

K-12 Public Schools Overview

Susan Mielke, Senate Early Learning & K-12 Committee Staff

Steve Jones, Senate Ways & Means Staff

Lorrell Noahr, Senate Ways & Means Staff

January 19, 2015



Recent K-12 Reform and Court Decisions

Washington State Constitution Article IX, Section 1

"It is the **paramount duty** of the state to make **ample** provision for the **education** of all children residing within its borders . . ."

- **Paramount.** Superior in rank, above all others, chief, preeminent, supreme, and in fact dominant.
- **Duty of the Legislature.**
 - Define the program of basic education (within the guidelines of the Court)
 - Provide ample funding using dependable resources
 - Review & revise as the needs of students and the demands of society evolve
- **Ample.** Fully, sufficient, and considerably more than just adequate.
- **Education.** Distinguished from "total education."
 - Not all knowledge, programs, subjects or services.
 - More than merely reading, writing, & arithmetic.
 - Intended to provide an opportunity to prepare students for the role of citizen & competitors in today's market and the market place of ideas.

Basic Education

Prior to ESSB 2261 (2009)

- **Minimum instructional hours**
 - K: 450 hours
(*district wide average*)
 - 1-12: 1000 hours
 - Instruction in the EALRs
- **High school graduation**: 20 credits
- **NERCs**
- **Learning Assistance**
- **Special Education**
- **Transitional Bilingual**
- **State institutional educational programs**

McCleary v State

- Filed: **2007**
- Trial Court: **2010**
- S. Court: **2012**

Expanded in ESSB 2261 (2009)

- **Minimum instructional hours**
 - K: 1000 hours
(*district wide average*)
 - 1-6: 1000 hours
 - 9-12: 1080
 - Instruction in the EALRs
- **High school graduation**: 24 credits
- **MSOC**
- **Learning Assistance**
- **Special Education**
- **Transitional Bilingual**
- **State institutional educational programs**
- **Highly Capable**
- **Transportation**
- **New prototypical school funding model**

ESSB 2261 (2009) Prototypical Schools Funding Model

- Illustrates the level of resources needed to operate a school of a specified size with particular types & grade levels of students using commonly understood terms and inputs, such as class size; specified staff positions; and itemized materials, supplies, and operations costs;
- Determines the minimum state allocation to school districts to fund the program of basic education; and
- In most cases, school districts are not required to spend the funding in the manner in which it was allocated.

SHB 2776 (2010)

- Set **specific funding values** in the prototypical school allocation statute for each of the input categories in the prototypical school funding model.
- Values based on recommendations from a technical working group that **converted** the **former state funding amounts** into the **prototypical school values**
- Designated **4 funding enhancements** in statute to be provided through the prototypical school allocation statute.
 - **Student transportation to and from school**
(Fully implemented in the 2013-15 biennium)
 - Increase the funding for materials, supplies, and operating costs (**MSOC**) to specified amounts
(by the 2015-16 school year)
 - **Reduce K-3 class size to 17 students**
(by the 2017-18 school year)
 - **Full-day kindergarten statewide**
(by the 2017-18 school year)

*McCleary v.
State*
(173 Wn.2d 477)

- The State failed to meet its paramount Constitutional duty because the **funding formulas did not correlate to the real cost** of providing all students with an opportunity to access a basic education program.
- The legislature recently enacted **promising reforms** in ESHB 2261, which **if fully funded, 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.**
- The Court's most recent order requires the Legislature to **submit a plan by the end of the 2015 session** for fully funding basic education or **sanctions will be imposed.**

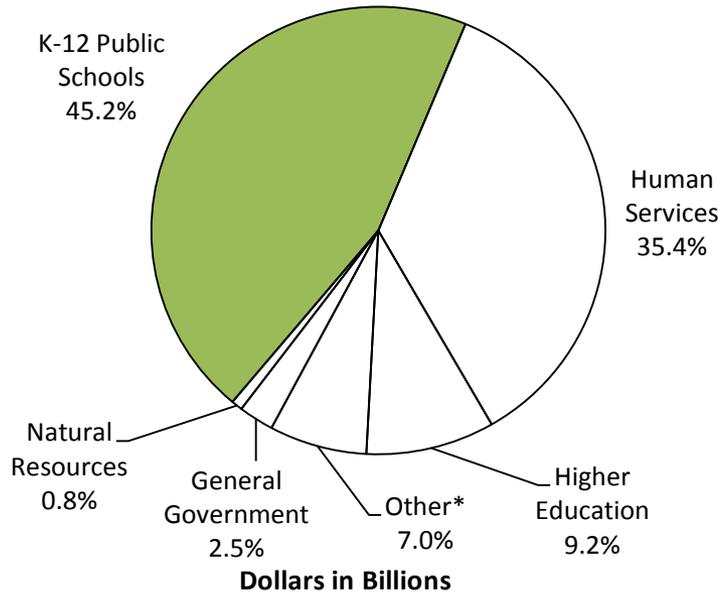
Can changes be made to the Basic Education Program and Funding?

- The *McCleary* Court reaffirmed that, “The Legislature has an obligation to review and revise the Basic Education Program as the needs of students and the demands of society evolve.”
- The Court provided guidance regarding changes that result in a reduction of the Basic Education Program:
 - “any **reduction** of programs or offerings from the Basic Education Program must be accompanied by an **education policy rationale**.”
 - Reductions must **not** be made due to a “**fiscal crisis or mere expediency**.”
 - “Must show that a program it once considered central to providing basic education no longer serves the same educational purpose or should be replaced with a superior program or offering.”

K-12 Public School Budget Overview

Key Facts

2013-15 Biennium (2014 Supplemental) Near General Fund-State



K-12 Public Schools	\$15.3
Human Services	12.0
Higher Education	3.1
Other*	2.4
General Government	0.8
Natural Resources	0.3
Statewide Total	\$33.8

* Includes debt service, pensions, other education, transportation, and special approps.

Source: WinSum budget development system after the 2013-15 biennial budget

- The enacted current budget provides \$15.3 billion for K-12 public schools.
- Combined with federal and local funds, provides education services for about 1,040,000 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), nine regional Educational Service Districts (ESDs), and the Washington State Charter School Commission.

Basic Education & Non-Basic Education Funding

2013-15 Budget Enacted April 2014 • Near General Fund – State •
Dollars in Millions

BASIC EDUCATION PROGRAMS		
General Apportionment (RCW 28A.150.260)	\$11,026.1	72.2%
Special Education (RCW 28A.150370)	1,482.4	9.7%
Transportation (RCW 28A.160.150)	792.6	5.2%
Learning Assistance Program (RCW 28A.165)	409.6	2.7%
Bilingual (RCW 28A.180)	207.9	1.4%
Highly Capable Program (RCW 28A.185)	19.2	0.1%
Institutions (RCW 28A.190)	27.9	0.2%
Sub-Total: Basic Education Programs	\$13,965.7	91.5%
SHB 2776 PHASE-IN		
Full-Day Kindergarten*	210.4	1.4%
K-3 Enhanced Staffing Ratio*	128.4	0.8%
Sub-Total: SHB 2776 Phase-in	\$338.8	2.2%
NON-BASIC EDUCATION PROGRAMS		
Initiative 732 COLA & Other Compensation Increases	0.0	0.0%
Local Effort Assistance (Levy Equalization)	652.3	4.3%
Education Reform	217.5	1.4%
State Office and Education Agencies	19.8	0.1%
Statewide Programs and Allocations	35.6	0.2%
Educational Service Districts	16.2	0.1%
Food Service	14.2	0.0%
Summer Vocational and Other Skills Centers	0.9	0.1%
Pupil Transportation Coordinators	1.8	0.0%
Sub-Total: Non-Basic Education Programs	\$958.3	6.3%
TOTAL - STATE FUNDS	\$15,262.9	100%

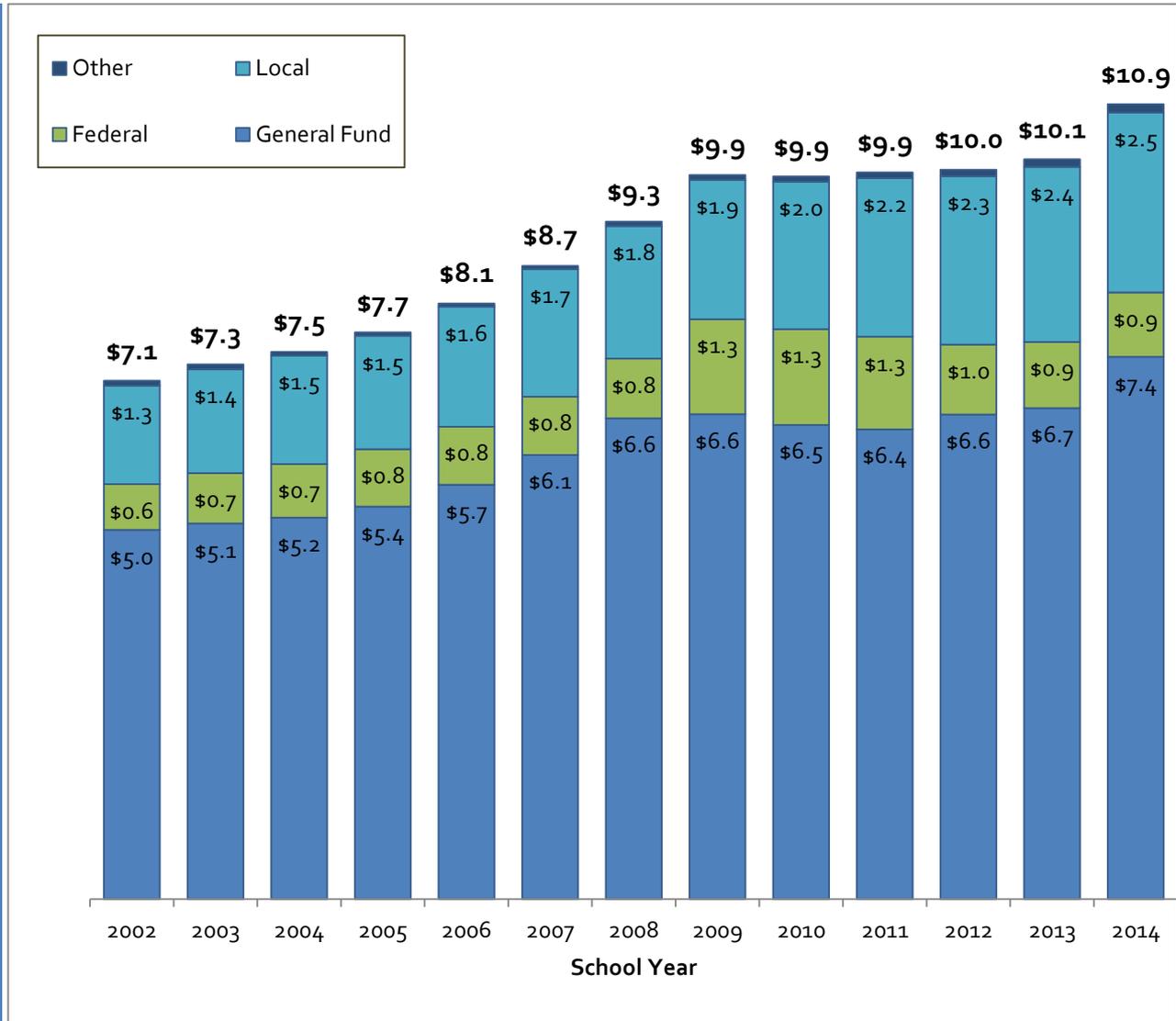
Notes :

*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.

Total K-12 Public Schools Funding by Source

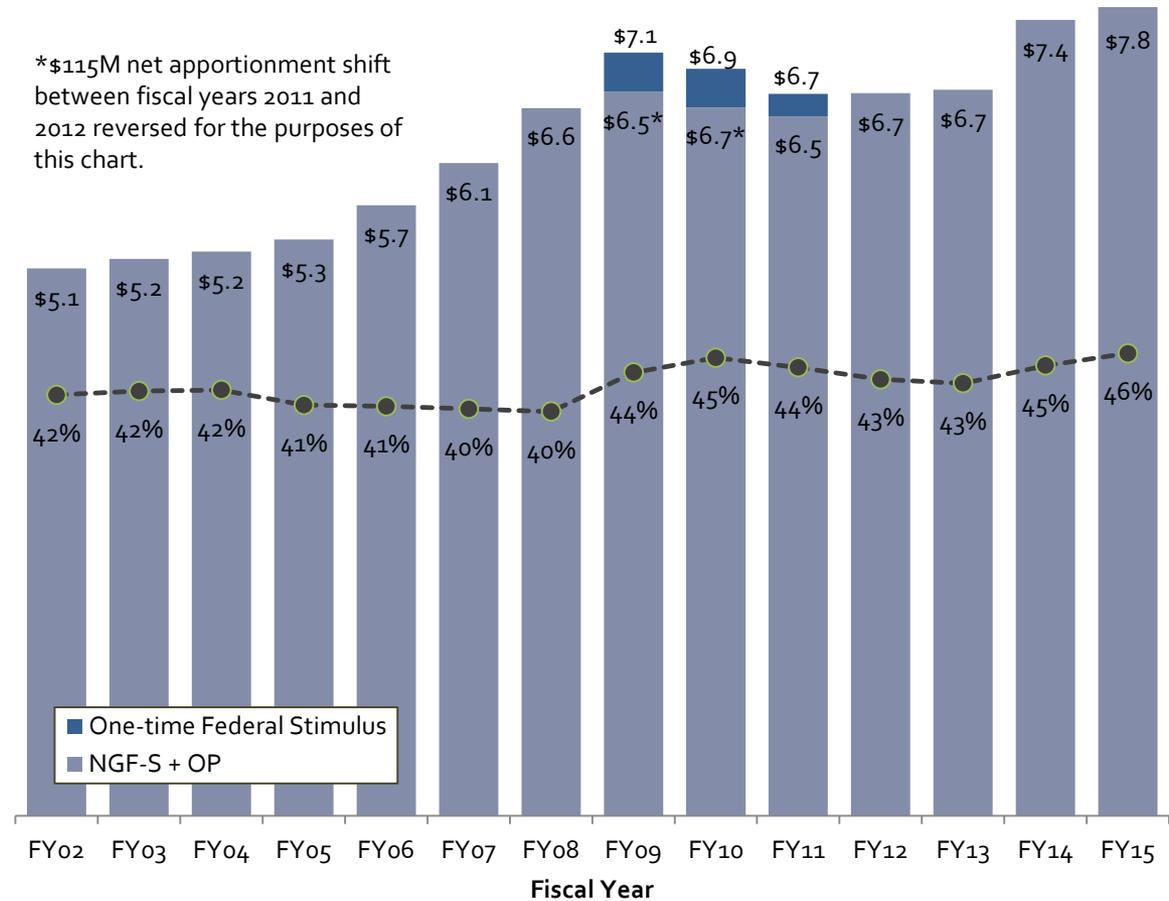
Dollars in Billions



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.

State Funding for K-12 Public Schools and as a Percent of Total Near General Fund

Includes one-time federal stimulus funds (ARRA)
Dollars in billions



Enhancements to the Program of Basic Education: Requirements of ESHB 2261 and SHB 2776

Enhancement Area	Policy Change	Statutory Deadline
Pupil Transportation	Move to expected cost model from unit cost model	2013-15 Biennium
Increase Instructional Hours*	Increase to 1,080 in each of grades 7 th – 12 th and 1,000 in each of grades 1 st – 6 th	Schedule to be Adopted by the Legislature – E2SSB 6552 Revised the hours and set a schedule
Opportunity for 24 Credits*	Provide students the opportunity to complete 24 credits for graduation	Schedule to be Adopted by the Legislature – E2SSB 6552 set a schedule
Materials, Supplies & Operating Costs	Specifies minimum allocation value per pupil	2015-16 School Year
Early Elementary Class Size	Reduce to 17.0 FTE students per teacher beginning with highest poverty schools	2017-18 School Year
All Day Kindergarten (ADK)	Continued implementation of state funded ADK for all schools beginning with highest poverty schools	2017-18 School Year
Compensation	Required a technical workgroup to make recommendations	No required date or target specified

*E2SSB 6552, adopted in 2014, revised the requirements related to increased instructional hours and the opportunity for 24 credits.

Enhancements to the Program of Basic Education: 2013-15 Biennial Budget and 2014 Supplemental Budget (\$ in Millions)

Enhancement	2013-15 Enacted Budget <u>FY 2014</u>	2013-15 Enacted Budget <u>FY 2015</u>	2014 Supp. Budget* <u>FY 2015</u>
Pupil Transportation	\$35.2	\$96.6	\$0
Materials, Supplies, & Operating Costs	\$152.1	\$221.8	\$58.0
All-Day Kindergarten	\$39.4	\$50.4	\$0
Reduce K-3 class sizes to 17 pupils/teacher	\$42.1	\$61.5	\$0
Increase Instructional Hours & Opportunity for 24 Credits**	\$0	\$97.0	(\$0.2)
Learning Assistance Program	\$62.8	\$80.3	\$0
Other Enhancements to Basic Ed	\$16.4	\$26.5	\$0
Total	\$348.0	\$634.1	\$57.8

*Enhancements included in the 2014 Supplemental Budget are in addition to the 2013-15 enacted biennial budget.

**E2SSB 6552 revised the requirements related to increased instructional hours and the opportunity for 24 credits. Funding was shifted from the instructional hour structure of 2.22 hours/week to the revised structure included under E2SSB 6552, for a net impact of approximately \$0.

Estimated cost to Implement Remaining Enhancements to the Program of Basic Education Required by SHB 2776

Assumes implementation in equal annual increments
(\$ in Millions)

Fiscal Year	2015-16	2016-17	2017-18	2018-19
All Day Kindergarten	\$35.8	\$81.3	\$139.8	\$157.0
K-3 Class Size Reduction	\$111.6	\$285.7	\$528.2	\$591.5
Materials, Supplies, and Operating Costs	\$325.2	\$426.6	\$452.0	\$480.2
Pupil Transportation	\$0	\$0	\$0	\$0
Fiscal Year Total	\$472.6	\$793.6	\$1,120.0	\$1,228.7
Biennial Total		\$1,266.2		\$2,348.7

Note: Different Legislative phase-in assumptions will impact cost estimates

I-1351

Summary of Initiative

- **Changes staffing values of the basic education funding formula** to reduce class sizes and increase school staff.
- Phase-in: **50% in 2015-17 Biennium** and **100% in 2018-19 School Year**.
- OFM's fiscal impact statement estimates this initiative will increase state expenditures **\$4.7 billion** through fiscal year 2019. At full implementation, in school year 2018-19, the estimated annual state expenditure is **\$1.9 billion**.

Estimated Changes in Staff Provided by Initiative

Staff Type	New State-Funded Staff Positions
Teachers	7,453
School-based Staff	10,674
Districtwide/Central Office Staff	7,434
Reduction in Small School Staff	-237
Total Change	25,324

Local School District Fiscal Impact

- Local Expenditure Estimates: Local school districts will have additional costs of \$1.3 billion through school year 2018-19 to implement this initiative.
- Local Levy Authority: Local school district authority to levy local property taxes is estimated to increase by \$1.9 billion through 2019.
- Facility Costs: Local school districts may propose a capital levy or bond measure to remodel existing facilities or build new classroom space with voter approval. Some of these voter-approved levies or bonds may be eligible for state school construction assistance funding. No changes are made to the state school construction assistance formulas.

Amending an Initiative

- For a measure that has been enacted by the voters through an initiative or a referendum, the state Constitution provides special two-year period of protection by insulating that measure from amendment or repeal.
- **During this two-year period**, any amendment to an initiative requires a **two-thirds vote** of each legislative chamber.

Potential Questions to Consider

- What are the best educational enhancements based on your policy priorities?
- What does the research say about the effectiveness of the various educational enhancements being considered?
- How do you prioritize SHB 2776 and I-1351 phase-in requirements?
- What are the “on the ground” implications and realities associated with those priorities (e.g. teacher and staff supply, teacher quality, facility capacity)?
- How do employee compensation issues factor into your decisions?
- With the additional state funds provided to school districts, do you want to change the local revenue structure?

Appendix

Preview of 2013-15 Budget

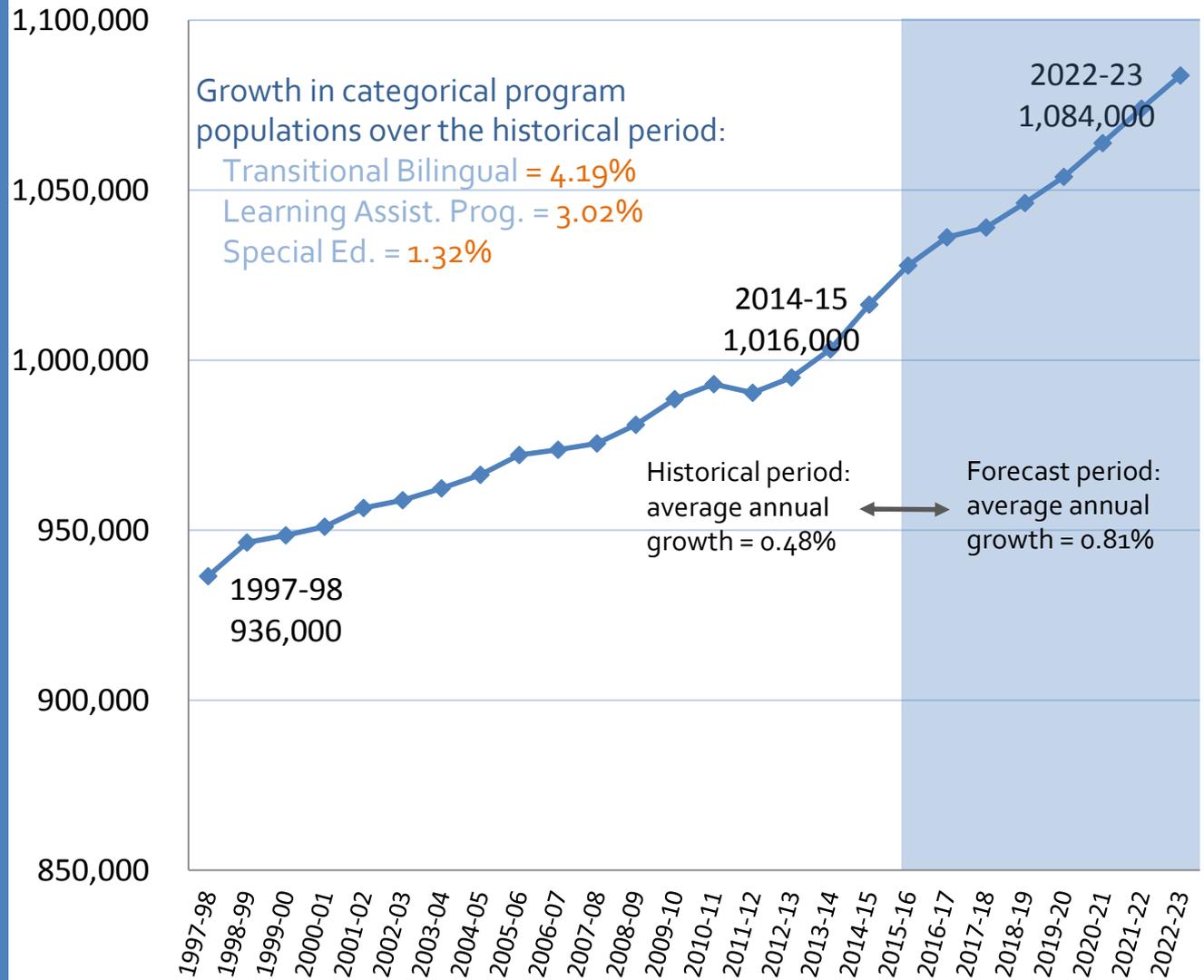
Dollars in Millions

A technical calculation of the cost, in 2015-17, of the ongoing portions of the 2013-15 budget, as well as spending called for in current statute.

2013-15 Budget	\$15,262
Carry-Forward and Maintenance-Level Adjustments:	
Initiative 732 COLA	235.5
Pension and DRS Rate Changes	210.6
Complete Phase-In of MSOC	751.8
Enrollment & Workload Changes	287.5
K-12 Inflation	128.7
National Board Bonus Caseload & Inflation	4.4
Other CFL & ML Changes	525.4
Total Adjustments	2,144.0
2015-17 Maintenance Level	\$17,405.9
2015-17 Initiative 1351 Phase-In	\$2,040.0

Enrollment

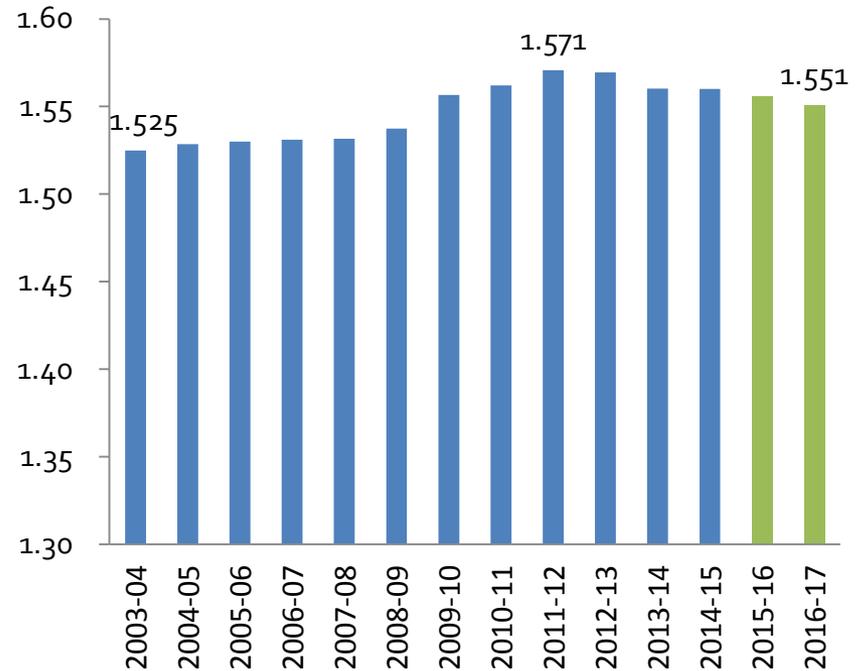
Student FTE History & Forecast



Staff Costs

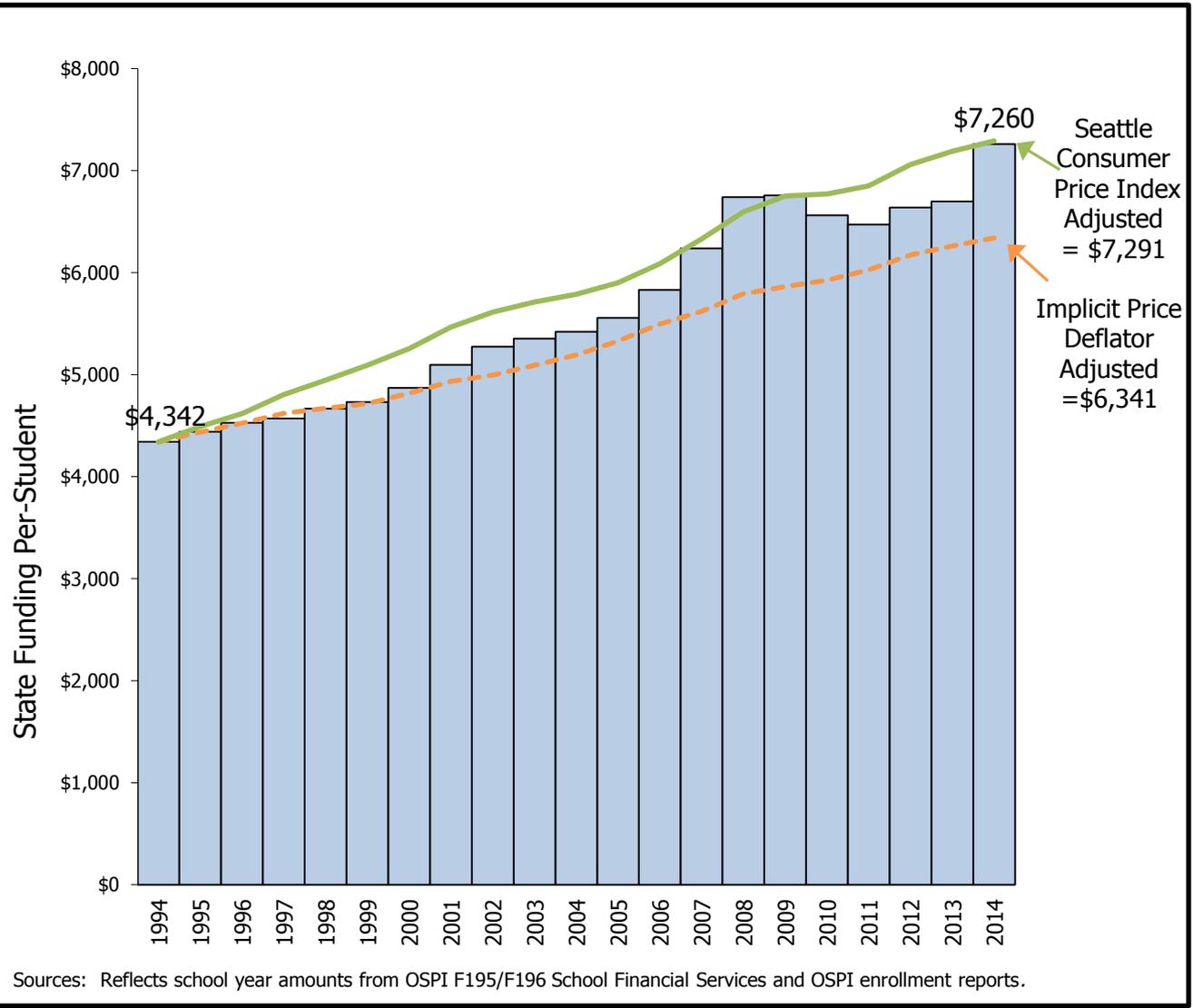
- The Legislature allocates funds for Certificated Instructional Staff (CIS) salaries based on a two-dimensional grid showing employee experience and education level.
- Amounts to each district depend on the district's "staff mix," which is a factor that shows the district's average certificated staff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

CIS Staff Mix

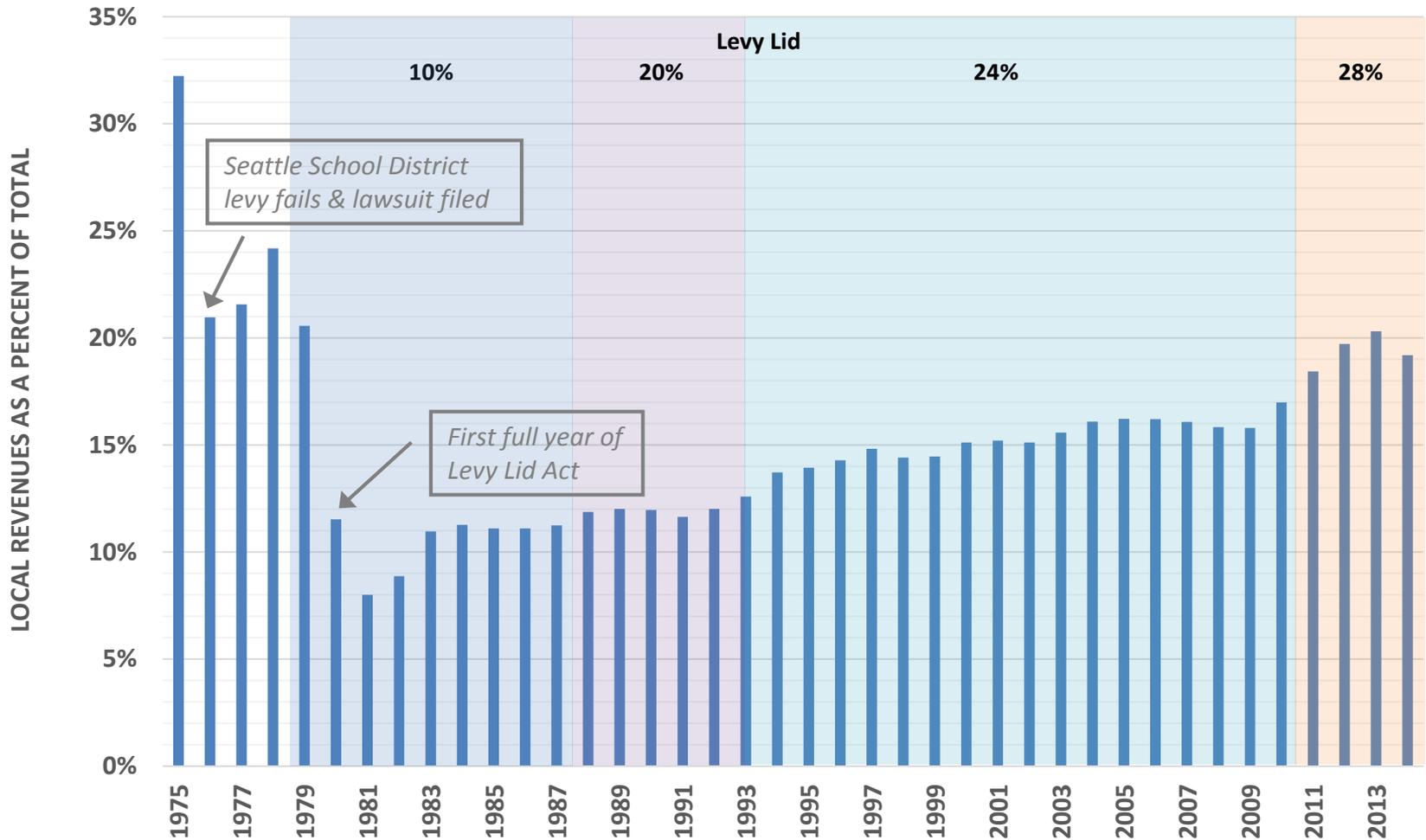


Per-Student State Funding

SY 1994-2014



M&O levy revenues have been growing as a portion of total district revenues since the early 1980s



Current Implementation Status of ESHB 2261 & SHB 2776

Fiscal Year	State Funding for SY 2014-15	Statutory Funding Requirement	Statutory Deadline
Pupil Transportation	Fully Funds expected cost model 2014-15 SY	Fully fund expected cost model	2013-15 Biennium
Instructional Hours & Opportunity for 24 Credits	Funds implementation of E2SSB 6552	Increase hours and provide opportunity for 24 credits	<u>Hours:</u> 2015-16 SY <u>24 Credits:</u> Class of 2019
Materials, Supplies, and Operating Costs	\$848.04 per student FTE	\$1,082.76 per student FTE, adjusted for inflation from 2007-08	2015-16 SY
All Day Kindergarten	43.75%	100%	2017-18 SY
K-3 Class Size Reduction	K-3 Non-Poverty 25.23 K-1 High Poverty 20.30 2-3 High Poverty 24.10	17.0 FTE	2017-18 SY

Changes to Teacher to Student Ratios

Grade Level	Funded Value SY 14-15	SHB 2776	I-1351
Teachers			
K-1 High Poverty	20.30	17.00	15.00
2-3 High Poverty	24.10	17.00	15.00
K-3	25.23	17.00	17.00
4 High Poverty	27.00		22.00
5-6 High Poverty	27.00		23.00
4-6	27.00		25.00
7-8 High Poverty	28.53		23.00
7-8	28.53		25.00
9-12 High Poverty	28.74		23.00
9-12	28.74		25.00
Lab Science 9-12	19.98		
Career & Tech Ed 7-12	26.57		19.00
Skill Center 9-12	22.76		16.00

Elementary School Values

Staff Type	Funded Value SY 14-15	I-1351
Prototypical Elementary School (400 Students)		
Principals	1.253	1.300
Teacher Librarians	0.663	1.000
School Nurses	0.076	0.585
Social Workers	0.042	0.311
Psychologists	0.017	0.104
Guidance Counselors	0.493	0.500
Teaching assistance	0.936	2.000
Office support and other non-instructional aides	2.012	3.000
Custodians	1.657	1.700
Security	0.079	0.000
Parent Involvement Coordinators	0.0825	1.000

Middle School Values

Staff Type	Funded Value SY 14-15	I-1351
Prototypical Middle School (432 Students)		
Principals	1.353	1.400
Teacher Librarians	0.519	1.000
School Nurses	0.060	0.888
Social Workers	0.006	0.088
Psychologists	0.002	0.024
Guidance Counselors	1.216	2.000
Teaching assistance	0.700	1.000
Office support and other non-instructional aides	2.325	3.500
Custodians	1.942	2.000
Security	0.092	0.700
Parent Involvement Coordinators	0.000	1.000

High School Values

Staff Type	Funded Value SY 14-15	I-1351
Prototypical High School (600 Students)		
Principals	1.880	1.900
Teacher Librarians	0.523	1.000
School Nurses	0.096	0.824
Social Workers	0.015	0.127
Psychologists	0.007	0.049
Guidance Counselors	2.539	3.500
Teaching assistance	0.652	1.000
Office support and other non-instructional aides	3.269	3.500
Custodians	2.965	3.000
Security	0.141	1.300
Parent Involvement Coordinators	0.000	1.000

Districtwide Staff

Staff Type	Funded Value SY 14-15	I-1351
Districtwide (1,000 Students)		
Technology	0.628	2.800
Facilities, maintenance, and grounds	1.813	4.000
Warehouse, laborers, and mechanics	0.332	1.900

Estimated Fiscal Impact

State Expenditures					
Fiscal Year	2016	2017	2018	2019	Total
Phase-In Requirement	50%	50%	50%	100%	N/A
Additional Basic Education Payments	\$890	\$1,090	\$890*	\$1,620	\$4,490
Additional Levy Equalization Assistance Payments	\$0	\$60	\$80	\$70	\$210
Total	\$890	\$1,150	\$970	\$1,690	\$4,700

Different legislative phase-in assumptions will affect fiscal year costs.

*Chapter 236, Laws of 2010; Substitute House Bill 2776 reaches full implementation in SY 17-18. These costs are removed from the I-1351 fiscal impact during this year.