

Revised October 2007

BASIC EDUCATION FINANCE: INITIAL REPORT TO THE JOINT TASK FORCE

The 2007 Washington State Legislature created a Joint Task Force on Basic Education Finance.¹ Exhibit 1 outlines the roles and responsibilities assigned in the legislation to both the Task Force and to the Washington State Institute for Public Policy (Institute).

Because the first meeting of the Task Force could not be held until September 10, and the first report was due September 15, the initial report was necessarily brief. This revised version provides more detail on the research tasks assigned to the Institute.

Exhibit 1 Roles and Responsibilities Assigned in E2SSB 5627

Joint Task Force on Basic Education Finance	Washington State Institute for Public Policy
<ul style="list-style-type: none"> ✓ “Review the definition of basic education and all current basic education funding formulas.” ✓ “Develop options for a new funding structure and all necessary formulas.” ✓ “Propose a new definition of basic education that is realigned with the new expectations of the state’s education system.” ✓ “In developing recommendations, the joint task force shall review and build upon the following: <ul style="list-style-type: none"> • reports related to K–12 finance produced at the request of or as a result of the Washington learns study, including reports completed for or by the K–12 advisory committee; • high-quality studies that are available; and • research and evaluation of the cost-benefits of various K–12 programs and services developed by the institute.” ✓ “The funding structure alternatives developed by the joint task force shall ...” <ul style="list-style-type: none"> • “take into consideration the legislative priorities in” Section 3 of the bill. • “reflect the most effective instructional strategies and service delivery models and be based on research-proven education programs and activities with demonstrated cost benefits.” • “provide maximum transparency of the state’s educational funding system in order to better help parents, citizens, and school personnel in Washington understand how their school system is funded.” • “be linked to accountability for student outcomes and performance.” ✓ No dates were provided for the Task Force’s work. 	<ul style="list-style-type: none"> ✓ Provide “research support” to the Task Force. ✓ “Consult with stakeholders and experts in the field.” ✓ “Request assistance from the legislative evaluation and accountability program committee, the office of the superintendent of public instruction, the office of financial management, the house office of program research, and senate committee services.” ✓ Provide three reports to the Task Force: <ul style="list-style-type: none"> • By September 15, 2007, an initial report “proposing an initial plan of action, reporting dates, timelines for fulfilling the requirements of section 3 of this act, and an initial timeline for a phased-in implementation of a new funding system that does not exceed six years.” • By December 1, 2007, a report “for at least two but no more than four options for allocating school employee compensation” that includes “a finalized timeline and plan for addressing the remaining components of a new funding system.” • By September 15, 2008, a “final report with at least two but no more than four options for revising the remaining K–12 funding structure ... and a timeline for phasing in full adoption of the new funding structure.” <p>The second two reports must both include: an option that is a “redirection and prioritization within existing resources based on research-proven education programs;” “a projection of the expected effect of the investment made under the new funding structure;” and “implementing legislation as necessary.”</p>

¹ E2SSB 5627 § 2(1), Laws of 2007.

Members of the Task Force, listed in Exhibit 2, were appointed during the summer of 2007; terms last through 2008.²

Exhibit 2
Washington State Basic Education Finance
Joint Task Force

Dan Grimm, Chair
Representative Glenn Anderson
Terry Bergeson, Superintendent of Public Instruction
Senator Lisa Brown
Cheryl Chow, Board President, Seattle School District
Laurie Dolan, Governor's Office
Representative Kathy Haigh
Senator Mike Hewitt
Senator Janea Holmquist
Representative Ross Hunter
Superintendent Bette Hyde, Bremerton School District
Representative Fred Jarrett
Superintendent Jim Kowalkowski, Davenport School District
Representative Skip Priest
Representative Pat Sullivan
Senator Rodney Tom

Background

The roots of Washington's K–12 finance system can be traced to the state's Constitution. Article IX states: "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." Further, the Constitution declares that "the legislature shall provide for a general and uniform system of public schools."³

In the late 1970s and early 1980s, these constitutional provisions were interpreted by the courts. The basic structure of Washington's current K–12 finance system stems from the initial legislative responses to these court rulings, although the legislature and the voters have modified both the level of funding and the way in which funds are distributed in the intervening years.⁴

² Legislative members were nominated by both caucuses in each chamber of the legislature and appointed by the Speaker of the House and President of the Senate. The Superintendent of Public Instruction represents OSPI. Remaining members, including the chair, were appointed by the Governor.

³ Washington State Constitution, Article IX.
http://www.courts.wa.gov/education/constitution/index.cfm?fa=education_constitution.display&displayid=Article-09.

⁴ For more information about Washington State K–12 finance laws, court rulings, and funding structure, see the following two documents: Senate Ways & Means Committee. (2007). *A Citizen's Guide to Washington State K–12 Finance*. <http://www.leg.wa.gov/documents/Senate/SCS/WM/SwmWebsite/Publications/2007/K12Guide2007.pdf>; and OSPI. (2006). *Organization and Financing of Washington Public Schools*. www.k12.wa.us/safs/PUB/ORG/06/2006OrgFin_Final.pdf.

In the early 1990s, to "keep pace with societal changes, changes in the workplace, and an increasingly competitive international economy," the legislature enacted education reform bills designed to create "a public school system that focuses more on the educational performance of students."⁵

The 2005 Legislature created the Governor-led Washington Learns committee to conduct, among other tasks, a "comprehensive K–12 finance study."⁶ The Washington Learns review focused on helping policymakers "direct the human and financial resources necessary to produce a world-class, learner-focused, seamless education system."⁷

Washington Learns issued its final report on November 15, 2006. The report laid out a series of goals for Washington's education system and recommended that the K–12 funding structure be linked to results. The report indicated that state policymakers will continue to "develop the framework for a new transparent accounting structure and reporting system" that is performance-based.⁸

The Joint Task Force on Basic Education Finance created by the 2007 Legislature is the next step in these efforts. The Legislature directed the Task Force to "develop a unique, transparent, and stable educational funding system for Washington that supports the goals and the vision of a world-class learner-focused K–12 educational system that were established in the final Washington learns report."⁹

The appendix to this report contains the full text of the 2007 legislation creating the Task Force and describing its duties.

Overview of Student Outcomes

According to the legislation creating the Task Force, Washington's basic education funding structure "should be linked to accountability for student outcomes and performance." The Legislature expressed a preference for funding "research-proven education programs and activities with demonstrated cost benefits." The bill also directs the Institute to include in its research "a projection of the expected effect" of investments made under new funding structure options.¹⁰

⁵ ESHB 1209 § 1, Laws of 1993.

⁶ E2SSB 5441 § 3(2), Laws of 2005.

⁷ Washington Learns Committee. (November 2006). *Washington Learns: World-Class, Learner-Focused, Seamless Education*, p. 8. <http://www.washingtonlearns.wa.gov/report/FinalReport.pdf>.

⁸ *Ibid*, p. 49.

⁹ E2SSB 5627 § 1.

¹⁰ *Ibid*, § 2 and 3.

Other recent legislative and executive branch initiatives have also focused on student outcomes. Therefore, in this initial report to the Task Force, we present a brief review of a few “big picture” indicators of student K–12 education outcomes. There are many ways to measure student outcomes, including (but not limited to) school completion rates, performance on academic assessment tests, postsecondary educational attainment, employment, earnings, and civic participation. The measures presented below include:

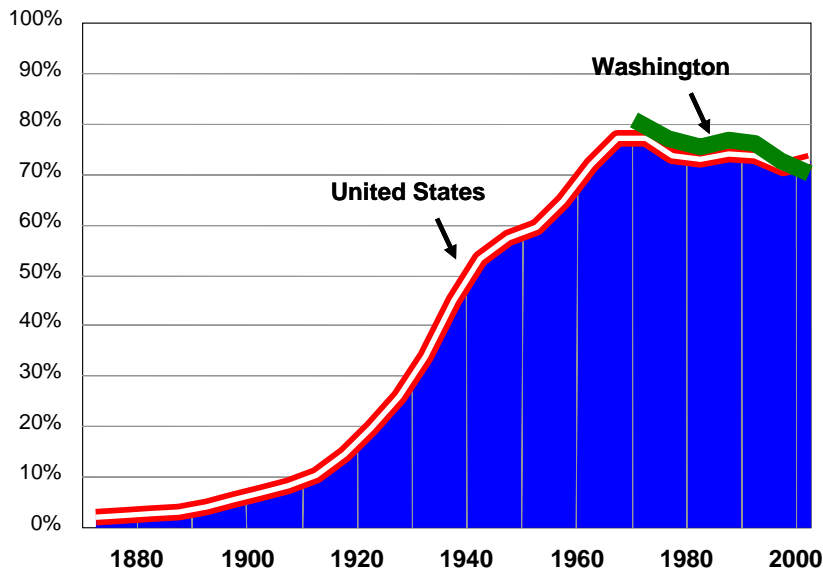
- Public high school graduation rates;
- Washington Assessment of Student Learning (WASL) “met-standard” rates;
- High school graduation and WASL met-standard rates disaggregated by student groups;
- National Assessment of Educational Progress (NAEP) scores;
- National SAT results; and
- College attendance and employment rates for recent high school graduates.

Also presented are results from international tests which compare student performance among nations.

High School Graduation. Exhibit 3 depicts historical United States and Washington public high school graduation rates. The chart displays an estimate of the percentage of students enrolled in high school that graduated. These rates are calculated to be consistent with the current method used by the United States Department of Education’s National Center for Education Statistics (NCES).¹¹

National graduation rates increased steadily in the twentieth century, rising from 6 percent of all 17-year-olds in 1900 to 77 percent in 1970. Washington’s rate was slightly higher than the national rate in the 1970s. Since then, however, graduation rates in Washington and the United States have trended downward slightly to about 70 percent.

Exhibit 3
Public High School Graduation Rates
United States: 1870 to 2004, Washington: 1970 to 2004



Source: United States Department of Education, National Center for Education Statistics. All rates are calculated using the NCES “average freshman enrollment” method; WSIPP adjusted pre-1970 U.S. estimates to match recent data. The rates shown are five-year averages.

¹¹ The current NCES method divides the number of high school graduates in a given year by the average of 8th, 9th, and 10th grade enrollments when that cohort of students was enrolled in those grades. Washington State also calculates an “extended” graduation rate that includes students who take more time to fulfill high school requirements. The “averaged freshman enrollment” NCES rate is reported here for consistency with current and historical national data. (The historical NCES data are adjusted to match the current “averaged freshman enrollment” method). Each of these rates excludes students in private high schools.

Since 1970, the number of students who earn a GED in lieu of a regular diploma has increased (not shown in Exhibit 3). For example, of the cohort of Washington 9th graders in 1970, about 2 percent earned a GED. By 2005, that percentage had increased to 6 percent.¹² With or without the GED, the trends in state and national data paint a clear picture: the long-term growth in on-time public high school graduation rates stalled during the last 35 years.

WASL. In response to education reform, in the 1990s Washington State developed a statewide test: the Washington Assessment of Student Learning (WASL). Exhibit 4 presents trends in two key WASL test score results: reading and math “met-standard” rates. “Met-standard” rates are the percentage of students who score at Level 3 (proficient) or 4 (advanced) the first time they take the WASL.¹³

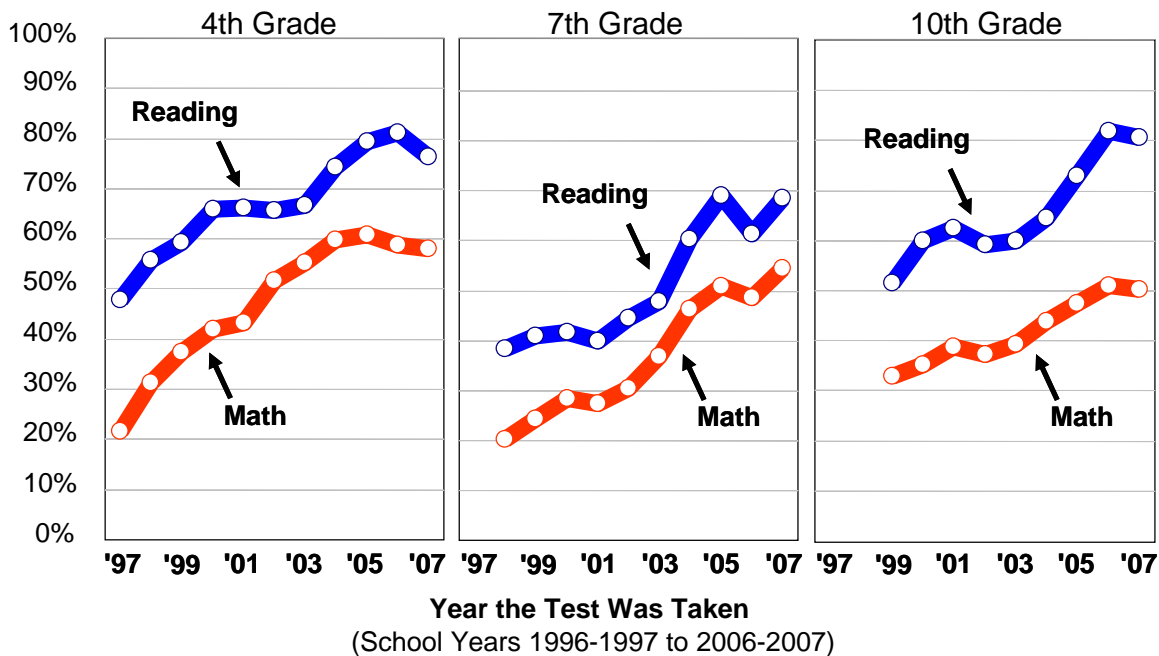
Since the 1990s, student performance has increased over time on the reading and math WASL in grades 4, 7, and 10. Writing met-standard rates (not shown in Exhibit 4) are comparable to reading rates, and these

also have an upward trend.¹⁴ More students meet standard in reading and writing than in math.

Recent trends in some of the met-standard rates have shown signs of leveling off. For example, after rising steadily from 1997 to 2004, 4th grade math WASL met-standard rates have not increased since. The just-released 2007 test score results indicate an improvement in 7th grade reading and math met-standard rates, but the rates fell slightly in both 4th and 10th grades, in comparison with 2006 results.

Disaggregated Student Outcomes. There are substantial differences in academic outcomes among various groups of students. To illustrate this issue, Exhibit 5 presents recent high school graduation rates and WASL met-standard rates by income level¹⁵ and ethnicity.¹⁶ In 2005, low-income students’ graduation rate was 13 percentage points lower than non-low-income students’ rate. American Indian, Black, and Hispanic students’ graduation rates were 17 to 25 percentage points lower than Asian and White students’ rates.¹⁷

Exhibit 4
WASL Reading and Math “Met-Standard” Rates: 1997–2007



Source: Office of Superintendent of Public Instruction

¹² Institute analysis of GED data provided by the State Board for Community and Technical Colleges.

¹³ These “initial” met-standard rates do not include students who met standard on retakes or alternative assessments, which are authorized for the tenth grade WASL for the purpose of meeting high school graduation requirements.

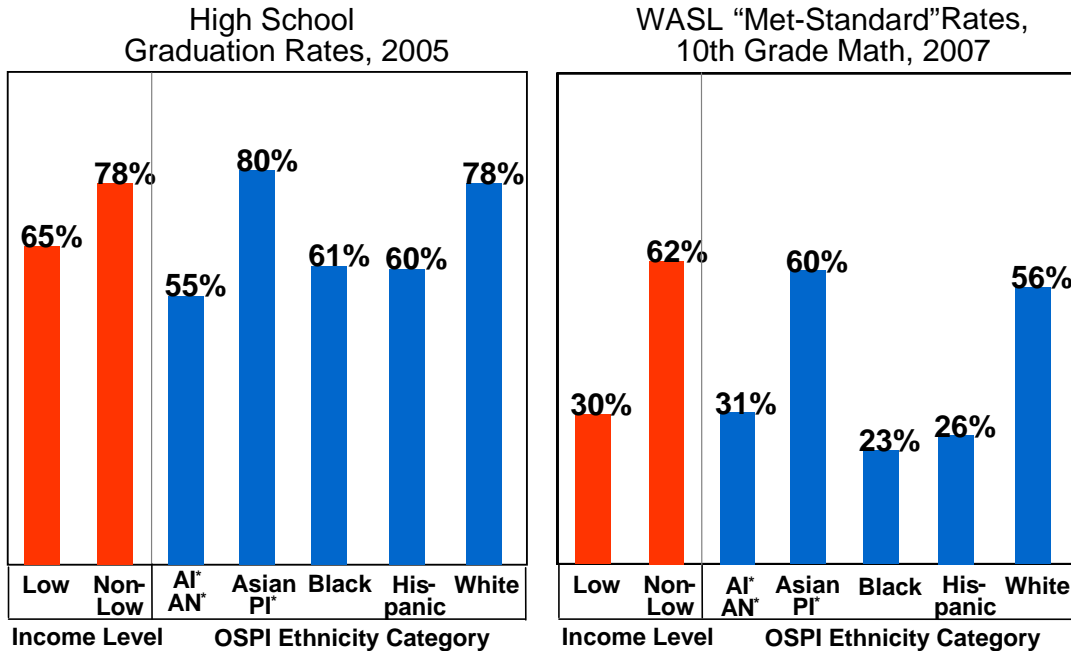
¹⁴ For a detailed discussion of these trends, including writing performance, see W. Cole & R. Barnoski. (2007). *WASL Performance Trends in Grades 4, 7, 10*. Olympia: Washington State Institute for Public Policy, Document No. 07-03-2202.

¹⁵ “Low income” is defined as eligibility for free or reduced price meals in the national school lunch and breakfast programs. <http://www.k12.wa.us/ChildNutrition/NSLSBP.aspx>

¹⁶ The ethnicity categories are those used by OSPI in data reporting.

¹⁷ Based on the on-time cohort rate reported annually by OSPI.

Exhibit 5
High School Graduation and WASL “Met-Standard” Rates
by Income Level and Ethnicity



Source: Office of Superintendent of Public Instruction
 * Note: PI, AI, and AN are OSPI ethnicity categories for Pacific Islanders, American Indians, and Alaskan Natives.

Similarly, on the 2007 math WASL, low-income, American Indian, African American, and Hispanic students’ met-standard rates were approximately 30 percentage points lower than non-low-income, Asian, and White students’ rates.

On the same measures (but not shown in Exhibit 5), English Language Learner (ELL) and special education students’ rates are lower than English-speaking and non-special education students’ rates. For example, in 2007, 10 percent of ELL and 53 percent of non-ELL students met standard on the 10th grade math WASL; similarly, 11 percent of special education, and 57 percent of non-special education students, met standard on the 10th grade math WASL.

NAEP. The National Assessment of Educational Progress (NAEP) is a nationally representative assessment of student progress in math, reading, science, writing, the arts, civics, economics, geography, and U.S. history. Exhibit 6 displays recent state and national 8th grade math NAEP scores. Green bars represent Washington, red bars the national average, and gray bars other states. In 2005, Washington 8th graders ranked 7th highest out of the 50 states and the District of Columbia in math, based on students’ average scale scores.¹⁸

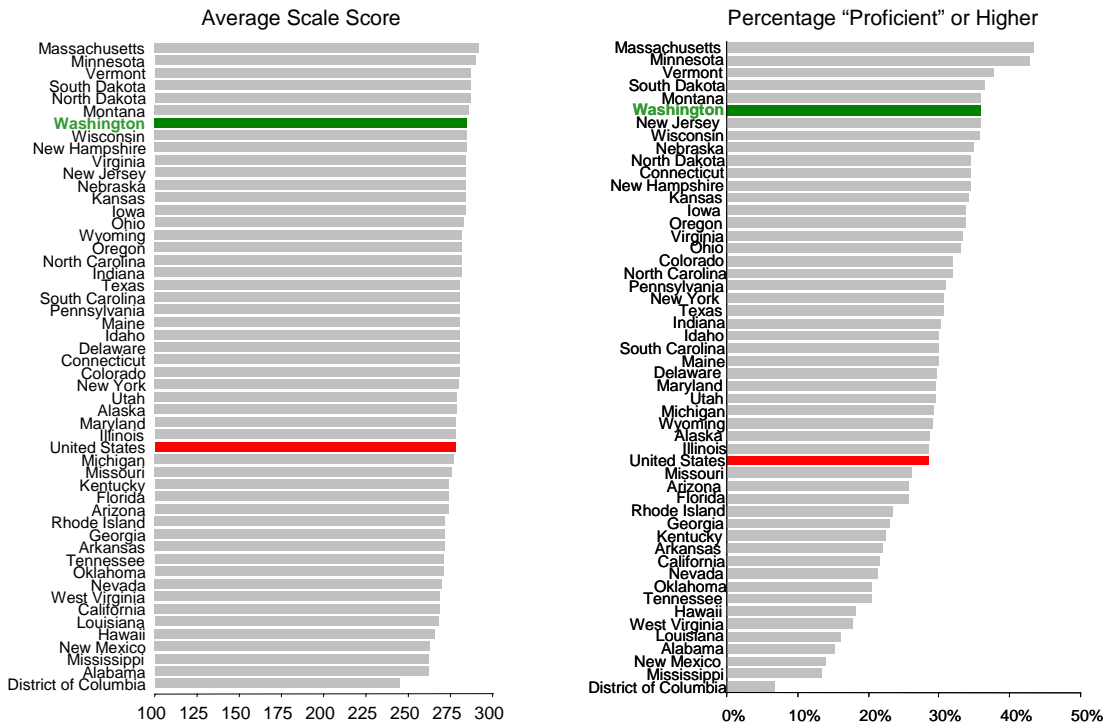
¹⁸ On the 8th grade reading NAEP in 2005, Washington students ranked 19th highest; in the same year, Washington 4th graders ranked 9th highest in math and 13th in reading. Not all differences in average NAEP scores among the 50 states are statistically significant, so the

The NAEP also measures the percentage of students considered “proficient” in each subject area.¹⁹ Using this measure, in 2005, 36 percent of Washington 8th grade students’ math scores were considered proficient or higher, compared with 27 percent of students nationwide. The NAEP rankings shown in Exhibit 6 are based on scores that do not adjust for differences in economic conditions, demographics, or educational resources among the states.²⁰

SAT. About half of students nationwide take the SAT, a college admissions test. In Washington State, 53 percent of students took the SAT in 2007. Exhibit 7 lists states in order of reading and math SAT average scores in 2007. For both subjects, Washington’s average score ranked 4th out of the 29 states in which at least 20 percent of students took the exam in 2007.²¹

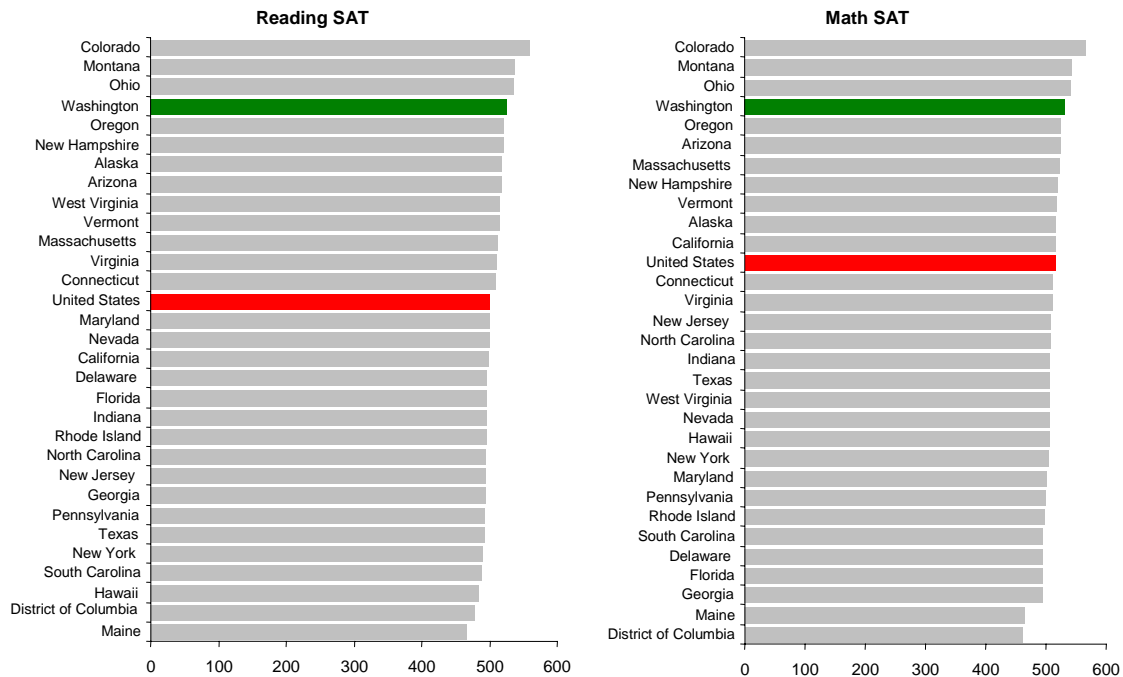
results should be interpreted with caution. For more information, visit <http://nces.ed.gov/nationsreportcard/>.
¹⁹ Based on the following scale: “below basic,” “basic,” “proficient,” and “advanced.”
²⁰ Standard & Poors adjusted NAEP results according to poverty levels to account for differences in student populations among states; in S&P’s analysis, Washington’s rank relative to other states remains roughly consistent with the rankings shown in Exhibit 5. *Leveling the Playing Field: Examining Comparative State NAEP Performance in Demographic Context.* http://www.schoolmatters.com/pdf/naep_comparative_state_performance_schoolmatters.pdf
²¹ The analysis presented here is limited to states in which at least 20 percent of students took the SAT, because lower SAT participation rates are associated with higher average scores. The College Board, which administers the SAT, recommends that state rankings be interpreted with caution because of this association.

Exhibit 6
National and State NAEP Math Scores 2005



Source: United States Department of Education, National Center for Education Statistics.

Exhibit 7
National and State SAT Reading and Math Average Scores 2007
For states with 20% or higher student participation in SAT testing



Source: College Board

College attendance, remediation, and employment.

Exhibit 8 displays college, remediation, and employment rates for recent cohorts of high school graduates. These data are produced by Washington State University Social and Economic Sciences Research Center (WSU-SESRC) for OSPI. The data provide some indication of what happens to high school graduates in the first year after graduation. Because the data do not capture all graduates, however, the rates likely underestimate actual levels.²²

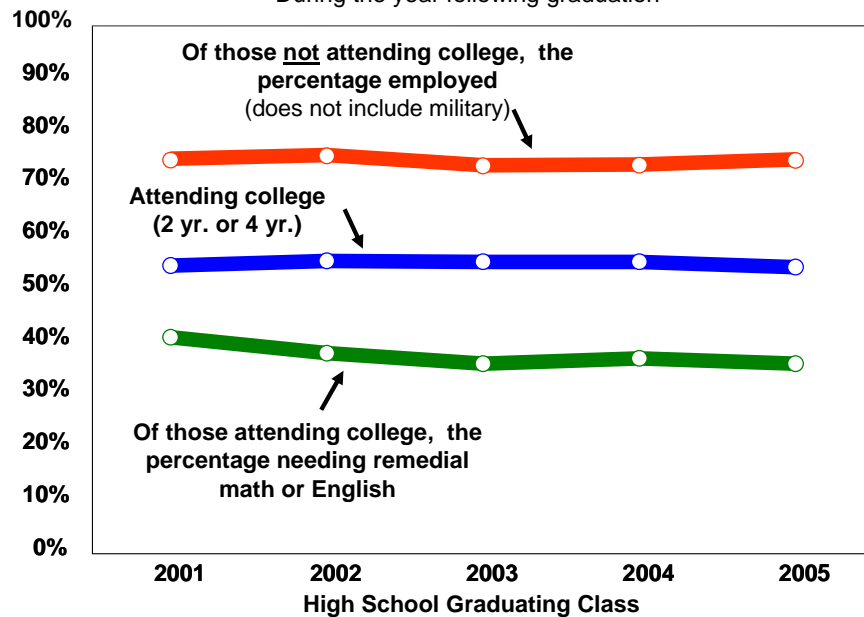
Approximately 55 percent of Washington State public high school graduates enroll at two or four year colleges in Washington, Oregon, or Idaho in the year following graduation. Of these college-enrolled students, about 36 percent require remediation in math and/or English. Of students who do not attend college, about three-quarters are employed (excluding individuals who enlist in the military). All three measures show a flat trend between 2001 and 2005.

International Tests. To put United States and Washington student outcomes in context, selected results from two international tests are summarized below: Trends in International Mathematics and Science Study (TIMSS) and Program for International Student Assessment (PISA). The U.S. relative ranking on the TIMSS is higher than on the PISA.

TIMSS assesses trends in 4th and 8th grade students' mathematics and science achievement. In 2003, United States 8th grade students' average math score ranked 15th highest out of 45 countries; U.S. 4th graders ranked 12th out of 25 countries.²³

PISA measures 15-year-old students' reading, math, and science literacy. In 2003, U.S. fifteen year olds' average scores ranked 25th highest out of 30 OECD countries on the math PISA and 16th out of 30 on the reading PISA.²⁴

Exhibit 8
Washington Public High School Graduates'
College, Remediation, and Employment Rates
During the year following graduation



Source: WSU Social and Economic Sciences Research Center, for OSPI

²² The data are compiled in the annual Graduate Follow-Up Study (GFS) conducted by WSU-SESRC for OSPI. WSU-SESRC merges state administrative data to electronically match students across K-12, college, and employment databases maintained in Washington, Oregon, and Idaho. Approximately two-thirds of public high school graduates are included in the series. GFS reports include a detailed description of the data limitations; the most recent report can be downloaded at: <http://www.sesrc.wsu.edu/gfs/pdfpapers/Class2005Y1AllGrads.pdf>.

²³ For more details, see <http://nces.ed.gov/timss/timss03tables.asp?figure=5&Quest=5>.

²⁴ OECD stands for Organisation for Economic Cooperation and Development. For more details, see http://nces.ed.gov/programs/digest/d06/tables/dt06_397.asp?referrer=list

Research Plan

As noted, E2SSB 5627 requires the Institute to provide to the Task Force an “initial report by September 15, 2007, proposing an initial plan of action, reporting dates, timelines for fulfilling the requirements of section 3 of this act, and an initial timeline for a phased-in implementation of a new funding system that does not exceed six years.”

Initial Plan of Action. The Institute’s initial plan of action is to review the research evidence on topics for consideration by the Task Force as listed in Section 3 in E2SSB 5627 (see inset). This review focuses on whether and how K–12 resource inputs (e.g., instructional expenditures) are related to student outcomes (e.g., test scores). In other words, the purpose of this review is to identify “research-proven education programs and activities with demonstrated cost-benefits,” as required in the legislation.

For this study, we are employing a “systematic review” of the evidence. In a systematic review, the results of all rigorous studies are analyzed to determine if, on average, it can be stated scientifically that a program or funding policy achieves a particular outcome.

The legislation directs the Institute to include “a projection of the expected effect” of K–12 investments. We are constructing the analytical models to accomplish this task and reviewing other recent studies that have estimated the costs of K–12 education.²⁵

Additional detail on this research plan is described below.

Reporting Dates and Timelines for Fulfilling

Section 3 of E2SSB 5627. Section 3 directs the Task Force to develop “funding structure alternatives.” No timelines are specified for the Task Force’s work. Section 2 of the legislation, however, directs the Institute to submit three reports to the Task Force: this September report, a second report in December 2007, and a final report in September 2008.

The Institute is required to focus its December report on “school employee compensation.” By December 1, 2007, the Institute will report on “at least two but no more than four options for allocating school employee compensation.”

²⁵ We are reviewing many studies, including the “evidence-based” approach described in the 2006 Odden and Picus report for Washington Learns (http://www.washingtonlearns.wa.gov/materials/EvidenceBasedReportFinal9-11-06_000.pdf); the “adequacy funding study” completed by David Conley for the Washington Education Association in 2007 (http://www.washingtonea.org/static_content/news/fullreport.pdf); and, more generally, the types of studies discussed in Susanna Loeb’s 2007 work for the School Finance Redesign Project at the University of Washington (http://www.schoolfinanceredesign.org/pub/pdf/wp23_loeb.pdf).

E2SSB 5627 Section 3. (1) The funding structure alternatives developed by the joint task force under section 2 of this act shall take into consideration the legislative priorities in this section, to the maximum extent possible and as appropriate to each formula.

(2) The funding structure should reflect the most effective instructional strategies and service delivery models and be based on research-proven education programs and activities with demonstrated cost benefits. In reviewing the possible strategies and models to include in the funding structure the task force shall, at a minimum, consider the following issues:

- (a) Professional development for all staff;
- (b) Whether the compensation system for instructional staff shall include pay for performance, knowledge, and skills elements; regional cost-of-living elements; elements to recognize assignments that are difficult; recognition for the professional teaching level certificate in the salary allocation model; and a plan to implement the pay structure;
- (c) Voluntary all-day kindergarten;
- (d) Optimum class size, including different class sizes based on grade level and ways to reduce class size;
- (e) Focused instructional support for students and schools;
- (f) Extended school day and school year options; and
- (g) Health and safety requirements.

(3) The recommendations should provide maximum transparency of the state’s educational funding system in order to better help parents, citizens, and school personnel in Washington understand how their school system is funded.

(4) The funding structure should be linked to accountability for student outcomes and performance.

A preliminary methodology to project effects will be included in the December report. The Institute’s research review is currently focused on the following compensation-related topics:

- Total school funding (per-pupil expenditures, per-pupil instructional expenditures, non-instructional staff salaries);
- Teacher wage policies as identified in the act (e.g., pay for performance, knowledge, and skills; regional cost-of-living adjustments; recognition of difficult teaching assignments; and comparable wage models);
- Teacher credentials (National Board for Professional Teaching Standards and professional certification); and
- Teacher experience and graduate degrees.

By September 15, 2008, the Institute will submit a final report to the Task Force covering the remaining topics identified in Section 3 of E2SSB 5627:

- Professional development for all staff;
- Voluntary all-day kindergarten;
- Optimum class size, including different class sizes based on grade level and ways to reduce class size;
- Focused instructional support for students and schools;
- Extended school day and school year options;
- Health and safety requirements;
- Updates on school employee compensation findings; and
- Other items as directed by the Task Force.

Initial Timeline for Phased-In Implementation of a New Funding System. E2SSB 5627 directs the Institute to include in this report an “initial timeline for a phased-in implementation of a new funding system that does not exceed six years.” The implementation timeline cannot be produced until the Task Force completes its responsibilities under the legislation (see Exhibit 1 on the first page of this report). That is, the legislation requires the Task Force to “develop options for a new funding structure and all necessary formulas.” Once the Task Force has accomplished this assignment, the six-year timeline (as specified in the legislation) can be prepared.

Exhibit 9 displays the 2007 schedule of meeting dates for the Task Force. The schedule for additional meetings in 2008 will be announced on the legislative website at <http://www.leg.wa.gov/Joint/Committees/BEF/>. Meeting materials are also available on this legislative website.

Exhibit 9
Basic Education Finance
Joint Task Force Meetings in 2007

Date	Time and Location
September 10	9 a.m. to 12 p.m. Senate Hearing Room 1 John A. Cherberg Building Capitol Campus, Olympia
October 22 November 19 & 20 December 13	<i>Times to be determined</i> Senate Conference Room A,B,C John A. Cherberg Building Capitol Campus, Olympia

For more information, please contact:
 Roxanne Lieb, (360) 586-2768, liebr@wsipp.wa.gov
 Steve Aos, (360) 586-2740, saos@wsipp.wa.gov
 Annie Pennucci, (360) 586-3952, pennuccia@wsipp.wa.gov

APPENDIX: Engrossed Second Substitute Bill 5627... AN ACT Relating to basic education funding.

Section 1. The state's definition of basic education and the corresponding funding formulas must be regularly updated in order to keep pace with evolving educational practices and increasing state and federal requirements and to ensure that all schools have the resources they need to help give all students the opportunity to be fully prepared to compete in a global economy.

The work of Washington learns steering committee and the K–12 advisory committee provides a valuable starting point from which to evaluate the current educational system and develop a unique, transparent, and stable educational funding system for Washington that supports the goals and the vision of a world-class learner-focused K–12 educational system that were established in the final Washington learns report.

This act is intended to make provision for some significant steps towards a new basic education funding system and establishes a joint task force to address the details and next steps beyond the 2007-2009 biennium that will be necessary to implement a new comprehensive K–12 finance formula or formulas that will provide Washington schools with stable and adequate funding as the expectations for the K–12 system continue to evolve.

Section 2. (1) The joint task force on basic education finance established under this section, with research support from the Washington state institute for public policy, shall review the definition of basic education and all current basic education funding formulas, develop options for a new funding structure and all necessary formulas, and propose a new definition of basic education that is realigned with the new expectations of the state's education system as established in the November 2006 final report of the Washington learns steering committee and the basic education provisions established in chapter 28A.150 RCW.

(2) The joint task force on basic education finance shall consist of fourteen members: (a) A chair of the task force with experience with Washington finance issues including knowledge of the K–12 funding formulas, appointed by the governor; (b) Eight legislators, with two members from each of the two largest caucuses of the senate appointed by the president of the senate and two members from each of the two largest caucuses of the house of representatives appointed by the speaker of the house of representatives; (c) A representative of the governor's office or the office of financial management, designated by the governor; (d) The superintendent of public instruction or the superintendent's designee; and (e) Three individuals with significant experience with Washington K–12 finance issues, including the use and application of the current basic education funding formulas, appointed by the governor. Each of the two largest caucuses of the house of representatives and the senate may submit names to the governor for consideration.

(3) In conducting research directed by the task force and developing options for consideration by the task force, the Washington state institute for public policy shall consult with stakeholders and experts in the field. The institute may also request assistance from the legislative evaluation and accountability program committee, the office of the superintendent of public instruction, the office of financial management, the house office of program research, and senate committee services.

(4) In developing recommendations, the joint task force shall review and build upon the following: (a) Reports related to K–12 finance produced at the request of or as a result of the Washington learns study, including reports completed for or by the K–12 advisory committee; (b) High-quality studies that are available; and (c) Research and evaluation of the cost-benefits

of various K–12 programs and services developed by the institute as directed by the legislature in section 607(15), chapter 372, Laws of 2006.

(5) The Washington state institute for public policy shall provide the following reports to the joint task force:

(a) An initial report by September 15, 2007, proposing an initial plan of action, reporting dates, timelines for fulfilling the requirements of section 3 of this act, and an initial timeline for a phased-in implementation of a new funding system that does not exceed six years;

(b) A second report by December 1, 2007, including implementing legislation as necessary, for at least two but no more than four options for allocating school employee compensation. One of the options must be a redirection and prioritization within existing resources based on research-proven education programs. The report must also include a projection of the expected effect of the investment made under the new funding structure. The second report shall also include a finalized timeline and plan for addressing the remaining components of a new funding system; and

(c) A final report with at least two but no more than four options for revising the remaining K–12 funding structure, including implementing legislation as necessary, and a timeline for phasing in full adoption of the new funding structure. The final report shall be submitted to the joint task force by September 15, 2008. One of the options must be a redirection and prioritization within existing resources based on research-proven education programs. The final report must also include a projection of the expected effect of the investment made under the new funding structure.

Section 3. (1) The funding structure alternatives developed by the joint task force under section 2 of this act shall take into consideration the legislative priorities in this section, to the maximum extent possible and as appropriate to each formula.

(2) The funding structure should reflect the most effective instructional strategies and service delivery models and be based on research-proven education programs and activities with demonstrated cost benefits. In reviewing the possible strategies and models to include in the funding structure the task force shall, at a minimum, consider the following issues:

(a) Professional development for all staff;

(b) Whether the compensation system for instructional staff shall include pay for performance, knowledge, and skills elements; regional cost-of-living elements; elements to recognize assignments that are difficult; recognition for the professional teaching level certificate in the salary allocation model; and a plan to implement the pay structure;

(c) Voluntary all-day kindergarten;

(d) Optimum class size, including different class sizes based on grade level and ways to reduce class size;

(e) Focused instructional support for students and schools;

(f) Extended school day and school year options; and

(g) Health and safety requirements.

(3) The recommendations should provide maximum transparency of the state's educational funding system in order to better help parents, citizens, and school personnel in Washington understand how their school system is funded.

(4) The funding structure should be linked to accountability for student outcomes and performance.

Section 4. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.