



State of Washington

**Joint Legislative Audit  
and Review Committee**

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**K-12 Supplemental  
Contracts**

**Report 97-1**

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**January 10, 1997**

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# K-12 SUPPLEMENTAL CONTRACTS

## Summary

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**T**he 1996 Supplemental Budget required the Joint Legislative Audit and Review Committee (JLARC) to conduct a study of supplemental contracts, which are used by school districts to compensate school district certificated staff for duties over and above their basic employment contracts.

The Office of the Superintendent of Public Instruction (OSPI) data shows that between 1988-89<sup>1</sup> and 1995-96, statewide supplemental contract payments to certificated staff increased from \$79 million to \$198 million. As a percentage of total average compensation per certificated staff, supplemental contract income increased from 5 to 8 percent. The study team found that the nature of the work performed under supplemental contracts varied among districts, presumably as a by-product of local control. However, the expenditure breakdown by activity remains consistent with that found in the 1993 LBC study, with the largest percentage of supplemental contract payments (42 percent) spent for unspecified “additional time, responsibilities, or incentives” (TRI) contracts.<sup>2</sup>

The study mandate also asked JLARC to determine the extent to which supplemental contracts are being used to fund staff

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### Overview

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### Supplemental contract spending increase

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<sup>1</sup> The 1988-89 school year was the first year that OSPI collected extensive statewide cost data on supplemental contract expenditures.

<sup>2</sup> We refer to these as “unspecified TRI” contracts because of their lack of specificity as to the duties required by the contract terms. *All* supplemental contracts, regardless of specificity, may only be issued for duties requiring additional time, responsibilities, or incentives (RCW 28A.400.200).

training on the performance assessment elements of education reform.<sup>3</sup> In aggregate, school districts responding to the study survey indicated that certificated staff were paid for their time through supplemental contracts in 76 percent of the instances that they attended performance assessment training sessions. In other instances, staff attended performance assessment training either during normal school hours or on their own time.

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## Legislative direction is needed

More discrete data on training costs are not normally collected at the district level and is not generally available. In order for the school districts to meet future legislative data requirements, the JLARC study team recommends that the legislature identify future data needs on staff training expenditures for education reform and performance assessment, and that the school districts be made aware of these requirements.

During the course of the study, we also noted that contract documentation practices vary widely among local districts. Although this may be due to local school district policies, some districts may not be in compliance with the Office of the State Auditor’s (SAO) documentation requirements. The SAO does not believe that this is a high-risk area warranting greater emphasis on compliance.

## BACKGROUND

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## Certificated staff compensated for supplementary activities

### Legislative Study Mandate

State law authorizes school districts to compensate certificated instructional staff for duties performed beyond the requirements of their employment agreements, and which are not part of the provision of basic education services. Supplemental contracts must be issued for such activities which can include additional time, responsibilities, or incentives. Expenditures for such contracts are funded solely through discretionary revenue sources such as local property tax levies and federal or state grant revenues.

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<sup>3</sup> The Commission on Student Learning, created in 1992, was charged to develop “essential academic learning requirements (EALRs)” for all elementary and secondary students. Additionally, the commission was mandated to develop a “statewide academic assessment system” to determine student mastery of the EALRs. This assessment system is referred to as the “performance assessment system” in the legislative budget proviso which mandated this study and throughout this report.

The 1996 Supplemental Budget required JLARC to conduct a study of supplemental contract use and expenditures, and to assess the degree that these contracts are used for performance assessment training in school districts in their implementation of education reform.

The 1993 Education Reform Act also created a significant revenue source that may be used for supplemental contract expenditures called “Student Learning Improvement Grants” (SLIGs). The legislature provided over \$100 million to fund these grants for the 1994-95 through 1996-97 school years.

## Study Approach

The JLARC staff analyzed statewide data collected by OSPI for school years 1988-89 through 1995-96 to determine the extent of supplemental contract activity by school districts for those years. Also, to assess the nature of the work performed for supplemental contracts by certificated staff (including their use for performance assessment training), we surveyed a stratified random sample of 72 school districts over the 1994-95 and 1995-96 school years.

## FINDINGS/DISCUSSION

### Overall Supplemental Contract Payments Increased Significantly

This study found that total payments for supplemental contracts issued to certificated staff increased from \$79 million in the 1988-89 school year to \$198 million in the 1995-96 school year, constituting a 150 percent increase. The impact the SLIGs had on supplemental contract spending was evident in school year 1994-95 (the first year of funding) as spending increased by \$38.6 million, or 25 percent over the previous year. If statewide spending is adjusted for inflation and the SLIG funds are subtracted, the expenditure increase would be 74 percent, rising from \$79 to \$137.6 million.<sup>4</sup>

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<sup>4</sup> This figure is based on the amount of SLIG funding spent on certificated staff salaries and benefits in school year 1994-95, as reported in OSPI's 1995 report to the legislature on SLIG activity. Final SLIG data for 1995-96 was not available at the time of this report; however, we know that supplemental contract expenditures for 1995-96 rose 1.3 percent over the previous year, and when adjusted for inflation, they declined by 0.8 percent.

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Student Learning Improvement Grants fund contracts

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Supplemental contract spending up by 150% since 1988-89

During the 1995-96 school year, 89.7 percent of all certificated staff held at least one supplemental contract. Among certificated employees receiving supplemental contracts, 93 percent of *instructional* staff (consisting predominantly of teachers) and 37 percent of *administrative* staff (includes superintendents and principals) held at least one supplemental contract.

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## Supplemental contract income rose from 5 to 8% of total average compensation

Between the 1988-89 and 1995-96 school years, the average amount of supplemental contract income received per certificated staff increased 107 percent, from \$1,705 to \$3,529. As a percentage of total average compensation average supplemental contract income rose from 5 to 8 percent. When expenditures are adjusted for inflation and the SLIG funds are subtracted, average supplemental contract income increased by 45 percent, from \$1,705 to \$2,478, and rose to seven percent of total average compensation.<sup>5</sup>

During this same time period, the average base salary for all certificated staff rose from \$30,758 to \$39,902. Total average compensation for all certificated staff rose from \$32,463 in school year 1988-89 to \$43,449 in school year 1995-96. Average supplemental contract income varied considerably among school districts, ranging from 0 to over \$7,000 during the 1995-96 school year. A number of smaller districts issued no supplemental contracts, however these had fewer than four FTE.

## Major Sources of Funding for Supplemental Contracts will Terminate

Supplemental contracts are funded through discretionary revenue sources such as local property tax levies and federal or state grant revenues. Because they are issued only for activities beyond the provision of basic education, they cannot be a continuing funding obligation of the state.

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## SLIG funding and levy lid increase scheduled to expire in 1997

During 1997, two major sources of funding for supplemental contracts will terminate if not continued by the legislature. Current appropriations for the SLIGs will expire on June 30, 1997, with the end of the 1995-97 fiscal biennium. Also at the end of calendar year 1997, the four percent increase in the school district levy lid will expire. The non-renewal of SLIGs could reduce funding availability for supplemental contracts by approximately \$33 million a year.

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<sup>5</sup> Please see footnote 4 for an explanation of this data.

OSPI staff estimate that the end of the temporary increase in the levy lid would decrease school district levy authority by \$176 million a year and \$91 million in actual revenues.

## Nature of Work Paid for by Supplemental Contracts

The nature of the work performed under supplemental contracts varied by district, partially due to the traditional “local control” environment. In collective bargaining agreements extra time available to certificated staff was described in a number of ways including: additional days, optional days, inservice, and district days. However, the work typically included activities requiring additional time (curriculum planning, class preparation, and staff inservice training) as well as those requiring additional responsibility (coaching, counseling, and supervisory positions).<sup>6</sup> In aggregate, expenditures allocated for “unspecified” TRI contracts were by far the largest category. These contracts, comprising 42 percent of total expenditures, were broad contracts issued for a *range* of approved activities from which staff are allowed to select. The next largest category was coaching with 18 percent of total contract spending.

Relative supplemental contract spending by activity category for the 1995-96 school year was only marginally different from that of the 1991-92 school year, as identified in the 1993 LBC study.

## Performance Assessment Training Attendance Paid for by Supplemental Contracts

The study mandate asked JLARC to determine the extent to which supplemental contracts are being used to fund staff training on the performance assessment elements of education reform. In aggregate, school districts responding to the study survey indicated that certificated staff were paid for their time through supplemental contracts in 76 percent of the instances that they attended performance assessment training sessions. In other instances, staff

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42% of contracts for "unspecified TRI" activities

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Contracts pay for 76% of staff attendance at performance assessment training

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<sup>6</sup> Please see Appendix III for a complete definition of activities.



attended training either during normal school hours or on their own time. School districts also reported that less than half (46 percent) of the attendance at these training session was funded through SLIGs.

For the most part, school districts were unable to provide us usable cost information on their performance assessment training. District management informed us that they do not normally collect data on training costs for individual certificated staff at the district level. School district staff suggested that they need to be informed ahead of time of legislative data requirements in order to collect the desired information in an accurate and timely manner.

### School District Record Keeping/Documentation Practices

## Documentation practices vary widely

Documentation practices for supplemental contract spending varied widely. Some districts maintain extensive records to document time and require supervisory certification to verify contract performance and completion. Other districts currently require little or no documentation of contract fulfillment. In these instances, school districts do not appear to be in compliance with documentation guidelines promulgated by the State Auditor. This area is not deemed high-risk by the Office of the State Auditor therefore they do not place much emphasis on it during the course of their audits.

In follow-up discussions with the school districts, the study team found that the wide variance in documentation practices appears to be somewhat related to the lack of a clear and consistent understanding of what constitutes a “supplemental contract.” Although district staff were well aware of the financial *reporting* requirements for extra earned income, they were less clear on the *documentation* requirements.

## RECOMMENDATIONS

As noted above, local districts do not ordinarily collect expenditure data on training programs for education reform/performance assessment. The study team concludes that if the legislature desires timely and accurate data of this nature, it should identify those data requirements in advance.

## AGENCY RESPONSE

We have shared the report with OSPI and OFM and provided them an opportunity to comment on the report and its recommendation. OFM has provided a response, and OSPI chose not to provide one.

## ACKNOWLEDGMENTS

We appreciate the cooperation extended to us by the staff of the Office of the Superintendent of Public Instruction (OSPI) and the Legislative Evaluation and Accountability Program (LEAP), and by the school districts who participated in our survey.

This study was conducted by Elizabeth DuBois and Gerry McLaughlin. Ron Perry was project supervisor.

Cheryle A. Broom  
Legislative Auditor

On January 10, 1997, this report was approved by the Joint Legislative Audit and Review Committee and its distribution authorized.

Senator Al Bauer  
Chair

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# RECOMMENDATIONS

## Summary

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### *Recommendation 1*

If the legislature desires timely and accurate expenditure data on education reform training, it should identify those data requirements in advance, so that the Office of the Superintendent of Public Instruction can establish a process for districts to report such data.

Legislation Required:	Can be done through appropriation process
Fiscal Impact:	Depends on extent of data requested
Completion Date:	1997-99 Biennium

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# LEGISLATIVE ISSUES AND STUDY APPROACH

## Chapter One

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**S**tate law authorizes school districts to use supplemental contracts to compensate certificated instructional staff for duties over and above their basic employment contracts. The 1996 Supplemental Budget required the Joint Legislative Audit and Review Committee (JLARC) to conduct a study of the extent and use of supplemental contracts and to assess the degree that these contracts are used for performance assessment training by school districts in their implementation of education reform.<sup>1</sup>

The 1993 Education Reform Act also created a significant new funding source for supplemental contracts called “Student Learning Improvement Grants” (SLIGs). During the course of the study team’s pre-audit survey, legislative staff informed us that the impact of SLIGs on the extent and use of supplemental contracts for the last two school years (in comparison to previous years) was of significant legislative concern.

In addressing the study objectives, JLARC staff analyzed statewide supplemental contract data collected by the Office of the Superintendent of Public Instruction (OSPI) for school years 1989 through 1996. As part of the study, we also surveyed a stratified random sample of 72 school districts to assess the nature and use of supplemental contracts (including use for performance assessment

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## Overview

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<sup>1</sup> The Commission on Student Learning, created in 1992, was charged to develop “essential academic learning requirements (EALRs)” for all elementary and secondary students. Additionally, the commission was mandated to develop a “statewide academic assessment system” to determine student mastery of the EALRs. This assessment system is referred to as the “performance assessment system” in the legislative budget proviso which mandated this study and throughout this report.

training) by certificated staff at the school district level for the last two school years.

## BACKGROUND

### Study Mandate/Issues

The 1996 Legislature required JLARC to conduct a study of the “extent and use” of supplemental contracts entered into by all K-12 certificated staff. Supplemental contracts are used by school districts to compensate certificated instructional staff for duties over and above their basic employment contract. The study mandate also directed the committee to analyze the extent to which supplemental contracts are used to provide training consistent with the skills needed to implement the performance assessment system established pursuant to RCW 28A.630.885 (Education Reform-Commission on Student Learning).

This is our second study of this issue. JLARC’s predecessor committee, the Legislative Budget Committee (LBC), also conducted a study in 1993 on supplemental contracts. This report confirms many of the same findings as our prior report.

### Supplemental Contracts/ Impact on Certificated Staff Salaries

**Supplemental contracts compensate staff for supplementary activities, not for basic education**

Salaries for basic education certificated instructional staff are funded by the state through the basic education allocation. The amount of basic education funding for teacher salaries for each district is determined by a formula which considers the experience and education (staff mix) of the teachers within the district. RCW 28A.400.200(3) provides that “the actual average salary paid to basic education certificated instructional staff shall not exceed the district’s average basic education certificated instructional staff salary used for the state basic education allocations.”

However, state law provides that salaries and benefits for certificated instructional staff may exceed the limitations of RCW 28A.400.200(3), “only by separate contract for additional time, additional responsibilities, or incentives.”<sup>2</sup> This statute further provides that

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<sup>2</sup> Based on this statutory language, we have defined supplemental contracts as any earnings over and above base contract—whether or not an actual written contract exists.

school districts may not enter into a supplemental contract “for the provision of services which are part of the basic education program required by Article IX, section 3 of the state Constitution.”

## Funding of Supplemental Contracts

School districts can only fund supplemental contracts from discretionary revenue sources because RCW 28A.400.200 requires that supplemental contracts cannot be a present or future funding obligation of the state. Such revenue sources include local excess property tax levies and federal or state grant revenues (e.g., the student learning improvement grants as discussed below).

### Student Learning Improvement Grants (SLIGs) Impact on Extent of Supplemental Contracts

During the course of the study team’s pre-audit survey, JLARC staff were informed by legislative staff that the impact of SLIGs on the extent and uses of supplemental contracts for the last two school years (in comparison to previous years) was a significant legislative concern.

In enacting the Education Reform Act in 1993 (ESHB 1209), the legislature created a significant new funding source for supplemental contracts. This comprehensive legislation authorized: readiness to learn grants, educational technology, school-to-work transition programs, professional development programs, and Student Learning Improvement Grants (SLIGs). SLIG grants were intended to “provide funds for additional time and resources for staff development and planning intended to improve student learning . . .” consistent with the student learning goals in RCW 28A.150.210. SLIG availability was made contingent upon legislative appropriation of funds.

The legislature provided \$23 million (in the 1993-95 appropriations act) for the 1994-95 school year to school districts for resources and planning time for certificated staff to implement education reform. In 1994, the legislature amended this language to increase the amount to \$39.9 million and to specify that SLIGs were to be allocated based on the number of certificated FTE’s in each district.

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Contracts  
funded  
from local,  
state, and  
federal  
sources

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SLIG grants  
currently  
main  
funding  
source

This funding was extended into the current biennium by the 1995 Legislature. Out of a total \$115 million appropriated for “Local Enhancement Funds,” 58 percent (or \$66 million) was allocated for “building-based planning, staff development, and other activities to improve student learning.” These "Block Grant" funds were allocated based on the number of students in the districts. As discussed in Chapter 2 of the report, the bulk of these funds apparently was used to fund supplemental contracts for school district certificated staff.<sup>3</sup>

Extensive OSPI data available back to 1988-89 school year

...

... but does not include information on specific contract activity

## Study Approach and Methodology

### Statewide Data Collected by OSPI

The OSPI has required school districts to provide extensive information on supplemental contracts since the 1988-89 school year. The information includes the base salary for each certificated staff, total supplemental contract amounts awarded each individual for both certificated and classified duties, and total district and statewide spending for supplemental contracts.

With the assistance of Legislative Evaluation and Accountability Program (LEAP) staff, we used the OSPI information to calculate: the average salaries of certificated staff, the average supplemental contracts statewide and per school district, and the total spending on supplemental contracts statewide. We also used this information to determine: the frequency of contracts (i.e., the percentage of teachers holding at least one supplemental contract), supplemental contract spending patterns by staff type (instructional or administrative), size of district, and geographic location.

### Data on Nature of Work Performed

As the OSPI data does not contain information on the nature of the contracts, we conducted a survey of a stratified random sample of school districts with balanced representation of school districts of various sizes. This sample included 72 of the state’s 296 school districts, with each strata determined by the number of certificated instructional staff in each school district.

<sup>3</sup> OSPI is required to develop an annual report on how the student learning improvement block grant moneys were spent and what results were achieved as part of the Annual School Performance Report required by RCW 28A.320.205.

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# SUPPLEMENTAL CONTRACT SPENDING

## Chapter Two

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**O** SPI data provided by LEAP shows that statewide supplemental contract spending for certificated staff rose from \$79 million to \$198 million between the 1988-89 and 1995-96 school years. During this time period, average supplemental contract income per certificated FTE increased from \$1,705 to \$3,529, and as a percentage of total average compensation, it rose from 5 to 8 percent. The impact of the Student Learning Improvement Grants (SLIGs) on supplemental contract spending can be seen in the 1994-95 school year (the first year of their implementation), when expenditures rose 25 percent. If spending is adjusted for inflation and the SLIG funds are subtracted, expenditures rose from \$79 million to \$137.6 million, with average supplemental income rising from \$1,705 to \$2,478.<sup>1</sup> Differences in supplemental contract income were found between *instructional* and *administrative* staff, and among district sizes and geographic locations.

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## Overview

### INTRODUCTION

As previously noted, certificated instructional staff may receive salaries and benefits beyond the limits of the staff mix formula only by a separate supplemental contract. The services must be for “additional time, responsibilities, or incentives,” and by law cannot be used for the purpose of basic education. Funding sources for supplemental contracts can range from local property tax levies to state and federal grant revenue.

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<sup>1</sup> This figure reflects the amount of SLIG funding spent on certificated staff salaries and benefits in school year *1994-95*, as reported in OSPI's 1995 report to the legislature on SLIG activity. Final 1995-96 SLIG data is not yet available, however supplemental contract expenditures for 1995-96 rose 1.3 percent over the previous year, and when adjusted for inflation, they declined by 0.8 percent.



This chapter includes an analysis of statewide supplemental contract expenditures and spending patterns, beginning with the 1988-89 school year (the year OSPI first began requiring extensive cost data on supplemental contracts) and continuing through the 1995-96 school year. As specified in the study mandate, our analysis includes all certificated staff (both instructional and administrative) in all state education programs.

## FINDINGS/DISCUSSION

### Total Statewide Supplemental Contract Spending

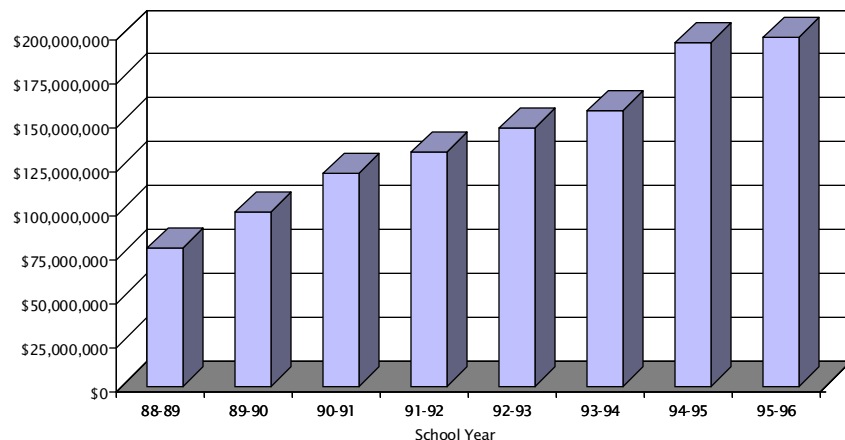
Supplemental contract spending is rising. . .

. . . and 90% of certificated staff have at least one contract

Statewide OSPI data provided by LEAP shows that total supplemental contract spending for all certificated staff in all educational programs increased from nearly \$79 million to \$198 million between the 1988-89 and 1995-96 school years--an increase of 150 percent. When adjusted for inflation, spending rose 100 percent, from \$79 to \$158 million. Exhibit 1 shows the pattern of total supplemental contract expenditures since school year 1988-89 (the year OSPI first required the reporting of extensive cost data on supplemental contracts).

The majority of certificated staff in the state have supplemental contracts, with 90 percent holding at least one during the 1995-96 school year. Among these, 93 percent of *instructional* staff (consisting predominantly of teachers), and 37 percent of *administrative* staff (includes superintendents and principals) held at least one supplemental contract.

**Exhibit 1**  
**Total Statewide Supplemental Contract Spending**  
**School Years 1988-89 through 1995-96**



## Impact of SLIG Funding

The impact of the SLIG funding on supplemental contract spending can be seen during the first year of their implementation—school year 1994-95. As shown in Exhibit 1, 1994-95 supplemental contract expenditures increased \$38.6 million over 1993-94. This 25 percent spending increase would appear to reflect the impact of the \$39.9 million in SLIGs made available to school districts for the 1994-95 school year.

SLIG funding for the 1995-96 school year dropped to \$33 million, so we would not expect to see a substantial increase in supplemental contract expenditures such as appeared the previous year.

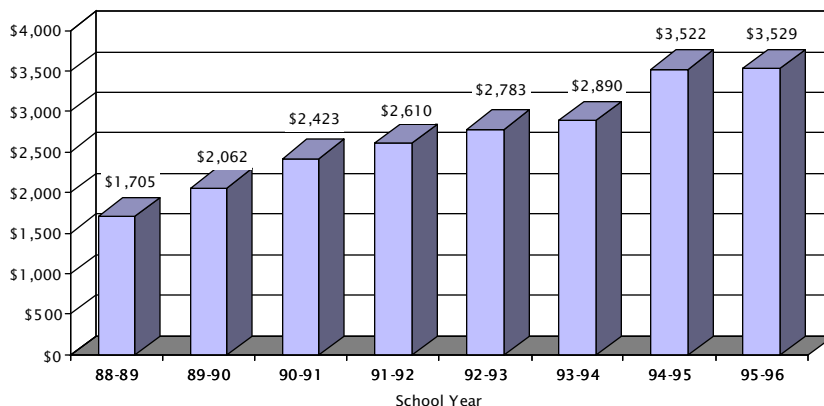
If total spending over the last eight school years is adjusted for the impact of the SLIG funding as well as for inflation, the expenditure increase would be 74 percent, rising from \$79 to \$137.6 million.<sup>2</sup>

**Expenditures significantly increase with SLIG availability**

## Statewide Compensation: Average Salaries and Average Supplemental Contract Income

Exhibit 2 shows that average supplemental contract income for certificated staff increased from \$1,705 in school year 1988-89 to \$3,529 in school year 1995-96. This rise constitutes an increase from 5 to 8 percent of total average compensation.

**Exhibit 2  
Average Supplemental Contract Income  
for Certificated Staff  
School Years 1988-89 through 1995-96**



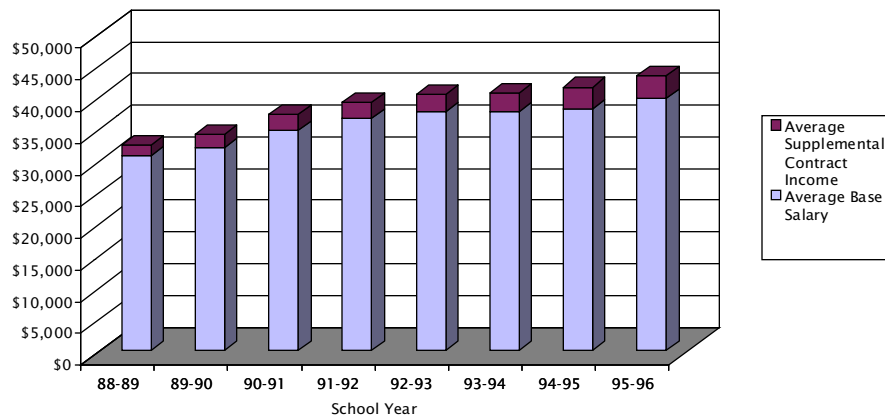
<sup>2</sup> Please see footnote 1 for an explanation of this data.

**Average supplemental contract income grew as percentage of total average compensation**

When adjusted for inflation, average supplemental contract income increased from \$1,705 to \$2,809 over the last eight school years. If further adjusted to reflect the impact of the SLIG funding, average income rose from \$1,705 to \$2,478,<sup>3</sup> an increase of 45 percent, and rose from five to seven percent of total average compensation.

As illustrated in Exhibit 3, total average compensation for all certificated staff increased from \$32,463 in school year 1988-89 to \$43,431 in school year 1995-96. During this same time period, the average base salary for all certificated staff rose from \$30,758 to \$39,902. Due to the increase in average supplemental contract income, the ratio of base salary to total compensation declined slightly.

**Exhibit 3  
Total Average Compensation for Certificated Staff  
School Years 1988-89 through 1995-96**



Total average compensation varied between certificated *instructional* and *administrative* staff. For 1995-96, average compensation for *instructional* staff was \$38,170, while for *administrative* staff it was \$65,705.

In the 1995-96 school year, average supplemental contract income for all certificated staff varied considerably among districts, ranging from 0 to over \$7,000. A few smaller districts issued no supplemental contracts, however these had less than four FTE.

<sup>3</sup> Please see footnote 1 for an explanation of this data.

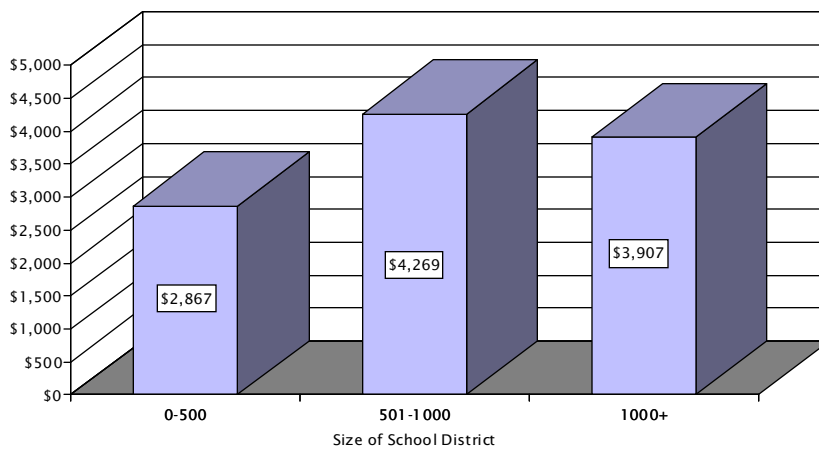
## Supplemental Contract Spending by Staff Type

Supplemental contract income for certificated *instructional* staff tended to be higher than that for certificated *administrative* staff. In the 1995-96 school year, the average supplemental contract income for *instructional* staff was \$3,593, as compared to \$2,608 for administrative staff.

## Spending Differences by Size of District and Geographic Area

An analysis of expenditures by district showed that average supplemental contract spending varied by district size. As shown in Exhibit 4, in the 1995-96 school year, school districts with over 1,000 FTE certificated staff paid an average of \$3,907; districts with between 501 and 1,000 FTE certificated staff paid an average of \$4,269; and districts with under 500 FTE certificated staff paid an average of \$2,867.

**Exhibit 4**  
**Average Supplemental Contract Income**  
**by District Size, 1995-96 School Year**




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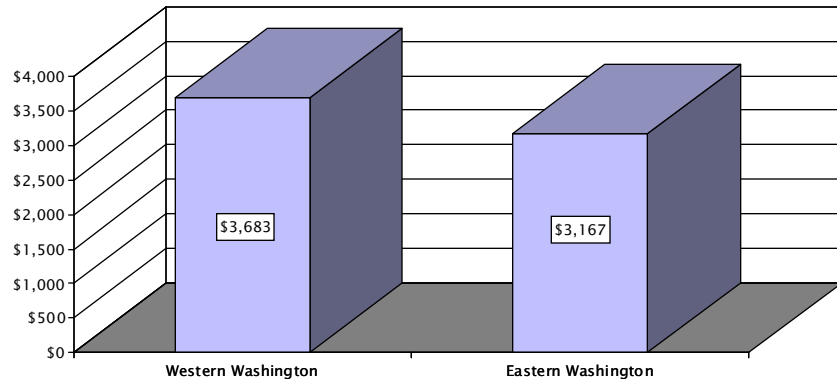
Average contract income varied by district size

...

Supplemental contract spending also varied according to the geographic location of the school districts. As is shown in Exhibit 5, average 1995-96 school year expenditures for districts in western Washington were higher than those in eastern Washington.

**Exhibit 5**  
**Average Supplemental Contract Amount by Region**  
**1995-96 School Year**

... and geographic location



**Major Sources of Funding for Supplemental Contracts Will Terminate**

**SLIG funding and levy lid increase scheduled to expire in 1997**

During 1997, two of the major sources of funding for supplemental contracts will terminate (if not continued by the legislature). Current appropriations for SLIGs will expire on June 30, 1997, with the end of the 1995/97 fiscal biennium. Also at the end of calendar year 1997, the 4 percent increase in the school districts levy lid will expire. The expiration of SLIGs could result in a decrease of approximately \$33 million a year available for contracts. SPI staff estimate that the end of the temporary increase in the levy lid would decrease school district levy authority by \$176 million a year and \$91 million in actual revenues.

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# NATURE OF WORK PERFORMED UNDER SUPPLEMENTAL CONTRACTS

## Chapter Three

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**T**he nature of the work performed under supplemental contracts varied by district in our sample. In aggregate, however, school district dollars allocated for unspecified TRI contracts were by far the largest category, comprising 42 percent of total expenditures. The next largest category, was coaching with 18 percent of supplemental contracts. Relative spending by activity category for school year 1995-96 school year was only marginally different than relative categorical spending for the 1991-92 school year identified in the LBC 1993 report on supplemental contracts.

### INTRODUCTION

As discussed in the background section of the report, the legislature has had a continuing interest in the nature of the work performed by school district staff pursuant to supplemental contracts. However, the statewide data collected by OSPI did not specifically identify the types of activities for which school district staff were paid under supplemental contracts.

In order to answer this question, we conducted a survey of a stratified random sample of the contracts awarded to 790 certificated staff in 72 school districts. We requested from the selected districts copies of all supplemental contracts for the sample staff, and any written documentation indicating fulfillment of the terms of the contracts. Sixty-two of the 72 school districts in our sample responded.

To aggregate and consistently compare the varied nature of the sample districts' supplemental contracts, the study team categorized the contracts into the following eight general areas: *Inservice*,

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### Summary

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### Sample contracts categorized by type of activity

*Supplementary or Extra Curricular, Coaching Athletics, Supervisory, Classroom Overload, Extra Time, Unspecified TRI, Other (see Appendix III for definitions of each category).*

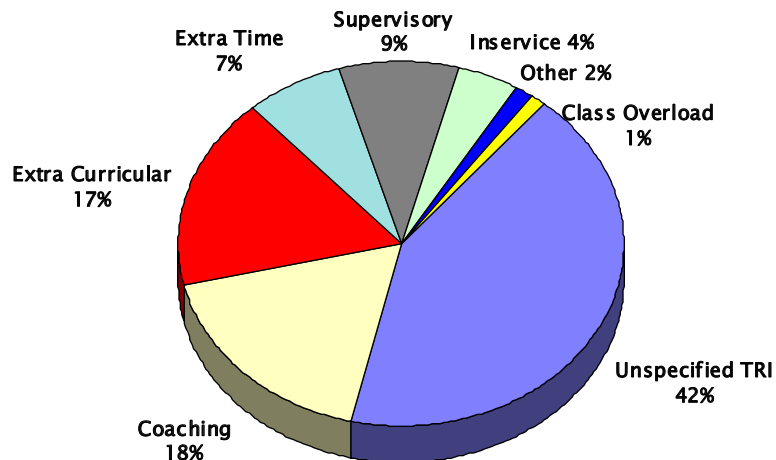
## FINDINGS/DISCUSSION

### Nature of the Work

The nature of the work performed under supplemental contracts varied greatly by district. In the aggregate, however, dollars allocated for “unspecified additional time, responsibilities, or incentives” (TRI) contracts<sup>1</sup> were by far the largest category, comprising 42 percent of total expenditures. The next largest category was coaching with 18 percent of supplemental contract payments. A categorical breakout by percent of spending is shown below in Exhibit 6.

42% of contracts for "unspecified TRI" activity

**Exhibit 6**  
**Categories of Contract Expenditures**  
**JLARC Sample, 1995-96 School Year**



<sup>1</sup> We refer to these as “unspecified TRI” contracts because of the lack of specificity in the contracts of the particular duties required to fulfill the contract terms. Some school districts call these “unspecified TRI” contracts simply “TRI” contracts. We chose not to use this term since *any* supplemental contract, regardless of whether it designates specific duties to be completed, may only be issued for duties requiring additional time, responsibilities, or incentives (RCW 28A.400.200).

Relative spending by category for school year 1995-96 was only marginally different than relative categorical spending for the 1991-92 school year identified in the committee's 1993 study.

The decentralized nature of the state school system is partially responsible for the wide variety of activities covered by supplemental contracts. This multiplicity of definitions presented a challenge in categorizing these activities into the eight general areas we used in this study.

### Pay Rate for Supplemental Contracts

We found that certificated staff are paid at a variety of different rates under supplemental contracts. Most school districts reported that they pay their teachers at a per diem rate<sup>2</sup> for additional days. However, assignment-based activities such as coaching are usually paid at a fixed contract cost or as a percentage over and above base contract. Extracurricular activities are sometimes paid at a per diem rate or at a reduced daily or hourly rate. Rates of pay for similar activities were consistent throughout the sample.

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Spending patterns are similar to 1993 LBC study findings

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Variation in activities and pay rates partially due to local control

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<sup>2</sup> Per diem rate is computed by dividing base salary by the number of days in the school contract year (e.g., 180 days).



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# USE OF CONTRACTS FOR PERFORMANCE ASSESSMENT TRAINING

## Chapter Four

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**J**LARC was asked to determine the extent that supplemental contracts fund staff training on the performance assessment elements of education reform.<sup>1</sup> In aggregate, school districts responding to the study survey indicated that certificated staff were paid for their time through supplemental contracts in 76 percent of the instances that they attended performance assessment training sessions. In other instances staff attended training either during normal school hours or on their own time. School districts also reported that less than half (46 percent) of these payments to attend training were funded through SLIGs. For the most part, school districts were unable to provide us with usable cost information on their performance assessment training because they did not know they were expected to consistently collect and report this information.

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## Overview

### INTRODUCTION

As noted earlier, the 1996 Legislature directed the committee to analyze the extent to which supplemental contracts were used to provide training consistent with the skills needed to implement the performance assessment system established by statute, as part of legislative education reform initiatives.

We also attempted to ascertain what other training was provided to school teachers—other than through supplemental contracts for “performance assessment training.” By doing so, we hoped to get a better picture of total training activities. In order to address this

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<sup>1</sup> Per RCW 28A.630.885, performance assessment training is used to provide staff with training on the skills that will be needed to implement the statewide academic assessment system.

issue, we requested specific information from the districts on: staff training attended, costs involved (including payments to certificated staff), and whether SLIGs were the funding source.

## FINDINGS/DISCUSSION

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**Contracts pay for 76% of staff attendance at performance assessment training**

### Performance Assessment Training Attendance Paid for by Supplemental Contracts

In aggregate, school districts responding to the study survey indicated that certificated staff were paid for their time through supplemental contracts in 76 percent of the instances where they attended performance assessment training sessions. In other cases staff attended training either during normal school hours or on their own time. School districts also reported that less than half (46 percent) of the attendance at these training session was funded through SLIGs.

Forty-eight school districts provided information on training related to implementing education reform during school years 1994-95 and 1995-96. The 16 districts who did not respond to this part of the survey indicated that, because of individual site-based management approaches, they do not track this information on a centralized basis and that it would be too difficult for them to collect in a timely manner.

### School Districts Unable to Provide Good Cost Data

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**Performance assessment training costs not tracked by districts**

For the most part, school districts were unable to provide us with usable cost information on their performance assessment training. Largely due to the decentralized nature of district operations, management informed us that while overall training costs may be tracked at the district level, specific information on training sessions and staff attendance is managed at the individual building level. In order to provide us with cost data, districts attempted to survey the school buildings, and in some cases individual staff members; however, the responses were inconsistent, and for the most part unusable for our purposes.

School district staff specified that they need to be given adequate advance notice of legislative data requirements in order to initiate the appropriate processes to collect the desired information in an accurate, consistent, and timely manner. The information we requested would have been more readily available had the districts known it would be required by the legislature.

The study team concludes that if the legislature desires timely and accurate data on activities related to educational reform, it should identify those data requirements in advance.

***Recommendation 1***

***If the legislature desires timely and accurate expenditure data on education reform training, it should identify those data requirements in advance, so that the Office of the Superintendent of Public Instruction can establish a process for districts to report such data.***

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**Advance  
notice needed  
if legislature  
requires  
future data  
on education  
reform  
training  
expenditures**

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# OTHER ISSUES

## Chapter Five

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**D**uring our initial review of the survey responses, we found that districts do not appear to have a clear and consistent understanding of the definition of supplemental contracts.<sup>1</sup> This is apparently due to evolving changes in the interpretation of the reporting requirements for supplemental contracts by school districts. Additionally, documentation practices varied widely. Some districts maintain extensive time-keeping records to verify contract performance and also require supervisory certification of these records. Other districts currently require little or no documentation of contract fulfillment. In these latter instances, school districts do not appear to be in compliance with documentation guidelines promulgated by the State Auditor. However, the Office of the State Auditor does not consider this to be a high-risk area warranting greater emphasis during the course of their audits.

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## Overview

### INTRODUCTION

The previous 1993 LBC report<sup>2</sup> on supplemental contracts raised several issues regarding the administration of supplemental contracts by school districts (e.g., whether contracting practices meet statutory requirements and documentation requirements of the State Auditor's Office). During the course of this study we again encountered these and other issues involving the granting and administration of supplemental contacts by school districts.

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<sup>1</sup> Because of the lack of consistency in district responses, the study team conducted follow-up interviews with representatives of the vast majority of school districts to obtain comparable information.

<sup>2</sup> Legislative Budget Committee Report 93-3, *K-12 Supplemental Contracts*.

## FINDINGS/DISCUSSION

### School District Policies for Supplemental Contracts

We asked school districts for copies of their “policy” regarding the granting and fulfillment of supplemental contracts. All districts in our sample included language in their collective bargaining agreements regarding supplemental contracts. Extra time available to certificated staff was described in a number of ways including: additional days, optional days, inservice, district days and even “mandatory optional” days. A few districts did have separate policy statements related to granting contracts.

### Documentation of Work Performed under Supplemental Contracts

We also asked school districts for copies of the documentation required from staff for work performed under the contracts.<sup>3</sup> Documentation for contracts varied widely. In some school districts, separate contracts are not issued for TRI services, while in others separate contracts are issued but little other documentation is required. For example, some school districts required as little as a signed form by the teacher that services had been performed. In these instances, school districts do not appear to be in compliance with the documentation guidelines promulgated by the State Auditor (see below). On the other hand, some districts required signed time sheets, certified by a supervisor, for each hour and day that pay was being claimed.

In follow-up discussions with the school districts, the study team found that the wide variance in documentation practices appears to be somewhat related to the lack of a clear and consistent understanding of what constitutes a “supplemental contract.” Although district staff were well aware of the financial *reporting* requirements for extra earned income, they were less clear on the requirements for supplemental contract *documentation*.

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Documenta-  
tion  
practices  
vary widely

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Inconsistent  
understanding  
of "supple-  
mental  
contract"  
definition

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<sup>3</sup> While this study was not intended to review compliance with State Auditor guidelines, we did make a general assessment of the types of documentation used by school districts to verify fulfillment of contract terms.

## Office of the State Auditor's Actions

In 1989, the State Auditor requested an opinion from the Attorney General on the legality of certain supplemental contracts and whether school districts must document the fulfillment of the terms of supplemental contracts. In response to the question of documentation requirements, the Attorney General opined that school districts must retain documentation for payments made by supplemental contracts, with the nature of the documentation to be determined by the State Auditor.

The State Auditor promulgated written guidelines in early 1995 for documentation of payments under supplemental contracts and provided school districts with sample forms for documentation purposes.<sup>4</sup> The Office of the State Auditor informs us that under the 1995 guidelines, they have not yet made any audit findings or issued management letters regarding documentation issues. This area is not deemed high-risk by the SAO, therefore they do not place much emphasis on it during the course of their audits.

## Contracts for Basic Education Services

As discussed in the LBC 1993 K-12 Supplemental Contracts Report, many of the services and activities covered under these contracts could be viewed as being integral to the provision of basic education services by the school districts. Based on our review of the contracts submitted to us, the comments in the previous committee report would still be germane. Again, as stated in the 1993 LBC report, "since there is no specific definition of activities which are covered under the umbrella of basic education, this issue is still problematic."

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Definition  
of basic  
education  
activities  
remains  
unclear

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<sup>4</sup> SAO BULLETIN #315, dated February 28, 1995: "Supplemental Contract Payments to Employees." Bulletin defines "Time," "Responsibilities," and "Incentives" and suggests appropriate documentation practices for these categories of supplemental contract. The bulletin also provides sample formats for: collective bargaining agreements, employee contracts, and verification of time worked forms.

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# SCOPE AND OBJECTIVES

## Appendix 1

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### *SCOPE*

The scope of this legislatively mandated study encompasses an analysis of the nature and extent of supplemental contracts received by K-12 certificated staff under the provisions of RCW 28A.400.200. It will emphasize contracts whose purpose it is to prepare teachers for implementation of the state's performance assessment system established pursuant to RCW 28A.630.885.

### *OBJECTIVES*

1. To analyze the amount and extent of supplemental contract utilization by K-12 certificated staff on a district, regional, and state-wide basis (for school years 1988/89 through 1995/96).
2. To identify the nature and extent of the supplemental contract work performed by K-12 certificated staff for school years 1994/95 and 1995/96.
3. To examine the differences in school districts' practices of awarding and documenting supplemental contracts.
4. To assess the extent to which supplemental contracts or other means were used during school years 1994/95 and 1995/96 to provide training to K-12 certificated staff consistent with the skills needed to implement the performance measurement system established pursuant to RCW 28A.630.885 (Commission on Student Learning).

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# AGENCY RESPONSE

## Appendix 2

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- Office of Financial Management

**Note:** The Office of the Superintendent of Public Instruction was given an opportunity to comment on the report although the report's only recommendation was made to the legislature. The agency chose not to provide a response.





STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 753-5459

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JAN 06 1997

JLARC

December 31, 1996

Cheryle A. Broom, Legislative Auditor  
Joint Legislative Audit and Review Committee  
Post Office Box 40910  
Olympia, Washington 98504-0910

Dear Ms. Broom:

Thank you for providing the Office of Financial Management (OFM) the opportunity to review the preliminary report on K-12 Supplemental Contracts.

The information presented in the report will assist OFM in addressing questions about supplemental contracts.

In the past OFM has used Report S-275 of the Office of the Superintendent of Public Instruction to gather data on supplemental contracts. As consideration is given to the collection of further information on supplemental contracts, OFM recommends that the quality and completeness of the data in Report S-275 also been examined.

If you should have any questions about this recommendation, please contact Allen Jones of OFM at (360) 902-0577.

Sincerely,

Gary S. Robinson  
Acting Director

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# CATEGORIES OF CONTRACTS

## Appendix 3

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To aggregate and consistently compare the varied nature of the sample districts' supplemental contracts, the study team categorized the contracts into the following eight general areas:

- Inservice: attending inservice training or educational activities.
- Supplementary or extra curricular: requiring regular meetings and extra time with more than one student, frequently outside the standard school day. Examples are extra curricular activities such as yearbook supervisor, club leaders or class representatives, as well as summer school and other extended days.
- Coaching athletics.
- Supervisory: including counseling duties, administrative duties, responsibilities as a department head or mentor teacher.
- Classroom Overload: additional pay for having more students than allowed under the bargaining agreement.
- Extra Time: specific duties requiring extra time which do not require regular meetings with more than one student, such as tutoring, special curriculum planning, Saturday school, or one-time special activities.
- Unspecified TRI : extra time or additional days for duties not directly specified in the supplemental contract language, but which are specified in the district collective bargaining agreements. Contracts for unspecified time, responsibilities or incentives, and extra days issued across the board for unspecified activities, are classified by some districts as TRI contracts. However, many of the contracts we categorized as TRI contracts were not specifically called TRI contracts by the school districts.
- Other: miscellaneous activities including contracts for longevity pay, sick leave buybacks, and additional educational credentials.