

# PUBLIC TESTIMONY SUMMARY

## I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

### K-12 Education Spending (June 6, 2012)

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As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits  
on June 20, 2012

*The performance audit being discussed at this hearing was conducted solely and independently by the office of the State Auditor, under the authority of legislation approved by the voters in Initiative 900. The State Auditor is elected directly by the people of the State of Washington and operates independently of the Legislature and the Joint Legislative Audit & Review Committee. Staff to the Joint Legislative Audit & Review Committee prepare a summary of public testimony on State Auditor reports. These summaries are for informational purposes only, and do not serve as an assessment by committee staff of the findings and recommendations issued by the State Auditor nor do they reflect a staff opinion on legislative intent.*

#### **Title: K-12 Education Spending**

#### **Audit Scope and Objectives:**

SAO reports that its audit analyzed education expenditures by answering the following questions:

1. What percentage of Washington's educational dollars is spent on classroom instruction, and how does it compare with other states?
2. How do expenditures at individual school districts compare with their peers in Washington?
3. What cost-containment practices are efficient school districts using to hold down non-instructional costs that other districts could adopt?

SAO indicates it compared Washington's expenditures with other states using the U.S. Department of Education's National Center for Education Statistics data from 2009, the most recent national expenditure data available. SAO reports that it used data from the Washington Office of Superintendent of Public Instruction (OSPI) from school years 2009 through 2011 to make comparisons between Washington school districts. SAO further reports that it used statistical analysis to organize school districts into 37 peer groups with similar characteristics to make the in-state comparisons more meaningful.

#### **SAO Findings:**

Issue 1: Washington school districts spend about the same percentage of dollars on classroom instruction as their counterparts in other states, but have room for improvement.

Issue 2: School district spending patterns vary significantly, even among similar districts.

Issue 3: Districts have opportunities for controlling costs outside the classroom.

**SAO Recommendations:**

1. School districts should evaluate non-instructional spending by comparing themselves to their peers and look for additional opportunities to free up more money for the classroom.
2. OSPI should change the way it reports on the percentage of education dollars Washington school districts spend on “teaching” in its annual Report Card.
3. OSPI should maintain the database SAO prepared to create district profiles.

**Agency Responses in Audit Report?**

Yes, there is a response from OSPI on page 32.

**Legislative Action Requested?**

No.

**Agencies Testifying:**

Office of Superintendent of Public Instruction (Ken Kanikeberg, Chief of Staff)

**Summary of Testimony from Audited Agencies:**

We thank the State Auditor’s staff for the work that they did. Our response to the audit is contained in a letter from the Superintendent. OSPI does collect data, which is reported in a number of different ways. The definition OSPI uses to identify “teaching” expenditures in its Report Card is broader than that used by the National Center for Education Statistics; OSPI’s definition includes teaching support services. OSPI may add a line in its Report Card to clarify that the expenditures reported include the teaching support services. With regard to OSPI’s maintaining and updating the SAO database in the future, we will take SAO’s request to our data management group and assess whether investing in this activity should take priority over investing in something else.

**Other Parties Testifying:**

Liv Finne, Director for Education, Washington Policy Center

**Summary of Testimony from Other Parties:**

We are impressed with the professionalism and high quality of the SAO report. The Auditor’s Office is doing what it was intended to do under Initiative 900. As an independent think tank, we use the Auditor’s findings all the time as a reliable source to report on what the government is doing on our behalf. We encourage lawmakers to use this report to improve the way we allocate funds to schools. The Washington Policy Center is responding to this report by recommending that the state, rather than funding staffing ratios to provide funds to schools, instead create a direct student grant to move resources to the classroom. There are a number of states that are using what is called “student-centered finance” to move control of spending to school principals and teachers, which is delivering more resources to the classroom and having direct benefits on student learning. The Center will be coming out with a more detailed report describing our proposal. The State Auditor did a fantastic job on this report, which will help move along the discussion on state funding of education.