



K-12 Budget Issues

2007 Session

Prepared by Senate Ways and Means Committee Staff

January 17, 2007



Overview

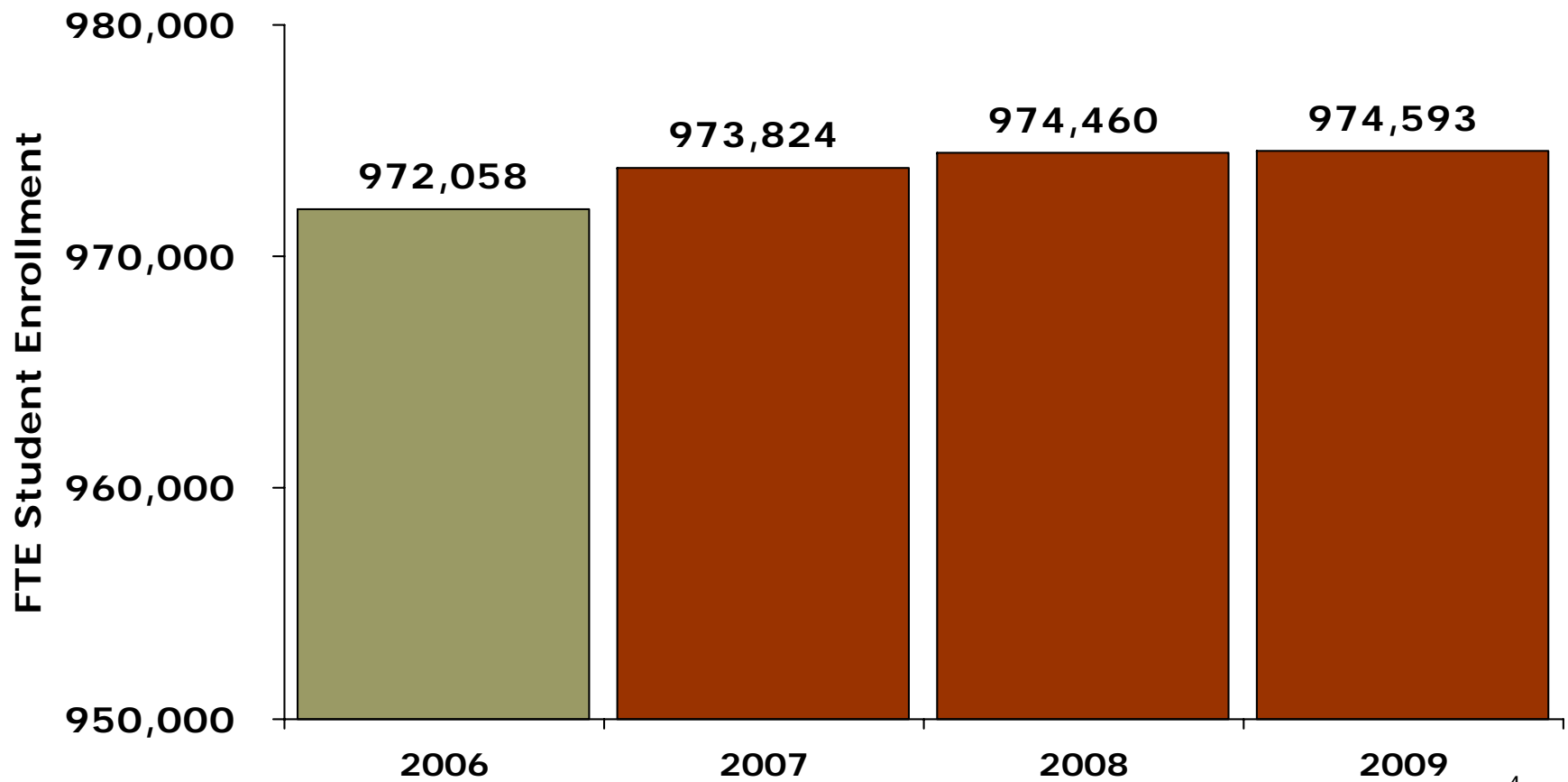
- ◆ K-12 Budget Outlook
 - Projected Maintenance Level Budget
 - Enrollment Trends
 - Other Factors Causing K-12 Budget Growth

- ◆ The “Setting” for K-12 Budget Decisions
 - Recent WASL Results
 - Washington Learns
 - Governor’s Budget Request
 - Lawsuits
 - Other Recent Studies

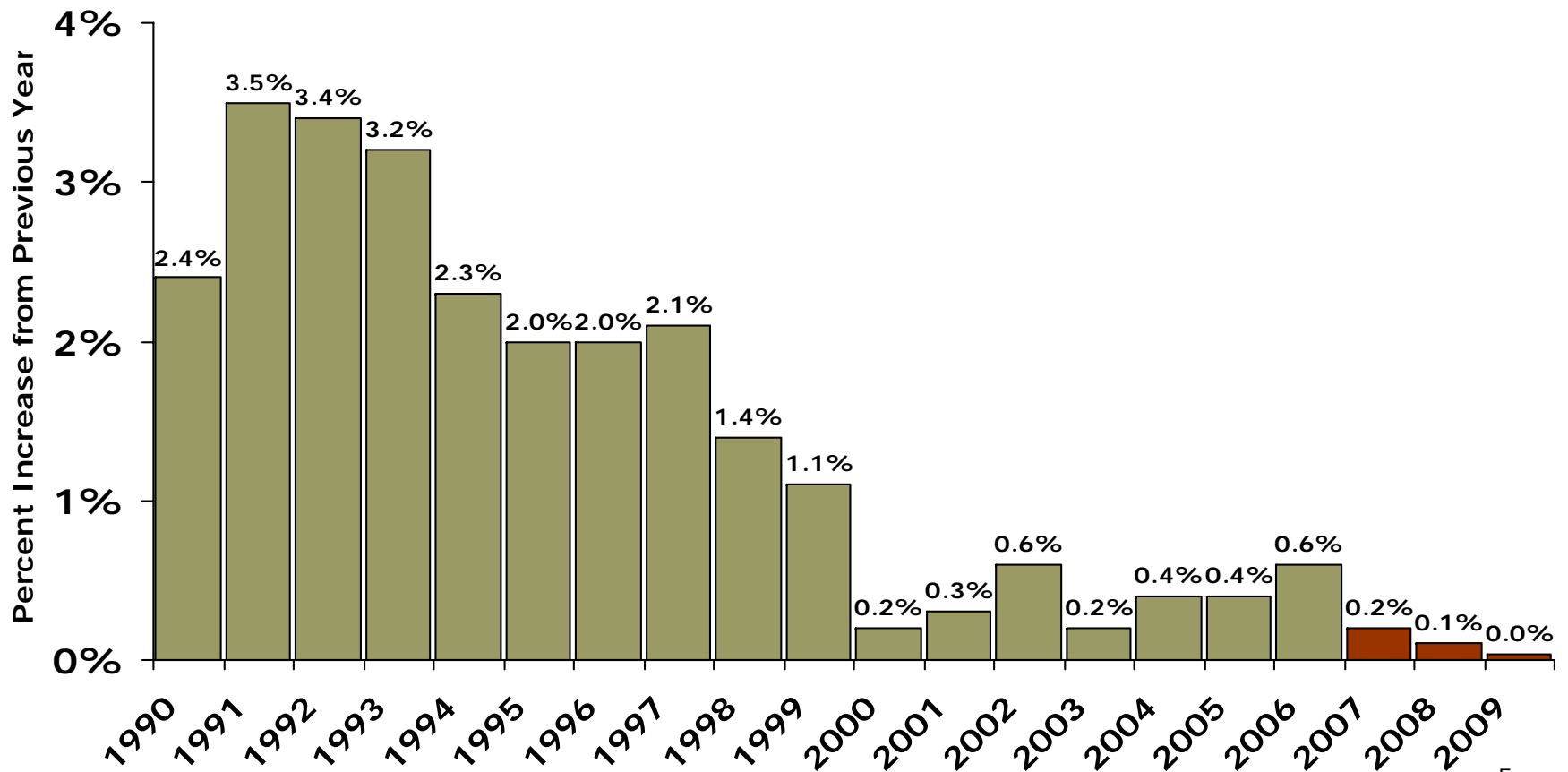


K-12 Budget Outlook

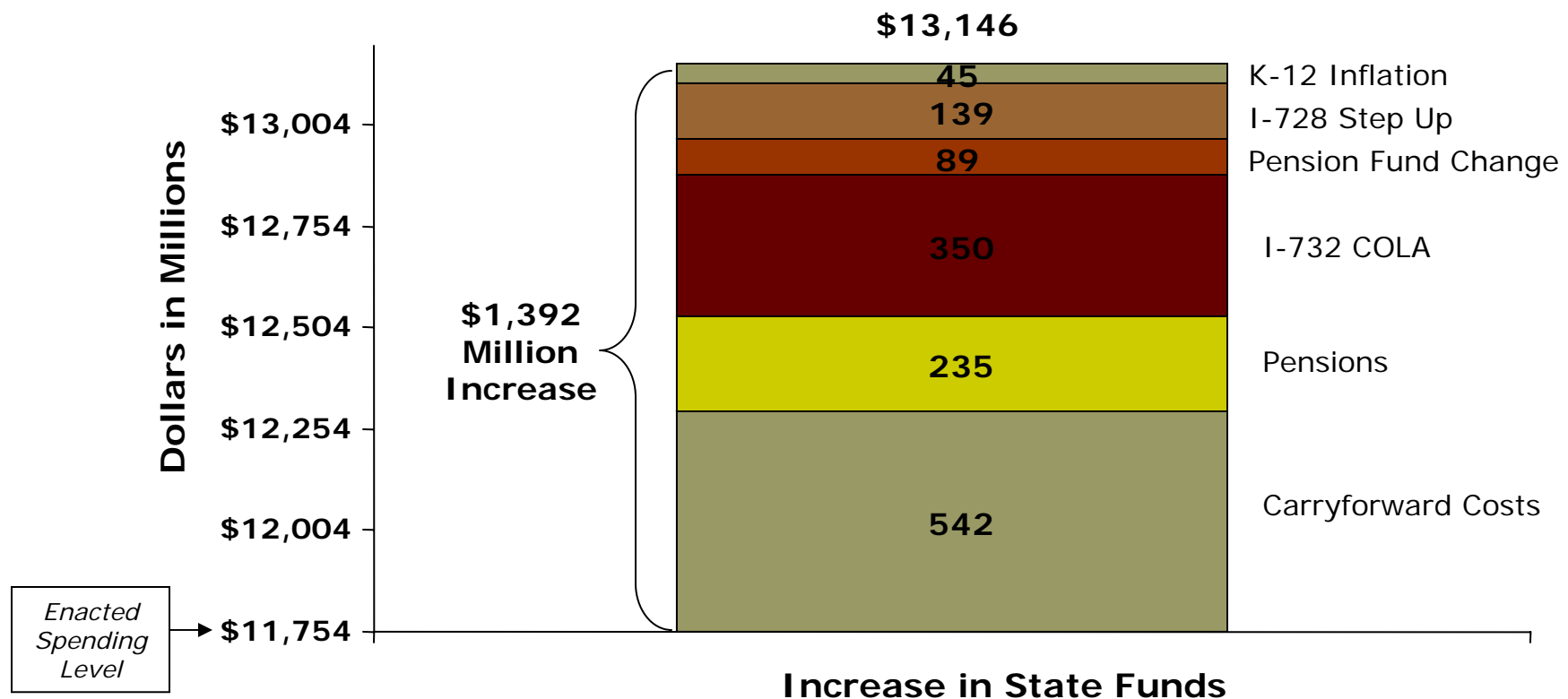
Over the next three years, the public school system is expected to increase by approximately 2,500 students



This is the slowest growth the K-12 student population in over twenty years

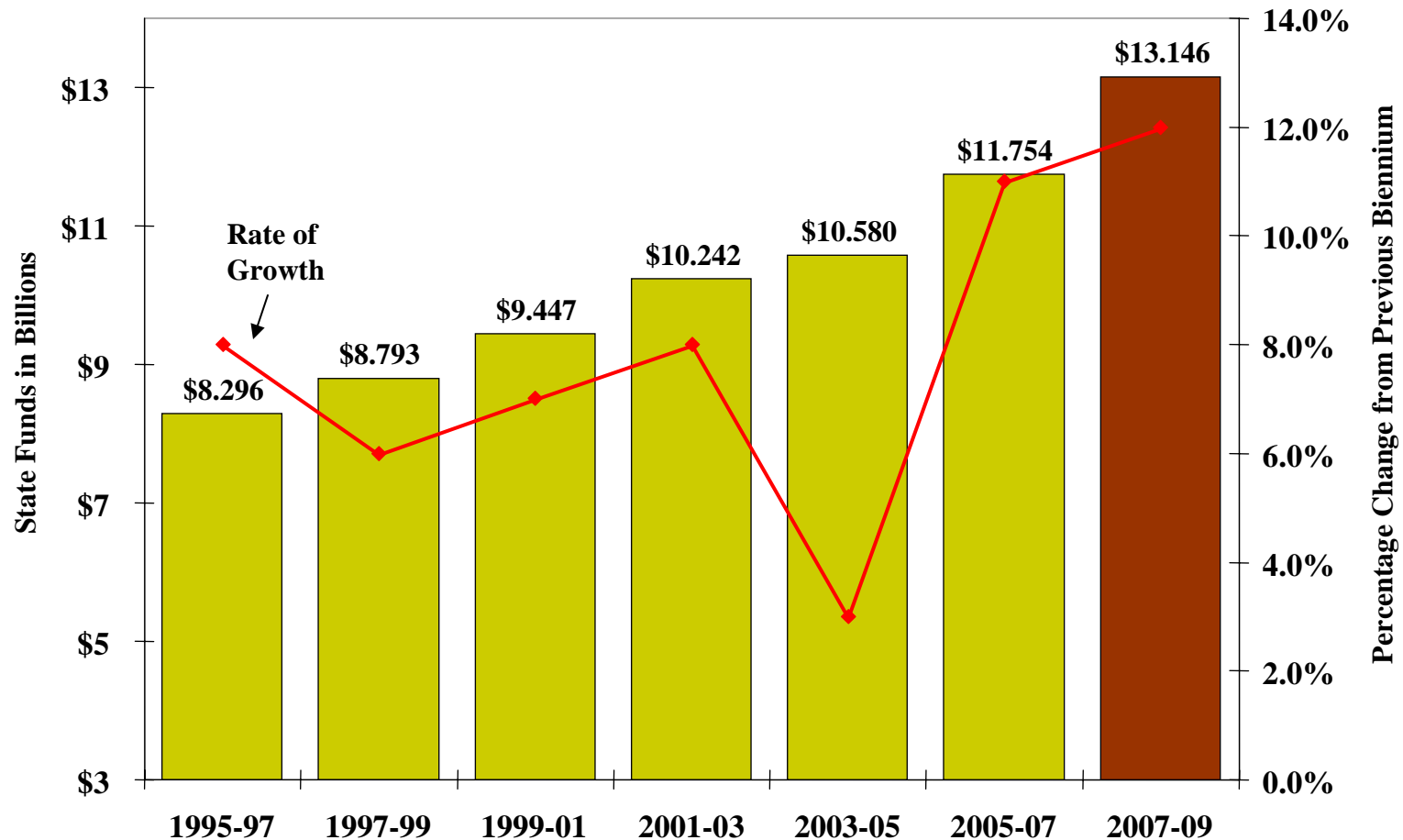


Despite slow enrollment growth, state funding for the K-12 system is projected to increase by \$1.4 billion next biennium because of other factors



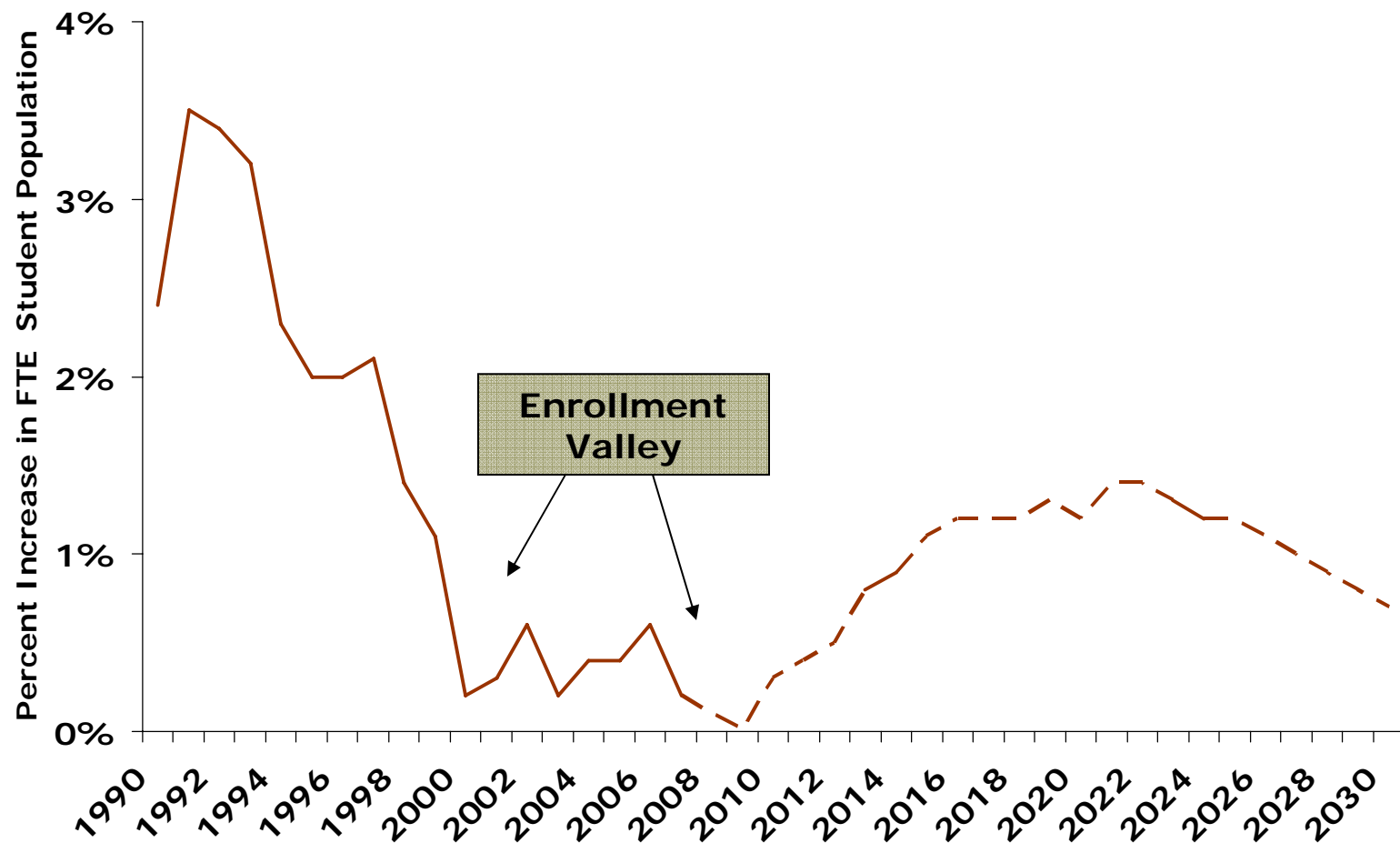
* The combination of enrollment and other maintenance level workload items actually results in a decrease of \$8.5 million from carryforward levels. This is not depicted on the chart but it is included in the totals. Reflects GF-S, Education Legacy Account, and Student Achievement Fund. It does not include Pension Stabilization Fund.

Based on these factors, K-12 spending, without any policy enhancements, is expected to continue to grow in the double digits



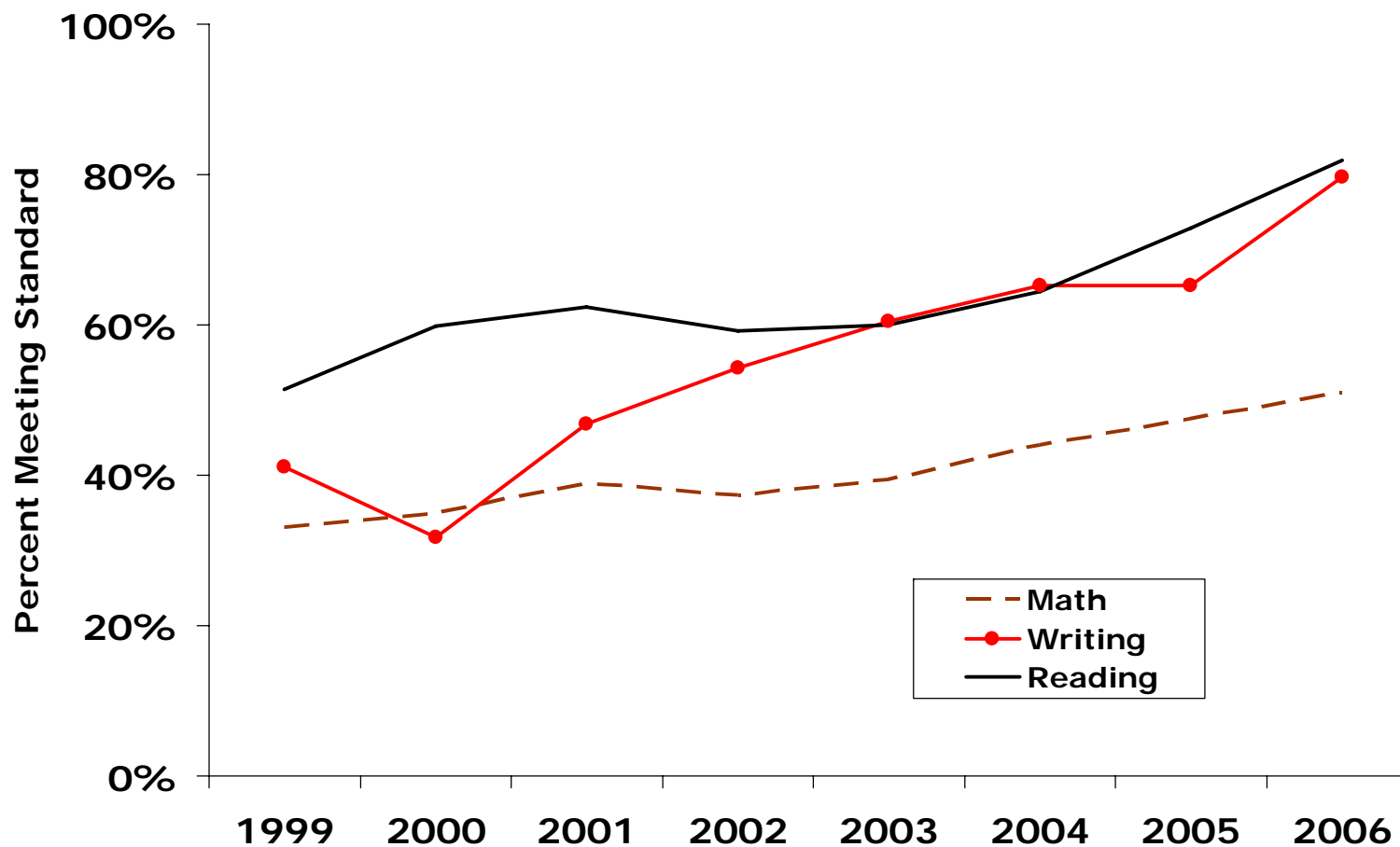
Reflects GF-S, Education Legacy Account, and Student Achievement Fund. It does not include Pension Stabilization Fund.

After this biennium, K-12 enrollment is projected to grow by 1 percent per year



The “Setting” for K-12 Budget Decisions

The percentage of students meeting standard on WASL has increased, but only 51 percent met standard on math



Source: Student Performance on the 10th Grade WASL in Spring 2006 by WSIPP

There are significant differences on the WASL based on race and ethnicity

Race/ethnicity	Percent Completed (took the WASL)	Percent met standard (of completers)
Asian	89%	61%
White	87%	58%
American Indian	72%	35%
Hispanic	77%	28%
Black	75%	26%

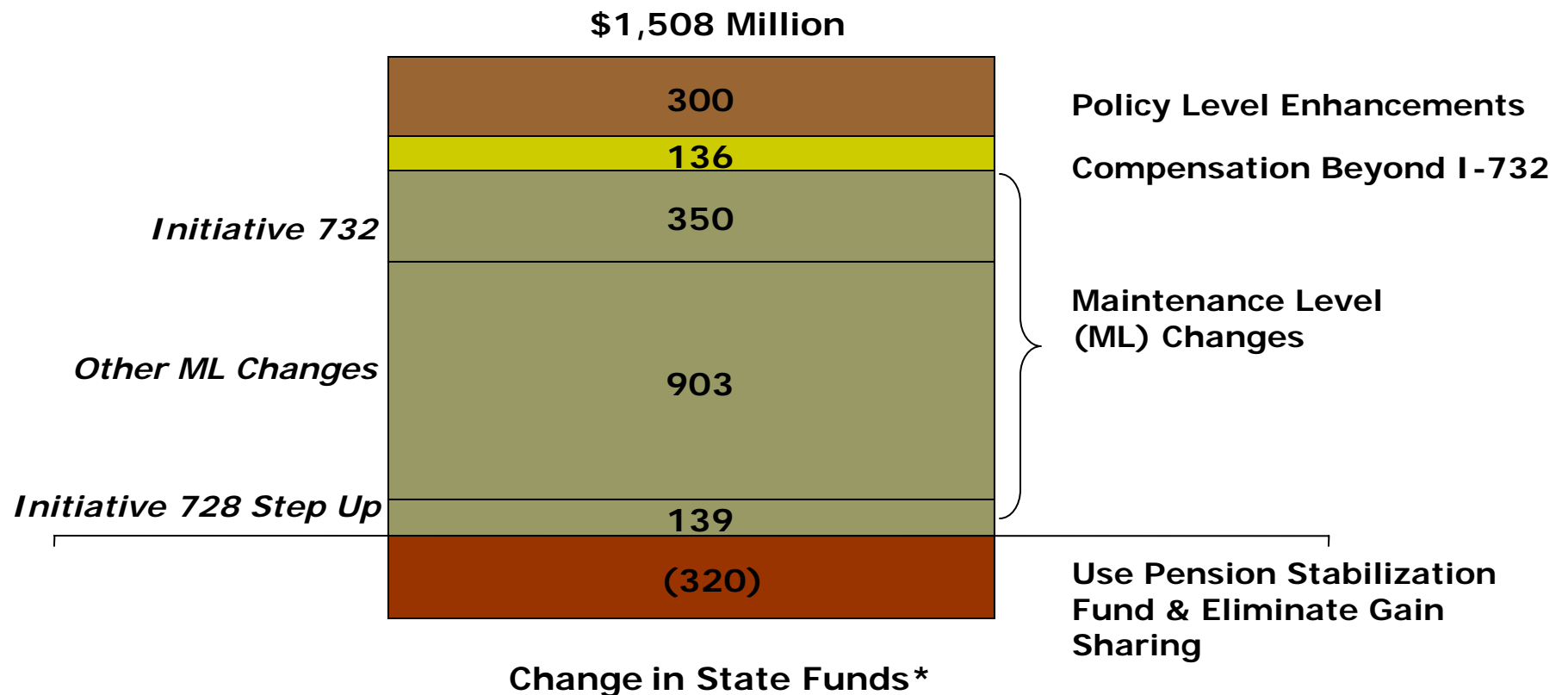
Source: Student Performance on the 10th Grade WASL in Spring 2006 by WSIPP

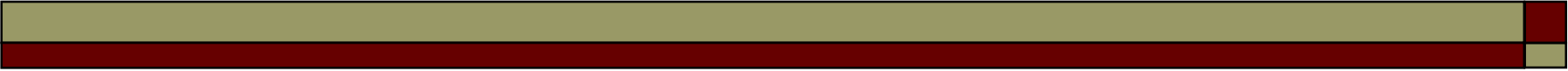


The recently completed WA Learns study is recommending several billion dollars of K-12 policy enhancements be phased in over the next decade

- ◆ Redefining Basic Education
- ◆ Funding Full Day Kindergarten
- ◆ Increasing Compensation & Professional Development
- ◆ Establishing Class Size Reduction Pilots
- ◆ Indexing to Global Challenge States for K-12 Funding
- ◆ Funding Targeted Math & Science Items
- ◆ Promoting Items Aimed at Personalizing Education

The Governor's proposed budget, including maintenance and policy items, totals \$1.5 billion





The Governor's budget includes \$60 million for additional targeted salary increases for certain school districts

- **Certificated Instructional Staff, \$45.3 Million** – The 262 non-grandfathered and school districts will receive funding for salary increases of approximately 1.3 percent (combining the two years) beyond the I-732 COLA for certificated instructional staff. The number of grandfathered districts is reduced from 34 to 13 by the end of the biennium.
- **Classified Staff, \$10.6 Million** – 198 school districts would receive funding for salary increases ranging from 1 to 30 percent (combining the two years) beyond the I-732 COLA for classified staff. By increasing the base, the total number of different classified salary allocations is reduced from 279 to 94 by the end of the biennium.
- **Administrators, \$4 Million** – 89 school districts would receive funding for salary increases ranging from 1 to 15 percent (combining the two years) beyond the I-732 COLA for administrative staff. By increasing the base, the total number of different administrator salary allocations is reduced from 268 to 204 by the end of the biennium.

Key Policy Questions

Is this the best way to provide salary enhancements?

What are the implications for federally and locally funded staff?



The Governor's budget includes \$76 million for other compensation increases

- **Health Care Benefits, \$66.4 Million** – Funding for health care benefits for K-12 employees is increased from \$682 per month currently to \$707 per month in the 2006-07 school year and \$732 per month in the 2007-08 school year. This maintains parity with the weighted average provided for state employees coverage through PEBB.
- **National Board Increases, \$7.5 Million** – Changes the National Board bonus from a flat amount to 10 percent of the teacher's base salary, and providing additional bonus amounts if they teach at a challenging school or teach math/science in that school.
- **OSPI Employee Compensation, \$2.1 Million** – Funding is provided for salary and health benefit increases compensation pursuant to overall state employee decisions.

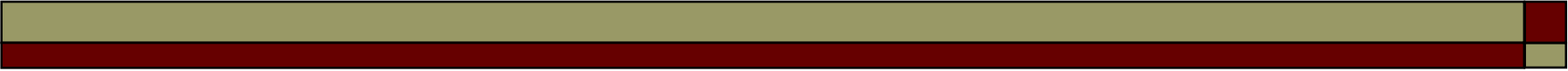
Key Policy Questions

Is this the desired health benefit parity policy?

Is this the most effective way to provide salary enhancements?

Does National Board create good teachers or is it an indicator of being one?

Is this the best way to get more National Board teachers?



The largest policy increase in the Governor's budget is \$90 million to decrease math and science class sizes in middle and high school

Policy Description

- Funding is provided for additional staffing allocations to decrease class size to 25 in math classes in the 2007-08 school year and then science in the 2008-09 school year. The current statewide average class size in these subjects is estimated at 28 students. The funding is provided for students taking math and science classes in grades 6 – 12. The funding is contingent upon the district actually achieving the class size benchmark.

Key Policy Questions

Are class sizes reductions of 3 students and/or a class size of 25 proven to be effective?

Can the school districts retrain/hire 450 math teachers and 450 science teachers required by this proposal, and by when?

What are the trade-offs in teacher quantity and teacher quality?

Are there facility or other limitations that would impact the implementation?



The Governor's budget provides \$39.5 million for a variety of professional development activities related to math and science

Policy Description

- Funding is provided for: (1) three professional development days for each of middle & high school math and science teachers in the state; (2) 5 days of specialized training for one teacher at each middle and high school; and (3) one day of training in math instruction for each 4th and 5th grade teacher and one day of training in science instruction in science instruction for each 4th and 5th grade teacher.

Key Policy Questions

What does the research say about professional development?

How tightly regulated should the days be?

Should the state take into consideration the learning improvement days and other professional development that some districts currently provide?



The Governor's budget provides \$6.6 million to create at least 750 new math and science teachers

Policy Description

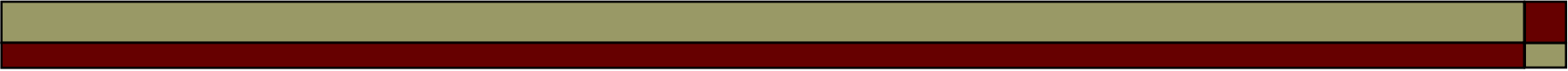
- Funding is provided for: (1) expanding the alternative routes to certification program estimated to produce 200 new math teacher and 200 new science teachers; (2) retooling the Teach Math program to produce 300 new math teachers; and (3) increasing the pipeline of paraeducators. *(Note: The Governor's higher education budget also includes funding for additional math and science Teacher Conditional scholarships and work study slots).*

Key Policy Questions

Even with these financial incentives, is there the capacity to produce this number of new teachers?

Is this the most effective way to produce new math and science teachers?

What are the trade-offs in teacher quantity and teacher quality?



The Governor's budget provides \$23 million for other math and science instructional support activities

Policy Description

- Funding is provided for: (1) to expand the LASER program to an additional 1,000 classrooms; (2) two new professional development math and science specialists in each of the ESDs; (3) additional Summer Institutes; and (4) 25 new math instructional coaches each year of the biennium and 25 new science instructional coaches in the second year of the biennium to work with two challenged schools each.

Key Policy Questions

What is known about effectiveness of these strategies?

What kind of oversight will there be of these programs?

How receptive will school districts be to this kind of support?



The Governor's budget provides \$12.1 million to expand the Promoting Academic Success (PAS) established in the 2006 session

Policy Description

- In the 2006 supplemental budget funding was provided for the PAS program to assist 11th grade students that are not successful in one or more subjects of the WASL. Funding provisions allowed school districts to carry-over up to 20 percent funding to continue to serve students in their senior year. The Governor's budget includes explicit funding for 12th graders that still have not been successful on the WASL. This means that it would be possible for a student to receive PAS funding in their junior year, and again in their senior year.

Key Policy Questions

What are the future fiscal implications when science becomes a graduation requirement?

What is the capacity of school districts to provide this assistance?

Given the potential change to the graduation requirement, what is the number of 12th graders that would be willing to participate?

What are the trade-offs in early stage versus late stage interventions to help struggling students?

What is known about the implementation of current programs and its effectiveness?



The Governor's budget provides \$60.5 million for enhanced special education funding

Policy Description

- Funding is provided for: (1) removing 3 and 4 year olds from the 12.7 index used for special education funding; (2) enhancing the rate paid for 3 and 4 year olds receiving special education services from 93 percent of the basis education allocation to 115 percent; and (3) creating a new safety net category for districts that draw a large number of students in need of special education services.

Key Policy Questions

Is this the best way to enhance special education funding?

How does this compare to other areas where additional funding requests have been made?

How does this proposal connect to the on-going litigation on special education funding?

How will this impact future needs for safety net funding?



The Governor's budget provides \$41.6 million for all day kindergarten in high poverty schools

Policy Description

- State funding is provided for an all day kindergarten program in the top 10 percent of most impoverished elementary schools, as measured by free and reduced price lunch (FRPL), in the 2007-08 school year and the top 20 percent in the 2008-09 school year. Funding is provided contingent upon districts following certain program guidelines and is only provided for students eligible for FRPL.

Key Policy Questions

Is all day kindergarten proven to be effective?

Are there facility or other limitations that would impact the implementation?

Will the proposal to fund all day kindergarten only for students in poverty impact the ability of school districts to mount programs?

Does the state want to factor in funds (e.g. local levy, I-728, etc) that are already being used for all day kindergarten?



The Governor's budget provides \$9.5 million for K-3 demonstration pilots

Policy Description

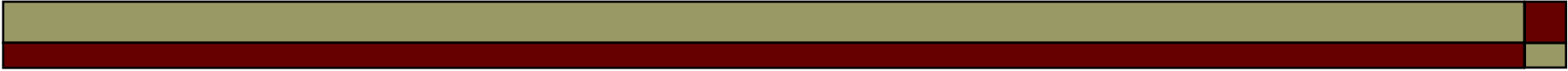
- Funding is provided for grants to 10 schools to implement "redesigned K-3 classroom" model. Specific elements include: all day kindergarten; class size of 18; instructional coaches; six additional professional development days for teachers; and participating schools will be required to use some Init. 728 and local funds to achieve class size. Funding is provided to WSIPP (Institute for Public Policy) for comprehensive study of the pilots.

Key Policy Questions

Given there are approximately 1,200 elementary schools, what are the bow-wave implications of this proposal?

Are there facility or other barriers that would impact the implementation of this proposal?

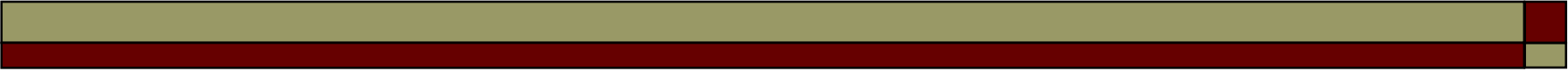
Will the selection of the demonstration sites impact the ability to extrapolate to other schools?



Other factors could play a role in your deliberations on K-12 budget issues

◆ Education Lawsuits

- **Special Education** – 12 school districts (Lake Washington, Issaquah, Mercer Island, Northshore, Federal Way, Spokane, Bellingham, Bethel, Burlington-Edison, Everett, Puyallup and Riverside) filed a lawsuit claiming underfunding the special education program. A trial court decision is expected before the end of the month.
- **Federal Way School District** – In November 2006, the Federal Way School district filed a lawsuit challenging the equity of current funding formulas.
- **Overall Funding Lawsuit** – The Network for Excellence in Washington Schools (12 school districts and variety of organizations) has filed a lawsuit on broader K-12 finance issues.



Other factors could play a role in your deliberations on K-12 budget issues (continued)

◆ K-12 Finance Studies

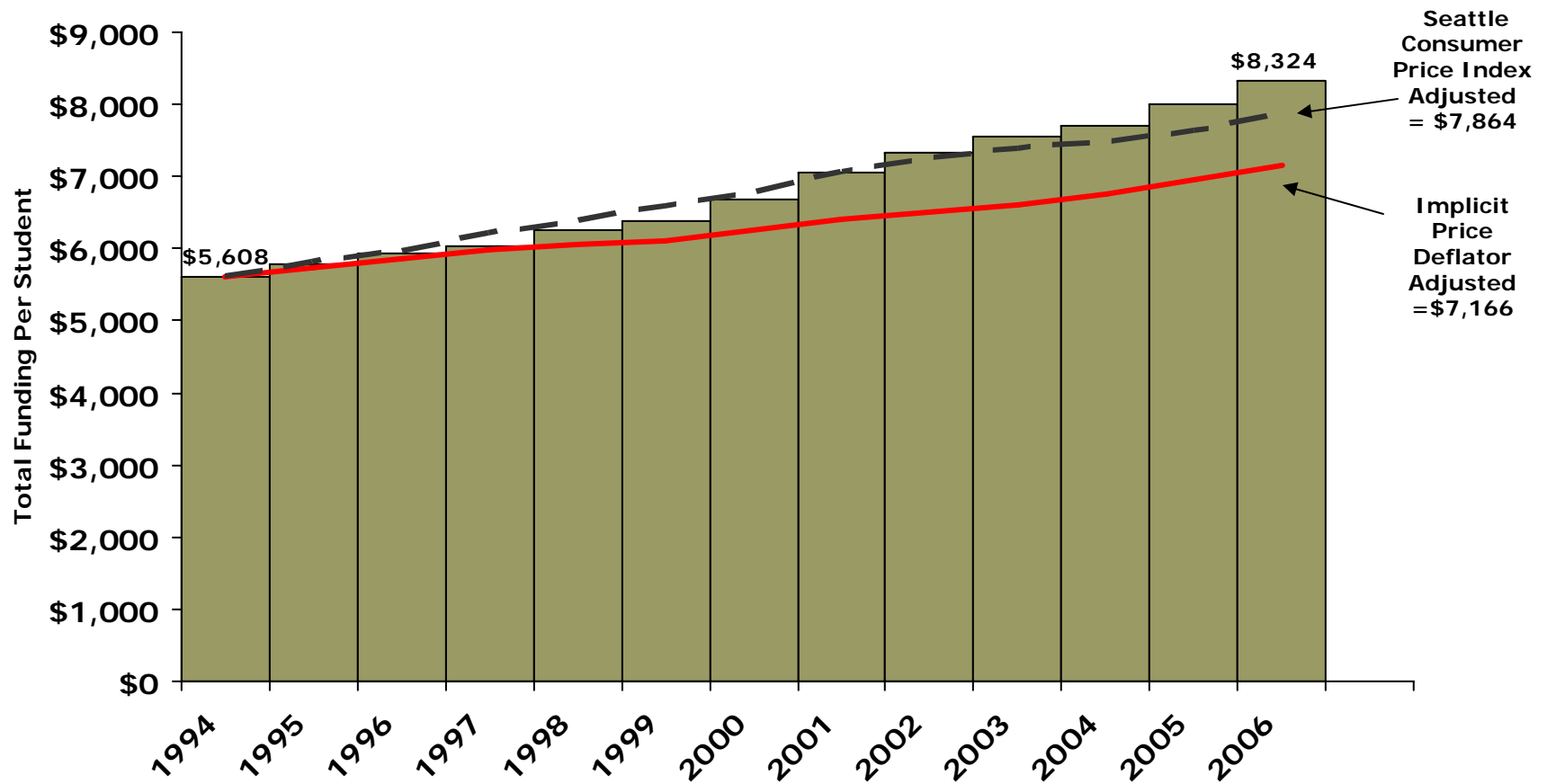
- **JLARC Transportation Study** – The Joint Legislative Audit and Review Committee has completed a study in which they found a significant difference between state funding and the amount spent by school districts related to transportation and they also identified issues related to the transportation funding formula.
- **Other Finance Related Studies** – The Institute for Public Policy is developing a repository of evaluations related to the costs-benefits of various K-12 programs. The Gates funded K-12 Finance Redesign Project is expected to release some reports over the coming months. The WEA, PTA, and other organizations continue to look at K-12 finance.

Appendix

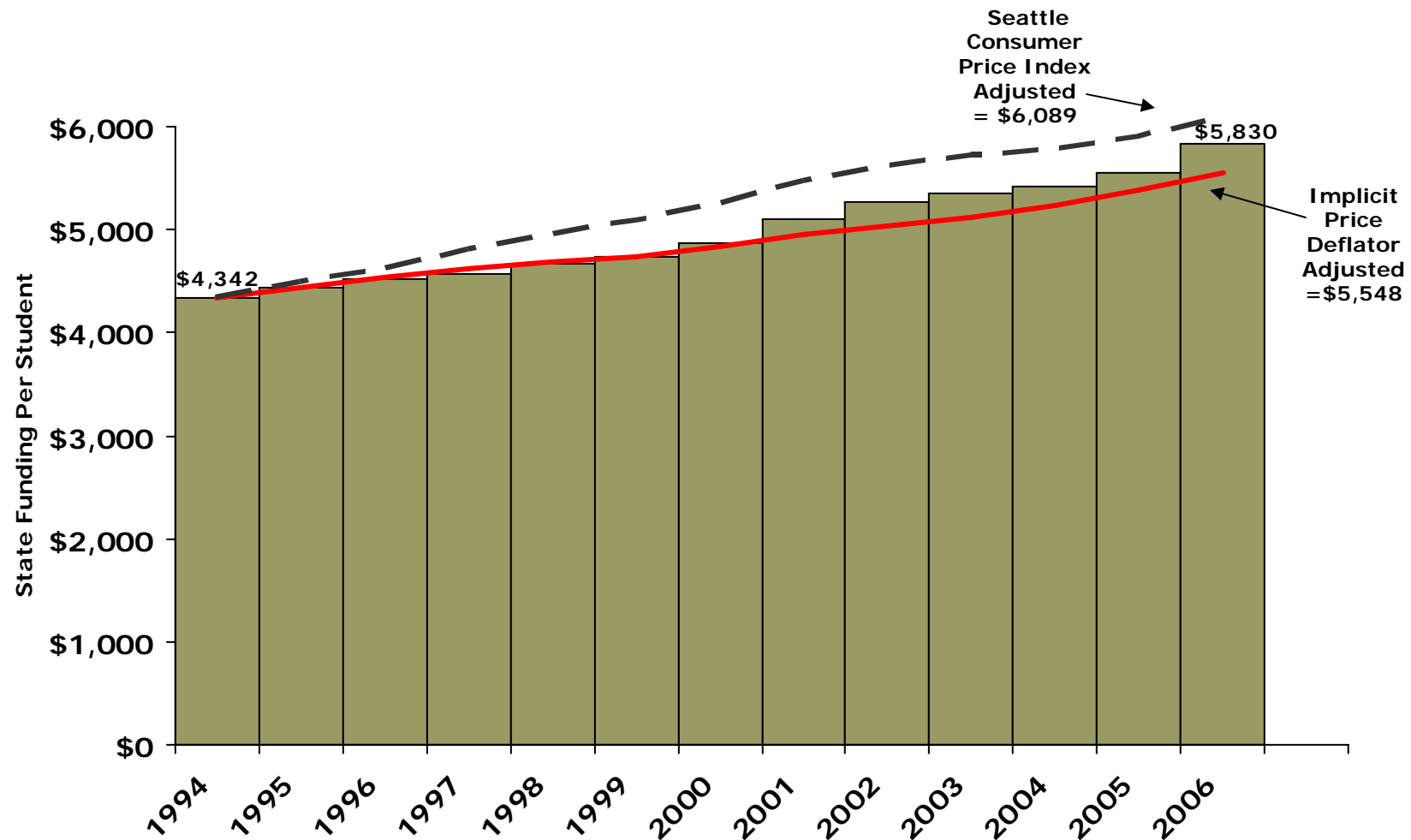
Approximately 85 percent of the current state funding for K-12 is in “basic education” programs

2005-07 BASIC EDUCATION PROGRAMS (Dollars in Millions)		
GENERAL APPORTIONMENT (RCW 28A.150.260)	\$8,202.0	69.8%
SPECIAL EDUCATION (RCW 28A.150.370)	\$943.0	8.0%
TRANSPORTATION (RCW 28A.160.150)	\$498.5	4.2%
LEARNING ASSIST. PROGRAM (RCW 28A.165)	\$154.2	1.3%
BILINGUAL (RCW 28A.180)	\$119.8	1.0%
INSTITUTIONS (RCW 28A.190)	<u>\$36.3</u>	<u>0.3%</u>
SUBTOTAL: BASIC EDUCATION PROGRAMS	\$9,953.9	84.7%
2005-07 NON-BASIC EDUCATION PROGRAMS (Dollars in Millions)		
STUDENT ACHIEVEMENT FUND (I-728)	\$630.5	5.4%
LEVY EQUALIZATION (LEA)	364.1	3.1%
K-4 ENHANCED STAFFING RATIO	209.4	1.8%
INITIATIVE 732 COLA (1.2%, 3.3%)	186.7	1.6%
HEALTH CARE BENEFIT INCREASES	129.7	1.1%
EDUCATION REFORM	96.7	0.8%
TWO LEARNING IMPROVEMENT DAYS	57.2	0.5%
STATE OFFICE & ED AGENCIES	30.2	0.3%
STATEWIDE PROGRAMS/ALLOCATIONS	31.6	0.3%
PROMOTING ACADEMIC SUCCESS	27.7	0.2%
HIGHLY CAPABLE	13.9	0.1%
EDUCATIONAL SERVICE DISTRICTS	7.4	0.1%
FOOD SERVICES	6.3	0.1%
SUMMER & OTHER SKILLS CENTERS	6.6	0.1%
PUPIL TRANSPORTATION COORDINATORS	<u>1.6</u>	<u>0.0%</u>
Subtotal: Non-Basic Education Programs	\$1,799.7	15.3%
TOTAL - STATE FUNDS	\$11,753.6	100.0%

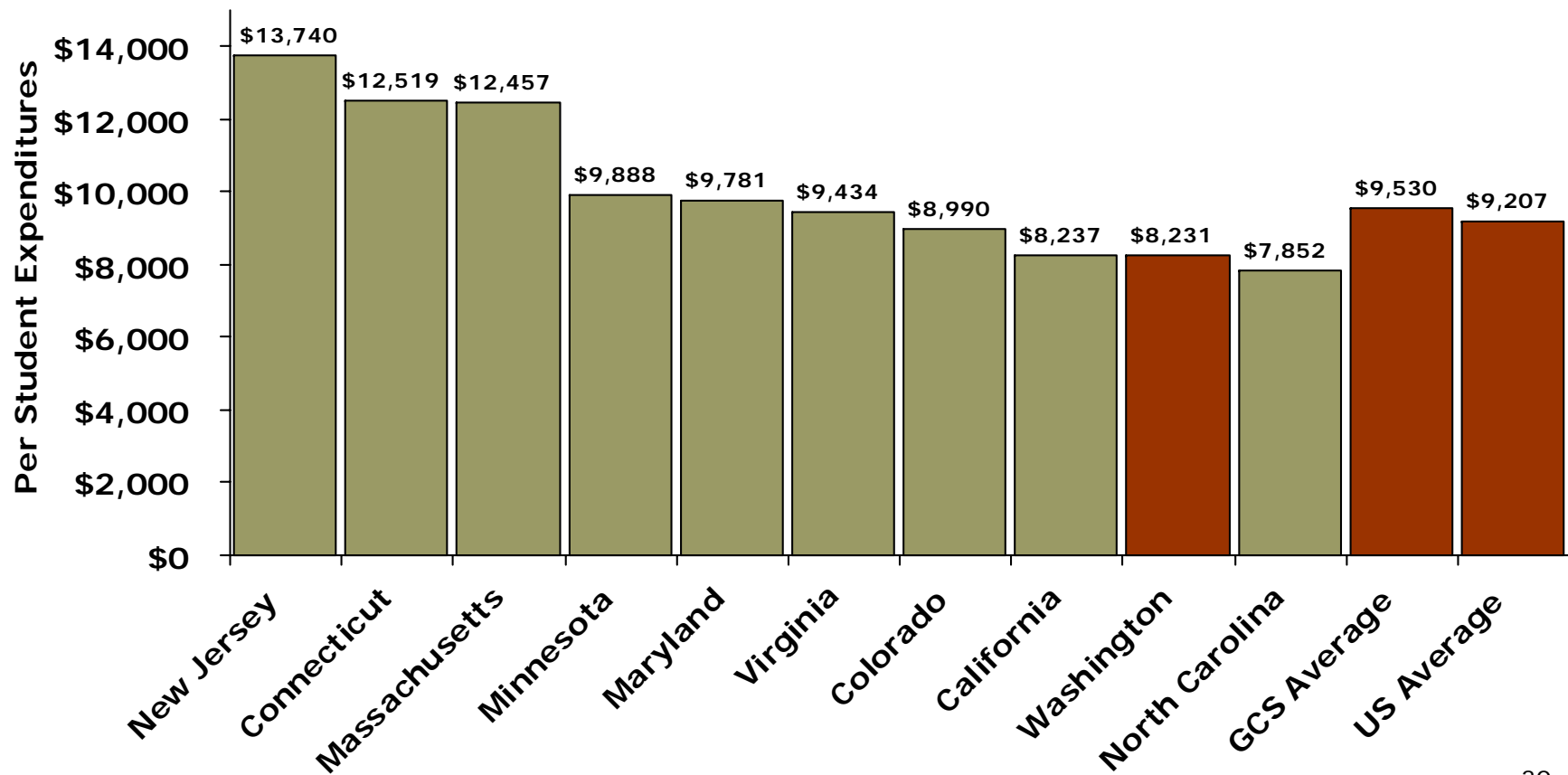
Growth in total school district revenues per student exceeds two commonly used measures of inflation



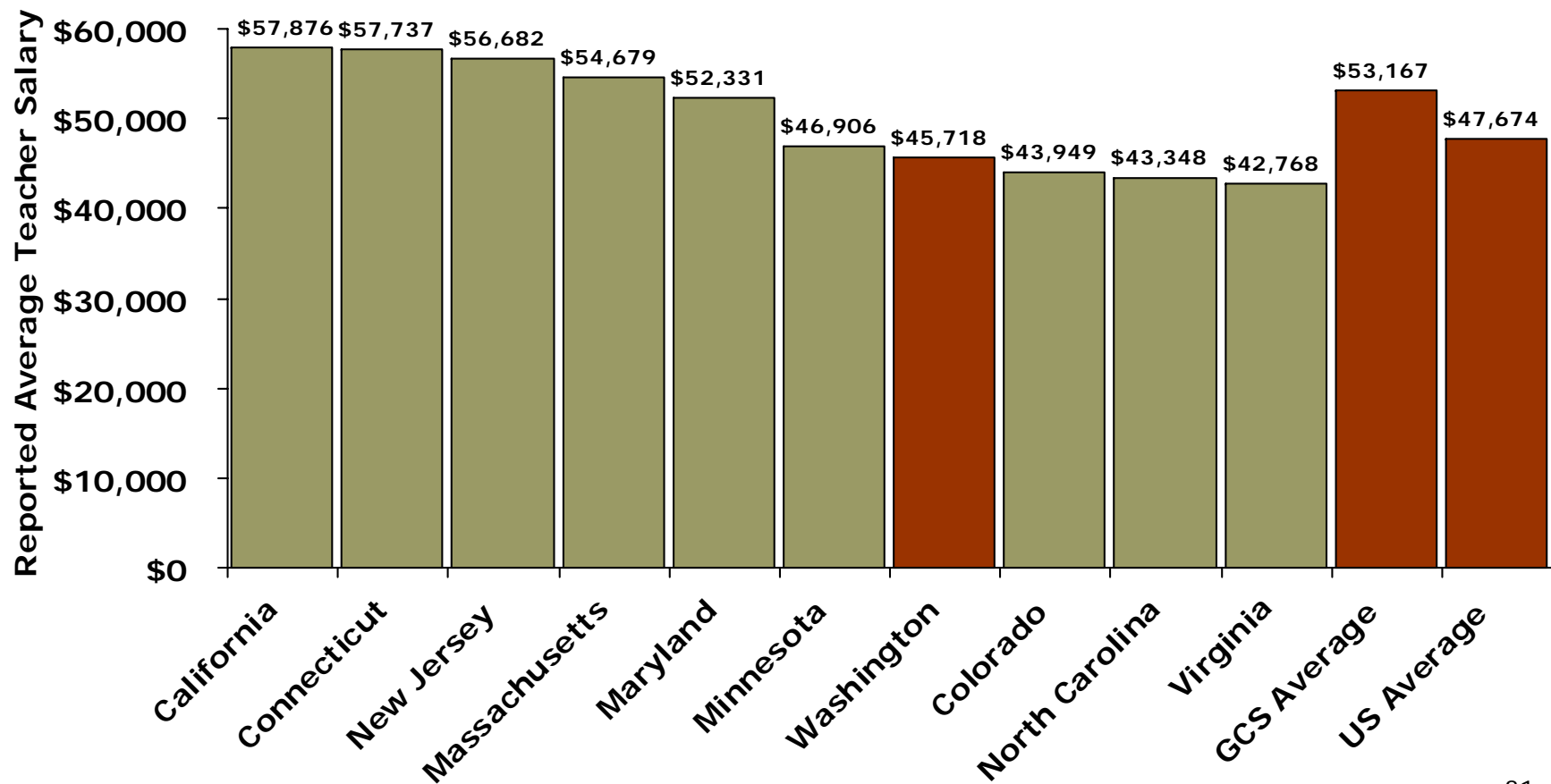
Growth in state funding per student exceeds one measure of inflation, but lags behind another



Washington ranks 8th in per student spending compared to the other “Global Challenge States”

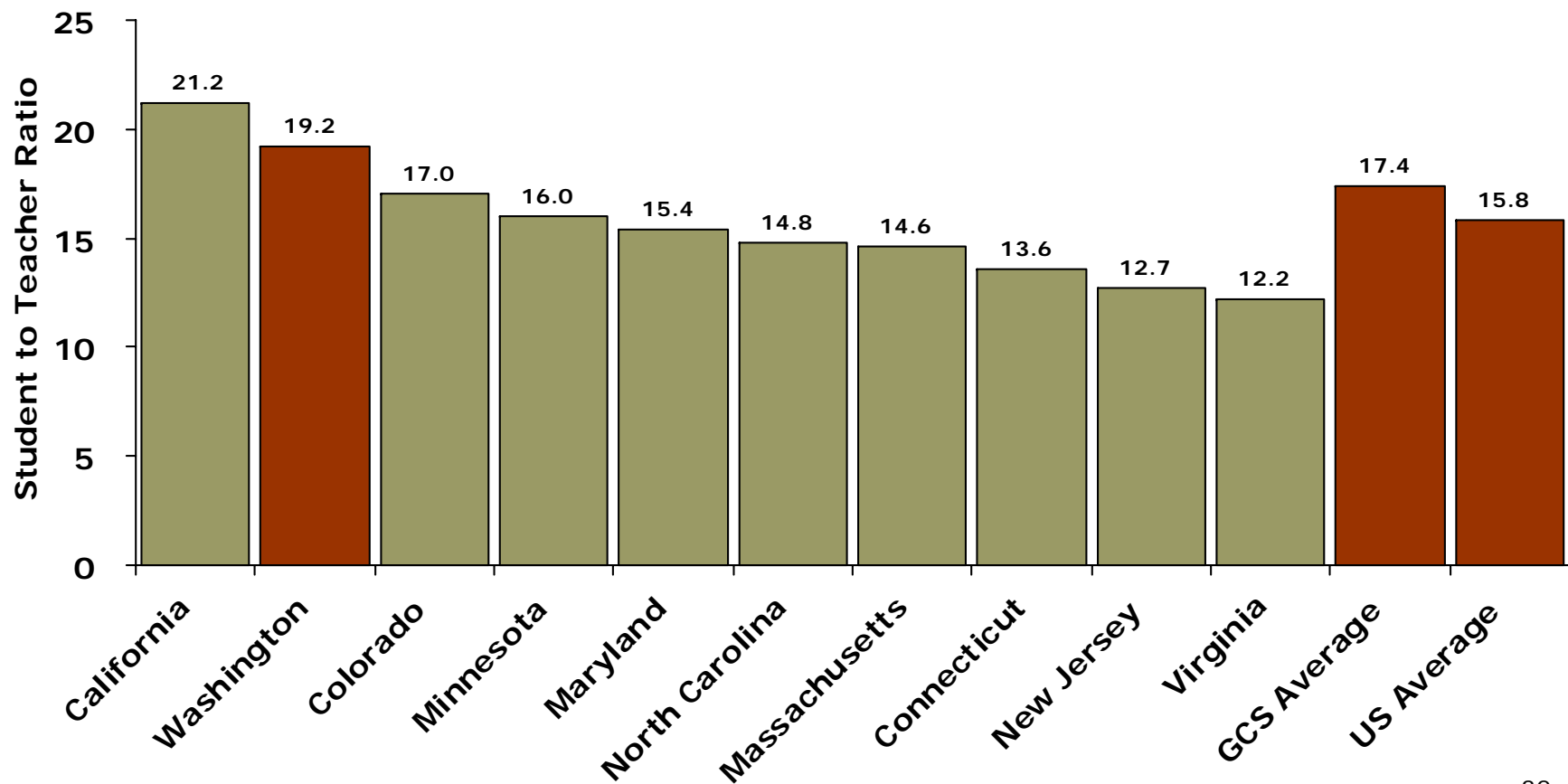


Washington ranks 7th in reported teacher salary compared to the other “Global Challenge States”

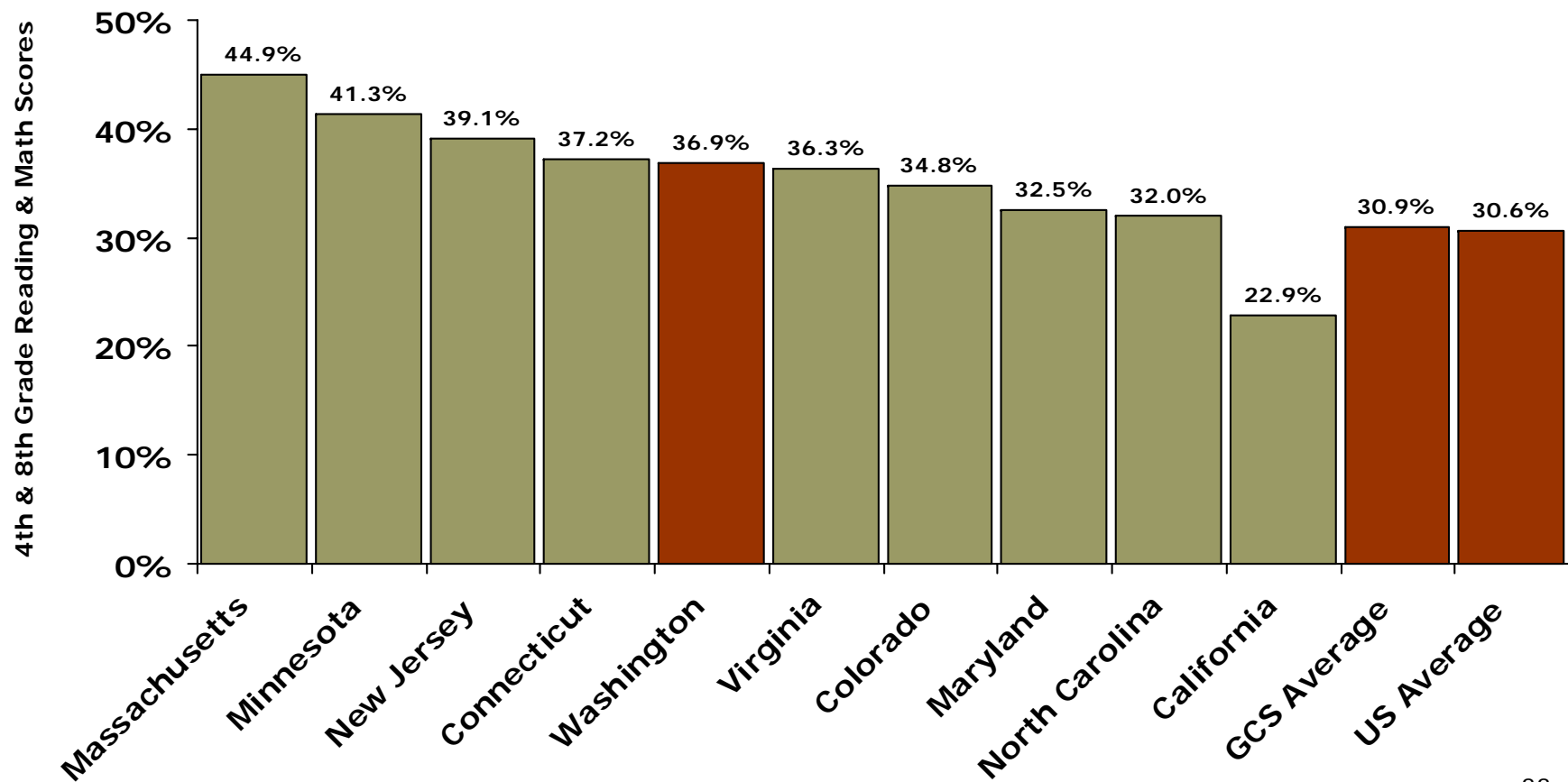


* Does not include supplemental contracts. It is unknown how this might impact the rankings.

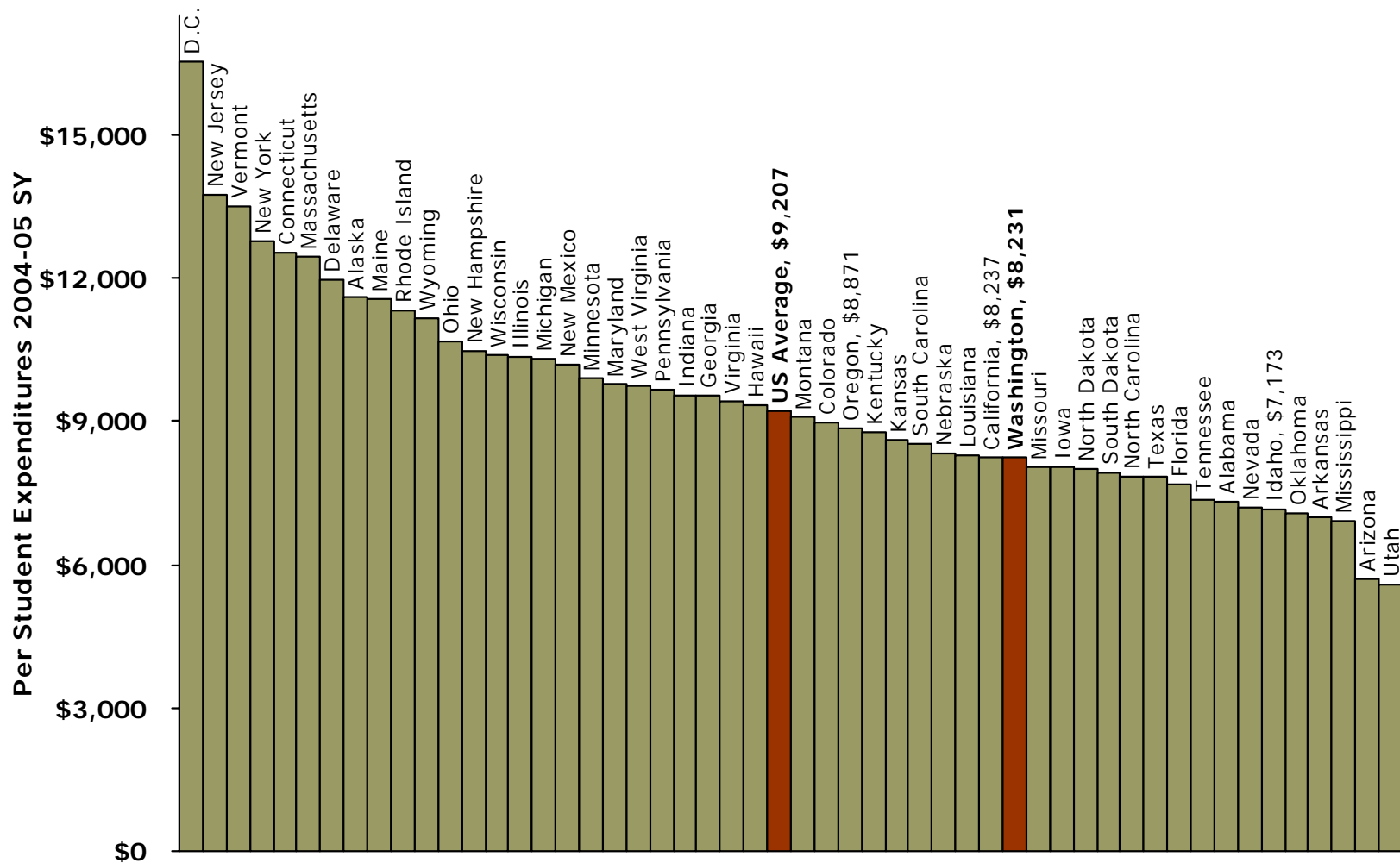
Washington has the 2nd highest student to teacher ratio compared to the other “Global Challenge States”



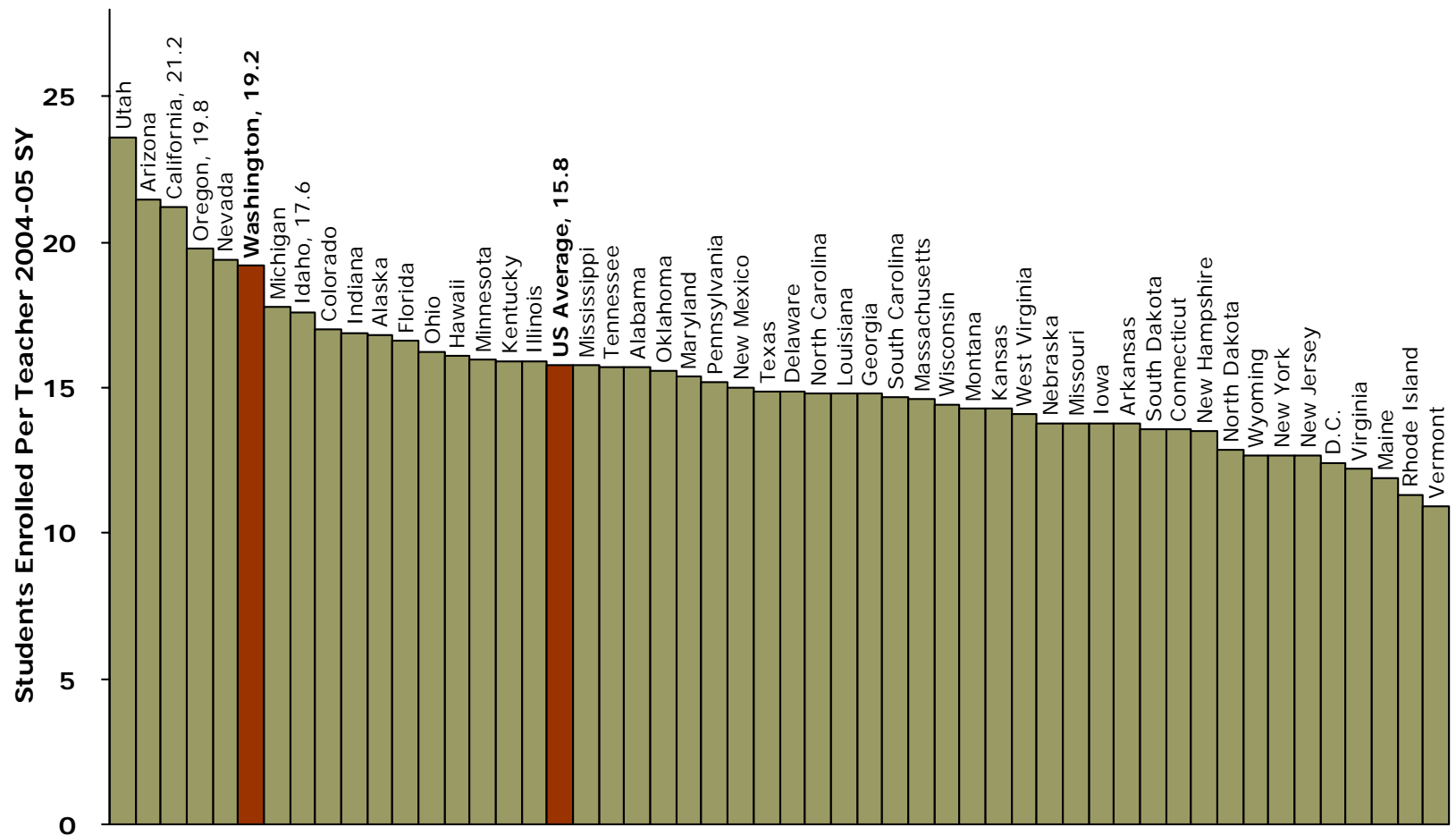
Washington has the 5th highest performance the NAEP compared to the other "Global Challenge States"



Washington ranks 35th in reported per student funding



Washington has the 6th highest student to teacher ratio



Washington ranks 20th in reported average teacher salary*

