



Initiative 728: Implementation and Outcomes

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Overview

In November 2000, the people of Washington State were asked to vote on the following ballot measure: "Shall school districts reduce class sizes, extend learning programs, expand teacher training, and construct facilities, funded by lottery proceeds, existing property taxes, and budget reserves?"

Nearly 72% of voters said yes. I-728 passed overwhelmingly in every county and legislative district.

I-728 dedicates certain state revenues to a "Student Achievement Fund," increasing revenue to the fund over time. Funds come from the state property tax, state lottery (until 2004-05), emergency reserve fund spill over and the Education Legacy Trust Account (beginning in 2005-06).

I-728 has demonstrated that targeted new investments can create significant and sustained results for a school district whether it is tackling class size problems or increasing early learning opportunities. Since 2001, I-728 has provided over one billion dollars in funding to implement education reform and improve student learning.¹

Local Control and Accountability

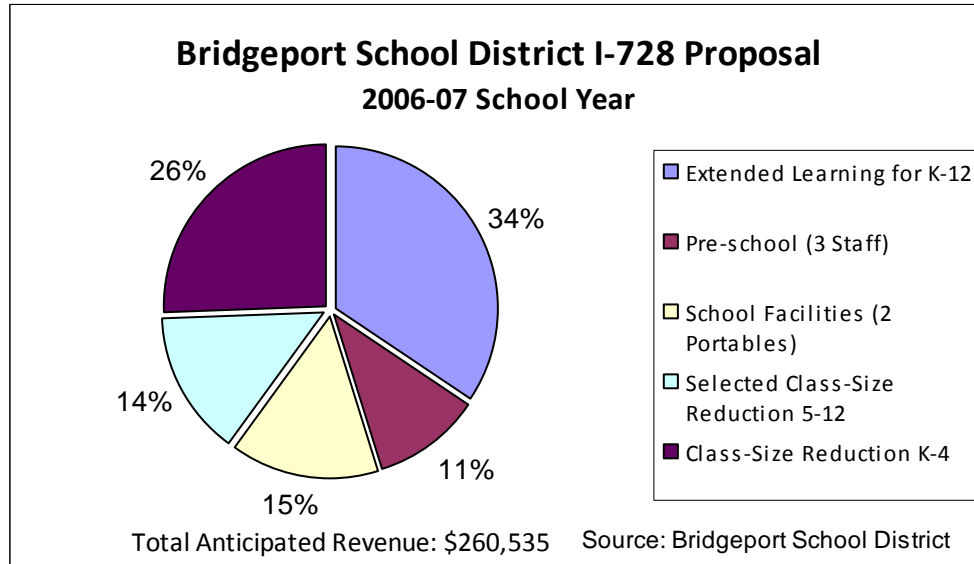
A central feature of I-728 is that it authorizes local school boards to decide how the student achievement funds should be used. Annually (before May 1) each school district must explain how it spends its money and what measurable results it achieved for children with these extra funds. Few other state appropriations have such stringent accountability requirements.

School boards must hold a public hearing on the proposed use of the new funds. This hearing must provide an opportunity for citizens to comment on the proposed use. The final plan for the use of the funds must then be developed and adopted by August 31 as part of the district's normal budget process.

¹ Not all I-728 funding was new because of supplanting issues. Full implementation was delayed due to revenue shortfalls.

Each school district must provide a public accounting of the student achievement funds made available to the district during the previous school year. This report must include a description of how the funds were used and the progress made in increasing student achievement, as measured by all required state assessments and any other assessments chosen by the district.

The following is an example of an I-728 2006-07 distribution plan created by Bridgeport School Board and Superintendent Gene Schmidt for public approval:



Use of I-728 Funding

I-728 was built on the premise that school districts' needs vary and that local school boards know best how to use the new funds to assist their students in meeting the state's academic standards. Its drafters were mindful of the mistakes made in the late-1990s implementation of the California Class Size Reduction program, which did not achieve intended results because there were insufficient numbers of qualified teachers and serious building capacity issues.

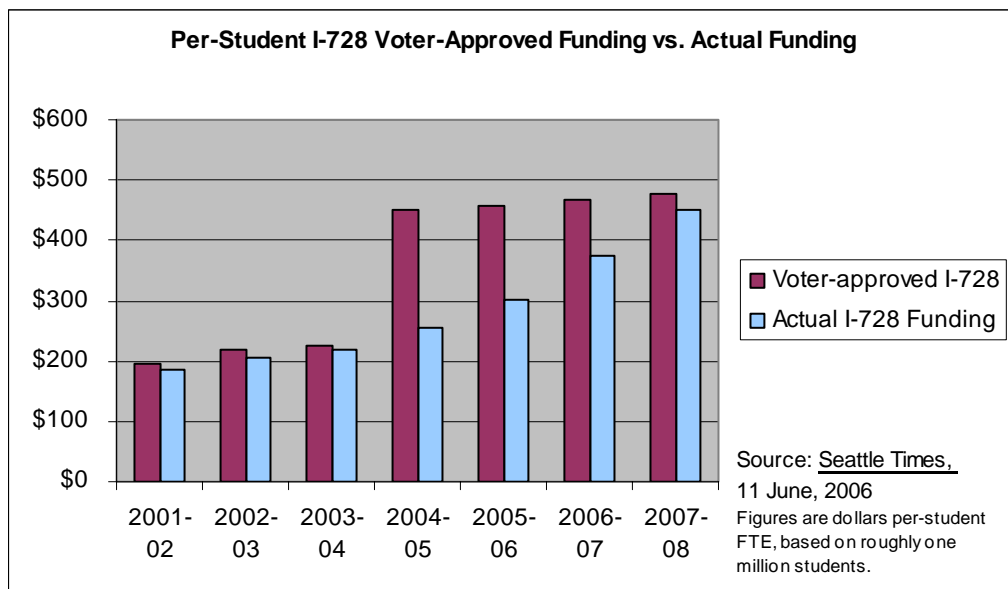
School districts may use I-728 funds in six different ways:

1. **Reduce class size:**
 - a. by hiring certificated elementary classroom teachers in grades K-4;
 - b. to make selected reductions in class size in grades 5-12;
2. **Provide extended learning opportunities** to improve student academic achievement in grades K-12, including, but not limited to, extended school year, extended school day, before-and-after-school programs, special tutoring programs, weekend school programs, summer school, and all-day kindergarten;

3. **Provide additional professional development** for educators, including additional paid time for curriculum and lesson redesign, training to ensure that instruction is aligned with state standards and student needs, reimbursement for higher education costs related to enhancing teaching skills and knowledge, and mentoring programs to match teachers with skilled, master teachers;
4. **Provide early assistance for children who need pre-kindergarten support** in order to be successful in school; and
5. **Provide improvements or additions to school facilities** that are directly related to class size reduction and/or extended learning opportunities.

I-728 Legislative History

The following graph illustrates the large disparity between what was approved by voters and what was actually funded by the legislature.



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² Original chart edited to reflect 2007-09 biennial budget. In the 2007-08 school year, the gap between the actual and voter-approved I-728 per FTE student totals is because the original I-728 formula stipulated that inflation would be added each year subsequent to the 2004-05 school year.

2000: Original funding formula

I-728 did not require new taxes. Instead, it earmarked portions of funding from the property tax, lottery funds, and emergency reserve spill over funds (if any existed) to move additional dollars into the classroom.

The original legislation stated that during 2001-2003, \$140 per-student FTE would be funded by property taxes. Of the lottery funds available, in 2001 50% would go to the Student Achievement Fund and 50% would go to the Education Construction Fund. In 2002 and onwards, 75% of lottery funds would go to the Student Achievement Fund, thereby driving the step up.³ In 2004 and thereafter, all lottery funds would be put into the Education Construction Fund and \$450 per FTE student would be deposited in the Student Achievement Fund. Each subsequent year, the amount would be adjusted for inflation.

2001-2003 biennium

This was the first budget written after I-728 was approved. The initiative stipulated that funding for 2001-02 would be \$194 per FTE, and \$220 for 2002-03. A shortfall in lottery funding resulted in a slight decrease in funding. The biennial budget approved \$184 per-student in 2001-02 and \$204 in 2002-03. Although the legislature appropriated new I-728 funds, they also cut some other education funding, including the Better Schools Fund (\$60 per-student FTE) and Block Grants (\$76 per-student FTE).

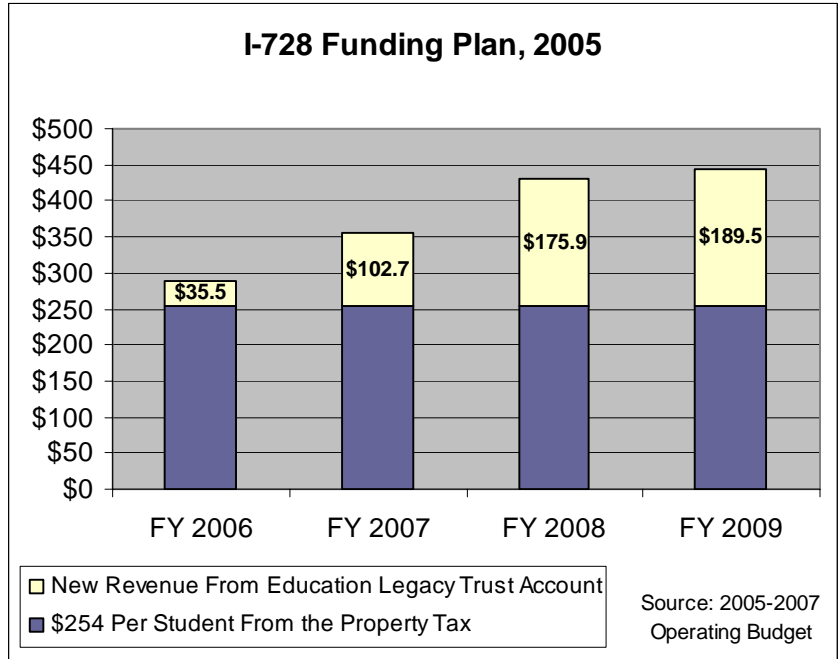
2003-2005 biennium

The 2003-05 budget was written during a recession and I-728 funding suffered accordingly. In the 2003 session, funding was cut and the 2004 step up to \$450 per-student FTE outlined in the Initiative was suspended. Lawmakers revised the property tax per-student FTE contribution to the Student Achievement Fund to \$254 for 2004, \$300 for 2005, \$374 for 2006, \$450 for 2007, and an amount adjusted annually for inflation thereafter.

2005-2007 biennium

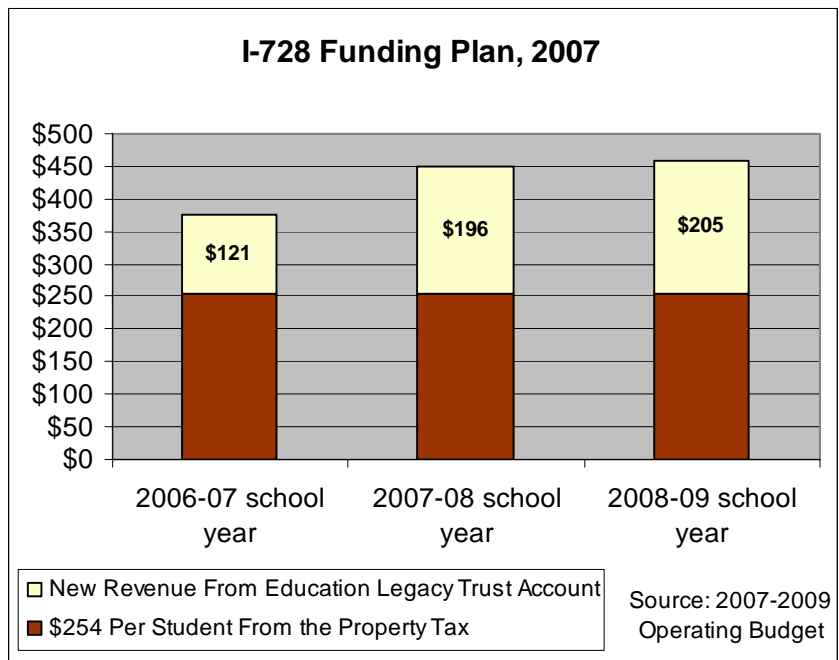
In 2005, the legislature and newly-elected Gov. Gregoire worked together to pass [ESB 6096](#). This bill modified again the original 728 funding formula. Under the 2003 plan, the property tax would have funded all future I-728 funding step ups. The modified 2005 formula keeps the property tax portion of I-728 at \$254 per student FTE and uses a new Education Legacy Trust Account to fund the balance required by law. A re-instated Washington State estate tax provides the bump-up to the Education Legacy Trust Account.

³ Lottery funds fluctuate; precise annual projections of funds are difficult to determine.



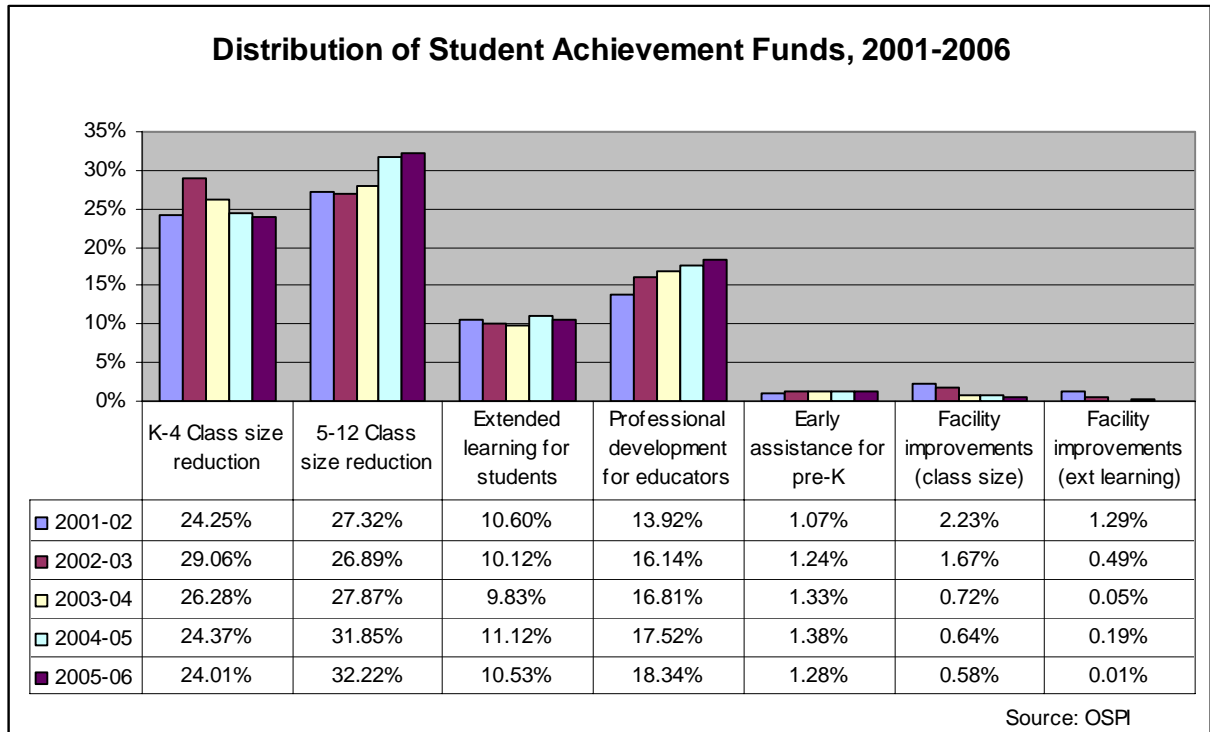
2007-2009 biennium

In 2007, the final conference budget passed on April 22, 2007 fully-funded I-728 by adding an additional \$139.9 million to the Student Achievement Account. Funding is provided to increase the per-student allocation from \$375 currently to \$450 in the 2007-08 school year and \$459 in the 2008-09 school year. In subsequent years, funding will continue to increase according to inflation, as stipulated in the Initiative.



Outcomes

The chart below shows that funds have overwhelmingly been used to reduce class size. In fact in 2001-2005, over 50% of new funds were used to reduce class size. Professional development and extended learning programs (e.g. all-day kindergarten) follow in how funds were allocated. See Appendix 1 for a complete chart.



The new funds achieved significant results for students in a variety of programs statewide. LEV's 2001 *Report to the People* discovered that where new funds were used for class size reduction there was a dramatic lowering in the student/teacher ratio. For example, in 2001 the Ferndale School District added a total of 16.1 FTE certificated staff to the district using I-728 dollars.

Extended learning and early assistance for pre-kindergartners categories also provide great examples of new I-728 programs. LEV Foundation's 2006 publication *Turning Promise into Practice* profiled several school districts that targeted I-728 funding to Washington's youngest learners:

Early Assistance for Pre-Kindergarten

Bremerton

In 2001, the district found that only 4 percent of its entering kindergarteners knew their letters, compared to the national average of 60 percent. The idea was simple: help students before they get behind rather than providing remedial services once they are in school. The Bremerton School District used funding from I-728 to coordinate the different child care providers and develop a curriculum for preschoolers aligned with the district's own curriculum. Bremerton also started a full-day kindergarten program for the most at-risk children. Student literacy skills are rising and special education placements have declined.

Extended Learning

Bridgeport

In 1999, less than one-fifth of students in this tiny, mostly Latino, mostly low-income school district could read at grade level by second grade. Adding full-day kindergarten cost the district about \$90,000 out of local levy funds the first year. After that, the district used money from I-728 to cover the costs of the program. Students meeting standard on the fourth-grade reading test jumped from 20 percent in 1999 to 61 percent in 2005.

Appendix 1: **I-728 Funding** - as reported to OSPI

I-728 Expenditures, 2001-02	Statewide Total	Percentage of total
K-4 Class Size Reduction Expenditures	43,161,499	24.25%
Grade 5-12 Class Size Reduction Expenditures	48,615,819	27.32%
Extended Learning Expenditures	18,865,292	10.60%
Professional Development Expenditures	24,769,372	13.92%
Early Assistance Expenditures	1,899,484	1.07%
Facility Imp for Class Size Reduction Expenditures	3,969,842	2.23%
Facility Imp for Extended Learning Opportunities Expenditures	2,289,121	1.29%
Other	3,479,734	1.96%
Carryover to Next Year	24,960,930	14.03%
Total	177,950,812	100.00%

I-728 Expenditures, 2002-03	Statewide Total	Percentage of total
Revenues Carry Over	24,124,973	
Current Revenue	196,706,812	
K-4 Class Size Reduction Expenditures	64,172,324	29.06%
Grade 5-12 Class Size Reduction Expenditures	59,380,655	26.89%
Extended Learning Expenditures	22,340,137	10.12%
Professional Development Expenditures	35,634,803	16.14%
Early Assistance Expenditures	2,730,598	1.24%
Facility Imp for Class Size Reduction Expenditures	3,690,707	1.67%
Facility Imp for Extended Learning Opportunities Expenditures	1,092,349	0.49%
Indirect Costs Expenditures	3,327,033	1.51%
Other Expenditures	3,219,154	1.46%
Carry Over Next Year	25,244,025	11.43%

I-728 Expenditures, 2003-04	Statewide Total	Percentage of total
Revenues Carry Over	24,296,539	
Current Revenue	213,243,632	
K-4 Class Size Reduction Expenditures	62,430,129	26.28%
Grade 5-12 Class Size Reduction Expenditures	66,203,516	27.87%
Extended Learning Expenditures	23,355,175	9.83%
Professional Development Expenditures	39,921,238	16.81%
Early Assistance Expenditures	3,163,755	1.33%
Facility Imp for Class Size Reduction Expenditures	1,709,460	0.72%
Facility Imp for Extended Learning Opportunities Expenditures	126,276	0.05%
Indirect Costs Expenditures	5,452,671	2.30%
Other Expenditures	3,070,076	1.29%
Carry Over Next Year	32,107,875	13.52%

I-728 Expenditures, 2004-05	Statewide Total	Percentage of total
Revenues Carry Over	31,771,562	
Current Revenue // Total Available Revenues	243,142,294	
K-4 Class Size Reduction Expenditures	66,942,890	24.37%
Grade 5-12 Class Size Reduction Expenditures	87,488,522	31.85%
Extended Learning Expenditures	30,557,324	11.12%
Professional Development Expenditures	48,143,473	17.52%
Early Assistance Expenditures	3,789,707	1.38%
Facility Imp for Class Size Reduction Expenditures	1,758,287	0.64%
Facility Imp for Extended Learning Opportunities Expenditures	528,725	0.19%
Indirect Costs Expenditures	7,326,611	2.67%
Other Expenditures	2,447,577	0.89%
Carry Over Next Year // Total Expenditures and Carryover	25,731,848	9.37%

I-728 Expenditures, 2005-06 (as of March 6, 2007)	Statewide Total	Percentage of total
Revenues Carry Over	25,426,831.96	
Current Revenue // Total Available Revenues	284,769,700.36	
K-4 Class Size Reduction Expenditures	74,588,394.10	24.01%
Grade 5-12 Class Size Reduction Expenditures	100,114,473.58	32.22%
Extended Learning Expenditures	32,701,539.66	10.53%
Professional Development Expenditures	56,978,067.73	18.34%
Early Assistance Expenditures	3,981,630.31	1.28%
Facility Imp for Class Size Reduction Expenditures	1,796,110.82	0.58%
Facility Imp for Extended Learning Opportunities Expenditures	19,282.13	0.01%
Indirect Costs Expenditures	10,833,858.18	3.49%
Other Expenditures	3,861,121.69	1.24%
Carry Over Next Year // Total Expenditures and Carryover	25,819,568.49	8.31%

Sources

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