

# Basic Education Finance Joint Task Force

---

## Basic Education Finance Joint Task Force

### Members

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

### Alternates

Kathy Haigh  
House of Representatives  
Fred Jarrett  
House of Representatives

### Staff to the Task Force

Roxanne Lieb, Director  
Steve Aos, Associate Director  
Annie Pennucci, Sr. Research Assoc.

Washington State Institute  
for Public Policy  
110 Fifth Ave. SE  
PO Box 40999  
Olympia, WA 98504-0999

Phone: (360) 586-2677  
Fax: (360) 586-2793

## *M E M O R A N D U M*

DATE: February 28, 2008  
TO: Task Force Members  
FROM: Representative Skip Priest  
SUBJECT: Basic Education Definition and Funding Formulas

In Dan Grimm's January 8<sup>th</sup> memo to the Task Force, he invited members to suggest additions and revisions to the preliminary list of policy questions. In response to this invitation, I asked that this memo be distributed to members.

# **Basic Education Definition and Funding Formulas—Working Paper**

## **Representative Skip Priest**

### Key Assumptions:

1. **Aspects of the definition of “Basic Education” need adjustment.** In general, the Basic Education Goals are relatively sound. In question are the programs and policies designed to meet them. In particular, sophisticated new research on brain development tells us the importance of early learning, well before children are in the public school system. We cannot succeed in providing equitable opportunities for all students to develop the essential knowledge and skills outlined in the Basic Education Goals without taking steps to even the playing field before they arrive at school.
2. **The funding system isn’t broken, but it needs a major overhaul.** There’s nothing inherently wrong with allocating core funding largely on the basis of staffing ratios and student enrollment. This method has certain advantages in terms of clarity and simplicity, as well as cost control for the state. But change is needed. Assumptions need to be revisited and updated. Policies that were never fully implemented must be fixed. A clear example is eliminating grandfathering from previous funding formulas. In addition, there is a question whether the state’s current funding of five periods is sufficient or whether we must fund a minimum of a six period day, or whether there should be explicit funding for vital support such as librarians and counselors.
3. **Research on student outcomes will sometimes be informative, but won’t provide answers to many resource questions.** Policymakers are going to have to make reasoned judgments using the best information available. Fortunately, market information is available about costs, supply, and demand. This will help form a rational basis for assumptions about teacher and staff salaries, non-employee related costs, and other topics.
4. **Teacher quality is the single most important school-related factor in student achievement, but it’s not entirely clear how to define, create, or measure it.** One thing we do know is that the current method of compensating teachers is out of sync with the labor market for teachers in multiple ways. Some of the evidence for this lies in the amount of TRI money districts are paying. The statewide salary schedule as it is currently constructed is not serving as a tool for recruiting, retaining, and rewarding teacher quality. A fundamental issue is how to determine an objective standard for establishing a market value for the high quality teachers we are seeking.
5. **The world has changed since 1977.** The knowledge and skills children need to be successful have never been higher. Education reform means that schools are expected to try to help all students meet or exceed an established standard, not simply to “learn as much as they can in 12 years.” At the same time, student and family characteristics are much different today in many communities. Technology is a new instructional cost not specifically addressed in the current funding assumptions. Career and technical education is no longer shop class, but rigorous preparation in both technical and academic skills based on industry standards.
6. **Solutions must be both simple and equitable.** Too often policymakers fall victim to overthinking. Local school districts are full of competent, capable people who can figure out the details and need the flexibility to do so. At the same time, the realities of financing and providing services in Nooksack Valley, Wapato, Federal Way, and Seattle are all very different, but must all be addressed.

## What Needs to Happen.

### **1. Fix the Fundamentals.** There is ample, objective evidence that certain specific aspects of the current funding formulas do not work.

- ⇒ *Transportation.* We must allocate enough money for districts to transport students to and from school using a formula that makes sense.
- ⇒ *Salary Allocations.* We must eliminate “grandfathering” in salary allocations for administrative and classified staff, as well as instructional staff, and provide funding on a rational and equitable basis. For administrators and classified staff, there is enough comparable labor market information, in combination with data on districts’ current compensation practices, to construct a reasonable allocation level using a limited number of general job categories.
- ⇒ *Non-Employee Related Costs.* NERC funding must more accurately reflect the market basket of goods that schools typically purchase, based on a limited number of categories that can be separately adjusted as needed. Educational technology should be a separate factor in the formula.
- ⇒ *Special Education.* Despite the recent court decision, questions still remain about the state’s approach to funding special education. In addition, there are also major questions to be resolved about how to attract more teachers to this difficult to recruit area.

#### Questions to be Answered to Move Forward

- Should this Task Force rely on the recommendations forthcoming from the transportation funding consultant and workgroup already developing a new formula?
- What is a logical, sequential plan for eliminating grandfathering in salary allocations?
- What are logical sets of job categories for administrators and classified staff; what are districts’ current compensation practices; and what is comparable labor market information? Based on this analysis, what are options for an allocation system?
- What is a logical set of cost categories for NERC, and what do districts spend on these categories now? What are other possible sources of objective comparison? Based on this analysis, what are options for a NERC allocation?
- Can anything be learned from the research on funding of special education or from the experiences of other states? Given the history of litigation over special education funding, is additional in-depth study necessary, and if so, what are the specific objectives and lines of inquiry for such study?

### **2. Improve Teacher/Principal Quality.** Notwithstanding the challenges of defining and measuring quality, all possible policy levers must be used to get, keep, and reward the very best teachers and principals. The statewide salary allocation schedule must be adjusted so that it serves its intended purposes. Except for unusual extra assignments, TRI should be eliminated. More attention should be paid to development of principal leaders.

- ⇒ *Higher expectations=higher prestige=higher pay.* Other school systems in the world recognize that teaching is a challenging career choice requiring extensive education and skill and worthy of our best and brightest individuals. We have failed to communicate this to teachers, partly due to the overall level of pay.

- ⇒ *Can't ignore the market.* The standard salary schedule does not accommodate the fact that individuals with degrees in mathematics and science are in demand in the labor market. In some communities there is greater competition for individuals with high levels of education and skill (like teachers) or higher costs of living than in others. Incentives could encourage individuals to choose relatively more difficult assignments, such as special education or service in challenging schools.
- ⇒ *Higher pay=greater accountability.* Standards for entry into the teaching profession need to be increased to ensure higher quality. At the same time, rules and procedures need to permit districts to remove ineffective teachers in a timely fashion.

Questions to be Answered to Move Forward

- What do previous analyses on comparable wages for teachers tell us about the current base salaries for teachers in our state? What are other possible sources of objective comparison? How does the analysis change when TRI is factored in? How does the analysis change for individuals with degrees in demand in the labor market?
- What does the research and experience of other school systems in the country tell us about the amounts, efficacy, and other issues related to salary incentives for teachers?
- What are options (and costs) for a salary allocation schedule that reflects this knowledge about comparable wages, the labor market, and incentives?
- What does the research say about the cost-benefit of increasing standards for entry into teaching? What are possible effects on supply and demand? What does the research say about how to prepare high quality teachers and how to measure their skills?
- What does the research say about essential qualities of an effective principal? If there are gaps in current principal preparation and training based on this research, how can they be addressed?
- What are the current laws, rules, and processes that provide accountability for teacher performance? What are options for a more effective quality assurance system? What are the tradeoffs?

**3. Provide Earlier Intervention.** The courts have already said that remedial and bilingual assistance are necessary for certain students to access the regular basic education program, and the Legislature provides supplemental funding through LAP and the Transitional Bilingual Program for this purpose. However, an increased proportion of students in our schools are low income (highly associated with need for remedial assistance) and/or English Language Learners. For many students, the achievement gap exists by the time they enter kindergarten. One area where research is clear is in the need for and the power of early intervention.

- ⇒ *Connect early learning to school.* We must provide more effective early learning opportunities through outreach and education for parents and providers; setting expectations for the knowledge and skills that children need to succeed in school; and enhancing the quality of early learning programs for low income children.
- ⇒ *Enhance primary education.* Communities across the state are already having success with combining quality early learning, full-day kindergarten, smaller class sizes in K-4, and closer attention to early progress in fundamental reading and mathematics skills. These areas should take priority system-wide.

⇒ *Reexamine funding assumptions.* The formula assumptions behind the LAP and Transitional Bilingual Program are outdated and should be re-examined. For example, the original formulas may have assumed a tutoring model where students are pulled out of class. In many schools, remediation and assistance are provided seamlessly in the regular classroom, using a combination of separate “pots” of categorical funding.

Questions to be Answered to Move Forward

- Should the state’s goal for early learning be to provide equitable opportunities to learn for disadvantaged children, or are there aspects of early learning that should be available to all children?
- What are the core components of both programming and funding for early learning that would constitute a Basic Education for students?
- What are options for enhancing kindergarten and K-4 class size to levels supported by research?
- What are options for reducing the number and nature of categorical funding programs and incorporating those funding streams into a more seamless allocation formula? What are the tradeoffs compared to the current funding approach?

**4. Improve Professional Development.** Other than “lanes” in the salary schedule for additional course credits or clock hours, professional development is not directly part of the current funding structure. But both district actions (requesting waivers from 180-day school year and district-funded extra days) and legislative actions (supplemental funding for LID days and mentor and coach initiatives) indicate its importance. Education reform has made teaching a collegial activity rather than one carried out by a single individual behind closed doors. Current funding assumptions do not reflect this shift. If teacher quality is the number one school variable in student achievement, then ongoing, quality professional development must be a systematic part of the state’s funding formulas.

Questions to be Answered to Move Forward

- What does the research indicate are the characteristics of professional development that has a positive impact on student achievement? For example, what are the topics and the forms of effective professional development?
- What type and what level of professional development should be included in state funding assumptions?
- What are options for how to provide financial support for professional development and what are strengths/limitations of each?
- To what extent and in what ways could the state exercise quality assurance for core professional development?