



November 7, 2006

Governor Chris Gregoire
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

TO: The Honorable Christine Gregoire
Washington Learns Chairperson
Education Finance Study Committee

I would like to thank you for your commitment to the Washington Learns Steering Committee over the last eighteen months. Your decision to personally chair the group evaluating our state's education system sets a strong and positive precedent for active executive involvement in guiding the affairs of our state.

The education of our state's citizens is the currency of competitiveness in the modern global economy. Our state investments today in education are the seeds of our prosperity tomorrow.

The final report of the Washington Learns Steering Committee contains a number of significant recommendations for the Legislature to consider. Of particular note is the Math & Science Initiative, which is exemplary in its scope and focus. A "Manhattan Project" approach across our educational system on this issue is imperative and the Washington Learns recommendations take us in that direction. Additionally, the implementation of all day kindergarten, expanding Navigation 101, transitioning to a professional development teacher's compensation model, expanding online learning opportunities and establishing a public/private leadership academy for building leaders all have substantial merit.

However, I also believe that it falls far short of the expectations set by the authorizing act, E2SSB 5441 (C 496 L 05). Therefore, I am submitting to you a Minority Report for inclusion in the Washington Learns Final Report.

In my assessment, the key finding of Washington Learns is that based on generally accepted standards of educational achievement, both nationally and internationally, the children of Washington are on average both less educated than their global peers and their own parents.

This decline in educational achievement has various social, economic and political causes. But it would be wrong in the face of such a challenge to engage in finger-pointing. If we are to reverse this alarming trend, a sustained, bipartisan commitment must be made to unambiguously align our state learning standards with international

standards, align accountability to support those standards, and align funding to achieve those standards.

Public trust in state government is low in our state. There is a manifest need for broad, bipartisan agreement to respond forthrightly to the challenge before us.

It was the clear legislative intent of E2SSB 5441 that Washington Learns would be an open, thoughtful and decisive forum for building bipartisan support for the hard decisions needed to give our children the education they need to compete in the global economy. In doing that we could restore frayed public trust by proving that we can put politics and special-interest agendas aside and do what's best for our children and our state. Unfortunately, the Washington Learns study failed to do that.

The report fails to deal in a significant way with any of the major issues surrounding the state's current K-12 finance system and to recommend ways to address the problems identified in previous studies and current discussions. These issues were crying out to be addressed by a study with the resources at the disposal of this one. But they were not.

The stated intention of Washington Learns was to be "bold" in addressing the education future of our state. The final report is a faint whisper of that call to action. Indeed, the failure to come to grips with leading issues in K-12 finance is emblematic of the risk-averse approach that characterizes the study's final report. Issues that were politically contentious or most likely to result in strong disagreement were put off to another time. Yet it is precisely the most contentious issues that tend to be the most important ones.

Now time will pass, budget priorities will shift, the economy will rise and fall, current events will provide new distractions, informed persons will move on, and "business as usual" in Olympia will continue. And our kids will wait a little longer and fall a little further behind, and their parents and taxpayers will become a little more jaded.

What better time to take the bold actions so urgently needed and so long put off than when the state expects to end the biennium with almost \$2 billion in budget reserves, and has ample reserves projected for the next biennium? If not now, when? Any CEO of a large business will tell you that the best time to make large, disruptive, systemic changes is when times are reasonably good.

What are our priorities? If we are to honor our constitutional mandate that K-12 education really is our "paramount duty" then we should act accordingly, and prove it.

Sincerely,

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

Glenn Anderson
State Representative
5th Legislative District
Washington Learns Steering Committee Member

Minority Report
Rep. Glenn Anderson

Washington Learns Steering Committee
November 13, 2006

The competitiveness of the global economy is fundamentally changing how we need to educate our children and provide for their future. A quality basic education has always been the foundation to individual success, and the value of that education is growing rapidly in the global economy. Indeed, our state's constitution defines the state's obligation to fund a basic K-12 education for all children as its "paramount duty." "Paramount" is defined as "superior to all other things." This constitutional mandate is based on the direct relationship between the level of individual education and overall economic prosperity and social order. The more educated a citizenry is, the higher the level of personal income and the less the need for remedial government programs.

Since the last of the original state court decisions (Doran III, 1982) defining our current state K-12 funding structure, a number of inequities or deficiencies have been identified. The Legislature has conducted numerous studies over the years (at least 17, not including research for specific projects or legislation) to address school financing concerns. Section 1 of E2SSB 5441 states, "The legislature finds that . . . more than a quarter of a century has passed since the current school finance system was first created, and the challenges facing our schools and students have grown and changed dramatically during that time."

The intent of the law authorizing Washington Learns was to provide for a thoughtful and thorough evaluation of our state's education finance system to ensure that state government is meeting its constitutionally mandated requirement to make ample provision for the education of the children residing within its borders. Early childhood learning and higher education, while not constitutionally mandated, were added to the study to ensure that a more integrated and seamless approach was taken across the education continuum.

The Legislature recognized that many of the challenges facing our state's K-12 education funding model are highly charged politically and have significant impacts on state budget resources. It was the intent of the Legislature that Washington Learns would be the forum to address these contentious issues and build bipartisan legislative support and broad public trust for making this commitment to our common future. Unfortunately the Washington Learns Final Report is profoundly deficient in that regard.

My greatest concern is that the Steering Committee failed to meet the mandate given it by the authorizing legislation, and largely dodged the difficult issues in K-12 finance whose resolution many legislators and members of the K-12 community intended as the study's highest priority.

While the Steering Committee was given some latitude by the bill to provide recommendations based on the findings of the early learning, K-12 education and higher education advisory sub-groups, the only specific work product *required* of the Committee by the authorizing legislation was prescribed in Sec. 3(1)(d) of the act:

[The steering committee] shall develop recommendations about how the state can best provide stable funding for student learning for young children, students in the public schools, and students in the public colleges and universities.

Nowhere in the report is that mandate addressed. In my view as a lawmaker the Washington Learns Steering Committee, while making recommendations on a number of noteworthy issues, simply failed by choice to do what the law required.

Instead, after 18 months and \$1.7 million in expenditures with time having run out the Steering Committee, at the direction of the Chair, proposes at the last hour to extend the Washington Learns study to undertake a “Phase II” on accountability and a “Phase III” on finance, deliverable by December 2008.

I am compelled to point out to Steering Committee members that there is no provision in the law under which we worked for findings and recommendations to be made after the date the *final* report is due on November 15, 2006. There is only one phase to this study mandated by law. Accountability and finance were part of that mandate. That mandate was not met, as acknowledged by the intent now to “extend” the study process.

On several occasions early in the process I stated publicly that if the Steering Committee anticipated that because of the large and complicated issues needing to be addressed, it would be unable to comply with the mandates of the law and meet the expectations of the Legislature, it should inform the Legislature of same and seek to amend the authorizing act. The Steering Committee chose not to do so and therein accepts full responsibility for meeting the requirements set forth in the law.

In addition to the central failure of the Steering Committee to meet its legal mandate, I have the following concerns about the report:

- The Committee failed to place its recommendations in the context of the efforts already underway to improve K-12 education through the Education Reform program or to improve higher education through the HECB Master Plan and related initiatives. Most recommendations are more programmatic budget “adds” than structural changes.

For a study done pursuant to a finding that “Policies have been established creating new expectations and goals for students under education reform,” reference to those expectations and goals is not to be found, with the significant exception of mathematics and science achievement. Identification of expectations for student achievement to be competitive in a global economy and maintain a culture of life-long learning is absent.

- The Committee failed to examine or provide recommendations on how current K-12 administrative structures and financial resources can be used more effectively to achieve the state's education goals. There are no recommendations to determine existing program effectiveness or to identify efficiencies in school district practices.

There is a general acceptance by experts in the field that all existing education monies need to be “on the table” for reallocation to effectively address school financing issues. Even the Committee's K-12 finance consultants, Picus and Associates, state at the outset that in their cost analyses, “We assume that all dollars and programs currently in the system would be sunsetted, and that all extant dollars and any new dollars would be used for the (new) general strategies identified in the report. In that sense, we are assuming complete reallocation of current resources to the most effective and evidence-based strategies. . . .” In its report the Committee has evaluated the effectiveness of no current programs and recommended the reallocation of no current resources.

- The Committee failed to prioritize among investments it proposes based on determinations of their probable cost effectiveness in relation to other investments. While it declares that “We will invest only in programs that work,” there is no indication of what that means.
- The Committee failed to link current or new program investments to specific student performance gains to be expected. For example, it does not indicate any anticipated gains in student achievement to be obtained from benchmarking expenditures to those of “Global Challenge States.”
- The Committee's choice to spend \$800,000 on a “K-12 finance adequacy study” appears to have resulted in more of a “wild-goose chase” than in a body of knowledge that the Legislature could use to evaluate finance policy options. It seems to this member of the Appropriations Committee a poor use of resources that could have been put toward intensive analysis of major issues in school finance so that the Legislature could be poised to act on a package of legislation in the 2007 session. The Legislature needs an examination of Washington-specific practices rather than the sort of generalizing from limited and selective evidence that was so strongly criticized by peer reviewers of the consultant study.
- Of equal concern is the use of language that defines issues in terms of political opinion rather than objective assessment. For example, the report states, “[M]ore than ever before our education system must prepare world citizens who respect cultural differences, understand political differences, and who can make informed choices among policy differences.” Who would set the standards and curriculum to define appropriate cultural and political thinking and understanding? What would the appropriate achievement goals be and who would enforce them?

How would low achievers be re-educated under this philosophy of educating individuals?

On its rationale for requiring use of a kindergarten readiness assessment tool, the report states that “Preparing children to succeed in kindergarten and beyond is too important to leave to chance,” “The assessment will acknowledge all aspects of development, including cultural differences among children . . . ,” and “Our ability to tailor kindergarten to the developmental and cultural needs of children will be improved.” Apparently, and despite rhetoric to the contrary, responsibility for effective early child rearing is too risky for the government to leave to actual parents. It would also appear that emphasizing our common humanity, characteristics and unique American values is less important than emphasizing our “cultural identities” at an early age.

These examples of language are more representative of an emphasis on an ideology about the use of the education process to achieve a politically correct outcome than on ensuring that every child has an equal opportunity to learn the skills and knowledge to be an educated and productive member of society.

After 25 years of concerns, at least 17 previous legislative studies, 18 months of additional investigation by Washington Learns costing \$1.7 million, and the investment of time by hundreds of deeply concerned citizens across our state, this Committee owes the public more than good rhetoric and a list of vague policy options that do not address the fundamental issues about education finance in our state.

The following section of this minority report offers a package of reforms that seeks to address those education finance issues in a substantive manner. While there are a number of early learning and higher education issues that deserve fuller recommendations here, both areas are constitutionally subordinate to K-12 education. Hence the focus of these reforms is on the K-12 system. The state currently has nearly \$2 billion in projected budget reserves. Any private sector CEO would tell us that the best, if not only, time to make structural changes within a large organization is when times are good. If we are truly to be bold and not just say we are, then now is the time to truly change “business as usual” in Olympia and resolve the difficult education funding issues before us.

I. PROMOTE STABLE AND SECURE FUNDING FOR EDUCATION

Fund Education First

Whether a student strives to be an electrician or to own the electrical shop, the competitiveness of the global economy demands that the quality of the basic education the state provides for its residents be higher than ever before. The funding necessary to meet that standard is significant, and must be dependable.

Article IX, Section 1 of the Washington Constitution declares that “It is the paramount duty of the state to make ample provision for the education of the children living within

its borders, without distinction or preference on account of race, color, caste or sex.” Our state budget process is not aligned with that constitutional duty, lumping appropriations for Public Schools into an omnibus budget act that customarily goes to a legislative vote with little opportunity for review, and in which the needs of our schools are too easily sacrificed to other pressures, both budgetary and political.

Recommendation: Require in law that a separate appropriations act for the Public Schools portion of the budget be passed by the Legislature and signed by the Governor before any other bill making operating appropriations may go to the House or Senate floor for consideration. This shall become effective July 1, 2008.

Ensure Reliable Budget Reserves are in Place to Protect Education

Stable funding for education cannot be separated from the stability of our overall budget. When the state has found itself with a large gap between resources and anticipated spending needs, whether from a cyclical economic downturn, extraordinary events, imprudent spending policies, or some combination of these, those K-12 programs not clearly protected by the constitution have suffered reductions for no other reason than to save money. This has caused financial difficulties for school districts and disrupted state and local efforts to improve student performance.

Recommendation: Enact a constitutional budget reserve or “rainy day” fund in which a defined percentage of annual revenues would automatically be deposited to ensure that funds are available to maintain critical state programs when the day comes – as it always does – that the state finds itself with a large budget shortfall. The Washington State Tax Structure Study Committee recommended creation of a constitutional rainy day fund in 2002. Since then the idea has received bipartisan support. This recommendation, both standing alone and more powerfully in conjunction with the Fund Education First recommendation, assures that our commitment to “make education the first priority in every budget we write” is met in spirit and in fact, and is not just a rhetorical device for politicians.

This shall be effective July 1, 2008.

Restore State Property Tax Revenues for I-728 Class-Size Reduction

In 2005 the Legislature amended I-728 to eliminate the transfer to the Student Achievement Fund of \$138 million in revenue from the state property tax and replace it with \$138 million in forecast revenue from a newly enacted estate tax. The act resulted in the replacement of a stable funding source for I-728, mandated by the people, with an unstable funding source not mandated by the people. This accounting gimmick, done to free up resources in the General Fund for other purposes, breaks faith with the people of the state, who showed by their vote that they wanted state property tax dollars to be allocated to the support of local schools just as local property tax dollars are.

Recommendation: Reverse the action of the 2005 Legislature and restore funding of Initiative 728 from the property tax as intended by the voters. This shall be effective July 1, 2007.

II. CORRECT FLAWS IN THE STATE’S K-12 FUNDING SYSTEM

After an intensive examination supported by OFM and OSPI and aided by national experts, the House’s bipartisan, K-12 Finance Work Group concluded in 2004 that “the general approach of our K-12 funding framework is structurally sound.”

The House Work Group found that the system is responsive to student enrollment and different characteristics of students, consistent with standards-based education policies. “Whether schools are teaching from an input-based policy framework or a standards-based policy framework, state funding must be allocated to districts in a consistent and equitable manner that attempts to recognize the basic costs of educating all students as well as the additional costs of educating special needs populations such as special education students, English language learners, and students needing remedial help. Our system does that.” (House Office of Program Research, December 2004.)

Washington provides one of the highest shares of school revenue from the state among all U.S. states, and has a relatively low dependence on local taxes. Because the state funding formula is in most features an allocation formula, it also affords districts a relatively high degree of discretion over the use of state funds.

At the same time, however, the House Work Group identified specific weaknesses in our funding formulas that need reform. These have long been known to legislators, executive branch officials and school administrators. Each year we delay we aggravate deficiencies and inequities.

End Grandfathered Salaries and Adopt a Professional Development Model of Teacher Compensation

The state makes staff unit salary allocations to school districts for basic education through a formula that starts from each district’s recognized base salary -- the state allocation for a certificated instructional staff with a B.A. and zero years of experience. Thirty-four districts were grandfathered at higher base salaries when the allocation formula went into effect in the late 1970s. Those 34 districts are still grandfathered at higher base salaries for allocation purposes 30 years later, ranging from less than 1 percent higher for 18 districts all the way to 6.3 percent higher for Everett. Grandfathered base salaries creates state-driven funding inequities, causes excessive reliance on supplemental contracts in some districts, and may raise constitutional concerns.

Recommendations: Eliminate grandfathered base salaries as part of a new, professional development model of teacher compensation.

Implement a Professional Development/Career Ladder compensation model based on progressive, objectively verifiable improvement in skills and content knowledge, in place of the traditional salary schedule based on seniority and education credits. There would no longer be automatic pay increases for Master's and PhD degrees. Provide additional, targeted compensation enhancements for high-demand instructional endorsements, multilingual proficiencies, and challenging school assignments. [See Attachment A.]

Funding for the new model shall be enhanced to reflect base salaries for the highest grandfathered district, phased in over a four-year period. The new model shall go into effect July 1, 2008.

Establish a Performance Bonus Program. The top performing and most significantly improved challenged primary and secondary schools shall be awarded financial bonuses scaled by their enrollment. Principals of these schools shall also be awarded bonuses to recognize their building leadership. Performance shall be specified by the State Board of Education, but shall be equally weighted between the percentage of students meeting state standards and a measure of student growth. The program shall be effective for the 2007-08 school year. [See Attachment B.]

End Grandfathered Local Levy Lids and Strengthen Levy Equalization

Grandfathered local levy authority is another flaw that can be traced to the beginnings of the current funding system. The amount of revenue districts can raise through excess levies for maintenance and operations is capped at 24 percent of a district's state and federal funds. About one-third of the state's 296 school districts, however, are grandfathered at higher percentages up to nearly 34 percent.

Many districts with low assessed values per student are unable to use this additional capacity, but for those that can and do it is a clear advantage. "Districts that are able to take advantage of the higher levy capacity can use these dollars for higher supplemental salaries and enhanced programs, creating disparities among neighboring districts." (Office of Program Research, December 2004.) We find districts in the same geographic areas, with similar economic and social characteristics and similar expectations for schools, but with very different authority to meet those expectations through the use of local levies to supplement state allocations for basic education. There is no basis in policy for such a range of differences, which creates interdistrict inequities and may raise constitutional concerns.

Recommendation: Set the levy lid at 30 percent for all districts while increasing levy equalization (Local Effort Assistance) from 12 percent to 20 percent to maintain the current level of funding equity among school districts. Districts currently with levies of more than 30 percent shall receive a pro rata sum to compensate them for the projected reduction in maximum levy authority over a four-year transition period. A levy equalization enhancement of 5 percent shall be provided to districts in the quintile that require the highest tax rates to raise a 20 percent levy. This shall be effective July 1, 2007.

Update the Non-Employee-Related Cost Allocation (NERC)

Over the last 25 years the state funding formulas for several programs within the definition of basic education have been reviewed by the Legislature and revised based on findings. One that has not is the allocation in General Apportionment for non-employee-related costs, called the NERC. The current NERC is based on an analysis of district expenditures done at the time of the Basic Education Act, adjusted annually by a general inflation measure.

Updating the NERC may not have the sexy public relations appeal of some other proposals, but for those school districts across the state struggling to pay their heating bills, buy textbooks and purchase the other things conducive to a good environment for learning, it is very attractive indeed.

Recommendation: Replace the existing NERC with a new, disaggregated NERC based on recent expenditures by school districts for the objects covered by the allocation. The updated NERC shall have three components:

1. An energy component, adjusted annually by the Consumer Price Index for Urban Consumers (CPI-U) for fuels and utilities.
2. An instructional materials component, adjusted annually by the CPI-U for educational books and supplies, computer technology, scientific laboratory equipment and supplies, technical education equipment and supplies.
3. A component for all other non-employee-related costs currently covered by the allocation, adjusted by the general inflation rate (CPI-U for all items).

This change shall be effective July 1, 2008.

Update the Pupil Transportation Formula

In 2006 the Legislature's Joint Legislative Audit and Review Committee (JLARC) conducted a study of K-12 Pupil Transportation Funding. Major findings of the study were:

- There is no systematic method used by districts to account separately for "to/from" costs attributable to basic education programs.
- The current funding method does not generate funding that reflects "to/from" transportation costs.
- The current funding method fails to drive necessary operational efficiencies.
- Current language in statute and rule prevents the funding method from reflecting costs.

JLARC estimated there is a high probability that to/from transportation expenditures by school districts exceeded state funding by \$93-114 million in the 2004-05 school years. It emphasized that it "does not recommend simply increasing the allocation rate in the current funding method to add approximately \$100 million per year in new funding." The

state, it said, should carefully consider *how* it will allocate funding for pupil transportation before any decisions are made to provide additional funding to districts.

Recommendation: OSPI, in collaboration with the Legislative Evaluation and Accountability Program (LEAP), shall develop a new funding system for Pupil Transportation, customized to Washington's needs. The new system should seek to achieve the following objectives:

1. More accurately reflect districts' to/from transportation costs.
2. Promote the efficient use of state and local resources.
3. Continue to allow local control of pupil transportation programs.

To enable development of a funding system that more closely reflects to/from costs, the Legislature shall require districts, beginning with the 2006-07 school year, to separate transportation costs for basic education programs from other transportation costs when reporting transportation expenditures. The new system to be developed assumes that OSPI, in consultation with the State Auditor, will adopt rules and instructions for tracking and reporting district transportation costs.

The Superintendent of Public Instruction will make an interim report to the Governor and the Legislature on a new pupil transportation funding system no later than September 1, 2007, and a final report with recommendations on December 15, 2007.

III. ENABLING HIGHER STUDENT ACHIEVEMENT

Stronger Guidance Counseling

The challenges to any child and family in achieving a high quality basic education are almost endless. Timely access to high-quality information about educational and social service resources is essential for children and parents to evaluate and make choices about educational opportunities. Research shows that well-developed school counseling programs can significantly increase academic achievement, improve building safety and reduce student dropout rates.

This year the Legislature provided funding to make a 6th-12th grade counseling and mentoring curriculum called Navigation 101 available to all Washington school districts. Navigation 101 is based on national model standards for guidance counseling, and is aligned with Washington EALRs at Grade Level Expectations. The Legislature also provided support for implementation of the Navigation 101 program in 100 school districts.

Recommendation: Fund the Navigation 101 program in grades 6-12 for all school districts. Additionally, the state shall create and fund a "First Teachers" parent mentoring program empowering parents to act as outreach agents of the Navigation 101 program to specific populations within the school district community. This program should be

required to coordinate and collaborate with municipal social service programs. State funding for guidance counselors shall be allocated at a ratio of 1:200 FTE enrollment. Counseling services shall be shared at the ESD level for smaller school districts. Expanded NAV 101 counseling shall be implemented by September 1, 2009.

Accountability for School Performance

More than a decade after the Education Reform Act of 1993, Washington still lacks a system of appropriate recognitions for high-performing schools and interventions in schools that are not helping children to succeed. This imperative has been given an extra push by the federal No Child Left Behind Act of 2001. Washington relies on a voluntary program of school improvement planning for those schools not performing at or above state and national requirements. The State Board of Education is responsible for establishing state school success criteria in addition to federal expectations for schools receiving Title I funds. The OSPI is charged with monitoring and reporting on school progress.

Now that some schools have been identified as falling short of Adequate Yearly Progress for five consecutive years, a stronger and more responsible approach is needed. We cannot afford to let children fall by the wayside while we decide how we can turn failing schools around without bruising anyone's feelings. If we are to eliminate the achievement gap between socially disadvantaged children and those more fortunate, we must act now to create a strong and transparent accountability system.

Recommendations

- The state shall adopt a set of rewards, both monetary and non-monetary, for schools that show exemplary academic progress against standards set by the state under Education Reform and federal No Child Left Behind.
- The state shall adopt a program of progressive interventions for schools and districts that persistently fail to meet requirements for academic progress. Schools or districts found to be consistently failing for six years under the federal standards, or for four years under the state standards, shall be reopened as functions of the applicable Educational Service District. The ESD shall have broad powers over budgets, staff and operations until improvement is demonstrated for six consecutive years.
- The state shall fund appropriate costs associated with new management of persistently failing schools, including new curricula, additional staffing, management and academic audits, and scholarships for families desiring supplemental educational services.

The school accountability model shall be implemented by September 1, 2008, for application in the 2008-09 school year.

IV. IMPROVE HIGH SCHOOL TO COLLEGE TRANSITIONS

Create a High School Diploma that Prepares Graduates for School and Work

Too many students graduate from high school unprepared for college work or other post-secondary education, despite the state's standards-based reforms. Among students who graduated from high school in 2004 and immediately attended a community or technical college, 72 percent had a goal to transfer to a four-year institution, and 54 percent of them required remedial work in math, with others needing help in English and reading. In addition, there is no clear relation between the course work required to graduate from high school in Washington and the skills and knowledge needed to succeed in college.

Washington's performance is part of a national educational problem. Of American students taking the ACT college test nationwide this year, 58 percent did not meet college-readiness benchmarks in math, while 73 percent did not meet the benchmarks in science. Only two out of 10 students met or exceeded college readiness benchmark scores on the four ACT exams in English, math, reading and science. U.S. Secretary of Education Margaret Spellings said, "The ACT findings clearly point to the need for high schools to require a rigorous, four-year core curriculum and to offer advanced placement classes so that our graduates are prepared to compete and succeed in both college and the workforce."

Some states are already engaged in this effort. Ohio, for example, considered a plan this year to require all high school students to take a rigorous core curriculum designed to prepare them for success in the workplace or in college. Completing the core curriculum would be a prerequisite for admission to the state's four-year colleges and universities. All students would be required in their junior year to take a college- and work-ready assessment to determine whether they're on track for future success. Remedial courses in the four-year institutions would be eliminated, and all remedial education located in the two-year system.

Washington has begun an effort to correct the deficiencies in high school preparation and create closer academic links between K-12 and higher education. The 2004 Strategic Master Plan for Higher Education requires the HECB and other education agencies to work together to define college readiness in several subject areas. In this the HECB is seeking to define what students must know and be able to do to succeed, without remediation, in two-year and four-year colleges, universities and technical schools, and to align requirements for college success with the learning outcomes emphasized in K-12 reform. The Legislature provided funding to the board this year to define college readiness in English and science.

While the Committee sets out a goal that "All students will complete a rigorous high school course of study and demonstrate the abilities to enter a post-secondary education program or career path," it does not offer sufficient structure as to how that will be accomplished.

Recommendations

- The State Board of Education, in consultation with the Higher Education Coordinating Board and the State Board for Community and Technical Colleges, shall define the specific curricular requirements of a diploma supporting both college preparatory and career and technical education pathways of comparable rigor. The standards shall be based on the state's essential academic learning requirements and aligned with international learning standards in science and math. Both college preparatory and career and technical education pathways shall include enhanced curriculum supplements for highly capable students. The definition shall be completed by January 1, 2008, and submitted to the Legislature for its approval.
- Based on this definition, the HECB and SBCTC shall collaborate with the SBE to align high school graduation requirements with entry requirements for the state's public four-year and two-year institutions of higher education, to be implemented September 1, 2009.

Attachment A

Align Teacher Compensation with a Performance-Based System of Teacher Development

There are few things we can say with more assurance than that the biggest determinant of student achievement, after family income and education, is teacher quality. “Over the past decade, numerous research studies have shown that teaching quality is the most important school-related factor in improving student achievement. . . . [P]olicymakers can now be more confident that policies that help teachers to get and keep good teachers will result in better student achievement.” (Exstrom, 2006.)

The way we compensate teachers, however, does little to recognize that fact. It does not provide incentives for better teacher preparation. It does not reward performance. And it does not attract the most talented and motivated students to teaching. A frequently cited study by Caroline Hoxby and Andrew Leigh of Harvard University found that “Since at least 1960 the inability of teachers to make more money by performing better has been the main cause of significant declines in the academic abilities of those who have entered the teaching profession.” (Greene, 2005.)

For at least the last half-century the dominant method for determining teacher pay has been the single-salary schedule, in which all teachers are paid the same as every other teacher with the same years of experience and education credits, whether they’re good, bad or indifferent at their jobs. The deficiencies of that model are by now well known. It rewards attributes that research shows have little to do with improving student outcomes. It suppresses pay differentials by field, school and quality of teaching performance. It provides no incentives related to service in high-need schools. Indeed, at-risk students who can benefit the most from high-quality teaching are most likely to have the least prepared and least qualified teachers. It provides no incentives for working in high-demand, low-supply subject areas such as mathematics, science and special education. It provides no incentives for improving student progress. (NCTAF, 2003. Podgursky, 2002. Hansen, 2004.) It is not aligned with the performance-based system of teacher preparation and certification that Washington has been moving toward since 1997. It is an inefficient and inappropriate way to compensate teachers if our goal is truly to improve teacher quality and raise student achievement.

States and school districts across the nation are moving away from the old, civil service model of compensation in which teacher pay was based on time and credits to new, professional models of compensation based on knowledge, skills and performance. Arizona, Florida, Iowa, Minnesota and Texas are among states already implementing new professional compensation models. It is time Washington joined in this essential reform.

The Steering Committee sets a goal of including pay for performance factors in the teacher salary allocation model, and asks that a state committee begin development of a performance-based salary system. I strongly support that goal. The public expects

Washington Learns to go beyond more goals and more study committees, however, to specific proposals that can form a basis for action.

The proposed model below would align a new, professional system of teacher certification with performance-based compensation. It would be supplemented by bonus awards for teachers with exceptional skills, high-demand proficiencies, and the most challenging assignments.

Recommendation:

Create a Career Ladder Compensation System for Teachers

- Establish a new statewide salary allocation schedule based on four categories of demonstrated knowledge, skills, abilities, and levels of effort: Entry, Professional, Lead, and Master.

Entry	Has successfully completed a teacher preparation program with a practicum, but has little other experience in managing, leading, and instructing his or her students. Requires mentoring and guidance. Learning to apply theoretical concepts to real-world situations and students. Likely to focus on classroom management and a limited range of instructional strategies.
Professional	Has successfully completed a performance-based professional certificate program, including demonstrating a positive impact on student learning. Continually expanding the range and complexity of instructional and assessment strategies. Uses data to analyze student performance. Adapts instruction to student needs and learning styles. All teachers are expected to reach this level of performance and continually increase their competencies.
Lead	Serves as a role model for above-average teaching and student achievement results, although not yet to the level of exemplary performance. Assumes leadership responsibilities in mentoring, coaching, curriculum development, school or district reform initiatives.
Master	Widely acknowledged by parents, colleagues, administrators, and students as an exemplary teacher and leader due to content knowledge, student achievement results and skills in classroom management, adaptation of instruction, design and use of assessment, parent involvement, etc. Successful with even the most academically or personally challenged students. “One of the best teachers in the building.”

- Direct the Professional Educator Standards Board to:
 - Create more detailed guidelines and descriptions of the career ladder categories.
 - Craft appropriate descriptions for Educational Staff Associates.
 - Develop an objective, rigorous evaluation process for placing teachers on the schedule.
- Eliminate grandfathered salary districts by increasing overall state funding, over four years, to the highest grandfathered base salary. Utilize this increased amount to help craft the new schedule.

- For state allocation purposes, teachers shall be held harmless in placement on the new schedule compared to where they would have been on the old schedule for the first year of implementation.
- Thereafter, new teachers will be placed on the schedule and current teachers will advance on the schedule based solely on their knowledge, skills, abilities and levels of effort. Placement decisions are not subject to collective bargaining.

Bonus Awards to Supplement New Compensation Model

- *High Demand.* \$5,000 for teachers with endorsements in Math, Sciences, Special Education.
- *Bilingual.* \$5,000 for teachers with endorsements in Bilingual Education and who are themselves bilingual (multilingual).
- *Rural and Remote:* \$2,000 for certificated instructional staff in school districts:
a) located in a county with fewer than 100 persons per square mile and b) more than 1 hour average travel time from a town with a population of 10,000.
- *Challenge School Commitment.* \$5,000 for teachers making a three-year commitment to teach in a school: a) with 60 percent or more low-income students (FRL) and b) in school improvement status (failed to make AYP for at least two consecutive years).
- *National Board for Professional Teacher Certification:* \$3,500 for NBPTS certified teachers (same as current policy).

Awards will be year-to-year, subject to teacher eligibility, and not subject to collective bargaining.

Attachment B

Schoolwide Academic Achievement Bonus Program

Create a Schoolwide Academic Achievement Bonus Program

To recognize and reward teachers, staff, and principals in:

- Schools demonstrating *exemplary performance*
- Challenged schools demonstrating *significant performance improvement*

Qualifying Schools are Eligible for Bonus up to \$200/student (maximum \$150,000)

- Teachers and staff collectively determine how to spend bonus
- Bonus can be used for:
 - Materials, supplies, equipment, services
 - Temporary hiring of teachers/staff
 - Payments to individual teachers/staff
- If there is no agreement by November 15, building principal decides how to spend the bonus for the benefit of the school
- These decisions are not subject to collective bargaining

Principals in a qualifying school are eligible for up to \$20,000 bonus

“Exemplary Performance”

State Board of Education develops performance index score for each school:

- 50% of score is the overall percent of students who met standard on the WASL
- 50% of score is the increase in the percent of students who met standard on the WASL compared to the prior year
- Uses a composite of reading and mathematics results from grades 4,7,10
- Schools with more than one tested grade level have a score for each level

“Exemplary Performance” = Top 2% of schools at the same grade level

“Significant Performance Improvement”

SBE identifies “challenged” schools:

- Overall percent of students who met standard on the WASL 3 years prior was in lowest 10% of schools at the same grade level
- Uses a composite of reading and mathematics results from grades 4,7,10

“Significant Performance Improvement”: A challenged school where the percent of students who met standard compared to 3 years prior has increased more than one standard deviation above the mean of *all* schools at the same grade level.

Notes

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Page 3. “*The Committee’s choice . . .*” Eric A. Hanushek, “Is the ‘Evidence-Based Approach’ a Good Guide to School Finance Policy?” Prepared for Washington Learns Steering Committee, August 2006. Hanushek, “The Alchemy of ‘Costing Out’ an Adequate Education,” Kennedy School of Government, Harvard University. October 2005. James R. Smith, “Review and Critique of ‘An Evidence-Based Approach to School Finance Adequacy in Washington,’” July 31, 2006.

Page 6. “*After an intensive examination . . .*” Washington House of Representatives, Office of Program Research, “Final Report of the House of Representatives K-12 Finance Work Group,” December 2, 2004, p. 5.

Page 7. “*Many districts . . .*” Office of Program Research, “Final Report,” p. 8.

Page 8. “*In 2006 the Legislature’s Joint Legislative . . .*” State of Washington, Joint Legislative Audit and Review Committee, “K-12 Pupil Transportation Funding Study,” Proposed Final Report, September 20, 2006, pp. 31, 41-42, 55-57.

Pages 11-12. “*U.S. Secretary of Education Margaret Spellings said . . .*” V. Honawar, “ACT Scores Increase, But Concerns Voiced on College Readiness,” *Education Week*, August 23, 2006.

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