proposed Allocations**

- Pre-school programs for three- and four-year-olds from low-income families.
- Allocations sufficient to provide the time and teaching needed for students to have the opportunity to successfully complete the Core 24 high school graduation requirements:
  - ✓ Middle school (grades 7–8) and high school (grades 9–12): 1,080 hours/year (sufficient to fund six instructional hours per day for 180 days, with the understanding that some schools may choose different ways of scheduling the school day);
  - ✓ Elementary school (grades 1–6): 1,000 hours/year;
  - ✓ Kindergarten: 1,000 hours/year (for voluntary full-day kindergarten) or 450 hours/year (for half-day kindergarten);
  - ✓ Institutions and residential programs, which provide year-round education programs: 1,320 hours/year;
  - ✓ Regularly scheduled teacher preparation periods;
  - ✓ The hours-per-year definitions apply to each grade level and may not be averaged across grade levels; and
  - ✓ In recognition of the additional annual hours of instructional time, allocations to school districts for teacher full-time equivalent units will be adjusted to maintain established staff workloads.
- The hypothetical model schools, on which the allocation system is based, define elementary schools as grades K–6 and middle school as grades 7–8, but school districts can design their schools’ grade configurations based on local preference. The allocation model will be adjusted to accommodate either 1,000 or 1,080 instructional hours per year to sixth grade students, depending on their grade configurations in middle school. The Office of Superintendent of Public Instruction will implement rules to allocate the appropriate resources to each school district. (This provision applies to all references to middle schools in the report.)
- Extra time and teaching for struggling students.
- Specialized instruction for English language learners.
- Special education for students with disabilities.
- Instruction for students in institutions and residential programs.

- Unless the district receives a waiver approved by the State Board of Education as provided below, each school district’s basic education instructional program will consist of a minimum of 180 school days per school year in all grades, and a minimum of 180 half-days or equivalent in kindergarten, to be increased to a minimum of 180 full-time days, consistent with the state’s progress in reaching its goal of universal full-day kindergarten.
- Waivers from these requirements are limited. The State Board of Education may authorize waivers only within these limits:
  - ✓ A school district may apply for a waiver of the minimum instructional school year if necessary to provide a very specialized instructional program. The district’s application must describe the educational advantages of offering the program for fewer than 180 days, and demonstrate how the minimum annual instructional hour requirement for students will be maintained;
  - ✓ The total number of 180-day waivers authorized statewide may not include more than 2 percent of the overall student population; and
  - ✓ 180-day waivers will not be granted for purposes of professional development or teacher/parent-guardian conferences.

#### **4. CORE ALLOCATIONS FOR THE BASIC EDUCATION INSTRUCTIONAL PROGRAM**

##### *Task Force Recommendation:*

**Allocate funding to local school districts based on hypothetical model schools** that establish funding levels for the required number of teachers and other staff; maintenance, supplies, and other operating costs; specialized programs for struggling students, English language learners, and students with disabilities; and pre-school for low-income four- and five-year-olds. Funding for highly capable students should be provided as an enhancement to basic education.

##### **Key Ideas**

The proposed finance model builds a program of basic education based on three hypothetical model schools: an elementary school with smaller class sizes in the primary grades (K–3) than in grades 4–6; a middle school with grades 7–8; and a high school that includes grades 9–12. (Local districts may choose different grade configurations than this model, which is for allocation purposes only.)

The distribution formula is an optimal, long-term goal. Implementing the degree of change required by this new formula will require a well-planned strategy over the next three biennia at a minimum.

The Task Force also recognizes that the global demands on our students and our education system will continue to evolve, and that the formula proposed today may need to be modified to reflect continuing change. This recommendation is presented as a template that can be adapted by the legislature as required.

**Exhibit 4. Summary of Recommended Staffing Levels**

<b>Student and Staff Schedule</b>			
	<u>High School</u>	<u>Middle School</u>	<u>Elementary School</u>
Total Instructional Blocks	6	6	5
Total Blocks for Planning, Preparation, Professional Development	1	1	1
Teacher Course Load (Courses/Day)	5	5	4
Teacher Course Load Expressed as a Percentage	83%	83%	80%
Full-Day Kindergarten Program	n/a	n/a	yes

<b>Class Size</b>		
	<u>High School</u>	
	<u>FRPM* &lt;=50%</u>	<u>FRPM &gt;50%</u>
Standard Classroom	25	22
Career/Technical	16	16
Lab Science	16	16
Advanced Placement/International Baccalaureate	16	16
	<u>Middle School</u>	
Standard Classroom	25	23
	<u>Elementary School (Grades 4–6)</u>	
Standard Classroom	25	22
	<u>Elementary School (Grades K–3)</u>	
Standard Classroom	15	15

\*Free and reduced price meals

<b>Assistance for Struggling Students</b>			
<u>Extended-Day Tutoring Assistance</u>	<u>Additional Hours per Week</u>	<u>Size of Class</u>	
Elementary School	2	5	
Middle School	2	5	
High School	2	5	
<u>Extended Year (summer school)</u>	<u>Additional Hours per Week</u>	<u>Size of Class</u>	<u>Number of Weeks</u>
Elementary School	10	10	4
Middle School	10	10	4
High School	10	10	4

<b>Assistance for English Language Learners</b>		
	Percentage of Mainstream Instruction for ELL	Class Size in ELL Classrooms
Elementary School	80%	8
Middle School	83%	8
High School	83%	8

<b>Assistance for Special Education Services</b>			
	Funding Multiple Applied to Basic Education Allocation Rate (K–12)	Funding Multiple Applied to Basic Education Allocation Rate (Birth–5*)	Cap on Enrollment
Elementary School	0.9309	1.15	12.7%
Middle School	0.9309	1.15	12.7%
High School	0.9309	1.15	12.7%

\*Students ages birth to four and those five year olds not yet enrolled in kindergarten

<b>Student Support and Other Staff (Non-Teaching Staff)</b>			
	<u>High School</u>	<u>Middle School</u>	<u>Elementary School</u>
School Prototype Sizes	600	432	400
<u>Administration and Student Support Services</u> <i>(indicated below are staff/per school)</i>			
Principals/Assistant Principals/Other Administrators	1.8	1.3	1.2
Librarians/Media Specialists	1.0	1.0	1.0
Guidance Counselors/Parent Outreach	1.5	1.0	0.0
Student Health Services (Nurses/Social Workers)	1.0	1.0	1.0
<u>Classified Staff</u>			
Office Support (Secretaries, Administrative Aides)	3.0	3.0	3.0
Maintenance (Custodians, Buildings/Grounds, etc.)	4.0	4.0	4.0
Security Staff	1.0	1.0	1.0

<b>Professional Development</b>			
	<u>High School</u>	<u>Middle School</u>	<u>Elementary School</u>
Learning Improvement Days	10	10	10
Professional Development Coordinator per School	0.75	0.5	0.5
1 mentor provided for every ___ teachers in their first 3 years of teaching.	3	3	3

<b>Non-Employee Related Costs (NERC/Student)</b>	
<u>Per Student Amount by Category</u>	
Student Technology	\$200
Textbook, Library Books, and Other Materials	\$155
Utilities	\$216
Instructional Professional Development	\$103
Central Office	\$310
All Other (e.g. maintenance, insurance, other building costs)	\$102
<b>Total</b>	<b>\$1,086</b>

**Staffing Levels for the Core Instructional Program**

***Core Teachers***

School districts can use allocated funds to hire a combination of classroom teachers and instructional aides to provide instruction and services, even though the allocation model is based on “teachers.” Because teacher allocations will be calculated using the Salary Allocation Model, which includes Learning Improvement Days (additional, non-school days beyond the 180-day school year) for professional development. The allocations presume funding for professional development for instructional aides as well as teachers.

- Elementary schools, grades K–3: Class size of 15.
- Elementary schools, grades 4–6: Class size of 25.
- High and middle schools: Class size of 25 (average across the school).
- Career and Technical Education (CTE) exploratory classes, laboratory science, and Advanced Placement (AP) and International Baccalaureate (IB) courses: staffing ratio 19:1. Grade span: 7–12 for CTE; 9–12 for AP, IB, and lab sciences.
- CTE preparatory programs: staffing ratio 16:1. These programs will lead to industry certification, apprenticeship, or postsecondary placement; 9–12 grade span.



- Skill Center Preparatory programs: staffing ratio 16:1. These courses will lead to industry certification, apprenticeship, or postsecondary placement; 11–12 grade span. Funding for administration, classified, grounds, maintenance, and other staff enhancements is at the same level of hypothetical high schools.
- Teacher-librarians, a function that includes information literacy, technology, and media to support school library media programs: 1 FTE per hypothetical school.
- Consider basing student enrollment drivers on a three-year rolling average.
- Class size adjustments for schools with more than 50 percent of students from low-income families (measured by eligibility for free and reduced price meals), with an additional adjustment to correct for lower reporting rates for eligibility for free and reduced priced meals in middle and high schools.

***Educational Staff Associates (Counselors, Nurses, and Other Specialist Professionals)***

- Nurses and social workers: 1 FTE per 400 students in elementary, 1 FTE per 432 in middle, and 1 FTE per 600 in high school.
- Guidance counselors/parent outreach: 1.5 FTE per 432 students in middle school, 1.5 FTE per 600 in high school.

***Principals and Other Building-Level Administrators***

- Elementary principal/administrators: 1.2 FTE per 400 students.
- Middle school principal/administrators: 1.3 FTE per 432 students.
- High school principal/administrators: 1.8 FTE per 600 students.
- Professional development coordinator (instructional coach): 0.5 FTE per elementary and middle school, 0.75 FTE per high school.

***Central Office Administration and Classified Staff***

The legislature needs to ensure that policies regarding classified staff are sufficient for school districts to maintain classified staffing that reflects current levels that districts employ in the 2007–08 school year plus 2.0 custodians/facilities maintenance staff per model school reflective of Task Force intent to improve facilities maintenance. The proposed distribution system will provide flexibility in staffing between teachers and instructional aides, as well as specific allocations for office, maintenance, and security staff, and a block-grant allocation for central office administration.

These levels are estimated for each hypothetical model school:

- Office support and non-instructional aides: 3 FTE per school.
- Custodians and facilities maintenance: 4 FTE per school.
- Student and staff safety: 1 FTE per school.

## **Maintenance, Supplies, and Operating Costs**

Allocate maintenance, supplies, and operating costs funding per student as follows:

- Student technology: \$200.
- Utilities: \$216.
- Curriculum, textbooks, library materials, and instructional supplies: \$155.
- Instructional professional development: \$103.
- Other building-level costs including maintenance, custodial, and security: \$102.
- Central office administration: \$310.

### ***Central Office***

Because of significant differences in administrator and classified staffing needs of school districts depending on their size, the Task Force proposes to provide a flat percentage allocation of about 6 percent for staffing costs, rather than identifying specific categories of central office staff. However, it is the intent of the Task Force to ensure, with further analysis if necessary, that the percentage allocations are sufficient for school districts to maintain current levels of central office classified and certificated administrator staff.

## **Extra Time and Teaching for Struggling Students**

Funding allocations to provide extra time and teaching for struggling students will continue to be defined as part of basic education in a categorical formula, and will replace the current Learning Assistance Program funding formula.

This funding will be based on the number of students from low-income families enrolled in a school as measured by eligibility for free or reduced price meals, because these are the students most likely to need extra help. However, schools may use these funds to help all struggling students, regardless of family income.

## **Instruction for English Language Learners**

Funding for specialized instruction for English language learners will continue to be part of basic education and funded categorically.

## **Special Education**

Special education for students with disabilities will continue to be part of basic education. The new model maintains the current multiplier: funding per student is the core allocation multiplied by .9309 for children in K–12, and multiplied by 1.15 for students ages birth to four and those five year olds not yet enrolled in kindergarten (hereinafter, birth to five). However, because the core allocation will rise, the special education allocation will also rise. In addition, the new model preserves the “safety net” process that allows extra funding for districts that have students with exceptional needs.

## **Highly Capable Students**

Funding for teaching highly capable students should be included as an enhancement to basic education. There are multiple definitions of “highly capable” that include intellectual, academic, artistic, leadership, or other special talents. The Task Force recommends the use of multiple measures to identify highly capable children. Local school districts can define highly capable as they see fit.

Although access to accelerated and enhanced instruction should not be construed as an individual entitlement for any particular child, funding should be provided for up to 3 percent of each school district’s population, identified as highly capable by the district through use of multiple objective measures.

Funds are for allocation purposes only; it is up to the school and district to determine how extra opportunities will be offered, and to whom.

## **Institutional and Residential Education**

The superintendent of public instruction shall calculate and increase the minimum allocations for institutions and residential education programs by an amount reflective of the increases in certificated instructional staff per 1,000 students for general education in prototypical schools.

## 5. EARLY LEARNING

*Task Force Recommendation:*

**Pre-school for three- and four-year-olds from low-income families will be included in the definition of basic education.**

### Key Ideas

The Task Force believes that an important purpose of public education is to help equalize opportunities for children from all demographic and income groups. To do this effectively, the Task Force intends to ensure an opportunity for students to enter kindergarten ready to succeed. Today, students from low-income families are likely to start kindergarten behind their peers, and many are never able to catch up.

Therefore, the Task Force proposes defining basic education to include funding for pre-school programs for all children age three and four whose family income is at or below 130 percent of the federal poverty level, and whose parents choose to enroll in the program.

The 2008 Legislature directed the Department of Early Learning (DEL) to develop a proposal for implementing a statewide pre-school program based on Head Start standards (HB 3168). Due to later directions from the Governor for all agencies to find budget savings, the activity was suspended. If these tasks are again undertaken at some future point, the recommendations can form the basis of a basic education pre-school program.

A statewide kindergarten readiness assessment should be adopted to provide accountability for basic education pre-schools.

In addition, the legislature should explore service delivery, program, and funding options for providing early learning services for eligible children aged birth to five, and make recommendations on how and to what extent these should be considered part of a basic education.

Funds will be appropriated on a per-student basis (initially based on current Head Start levels) to public schools either to provide pre-school programs directly, or to contract with Educational Service Districts (ESDs) and/or community-based providers. Pre-school programs (school, ESD, or community-based) must be approved by the Department of Early Learning. In providing the pre-school programs, districts shall ensure that the provisions of Article IX, Section 4, of the Washington State Constitution are adhered to and all programs are free from sectarian control or influence.

## 6. SCHOOL EMPLOYEE COMPENSATION

### *Task Force Recommendation:*

**School employee compensation should be sufficient to attract and retain highly competent teachers** and other school staff; reward increasing levels of teacher effectiveness in the classroom; provide school-wide bonuses for improvement in student achievement; be competitive with similar non-education jobs in regional labor markets; provide time for professional development; include special incentives to attract teachers in shortage areas such as math, science, bilingual education, and special education, and incentives for experienced teachers to teach in schools with a significant percentage of low-income students.

### **Key Ideas**

Today's compensation system rewards educators for earning more academic credits and degrees, but research shows little or no connection between these efforts and improved student learning. The Task Force recommends that the state invest in intensive mentoring of new teachers by successful experienced teachers, with objective peer review of classroom practice, and rewards and incentives based on improvements in teaching effectiveness.

A new compensation system based on this understanding should be established for new teachers. Incumbent teachers should be allowed to choose whether to remain in the existing system or transfer to the new one.

The compensation system should set salaries that are competitive with comparable non-education jobs, and recognize regional variations in labor markets.

The compensation system should also continue to provide robust incentives for master teachers (those who have earned National Board for Professional Teaching Standards certification) to teach in schools with a high percentage of low-income students.

Educators should also have time outside of class for professional development, including learning new course content, collaborating with peers, course planning, and other district-directed activities that have the potential to improve student outcomes.

To ensure that all students have the opportunity to meet high school graduation requirements, Washington must also increase its efforts to recruit and retain teachers for shortage areas such as math, science, bilingual education, and special education.

## A New Salary Allocation Model

The current salary allocation model (SAM) awards pay increases to teachers when they earn advanced degrees, but there is little evidence that advanced degrees improve the quality of teaching. The Task Force proposes to replace the current SAM with one that creates a career ladder for teachers with incentives for improving teacher effectiveness and student learning. The new rungs on the ladder will be: residency, professional, and master teacher. Master teachers will be those who complete certification by the National Board for Professional Teaching Standards.

Mentoring of new teachers would be provided by master teachers with objective, structured peer reviews. Funding should be provided for these activities.

The new model also creates a mechanism for adjusting salaries based on regional labor markets, so that salaries are competitive with similar jobs in similar locations.

Current teachers could remain in the current SAM or opt into the new system during the next ten years.

Exhibit 5 displays the construct of a sample salary schedule based on the principles outlined above.

**Exhibit 5**  
**Salary Survey/Labor Market Analysis for New Salary Allocation Model**

Professional Status	Experience (years)	Base Pay	Mentor Stipend	Peer Reviewer Stipend	Hard-to-Staff Supplement	School Performance Bonus	Regional Wage Adjustment
Residency	1	\$XX,XXX				\$X,XXX	(by district)
Residency	2	\$XX,XXX				\$X,XXX	(by district)
Residency	3+	\$XX,XXX				\$X,XXX	(by district)
Professional	1	\$XX,XXX				\$X,XXX	(by district)
Professional	2	\$XX,XXX				\$X,XXX	(by district)
Professional	3	\$XX,XXX				\$X,XXX	(by district)
Professional	4	\$XX,XXX				\$X,XXX	(by district)
Professional	5	\$XX,XXX				\$X,XXX	(by district)
Professional	6	\$XX,XXX				\$X,XXX	(by district)
Professional	7	\$XX,XXX				\$X,XXX	(by district)
Professional	8+	\$XX,XXX				\$X,XXX	(by district)
Master	1	\$XX,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	(by district)
Master	2	\$XX,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	(by district)
Master	3	\$XX,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	(by district)
Master	4	\$XX,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	(by district)
Master	5	\$XX,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	(by district)
Master	6+	\$XX,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	(by district)

## **State-Funded Contract Days**

The Task Force recommends that the state should increase the number of Learning Improvement Days (LIDs, or non-school days in addition to the 180-day school year) from two to ten as part of the state-funded Salary Allocation Model.

The number of contract days for teachers will be 180 instructional days, plus 10 LIDs, for a total of 190 days. State funding for LIDs must be used for professional development or other district-directed activities and may not be used for salary increases.

## **Salary Survey/Labor Market Analysis**

The state should collect information about compensation in occupations comparable to teaching and other school positions. To attract and retain the best and brightest teachers, school administrators, and other school staff, salaries must be competitive with comparable jobs. There is significant regional variation in job markets and salaries, and this variation should be reflected in what all school employees are paid.

The salary survey will include information about:

- Regional labor market differences in compensation;
- Different job descriptions/duties (e.g., math, science, special education, ELL teachers), based on other occupations; and
- Health, pension, and other benefits.

## **Pay for Performance, Knowledge, and Skills**

The state should continue to pay bonuses to teachers who earn National Board for Professional Teaching Standards (NBPTS) certification, and provide extra pay for teachers who serve as mentors and/or peer reviewers.

Teachers who earn NBPTS certification will become master teachers in the proposed Salary Allocation Model, in recognition of their increased effectiveness in the classroom and their ability to provide leadership in their schools to help their peers improve student learning.

- Continue to provide a \$5,000 bonus (adjusted for inflation in 2009 and beyond) to teachers on the current SAM who achieve NBPTS certification.
- Continue to provide an additional \$5,000 bonus (adjusted for inflation in 2009 and beyond) to NBPTS teachers on the current SAM who work in high-poverty schools.
- Provide a bonus for teacher mentors and teachers who perform peer reviews under the new certification system (described in the following section on teacher preparation).

## **School-Wide Bonuses for Improvement in Student Learning**

An incentive program should be developed to award bonuses to all school staff for significant improvements in student academic achievement. Awards will be determined based on multiple measures of student performance, including, at a minimum, narrowing the achievement gap, raising standardized test scores, and increasing student retention and graduation in secondary schools.

## **Stipends for Teachers on the Current SAM Who Earn Professional Certification**

For teachers who choose to remain on the current SAM, provide a one-time payment of \$1,000 to offset the educational costs of obtaining the Professional Certificate. This stipend recognizes that the current salary system does not specifically compensate teachers for the investment they make to meet state requirements.

## **Loan Forgiveness**

Continue to provide student loan forgiveness for teachers and other education professionals as an incentive to attract teachers to areas where there are staff shortages.

Add funding to the future teachers conditional scholarship and loan repayment program (RCW 28B.102) for teachers and educational staff associates (ESA) candidates in shortage areas such as math, science, bilingual instruction, and special education.

## **Supplemental Pay**

Restrict supplemental pay beyond the standard contract for teachers and other education professionals to activities that require additional time. (Currently, teachers often have supplemental contracts based on “time, responsibilities, and incentives.”)

Supplemental contracts must specify the minimum amount of additional time required, its purpose, and the amount of the contract. This information must be reported in a common format to the Office of Superintendent of Public Instruction (OSPI) to improve transparency and analysis.

## **Continuing Contracts**

Require new teachers to advance from residency to professional status within five years in order to be eligible for continuing contracts.



Currently, beginning teachers are employed on a provisional basis for two years. This change amends provisional status to last for up to five years, or until professional status is attained, whichever comes first. (Further explanation is in the following section.)

## **Collective Bargaining**

Make no changes to collective bargaining laws. Taken together, the recommendations regarding employee compensation solve the problems in the current compensation system. They provide greater equity, more incentives for improvement in student learning, and far more transparency. No additional changes to collective bargaining are necessary.

## **7. TEACHER PREPARATION AND CAREER LADDER**

### *Task Force Recommendation:*

**Create a teacher preparation and career ladder system** that relies on evidence-based practices that have been shown to improve student learning.

### **Key Ideas**

The current system of teacher preparation assumes that more post-graduate coursework and degree attainment translates into more student learning, but research shows this is not so. The Task Force recommends intensive monitoring of new teachers by highly effective veteran teachers combined with a system of objective, structured peer review of classroom practice, and rewards and incentives for improving student learning.

### **Career Ladder**

- Create a career ladder with residency, professional, and master levels linked with the salary allocation model.
- In order to become a new teacher and earn residency status:
  - ✓ Candidates must pass an objective, structured review of their classroom practice, conducted by the state.
  - ✓ A successful score on the review will earn an initial certificate that is non-renewable and good for five years only.

- ✓ The Professional Educator Standards Board (PESB) will design the structured review and set passing scores.
- For professional status:
  - ✓ Teachers must teach for at least two years, pass peer reviews, and earn a significantly higher score on the objective, structured review of their classroom practice than they did when they earned residency status. (The passing score will be set by the PESB.)
  - ✓ Teachers must achieve professional status within five years to continue teaching.
- For master teacher status:
  - ✓ National Board for Professional Teaching Standards certification.
- For other educational professionals, a similar career ladder, with similar mentoring, peer review, and promotion practices should be adopted.

## **Mentoring for New and Early Career Teachers**

A mentoring-based professional development program for new and early career teachers should provide intensive support during a teacher's first year in the classroom, with a progressive decrease in intensity based on need. Mentoring should be provided for up to five years, or until teachers attain professional status.

A statewide system for training and certifying master teachers to serve as mentors should be established, under the oversight of the Professional Educator Standards Board (PESB). Mentors may also be trained to become peer reviewers.

### ***Peer Reviews***

As the state salary schedule is modified through career ladders and the new residency, professional, and master teacher classifications, the peer review system must change to measure, recognize, and reward good instruction. To do this, a corps of well-trained peer reviewers should be developed and deployed. The principal is the lead reviewer and, as such, will be able to use data from peer reviews.

- Teachers' classroom practices will be observed and analyzed by master teachers who are state-certified reviewers.
- The PESB will establish standards and a process to train and certify peer reviewers and mentors.
- The PESB will establish a common and standardized review process, using multiple forms of evidence, including student performance on assessments, in-class visits, reviews of artifacts such as lesson plans, and possibly videos of actual teaching.
- Teachers who conduct peer reviews will:
  - ✓ Be trained in reviewing the practice of teaching;

- ✓ Use a uniform, structured rubric;
  - ✓ Teach the same or similar subject as the teacher being reviewed;
  - ✓ Be at the highest step in the performance and compensation system.
  - ✓ Be assigned to avoid any personal conflict of interest so they can be independent evaluators of a teacher's performance.
- The system will be overseen by the PESB and delivered through regional networks managed by the Educational Service Districts.

## **8. FUNDING AND OVERSIGHT**

### **Initiative 732**

*Task Force Recommendation:*

**Retain Initiative 732**, but not as part of basic education; I-732 provides cost of living increases in the salary allocation model for educators and school staff.

### **Initiative 728**

*Task Force Recommendation:*

**Fold Initiative 728 funds into the basic education core allocations**, and remove I-728 as a separate funding source.

### **Small School Districts' Funding Enhancements**

*Task Force Recommendation:*

**Maintain a small school district funding enhancement.**

## Levy Authority and Equalization

### *Task Force Recommendation:*

**Convene a technical team to redesign the levy equalization system** to encourage local engagement in school funding and support, and to ensure equity in per-student spending.

Local levies should remain a part of the way Washington funds public education. While the state is responsible for providing a “general and uniform system of public schools,” it is also important to provide flexibility for local communities to go beyond the basics, and to use local funds to enrich their school programs, experiment and innovate, and tailor programs to local needs.

The ability of local districts to experiment and innovate will help drive educational improvement. Local levies also ensure that communities are connected with their schools, and increase the likelihood of community support for public schools, support for state funding of basic education, and community accountability for continuing educational improvements.

Local levies should be limited and equalized to assure a basic equity across the state. Unlike the current system, the new levy system should be based on how much local support is permitted per student, rather than being based on either local property values or the revenues generated by the district. Equity requires both an equitable base (local funding per student) and a mechanism for property-tax-poor districts to provide programs substantially similar to any other district.

These are complex and technical questions. The legislature should create a technical team to develop a new local levy and equalization system for implementation in the 2011–13 biennium and later.

## Fiscal Accountability and Budgeting Data System

### *Task Force Recommendation:*

**Require all schools to use a common, state-developed, and state-funded budgeting and fiscal accountability system.**

The system will include:

- Separate accounting of state and local revenues and costs;
- A common, standardized structure for cost classifications;
- Costs linked with student outcomes data; and
- Program costs reported at the school and district levels.

State funding should support the development, implementation (including costs of necessary software), training, and auditing of the data system.

## **Student Data System**

*Task Force Recommendation:*

**The statewide student data system should include individual student standardized test scores, including scores on diagnostic and college readiness tests, and an early warning system for dropouts.**

A statewide student information system should connect information about students, test scores, teachers, and courses in real time. It should protect student privacy, but also ensure that student records are transferred quickly when students change schools.

The data system should be used by both local schools and districts and by the state to analyze where and how student achievement gains are being made, and where improvement is needed.

Recognizing that parental involvement is the key to educational success, this new data system will also provide parents with a better means to stay involved in their child's education, allowing them easy access to records concerning their child's grades, attendance, and homework completion.

## **Oversight and Accountability**

*Task Force Recommendation:*

**Implement the accountability system principles proposed by the State Board of Education (SBE).**

Components of the SBE's proposed accountability system include:

- An accountability index that uses multiple criteria to evaluate school and district performance;
- Identification of schools with exemplary performance as well as those experiencing problems;
- Voluntary targeted assistance for struggling schools;
- Timelines for school improvement; and
- Specified district actions, required by the SBE, if districts do not improve.

*Task Force Recommendation:*

**Appoint an oversight group to conduct further analysis and evaluation** of the progress on Task Force recommendations.

The Task Force recommends that an oversight/implementation group be appointed and assigned to perform further analysis and evaluation of progress on the Joint Task Force on Basic Education Finance recommendations with periodic reports to the legislature and a six-year sunset.

## 9. COST ESTIMATE

Using the expenditure model developed by House of Representatives staff, estimates were made of the total costs of full implementation of the Task Force proposal detailed in this report. We calculated three expenditure levels: one based on teacher salaries at current levels (including the 10 total learning improvement days recommended by the Task Force), and second and third cases based on teacher salaries at the comparable wage levels suggested by the Task Force consultant Dr. Lori Taylor, based on a 10-month and 12-month work year, respectively.<sup>1</sup> The Task Force directed Institute staff to provide estimates at both 10- and 12-month work years.

The estimates are based on statewide average salary levels and are not derived from salary levels assigned to the steps on the sample salary grid on page 16 of this document.

It should be noted that cost estimates of this kind involve a high level of complexity, and require a number of assumptions about future student and staff behavior. For example, to the extent that the new system requires the adoption of new salary schedules, costs will vary considerably depending upon how quickly staff can meet the requirements of the new system and progress through the salary steps. Future enrollment and poverty trends also factor heavily into future costs. Accordingly, the projections provided are good faith estimates intended to convey a range of cost estimates, rather than precise costs.

Based on the staffing levels specified by the Task Force, the maintenance, supplies, and other operating costs, as well as other increases contained in this proposal, the resulting total increase in funding is estimated at approximately \$7.5, \$8.3, and \$10.1 billion per biennium, respective to the three aforementioned teacher salary levels. These amounts represent increases of approximately 63 percent, 69 percent, and 85 percent, respectively, in budgets supporting basic education activities. To the extent that existing, non-basic education programs (such as the Student Achievement Fund) are folded into the new system—meaning the programs are discontinued and their funding applied to the new system—the percentage increases are smaller. For example, when compared to total near general fund-state funding for K–12 education (a more complete picture of state funding sources available to fund public schools) the biennial cost increase estimates reduce to \$6.3, \$7.1, and \$8.9 billion, respectively, and represent percentage increases of 48 percent, 54 percent, 68 percent. These two methodologies provide a helpful range for estimating the costs of full implementation.

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<sup>1</sup> Taylor, L. & Fowler, W. (2007, August). Data Files: NCES Comparable Wage Index, available at: <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2007397>

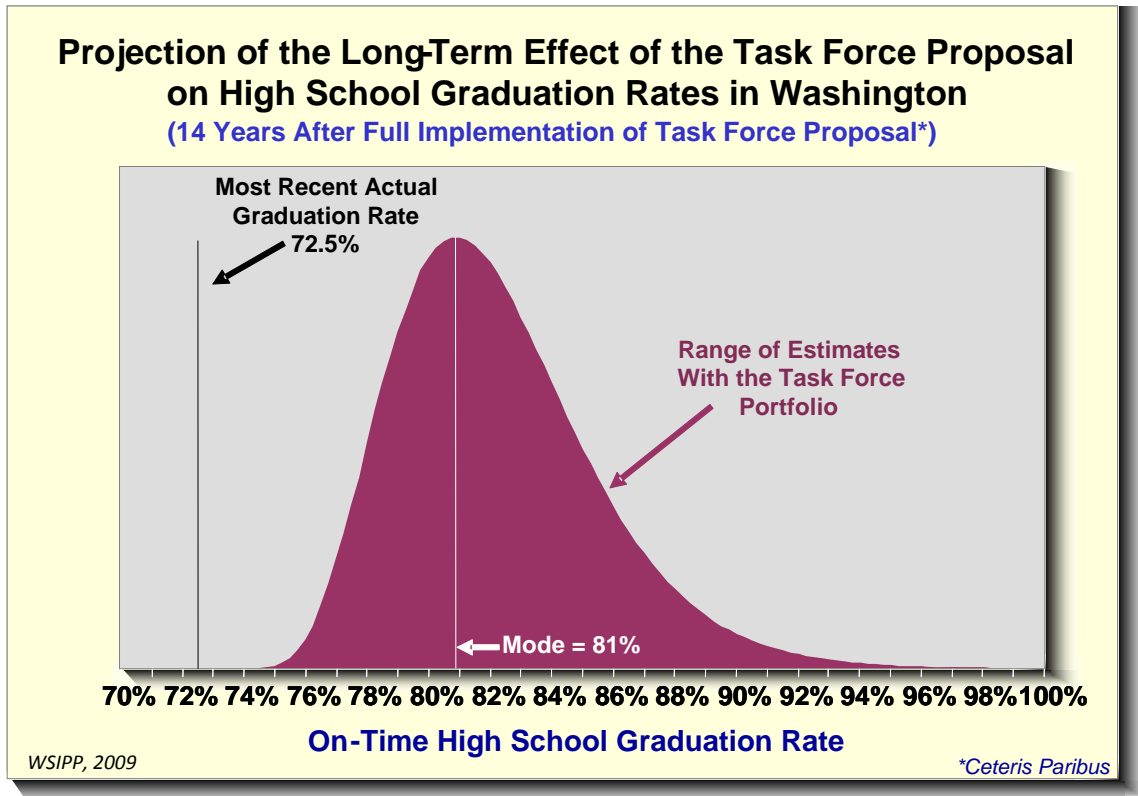
## 10. PROJECTION OF THE EXPECTED EFFECT OF THE INVESTMENT

The 2007 Washington State Legislature directed the Washington State Institute for Public Policy (Institute) to develop “a projection of the expected effect of the investment made under the new funding structure”(SB 5627). To perform this analysis, the Institute built a projection model that is described in Appendix B of this report and in other reports prepared for the Task Force. The projection model is designed to transform evidence-based inputs to the education system into estimates of statewide student gains in standardized test scores and high school graduation rates. Since any projection of this kind involves a great deal of uncertainty, Institute staff developed a modeling approach that produces a range of estimates that reflect the uncertain nature of the process of turning educational inputs into student outcomes.

As an illustrative projection, the Institute presents an estimate of how the Task Force recommendations could be expected to affect high school graduation rates in Washington. According to the Office of Superintendent of Public Instruction, the current high school graduation rate in Washington is about 72.5 percent. This is a cohort “on-time” graduation rate for school year 2006-2007. The Institute model projects how the Task Force proposal could be expected to affect this rate. We present estimates of the long-term impact of the recommendations. That is, the effects shown here are estimates 14 years after full implementation of the options to reflect the long-run effect of investments in pre-school and the other grades at the end of the education cycle in 12th grade.

The Institute projects that the Task Force recommendations would increase the modal graduation rate to about 81 percent from its current level of 72.5 percent. Exhibit 6 plots these two figures and also indicates the significant amount of uncertainty around the estimated effect of the Task Force portfolio. The total area under the curve represents all of the cases from our simulation modeling. For example, in a small number of cases, the graduation rate could be expected to be much higher—over 90 percent; in most cases, however, it would be in the 78 percent to 84 percent range, with the modal case of 81 percent. The range largely reflects the underlying uncertainty in the expected effect of educational resources on student outcomes.

Exhibit 6



## 11. PHASE-IN

### *Task Force Recommendation:*

**Development of the funding formulas for the new instructional program of basic education and the supporting compensation, personnel, and accountability systems should begin immediately, and be phased in over a six-year period,** starting in the 2011–12 school year. The phase-in plan should be flexible but ensure that the legislature is committed to full and timely implementation.

The goal of this proposal is to be ready to implement the new funding formulas in 2011–12 in school districts, which requires authorization by the 2011 Legislature and budget development beginning in mid-2010. It will take time for technical experts to develop the details of the formulas, and the 2010 Legislature will need an opportunity to review those details and provide additional statutory direction if necessary. Furthermore, the supporting systems of teacher compensation, certification, evaluation, mentoring, and accountability must be developed and ready to implement across the state.

Even given this timeframe, funding of the new instructional program will need to be phased in. No school district can reasonably expect to hire in a single year the numbers of new teachers, aides,



librarians, and other school staff that full funding will permit. The experience of California's class size reduction initiative provides valuable lessons about the educational costs of rushed hiring of unprepared staff and lack of adequate facilities to house them. Our state's previous experience with I-728 funding and Student Learning Improvement Grants (SLIGs) from the 1990s also show the value of giving school districts time to set priorities and craft high-quality programs when new resources are provided, rather than rushing to "spend the money."

The phase-in plan should be at a level of detail that permits flexibility to adapt to circumstances as they arise. However, the authorizing legislation should set parameters and priorities as guides for future legislatures. The end goal has been clearly articulated and should be placed in statute.

Within the six-year phase-in, the funding priorities should be:

- Cover the fundamental costs of operating a district with enhanced allocations for maintenance, supplies, and operating costs, and adequate salary allocations for staff.
  - ✓ The proposed funding model contains specific allocations, by category, for maintenance, supplies, and operating costs that can be adopted as soon as the new finance model is implemented and adjusted as needed for inflation.
  - ✓ OSPI will be directed to calculate the actual average salaries for the allocated categories of administrators and classified staff, plus authorized adjustments, to use when the new funding formula is implemented.
  - ✓ A working group, with legislative oversight, will develop a new Salary Allocation Model (SAM) for the legislature's consideration. The new SAM will be aligned with the mentoring, evaluation, and certification system that OSPI and PESB will design and put into place by 2012.
  - ✓ The state Department of Personnel will be directed to conduct labor market surveys so that the Office of Financial Management can develop a regional wage adjustment schedule to be applied to the SAM and to administrator and classified salary allocations, also effective by 2011.
- Expand enhanced learning opportunities for struggling and ELL students, as well as full-day kindergarten, to accelerate progress in closing the achievement gap.
  - ✓ The proposed funding model contains specific enhancements for struggling students and English language learners, which can be implemented as a priority over other enhancements.
  - ✓ A phase-in plan for full-day kindergarten has already begun and should continue.
- As soon as a quality program can be clearly defined and the delivery system developed, early learning expansion should occur.
  - ✓ The Department of Early Learning was directed to report to the Legislature in December 2009, with a proposed plan for a state pre-school program that better aligns with federal

Head Start. Due to the state's budget situation, this activity was suspended before completion. If these tasks are undertaken at some future point, the recommendation can form the basis of the basic education pre-school program.

- ✓ In the meantime, resources could be provided for school districts to conduct outreach, build partnerships, and provide curriculum and professional development to the local early learning community.
- Class size reduction should start in the early grades.
- ✓ The legislature has already demonstrated years of commitment to enhanced staffing for early grades, and this must continue as a priority.
- Core 24 should be phased in according to the State Board of Education's detailed plan.

While all parameters of the phase-in plan have not yet been articulated, it is understood that the very act of placing into statute a detailed description of the instructional program of basic education as presented in this report, along with a commitment to a six-year phase-in timetable, obligates the legislature to demonstrate that any future modifications are based on a rationale directly related to education, rather than on a purely financial basis.

## **APPENDIX A: PROPOSED DEFINITION OF BASIC EDUCATION**

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A basic education is an evolving program of instruction that must provide students with the opportunity to become responsible and respectful global citizens, to contribute to their economic well-being and that of their families and communities, to explore and understand different perspectives, and to enjoy productive and satisfying lives. Students must have the opportunity to learn the skills to:

- (i) Read with comprehension, write effectively, and communicate successfully in a variety of ways and settings and with a variety of audiences;
- (ii) Know and apply the core concepts and principles of mathematics; social, physical, and life sciences; civics and history, including different cultures and participation in representative government; geography; arts; and health and fitness;
- (iii) Think analytically, logically, and creatively, and to integrate different experiences and knowledge to form reasoned judgments and solve problems; and
- (iv) Understand the importance of work and finance and how performance, effort, and decisions directly affect future career and educational opportunities.

In order to have the opportunity to learn the basic education skills and knowledge, students must have the opportunity to complete graduation requirements of 24 credits, with course distribution requirements adopted by the State Board of Education that are intended to prepare students for postsecondary education, gainful employment, lifelong learning, and citizenship. Any change to graduation requirements proposed by the State Board that would have a fiscal impact must be approved by the legislature before taking effect.

In order to provide this opportunity to students, the state must make available resources to the various school districts to enable them to provide the following program of education. Districts may find it appropriate to modify the model program to fit the unique circumstances of their population.

In addition to the resources necessary to fund the model program, the state must provide resources that enable districts to provide supplemental instruction as necessary to provide students with a reasonable opportunity to meet the graduation requirements, including, underachieving students, English language learners receiving transitional bilingual instruction, and students with disabilities receiving special education services.

In order to take advantage of the program of basic education, some at-risk students will need early learning instructional programs.



## **APPENDIX B: Projection of the Expected Effect of the Investment, and a Zero-Based Research-Proven Option Developed by the Washington State Institute for Public Policy**

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The 2007 Washington State Legislature directed the Washington State Institute for Public Policy (Institute) to provide staff support to the Joint Task Force on Basic Education Finance (Task Force). The legislation instructed the Institute to develop “a projection of the expected effect of the investment made under the new funding structure”<sup>2</sup> proposed by the Task Force.

Separately from its assignment to staff the Task Force, the legislation also directed the Institute to analyze a zero-based, research-proven option. The legislative language indicated that “one of the options [for the Institute to analyze] must be a redirection and prioritization within existing resources based on research-proven education programs.”<sup>3</sup>

This appendix describes how we produced the expected effect of the investment portfolio recommended by the Task Force as well as the zero-based and research-based option the Institute analyzed. In both cases, the analytical goal was to project how each option could be expected to affect selected student outcomes in Washington State.

### **Procedure Used to Analyze the Task Force Recommendation**

To analyze the expected effect of the investment of the Task Force proposal, we built a projection model. In a previous report to the Task Force, we described the technical detail behind the basic model.<sup>4</sup> The model is designed to transform evidence-based inputs to the education system into estimates of student gains in standardized test scores and high school graduation rates. The model structures 14 separate time-related investment opportunities, from pre-K through 12<sup>th</sup> grade. The model applies meta-analyzed effect sizes for different educational resource options to estimate the expected gains to standardized test scores of Washington students. Based on a regression analysis conducted by the Institute, the model also estimates how the expected changes to standardized test scores can be expected to change the probability of graduation from high school, everything else being held constant.<sup>5</sup>

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<sup>2</sup> E2SSB 5627, § 2(5)(c), as amended in 2008.

<sup>3</sup> Ibid.

<sup>4</sup> A. Pennucci, S. Aos, & I. Ngugi. (2008). *September 15, 2008, Report to the Joint Task Force on Basic Education Finance*. Olympia: Washington State Institute for Public Policy, Document No. 08-09-2201. Some modifications to the model’s methodology were made after this September 2008 publication was issued, principally concerning the degree to which subsequent K–12 investments made attenuate the long-run decay rate of short-run resource changes.

<sup>5</sup> As noted in Pennucci, 08-09-2201, op. cit., most of the credible research on the effectiveness of educational resources measures short-run gains in student test scores. For example, most of the evaluations of class size reductions measure how a change in class size affects student test scores shortly after class sizes are reduced. Whether these gains persist over time is an open empirical question; there is some evidence that short-run gains decay over time. The projection model we built includes estimates of the decay of resource effectiveness. We also model how effective resources applied in later grades may attenuate the long-run decay rate for any given resource.

We followed a three-step procedure to estimate the expected effect of the Task Force recommended portfolio of resources.

**Step One.** We use the results of our meta-analysis of the effect of an average change in per pupil expenditures on student outcomes. The goal of Step One is to establish a baseline for the Task Force recommendations. That is, if the overall effect of the Task Force’s recommendations are no more or no less effective than simply increasing K–12 expenditures, and if Washington’s funding system is similar to that of other systems that have been the subject of studies in our meta review, what effect can be expected on student outcomes?

As we described in an earlier report to the Task Force, we meta-analyzed studies that have examined the basic relationship between student outcomes (as measured by test scores) and spending more money in typically structured K–12 systems. We only included studies that employed instrumental variables estimators, studies that used value-added models, or regression studies with very extensive student-level datasets. We focused on these more credible research studies because simple cross-sectional correlation studies have a difficult time identifying cause and effect relationships. This research topic has been an active and controversial field of inquiry for over four decades.<sup>6</sup> In recent years, several new studies using improved data and statistical methods have been published. We included these newer studies, along with higher quality studies from earlier reviews, in our systematic review of this literature. The purpose of this review was to arrive at a best estimate of the relationship between student outcomes and K–12 resources spent in a typical funding system. We found statistically significant, though fairly small, effects for general increases in K–12 spending as applied in typical K–12 structures. The effects are larger in the early grades than in later grades.<sup>7</sup>

The Task Force’s proposal results in an estimated increase in spending between 48 percent and 85 percent (see page 24). Our estimates from the meta-analysis were, however, based on a 10 percent increase in per pupil expenditures. That is, very few of the studies in our review measured the effects of an increase as large as 48 to 85 percent. Rather than simply scaling up the effect of a 48 to 85 percent increase, we applied the concept of diminishing returns and tested the relationship in our simulation runs.<sup>8</sup>

**Step Two.** After establishing a base case, we then modified the effect sizes where there is empirical evidence that the Task Force’s recommendations can be expected to out-perform the simple effect of spending more money (from Step One). For example, the Task Force recommends an increase in pre-kindergarten expenditures and a reduction in class sizes. We estimated that the pre-K investment and

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<sup>6</sup> See, for example, the debate summarized in: G. Burtless (Ed.) (1996). *Does money matter? The effect of school resources on student achievement and adult success*. Washington, D.C.: Brookings Institute Press.

<sup>7</sup> S. Aos, M. Miller, & A. Pennucci. (2007). *Report to the Joint Task Force on Basic Education Finance: School employee compensation and student outcomes*. Olympia: Washington State Institute for Public Policy, Document No. 07-12-2201. The current meta-analysis review includes 33 studies with 66 separate effect sizes (some studies measure several student tests). The regression results are available upon request.

<sup>8</sup> To scale effect sizes, we modeled a triangular range of diminishing return rates, from 0 percent to 20 percent for each 10 percentage point increase in per-pupil expenditures.

some of the class size reductions would have a greater effect on student outcomes than those generated from the simple change in per pupil expenditures.<sup>9</sup>

**Step Three.** We used our projection model along with the inputs from Steps One and Two to estimate a range of expected changes to key student outcomes such as high school graduation rates. Again, the technical detail of the simulation model is described in an earlier Institute report.<sup>10</sup>

## Procedure Used to Analyze the Zero-Based Research-Proven Option

To analyze the zero-based research-proven option, we followed the same general procedures we used to estimate the effect of the Task Force recommended portfolio. The first criterion for this option is that elements must be research-proven, while the second criterion is that the portfolio of research-proven elements must be zero-based—that is, budget neutral. After selecting a “portfolio” of resources that met these two criteria, we then projected the effect of the portfolio on long-run statewide student outcomes.

**The “Research-Proven” Criterion.** To construct this option, the Institute used the work we previously published for the Task Force and the legislature on evidence-based options that improve student outcomes. In these earlier reports, the Institute systematically analyzed existing research studies on “what works” to improve student outcomes as measured by test score improvements (or increased high school graduation rates).<sup>11</sup> To date, the Institute has studied the research literature on the following topics:

- **Class size reductions.** We found that reductions in the early grades have a statistically significant effect on short-run test scores, while the effect in higher grades is either statistically non-significant or very slightly positive.<sup>12</sup>
- **Per-pupil expenditure changes.** We found statistically significant, though fairly small, effects for general increases in K–12 spending as applied in typical K–12 structures. The effects are a bit larger in the early grades than in later grades.<sup>13</sup>

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<sup>9</sup> For example, based on our Step One meta-analysis, we estimate that a 10 percent increase in per-pupil expenditures results in an effect size of .021 standard deviation test score units in grades K–3. From our analysis of class size effects (see: S. Aos, M. Miller, & J. Mayfield. (2007). *Benefits and costs of K–12 educational policies: Evidence-based effects of class size reductions and full-day kindergarten*. Olympia: Washington State Institute for Public Policy, Document No. 07-03-2201, Exhibit 3), we estimate that a one unit drop in class size in grades K–3 results in a .017 standard deviation gain. We estimate that a 10 percent increase in spending could, ceteris paribus, lower class sizes by 2.4 units. Therefore, a 10 percent increase applied to class size reduction in K–3 could raise effect sizes by .041 (.017\*2.4). Thus, dividing the Task Force’s class size reduction (.041) by the general effect of K–3 per pupil expenditures (.021) indicates that the Task Force proposal is expected to be about 1.95 times more effective than simply raising overall expenditures for these early grades. We performed similar analyses for grades 4–6, 7–8, and 9–12. Our resulting ratios were: 1.07, 1.0, and 0.69, respectively. That is, the Task Force’s expected gains “beat” a simple increase in per pupil expenditures by 1.95 in grades K–3; 1.07 in grades 4–6; no increase in grade 7–8, hence the ratio is 1.0; and a decrease in effectiveness in grades 9–12 by .69 (.31 lower than just spending more money).

<sup>10</sup> Pennucci, 08-09-2201, op. cit.

<sup>11</sup> For some topics where the existing research literature is more developed, we conducted formal meta-analyses. In other areas, there were too few studies to conduct formal systematic analyses, and, as a result, we simply conducted a narrative review of the available studies.

<sup>12</sup> S. Aos. (2008). *Current state K-12 budget drivers: Key trends and tradeoffs*, <<http://www.leg.wa.gov/documents/joint/bef/Mtg05-06-08/Aosmay08.pdf>>; see, also, Aos, 07-03-2201, op. cit.

<sup>13</sup> Aos, 07-12-2201, op. cit.

- **Teacher pay for graduate degrees and teacher experience.** We found no statistically significant effect for graduate degrees and a non-linear effect for teacher experience with the largest gains in the first few years of teaching.<sup>14</sup>
- **Professional development for teachers.** There are very few credible studies of the effect of teacher professional development on student outcomes; the few studies we found suggested small or non-statistically significant results, but, again, there are too few studies from which to form reliable estimates.<sup>15</sup>
- **Early childhood education.** We found a substantial effect on the later test scores for low-income 3- and 4-year-olds who attended the average pre-school.<sup>16</sup>
- **Full-day vs. half-day kindergarten.** We found a significant short-run improvement in test scores for full-day kindergarten, but the effect appears to decay in grades 1–3. More research is needed on how to maintain the initial substantial gains.<sup>17</sup>
- **New performance-based systems for teacher compensation.** We found too few credible studies, to date, that have evaluated the pay experiments that are underway in some parts of the United States.<sup>18</sup>
- **Mentoring programs.** In an unpublished and incomplete review, we have found only a few credible studies on this topic, and the results are mixed.

Thus, in some of these areas, the existing research literature is more advanced, and reasonable conclusions can be drawn about the efficacy on student outcomes of different options. In other areas, however, we found too few credible studies from which to form “research-proven” conclusions at the present time.

**The “Zero-Based” Criterion.** After we selected resource options that met the research-proven criterion, we then balanced the resulting portfolio so that it would not result in increased state K–12 expenditures. To do this, we used the financial model that has been constructed by staff at the House of Representatives.<sup>19</sup> This model adds up the financial costs of changing state-funded inputs to the K–12 system. For example, if class sizes are lowered, then total operating costs go up; if class sizes are raised, then total operating costs go down. Thus, this fiscal model allowed us to construct a zero-based option by setting total expenses to zero, while changing the funding levels for the selected research-proven options.

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<sup>14</sup> Ibid.

<sup>15</sup> A. Pennucci & S. Aos. (2008). *Preliminary review of research: Does teacher professional development affect student test scores?* <[http://www.leg.wa.gov/documents/joint/bef/Mtg08-06-08/WSIPP\\_profdevel.pdf](http://www.leg.wa.gov/documents/joint/bef/Mtg08-06-08/WSIPP_profdevel.pdf)>.

<sup>16</sup> S. Aos. (2008). *Early childhood education and full-day kindergarten: Effects on K-12 outcomes*, <[http://www.leg.wa.gov/documents/joint/bef/Mtg10-20\\_21-08/II-c-ii.pdf](http://www.leg.wa.gov/documents/joint/bef/Mtg10-20_21-08/II-c-ii.pdf)>; see, also, S. Aos, R. Lieb, J. Mayfield, M. Miller, & A. Pennucci. (2004). *Benefits and costs of prevention and early intervention programs for youth*. Olympia: Washington State Institute for Public Policy, Document No. 04-07-3901.

<sup>17</sup> Aos, *Early childhood education and full-day kindergarten*, op. cit.; see, also, Aos, 07-03-2201, op. cit.

<sup>18</sup> A. Pennucci. (2008). *Pay for performance, knowledge, and skills*. <<http://www.leg.wa.gov/documents/joint/bef/Mtg04-14-08/PayInitiatives.pdf>>; see, also, Aos, 07-12-2201, op. cit.

<sup>19</sup> The model was constructed by Ben Rarick, Office of Program Research, Washington State House of Representatives.



**Projecting the Effect of the Portfolio.** After selecting a portfolio of research-proven options that, in total, has a zero-based effect on K–12 funding, we then ran our projection model to forecast how statewide student outcomes could be expected to change after full implementation of this option.<sup>20</sup>

## Results

At the December 8, 2008, meeting of the Task Force, we presented preliminary long-run effects of the Task Force portfolio on high school graduation rates in Washington.<sup>21</sup> We update these estimates here. According to the Office of Superintendent of Public Instruction, the current high school graduation rate in Washington is about 72.5 percent. This is a cohort on-time graduation rate.<sup>22</sup> We used the procedures described earlier to project two estimates: how both the Task Force proposal and the zero-based option could be expected to affect this rate. These effects are estimated 14 years after full implementation of the options to reflect the estimated long-run effect of investments in pre-school and the other grades at the end of the education cycle in 12<sup>th</sup> grade.

### Task Force Recommendation

We project that the Task Force recommendations would increase the modal graduation rate to about 81 percent from its current level of 72.5 percent. Exhibit B-1 plots these two figures and also indicates the significant amount of uncertainty around our estimated effect of the Task Force portfolio. The total area under the curve represents all cases from our simulation modeling. For example, in a small number of cases, the graduation rate could be expected to be much higher—over 90 percent; in most cases, however, it would be in the 78 percent to 84 percent range, with the modal case of 81 percent. The range largely reflects the underlying uncertainty in the expected effect of additional educational resources on student outcomes.

### Zero-Based Research-Proven Option

For this Institute-created option, we selected changes to two key resources from the list of options described earlier. We included pre-school for low-income 3- and 4-year-olds, and we lowered class sizes (from their current levels) in kindergarten to third grade.

In terms of fiscal magnitude, we “funded” (in this option) the pre-K investment assuming that, statewide, 40 percent of eligible low-income children would be served by this voluntary program. This assumption is consistent with the proposal presented to the Task Force at its December 2008 meeting. The annual price for this pre-K investment is estimated to be \$126 million per year. For the class size reductions, we lowered class sizes in K–3 by two students per class, statewide. We kept class sizes at their current levels in grades 4–6. To pay for the increased expenditures associated with the pre-K investment and K–3 class size reductions under the zero-based criterion, we had to increase class sizes for secondary grades by 5.3

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<sup>20</sup> See footnote 3.

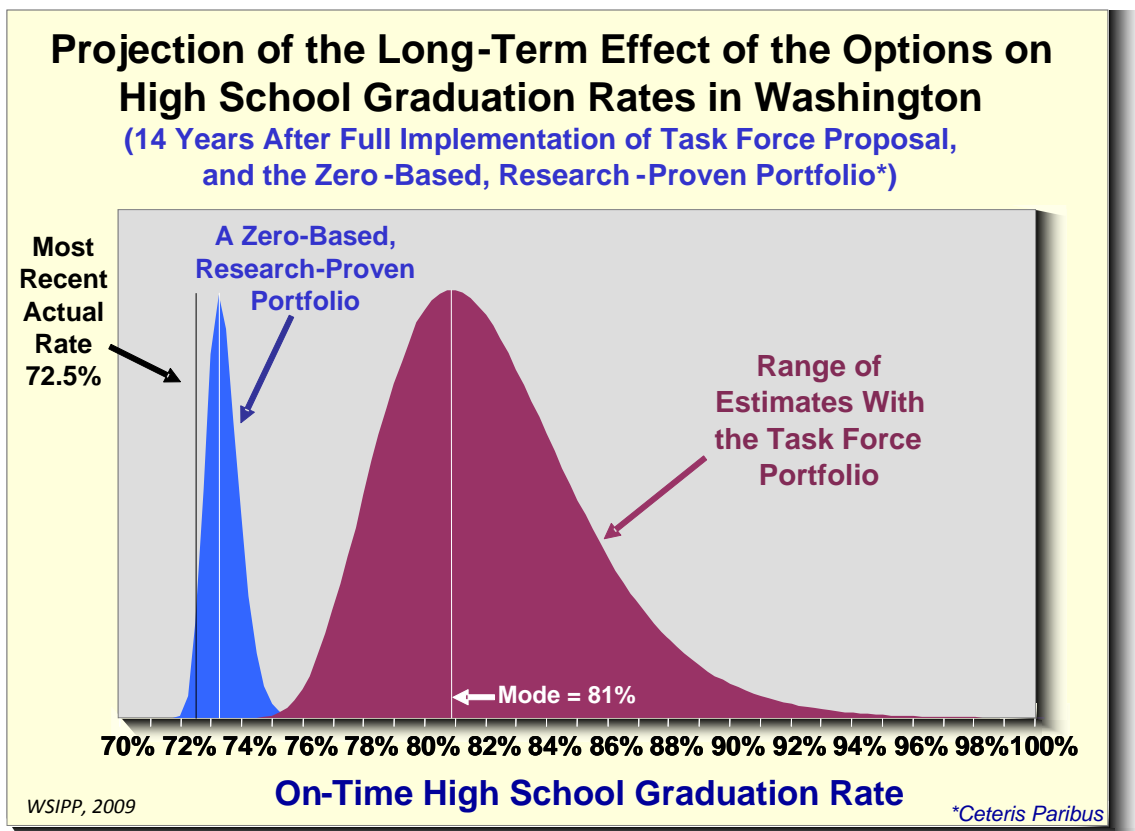
<sup>21</sup> S. Aos. (2008). *Projections of the “expected effect of the investment” on student outcomes.* <<http://www.leg.wa.gov/documents/joint/bef/Mtg12-08-08/Projections.pdf>

<sup>22</sup> Statistics download from OSPI website, for the class of 2006–07.

students per class. This latter effect would raise class sizes to 35 students per class in middle and high school. Again, this was done to meet the requirements of the zero-based criterion: the costs of the pre-K investment and the costs of the reduction in K–3 class sizes had to be funded with a change in another research-proven option.

Our projection is that this zero-based research-proven option could raise mean statewide high school graduation rates from their current level of 72.5 percent to 73.2 percent, 14 years after implementation of the option. The figure also shows an estimated range of uncertainty around this result.

Exhibit B-1



## **APPENDIX C: Minority Reports**

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Minority reports from the following Task Force members are in this appendix:

- Representative Glenn Anderson, page C-3
- Dan Grimm, Chair, page C-7
- Bremerton School District Superintendent Bette Hyde, page C-37
- Bremerton School District Superintendent Bette Hyde and Senator Fred Jarrett, page C-39
- Davenport School District Superintendent Jim Kowalkowski, page C-41



STATE OF WASHINGTON  
**HOUSE OF REPRESENTATIVES**

2008

Representative Glenn Anderson  
5<sup>th</sup> Legislative District



Higher Education  
K-12 Education  
Appropriations

December 18<sup>th</sup>, 2008

Dan Grimm, Chair  
Basic Education Finance Task Force  
c/o Washington State Institute for Public Policy  
110 Fifth Ave. SE, Suite 214  
P.O. Box 40999  
Olympia, WA 98504-0999

Dear Mr. Grimm:

I'd like to express my personal thanks to you and the members of the Basic Education Finance Task Force (BEFTF), as well as the legislative participants and Washington State Institute for Public Policy staff for the months of persistent and comprehensive efforts to consider reform alternatives to our state's current basic education budget funding model. After 25 years and 109 previous reform study initiatives over that time, I believe the BEFTF recommendations to the Legislature are an authentic bipartisan proposal that can substantively remedy the shortcomings of our state's current budget funding model.

Considering the size and diversity our state's public school system, our proposal is inherently imperfect. However, the backbone of our proposal to integrate the State Board of Education CORE 24 curriculum structure and convert teacher compensation to a skills-and knowledge-based career ladder model is truly progressive. This new backbone provides a strong platform to significantly improve the equity of opportunity for the academic achievement of all children and much clearer accountability to state taxpayers.

Three items remain outstanding:

- 1) Maintaining the structural integrity of the BEFTF's high quality work product during the upcoming legislative session. While significant details must be worked out during the legislative process, the work product must be moved through the process as a single legislative initiative. Breaking up the recommendations into separate and partitioned bills would assure the breakdown and corruption of key reform elements that are finely balanced in the integrated and complex proposal.

- 2) Executive authority to implement the BEFTF reform recommendations must be clear and have unified support. Such an aggressive reform initiative will not be successfully implemented by the current gaggle of K-12 education administrative entities with conflicting, disconnected, vague, and sometimes competitive mandates. Definitive executive accountability is essential to success of the task force's efforts. The constitutional office of Superintendent of Public Instruction should be given broad and full action authority to organize and apply existing and new resources to fully implement the BEFTF recommendations.
  
- 3) Adequate funding within the budget must be allocated to align with the structure of the proposed BEFTF reforms, and the outline for phasing in the new structure must be reliably made available by the Legislature to ensure the timeline is met and to assure successful implementation. Legislative history of providing consistent resources, oversight and direction necessary to successfully implement K-12 education reform efforts over the past 25 years is, at best, bad. For example, the current biennial budget increases K-12 education funding by 15 percent over the previous budget, yet most of the K-12 education funding flaws still exist. Indeed, we are in the perverse situation of numerous school districts facing potential financial insolvency. The historical data is clear; the general assumption that increased spending is closely correlated with improvements in student academic achievement is categorically false. Equally, where increased funding is applied *with* meaningful oversight it can provide dramatic improvements in student achievement. The BEFTF recommendations significantly strengthen the probability the funding will result in greater student academic achievement for the tax dollars invested. Without a firm legislative commitment to stable funding for our proposed reforms there is little reason for parents, teachers and students to embrace them.

The BEFTF recommendations provide a unique once-in-a-lifetime opportunity for our generation to successfully reinvigorate our state's commitment to our children's future prosperity and security. Additionally, the "Great Economic Meltdown of 2008" is profoundly and unalterably changing conventional wisdom of state economic and budget priority dynamics. The cliché is "in chaos there is opportunity," but we must embrace this opportunity even if doing so means taking political risks and realizing potentially harsh, short-term, transition consequences.

Our state constitution's mandate that K-12 funding is our state's "paramount duty" is very clear and powerful. The common definition of "paramount" is "superior to all other things." The magnitude of the state's current budget deficit of \$6 billion and growing is extraordinary. As a relative baseline, to balance the state operating budget would require an across-the-board actual spending cut averaging 20 percent across all state programs. After protecting existing K-12 related education funding, the actual funding reductions across all other state programs could potentially be 30-40 percent.

The abrupt and severe consequences of such reductions on the public are jolting to even the most disinterested or cynical observers. So, the question is, how are we to fund such an ambitious and essential educational reform initiative and sustain it until completion?

Foremost, it is essential to strictly adhere to the defining characteristic that allows our representative Democracy, and its benefits, to exist at all – the rule of law. Our state constitutional mandate is that the state's commitment to educating our children is superior to *all*

other things. It is explicit that the priority of educating our children is *not* to be considered as an equal and fair share of state resources when balanced against all other possible state government commitments regardless of what they may be. Why? Because a well educated citizenry is the best firewall to minimize the dysfunctions of society, encourage limited government with low costs and empower individuals to prosper from their freedoms.

The state should enact a separate dedicated “Fund Education First” K-12 budget and fund it prior to deciding *any* other state program appropriations. This simple procedural change assures that the state budgeting process is directly aligned with our constitutional paramount duty mandate. It assures that regardless of economic or political circumstances, consideration of K-12 education policy and funding adequacy will be superior to all other things in each and every legislative session. It also provides a strong deterrent to politically “game” education funding levels to satisfy the political agenda of numerous special interest groups seeking public dollars.

The BEFTF recommendations will require additional funding on top of existing budgeted funding for K-12 education, probably about \$2 billion once the final details are settled. It has been proposed by the current governor that a new package of additional taxes be put forward to fund the BEFTF reform recommendations. I can think of no suggestion more likely to undermine such an essential reform initiative for three reasons:

- 1.) Over the last 15 years, there has been more than a 36% increase in inflation-adjusted new funding put into K-12 education, but the impact on improved student academic achievement overall is questionable;
- 2.) The consistent behavior of the Legislature to advocate for increased taxes for education and then later shifting those new revenues to other general government operations or politically favored programs encourages a deserved lack of public confidence, and;
- 3.) At a time of increasingly extraordinary financial stress for state taxpayers and growing long-term instability of the state economy, such a suggestion is callous to the real sacrifices with which taxpayers and families are already living, particularly when such sacrifices are likely to continue increasing.

As a Legislature and as a state we have come to a decision point with irreversible consequences.

We know that the competitiveness of the global economy is going to demand far more of our children and a world-class education is the only competitive advantage they will have. Yet, three quarters of our state’s children do not have the most basic proficiency for entry-level college mathematics, and even with current increased state funding, a rapidly rising number of school districts are facing potential insolvency to meet state essential learning requirement standards. These are the clear bell weathers of a failing public school system.

Will we act? Deferral of hard and unpleasant choices by the Legislature and the Governor’s Office has been raised to a high art form. Unfortunately, we are at the end of the runway of the debate and deferral of critical education reforms. Continuing political sophistry serves only to make matters catastrophically worse and very literally rob our children of their future potential.

The BEFTF reforms should be funded without new increases in state taxes. All existing aggregate K-12 funding should be preserved from budget cuts, but reallocations from current

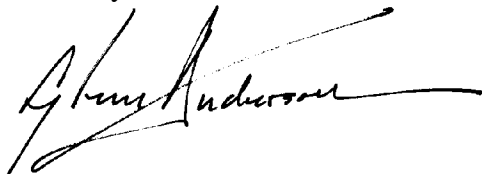
purposes within education programs' spending should not be precluded. Additional new revenues to fund the implementation of the BEFTF recommendations must come from existing revenues, even after possible draconian budget cuts are made in all other state programs to balance the extraordinary state budget deficit.

The politically correct status quo response is that the budget deficit numbers are too big and the money math just can't be resolved without a tax increase. That is nonsense. That doesn't mean that a fiscally viable solution would not be very politically painful, but taking the politically easy road got us into this situation in the first place. There is no free lunch even when spending other people's money for seemingly good and necessary reasons.

After a complete assessment of the funding required to implement the BEFTF recommendations, the phased-in spending requirement should be funded with the first dollar of state revenues received according to our state constitutional "paramount duty" mandate. If additional state service programs are considered essential priorities by the Legislature and sufficient revenue is not available to fund them, then the Legislature can enact or submit to the people for a vote a new higher tax revenue package based on those issues, not K-12 education.

Our sworn oath is to honor the rule of law and abide by our constitutional mandate that K-12 education is the paramount priority of state government. Our children's future should not be held hostage for new tax revenue for a state government that has knowingly overspent at reckless rates for the past several years. Using our children's education and future prosperity as bait for new and higher tax revenues to cover bad judgment really isn't much of a legacy for the history books.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn Anderson", with a long horizontal flourish extending to the right.

Glenn Anderson  
Washington State Representative  
5<sup>th</sup> Legislative District



# MINORITY REPORT

Submitted by Dan Grimm  
Chairman  
Joint Task Force on Basic Education Finance

**“It is an economic necessity that we change our entire education system.”**

Washington Learns

**“The joint task force...shall...propose a new definition of basic education [and a] funding structure... based on...student outcomes and performance.”**

Senate Bill 5627

Members of the Joint Task Force on Basic Education Finance have devoted a great deal of time and effort to developing recommendations in accordance with the provisions of Senate Bill 5627. Improving the funding and related policies of our public schools has been every bit as challenging as it is essential to the future of our state. Task Force members deserve to be commended for their commitment, their insights, and their civility. I have been honored to serve with them.

Four Task Force recommendations are worthy of enactment but the final report does not include several essential reforms. In other instances, Task Force recommendations address but do not correct fundamental flaws in state education policies.

A comprehensive reform proposal titled “Improving Student Performance” is attached. Submitted to the Task Force November 4, 2008, it has been revised to include a new section identifying sources of revenue sufficient to fund proposed spending increases totaling \$3.1 billion.

Task Force recommendations worthy of enactment include:

- A refinement of the “model school” funding system developed for Washington Learns;
- A refinement of the information system recommended by Washington Learns;
- A public school employee salary survey; and
- A compensation system that recognizes regional labor markets and eliminates teacher salary increases based on academic credentials.

Essential reforms missing from the Task Force report include:

- **Basic Education Definition**
- **Revenue**
- **Collective Bargaining**

## **Basic Education Definition**

**“The joint task force shall propose a new definition of basic education that is realigned with the new expectations of the state’s education system as established [by] Washington Learns.”**

Senate Bill 5627

**“The state should align high school graduation requirements and college admission standards.”**

Washington Learns

The new Task Force definition of Basic Education is not aligned with student outcomes and performance. It would increase funding for additional instructional hours with no commensurate increase in accountability.

“Improving Student Performance” recommends aligning high school graduation requirements and college admission standards, consistent with the mandate of Senate Bill 5627 and the recommendation of Washington Learns.

Students meeting the new requirements would be guaranteed admission to one or more of the state’s public four-year colleges and universities. Aligning graduation requirements with college admission standards will create an incentive for local districts to offer high quality instructional programs.

Alternative diplomas would be awarded to students who complete alternative graduation requirements.

## **Revenue**

**“[L]egislators...have flunked school funding for lack of will and prioritization, not a need to know all the details.”**

Seattle Post-Intelligencer

June 15, 2008

The Task Force does not include any source of funding to pay for the spending increases it recommends. In a letter to the Task Force dated December 5, 2008, Governor Gregoire stated, “Task Force members must provide recommendations on how the state can fund their funding level recommendations.”

Proposing cuts in other state programs already marked for reductions is impractical. So, too, is waiting for an economic recovery. The legislature has failed to fund significant increases in education spending even in the best of economic times. Waiting for an economic recovery will force students to suffer the consequences of a public school system that is inadequate to prepare them for success in the 21st Century.

The Task Force should propose sources of funding sufficient to pay for its recommendations or reduce its spending recommendations to match existing expenditure levels.

“Improving Student Performance” includes a new definition of basic education. Staffing ratios and other reforms would improve the current system within the “existing resources” option stipulated by Senate Bill 5627. The January 2009 version adds proposed tax increases and related budget cuts sufficient to pay for spending increases beyond the funding required by the proposed new Basic Education Act.

## **Collective Bargaining**

**“State funding must displace the levies’ role in hiring and paying teachers.”**

Seattle Post-Intelligencer

December 4, 2008

**“Give the Governor the authority to bargain with the teachers. This would end the practice of the state’s responsibility being settled at the local level.”**

Seattle Times

December 7, 2008

The Task Force considered but rejected a proposal to transfer teacher collective bargaining from local districts to the state. The lack of alignment between the state’s authority and its constitutional responsibilities will perpetuate the inequitable distribution of highly competent teachers and the educational opportunities they provide students.

Richer districts are able to attract more experienced and better qualified teachers by using local levy funds to offer higher salaries than poorer districts can afford. Unable to compete, poorer districts are consigned to offering chronically inequitable educational opportunities.

In addition to perpetuating inequitable opportunities, local bargaining will continue to:

- Increase class sizes by diverting funds to compensation;
- Permit contracts that extend far beyond the ability to project budget implications;
- Disregard prevailing wages in the general labor market; and
- Thwart innovations such as merit pay and higher pay for math and science teachers.

“Improving Student Performance” recommends transferring control of collective bargaining to the state. Eliminating local bargaining will impose on the state clear accountability for fully funding the salaries that make up the major cost of basic education. Existing employee bargaining rights would not be impaired.

The governor and legislature should be responsible for final approval of all agreements. The governor should be authorized to delegate bargaining authority to district officials as deemed appropriate.

Task Force recommendations that address but do not correct fundamental policy flaws include:

- **Early Learning**
- **Teacher Compensation**
- **Math and Science Teachers**
- **Professional Development**

## Early Learning

The Task Force appropriately recommends expanding the definition of basic education to include programs for low-income pre-school children but does not clearly stipulate that the programs should be administered by the superintendent of public instruction and emphasize numeracy and literacy programs that prepare children for academic success.

Assigning program approval authority to the Department of Early Learning is contrary to the Washington Learns recommendation that the state “must shift our thinking away from that of separate, independent education delivery systems.”

“Improving Student Performance” recommends integrating Early Learning and all other programs for students at risk of failing to achieve their full academic potential. Funding for the programs should be separated from all other expenditures to prevent the diversion of resources.

Standardized programs and procedures should be established by the superintendent of public instruction. Services and programs provided to individual students should be uniformly documented to make sure the state is fulfilling its obligations to those who need the most help. Instruction should be supervised by certificated teachers.

## Teacher Compensation

**Peer Review.** Evidence presented to the Task Force indicates that the vast majority of advanced teaching degrees and education credits do not contribute to improved student performance. The Task Force appropriately recommends eliminating teacher salary increases based on academic credentials but replaces the existing system with an equally flawed system based on peer reviews.

Peer reviews will minimize the threat of unfair evaluations by principals. They also will minimize the likelihood of critical evaluations. Peer reviewers will risk personal and professional ostracism if they criticize a teacher but will suffer no consequences if their reviews are lenient. The result will be perpetuation of a system that tolerates substandard teaching. Peer reviews will also be administratively burdensome and costly.

“Improving Student Performance” recommends a simpler, more efficient evaluation system. The authority of principals should be aligned with their responsibilities as educational leaders. “Continuing contract” protection for principals should be replaced with financial incentives to properly evaluate teachers based on student performance. Principals should be free to use peer reviews or other evaluation procedures they deem appropriate.

**Time, Responsibilities, and Incentives Pay.** Time, Responsibilities, and Incentives (TRI) compensation was originally authorized so local districts could use levy funds to augment state salary allocations. It has created significant salary disparities that lack any rational justification.

The original Task Force proposal recommended eliminating additional compensation for “Responsibilities” and “Incentives” and limiting compensation attributable to “Time.” The limitation was subsequently replaced by a requirement that districts disclose the terms of Time compensation to the superintendent of public instruction. Existing law already requires disclosure of all terms, with no discernible limitation on TRI compensation.

Compensation previously attributed to Responsibilities and Incentives will simply be attributed to Time. The result will be no real change in TRI, only a change in what it is called. The state will continue to avoid its constitutional obligations by forcing local districts to rely on inequitable and unstable local levy funds to pay teachers for providing basic education programs. Students in poorer districts will continue to suffer inequitable educational opportunities.

## **Math and Science Teachers**

The Task Force recommends relying on the forgiveness of student loans to attract and retain math, science, and other teachers with high-demand qualifications. The proposal acknowledges the inadequate supply of teachers with specialized skills but ignores the obvious solution of paying them appropriately.

As with the proposed peer review system for teachers, the loan forgiveness proposal will be cumbersome, complex, and costly. It will do nothing for existing or potential teachers who did not rely on—or already have repaid—student loans, and will fall far short of providing students with the qualified math and science teachers they need.

“Improving Student Performance” recommends the governor negotiate agreements that include higher compensation for math, science, and other teachers with specialized skills. The solution would be direct, adequate, flexible, and simple, requiring no administrative burden or cost.

## **Professional Development**

The Task Force recommends allocating funds to compensate school employees for an additional ten days of service dedicated to professional development and related matters. The report acknowledges the need to improve teacher qualifications but does not recommend an objective assessment of any skills or knowledge derived from professional development programs. There is no reliable evidence to indicate professional development programs improve student performance.

“Improving Student Performance” recommends providing teachers and principals with financial incentives tied to student academic achievement. Instead of simply filling an allotment of days, district officials should be motivated to assure professional development programs are the best possible use of limited resources.

District officials should be encouraged to consider alternative uses of additional days, including instructional days devoted to teaching. The goal is to improve student outcomes and performance. The Task Force recommendation discourages consideration of alternatives by designating a specific number of days for a specific purpose of questionable value.

The Joint Task Force on Basic Education Finance has completed its work. For those committed to improving student performance, much work is left to be done.

**“It will not be easy.”**

Washington Learns, page 6



# **IMPROVING STUDENT PERFORMANCE**

**THE FUNDAMENTALS**

**DAN GRIMM**

Submitted to the Joint Task Force on Basic Education Finance  
November 4, 2008  
Revised January 12, 2009

# DEDICATED

*To those who have no vested interest in protecting the status quo but aren't sure exactly what needs to be done.*

**“It is an economic necessity that we change our entire education system.”**

Washington Learns, page 4

**“It will not be easy.”**

Washington Learns, page 6



## Introduction

Enacted in 2007, Senate Bill 5627 stipulates, “The joint task force...shall...propose a new definition of basic education that is realigned with the new expectations of the state’s education system as established in the November 2006 final report of the Washington Learns Steering Committee.”

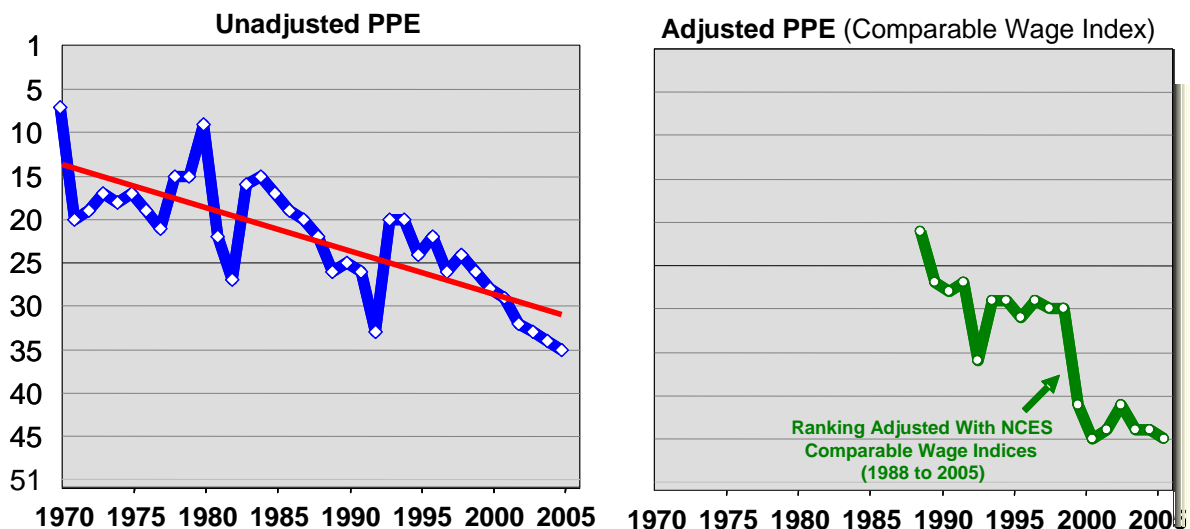
In addition to several specific assignments, section three stipulates, “The funding structure should...be based on research-proven education programs...” and “linked to accountability for student outcomes and performance.” One of the proposed options “must be...within existing resources.”

The Washington State Institute for Public Policy was assigned responsibility for conducting research and reviewing existing research. Despite the limited rigor of most education research, Institute staff identified selected findings of significance, many of which are cited in the recommendations following this introduction.

According to the Washington Learns Steering Committee and the League of Education Voters, a non-profit organization dedicated to improving education, Washington State public school funding is not keeping up with other states (see Charts 1 and 2).

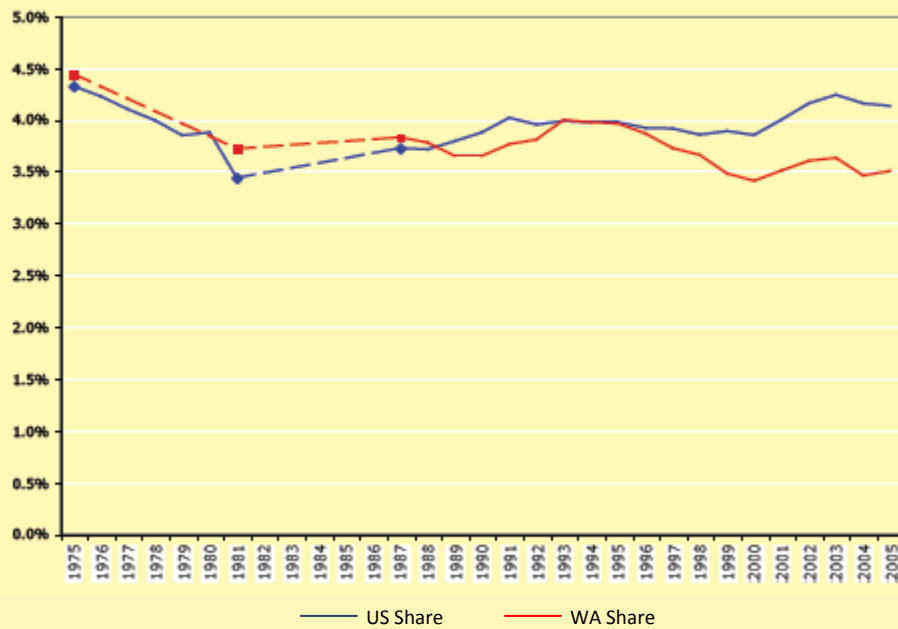
**Chart 1. Washington’s Ranking on Per-Pupil K–12 Educational Expenditures (PPE)**

(1 is the state with the highest PPE, 51 is the state with the lowest)



Source: Washington State Institute for Public Policy. Data from the U.S. Department of Education, National Center for Education Statistics. Data are for academic years 1969-70 to 2004-05. The Comparable Wage Index used here is a composite of the Comparable Wage Index by L. Taylor & W. Fowler (2007), and the General Wage Index by Dan Goldhaber (1999).

**CHART 2. A Decade of Underinvestment: Washington has invested less in K-12 operations—measured as a share of personal income—than the US average**



Source: ECONorthwest calculated using data from the US Bureau of Economic Analysis and National Center for Education Statistics.

*From the June 2008 League of Education Voters proposal*

Student academic achievement is dramatically better today than it was ten years ago but has stagnated. The dropout rate has barely budged and research published by the Washington League of Education Voters indicates student performance is only average when adjusted for family income and ethnicity (see Chart 3 on next page).

Improving student performance will require increased funding. It also will require structural reforms, in the absence of which any infusion of new funding will leave in place the deficiencies of the current system and create another cycle of inequitable and inadequate educational opportunities inimical to improved student performance.

Essential structural reforms include a new definition of basic education, improved student testing programs, fundamental changes in the way we certify and compensate teachers, and greater authority for the governor to provide oversight and assistance. Each area of reform is addressed in a separate section of the following proposal.

The first five sections are submitted with the intent of complying with the Senate Bill 5627 stipulation that an alternative “funding structure” should be submitted “within existing resources.”

The sixth section proposes spending increases and reforms. The final section proposes tax increases and related budget cuts sufficient to fund the proposed spending increases.

**CHART 3. A Closer Look at NAEP Scores Suggests Washington's K-12 Performance is Average at Best: Most Student Subgroups Don't Outperform their US Peers**

Testing Year	Assessment	All Students	White	Black	Hispanics	Asian / Pacific Islander	Lunch Eligible	Lunch Ineligible
2007	Mathematics 4th Grade	H	S	S	S	S	S	S
	Mathematics 8th grade	H	S	S	S	S	S	S
	Reading 4th Grade	H	S	S	S	S	H	S
	Reading 8th grade	H	S	S	S	S	S	S
2002	Writing 4th Grade	H	S	S	S	S	S	S
	Writing 8th grade	S	S	S	S	S	S	S
2005	Science 4th Grade	H	L	H	S	S	H	S
	Science 8th grade	H	S	H	S	S	H	H

**H** Share of subpopulation scoring at or above the basic achievement level is **HIGHER** in Washington than for the US

**L** Share of subpopulation scoring at or above the basic achievement level is **LOWER** in Washington than for the US

**S** Share scoring at or above the basic achievement level in Washington is **STATISTICALLY INDISTINGUISHABLE** from US

Source: ECONorthwest calculated using National Assessment of Education Progress (NAEP) data.

*From the June 2008 League of Education Voters proposal*

Specific recommendations are based on several principles aligned with the goal of improving student performance:

- All students must have the opportunity to achieve their full academic potential;
- Students have diverse needs, abilities, and aspirations;
- Effective teachers are essential to academic success;
- Standardized tests are essential to assure program quality;
- Incentives to instill motivation are better than sanctions; and
- The authority of the state must be aligned with its responsibilities.

Many recommendations will be dismissed and opposed as an attack on “local control.” The arguments will be specious. The issue is not state versus local control. The issue is figuring out what needs to be done to improve “student outcomes and performance.” The state is constitutionally responsible for providing a *common* school system. The administration and operation of local districts must be aligned with and subordinate to the obligations of the state as a whole.

State control of the public school system is well established and greater control is inevitable. The state assumed primary responsibility for school funding following numerous levy failures in the 1970s. The state subsequently assumed primary responsibility for education standards in the 1990s.

The status quo will be vigorously defended. The challenge before us is to resist the temptation to acquiesce. In a 1989 speech at a meeting of the Washington State School Directors’ Association, former Governor Booth Gardner said, “It’s the status quo in education that puts us, as a nation, at risk.”

My recommendations are not as detailed or as comprehensive as additional time and expertise would allow. I also recognize fundamental reforms will take time to implement.

I am grateful for the information and insights offered to me over the past several months. Assistant Superintendent of Public Instruction Jennifer Priddy deserves special recognition and appreciation as do members and staff of the League of Education Voters. The recommendations in this proposal are nonetheless my sole responsibility, as are all errors and omissions.

I also greatly appreciate the contributions of Task Force members and everyone else who has been involved in our deliberations, especially the staff of the Washington State Institute for Public Policy: Director Roxanne Lieb, Associate Director Steve Aos, Annie Pennucci, Irene Ngugi, Shawn Whiteman, and Janie Maki.

# 1. BASIC EDUCATION

Recommendations:

- Stipulate that the state will offer basic education programs sufficient to provide students with a reasonable opportunity to meet college admission standards;
- Stipulate that academic achievement will be the sole responsibility of each student;
- Enact new basic education staffing and student instructional hours;
- Prohibit waivers of minimum student instructional hours; and
- Expand and standardize programs for struggling students, including pre-school children.

**“The joint task force shall develop...a new definition of basic education...”**

SB 5627, section 2(1)

**“We must shift our thinking away from that of separate, independent education delivery systems.”**

Washington Learns, page 6

**“We must compare ourselves to the best education systems...and set clear goals...”**

Washington Learns, page 7

## Basic Education

The existing definition of basic education specifies the number of teachers and instructional hours deemed necessary to provide students with appropriate educational opportunities. As stipulated by Senate Bill 5627, a new definition should be “linked to accountability for student outcomes and performance.”

High school graduation requirements should be aligned with college admission standards. College admission will set a clear and meaningful goal for students and determine the basic staffing, instructional hours, and program quality necessary for the state to meet its constitutional obligations. Standards should be recommended by the Higher Education Coordinating Board and approved by the governor and legislature.

No student should be required to pursue a college admission course of instruction. All students should be free to pursue other educational opportunities consistent with their aspirations and abilities, such as career and technical programs.

## Student Responsibility

Academic achievement ultimately must be the sole responsibility of students. As acknowledged in the 2006 Washington Learns report, “State government cannot and should not be the only party responsible for education.” The state cannot control student ability or commitment and must not be responsible for matters beyond its control.

## Minimum Hours

The Basic Education Act should guarantee five annual credit hours of instruction in grades 9 through 12 for a total of 20 credit hours. Twenty hours would meet existing suggested college admission standards of 15 hours and provide an additional five hours in career and technical education, Advanced Placement programs, fine arts, health and fitness, and other courses of instruction.

The existing state requirement of 180 days and 1,000 hours of student instructional time per year should be reduced to 900 hours, the equivalent of 180 five-hour days. Local districts should be allowed to determine the number of school days necessary to provide the required 900 hours of instructional time.

Funding for additional hours of instruction, teacher preparation, and other matters can—and should—be provided by the state but should be subject to appropriations, not guaranteed by statute.

Student instructional time is a major factor in the state’s school funding formula. There is as yet little evidence to indicate the number of instructional hours necessary for students to achieve any specific academic standard. When sufficient student performance information is available, state funding formulas should be based on staffing ratios and student performance, not instructional hours.

## Minimum Certificated Instructional Staffing

Existing statutes and budget policies do not specify daily instructional hours or teacher planning time. The state should establish minimum staffing allocations based on five hours of instruction per day.

Table 1 indicates the state can reduce class sizes and increase funding for nurses, librarians, and other support services by reducing the hours of student instruction and maintaining staffing ratios comparable to existing standards.

**Table 1. State-Funded Certificated Instructional Staff per 1,000 Students**

Type of Staff	Current Implicit Staffing Ratios at 6 Hours of Instruction for Students, 1 Hour Teacher Planning	Proposed Basic Education Based on 5 Hours Instruction for Students, 0 Hours Teacher Planning
Grade K–5 Teachers	24.7	21.2
Grade 6–12 Teachers	29.0	25.5
Instructional Coaches	1,250.0	1,000.0
Librarians	786.0	500.0
Counselors/Support	462.0	400.0
Nurses	2,659.0	750.0
Average for all staff, grades K–5	18.8	18.5
Average for all staff, grades 6–12	21.7	21.7

Certificated staffing allocations by type of staff should specify the hours of student instruction and teacher planning as well as staffing ratios. Allocations should be for appropriation purposes only. Local districts should be authorized to determine specific certificated staff requirements.

### Minimum Classified Staffing

Classified staffing allocations by type of staff should be based on existing district practices, as displayed in Table 2. Allocations should be for appropriations purposes only. As with certificated staff, local districts should be authorized to determine specific classified staff requirements.

**Table 2. State-Funded Classified Staff per 1,000 Students**

Type of Staff	Current Funding Allocation	Current Funding With Defined Allocations by Category
Aides (including Library Aides)	Not specified	2.8
Secretaries	Not specified	3.0
Central Office	Not specified	4.0
Service Workers	Not specified	0.9
Safety	Not specified	0.1
Technology	Not specified	0.4
Graduation Advisor	Not specified	0.0
Custodians	Not specified	4.3
Groundskeepers	Not specified	0.5
Maintenance Workers	Not specified	1.1
<b>Total</b>	<b>17.1</b>	<b>17.1</b>

### Waiver Prohibition

The State Board of Education and Office of Superintendent of Public Instruction should be prohibited from waiving the statutory minimum hours of student instructional time. Local districts should be allowed to determine the number of days necessary to provide the required hours.

### Students at Risk

The state must provide for the identification of pre-school and K–12 students at risk of failing to meet appropriate academic standards. Eligibility criteria and instructional programs should be uniform and incorporate the English Language Learners program and Learning Assistance Program.

Funding for at-risk programs should be separated from all other expenditures and based on best practices identified by the superintendent of public instruction. Instruction should be supervised by certificated teachers. Services and programs provided to individual students should be uniformly documented to make sure the state is fulfilling its statutory obligations.

Programs for pre-school children should be integrated with existing K–12 programs for struggling students, consistent with the Washington Learns finding that “we must shift our thinking away from that of separate, independent education delivery systems.”

## 2. Graduation Standards, Testing, and College Admissions

Recommendations:

- Establish four high school graduation standards:
  - ✓ Certificate of Academic Mastery;
  - ✓ Certificate of Academic Achievement;
  - ✓ Certificate of Academic Completion; and
  - ✓ Certificate of Individual Achievement.
- Establish performance requirements for end-of-course achievement tests or comprehensive national or international standardized tests aligned with college admission standards;
- Guarantee public four-year college or university admission to students who earn a Certificate of Academic Mastery; and
- Adopt a national or international standardized testing program to replace the WASL.

**“...our students are falling behind international standards.”**

Washington Learns, page 4

**“[We can do better than] one-size-fits-all.”**

Washington Learns, page 7

**“[The state should A]lign high school graduation requirements and college admissions standards...”**

Washington Learns, page 34

### Diploma Alternatives

The state currently offers two graduation certificates, a Certificate of Academic Achievement and a Certificate of Individual Achievement. Two additional diplomas would provide students with incentives to stay in school and achieve their full academic potential.

A Certificate of Academic Mastery would require students to pass tests based on Higher Education Coordinating Board college admission standards. Students passing the appropriate tests would be exempt from attending classes and other district requirements.

The Certificate of Academic Achievement would require students to complete college admission course requirements to the satisfaction of local districts and pass a 10<sup>th</sup> grade test comparable to the existing WASL. Students earning a Certificate of Academic Achievement would not be required to pass the standardized tests necessary to earn a Certificate of Academic Mastery.



A Certificate of Academic Completion would be awarded to students who meet class attendance and other district requirements but do not earn either a Certificate of Academic Mastery or Certificate of Academic Achievement.

The Certificate of Individual Achievement would be awarded to eligible special education students in accordance with existing state standards.

A Certificate of Academic Achievement will prepare students for family-wage jobs and the responsibilities of community citizenship. A Certificate of Academic Mastery will prepare students to create the next generation of family-wage jobs and the responsibilities of community leadership. A Certificate of Academic Completion will prepare students for continuing academic and civic opportunities.

Not all students develop in the same way at the same time, physically or intellectually, and there is no evidence to indicate the opportunity to earn alternative diplomas will diminish teacher accountability or the incentive for students to achieve their full academic potential. Students and their parents are capable of and responsible for making informed decisions. They should have instructional options that accommodate different skills and aspirations.

## **Graduation Tests**

Certificates of Academic Mastery and Certificates of Academic Achievement will be meaningful only if students meet standardized general and end-of-course test requirements. Course titles and class attendance are insufficient, as are alternative assessments such as grade comparisons, collections of evidence, and equivalent performance on aptitude tests.

## **College Admission**

Students who earn a Certificate of Academic Mastery should be guaranteed admission to one or more of the six four-year state colleges and universities. The prospect of guaranteed college admission will encourage students to stay in school, promote academic excellence, and establish a “seamless” educational system.

## **WASL Replacement**

The Washington Assessment of Student Learning (WASL) established the value of standardized achievement tests but has limited instructional value and does not allow comparisons with other states or nations.

The WASL should be replaced with a national or international test that will maintain state standards, allow comparisons with competing states and nations, and make it easier to use test results to improve individual student instructional programs. A national or international test also is likely to reduce administrative time and expense. Options include the Programme for International Student Assessment (PISA), the Trends in International Mathematics and Science Study (TIMSS), and the Iowa Test of Educational Development (ITED).

The use of a national or international test would not preclude the use of additional state or local assessment programs.

### 3. Teacher Certification

Recommendations:

- Adopt a national standardized subject-matter teacher certification test;
- Eliminate all other certification requirements and alternatives;
- Prohibit classroom assignment of unqualified teachers; and
- Eliminate state oversight and certification of college teacher preparation programs.

**“The nation’s leading teacher educators...concede that there is...little empirical evidence to support the methods used to prepare the nation’s teachers.”**

Kate Walsh, President  
National Council on Teacher Quality

**“It seems hard to know who is going to be effective in the classroom until they are actually in the classroom.”**

Thomas Kane  
Professor of Education and Economics  
Harvard University

#### Certification

The current system of teacher preparation and certification is fundamentally flawed, with “little empirical evidence to support the methods used to prepare the nation’s teachers.”

Appropriate performance on a national test (e.g., Praxis) should be the only standard for basic teacher certification, exclusive of pedagogical skills and other matters unrelated to the command of subject matter. The use of advanced “endorsement” tests developed by the state should be limited to instructional assignments for which there are no acceptable national tests.

Local districts should retain the right to impose additional employment requirements, including pedagogical courses of instruction and knowledge. Evaluations of pedagogical skills should be separated from certification and based on student academic performance and classroom evaluations conducted by supervisors who have appropriate training and merit pay incentives.

Evaluations should be conducted in conjunction with periods of probationary employment or during provisional or pre-employment internships. School districts should be authorized to administer internship programs directly or enter into contracts for support services. Internships should be subject to the same employer rights and responsibilities associated with existing student-teacher programs and should be authorized for periods not to exceed one year.

Teachers lacking appropriate certifications should be prohibited from teaching classes requiring those certifications.

## **College Teacher Preparation Programs**

According to Arthur Levine, Columbia University Teachers College Dean Emeritus, “[Colleges] treat teacher-preparation programs as cash cows, leading them to set low admission and graduation standards for their students.” A review of spending practices is likely to reveal our state colleges spend less per student on teacher preparation programs than they receive from the state to provide those programs.

Certification should not require enrollment in or completion of any accredited or other teacher preparation program. Colleges with the best record of preparing successful teachers will thrive; others will be forced to improve or cease operations.

All state involvement in the accreditation and management of teacher preparation programs should be eliminated.

## **4. Compensation**

Recommendations:

- Transfer collective bargaining authority from local school districts to the state;
- Merge the classified school personnel system with the state personnel system;
- Conduct school employee compensation surveys;
- Repeal the salary increase provisions of Initiative 732;
- Repeal Time, Responsibility, and Incentive compensation (TRI);
- Repeal continuing contract protections for principals;
- Subject continuing contract protections for teachers to collective bargaining; and
- Establish merit pay programs for teachers and principals.

**“Our education system must encourage...and reward performance.”**

Washington Learns, page 3

**“How can the legislature be accountable...for state spending if it does not have a voice in teacher salary negotiations?”**

Miller Report, 1975, page 7

**“There is a need [to determine an appropriate] collective bargaining [mechanism].”**

Washington Association of School Business Officials  
July 7, 2008, letter to the Task Force

**“Determine employee compensation allocations rationally and systematically.”**

Attaining a World Class K-12 System  
Full Funding Coalition, June 10, 2008, page 17

**“Compensation reform is a promising strategy for improving principal and subsequently school quality.”**

Dan Goldhaber, December 2007, page 2  
*Principal Compensation: More Research Needed on a Promising Reform*

**“It could be argued...that...relieving local school board[s] of any [bargaining] responsibility would simply be hastening the inevitable.”**

Doherty Report, 1973, page 23  
*State Assumption of School Costs and Collective Bargaining Structure*

**“Teachers are not all alike. They differ in their...knowledge and skills.”**

Miller Report, 1975, page 214

## **Collective Bargaining**

Local bargaining allows and encourages different compensation with no justification other than the arbitrary availability of inequitable and historically unstable local levies. Existing salary disparities have created an inequitable distribution of teachers and educational opportunities for students.

The recent decision by Superior Court Judge Michael Heavey establishes the principle that arbitrary salary differences are unacceptable. Salaries need not be uniform but differences must be “rational.”

Prudent management of limited state funds requires the centralized management of collective bargaining. Since the state is primarily responsible for paying employees, the state must negotiate compensation and terms of employment. Authority and responsibility must be aligned. Local districts should be allowed to use levy funds to hire additional staff compensated in accordance with agreements between the state and school employees.

Existing school employee collective bargaining rights and responsibilities should be retained. Only the rights and responsibilities of the employer should be transferred from local districts to the state.

The elimination of local bargaining will impose on the state an obligation to fully fund the salaries that make up the major cost of basic education. It also will minimize imprudent management practices such as five-year contracts with employee groups, and increase the likelihood of prudent management practices such as differential pay for different labor markets, higher pay for teachers with specialized skills, and merit pay.

## **Classified Staff**

Classified school employees should be made part of the state personnel system, with appropriate classifications, job descriptions, and salary schedules. As with state employees, the state should enter into collective bargaining agreements with representatives selected by classified school employee groups as provided by existing statutes. State funding of compensation should be appropriated in a manner similar to that of state agencies.

## **Compensation Surveys**

Biennial compensation surveys should include all factors a reasonable person would consider when comparing career opportunities. Surveys for teachers should identify different teaching qualifications and duties by subject area and by grade level. Surveys for all public employees should identify regional labor markets.

## **Salary Increase Provisions in Initiative 732**

Initiative 732 should be repealed. Teacher salary increases should be established by collective bargaining based on compensation surveys.

## **Time, Responsibility, and Incentive Pay (TRI)**

TRI compensation is inequitable. Equally well-qualified teachers performing the same duties in different districts are paid different salaries with no justification other than the arbitrary availability of inequitable and historically unstable local levies. TRI pay promotes the inequitable distribution of qualified staff and educational opportunities.

The statutory prohibition on the use of TRI compensation for basic education purposes is disingenuous; TRI pay is frequently used to increase teacher base salaries without regard to additional time, responsibilities, or performance attributable to financial incentives. It must be repealed.

## **Continuing Contracts**

Continuing contracts for teachers should be subject to collective bargaining. The state's responsibility to students should not be impaired by arbitrary constraints on its authority to terminate teachers unable to meet appropriate student performance standards. Increasingly refined student performance information and merit pay for supervisors based on student performance will minimize the threat of subjective and erroneous personnel evaluations.

Continuing contracts for principals should be repealed.

## **Merit Pay**

Increasingly sophisticated and regular student performance assessments will make it possible to evaluate the performance of teachers. A merit pay system should award bonuses to all teachers and their supervisors in

each school building based on student academic achievement in primary schools and a combination of student academic achievement and student retention in secondary schools.

The legislature should immediately appropriate merit pay funds for principals and other supervisory staff. Significant student performance improvements could be achieved at relatively low cost.

## 5. State Assistance and Oversight

Recommendations:

- Delegate to the governor the authority to alter general apportionment allocations by no more than 5 percent to accommodate diverse district needs and to promote innovation; and
- Delegate to the governor the responsibility to impose performance standards appropriate to each district and to intervene in the absence of satisfactory performance.

**“Our education system must encourage creativity and innovation...”**

Washington Learns, page 3

**“Competition sparks innovation.”**

Washington Learns, page 12

**“What is needed is much greater flexibility in both pay and staffing arrangements.”**

Doherty Report, 1973, page 38

### Assistance

The governor’s authority to target assistance should include but not be limited to:

- Providing enhanced staffing and related expenditures for “hard-to-staff” schools;
- Supporting alternative school and staffing models (e.g., magnet schools, math coaches);
- Providing small school district consolidation incentives; and
- Directing the use of philanthropic contributions and grants awarded to the state.

The ability of the legislature to accommodate the diverse, shifting, and evolving needs of students and to promote innovation is limited. Using statutes and budgets to provide increasingly refined programs and services is like trying to perform surgery with mittens; it just does not work very well.

The governor should establish minimum general apportionment staffing allocations and minimum requirements no later than the first day of February preceding each school year. Funds withheld for discretionary allocation should not be used for other than support of the common school system.

Discretionary expenditure authority will allow support of innovative programs initiated by local districts and encourage further innovation throughout the state.

Enhanced funding of small school districts lacks any educational justification. It is a luxury that subsidizes small communities by creating administrative inefficiencies. The governor should have the authority to offer financial incentives for small district consolidations that will improve educational opportunities and minimize unnecessary expenditures.

## **Oversight**

The responsibility of the governor to impose informed oversight and timely intervention is essential to protect the best interests of students and the state. Students must not be forced to suffer the consequences of inadequate educational programs while adults debate the merits of state versus local control. Increasingly refined management information systems and student performance information will make it possible to identify problems in a timely manner.

Districts meeting student and management performance standards likely will be granted commensurate autonomy over the conduct of district affairs.

## **6. Funding**

Recommendations:

- Fund two additional hours of instruction;
- Increase appropriations for classified staffing, facilities maintenance, and Non-Employee Related Costs;
- Limit the use of local levy funds; repeal the levy lid; eliminate levy equalization;
- Repeal Initiative 728;
- Eliminate the state teacher salary schedule;
- Eliminate enriched state funding of small school districts; and
- Develop a single accounting and reporting system that separates state and local funds and improves student achievement data systems.

**“[D]evelop...a new transparent accounting...and reporting system...that separates expenditures by revenue source.”**

Washington Learns, page 49

**“Distinguish local levies from state basic education funding...to prevent commingling of local levy funds with state basic education funds.”**

Attaining a World Class K-12 System  
Full Funding Coalition 2008 Report, page 16

**“Extra education of teachers does not appear...to produce [student] achievement results, although it is a characteristic for which teachers are rewarded.”**

Miller Report, 1975, page 213

Proposed net spending increases in this section total approximately \$3.1 billion based on preliminary projections of numerous factors, including student enrollment and inflation.

### Enhanced School Hours

The state should fund staffing ratios to accommodate seven-hour school days for students and a one-hour period of teacher planning, preparation, and professional development. The seven hours would include five hours provided in accordance with the proposed new Basic Education Act and two additional hours subject to appropriation.

The recommended ratios in Table 3 are based on best practices recommended by the 2006 Picus and Associates report to Washington Learns, *“An Evidence-Based Approach to School Finance Adequacy in Washington”* and the 2007 Conley *“Washington Adequacy Funding Study”* for the Washington Education Association, as well as the professional judgment of educators and the state superintendent of public instruction.

**Table 3. State-Funded Certificated Instructional Staff per 1,000 Students**

Type of Staff	Current Implicit Staffing Ratios at 6 Hours of Instruction for Students, 1 Hour Teacher Planning	Proposed Basic Education Based on 5 Hours of Instruction for Students, 0 Hours Teacher Planning	Proposed Enhancement to Basic Education Based on 7 Hours of Instruction for Students, 1 Hour Teacher Planning
Grade K–5 Teachers	24.7	21.2	21.2
Grade 6–12 Teachers	29.0	25.5	25.5
Instructional Coaches	1,250.0	1,000.0	1,000.0
Librarians	786.0	500.0	500.0
Counselors/Support	462.0	400.0	400.0
Nurses	2,659.0	750.0	750.0
Average for all staff, grades K–5	18.8	18.5	16.2
Average for all staff, grades 6–12	21.7	21.7	19.0

### Enhanced Classified Staffing

The state should establish classified staffing ratios based on the professional judgment of educators and education finance researchers, as shown in Table 4.



**Table 4. State-Funded Classified Staff per 1,000 Students**

Type of Staff	Current Funding Allocation	Proposed Funding Allocation
Aides (including Library Aides)	2.8	4.6
Secretaries	3.0	4.0
Central Office	4.0	4.5
Service Workers	0.9	1.1
Safety	0.1	0.8
Technology	0.4	0.9
Graduation Advisor	0.0	0.3
<b>Total</b>	<b>11.2</b>	<b>16.2</b>

Combined with recommendations for facilities maintenance staffing in Table 5, basic education classified staffing should be re-defined in total as 24.7 staff per 1,000 students instead of 17.1 staff per 1,000 students.

### Facilities Maintenance

The state Department of General Administration should establish standards for building maintenance and operations and the expenditures necessary to maintain those standards.

The state should increase the allocation for maintenance supplies to the actual average district expenditure of \$130 per student and adjust the allocation for inflation in succeeding years. Staffing allocations per 1,000 students should include 1.8 employees for facilities maintenance, 1.6 employees for grounds maintenance, and 5.1 employees for custodial services, as described in Table 5 below.

The allocation for facilities maintenance staffing is based on a recommendation in the 2006 Picus and Associates report to Washington Learns. There is ample evidence of deferred school maintenance, sufficient to warrant increased effort pending the adoption of permanent standards.

The state should prohibit the diversion of maintenance funds. Deferred maintenance accelerates the deterioration of buildings, with the greater eventual cost of repair or replacement imposed on the next generation of district officials. Maintenance funds are routinely diverted to compensation. The prohibition should be removed when collective bargaining is transferred to the state.

**Table 5. State-Funded Facilities Maintenance Staff per 1,000 Students**

Type of Staff	Current Funding Allocation	Proposed Funding Allocation
Custodians	4.3	5.1
Groundskeepers	0.5	1.6
Maintenance Workers	1.1	1.8
<b>Total Staff</b>	<b>5.9</b>	<b>8.5</b>
<b>Supplies and Materials per Student</b>	<b>\$59</b>	<b>\$130</b>

## **Non-Employee Related Costs (NERCs)**

The state should increase the allocation for NERCs to \$1,223 per student and adjust the allocation for inflation in succeeding years. The increase would recognize actual average district expenditures for major non-employee related costs and improve allocations for items such as library books and computers. Allocations should be defined by category of expenditure and adjusted to reflect changes in the cost of goods and services such as utilities.

## **Local Levies**

When the state fully funds basic education and local levy funds are separated from and limited to other than basic education obligations, the local levy lid should be repealed and levy equalization funding eliminated. Local school district voters should be allowed to exercise discretion in determining the extent and quality of educational programs above and beyond the obligations of the state.

## **Initiative 728**

Initiative 728 artificially separates a portion of school funding without guaranteeing an overall increase in spending. The initiative should be repealed, with funds transferred to general apportionment.

## **Teacher Salary Schedule**

The existing state teacher salary schedule is based on experience and academic credentials. With the exception of some advanced degrees directly related to subjects being taught, there is little evidence to indicate student performance is improved by teachers with advanced academic credentials. The rigidity of the salary schedule leaves little room for innovation or recognition of regional labor markets across the state. All compensation matters should be subject to collective bargaining.

## **Small School Districts**

Adjusted for demographic characteristics, there is no evidence to indicate small school districts improve student performance. Enhanced funding for small school districts should be provided by local communities or economic development programs and grants, with the exception of remote districts that are necessary for the health and safety of non-district residents.

Establishing priorities is an essential obligation of elected officials. Small school district funding should be transferred to general apportionment for all districts. The re-distributed funds would be sufficient to hire 380 math and science teachers throughout the state—one for every high school—with salaries and benefits totaling \$100,000 per teacher.

## **Accounting, Expenditure, and Student Data Reporting**

The state must establish a “new transparent accounting structure and reporting system that [separates] expenditures by revenue source” (SB 5627, section 3). The new system also should separate basic education from non-basic education expenditures.

Opaque accounting systems and the commingling of state and local funds allow the state to evade its basic education funding obligations. Only when local levy expenditures are separated from state expenditures and limited to other than state obligations will it be possible to hold the state accountable for fully funding basic education.

To improve teacher performance assessment, a statewide information system needs to identify teachers assigned to each student by grade level and standardized course descriptions, including the performance of each student on standardized tests.

## **7. REVENUE**

Recommendations:

- Extend the sales tax to consumer, business, medical, and financial services, **or** combine the following sources:
- Authorize community college district residents to impose special property tax levies;
- Impose a payroll tax to support the state Basic Health Care Plan;
- Impose a capital gains tax; and
- Impose a sales tax on motor vehicle fuel.

**“Task Force members must provide recommendations on how the state can fund their funding level recommendations.”**

Governor Gregoire  
December 5, 2008

**“[L]egislators...have flunked school funding for lack of will and prioritization, not a need to know all the details.”**

Seattle Post-Intelligencer  
June 15, 2008

### **Sales Tax on Services**

The extension of the sales tax to consumer, business, medical, and financial services would be simple to administer and would extract sufficient revenue to pay for the spending increases of \$3.1 billion proposed in Section 6.

### **Community College Levies**

Local school districts have been forced to rely on special levies to support basic education programs. Community colleges have been exempt from a similar obligation since the creation of the system in 1967.

Residents of each of the state's 27 community college districts should be allowed to impose special levies by majority vote. Proceeds should be matched by the state dollar-for-dollar up to a state-wide maximum of 50 percent of current community college funding. Savings of approximately \$750 million should be transferred to the common school budget.

Community college trustees should be elected and districts should be allowed to consolidate.

### **Basic Health Care Payroll Tax**

A payroll tax on employers and employees should be imposed to provide funding for the state Basic Health Care Plan. Savings of approximately \$500 million should be transferred to the common school budget.

### **Capital Gains Tax**

The state property tax should be applied to income derived from capital gains. Revenue of approximately \$35 million should be used to fund proposed education spending increases.

### **Sales Tax on Gas**

The state Constitution should be amended to replace the existing per gallon tax on motor vehicle fuel with a sales tax sufficient to maintain existing gas tax revenue projections and additional revenue necessary to fund the balance of common school funding requirements. If the community college property tax, Basic Health Care Plan payroll tax, and capital gains tax are enacted, the sales tax on gas would be approximately 26.25 percent, which would include \$2 billion to fund proposed education spending increases.

### **Alternatives**

There are numerous other options for additional revenue, from selectively repealing tax cuts enacted since 2001 to across-the-board increases in sales and business and occupation tax rates.

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# MEMORANDUM

*Office of the Superintendent, Bremerton School District*

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**To:** Dan Grimm, Roxanne Lieb

**From:** Bette Hyde, Superintendent

**Date:** December 23, 2008

**Subj:** **Joint Legislative Task Force in Basic Education Finance – Minority Report**

I am writing to lend my support to two of the issues raised in Chairman Grimm's Minority Report submitted November, 2008, and to add a third area of serious concern to me.

I agree wholeheartedly with Chairman Grimm's support for collective bargaining at the State level. I believe that the only way to ensure equity in teacher compensation across the State is to have the Governor, or her designee, collectively bargain wages, benefits, and all monetary conditions of employment. It is our State's paramount duty to amply fund a system of basic education. Since 85% of school funding is in people, the State's responsibility for collective bargaining seems most appropriate. Local districts should certainly bargain non-monetary issues such as calendar, professional development calendar, and local leadership roles. Collective bargaining of financial issues ought to be transferred to the State.

Second, I agree with Chairman Grimm that our Task Force fell short on our assignment from the Governor to consider sources of funding for our recommendations. We all agreed that current funding is not sufficient to accomplish our goal of providing opportunities for all students to meet State standards. Earlier work by Picus and Odden with the Washington Learns K-12 Advisory Committee and current work done by the School Finance Redesign Project of the University of Washington's Center on Reinventing Public Education conclude this as well. Since our Task Force did not have the opportunity to discuss in depth the several tax increase/budget cut recommendations advised by Chairman Grimm, I can neither condone nor criticize them. I would, however, add to the list of possibilities a State income tax. It should be noted, that in the Washington Learns report, all the globally competitive states against which Washington would judge itself, have state income taxes.

A third area in which I am compelled to write this Minority Report is that of Early Learning. While I am convinced of its value and research base, I am not convinced of the wording in our final draft document. Our Task Force discussion focused on

standards based curriculum that focused on learning. Given the stress on learning, early learning then should be included in Basic Education. The current language that references Head Start standards and yet-to-be-developed DOL standards do not emphasize pre-academic learning. While I support the provision of their programs through partnerships with local school districts, I sincerely believe, and our work in the Bremerton Schools supports the fact, that the emphasis needs to be on teaching literacy and numeracy.

EMH:pt

c: Cheryl Chow



TO: Basic Education Finance Joint Task Force Members  
FROM: Superintendent Bette Hyde and Senator Fred Jarrett  
RE: Interim Concerns

DATE: January 9, 2009

We are writing to express our support of the Task Force Report. We are proud of the product and hopeful of its impact for the children of our State. We are, however, concerned about the functioning of our schools in the interim while the Task Force recommendations are being implemented.

As we have found throughout our Task Force deliberations over the past 18 months, many school districts are on the brink of financial collapse. Over the past two *decades*, only two districts have been in “binding conditions” in terms of budgets. “Binding conditions” means that the district cannot balance its budget and must budget receivables from a future budget year(s). Over the past two *years*, six districts have been thus labeled, with another four at risk. These districts vary by size and location, but are similar in their exceedingly tight budgets which could result in insolvency. Still many other superintendents increasingly worry about fiscal solvency.

Reasons for these financial concerns are many. The cost of simply keeping the school house door open continues to escalate. Simply “doing business as usual” costs more in terms of supplies, paper, textbooks, and transportation costs. Providing more differential instruction to students to ensure they meet standards and graduate requires smaller individualized classes, more space, and more teachers. Every time our legislature passes through a COLA, it funds some but not all staff raises, causing schools to need to lay off employees in order to cover the COLA’s of those who stay. For school districts with enrollment of 1,000 and below (the majority of school district in our State) average ending fund balance budgets have gone from 16% in 1999 to 8% in 2008-9. This trend is a threat to our State’s educational system and economy.

Additionally, Special Education deserves special notice. It seems generally agreed that Special Education has been systemically underfunded both locally and nationally, and the needs of many children with disabilities are increasing significantly, perhaps in part because of advances

in residential care that enables students to be educated in school as well as the stresses that our tight economy puts on families and, in turn, their children. While our report recommends improving Special Education funding by increasing the base to which the .9309 Special Education factor is applied, interim funding continues to be necessary while we await improvements to the base. We recommend changing current law to include all educational funding in the base for calculating Special Education funds.

Consequently, we recommend that the legislature be cognizant of the above and provide support and relief to school district to maintain programs as they await the implementation of our Task Force recommendations.

## Minority Report

I am submitting a minority report on behalf of the “Full Funding Coalition.” Much of the detail in the final report of the Joint Task Force for Basic Education Finance represents the comprehensive proposal that was submitted by the hard working legislators who served on the Task Force. The Full Funding Coalition, representing five of the State’s largest educational organizations, also presented a comprehensive proposal to the Task Force. This proposal should also be considered by the Legislature as the work to improve funding for our K-12 education system must begin. It is important to note that the Full Funding Coalition’s proposal does specifically address potential sources of revenue for the initial implementation phase.

Jim Kowalkowski  
Superintendent  
Davenport School District



# ATTAINING A WORLD-CLASS K–12 SYSTEM

## *Aligning Washington’s Funding Structure with 21<sup>st</sup> Century Educational Expectations*

*Submitted by The Full Funding Coalition  
June 10, 2008*

## Executive Summary

### **The Full Funding Coalition**

In January of 2006, five of Washington State’s largest education organizations (WSSDA, WASA, AWSP, WEA and PSE) signed a joint statement agreeing to work collaboratively with the legislature to develop a new funding formula for K-12 that provides the resources necessary to fully fund a 21<sup>st</sup> century education for all students. The 2007 Legislature established the Joint Task Force on Basic Education Finance to “review the current basic education definition and funding formulas, structure and... [to] propose a new definition of basic education that is realigned with the new expectations of the state’s education system.” In 2008, the Task Force invited interested stakeholders to submit proposals for a new K-12 finance system.

As a follow-up to the 2006 joint statement, WSSDA, WASA, AWSP, WEA and PSE formed the Full Funding Coalition. We established a committee comprised of the executive directors and officers of the associations, appointed a technical advisory work group, and hired Dr. David Conley, a nationally recognized expert in school funding models, as a consultant.

The recommendations set forth in this report represent the work of the Full Funding Coalition. Our goal is to create a framework for a new state basic education funding system that meets Washington’s constitutional requirements, providing the necessary resources for students to have the opportunity to achieve the state’s learning goals within a framework of accountability, transparency, flexibility, and simplicity.

### **The Problem**

With the enactment of Education Reform in 1992 and 1993, the state established for the first time clear performance expectations for the K-12 system in the form of learning goals, challenging Essential Academic Learning Requirements (EALRs), and the Washington Assessment of Student Learning (WASL) to measure student knowledge and skills in the key areas identified in legislation. The objective of these education reforms was to create a world-class, internationally competitive K-12 system.

WASL results indicate that the proportion of students meeting state standards has more than doubled from 1999 to 2007. Despite this increase, a significant percentage of students fail to meet the state’s performance expectations in reading, writing, math, and science.

Since the passage of the Basic Education Act in 1979-80 and its commitment to comprehensively fund basic education, Washington’s national ranking in terms of per pupil

funding has declined substantially, to 34<sup>th</sup> among states on a nominal basis and 45<sup>th</sup> if adjusted for cost-of-living. Washington also has the nation's fifth-largest class sizes, is below the national average on teacher compensation, and dead last in teacher compensation among the West Coast states. Increasingly, special levy revenues are being used to support Basic Education programs. Recent newspaper stories document the budget difficulties numerous Washington school districts face as they are forced to make program cuts and reductions in their educator and support staffs.

Although Washington set ambitious performance goals for its K-12 system, the state never determined what it would cost to achieve these goals. K-12 funding has not kept pace with the state's increasing expectations for student learning. Annual improvements in student performance have slowed—an indication that the K-12 system has largely exhausted its ability to generate any further incremental gains within the available resource structure.

The current process for determining what goals schools are expected to accomplish and the funding they are provided to accomplish these goals are not connected. This disconnect results in schools being expected to do things they are not capable of doing with the resources they have available to them. In order to address this fundamental problem, we recommend creating new funding and accountability systems to generate adequate funding and ensure the state's basic education goals will be met.

## **Principles of New State Basic Education Funding Formulas**

Our proposal shifts the focus of state basic education funding formulas from program compliance to student performance, from fiscal inputs to student outcomes. School accountability measures would transition from the current input and seat time variables to multiple indicators of performance.

### **Two-Way Accountability**

Schools should be held accountable in proportion to state funding they receive for basic education. If state funding is less than 100 percent of what it takes to reach the state's goals in a particular year, then the state's performance goals and accountability targets should be adjusted accordingly.

Determining the relationship between funding and performance requires determining the level of resources necessary to fully achieve the state's performance goals. To make this determination, we rely on the Washington Adequacy Funding Study (WAF study), which identified the resource levels necessary to achieve the state's current goals (Conley & Rooney, 2007).

Under our proposal, the responsibility for fully funding this definition of basic education rests with the state. Because it is not feasible for schools and the state to implement all of the recommendations at once (even if funding were available), programs necessary to achieve state goals fully would need to be implemented gradually over the course of successive school years. As new state funding levels and distribution formulas are periodically introduced, the definition of basic education would change to encompass all funded elements. Each year's state funding level and education goals would establish the limits of the basic education definition.

## Establishing and Updating Basic Education Funding Levels

We use the WAF study to guide initial 2009-11 biennium investments. However, adequacy studies require routine updates to account for changes in underlying facts, costs and new research findings. The appropriate mechanism would be a newly created Commission for Quality Education in Washington (CQEW), whose duties would include determining the resources necessary to make ample provision for the education of all Washington public school students by creating and updating prototype school models similar to those in the WAF study.

The CQEW would also develop a means to calculate expected performance of Washington schools in relation to the state funding provided, taking into account individual district and school demographic characteristics. Struggling schools and school districts not meeting expected performance would receive progressive state support and assistive measures.

## WAF Study Prototype Levels Compared with State Funded Levels

The WAF study specifies resource allocations based on prototype schools at the elementary, middle, and high school levels, and identifies the various interventions necessary for all students to achieve the state's goals. Using prototype schools reduces the complexity of school budgeting to a manageable level by illustrating in a simple, transparent fashion the various necessary resources. Figure 1 provides an excerpt of the prototype schools.

*Figure 1: Excerpt Drawn From Appendix A*

	Elementary		Middle School		High School	
<b>Total School Enrollment</b>	<b>482</b>		<b>660</b>		<b>1312</b>	
Kindergarten	45					
Grades 1-3	263					
Grades 4-5	174					
Special Education Enrollment	62		85		170	
Disadvantaged LAP Enrollment	194		242		40	
English Language Learner Enrollment	37		54		108	
<b>Staffing &amp; Other Components</b>	<b>FTE Staff</b>	<b>Staff per Student Ratio</b>	<b>FTE Staff</b>	<b>Staff per Student Ratio</b>	<b>FTE Staff</b>	<b>Staff per Student Ratio</b>
<b>Principal's Office</b>						
Principal	1.07	1 per 450	1.09	1 per 606	1.13	1 per 1,161
Assistant Principal	0.5	1 per 964	1.00	1 per 660	2.00	1 per 662
Building Office Cert. Staff	0.94	1 per 513	0.16	1 per 4,250	1.64	1 per 801
Building Office Classified Staff	3.23	1 per 149	4.10	1 per 161	6.53	1 per 201
<b>Teachers</b>						
K-3 (Including all day-Kindergarten and summer school)	20.79	1 per 17				
Grades 4-5	8.30	1 per 21				
Grades 6-8			28.70	1 per 23		
Grades 9-12					62.40	1 per 21
Special Education (1)	4.13	1 per 15	5.67	1 per 15	11.33	1 per 15
Learning Assistance (2)	3.88	1 per 50	4.84	1 per 50	8.00	1 per 50
English Language Learners (3)	1.48	1 per 25	2.16	1 per 25	4.32	1 per 25
<b>Educational Staff Associates Staffing (Certified)</b>						
Librarian/Media Specialist	1.00	1 per 482	1.00	1 per 681	2.03	1 per 645
Counselor	1.93	1 per 250	2.64	1 per 250	5.25	1 per 250
Occupational Therapist (1)	0.38	1 per 165	0.82	1 per 104	1.42	1 per 120
Social Worker	1.00	1 per 482	1.00	1 per 660	1.00	1 per 1,323
Speech/Language/Audio (1)	0.03	1 per 2,067	0.05	1 per 1,760	0.09	1 per 1,888
Psychologist	0.38	1 per 1,282	0.51	1 per 1,946	1.02	1 per 2,462
Nurse	1.00	1 per 482	1.00	1 per 681	1.00	1 per 1,323
Physical Therapist (1)	0.09	1 per 775	0.14	1 per 567	0.44	1 per 386
Reading Resource Specialist	0.03	1 per 14,827	0.05	1 per 12,122	0.08	1 per 15,510
Other Certified Support Staff	1.00	1 per 482	1.45	1 per 454	1.98	1 per 662
<b>Regular Education Staffing (Classified)</b>						
Aides	2.99	1 per 161	6.17	1 per 107	13.81	1 per 95
Crafts/Trades	0.16	1 per 3,073	0.35	1 per 1,868	0.81	1 per 1,627
Laborers	0.02	1 per 29,318	0.04	1 per 16,637	0.11	1 per 11,470
Office/Clerical	0.94	1 per 515	2.24	1 per 294	4.56	1 per 288
Professional	2.51	1 per 192	3.24	1 per 204	5.88	1 per 223
Technical	1.00	1 per 482	0.97	1 per 681	0.99	1 per 1,323
Director/Supervisor	0.15	1 per 3,314	0.31	1 per 2,128	0.70	1 per 1,870

Compared to current expenditure levels from all funding sources, WAF study prototype resource levels would provide improved classroom-centered supports, as well as educator, instructional and learning environment supports.

The WAF study compares 2004-05 baseline expenditure levels from all fund sources, including local, federal and state, with the adequacy prototypes. The WAF study is much easier to compare with current levels by excluding local and federal funds, as demonstrated in Figure 2.

**Figure 2: Selected State-Funded Resource Levels Compared with Washington**

<b>Selected State Funded Resource Levels Compared With Washington Adequacy Funding Study Prototype Levels</b>		
	<b>2009-10 Maintenance Level</b>	<b>Adequacy Prototype</b>
Grades K-3 - Students per Teacher **	21.7	17.0
Educational Staff Associate - K-12 Students per ESA	243.4	94.8
Classified - K-12 Students per staff	58.75	54.8
Non-Employee Related Costs - \$/Student (K-12)	\$531	\$1,691
Number of State Funded Staff Development Days **	3.3	10.0
Learning Assistance - Students per Teacher (Tutor)	146.3	50.0
All Day Kindergarten - Percent of students funded **	30%	100%

\*\* Includes Initiative 728 funds based on 2006-07 reported expenditures

## **Staff Compensation**

A recent Superior Court decision determined that state salary allocations to school districts are not rationally determined. The WAF study utilizes several rational, systematic methods to set salary levels, one of which involves using comparative wage analysis. This method compares the average salaries of one profession with those of similar professions. Not only could this type of analysis be used to set statewide average salary levels, but it could also be used to reflect differences among districts in regional costs-of-living.

The WAF study, using a comparative wage analysis and other methods, recommended increasing teacher salaries by 18.25 percent. As a point of reference, Washington teacher salaries in 2007-08 were approximately \$3,000 below the national average. With respect to classified and administrator salaries, actual district classified salaries exceeded state funded

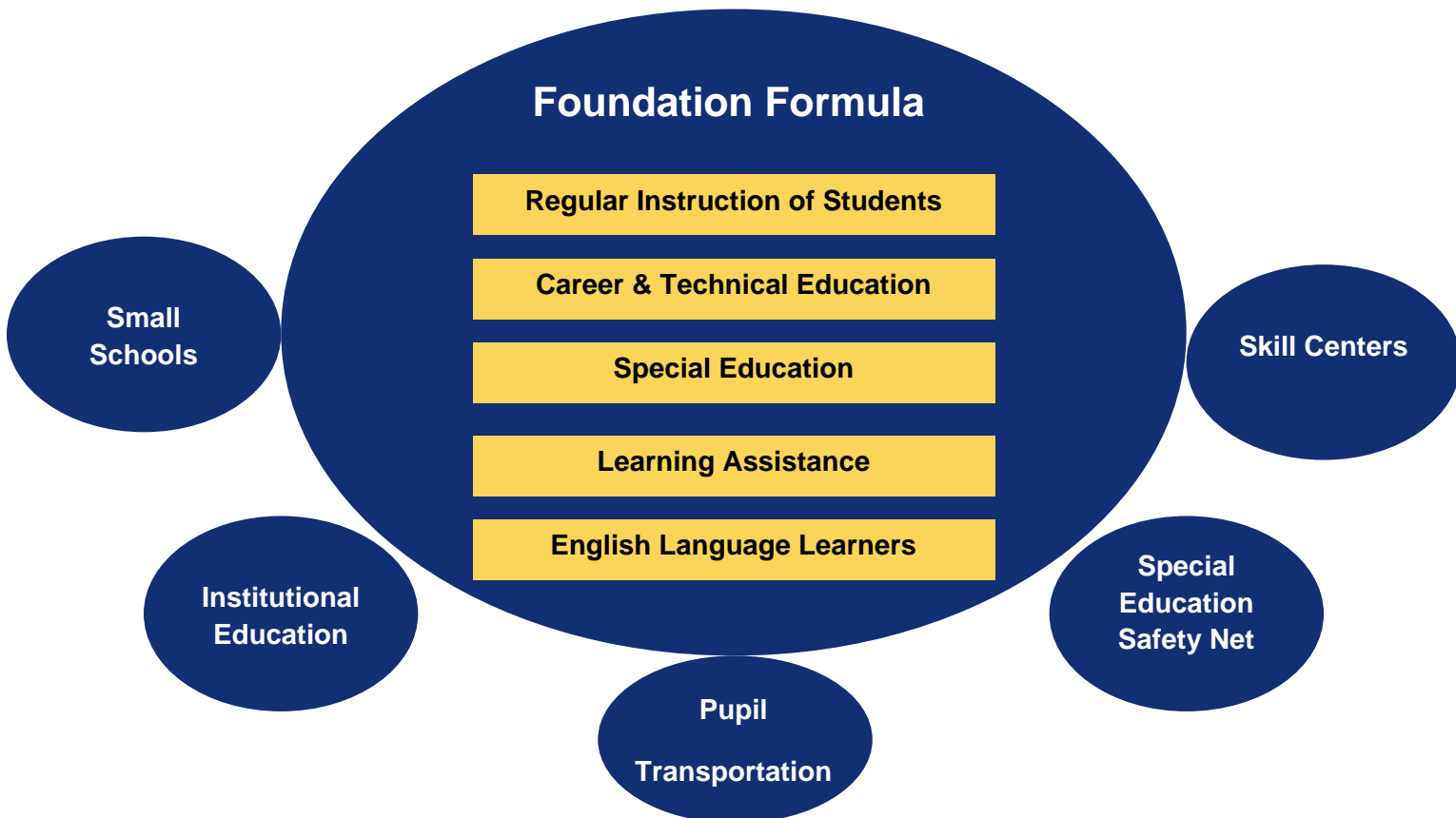


average salaries by 26 percent in 2006-07, while actual average administrator salaries exceeded the state funded average salary by 66 percent.

We propose that state-funded salary levels should be sufficient to attract and retain quality staff, but not require the use of local levy funds to accomplish that objective. The Coalition understands that the Institute for Public Policy will report on compensation levels to the Task Force in August 2008. The Coalition is interested in using comparative wage analysis to set salary levels. However, as revealed in “The Teaching Penalty” (2008, Mishel, et al.), such comparative analyses can be quite complex, so we recommend this analysis be conducted under the auspices of the newly created Commission on Quality Education in Washington (CQEW).

## **New Basic Education Funding Structure – Foundation Formula**

To simplify the funding system and change the focus of accountability from inputs to outcomes, the Coalition proposes creating a new foundation formula that replaces 10 current basic education formulas with six. A schematic of the current foundation formula is shown below.



Although special education is included within the foundation formula, special education expenditures would continue to be reported separately.

Foundation formula dollars would be used for allocation purposes only, as is currently the practice for general apportionment funds. The focus of district expenditure accountability would change from inputs to student outcomes. Districts would choose how they expend the funds as long as their students meet state accountability requirements and expected performance. We propose a new set of accountability requirements, discussed at length in this report, to accompany the change to a new funding formula and increased state funding. The new accountability structure accounts for special levy expenditures separately to preclude mixing special levy dollars with basic education foundation formula expenditures.

## **Six-Year Implementation Plan for New Funding**

Since it is not feasible for the state and the K-12 system to implement all of the WAF study recommendations at once, the changes would need to be implemented gradually. As such, this implementation needs to follow a logical progression wherein each investment supports the implementation of the next. Moreover, the initial funding phases need to alleviate the use of local levy funds to meet basic education requirements by providing resources that begin to approach the baseline prototype funding level in the WAF study. The following six-year phased implementation plan is consistent with the WAF study and proposes a basic strategy for adding resources in a systematic fashion so that Washington K-12 students meet state standards at levels specified by the CQEW.

### ***Year One Implementation:***

- Begin K-3 class size reduction. This intervention is gradually implemented because it requires the addition of teachers and, eventually, the re-organization or construction of classroom spaces.
- Continue full-day kindergarten implementation with higher poverty districts currently receiving funding priority.
- Add professional development for teachers focused on enabling more students to meet standards.
- Add resources for struggling students.
- Improve school-wide behavioral management by increasing allocations for better counselor staffing ratios and initiating funding for social workers.
- Increase classified support staff in the principal's office to coordinate assessments, collect and manage data, and ensure compliance with other federal and state accountability requirements.
- Increase compensation three percent above I-732 COLA to enable recruitment and retention of the most qualified educators.
- Phase in funding for education support costs (non-employee related costs) to ease dependence on levies.

### *Year Two Implementation:*

- Continue K-3 class size reductions, all-day kindergarten, additional counselors, librarians and social workers and a professional outreach coordinator; and continue to improve classified staff allocations for teacher aides and other purposes.
- Add funding for key instructional programs in core subjects and instructional improvement coaches. The coaches mentor new teachers and help experienced teachers improve their instructional practices.
- Add a professional outreach coordinator for parent involvement to help ensure that school goals are supported in the home.
- Add campus security to the middle and high school levels to provide a safer learning environment for students as a key prerequisite to improving student learning.
- Increase two percent compensation above the I-732 COLA.

### *Years Three to Six Implementation:*

- Authorize the CQEW to review progress made by schools and to make recommendations on the phase-in of further interventions designed to improve student learning. These recommendations would focus on groups most in need of additional support and those failing to make progress toward state goals. Some interventions, such as class size reductions, all-day kindergarten, educational support funding, technology and security, staff development, and compensation adjustments would necessarily be spread across all six years.
- Convert to the new Foundation Formula for budgeting and allocating state funds for school expenditures. The state would do this in consultation with the CQEW.
- Adopt a rational basis for setting staff compensation levels using comparative wage analysis.

Although the proposed phased implementation plan contains specific prescriptions regarding fund allocation to meet state goals, the basic principle remains that **schools and districts may allocate these additional revenues in response to locally determined needs as long as they are achieving all state goals.** The state provides increasing support toward full adequacy along with a road map of interventions that districts and schools can follow to achieve state goals. Districts retain authority for their instructional programs, but if they do not meet expected performance levels, then they will be held much more accountable for the decisions they make. The CQEW represents a rational means to detail this road map. The phased implementation model is designed to be instructive, not prescriptive, for schools and districts.

*Summary 2009-11 Biennial State Costs*

*Summary of State Costs for 2009-11 (in millions)*

<b>Intervention</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>2009-11 Biennial Cost</b>
Staff Development	\$19.9	\$46.0	\$66.0
K-3 Class Size	\$52.7	\$117.9	\$170.6
Classified Staff Ratio	\$8.3	\$19.3	\$27.6
Struggling Students	\$53.6	\$123.5	\$177.1
ESA Staff Ratio	\$69.3	\$154.9	\$224.2
Compensation Adj.	\$119.0	\$243.0	\$362.0
Non-Personnel Costs	\$47.0	\$118.0	\$165.0
All-Day Kindergarten	\$2.5	\$5.7	\$8.1
<b>Total</b>	<b>\$372.3</b>	<b>\$828.3</b>	<b>\$1,200.6</b>

# Potential Sources of Revenue for Initial Implementation Phase

## **Assign a Portion of State Revenue Increases to Basic Education Funding**

The 2008 Legislature enacted Engrossed Substitute Senate Bill 6573. Starting in 2011, in when biennial general state revenue collections increase by more than 5 percent, legislation requires the state treasurer to transfer (subject to appropriation) funds to a Local Public Safety Enhancement Account for retirement benefit improvements for law enforcement and firefighters. Estimated transfers from the general fund project \$5 million in 2011, \$10 million in 2013, \$20 million in 2015 and \$50 million in 2017. This signifies that retirement benefit improvements are a first priority for expenditure of revenue increases exceeding five percent.

This same concept could be adopted by the legislature to fund the state's paramount duty, which according to the state constitution, is to "make ample provision for the education of all children residing within its borders ..." (Article IX, Section 1).

The average increase in general fund-state revenues in current dollars (as in the provisions of ESSB 6573) from 1961 to 2009 is 17.3 percent. The expected increase for 2009-11 is 8.3 percent. Revenue increases in excess of 5.0 percent equals \$1.06 billion. Transferring half of that would amount to \$500 million, which would pay for nearly half of the K-12 basic education funding improvements shown in the [preceding] Table.

## **Recapturing the Uncollected State Property Tax for Schools**

The state property tax rate for schools in calendar year 2010 is expected to be \$2.12 per \$1000 of assessed value. By statute, the state has reserved a total rate of \$3.60 per \$1000 of assessed value for the funding of the common schools.

The actual rate of \$2.12 per \$1000 of assessed value is lower than the statutory maximum of \$3.60 and has been declining due to the 1 percent limit on property tax revenue growth. The state could recapture some of that revenue by re-establishing a higher state collected property tax rate. A \$0.25 increase in the state rate would raise an estimated \$222 million in calendar year 2010 and \$229 million in 2011. For the 2009-11 biennium, such an increase could generate an additional \$341 million in state revenues.

## **Conclusion**

The Full Funding Coalition supports achieving high standards by providing students with the educational opportunities necessary for them to lead productive, satisfying lives as contributing citizens. Washington State should not settle for anything less than the best educational experience it can offer to the young people of the state, who embody the hopes and dreams for the future.

**The full report can be found at:** [http://wssda.org/wssda/WebForms/En-Us/News/2008/20080612\\_coalition.asp](http://wssda.org/wssda/WebForms/En-Us/News/2008/20080612_coalition.asp)

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This document is available from the Joint Task Force on Basic Education Finance website:  
<http://www.leg.wa.gov/Joint/Committees/BEF/>

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