

K-12 Public Schools 2011-13 Budget Recap

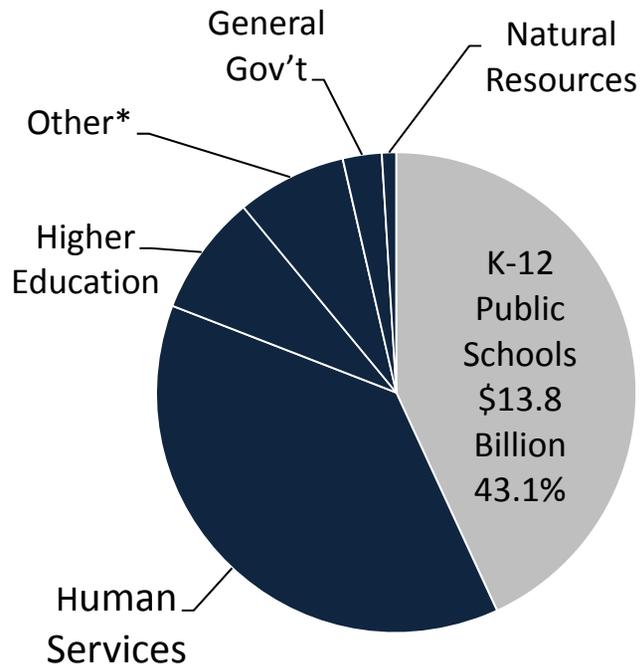
Prepared by Senate Ways and Means Committee Staff

September 12, 2011



K-12 public schools budget makes up the largest share of the state operating budget

**2011-13 Enacted State Budget
Near-General Fund (state)**



2011-13 Enacted Operating Budget

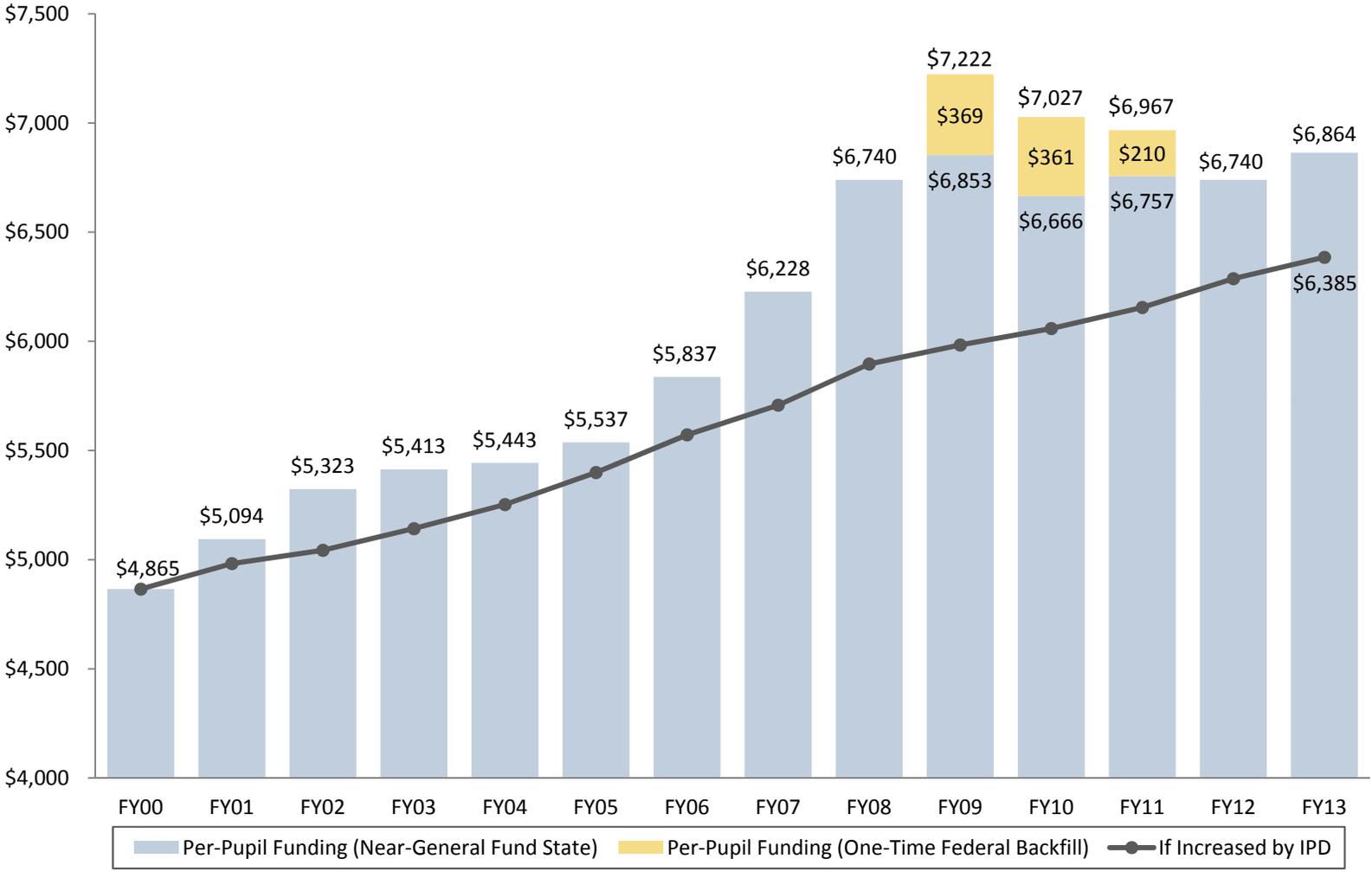
| | | |
|---------------------|----------|--------|
| K-12 Public Schools | \$13.8 B | 43.1% |
| Human Services | 12.1 B | 37.8% |
| Higher Education | 2.6 B | 8.1% |
| Other* | 2.4 B | 7.4% |
| General Government | 0.8 B | 2.6% |
| Natural Resources | 0.3 B | 1.0% |
| Statewide Total | \$32.0 B | 100.0% |

*includes debt service, pensions, other education, transportation, and special appropriations.

The K-12 budget was reduced from the maintenance level by a net of \$1.8 billion, including compensation changes

| <i>Near-General Fund State • Dollars in Millions</i> | |
|--|-----------------|
| 2011-13 Maintenance Level | \$15,600 |
| <u>Reductions:</u> | |
| Suspend I-728, Student Achievement Funds | -861 |
| Suspend Plan 1 Retirees' COLA | -275 |
| Suspend I-732 COLA | -266 |
| Eliminate K-4 Class Size Reduction | -223 |
| K-12 Salary Reductions | -179 |
| National Board Bonus Program Changes | -61 |
| Assessment Program Changes & Savings | -51 |
| ALE Funding Adjustment | -41 |
| Limit Running Start FTEs to 1.2 | -6 |
| Reduce Food Service Funding | -6 |
| All Other Reductions <\$5 Million | -37 |
| Total Reductions, Including Compensation: | -2,006 |
| <u>Increases:</u> | |
| K-3 Class Size in High Pov Schools | 34 |
| New Funding Formula Hold-Harmless | 25 |
| Kindergarten Phase-In | 5 |
| Transportation Enhancement | 5 |
| IT Academy | 4 |
| Teacher and Principal Evaluation Pilots | 3 |
| PASS Act (Drop-out Prevention) Program | 3 |
| 2011 Session Bills & Other Increases | 3 |
| June 2011 Apportionment (less contingency fund) | 115 |
| Total Increases from Maintenance Level: | 196 |
| Net Policy Changes | -1,810 |
| Total 2011-13 Biennium | \$13,790 |

When one-time federal funds are included, per-pupil funding is lower this biennium than last; state-only per-pupil funding is higher



FY2011 and FY2012 totals have been adjusted as if the \$128 million one-day delay in apportionment payment from June to July of 2011 did not occur.

Most of the remaining non-protected part of the K-12 budget is LEA

| 2011-13 enacted budget for K-12 (dollars in millions) | |
|--|-----------------|
| General Apportionment | \$10,343 |
| Pupil Transportation | 648 |
| Special Education | 1,350 |
| Institutional Education | 33 |
| Transitional Bilingual Education | 173 |
| Learning Assistance Program (LAP) | 252 |
| Highly Capable Program (gifted) | 16 |
| Basic Education Total (93%) | \$12,815 |
| Student Achievement (I-728) & Employees' COLA (I-732) | 0 |
| Local Effort Assistance (LEA, or levy equalization) | 612 |
| Full-Day Kindergarten | 92 |
| Education Reform Program | 158 |
| K-3 Class Size (staffing above basic education level) | 29 |
| Statewide Programs & Allocations | 27 |
| OSPI State Office & Other Education Agencies | 22 |
| Educational Service Districts | 16 |
| Food Service | 14 |
| Pupil Transportation Coordinators & Summer Voc. | 3 |
| Highly Capable (before September 1, 2011) | 2 |
| Non-Basic Education Total (7%) | \$975 |
| Total maintenance-level K-12 budget | \$13,790 |



Under legislation enacted in the 2009 Legislative session (ESSHB 2261), the highly capable program was incorporated into basic education effective September 1, 2011.

In the 2009 & 2010 sessions, major changes were made to K-12 education

- HB 2261, enacted in 2009, redefined basic education and created a new funding model
- HB 2776, enacted in 2010, put the new K-12 funding formulas in statute at the baseline level, set a schedule for implementation, and required phased-in funding enhancements

| New component | Implementation must begin | Must be complete |
|--|--|---|
| Revised funding formulas | | 2011-13 biennium |
| Pupil transportation | In 2011-13 biennium | 2013-15 biennium |
| Materials, Supplies and Operating Costs (MSOC) | In 2011-13 | SY 2015-16, w/subsequent inflationary increases |
| Full-day kindergarten | In 2011-13, continuing w/highest poverty schools | SY 2017-18 |
| Class-size allocations, grades K-3 | In 2011-13, starting with highest poverty | SY 2017-18 |

Estimated additional annual costs of the four categories when fully implemented

Dollars in millions • Based on HB 2776 fiscal note

| | <u>FY18</u> | <u>FY19</u> | <u>2017-19</u> |
|--|----------------|----------------|----------------|
| Materials, Supplies and Operating Costs (MSOC) | \$683 | \$683 | \$1,365 |
| K-3 class-size reduction | 454 | 454 | 907 |
| Pupil transportation | 160 | 160 | 320 |
| Full-day kindergarten | 158 | 158 | 317 |
| Additional Funding (SHB 2776) | \$1,454 | \$1,454 | \$2,909 |

The 2011-13 enacted budget makes modest starts in the four areas that require the beginning of enhanced funding

| Dollars in Millions | <u>2011-13</u> <u>Enhancement</u> |
|--|--------------------------------------|
| Materials, Supplies and Operating Costs (MSOC) | \$31 |
| K-3 class-size reduction | 34 |
| Pupil transportation | 17 |
| Full-day kindergarten | 5 |
| <u>Hold-harmless funding</u> | <u>25</u> |
| Additional Funding (SHB 2776) | \$111 |