

K-12 Public Schools Budget Overview

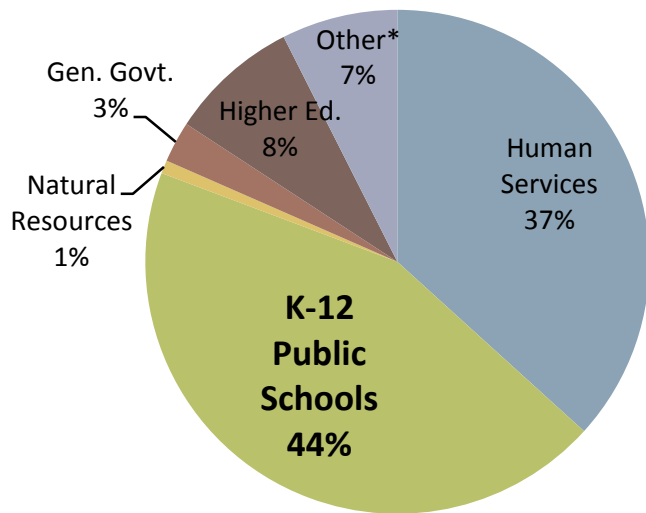
Senate Ways & Means Committee

January 22, 2013

Senate Committee Services Staff

Key Facts

2011-13 Near General Fund State Budget Dollars in Billions



K-12 Public Schools	\$13.6 B
Human Services	11.4 B
Higher Education	2.6 B
Other*	2.3 B
General Government	0.8 B
Natural Resources	0.3 B
Statewide Total	\$31.0 B

*The "Other" category includes debt service, pensions, other education, transportation, and special programs.

- The enacted current budget provides \$13.6 billion for K-12 public schools.
- Combined with federal and local funds, provides education services for about 1,050,000* students.
- The K-12 public schools budget is appropriated to the Office of the Superintendent of Public Instruction (OSPI) who allocates the funds to the 295 school districts.
- Other entities receiving administrative appropriations in the K-12 budget include the State Board of Education (SBE), the Professional Educator Standards Board (PESB), and nine regional Educational Service Districts (ESDs).

*Student headcount. This translates to just over 993,000 student full-time equivalents (FTEs), which is an expression of student time receiving services & more frequently used as a budget variable.

Basic Education & Non-Basic Education

2011-13 Budget Enacted May 2012 • Near General Fund-State • Dollars in Millions

Basic Education Programs

General Apportionment (RCW 28A.150.260)	\$10,262.9	75.2%
Special Education (RCW 28A.150.370)	1,329.0	9.7%
Transportation (RCW 28A.160.150)	594.1	4.4%
Learning Assistance Program (RCW 28A.165)	255.4	1.9%
Bilingual (RCW 28A.180)	160.2	1.2%
Highly Capable Program (RCW 28A.185)	17.5	0.1%
Institutions (RCW 28A.190)	32.6	0.2%
Sub-Total: Basic Education Programs	\$12,651.7	92.7%

SHB 2776 Phase-In

Full-Day Kindergarten	96.9	0.7%
K-3 Class size reduction	51.4	0.4%
Sub-Total: Basic Education Programs in Phase-In	\$148.3	1.1%

Non-Basic Education Programs

Initiative 732 COLA & Other Compensation	0.0	0.0%
Local Effort Assistance (Levy Equalization)	598.9	4.4%
OSPI, SBE, and PESB administration	28.2	0.2%
Educational Service Districts	15.8	0.1%
Statewide grants & ed. reform initiatives	187.4	1.4%
Food Service	14.2	0.0%
Extended Day Skill Center	0.9	0.1%
Pupil Transportation Coordinators	1.8	0.0%
Sub-Total: Non-Basic Education Programs	\$847.2	6.2%
TOTAL - STATE FUNDS	\$13,647.2	100%

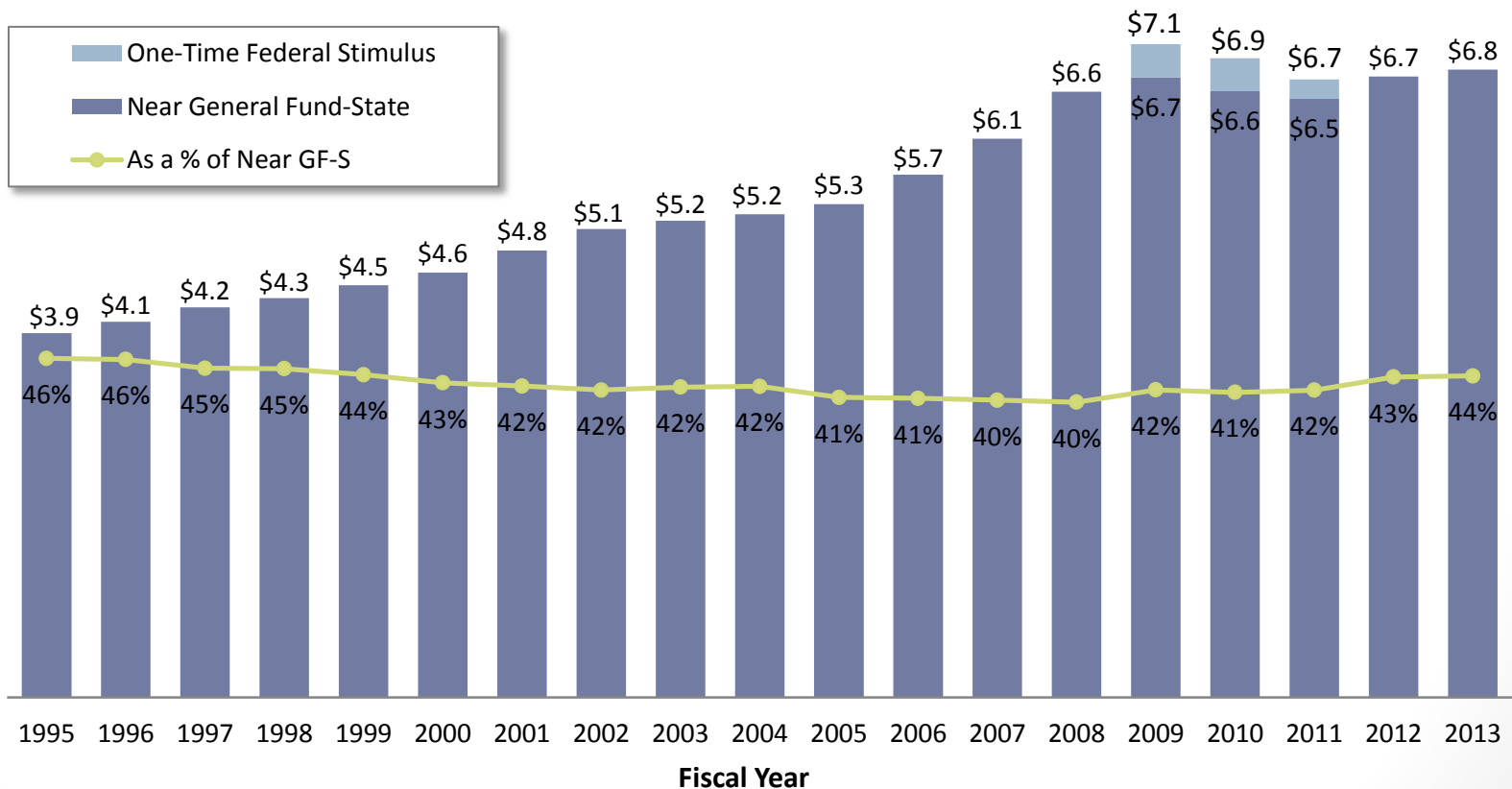
Notes

- Under ESHB 2261 (2009) and SHB 2776 (2010), funding for full-day kindergarten and smaller K-3 class sizes is being phased in, with full implementation in the 2017-18 school year. ESHB 2261 states legislative intent that the specified policies and formulas adopted under that law will constitute the legislature's definition of basic education once fully implemented.
- General apportionment allocations include funding for certain delivery models and program enhancements that exceed the minimum funding generated by the statutory prototypical school funding model.
- General apportionment for FY 2012 includes an apportionment payment shift of \$115 million (net) from FY 2011.

History of State Funding for K-12: 1995 to Present

Dollars in Billions

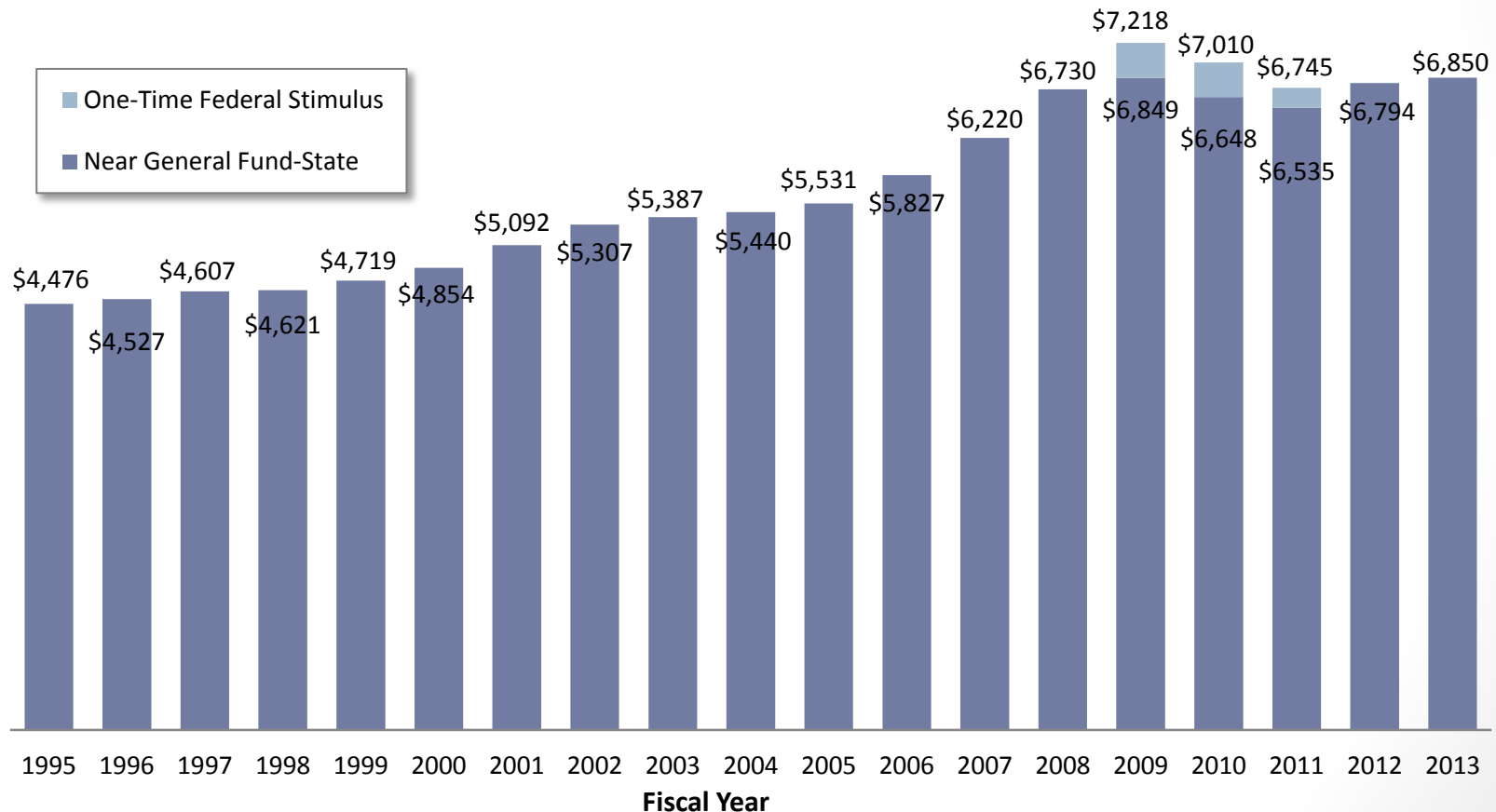
Includes one-time federal stimulus funds (ARRA Direct & Education Jobs)



Note: \$115M net apportionment shift between fiscal years 2011 and 2012 reversed for the purposes of this chart.

State Per-Pupil Funding

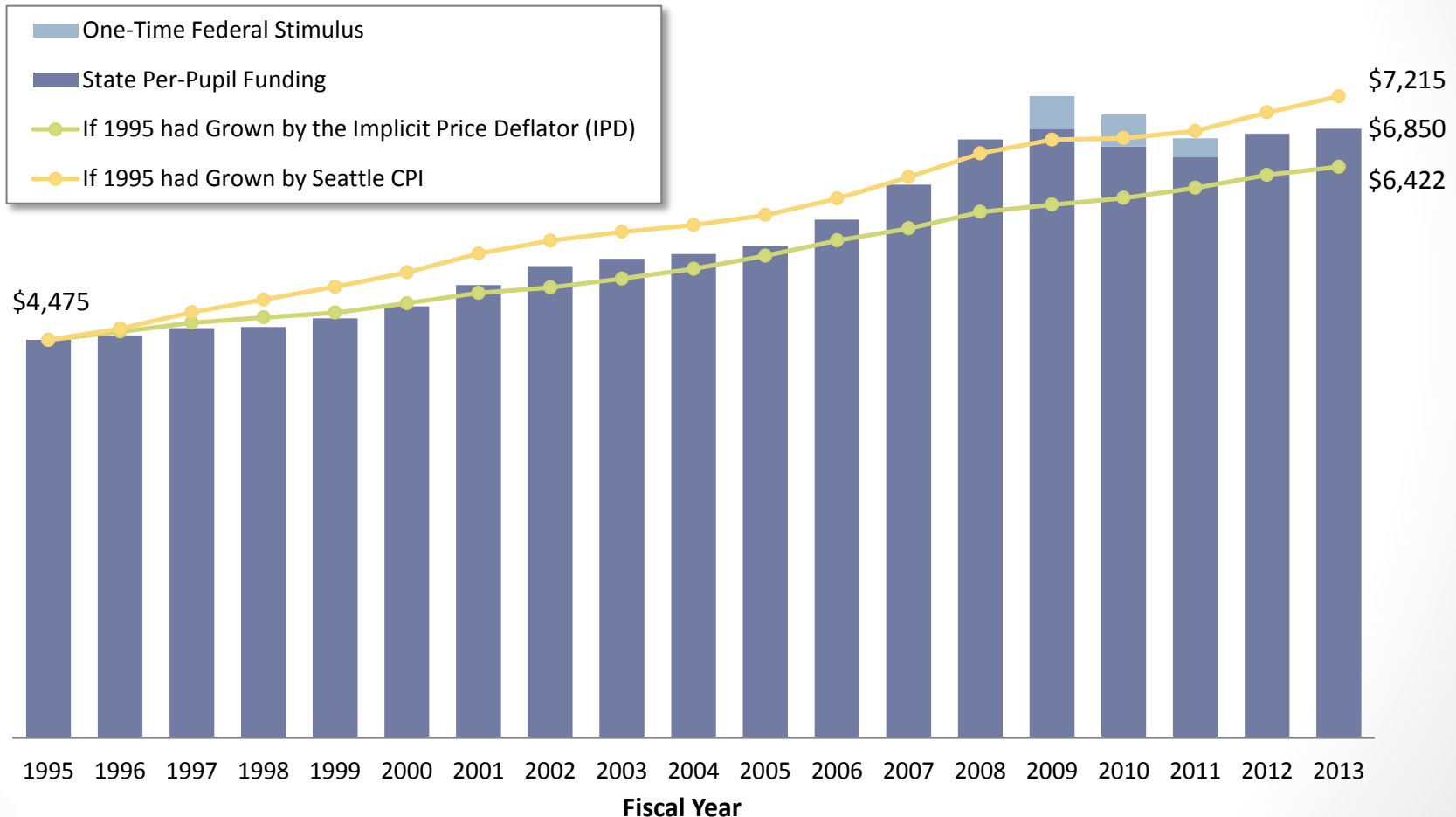
Includes one-time federal stimulus funds (ARRA Direct & Education Jobs)



Note: \$115M net apportionment shift between fiscal years 2011 and 2012 reversed for the purposes of this chart.

Per-Pupil Funding Compared to Inflation Adjustments

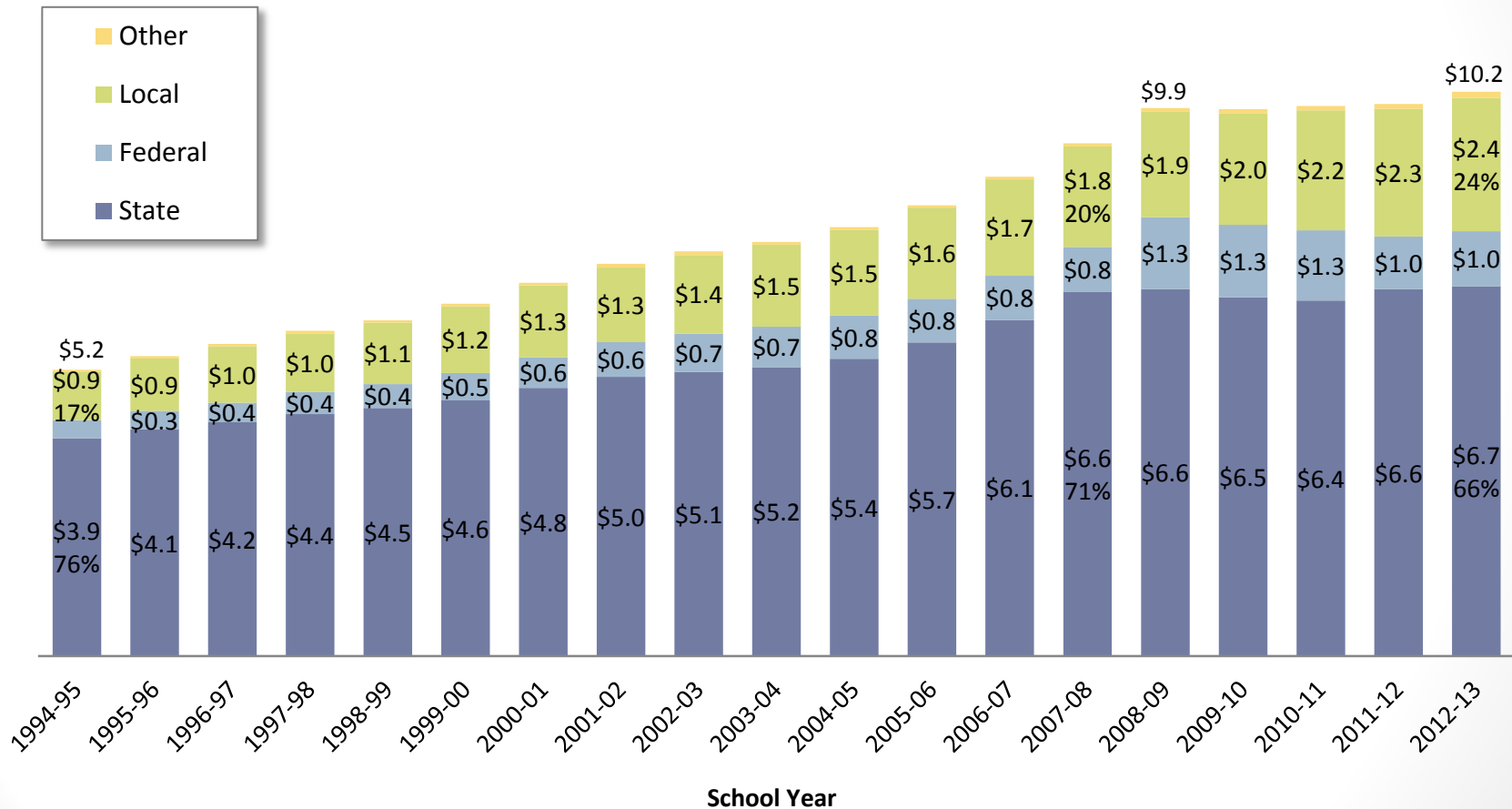
Includes one-time federal stimulus funds (ARRA Direct & Education Jobs)



Note: \$115M net apportionment shift between fiscal years 2011 and 2012 reversed for the purposes of this chart.

School District General Revenue by Source

Dollars in Billions



Notes: As reported by school districts to OSPI.

School districts' federal funds includes one-time federal stimulus funds.

"Other" funds generally <\$100 m in total per year, or <1% of total revenue. Examples of this source include revenues from other districts for inter-district students; payments for community service activities, child daycare programs, etc.

Preview of 2013-15 Budget

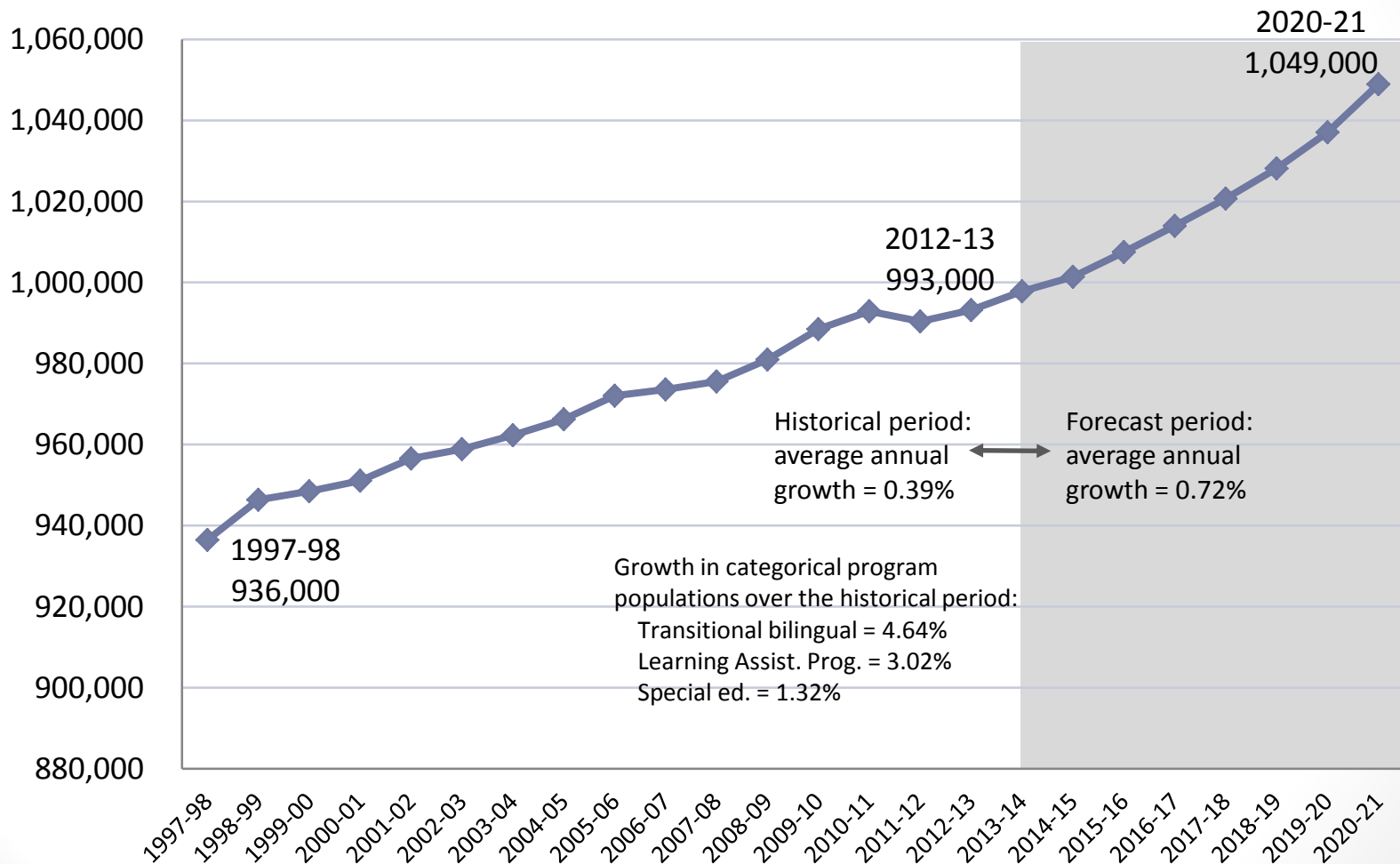
A technical calculation of the cost, in 2013-15, of the ongoing portions of the 2011-13 budget, as well as spending called for in current statute.

Dollars in Millions

2011-13 Budget	\$13,647.2
Carry-Forward and Maintenance-Level Adjustments:	
Initiative 732 COLA	333.9
Pension and DRS Rate Changes	176.5
Restoration of K-12 Salary Reduction	172.2
Enrollment & Workload Changes	135.7
Restoration of One-Time Bus Deprec. Shift	45.7
Restoration of One-Time ALE Formula	43.0
Restoration of One-Time National Bd Shift	39.3
K-12 Inflation	29.5
Restoration of One-Time Safety Net Shift	25.3
National Board Bonus Caseload & Inflation	18.9
Other CFL & ML Changes	66.4
Remove June Apportionment Delay	(128.0)
Total Adjustments	958.3
2013-15 Maintenance Level	\$14,605.5

Enrollment

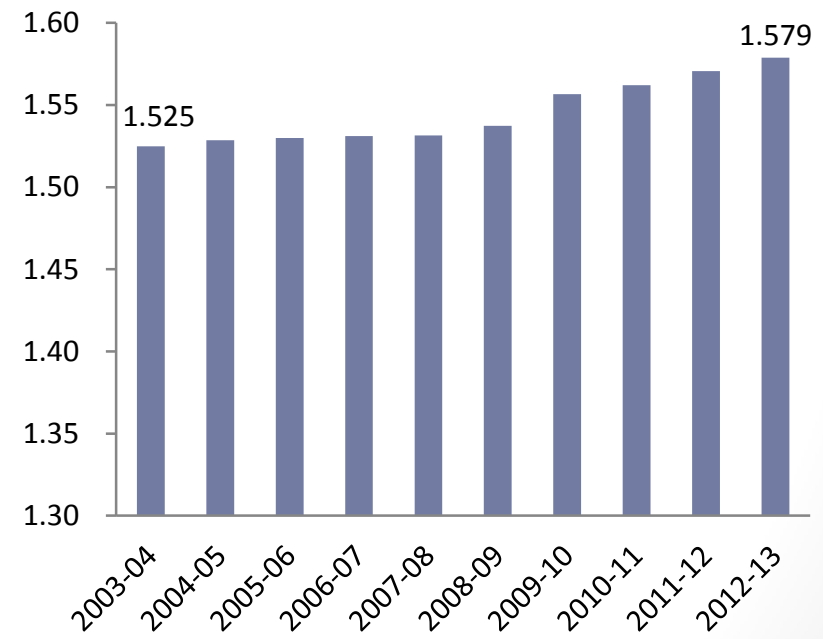
Student FTE History & Forecast



Staff Costs

- ▶ The Legislature allocates funds for Certificated Instructional Staff (CIS) salaries based on a two-dimensional grid showing employee experience and education level.
- ▶ Amounts to each district depend on the district's "staff mix," which is a factor that shows the district's average certificated staff experience and education.
- ▶ In recent years, the overall state average staff mix has been increasing, and is forecasted to continue to increase – reflecting a pool of teachers with more experience and education.

CIS Staff Mix



McCleary v. Washington

- In January 2012, the Supreme Court held that the state has not complied with its Article IX, section 1 constitutional duty to make ample provision for the basic education of all children in Washington.
- The constitutional provision 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."
- The Court acknowledged the recent enactment of "promising" reforms under Chapter 548, Laws of 2009.
- The Court noted that, if fully funded, the reform package will remedy deficiencies in the K-12 funding system.
- The Court retained jurisdiction to help "facilitate progress" in the state's plan to fully implement the reforms by 2018.

Adopted Education Reforms

Chapter 548, Laws of 2009 (ESHB 2261) & Chapter 236, Laws of 2010 (SHB 2776)

ESSHB 2261:

- New definition of basic education, including:
 - Addition of the Highly Capable Program;
 - New formula for student transportation, including funding the transportation of students “to and from school”;
 - Targets for class-size reductions in grades K-3;
 - Continued phase-in of full-day kindergarten, starting with schools with the highest poverty levels;
 - Increase in the number of instructional hours for grades 7-12 (from 1,000 to 1,080 per year) and the opportunity to earn 24 credits for high school graduation; and
 - New K-12 funding formula based on prototypical schools (effective September 1, 2011).
- Quality Education Council (QEC)
- Workgroups (compensation, local funding, data systems, & technical aspects of new formula)

Intent language: all changes are to be phased in by 2018 on a schedule set by the Legislature

Adopted Education Reforms, cont.

Chapter 548, Laws of 2009 (ESHB 2261) & Chapter 236, Laws of 2010 (SHB 2776)

SHB 2776:

- Funding formulas set in statute
 - Cost neutral conversion
 - At values that represented a translation to the new formulas of the level of resources that were being provided by the state for Basic Education at the time of the conversion.
- Timeline for phase-in of four program enhancements:

New Component:		Current statutory date for beginning implementation:	Current statutory date for completion
Transportation	Fully fund revised formula	In 2011-13 biennium	2013-15 biennium
Materials, Supplies & Op. Costs (MSOC)	New target values, plus inflation	In 2011-13	SY 2015-16
Full-Day Kindergarten	Continue statewide implementation, high-poverty schools first	In 2011-13	SY 2017-18
Class-size allocations	Grades K-3 class size of 17, high-poverty schools first	In 2011-13	SY 2017-18

Joint Task Force on Education Funding Spending Plan

Dollars in Millions

	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	
Transportation	\$142	\$225	\$233	} Sub-Total for four components of SHB 2776:
MSOC	597	1,411	1,555	
K-3 class size	219	663	1,151	
Full-day kindergarten	89	227	349	
80 addn'l hours (7-12), 24 credits	105	210	210	
Other career & college ready	36	117	263	
Classified & administrative salary ↑	170	450	682	
Accountability, common core, eval.	67	45	42	
Total	\$1,425	\$3,348	\$4,484	

Assumptions:

- » Estimates are based on current forecasts and will change.
- » Each enhancement is implemented linearly to its statutory deadline until full implementation is achieved.
- » The base value from which the estimate is built is the current enacted budget, E3SHB 2127
- » K-12 salary reduction in the 2011-13 biennium is restored.
(Reductions were 1.9% for CIS & Classified and 3.0% for Certificated Administrative Staff.)
- » Implementation costs, if any, of the additional ESHB 2261 revisions to the definition of basic education (increase in instructional time from 1,000 hours to 1,080 hours for grades 7-12 and increased graduation credit opportunity) are not included in the figures above.

Additional Financial Information

- Detailed K-12 fiscal information is available at the LEAP website, “Washington State Fiscal Information” at: <http://www.fiscal.wa.gov/>
- To view data, select the “K-12” option, either:
 - From the green band across the top of the site, or
 - From the K-12 box in the main body of the page.
- The types of reports are listed on buttons running horizontally across the page and include:
 - Statewide Reports
 - School District Reports
 - Detail Data Cubes
 - K-12 Resources
- Each can be expanded to select refined options