



BUILDING A BETTER FUTURE: MEETING THE REQUIREMENTS OF THE McCLEARY DECISION AND INVESTING IN A SEAMLESS EDUCATION SYSTEM

Helping students be successful from early learning settings through training or college has been a top priority of Governor Gregoire. The Governor's 2013–15 budget continues this bedrock principle by keeping students at the center of all our work. Based on what we — parents, educators, researchers, policy makers — have learned about effective learning conditions and instructional practices, our reform efforts have steadily sharpened our focus on student achievement, with more students realizing success in our early learning, kindergarten through 12th grade and higher education sectors.



EARLY LEARNING

The research is clear that early learning is an essential and particularly cost-effective strategy for improving student achievement because from their earliest moments in life, children are accumulating the tools they will need to thrive. Renewing our commitment to education and increasing its funding must begin with preschool programs to ensure children are confident, skilled and prepared for success in the K-12 system and in life.

To this end, the Governor's budget funds enrollments for 5,125 more children in the next two years in the Early Childhood Education and Assistance Program, representing a 61 percent increase in the number of children served. Program quality will be improved through additional teacher training. (\$50.0 million)

K-12 EDUCATION

For decades, Washington has been struggling to adequately fund K-12 education. During the Governor's first term in office, she and the Legislature increased funding for schools, including full funding for Initiative 728 to reduce class sizes and Initiative 732 to provide cost-of-living salary increases for K-12 employees. The Great Recession, however, not only halted progress on K-12 funding but forced difficult reductions. Since the early 1990s, the state has also been redesigning its definition of what is basic to offer students, what the expected results are and what finances need to be in place to support these outcomes.

During the Governor's administration, focus on learning and instruction has been driven by research of what is most important to improving achievement for all students. National studies have consistently identified high-quality instruction as the most important, school-based component of an effective education system. National studies also report that full-day kindergarten programs, especially for students in poverty, have a lasting impact on student learning. This is particularly true when schools follow up early

learning and full-day kindergarten with continued time and attention made possible by lower class sizes in the earliest elementary grades.

In previous budgets, the Governor has secured funding for full-day kindergarten in high-poverty schools, class size reductions and the first steps in implementing a new teacher and principal evaluation system. In January 2012, the state Supreme Court reviewed the McCleary case and affirmed the decision that Washington was not meeting its constitutional obligation to fully fund a program of basic education. The court stated in its decision that the Legislature has set forth a “promising reform program” in the legislation it has passed on basic education funding (House Bills 2661 and 2776) and has an opportunity to remedy the current funding shortfall using these or other means.

House Bill 2776 provided specific timelines and funding targets for four programs: full-day kindergarten for all students; class sizes of 17 for students in kindergarten through grade three; full funding for the pupil transportation formula; and significantly increased state funding for materials, supplies and operating costs (MSOC). Using this template as a base, Governor Gregoire crafted her 2013–15 budget request as a first phase in a three-biennia process to achieve the reforms outlined in HB 2776. Her budget will:

- » **Reduce** class sizes in kindergarten through second grade classrooms to 20 students in high-poverty schools. More than half of all kindergarten through second grade students will be in smaller classes. (\$193.0 million)
- » **Expand full-day kindergarten** to all high-poverty schools. More than half of all kindergarteners will participate. (\$121.0 million)
- » **Fully fund the state’s new pupil transportation funding formula** that recognizes actual costs of transporting students to and from school. This program is fully funded beginning in 2013–14, one year earlier than in the timeline specified in HB 2776. (\$209.0 million)
- » **Fund all seven components of MSOC**, prioritizing professional development and

curriculum materials. The *professional development* component is fully funded. It should be noted that in a high-quality evaluation and human resources development system, funds should be available for staff who need an improvement plan or other opportunities to improve their skills. These ongoing resources can fill this need. The *curriculum materials* component is also fully funded. (\$425 million; of this amount, \$22 million for professional development; \$140 million for curriculum)

EMPHASIZING GREAT TEACHING

Student learning and educational attainment are lifted as the quality of instruction advances. Accordingly, Washington has created a system-wide mechanism for increasing instructional expertise through new evaluation policies and practices that boost accountability while improving teaching practice. Our state is emerging as a leader in the use of effective evaluations to implement best practices and target effective learning strategies to the needs of individual students.

Three years ago, teachers, principals and policy makers acknowledged significant shortcomings in our antiquated evaluation systems. All worked to build teaching and learning evaluation criteria and procedures based on the essential characteristics of instruction. Most importantly, they linked these to student learning.

Evaluation systems implemented well produce detailed performance reviews on observed activities and examine other result indicators. Yet that is not all they do. The value of the performance review is not realized if it does not become the foundation for teachers and principals to receive feedback and direction about how to improve their practices. Then teachers have the opportunity to hone these skills.

For some time we have talked about the importance of focusing on classroom instruction. Now we have the basic tools — professional development programs, instructional frameworks, evaluation criteria, data on student growth — to spur great

teaching. But implementing these tools will take more time and effort. Our basic education funding structure should provide for the fundamental work of staff evaluations and continuous improvement. Therefore, the Governor has proposed the following in her budget:

- » **Fully fund the professional development component of MSOC.** (See the description above.)
- » **Provide an *additional enhancement*** in MSOC for 2013–14 for teacher professional development to learn about the new evaluation system, including the criteria, scoring rubric and procedures. (\$24 million; after 2013–14 these resources are retained and spread to other MSOC components)
- » **Improve the basic education principal staffing allocations** in the prototypical school models by .15 full-time equivalent (FTE) staff. The new evaluation system requires principals to perform more classroom observations and follow-up conferences, determine specific levels of performance within a four-tier system for each teacher, guide instructional improvement plans and a host of other responsibilities. This will provide the additional time for principals to be instructional leaders in their schools. The proposed change to the staffing allocation is permanent and will be introduced as legislation to modify the prototypical school statute. (\$55.0 million)



MEETING OUR FINANCIAL RESPONSIBILITY

After four years of drastic budget cuts to all areas of state government – and with the state still recovering from the recession – Governor Gregoire does not believe the funding needed for K-12 schools can be captured entirely through even deeper cuts to other critical services. Nor does the Governor believe the state can continue to delay the additional investments our schools require. Instead, her budget proposes a balanced approach of reasonable reductions in other services combined with new revenues for school services.

The Governor proposes a wholesale excise tax on gasoline and diesel fuel sales, dedicated to pay the full costs of pupil transportation services over the next three biennia. By using transportation revenues to pay for pupil transportation, state resources are freed-up for full-day kindergarten, class size reduction, and the maintenance, supplies and operating enhancements outlined above.

The wholesale fuel tax will start at 1.85 percent on July 1, 2013, increasing to 2.91 percent in the second biennium and 4.62 percent in the third biennium. When fully phased-in for the 2017–19 biennium, the wholesale fuels tax revenues and all appropriations for pupil transportation will be transferred from the state operating budget to the state transportation budget.

During the transition to relying entirely on transportation taxes to fund pupil transportation, the Governor proposes extending two temporary tax surcharges the Legislature enacted for the 2011–13 biennium and set to expire June 30. In 2010, lawmakers approved a 0.3 percent increase to the business and occupation tax paid by doctors, lawyers, accountants and others and a 50-cent-per-gallon beer tax. Extending both taxes by three and a half years will yield \$636 million for school enhancements in 2013–15 and \$565 million in 2015–17. For those two biennia, the transportation tax and the two tax surcharges will be deposited into the Education Legacy Trust Account and dedicated to enhancements in the state basic education programs.

This revenue package enables a \$1 billion down payment on the \$3.4 billion in new K-12 spending the state has committed to over the next six years. In two years, we will face another funding challenge. While the Governor's budget proposal begins to increase state funding for maintenance, supplies and operating costs, these costs will increase by \$855 million for the next biennium.

The Governor is working with her peers to win approval of the Marketplace Fairness Act. This measure would provide new revenue by requiring online retailers to collect the sales tax on purchases that customers of brick-and-mortar retailers now pay. The Governor proposes that all future revenues from the act (\$384 million in the 2013–15 biennium, increasing to \$631 million and then \$746 million in the next two biennia) be dedicated to next steps in funding basic education commitments.

HIGHER EDUCATION

For the past four years, sharp reductions in state higher education funding have been offset by student tuition increases. Because Washington public university and community college tuition levels were significantly below national averages, and because Washington has a very strong state financial aid program, tuition increases were the only mechanism to protect college and university budgets, student access and institutional quality. Higher education remains a solid investment for students, as evidenced by historically high student enrollments over the past four years, despite higher costs to students.

With the state's economy so dependent on highly educated workers, a robust higher education system is vitally important. That is why the Governor's budget contains no program reductions in either the community college or university system for the next two years. And while the budget provides more funding for state financial aid programs, it assumes no state-mandated tuition increases for the 2013–14 and 2014–15 academic years.

With current appropriation levels maintained for our higher education institutions, public colleges and universities will streamline their operations and services to ensure that students are able to move through their academic careers more efficiently and effectively. Technology and advancements in online education practices are opening exciting and dynamic educational opportunities at lower costs. Washington institutions are well-positioned to respond to student and business needs. The Governor's budget proposes targeted enhancements to ensure a workforce ready to meet the needs of the 21st century.

- » **Create a STEM (science, technology, engineering and math) enrollment pool.** The six public baccalaureate institutions will be able to compete for enrollment funds in STEM fields. These programs often cost more to operate, so funding will ensure that the four-year institutions can expand programs with high employer demand. The competitive nature of the pool will reward the best-designed and most cost-effective proposals. (\$11.0 million)
- » **Expand aerospace and STEM offerings at the community and technical colleges.** Funding will support 330 student FTEs who will get cutting-edge training in fields such as precision machining, machine maintenance, composite technology and other STEM fields. (\$5.0 million)
- » **Support colleges of engineering.** Last year, the University of Washington and Washington State University committed to graduate an additional 425 students each from their respective colleges of engineering. This investment will assist the universities in supporting the new enrollments and implementing best practices in engineering programs to help them meet these targets. (\$4.0 million)
- » **Fund College Bound scholarships.** College Bound scholarships reward low-income middle school students who commit to high school graduation and preparation for college with enhanced financial aid so that income is not a barrier to college attendance. To receive a scholarship, students must keep the pledge made when they signed up for the program in middle school: earn at least a 2.0 grade point average and be a good citizen, with no felony convictions. The student must also be eligible for financial aid. The first College Bound students are now progressing in their college education. Investment in these scholarships maintains the state's commitment to these students. (\$35.0 million)