

Washington State

Basic Education Funding Proposal

Preparing Children to Succeed in the 21st Century

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, Section 1, Washington State Constitution

The Legislature shall provide for a common and uniform system of public schools.

Article IX, Section 2, Washington State Constitution

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Begin with the End in Mind

The purpose of this document is to propose a new model for financing what the Legislature and the Courts describe as “Basic Education” – the opportunity provided by Washington’s public schools for all students to meet the established student learning goals, and the obligation of the State under Article IX, Section 1 of the State Constitution to make ample provision for that educational opportunity.

The proposal starts with the expectations we have for our children: they should receive an education that prepares them to succeed in the 21st century. The State Board of Education recently proposed a new set of graduation requirements (Core 24) that, if accomplished by Washington students, will ensure they are so prepared. Core 24 provides multiple pathways for all students, whether that leads them to a four-year college, community or technical college, apprenticeship program, or directly into the first step of a career ladder in the workforce. The State Board recognized that schools cannot be expected to provide the necessary credits without adequate funding for the additional time required. This proposal provides that funding by figuring out the cost of a prototype school where there is enough time on task to meet the credit expectations. The proposal also provides the other resources necessary for a quality program.

One of the most pernicious failings in education is the divergence in educational attainment between children of modest means and those with more money. Poor kids tend to lag behind while children of more advantaged parents do much better. Our ability to address this disparity requires much more than just funding, but changing this dynamic is crucial in designing a quality school funding system. **One of the key elements of this proposal is the level of support provided to disadvantaged students to allow them to catch up - to reduce the achievement gap with their more advantaged peers.**

This proposal is structured around the services we provide to students, with a model that allows the costs of these services to be computed and funded. There should be a direct link between the level of service provided and the budget. **The structure of this funding model is possibly more important than the exact level of funding initially provided.** By funding services rather than providing a block of funds, the Legislature is forced to make decisions about service levels, not just funding levels.

A competent education depends on more than just time on task. **Educational research provides a clear indication that teacher quality is the most critical element of student success.** Unfortunately, our current system of educator preparation and compensation does not support continual improvement in teaching quality. We propose a new system with several key elements: competitive compensation to attract top-quality recruits to teaching, significant gains in compensation tied to growth in professional competence, incentives for teaching in hard- to-staff areas or schools, and a building-based reward program to provide recognition for the growth in academic achievement in the school. This would be based on a multi-factor evaluation.

The Constitutional requirement for a general and uniform system of public education leads us to focus on providing equivalent educational opportunity to all children. This may not result in equal funding for every child due to differences in need, but we strongly believe (as do the Courts) that there should be a rational basis for any differences in funding between districts. **In addition to providing funding for the demographic differences between individual children and schools, our proposal removes the most obvious differences in our current system that do not have a rational basis.** These include:

- Grandfathered salary differences.
- Different levy lids. Some districts have almost 50 percent greater levy capacity than other districts, which is clearly a non-rational result.
- Differential reimbursement for administrative and classified staff based on practice over a quarter century ago.

This proposal will require significant new resources. We believe that new resources are necessary if we are to realistically address the needs our children face over the next several decades. Providing these resources will be difficult and will require painful trade-off decisions. The Constitutional mandate for ample provision should drive the debate on the level of resources provided.

The new resources should be phased in over six years. This allows the necessary adjustments to the rest of the budget and allows time for districts to plan for effective use of the funds. Phasing in the funding allows the system to make quality decisions about how to optimize the new resources, something learned from our experience with funding from Initiative 728. **We propose funding a significant portion of the additional cost by taking a larger share of the natural growth of the state budget over the six-year time frame.** Ideally we would return K-12 funding to its historical 50 percent of the state general fund, rather than the current 35 percent.

Providing significant new resources is not a decision to take lightly. **This proposal calls for concurrent accountability improvements to ensure we are making positive changes, not just funding the existing system more richly.** Since most of the new resources go into compensation for personnel, the accountability changes are most significant in that area, with a major re-alignment of the compensation system to be linked to the performance and skills of teachers.

Our basic expectation is that all students will make at least one year of progress toward being prepared to graduate on time in every calendar year. Some students will need to make more than one year of progress to catch up to their peers. To ensure that students, parents, teachers, and administrators all have the same information and are able to monitor progress toward graduation for every student regardless of mobility in changing schools, we propose a statewide diagnostic assessment system that is funded by the state and provided to all schools.

Finally, flexibility for school districts to address the unique needs of their students is respected. Over the years many programs have been created that have substantial reporting and implementation strings attached to them. Individually these are not bad ideas, but the overall result has been a complex and

expensive- to- administer system. **This proposal uses a prototype school model to compute the level of funding needed by a district to provide a set of services a reasonable person would believe necessary to implement a basic education, but does not require the district to implement that exact program.**

Districts are free to allocate the resources to best accommodate local conditions, but the new accountability and accounting system requirements will ensure that both implementation and results are clearly transparent to local voters. Should their students not make progress towards graduation comparable to other districts, districts will face increasing levels of intervention from the state as well as increasing censure from local voters.

It's important to note that the charge of our Task Force is to design a financing system, not to make all policy decisions about education.¹ We have tried very carefully to focus on providing adequate resources for schools to accomplish the goals before them and not on directing how school boards and educators achieve these goals. School boards should set local goals reflecting their communities, and educators should exercise their professional judgment, but both should be accountable to parents, taxpayers, and the Legislature.

The current definition of a "Basic Education" is found in Court cases, various statutory laws, the operating budget, and administrative rules that have been adopted under an express legislative delegation of authority, such as the State Board of Education's high school graduation requirements. 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.

¹ This document also does not address funding for Capital Facilities and Pupil Transportation. There is another Legislative Task Force examining Capital Facilities whose report is expected to be released concurrently with the report of the Basic Education Finance Task Force. A revised funding system for Pupil Transportation is being developed under contract with the Office of Financial Management and should also be ready for consideration during the next legislative session.

Program of Education

The proposed finance model builds a program of Basic Education from the school level starting with four prototypical schools: primary (grades K-3), elementary (grades 4-6), middle (grades 7-8), and high (grades 9-12). The accompanying spreadsheets illustrate the impact of key policy decisions.

These decisions are described as a series of policy choices about staffing in a school: How many periods in a school day in a high school? How many students in the classroom? For how many periods does a teacher have instructional responsibility, and how many are used for lesson planning, grading, etc.? How much extra instructional time should be provided for children who need remedial help? How much extra instructional time should we expect for a student to learn English? From the answers to these questions the proposed model computes the number of teachers and other staff needed for a school. Combined with a compensation model this will determine the level of funding provided for Basic Education in the budget.²

Although there is little rigorous research on the impact of in-service professional development on student test scores, the fact of the matter is that teachers should not be expected to plan and execute lessons that are aligned with state standards, analyze data on student achievement and figure out how to help those who are struggling, implement new curriculum, and collaborate with one another to improve instruction without *time* to do so. Currently school districts resort to getting a waiver from the 180-day school year to carve out time for professional development. Our proposed program builds in time during the school day as well as additional days beyond the regular school year for this purpose.

Again it is important to note that, while there are numerical values in the proposal, it is the overall structure of the financing system that is the critical aspect of our model. The finance model is intentionally constructed to permit the rich policy debate that financing for our public schools deserves. We have provided suggestions based on research, best practices, and current operations. But it will fall to the Legislature to make the final decisions as to the actual numbers.

The core model drives resources as follows:

High Schools (9-12)

High schools are complex environments that require the ability to fine-tune the finance model to accommodate such items as smaller class sizes for laboratory science and career and technical

² When implementing the new funding model, the Legislature should consider and closely examine the implications of basing student enrollment drivers on a three-year rolling average. The impact of using retrospective versus prospective figures (based on enrollment forecasts) should be analyzed. The funding model will also have to be examined and probably adjusted as it applies to small schools.

education courses. High schools must be able to offer the Core 24 graduation requirements proposed by the State Board, which necessitates resources to support at least 7 periods a day of instruction.

- Based on seven 55 minute periods per day and a 180 day school year
- For a teacher, 1 period of the 7 is for planning and professional development during the day
- Class size of 25. This will be an average across the school, but is a real measure of the number of students in the classroom, not a ratio incorporating other staff positions.
 - Class size of 15 in career and technical education (CTE). Many CTE courses (welding, auto shop, culinary arts) require a smaller class size for safety and to deliver a hands-on learning experience. Enhancements for CTE courses are provided only for state-approved CTE programs (exploratory and preparatory) to ensure high quality pathways for students.
 - Class size of 15 in laboratory science. Again, the enhancement reflects considerations of both safety and ensuring a high quality learning environment.
 - Class size incentive of 15 for AP/IB courses. This is not because these courses require a smaller class size, but to reflect the reality that these courses typically have smaller class size due to demand. The enhancement provides an incentive to offer these rigorous learning opportunities.

Middle School (7-8)

Middle school schedules tend to mirror high school, with different teachers teaching different subjects. This way of organizing has an impact on how time for professional development is incorporated into the school day, and consequently affects the number of teachers needed.

- Based on seven 55 minute periods per day and a 180 day school year
- For a teacher, one period of the 7 is for planning and professional development
- Class size of 25. The same class size adjustments are provided as in high school, but the model allow the Legislature to make different funding decisions about middle and high schools.

Elementary Schools (4-6)

The research most clearly shows the positive impact on student achievement of small class sizes (ideally of 15 students) in the very early grades. Therefore, the model differentiates between primary and elementary grade levels not because schools are organized in this fashion, but to allow policymakers to provide smaller class sizes in early grades.

- Class size 25
- Based on 1,000 hours of annual instruction and 180 day school year. The 1000 hour requirement is applied to each individual year, not as an average across all 12 years as it currently is.
- Time for professional development and collaboration is assumed within the day, generating additional certificated FTE as specialists.

Primary Schools (K-3)

- Class size 15
- Based on 1,000 hours of annual instruction and 180 day school year. The 1000 hour requirement is applied to each individual year, not as an average across all 12 years.
- Time for professional development and collaboration is assumed within the day, generating additional certificated FTE as specialists.
- All-day kindergarten funded in all schools.³

Extra Instruction Based on Student Needs

Remediation

There is ample evidence of the correlation between student poverty and low student achievement. Both federal Title I and the current state Learning Assistance Program (LAP) rely on the number of low income students as a reasonable proxy for struggling students to allocate additional resources for remediation. There is also evidence, again acknowledged in both federal and state programs, that there is a disproportionate relationship between poverty and achievement when there are large concentrations of low income students.

Schools choose a variety of strategies to provide remediation: one-on-one and group tutoring, before and after school sessions, Saturday and summer school, class-size reductions, team teaching and coaching. The bottom line is that these strategies represent additional instructional time, which necessitates additional teachers.

The proposed finance model adjusts the core funding for each type of school based on:

- The percent of low income students (defined by Free & Reduced Price Meal eligibility)
- An additional factor to reflect high concentration of low income students (50 % or more)

There is an additional adjustment for high schools because high school students tend to under-report their eligibility for Free & Reduced Price meals. On average statewide, there is a drop of more than 11 percentage points between elementary and high school within the same district in the reported percent of low income students.

Although the finance model assumes additional certificated teachers, it does not dictate preferred staffing. If a school district chooses to deploy more instructional aides within the same cost as the

³ Our group does not have complete consensus on this. It may be more cost-effective to provide all-day kindergarten and in coordination with early learning opportunities in our most at-risk schools instead of funding all-day kindergarten for every student.

assumed number of teachers, it is free to do so. The state accountability system should incorporate targets for student learning growth, as measured by statewide diagnostic assessments, to ensure that remediation programs are effective.

English Language Learners (ELL)

The goal of ELL programs is to help students reach English language proficiency as quickly as possible. There is limited rigorous research on effective models of instruction for ELL students. Dual language immersion programs hold promise only for schools whose students are reasonably evenly divided between English speakers and non-English speakers who share a common single language, which is usually Spanish. In practice, school districts use a range of similar instructional strategies as for remediation: tutoring, extended time, and professional development for teachers.

Therefore the finance model adjusts the core funding for each type of school to provide additional instructional time (teachers) based on the percent of ELL students. Again, the finance model does not dictate a preference for teachers over instructional aides; this is a matter for local school boards to decide and the citizens and the state to monitor the effectiveness of through a robust accountability system. Our initial recommendations are informed by the successful program in Spokane.

Special Education

There is national research to support the continued use of an additional funding factor for special education students of .9309 times the base per-student amount for general education. What needs modification is “the base” against which the funding factor is applied. The proposed finance model continues to rely on an *allocated* per student amount as the base because, for accountability reasons, state funding formulas should not be designed to reimburse for expenditures. However, the base amount generated by the finance model is expected to be significantly higher than the current General Apportionment allocation.

Because the finance model relies on an average allocation for a special education student, the special education safety net should continue to be funded as a statewide line item to address high cost students and demonstrated unavoidable extraordinary costs, including from communities that draw populations of special education students above the enrollment funding cap. Districts should be expected to account for the excess costs of providing special education using the newly revised excess cost accounting system, both for general accountability and to qualify for the special education safety net.

Gifted

For gifted and highly talented students, access to enhanced learning opportunities is a part of Basic Education. In addition to the resources for AP and IB programs in high schools, the proposed finance model will allocate additional instructional resources to enable schools to offer these opportunities.

Dropouts

In an era of increased attention to achievement for all students, greater attention needs to be paid to the number of students who exit the K-12 system without receiving a diploma. It should not be a mystery as to which students drop out. There are early warning signs and research-proven factors that indicate the probability that students will dropout. The statewide student data system must include a dropout early warning system, and schools and districts must be held accountable for addressing the dropout problem. In addition, state funding and support should be provided for students up to age 21 to complete a high school diploma in whatever educational setting is most appropriate, including collaborative programs offered through ESDs, community and technical colleges, and community-based organizations.⁴

Career and Technical Education (CTE)

Legislation and additional, targeted funding in recent years have laid a foundation for high quality career and technical education that is based on nationally-recognized industry standards and focused on high demand fields. This proposal provides the necessary enhanced and ongoing funding to continue to build a comprehensive CTE program through smaller class sizes at high school and middle school, as well as enhanced funding for equipment and supplies to meet industry standards.

Online Learning

To provide equity in the availability of subjects that may not have large demand in smaller districts (such as AP Physics) or that require particular expertise to teach that is not available locally (such as Japanese language in rural parts of the state), we need to make on-line learning opportunities available to all students in Washington. Every district, student, and parent across the state should have access to the widest possible array of online learning tools, all through a common state-provided website.

Our proposal includes specific funding at the state level to provide the infrastructure for a common system and provides a single point for student signup and catalog review. This allows quality control and financial accountability and relieves the district of the cost of administering the system. There should not be a financial disincentive for a district to offer students the opportunity to take classes that help complete the student's academic plan but are not offered by their local staff.

The same web portal should provide parents and students with access to stored student information such as transcripts, current grades and assignments, etc. Providing a single system for these services

⁴ The Legislature should also examine the adequacy of funding of such cross-sector programs as Running Start. For example, are there opportunities to share among education systems the cost savings that result from the efficiency of a dual credit program?

mitigates the negative impacts of student mobility, and relieves yet another cost from a district's local funds. It also promotes equality of educational opportunity across the state.

Other Building-Level Instructional/Administrative Staff

It is common to think of certificated instructional staff as being "teachers," but in fact the term also includes librarians, counselors, nurses, psychologists, therapists, etc. The current General Apportionment formulas do not differentiate among various types of certificated staff, which is confusing for the public and leaves a void in state policy intent regarding these other critical staff. The proposed finance model makes assumptions that, at a minimum, each school building requires the following certificated instructional and administrative staff:

- Principal
- Assistant Principal
- Librarian (a function that includes Information Science)
- Nurse
- Counselor (a function that includes Parent Outreach)
- Instructional Coach

The number of each of these staff in the finance model varies depending on the student population (numbers of students, low-income, ELL) in the building. Some staff could be assigned to more than one building, so the total number of staff generated by the model at the building level will be rounded to the nearest whole number at a district level for allocation purposes. Financial support for staff such as psychologists, physical therapists, and audiologists comes through the Special Education funding allocation, so a separate staffing assumption is not needed at the building level.

Classified Staff

Current funding formulas for classified staff do not differentiate among very different types of staff, yet use a single salary allocation for funding purposes. In reality the average salary for a custodian is very different from that of a computer technician. The proposed finance model leaves full discretion for school districts to hire and deploy staff, but makes allocations based on common-sense categories of classified staff:

At the school level:

- Non-instructional Aides*
- School Secretaries
- Student and Staff Safety
- Custodians

*Funding for Instructional Aides is already addressed either through Special Education or by a district's ability to use enhanced funding for Remediation and ELL instruction to hire their choice of a

combination of teachers and Instructional Aides. Similarly, support for staff such as Bus Drivers and Cooks is provided through other funding sources that are not included in this proposal (Pupil Transportation and Food Services). There are other categories of classified staff, such as Groundskeepers, Maintenance Workers, and IT Technicians, who are likely deployed district-wide.

The finance model initially drives funding for these categories of staff based on the statewide average of actual salaries paid by school districts. Classified staff, to a greater degree than instructional staff, are hired and compensated in a competitive labor market. Funding in subsequent years will be determined by the Legislature, as informed by a labor market survey of comparable jobs.

Classified staff allocations will be adjusted with a regional wage differential to account for the differences in regional wage patterns. This adjustment will also be periodically recalibrated by the Legislature with a labor market survey.

Materials, Supplies, and Operating Costs

The current state allocation for nonemployee-related costs (NERC) is a model of obscurity. First, it is a per-staff allocation rather than a per-student allocation, which has no apparent meaning to the average citizen. More importantly, it is a single number assumed to cover everything from curriculum to utilities to library books to insurance to paper and pencils. A standard inflation assumption rate is applied to cover items whose costs in the marketplace increase at vastly different rates.

The proposed finance model divides the allocation for materials, supplies, and operating costs into a limited set of common-sense categories, and relies on information from current spending practices of school districts to set an initial allocation rate per student:

- Energy & Utilities
- Insurance
- Professional Development
- Curriculum & Library Materials
- Maintenance & Custodial
- Central Office
- Security

The allocation should also include an enhancement for laboratory science and CTE courses, which have documented higher costs in instructional materials, equipment, and supplies.

In the future, inflation adjustments can be tailored to reflect the true cost increases districts experience in the marketplace. In addition, cost differentials across the state should be examined for possible regional cost adjustments.

Technology

There is no current allocation assumption for technology, but clearly schools need such items as classroom computers, interactive whiteboards, video equipment, and other hardware in order to provide a Basic Education in today's world. These items must be accompanied by staff trained to provide technical support and maintenance as well as the software and internet connections and networks to provide access to rich education content.

For non-employee purchases to support primarily instructional technology, the finance model proposes an initial allocation of about \$200 per student. This is a placeholder based on information and analysis gathered by other recent studies. There should not be an assumption or focus on laptops for individual students.

In two key areas, however, the responsibility for funding and support for technology should shift from the district level to the state level. The first is administrative technology. It makes no sense to continue to expect each district separately to purchase or develop student information systems and accounting and budget systems that then inefficiently adapt to changing information needs from the state. The second area where funding and responsibility should shift to the state is online learning, which should be accessed through a common, state-provided website as described above.

District-Level Allocations

School districts have administrative costs that are not associated directly with buildings. These functions include the Superintendent's Office, supervisors and directors for curriculum, instruction, professional development; and the operational functions of an organization such as a school district: human resources, budget, accounting, etc.

Rather than break out these functions and staffing in detail, we assume 6 percent of the per-student allocations for central district administration. This number may need adjustment to reflect actual cost experience and serves as a placeholder pending further analysis. There will need to be adjustments for small school districts where the percentage is higher due to dis-economies of scale. Smaller districts often use part of their allocations to purchase services from the Educational Service District (ESD). This model works very well in many cases and is at the discretion of the district. The ESDs should expand their capacity to provide services beyond their regions in areas of expertise and demonstrated cost-effectiveness.

Summary Spreadsheet of Per-Student and School Allocations

The spreadsheet below illustrates the type of decisions that drive resources under the proposed funding model. The numbers themselves are strongly influenced by the Picus-Odden report but are shown here as examples for discussion purposes. Again, it is the structure of the model and the nature of the decisions that must be made by the Legislature that are the key points of our proposal.

PROTOTYPE HIGH SCHOOL		600			
Student Periods	7				
Teacher Inst Periods	6				
Teacher Prep Periods	1				
Class Size	FRPL <=50%	FRPL >50%			
Normal	25	22			
CTE	15	15			
Lab Science	15	15			
AP/IB	15	15			
Remediation Adjustment					
tutoring hours/wk	2	grp size	5		
summer hours/wk	10	grp size	10	weeks	4
ELL Adjustment					
intensive class/day	1	grp size	8		
Highly Capable Adjustment					
% of population	5%				
tutoring hours/wk	2	grp size	5		
summer hours/wk	10	grp size	10	weeks	4
Special Education					
% of Population	12.70%			Safety net in state-level allocation	
Base Multiplier	93.09%				
Professional Dev					
# Days	10				
Other Building Level Staff					
Principals/Admin	1	per	600	students	
Librarians/Info Svc	2	per	600	students	
Counselors	2	per	600	students	
Nurse/Social Worker	2	per	600	students	
Non Instructional Aide	3	per	600	students	
School Secretary	3	per	600	students	
Custodian	2	per	600	students	
Student & Staff Safety	1	per	600	students	
Materials, Supplies & Operating Costs					
Student Technology	\$ 258	Prof. Development	\$ 103		
Curriculum/Materials	\$ 155	Central Office	\$ 310		
Energy & Utilities	\$ 216	Other	\$ 102		

Changing Teaching

Innumerable studies show the same thing: good teaching matters. The quality of teaching is the most statistically significant school factor that affects student learning, even more than class size. But every parent knows that not all teachers have the same impact on student learning. The difference between having a teacher in the top 20 percent and one in the bottom 20 percent is striking. A student with a more effective teacher could learn up to three times as much material, and a student with a less effective teacher is likely to lose significant ground compared to his or her peers and compared to our expectations.

For policymakers, changing teaching presents an enormous challenge. There are well over 50,000 full-time teachers in Washington's public schools, and crafting a state-level policy that alters what happens in the classroom is amazingly difficult to do. Various changes have been proposed in the compensation system to provide teachers with financial recognition for improvements in student learning, but such proposals run into a host of problems:

- Paying teachers more to improve student test scores creates an incentive for them to focus almost exclusively on the particular subject being tested, to the exclusion of other valuable subjects such as history, art, music, or languages.
- Students from stable households with highly educated parents tend to do better on any kind of test than students without a home-field advantage. We don't want to create a performance measurement system that exacerbates the problem of the best teachers congregating in the schools with the most advantaged students.
- For most teachers there aren't enough data points in any given year to be statistically valid. Sometimes they simply get assigned a roomful of challenging students.
- In schools with highly mobile student populations some students are only there for a brief moment. We don't want teachers to not focus on the children who need help the most because it might affect a performance bonus.

Building a new compensation system means we need to build a new professional development system as well. The new system should be focused around what teachers do in their classroom, and should be based on what research says actually works to increase student learning.

Regardless of these challenges, designing a system that works, provides the right incentives, and rewards teachers who have most effective teaching strategies is the single most highly advantaged investment we can make in improving outcomes for our students.

Overview of New Compensation System

We propose to build a new compensation system for new teachers. Current teachers would be able to stay in the existing system, or transfer over when it becomes advantageous to them. The new system would:

- Set starting wages and the upper end of the salary range to be competitive in the employment market.
- Implement a new statewide evaluation and certification system based on the research that links teaching practice with improved student learning.
- Provide compensation increases as teachers demonstrate additional competency based on this evaluation, not on additional degree attainment.
- Include a significant induction and mentoring program for new teachers and those that need additional support.
- Add new compensation tools, such as loan forgiveness, differential compensation, and bonuses for highly-qualified teachers in hard-to-serve areas to attract new teachers in areas of significant undersupply.
- Provide recognition for increases in student learning in each and every school with a building-based bonus for achieving annual student learning goals.
- Recognize differences in regional cost of living and the relative attractiveness of different districts and provide an adjustment to the base salary based upon a competitive labor market analysis.

Evaluation, Mentoring, and Certification

The current system for preparing and evaluating teachers does not focus enough attention on how the teacher actually performs in the classroom. Our proposed comprehensive evaluation, mentoring, and certification system would use a common set of evaluation standards and processes at each stage of a teacher's career: entry, professional certification, and professional advancement. These same stages would be recognized by the compensation system to provide a financial reward for accomplished teaching.

It will take a significant commitment of resources to build a comprehensive system, but one that will reap rewards in many ways. Our entire education system would share a common view of what makes an effective teacher, giving us the opportunity to consistently develop more and more effective teaching. We would have tools to help the least effective teachers in the system improve their skills. Teacher evaluators would also increase their teaching abilities through the self-reflection of teaching someone else. Finally, we would be able to do ongoing research to continuously improve the system.

Structured Peer Evaluations

We propose an evaluation system largely driven by peer review from other teachers. These teacher-evaluators would have to meet a number of criteria:

- They are trained in evaluating the practice of teaching and use a common, structured rubric. A formal training program for evaluators would be established with external review of their qualifications.
- They teach the same or similar subject as the teacher being evaluated.
- They come from outside the district so there is no conflict of interest or moral hazard.
- They are at the highest step in the performance and compensation system, with National Board Certification.

The evaluation would involve multiple measures of performance, including in-class visits and reviews of artifacts like lesson plans, student work, and possibly video of actual teaching.⁵ There must be clear, common standards and an established scoring rubric. This is similar to the National Board review process. The system would be overseen by the Professional Educator Standards Board and delivered through regional networks managed by the ESDs.

New Teachers

Many new teachers complain about not being prepared to be effective, particularly in classrooms with high proportions of struggling students. The structured peer evaluation (at an appropriate performance level) should be performed during the student teaching portion of all teacher preparation programs, with a passing score required to receive a residency certificate.

Because the evaluation measures what works in improving student learning this should cause teacher preparation programs to become more consistent and focused on the instructional practices measured on the assessment. It should also lead to an increase in practice teaching experience compared to what most candidates have today. The pass rate of various colleges of education would be publicly available.

Mentoring Program

The first five years of a teacher's career would be a period of planned professional growth. To help new teachers through this period they would be assigned a mentor from their school, or in some cases from elsewhere in their district.

The mentoring program would be very structured and based on the same characteristics of effective teaching that form the basis of the evaluation and certification system.

Mentor teachers would be paid for the extra work that is expected. This program will require a significant investment in release time for mentors. To become a mentor, a teacher should have to be

⁵ There are some concerns about the video component of the National Board process producing special sessions of classes. In-class visits are likely to be more realistic.

National Board certified and demonstrate the ability to evaluate effective teaching practice. Mentors would not be evaluators, at least in their own districts, though the qualifications are the same.

The goal of the mentoring program is get new teachers through the learning and skill-building period between induction and professional certification. If the program is done well, we should expect a significant reduction in the attrition of new teachers.

Professional Certification

New teachers would be required to attain professional certification within two to five years of receiving their residency certificate. They would participate in the mentoring program until they do.

A significantly higher score on the performance evaluation would be expected of teachers getting their professional certificate and before earning continuing contract rights. Teachers not achieving a passing score on the evaluation within five years would leave the profession.

Ongoing Evaluations

The system should include a series of ongoing performance reviews of teachers to ensure they continue to be effective in the classroom. These reviews would be performed using the same evaluation rubric and process, and we should expect mid-career teachers to show continuing improvement in their abilities.

Teachers who do not demonstrate a professional level of teaching ability would have opportunities to be mentored and have a period to improve their skills.

Ongoing performance reviews and reviews for employment and continuing contract rights would continue to be conducted by principals. These evaluations would be based in part on the standards for effective teaching and in part on other employment-related criteria set by the school or district.

Research Program

To monitor and ensure that the evaluation system works as intended, we will need a rigorous research initiative that links the scores from the evaluation system to increases in student learning. Current research and practices in other states lead us to believe that this can be done, but maintaining the link over time will be critical in maintaining the integrity of the system.

Compensation Linked to Professional Growth

Our current compensation plan puts an emphasis on paying teachers more for getting Masters degrees and PhDs. Unfortunately, the research indicates that, with some small exceptions, teachers with advanced degrees are no better at improving student learning. Our continued large investment in these degrees is strikingly ineffective.

As described, the new compensation plan would follow the new evaluation and certification system. Instead of providing a salary increase for another degree or more course credits, the increase would come when a teacher receives professional certification, a recognition of competency. Another increase would occur when a teacher receives National Board certification. This recognizes a serious commitment to good teaching practice .

Additional compensation would be available to teachers who serve as evaluators or mentors. These teachers would need to be at the National Board level and would make a three to five year commitment to the added training and work.

We anticipate annual salary growth based on increases in experience, just as the current system provides.

New teachers would be required to enter the new system. Current teachers could opt in if they choose. The current compensation schedule would remain in place for a number of years, but we assume the majority of teachers would be fully participating in the new system within ten years. At some point in the relatively far future all teachers would need to move to the new system

Dealing with Teacher Distribution Issues

There are significant teacher distribution issues in Washington, with overwhelming data showing that higher quality teachers tend to wind up teaching in schools with fewer disadvantaged students. We have a large undersupply of teachers in some areas, particularly math and science, special education, and some other specialty fields. There are many reports of difficulty in hiring in small rural districts.

The compensation system is distorted by the prevalence of TRI pay in urban areas that have higher costs of living, although the availability of money to pay for these contracts is driven by higher local property values and grandfathered levy caps allowing for larger discretionary funds.

We need solutions to these issues and should deal with them in the compensation system.

Hard to Staff Fields

It is critical to recognize the market reality that new graduates with math and science degrees have many opportunities that pay more than teaching does. Special education teachers are expected to bear the brunt of a great deal of paperwork in a compliance-oriented field. If we believe it's important to have highly qualified teachers in these fields, we will need to pay more to get people to take the job.

Options for this include:

- Higher pay for teachers teaching certain fields with degrees in those fields.
- Entry bonuses for highly qualified teachers in certain fields.

- Student loan forgiveness for highly qualified teachers entering certain fields.

Since the difficulty in hiring may differ between districts, districts should have some flexibility to designate the specialty areas where they experience shortages, but the choice must be based on data, not contract negotiations.

Colleges of education must become part of the solution. Incentives and stipulations are needed to encourage universities to treat math and science teaching as a high demand field.

Regional Wage Adjustments

Creating a fair and reasonable system of regional wage adjustments will be a complex undertaking. It costs more to live in urban areas, but there are fewer amenities in rural remote communities. Both create distribution issues for teachers and other staff. A wage adjustment should balance these factors by examining how the private employment market responds to the situation.

Hard to Serve Schools

The compensation model should continue to provide a bonus and incentive for highly-qualified (NBPTS certified) teachers who teach in high poverty schools.

Team-Based Incentives for Student Learning

One aspect of the compensation system would be more directly tied to student achievement, but as a joint exercise of the entire school building. As recognition of superior achievement, all staff in the school would receive a bonus based on their school's attainment of learning goals.

The specific metrics chosen to measure student learning are incredibly important, as is staff buy-in and agreement that what is being measured is what is important. The goal is to reward the ability of the school to improve student learning over what would normally occur given the demographics at that school. Schools with challenging student populations must be able to be rewarded for better-than-expected gains.

There are a number of decisions in the design of such a system:

- **What tests to use.** There are tradeoffs between additional time spent in testing and trust in the measurement. All things considered, the statewide diagnostic assessment in this proposal might be a better option than relying on the WASL.
- **What subjects.** Student performance in reading, writing, mathematics, and science tends to be an effective proxy for performance on other tests, but we want to avoid narrowing the curriculum.
- **What other metrics.** Options include dropout rates, student attendance, or achievement of student sub-groups.

- **Where to set the goalposts.** Ideally the goal is a "stretch" but still realistic. This can be a difficult balance to find. It is absolutely necessary that enough money is available to pay the bonus if every school in the state gets a maximum award.
- **How big a bonus.** The bonus should be big enough to get everyone's attention, but not so large as to distort the pay system and narrow the curriculum.

The parameters of the program must be carefully developed so that everyone trusts the outcome, feels the measures are appropriate, and thinks that they have an equal chance to earn the award regardless of where they teach. Because there are many unanswered questions about how best to implement performance-based incentives, it makes sense to start with pilots proposed by individual districts. These pilots would allow learning about the effectiveness and structure of incentive systems. Proposals would be submitted to the state jointly by school boards and education associations, with a reasonable number funded each year.

A comprehensive system that aligns evaluation, mentoring, certification, and compensation represents an enormous investment in time, money, and attention. Many states that have attempted to change certification were initially successful, but over time lost their commitment to fully fund the required mentoring and evaluation. Innovative compensation systems crumble without the commitment of the funding needed to pay for them. **Without a commitment to ongoing funding of this system we should not embark on this exercise.** Changing these systems for tens of thousands of teachers is not something to do lightly. Building these components into the salary structure and into the legal definition of Basic Education will help us maintain our commitment to excellent teaching.

Equity – A General and Uniform System

The most important equity component to the proposed finance model is the *Program of Education*, where significant additional resources are provided to schools based on the number of low-income students or those needing additional help learning English.

But there are additional inequities that must be removed from the school finance system. In 1977 the Legislature began phasing in implementation of the new Basic Education Act with the best of intentions. Full implementation of certain aspects of the finance system never happened, leaving “grandfathered” districts with differing salary allocations for teachers, administrators, and classified staff that lack any rational basis. The Legislature also never reached its goal of reducing reliance on local levies to 10 percent of the Basic Ed allocation and in the end left a number of districts grandfathered with levy lids higher than the current statutory lid of 24 percent. Grandfathering cannot be a part of the new finance system.

Grandfathered Teacher Salaries

Elimination of grandfathered teacher salaries will be accomplished in four ways. First, the new compensation plan will have no grandfathering. Second, the new plan, though optional, will be designed to be attractive to most current teachers. Third, the old system will be eliminated on a long enough horizon so that current senior teachers have the option to gain the necessary credentials to increase their salary under the new system.

But a long-term phase-out of grandfathering in the current allocation for teacher salaries is unacceptable, particularly given the recent Superior Court decision on this matter. There are three possible solutions until the new compensation plan takes hold:

1. Raise the salary allocation for all teachers to the level of the highest grandfathered district.
2. Reduce the salary allocations for grandfathered districts to the level of the standard allocation.
3. Split the difference by slowing the rate of increase in salary allocations for grandfathered districts over a period of years until the other districts catch up.

Option 1 is only possible in a world of unlimited resources. Option 2 is unacceptable. Therefore, Option 3 becomes the fourth strategy for eliminating grandfathered teacher salaries, which should be accomplished in no more than four years.

Grandfathered Administrative and Classified Salaries

The state does not control salaries for administrative and classified staff, but there is inequity due to grandfathering in the salary allocation. As with teachers, a number of districts receive a differential allocation for these staff based on wage values from a very long time ago. They currently have no rational basis.

The proposed finance model dramatically changes the way funds are allocated such that grandfathering for these staff is no longer an issue: there will be more discrete categories of staff with allocations based on current statewide actual average salaries, and funding for staff in central administration will be allocated based on a lump sum percentage. Allocations for classified and building-level administrative staff should be regionally adjusted so that school districts in different labor markets are not disadvantaged. The grandfathering in the current system will be eliminated during the phase-in period.

Levy Lids and Levy Equalization

Most school districts are allowed to raise 24 percent of the funding they receive from the state and federal government in local levies. Some districts are allowed to raise up to 34 percent of the same base. There is no rational basis for this difference and it must be eliminated to have a general and uniform system.

There are several levels of fairness to consider with regard to local levies, and there are tradeoffs between the long-term health of the system and total equity. The choices proposed here balance several competing goals. The new funding system will shift responsibility to the state for many activities that districts currently buy with local funds. However, districts will still wish to provide local enhancements for their students, and the long-term health of the education system depends on districts being able to experiment with local funds. Since these funds are being used for education there should be some level of fairness between districts so that students in some districts are not disadvantaged in comparison to other districts.

It is also important not to disadvantage taxpayers in districts that have significantly different tax bases. Districts in the urban core of the Puget Sound area have more commercial property and tend to have lower tax rates than districts in rural parts of the state. Rural taxpayers should not have to incur significantly greater tax burdens than urban ones to provide comparable educational opportunities for their children.

To balance fairness for both students and taxpayers, the new finance system should have the following characteristics:

- Districts are allowed to raise up to 30 percent of the funding they receive from the state and federal government through voter-approved levies.
- A modernized levy equalization system ensures that all districts have per-student funding within a defined range, and that no district puts a disproportionate burden on its taxpayers.
- When changes are made to the levy base from either state or federal funds, the amount collected in levies by the district is equally adjusted to eliminate the irregularities due to the timing of levy elections that exist in the current system.
- As the new finance system is phased in, changes to levy lids will be made so as not to reduce overall funding available to districts.

Accountability

This proposed finance model represents a significant increased investment of public resources in our system of public schools. It is only natural and right that the public should expect a commensurate level of accountability from the school system. Since the investments will be made at the state level, the state must exercise its responsibility to create and oversee a coherent state-level accountability system.

School and District Accountability

The proposed finance model is designed to recognize the greater degree of difficulty inherent in dealing with disadvantaged populations, and provides adequate resources for all schools to ensure a year's worth of academic progress for every student. Actual results will vary between schools based on the quality of leadership and other uncontrollable factors, but schools that persistently fail to provide an adequate education for students will need increasingly stringent interventions from the district and eventually the state.

The State Board of Education has spent the past two years studying accountability systems across the nation. Their proposals reflect the latest research and thinking about how best to identify schools where student performance is not improving and how best to provide those schools with additional support and, if necessary, appropriate interventions.

The State Board suggests an Accountability Index using multiple measures: overall achievement, relative achievement compared to peer schools, achievement of low income students, and improvement on the WASL and graduation rates. The Index enables a tiering of schools from Exemplary (very high scores) to Priority (chronically low scores). The accountability system then provides a tiered response to the Index score, with recognition for Exemplary schools and an intensive assistance and intervention system for Priority schools.

National research suggests that Priority schools cannot be turned around without a significant transformation that calls for an innovative partnership between the local district, state agencies, and others. Priority schools must be empowered to fundamentally change all of the critical operating conditions within a school: people, time, money, and program.

The creation of such a system is necessary to accompany new resources.

Financial Accountability

The state K-12 budget is a model of opacity today. It is difficult to understand how it translates into actual education services for children. This is also true of local budgets. This proposal has detailed a finance model that allocates funding by calculating a hypothetical "program of education" and calculating the cost of this program. The services included in that program are based on the best

research available. Districts would not be required to follow the program exactly, but if they choose not to, their voters, their parents, and state monitors should be able to determine what the district is actually doing instead. This will require much more consistency in the district and statewide accounting systems. Districts currently provide their own accounting system. Although many use a common system provided through a cooperative, most large districts have developed their own unique systems. Districts need to innovate in their educational efforts, not in their accounting systems.

Financial accountability and spending transparency will be accomplished through a common, state-provided budgeting and accounting system. This would be administered by the state and provided at no charge to districts, freeing them from another local expense. Districts will be saved from the burdens of redundant reporting and data reconciliation, and cost savings can accrue from centralized purchasing.

The chart of accounts would also be standardized at the state level. The accounting system must identify expenditures to the categories of the funding model (object) and to the manager responsible for those expenditures (activity). While federal rules must be followed, the assignment of costs to intermediate and final cost objectives (programs) should minimize the number of transactions. Included should be common definitions and terms for collective bargaining agreements so that the activities and benefits supported by public funds are clear and transparent.

Accountability for Student Progress

In addition to financial transparency, it is important to focus on results and provide a similar level of transparency about student progress and student achievement. Like the accounting systems, each district tracks student data differently, but must also communicate with a state data warehouse. This data warehouse is a very complex piece of technology that adds significant delay to the ability to analyze and use the data in a meaningful way.

In addition to improved data analysis, a common statewide student information system would reap significant benefits for our most disadvantaged students. Today it can take months to transfer data about a student from one school to the next after a transfer.

Again similar to the accounting system, data collection should be improved by a state-provided student information system that has the capacity to seamlessly connect information about students, test scores, teachers, and courses in real time.

Finally, in order to tie back to the goal of ensuring that each student makes at least one year's worth of academic progress every school year, there should be a common diagnostic assessment system provided in all schools in the state. This has been a consistent request from districts and would enable all teachers to access significant and useful information about the academic performance students as they progress through the school system, including when they move from school to school. This is not the WASL; these are commercially-available diagnostic assessments that measure progress at multiple points throughout the year and are used by teachers to inform instruction.

Transition and Revenue

We propose to phase-in the proposed finance model and the resources described in this document over a six-year period. The increased cost of the proposal cannot be incorporated into the budget all at once, and school districts would not be able to make effective use of additional funding without time to plan for implementation.

Each of the major changes in resources and service levels should be specifically spelled out and increased a set percentage every biennium. For example, all-day kindergarten should be funded in one-third of schools in the first biennium, two-thirds in the second biennium, and completely in the third. This progression should be explicit in statute, not just as an aspirational goal in the budget.

Some elements of the proposal will require significant additional development prior to implementation. For example, the new compensation system requires an evaluation system, a mentoring system, and significant changes in the compensation plans for many, many teachers. This cannot be completed in six months and requires legislative approval at several intermediate steps.

We will produce draft legislation that outlines the phase-in for each of the major innovations in this proposal.

We believe that some of the cost of this proposal can be funded by taking a larger percentage of the natural growth in the state budget over the next three biennia. Specifying the implementation of educational service levels in statute will cause this phase-in. We would expect that K-12 school funding would eventually return to 50 percent of the state general fund, the historically appropriate level. This would be an approximate 25 percent increase in funding.

We cannot know if this level of resources will be adequate until the cost estimates of this proposal are complete, a complex endeavor. Some elements in the proposal may be overstated. We will not know until we have developed the data model to a sufficient level of functionality to compare the proposal to current practice in existing schools.