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## Education Appropriations Committee

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### HB 1410

**Brief Description:** Creating a comprehensive system of public education programs, finance, and accountability.

**Sponsors:** Representatives Sullivan, Priest, Hunter, Anderson, Carlyle, Haler, Maxwell, Pedersen, Rolfes, Quall, Springer, Dammeier, Hope, Eddy, Liias, Clibborn, Goodman, Williams, Chase, Morris, Morrell, McCoy, Kagi, Kessler, Newhouse, Simpson, Darneille, Rodne, Nelson, Probst, Miloscia, Driscoll, White, Moeller, Ormsby, Kelley and Wood.

#### Brief Summary of Bill

- Adopts definitions, requirements, and financing formulas for a Program of Basic Education and an Instructional Program that the Legislature deems complies with Article IX of the State Constitution.
- Includes within the requirements; expanded minimum instructional hours, instruction for 24 credits for high school graduation, a Program of Early Learning for at-risk children; and supplemental instruction for students who are underachieving, non-English proficient, and in special education.
- Sets forth financing formulas based on a prototypical school model and specifies numeric amounts as of the 2016-17 school year for such inputs as class size, types of school staff, central office administration, and allocations for maintenance, supplies, and operating costs.
- Provides for phased-in implementation of the requirements and financing formulas beginning in the 2011-12 school year, with full implementation required by 2016-17.
- Revises teacher certification to be based on performance standards and an evaluation from certified peer-evaluators and requires employment evaluations and mentoring programs for new teachers to be aligned with the performance standards, all beginning in the 2012-13 school year.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

- Requires development of a new compensation system and state salary schedule for Certificated Instructional Staff hired after the 2012-13 school year or who transfer to the new system.
- Directs development of a regional wage adjustment schedule based on comparative labor market surveys conducted by the Department of Personnel.
- Authorizes the State Board of Education to implement a school and district accountability system including an accountability index, designation of some struggling schools and districts as Priority for intensive assistance, and placement of Priority schools and districts on Academic Watch with a binding performance agreement if no improvement is made.
- Sets the levy lid at 24 percent for all districts and repeals Local Effort Assistance as of January 1, 2012, and directs a working group to develop a new system of local finance for public schools.
- Creates five technical working groups to continue development of policies under the bill and creates a Basic Education Steering Committee to monitor and oversee implementation.

**Hearing Date:** 1/28/09

**Staff:** Barbara McLain (786-7383) and Ben Rarick (786-7349)

**Background:**

Introduction

**Basic Education.** Article IX, Sections 1 and 2 of the state Constitution declare that: 1) it is the paramount duty of the state to make ample provision for the education of the state's children; and 2) the Legislature is required to provide for a general and uniform system of public schools.

In response to a Superior Court ruling holding that the state had not expressly defined, determined the substantive content of, or funded a Program of Basic Education (School Funding I), the Legislature adopted the Basic Education Act (BEA) of 1977. Subsequent court decisions (School Funding II in 1983 and *Tunstall v Bergeson* in 2000) have held that other educational programs are also part of the state's constitutional obligations, including:

- Special Education programs for students with disabilities;
- Transitional Bilingual education programs;
- remediation assistance programs (now known as the Learning Assistance Program);
- transportation for some students; and
- education for juveniles detained in adult correctional facilities.

Through this combination of statutory law and judicial decisions, these programs, plus the BEA and the educational program for students in residential and juvenile institutions, have come to be

referred to as "Basic Education," signifying a constitutional obligation by the state under Article IX to provide the programs. Because this obligation arises through a combination of statutes and court decisions, there is no single express statutory definition of the programs that are designated as Basic Education.

The courts have also established various principles that are associated with the Basic Education designation. For example, under the School Funding II superior court ruling, once the Legislature has defined and fully funded the Program of Basic Education, it may not reduce that level of funding, even in periods of fiscal crisis. However, the definitions and funding formulas are subject to review, evaluation, and revision by the Legislature to meet the current needs of the children in the state.

**Joint Task Force on Basic Education Finance.** The Legislature established the Joint Task Force on Basic Education Finance (Task Force) in 2007. The Task Force was charged with reviewing the definition of Basic Education, developing options for a new funding structure and funding formulas, and proposing a new definition of Basic Education realigned with the expectations for the state's public education system. The Task Force's final report was issued on January 14, 2009, and contains recommendations for comprehensive revisions of the Program of Basic Education, the financial model that drives state funding to support school districts, educator preparation and compensation, and accountability.

#### Program of Basic Education

**Definition.** The 1977 BEA defines the Program of Basic Education as:

- the Goal of the school system, which includes providing students the opportunity to develop essential knowledge and skills in various subjects;
- the Instructional Program to be made available by school districts; and
- the determination and distribution of state funding to support the Instructional Program.

**Instructional Program.** School districts must make the Instructional Program accessible to all students aged 5 to 21; offer a district-wide average of 1,000 instructional hours in grades 1 through 12 and 450 hours for kindergarten; provide a minimum school year of 180 days; and provide instruction in the Essential Academic Learning Requirements. An instructional hour is one that offers students the opportunity for educational activities and includes class changes, recess, and parent-teacher conferences but not time for meals.

The 180-day school year can be waived by the State Board of Education (SBE) if the district seeks to implement a particular educational program using fewer days. In 2007, the Legislature adopted a policy to phase-in the provision of full-day kindergarten, starting with schools with the highest number of low-income students. This expansion is expressly outside the definition of Basic Education.

In addition, each school district must maintain a ratio of at least 46 Basic Education certificated instructional staff (CIS) for each 1,000 full-time equivalent (FTE) students. The CIS includes teachers, counselors, nurses, librarians, and other school staff required to have state certificates.

**Funding Allocation for Instructional Program.** The distribution formulas for the Instructional Program are based primarily on staffing ratios that drive an allocation for each 1,000 FTE students. There are minimum staffing ratios for CIS, administrative staff, and classified staff, with the numeric ratios set forth in statute. The formulas must also recognize nonsalary costs. The statute states that Basic Education is considered fully funded by the dollars appropriated by the Legislature to fund the Instructional Program according to these distribution formulas and by the dollars appropriated to fund a state salary allocation schedule for the CIS. The formulas are "for allocation purposes only," leaving it to school districts to determine how best to use the resources. The remaining detail of the funding and distribution formulas, including any enhancements beyond the statutory minimums, are found in the appropriations act and associated documents.

**Categorical Programs.** State funding for the Learning Assistance Program (LAP) and the Transitional Bilingual Instruction Program (TBIP) must be expended on the students to be served in the program. The statutes for these programs establish programmatic expectations, but no requirements for staffing ratios or hours of instruction, and few directions for the calculation of funding. The funding formulas are contained in the appropriations act.

Special Education for students with disabilities is funded on an "excess cost" basis. The formula, which appears in the appropriations act, is a percentage (1.15 percent for children aged birth to five what are not in kindergarten and .9309 for students in grades kindergarten through 12) of the Instructional Program allocation. The allocation is based on a maximum of 12.7 percent of total FTE student enrollment in grades kindergarten through 12. The appropriations act also establishes a Special Education Safety Net where funds are made available for safety net awards for school districts with demonstrated needs for special education funding beyond the amounts provided through the excess cost allocation.

#### Other Programs

**Early Learning.** State and federally-supported preschool programs are overseen by the Department of Early Learning (DEL). The Legislature provides funding to support the Early Childhood Education and Assistance Program (ECEAP), which is similar to the federally-funded Headstart program. The programs are delivered under contract with the DEL, and providers include school districts, Educational Service Districts, community colleges, and non-profit community organizations. The level of funding and programmatic requirements differ between the two programs. In 2008, the DEL was directed to propose a Washington Headstart program to align early learning programs in the state. Work on the report has been suspended for financial reasons.

**Graduation Requirements.** Minimum high school graduation requirements are established by the SBE and currently include 19 course credits with a distribution of courses across subject areas. In 2008, the SBE adopted a policy framework for new graduation requirements called "Core 24" that is based 24 course credits. The SBE has made full adoption and a phased-in implementation of the Core 24 framework contingent on the Legislature providing additional funding for public schools.

**Highly Capable.** The courts have declined to include supplemental instruction for highly capable (gifted) students under the Program of Basic Education. The statutes for the Highly

Capable Program say that state funds, if provided, are to be based on a per-student amount not to exceed 3 percent of a district's FTE student enrollment. The 2007-09 appropriations act allocates funding at 2.314 percent of FTE enrollment.

### Teacher Certification and Mentoring

**Certification.** The Professional Educator Standards Board (PESB) establishes state certification requirements for teachers and other educators. There are two levels of state certification: residency and professional. To receive a residency certificate, teachers must complete an approved program offered through a College of Education. Approved programs must require the candidates to demonstrate competencies based on standards adopted by the PESB. Residency certificates are valid for five years, with one possible extension.

After teaching for at least two years, teachers then enroll in another approved program to obtain their professional certification. Professional certificates can be renewed every five years based on continuing education credits. In 2007, the Legislature directed the PESB to implement a uniform and externally-administered assessment of teaching skill for professional certification by 2010.

**Mentoring.** The state offers professional development and support for beginning teachers through the Teacher Assistance Program (TAP), which includes funding for stipends for beginning teachers and experienced teachers assigned as mentors by a school district. Participation is optional. The SPI has also provided training for mentors through the TAP.

### Compensation for Certificated Instructional Staff

**Salary Schedule.** State allocations for salaries for CIS are provided through a salary schedule adopted by the Legislature in the appropriations act. The current schedule is based on years of experience and academic degrees and credits attained by the individual. Actual salaries are determined through collective bargaining, subject to certain minimum and maximum requirements.

**Learning Improvement Days.** Since 1993, the Legislature has provided funding for Learning Improvement Days (LID) through the salary allocation schedule. The appropriations act requires school districts to add the LID to the 180-day contract year to be eligible for the funds and limits their use to specific activities identified in a school improvement plan. The 2007-09 appropriations act contains two LID and a disclaimer that the LID are not considered part of Basic Education.

**Bonuses.** Those CIS with certification from the NBPTS are eligible to receive an annual bonus of at least \$5,000, to be adjusted by inflation, along with an additional \$5,000 bonus if they are in an instructional assignment in a low-income school. A budget proviso in 2008 expanded the definition of low-income school and allowed individuals who later become principals to maintain their bonus.

**Supplemental Contracts.** The statutory restrictions on salaries for CIS can be exceeded only through a supplemental contract for additional time, responsibilities, or incentives (TRI). These

TRI contracts cannot impose a funding obligation on the state and are not to be for any services that are part of the Program of Basic Education.

### Other Compensation and Employment

**Administrators/Classified.** There is not a state salary allocation schedule for administrators or classified staff. Each school district receives an allocation from the state based on historical salary allocations and adjusted for cost of living increases. Actual salary levels are determined through collective bargaining process for the most part exceed the allocated salary.

**Employment.** The SPI is required to establish minimum criteria for the performance evaluations of CIS that are conducted by principals. Some of the criteria for evaluation of teachers are specified in statute. Teachers and other nonsupervisory CIS are subject to nonrenewal of employment contracts without a finding of probable cause (provisional status) for the first two years of employment.

**Future teachers conditional scholarship.** Selection priority into the Future Teachers' Conditional Scholarship program is provided to individuals seeking certification or an additional endorsement in math, science, technology education, career and technical education specialties, and special education.

### Accountability

**State Board of Education.** The SBE has responsibility for implementing a statewide accountability system that includes identification of successful schools and districts, those in need of assistance, and those in which state intervention measures are needed. Intervention strategies may be implemented only after authorization by the Legislature, which has not occurred. For the past two years, the SBE has been working on accountability, and on January 15, 2009, they adopted a resolution to:

- develop an accountability index to identify schools and districts based on student achievement;
- work to build the capacity of districts to help their schools improve, including an Innovation Zone program to provide improvement assistance;
- establish a process for placing schools and districts on Academic Watch if no significant improvement occurs, which would include a binding performance contract between the state and the district; and
- continue to refine the details of the accountability system.

**Formative assessments.** Formative assessments are those that provide information that can help teachers improve instruction and target specific skill deficiencies for students. The Legislature has repeatedly directed the OSPI to make diagnostic or formative assessments available to school districts but has inconsistently provided the funding for this purpose.

**Education data.** Since 2002, the OSPI has been developing a data system that assigns each student a unique student identification number and collects demographic and other information. In 2007, the Legislature directed the OSPI to establish standards for school data systems and a reporting format for school districts. A new student data system will be implemented statewide in 2008-09 with increased capacity to collect data and connect information from other data bases.

## Other Finance

**Levies.** The School Funding I decision found that local voter-approved property tax levies can only be used to fund enrichment programs and programs outside the Program of Basic Education. The Levy Lid Act (enacted along with the BEA) limits the amount of revenue that can be raised through maintenance and operations levies. The current levy lid is 24 percent of a district's state and federal revenues, except for 91 school districts with levy lids greater than 24 percent who have been grandfathered.

**Levy Equalization.** The Local Effort Assistance program (LEA) or levy equalization was created to mitigate the effect that above-average property tax rates might have on the ability of a school district to raise local revenues through voter-approved levies. A district is eligible for levy equalization if it has passed a local maintenance and operations levy and its 12 percent levy rate is higher than the statewide average. The LEA is expressly not part of Basic Education.

**Initiative 728.** In 2000, the voters approved Initiative 728, which created the Student Achievement Fund to provide a per-student allocation to school districts to be used for class-size reduction, extended learnings, opportunities, and other activities.

### **Summary of Bill:**

#### Introduction

**Intent.** The Legislature's intent is to fulfill its obligation under Article IX of the State Constitution to define and fund a Program of Basic Education and to establish a general and uniform system of public schools. For practical and educational reasons, wholesale change cannot occur instantaneously. The Legislature intends to adopt a schedule for implementation of the redefined Program of Basic Education and the resources necessary to support it, beginning in the 2011-12 school year and phased in over a six-year period. It is also the Legislature's intent not to revise or delay this implementation other than for educational reasons. However, the Legislature may make revisions to the formulas and schedules for technical purposes and consistency.

**Steering Committee.** A Basic Education Steering Committee (Steering Committee) is created to monitor and oversee implementation of the new definition of Basic Education. Members include eight legislators and representatives of the Governor's Office, the State Board of Education (SBE), the Superintendent of Public Instruction (SPI), the Professional Educator Standards Board (PESB), and the Department of Early Learning (DEL).

The Steering Committee monitors the progress and work of five technical working groups. The Steering Committee receives progress reports from the groups by November 15, 2009, and makes a report to the Legislature by January 1, 2010, including recommendations for resolving issues or decisions requiring legislative action during the 2010 legislative session. The Steering Committee then submits annual reports in November of each year until 2016, and expires June 30, 2017.

#### Program of Basic Education

**Definition.** The Program of Basic Education that complies with Article IX of the State Constitution is:

- the Instructional Program of Basic Education provided by public schools;
- the program of Early Learning for at-risk children as defined in the bill;
- the program for students in residential schools and juvenile detention facilities;
- the program for individuals under age 18 who are in adult correctional facilities; and
- transportation and transportation services to and from school for eligible students.

**Instructional Program.** School districts must provide instruction of sufficient quantity and quality and give students the opportunity to complete graduation requirements intended to prepare them for postsecondary education, gainful employment, lifelong learning, and citizenship. The minimum Instructional Program of Basic Education offered by school districts is as follows:

- 180 school days per school year, with 180 half-days for kindergarten, which is increased by 2016-17 to 180 full days;
- a district-wide average of 1,000 instructional hours across all grade levels, increased by 2016-17 to 1,080 hours in grades 7 through 12 and 1,000 instructional hours in grades 1 through 6; and
- 450 instructional hours in kindergarten, increased to 1,000 hours by 2016-17, phased-in beginning with schools with the highest percentages of low-income students.

The Instructional Program includes instruction in the Essential Academic Learning Requirements; opportunity for students to complete 24 credits for high school graduation, subject to a phase-in of course and credit requirements by the SBE; supplemental instruction through the Learning Assistance Program (LAP) and the Transitional Bilingual Instructional Program (TBIP); and Special Education for students with disabilities. An instructional hour requires an opportunity for academic and career and technical instruction and no longer includes class changes or recess.

The SBE is authorized to grant waivers of the 180-day school year for a one-year period, but only if the minimum instructional hour requirement is maintained. Waivers cannot affect more than 2 percent of the statewide student population and cannot be used for professional development. Current laws pertaining to waivers are repealed.

**Funding Allocation for Instructional Program.** A distribution formula is created for the allocation of state funds to school districts to support the Instructional Program of Basic Education. The formula is for allocation purposes only. Nothing requires a particular teacher-to-student ratio or requires use of allocated funds to pay for particular types or classifications of staff. Minimum staffing ratios are repealed.

The formula is based on minimum staffing and non-staff costs to support prototypical schools. Prototypes illustrate the level of resources needed to operate a school of a particular size with particular types and grade levels of students using commonly understood terms and inputs. Allocations to school districts will be adjusted from the prototypes based on actual full-time equivalent (FTE) student enrollment in each grade in each school in the district, adjusted for small schools and to reflect other factors in the appropriations act.

The school prototypes are defined as:

- High school: 600 FTE students in grades 9 through 12;
- Middle school: 432 FTE students in grades 7 and 8; and
- Elementary school: 400 FTE students in grades kindergarten through 6.

For each school prototype, the core allocation consists of four parts:

1. *Class Size*: an allocation based on the number of FTE teachers calculated using the following factors: the minimum instructional hours required for the grade span, one teacher planning period per day, and average specified class sizes. The numeric amounts of the class sizes are as of the 2016-17 school year;
2. *Other Building Staff*: an allocation based on numbers of FTE staff, with numeric amounts specified (as of the 2016-17 school year) for principals, teacher-librarians, student health services, guidance counselors, professional development coaches, office support, custodians, and student/staff safety;
3. *Maintenance, Supplies, and Operating Costs (MSOC)*: a per-FTE student allocation with numeric amounts specified for student technology, utilities, curriculum, instructional professional development, other building costs, and central office administration. The numeric amounts are based on the 2007-08 school year, to be adjusted for inflation. The amounts are enhanced for student enrollment in certain career and technical education and science courses; and
4. *Central Office Administrative Staff*: a staffing allocation calculated as a percentage of the allocations for teachers and other building staff for all schools in the district, with the percentage specified in the appropriations act.

Allocations for middle and high schools that are based on the number of low-income students will be adjusted to reflect underreporting of eligibility for Free and Reduced Price Lunch (FRL) among these students.

**Categorical Programs.** Within the distribution formula for the Instructional Program of Basic Education are enhancements in addition to the core allocation for the following categorical programs:

1. *Learning Assistance Program*: an enhancement based on the percent of FRL students in each school based on a specified class size and specified additional instructional hours, plus an allocation for MSOC. Numeric amounts are as of the 2016-17 school year;
2. *Transitional Bilingual Instruction Program*: an enhancement for students eligible for and enrolled in the TBIP based on a specified proportion of the school day in supplemental instruction at a specified class size, plus an allocation for MSOC. Numeric amounts are as of the 2016-17 school year; and
3. *Special Education*: an enhancement made on an excess cost basis that is a specified percentage (1.15 percent for students aged birth to five who are not in kindergarten and .9309 for students in grades kindergarten through 12) of the core allocation for classroom teachers,

other building staff, and MSOC, plus the allocation for the LAP and the TBIP. The excess cost allocation is based on district-wide enrollment not to exceed 12.7 percent of total FTE enrollment in grades kindergarten through 12.

4. *Mentoring.* Beginning in 2012-13, the formula includes allocations based on the number of teachers with five or fewer years of experience to support the state mentoring and support program.

The Special Education Safety Net is placed into statute. Clarifications and corrections are made to other statutes to align with the new distribution formulas.

**Early Learning.** The Legislature intends to establish a voluntary Program of Early Learning (PEL) for at-risk children beginning in 2011-12, to be included under the Program of Basic Education. The basis for the PEL is the statewide Washington Headstart program required to be proposed by the DEL. The intent is that the PEL, in combination with federal Headstart, will replace the Early Childhood Education and Assistance Program for at-risk children. Services included in the PEL are described. At-risk children are those aged 3, 4, and 5 who are not eligible for kindergarten and have a family income at or below 130 percent of the federal poverty level.

Beginning in 2011-12, the Legislature appropriates funds for at-risk children enrolled in the PEL based on the per-student amounts provided for the federal Headstart program. Funds are distributed to school districts, who can provide the program directly or contract with public or private nonsectarian organizations. All programs must be approved by the DEL.

The OSPI and the DEL convene a technical working group to develop the PEL. The group must also examine options and implications for providing preschool early learning for at-risk children aged birth to three as part of the Program of Basic Education. The working group submits reports to the Steering Committee by November 15, 2009, and September 1, 2010.

### Implementation

By 2016-17, appropriations to support the Instructional Program of Basic Education must be based on the factors and numeric amounts specified, and appropriations for the PEL must serve all enrolled at-risk children. Beginning in 2011-12, the Legislature appropriates funds using the structure of the funding formulas but may phase-in implementation of the specified numeric amounts, and may phase-in support of the PEL. Priorities for the phase-in are outlined.

The Office of Financial Management (OFM) convenes a technical working group to develop the financial model and funding formulas. Specific issues are to be addressed. The working group submits reports to the Steering Committee by November 15, 2009, and September 1, 2010. The SPI and the Governor must use the new funding formulas in developing the 2011-13 biennial budget.

Sections of current law and other new sections in the bill pertaining to the Program of Basic Education are recodified into a new and separate chapter of the school code.

### Other Programs

**Highly Capable.** It is the Legislature's intent to provide a per-student allocation to provide services to highly capable students, calculated based on prototypical schools, specified class size and specified additional instructional hours, plus an allocation for MSOC. However, the funding and program are not considered part of Basic Education.

**Graduation Requirements.** The SBE must forward any proposed changes to minimum high school graduation requirements to the Education Committees, and the Legislature must be provided an opportunity to act before changes are adopted. Changes with a fiscal impact on school districts take effect only if formally authorized by the Legislature.

#### Teacher Certification and Mentoring

**Standards and Evaluation.** By January 1, 2010, the PESB must adopt standards for effective teaching focused on classroom preparation and practice and calibrated for minimum performance expectations for residency, professional, and continuing certification. The PESB must also submit a proposal for a system to evaluate teacher competency using multiple performance measures, a standardized scoring rubric, and peer evaluations by state-certified evaluators. The system will be administered through the Educational Service Districts (ESDs). If funds are appropriated, the PESB develops the system through the 2011-12 school year.

**Certification Requirements.** Beginning September 1, 2012, to receive a residency teaching certificate, a candidate must complete an approved certification program and meet the minimum level of performance on the new performance evaluation. The certificate is valid for up to five years. To continue teaching, the teacher must obtain a professional teaching certificate, which requires a minimum of two years of successful teaching and achieving the minimum level of performance on the evaluation. Candidates for professional certification will not be required to enroll in an approved program. Beginning September 1, 2012, continuing professional certification will also be based on performance evaluation and not on additional education credits.

The PESB must define "master teacher" as those with certification from the National Board for Professional Teaching Standards (NBPTS). By January 1, 2011, the PESB must develop definitions and criteria for master-level certification of educational staff associates and submit them to the Legislature for review before final adoption.

**Mentoring.** By January 1, 2010, the SPI must develop and propose a mentoring system for new teachers which is focused on effective teaching standards and includes graduated support for up to five years. The proposal must include standards and a training program to certify the mentors. Districts may select and assign mentors, but teachers are encouraged not to permanently assume the role of full-time mentor. If funds are appropriated, the SPI will develop the system through 2011-12. Beginning in 2012, first-year teachers must participate in the mentoring program. The Teacher Assistance Program is repealed.

#### Compensation for Certificated Instructional Staff

**New Salary Schedule.** Beginning in 2012-13, the Legislature establishes, in the appropriations act, a salary schedule to distribute funds for certificated instructional staff (CIS) allocated under

the prototypical school model funding formula. The schedule must be based on three tiers that are aligned with the three levels of educator certification: residency, professional, and master. The schedule will not provide salary increases based on credits or degrees. The schedule applies only to those CIS first employed in the 2012-13 school year or thereafter, or who have transferred to the new compensation system. By 2016-17, the schedule will include ten learning improvement days (LID).

Those CIS first employed before the 2012-13 school year have an annual option for irrevocable transfer to the new compensation system by notifying the school district employer by November 15. The transfer will take effect in the next subsequent school year. Any CIS not transferred by November 15, 2021, are automatically transferred on September 1, 2022.

**Implementation.** The OFM convenes a technical working group to develop options for the new salary schedule for the CIS and bonuses for certified mentors and evaluators. Information and issues for the working group to consider are specified, including a preliminary comparative labor market survey conducted by the Department of Personnel (DOP). The working group submits reports to the Steering Committee by November 15, 2009, and September 1, 2010. The SPI and the Governor must use the new salary schedule when developing the 2011-13 biennial budget, with implementation in 2012-13.

**Current Salary Schedule.** Beginning in 2011-12, allocations using the current salary schedule are for the CIS allocated under the prototypical school model funding formula. By 2016-17, the schedule will include ten LID. Beginning with the 2012-13 school year the current salary schedule applies only to those CIS first employed before 2012-13 and who have not transferred to new compensation system. The current schedule expires August 31, 2022. Other statutes referring to degrees and credits on the current salary schedule also expire August 31, 2022.

**LID.** Provisions pertaining to the LID are placed into statute. The limitation that the LID are not part of Basic Education is removed.

**Bonuses for the New System.** Beginning in 2012-13, those CIS under the new compensation system who are state-certified mentors or evaluators will receive a bonus in an amount specified in the appropriations act. Staff with the NBPTS certification receive a \$5,000 bonus, adjusted annually for inflation, for teaching in a low-income school.

**Bonuses for the Current System.** Beginning in 2011-12, those CIS under the current compensation system with the NBPTS certification who become principals can continue to receive the current bonus as long as they maintain certification. The definition of low income school for purposes of an additional NBPTS bonus is expanded. Beginning in 2012-13, a one-time bonus of \$1,000 is provided for those CIS who attain professional-level certification. All of these bonuses expire August 31, 2022, as they apply to the current system.

**Salary Control and Supplemental Contracts.** Beginning September 1, 2012, school districts must pay salaries for those CIS under the new compensation system according to the statewide salary schedule established in the appropriations act. Supplemental contracts for all CIS are limited solely to additional "time" worked outside the regular school day or year and must specify the time required and its purpose. School districts must annually submit disaggregated information about the contracts to the OSPI.

**Collective Bargaining.** The act is not intended to affect existing collective bargaining agreements but does apply to agreements ratified after enactment of the act. The new salary schedule is added to the current limitations on collective bargaining for salaries.

#### Other Compensation and Employment

**Administrators/Classified.** Beginning in 2011-12, the Legislature establishes, in the appropriations act, salary allocations to distribute funds for administrative and classified staff allocated under the prototypical school model funding formula. The allocations are based on actual statewide average salaries for these positions in the 2008-09 school year and increased by any across-the-board increases authorized by the Legislature.

**Regional Wage Adjustment.** The DOP must conduct a comparative labor market survey and analysis and report the results every four years beginning June 30, 2010. The OFM must develop a regional wage adjustment schedule based on the DOP survey and analysis, which can be used to adjust salary allocations for the CIS and administrative and classified staff in each district. The OFM must submit an initial recommended adjustment schedule by August 1, 2010, with updates every four years.

**Employment.** The current minimum criteria established by the SPI for evaluation of classroom teachers must be modified based on the PESB standards and scoring rubric for effective teaching. Short-form evaluations may be used after five years of satisfactory evaluations, rather than four. Any evaluation of a teacher must include an evaluation of effective teaching based on the standards. Beginning September 1, 2012, a teacher remains a provisional employee until the next school year after the teacher attains professional-level certification.

**Future teachers conditional scholarship.** Selection priority for the scholarship is in the areas of math, science, technology education, special education, bilingual education, and English as a Second Language.

#### Accountability

**State Board of Education.** The authority of the SBE is revised to include the following accountability system responsibilities, and the prohibition on state intervention in a school or school district is repealed:

1. *Accountability Index:* The SBE must adopt an accountability index, based on multiple outcomes and indicators, to be used to identify schools and districts for recognition, support, assistance, and intervention. The SPI annually calculates index results and posts the results on its website.
2. *Team-Based Recognition Bonus:* Based on the accountability index and other criteria, the SPI recommends to the SBE a subset of exemplary schools whose level of achievement and/or improvement warrant special recognition. To the extent funds are appropriated, each employee in a designated school is eligible for a bonus in an amount specified in the appropriations act. By December 1, 2009, the SBE submits a proposal for the bonus program

to the Governor and the Legislature. Beginning November 1, 2010, the SBE prepares an annual list of schools qualifying for the bonus.

3. *Priority Schools/Districts:* In consultation with the SBE, the SPI must implement a comprehensive system of support and assistance for school districts, where the level of intensity increases based on the results of the accountability index. Based on the accountability index and other criteria, the SPI recommends to the SBE a subset of struggling schools or districts whose lack of achievement or improvement warrant Priority designation. For Priority schools and districts, intensive support and assistance is provided through the Innovation Zone Program. Schools and districts voluntarily apply to participate and enter a two-year performance contract with the SBE to implement systemic reform initiatives. Performance contracts contain specific strategies that the school or district makes a commitment to implement, along with measurable objectives and a timeline against which progress must be demonstrated. To the extent funds are appropriated, SPI provides supplemental resources to implement the contracts.
  
4. *Academic Watch.* The SPI recommends that the SBE place Priority schools or districts on Academic Watch if they have not demonstrated sufficient improvement after two years in Priority status or two years of participation in the Innovation Zone Program. Under Academic Watch, the SPI conducts an academic performance audit using peer review teams and recommends specific corrective actions. With assistance from the SPI, the district prepares an Academic Watch Action Plan (Plan), to be reviewed and approved by the SBE and containing binding conditions on the district. To the extent funds are appropriated, SBE authorizes supplemental resources to implement the Plan. If the SBE determines that resources are not sufficient, SBE does not approve the Plan. Binding conditions may not alter an existing collective bargaining agreement unless modified by a new agreement. The school board must comply with the terms of a Plan or be subject to the withholding of state funds. If the SPI determines a Plan has achieved its intended results, the SBE removes the school or district from Academic Watch.

**Formative Assessments.** The SPI issues a Request for Proposals for a system of formative assessments of student performance to form the basis of a statewide system of monitoring student progress, effectiveness of instruction and teaching, and school and district performance. The SPI reports by November 15, 2010, identifying the recommended assessments and costs. To the extent funds are appropriated, schools administer the assessments and report results beginning in 2011-12.

**Education Data.** The Legislature intends to establish comprehensive data accountability systems for financial, student, and educator data. Minimum elements and capacity of the systems are described. The OSPI convenes a technical working group to propose a design for the systems, including creating a comprehensive needs requirement document detailing information and capacity needs and focusing on financial data needed for new finance models, changes to school district budgeting and accounting, capacity to link across systems, and data governance. The working group submits reports to the Steering Committee by November 15, 2009, and September 1, 2010.

#### Other Finance

**Levies/Levy Equalization.** The Legislature finds that the value of permitting local levies to support public schools must be balanced with the value of equity and fairness to students and taxpayers. Local finance and Local Effort Assistance (LEA) are key components of the overall system of financing public schools even though they are outside the definition of Basic Education. The OFM convenes a technical working group to develop options for a new system of supplemental school funding through local levies and levy equalization, to be implemented in 2012. Various aspects of the system are described, and the working group must recommend a phase-in so that no district suffers a decrease in overall funding. The working group submits reports to the Steering Committee by November 15, 2009, and September 1, 2010.

Effective January 1, 2012, the levy lid law is revised so that no school districts are grandfathered above a 24 percent lid. Also effective January 1, 2012, the LEA program is repealed.

**Initiative 728.** The Student Achievement Fund is repealed as of September 1, 2011.

**Appropriation:** None.

**Fiscal Note:** Requested on January 20, 2009.

**Effective Date:** Sections dealing with the implementation of the new Program of Basic Education and funding formulas, new salary schedule, and the accountability system except the accountability index (101 through 109, 112, 113, 115, 117, 204, 205, 207, 208, 210, 212, 215, 305 through 308, 405, 407 through 409, 502 through 506, 510, 512, and 514 through 519) take effect September 1, 2011. Sections dealing with the levy lid and Local Effort Assistance (403 and 404) take effect January 1, 2012. Sections dealing with supplemental contracts, employment evaluation, and provisional status for teachers (213, 217, and 218) take effect September 1, 2012. The remainder of the bill takes effect 90 days after adjournment of the session in which the bill is passed.