

HOUSE BILL REPORT

HB 2356

As Reported by House Committee On:
Ways & Means

Title: An act relating to revising student achievement fund allocations.

Brief Description: Revising student achievement fund allocations.

Sponsors: Representative Haigh.

Brief History:

Committee Activity:

Ways & Means: 4/16/09, 4/18/09 [DPS].

Brief Summary of Substitute Bill

- Requires that disbursements from the Student Achievement Fund be subject to the per student rates established in the Omnibus Appropriation Act during the 2009-11 biennium.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 22 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

Staff: Ben Rarick (786-7349)

Background:

Initiative 728 (I-728), approved by the voters in November 2000, dedicated certain state revenues to support various school reform activities in public schools.

The allowable uses for I-728 funding include:

- reductions in K-4 class size;

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- selected class size reduction in grades 5-12;
- extended learning opportunities for students;
- investments in educators and their professional development;
- early assistance for children who need pre-kindergarten support; and
- providing improvement or additions to facilities to support class size reductions and extended learning opportunities.

The funding sources for the Student Achievement Fund have been modified several times by the Legislature. Beginning in 2001, portions of state property tax and state lottery revenues were dedicated to the Student Achievement Fund. Beginning in 2004, I-728 directed that the state property tax contribution to the Student Achievement Fund was to increase to \$450 per student FTE (full-time equivalent) and that lottery revenues would be deposited to the School Construction Fund. The 2003 Legislature revised the property tax per student contributed to the Student Achievement Fund to \$254 for 2004, \$300 for 2005, \$375 for 2006, \$450 for 2007, and an amount adjusted annually for inflation thereafter. Current law requires that \$278 of the per pupil allocations be supported with state property tax revenues, with the remainder supported by the Education Legacy Trust Account, which is supported by cigarette taxes and the estate tax.

Each year, school districts must submit a plan to the Office of Superintendent of Public Instruction outlining plans for the expenditure of I-728 revenues. Additionally, before May 1, school boards must hold a public hearing on the proposed use of the new money. During the 2007-08 school year, about 52 percent of the funding was used for class size reduction, about 20 percent was used for professional development, about 10 percent was used for extended learning programs, and the remainder was used for a variety of initiatives such as early childhood programs and facilities improvements.

Allocations to school districts from the Student Achievement Fund are estimated at \$868 million for the 2009-11 biennium, and are allocated at a rate of approximately \$458 per student FTE for the 2008-09 school year.

Summary of Substitute Bill:

Per-student allocation rates for the Student Achievement Fund are specified in the Omnibus Appropriations Act, rather than specifically identified in statute, beginning in the 2009-10 school year.

Substitute Bill Compared to Original Bill:

Whereas the underlying bill made Student Achievement Fund disbursements subject to the per student rates specified in the budget on a permanent basis, the substitute bill limits this change to the 2009-11 biennium.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 2009.

Staff Summary of Public Testimony:

(In support) None.

(In support with concerns) The League of Education Voters, under a different name, sponsored Initiative 728 (Initiative) many years ago. As a result, the League is fiercely loyal to its survival and uses. Under the current budget, the League has concurred with your judgment that you'll need to reduce it, but a better solution is to amend the 2009-11 allocations only, rather than making permanent changes to the Initiative.

(Opposed) The Washington Education Association opposes House Bill 2356. This bill completely eviscerates Initiative 728. It is important to note that this Initiative was passed by the voters by a 72 percent majority vote and is used for important programs like reducing class sizes, full day kindergarten, and other important reform initiatives. Currently about 2,500 teachers are funded by this initiative. The Basic Education bill reinforces many of the initiatives that are already being funded by the Initiative. Additionally, this bill and the resulting cuts will just push Washington further down the rankings in national spending per pupil. It also overturns the will of the voters. A sensible solution to the problem is simply to reduce the spending amounts in statute for two years, rather than making a permanent change to the statute.

Persons Testifying: (In support with concerns) George Scarola, League of Education Voters.

(Opposed) Bill Freund, Washington Education Association.

Persons Signed In To Testify But Not Testifying: None.