



Office of Superintendent of Public Instruction
K-12 Financial Resources

Update of Education Finance Reform Bill

November 2, 2009

Core 24 Implementation Task Force

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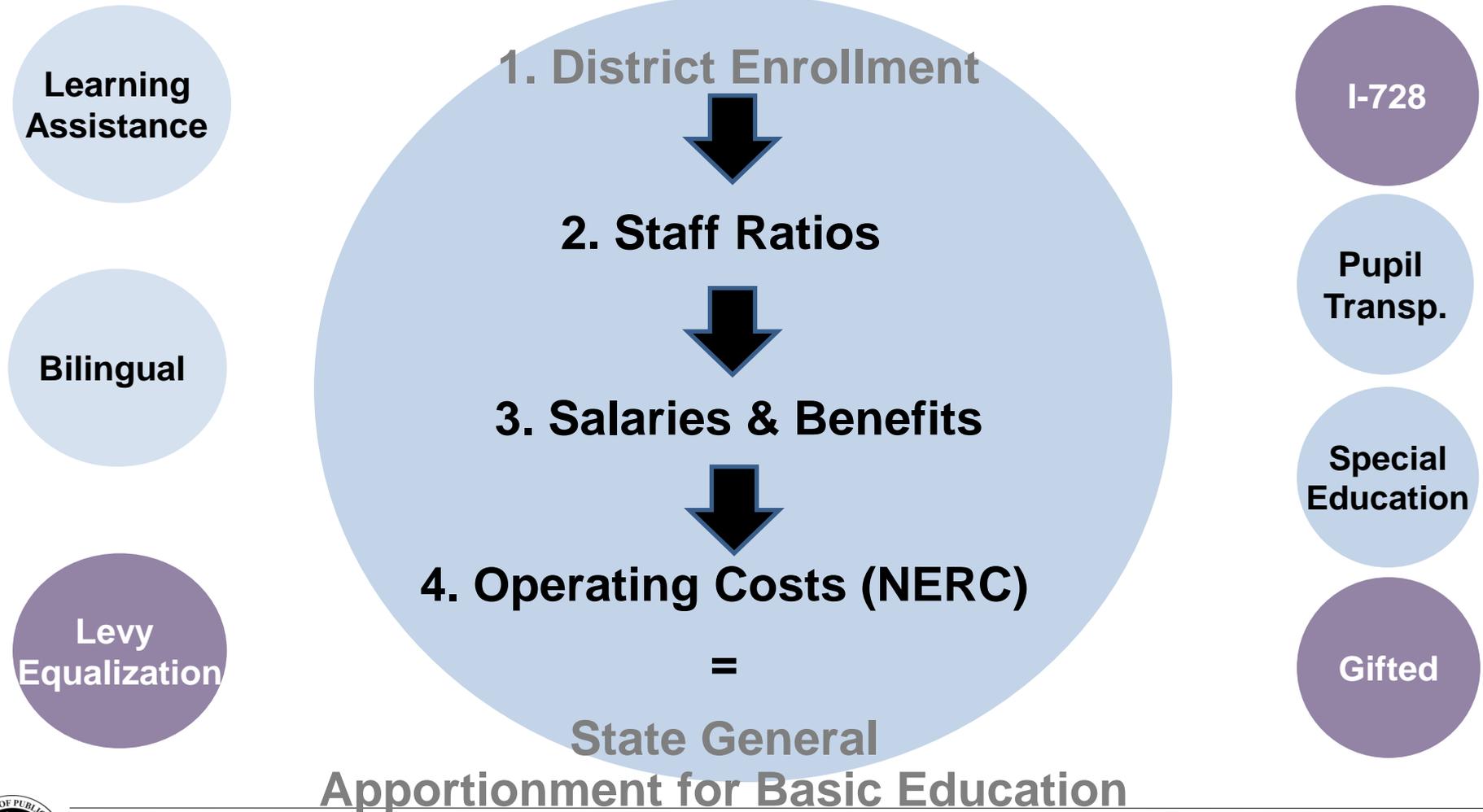
Agenda

- **Background and Dynamics of the Crisis**
 - Staffing
 - Compensation
 - Operating Costs
- **Proposed Solution: ESHB 2261**
 - Educational Program Changes
 - Governance and Working Groups
- **Crosswalk Funding Values**
 - Funding Metrics and Assumptions
- **Proposed Ending Values**



BACKGROUND AND DYNAMICS OF THE CRISIS

Of \$6.5 Billion in State funds, \$4.6 Billion is driven through a single simple formula



Factors That Contribute to the Crisis

1. District Enrollment



2. Staff Ratios



3. Salaries & Benefits



4. Operating Costs (NERC)

=

State General

Apportionment for Basic Education

#2 Districts do not have enough staff to provide ample opportunity to all students and keep the district running

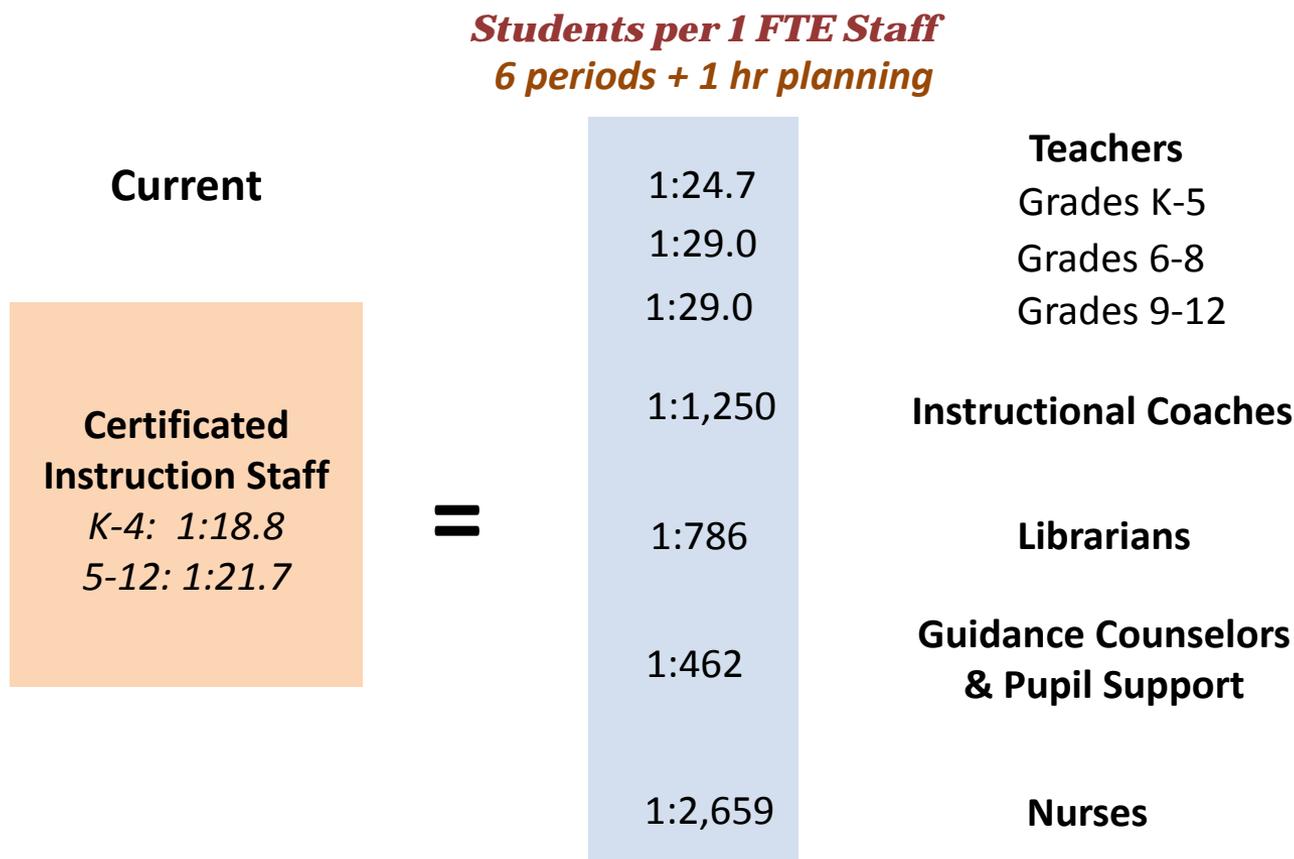
#3 Districts heavily subsidize compensation costs

#4 Districts heavily subsidize basic operating expenditures

→ Costs increase faster than state revenue and faster than local revenue

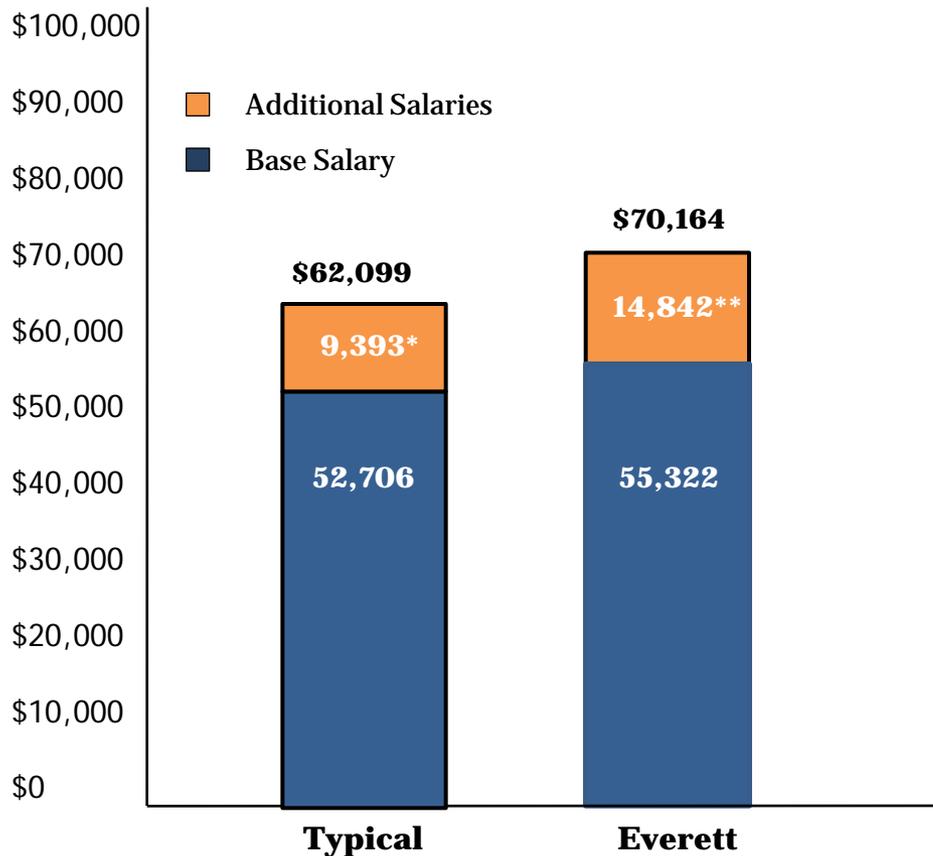


Factor #2 (Instruction): Districts Choose Between Lower Class Sizes and Student Support



Factor #3: Differences in Teacher Salary Impacts Morale and Retention

2008-09 Teacher Salaries
(average experience and education)



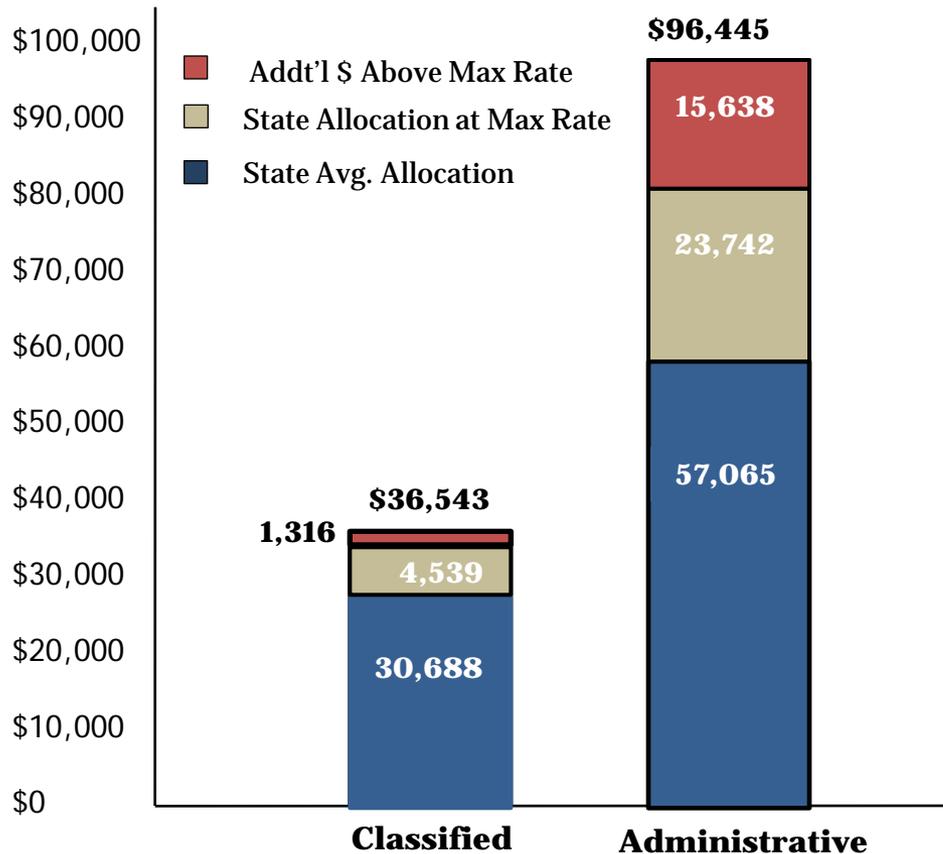
1. Base salary most districts
2. Base salary of Everett
- Equalizing will cost \$167 million and raise most teacher salaries by 5%
3. Additional (supplemental) salaries average nearly \$9,400 per teacher statewide

*2008-09 is projected from 2007-08
* *2007-08 reported; full-time teachers only, no outliers



Factor#3: Districts Must Subsidize Classified/Admin Salaries by \$366 Million

2007-08 Building Blocks of K-12 Staff Average Salaries

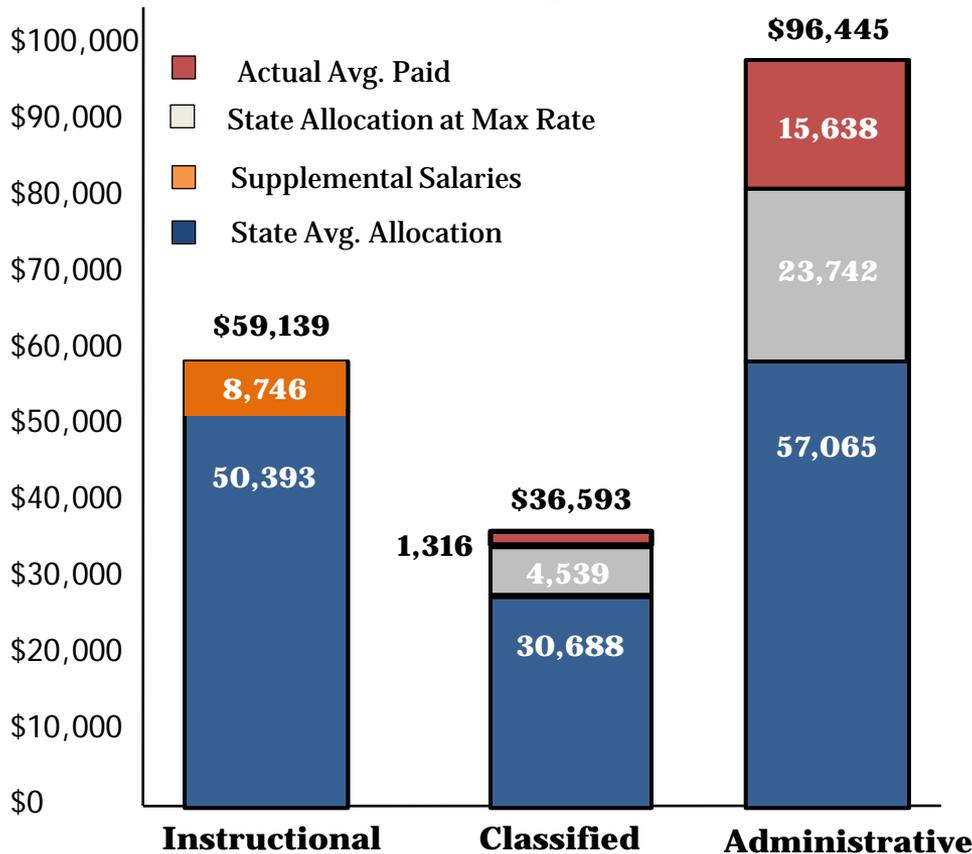


1. Average total salary
 2. State average allocation
 3. District allocations vary, first step is to equalize salary allocations (\$226 million state cost to equalize)
 4. After equalization, the state still must identify an appropriate method to address true costs districts experience (\$140 million difference between equalized allocations and district costs)
- **Districts must support the salary underfunding, and any associated pension costs and COLA**



Factor #3: Districts Cannot Afford COLAs

2007-08 Building Blocks of K-12 Staff Average Salaries



Local Funds COLA Effect (4.1% in 2009-10)

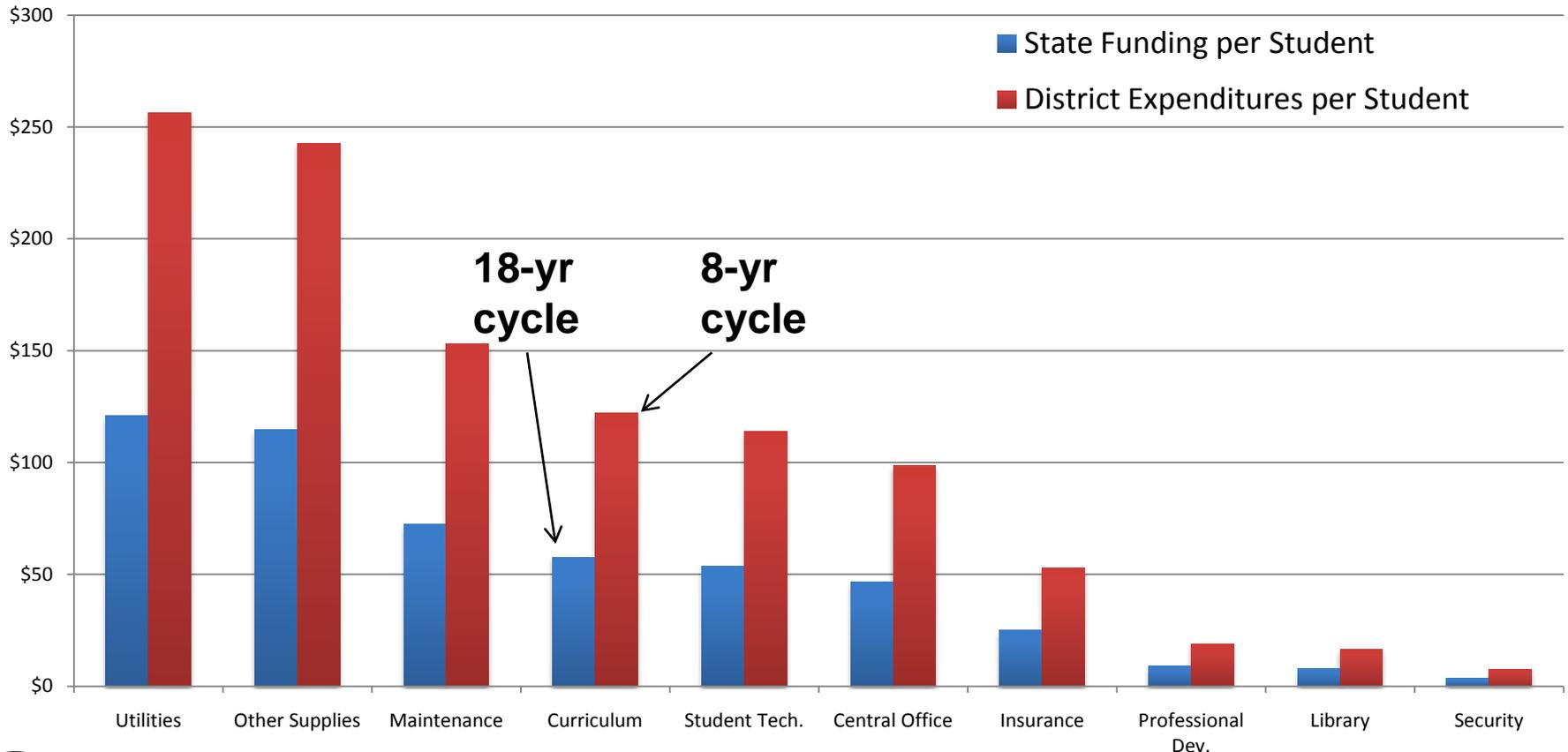
1. COLA on average salary paid for “local staff units” (**\$44 million**)
2. COLA on all supplemental salaries, all staff (**\$20 million**)
3. COLA on unequalized portion of Classified and Administrative salaries, all staff (**\$10 million**)
4. COLA on difference between the state maximum allocation and the salary districts actually pay, all staff (**\$5 million**)

\$79 million total



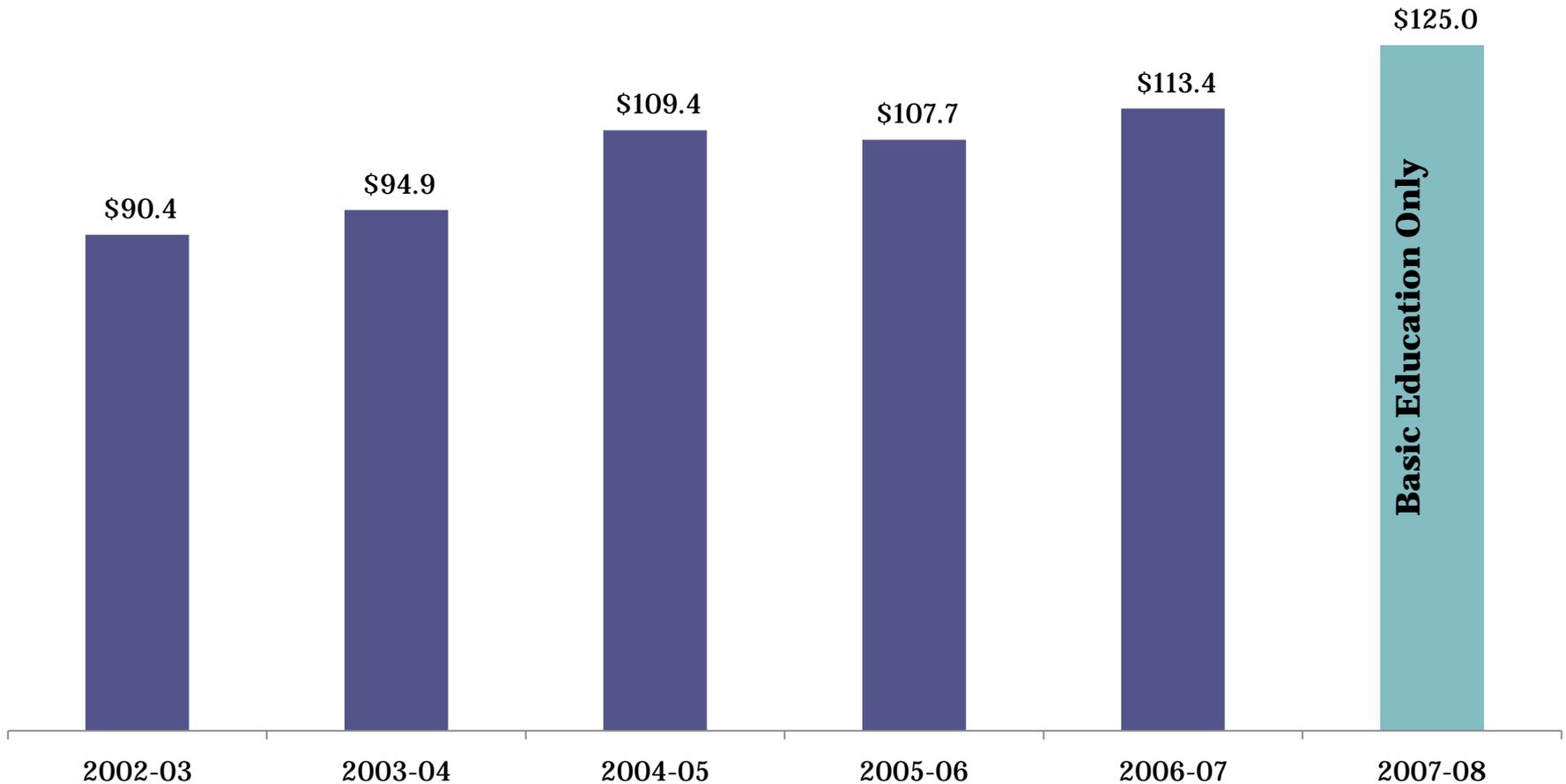
Factor #4: Districts Spent \$517 Million More on NERC Than the State Funds

Non-Employee Related Costs 2007-08 Funding vs. District Expenditures



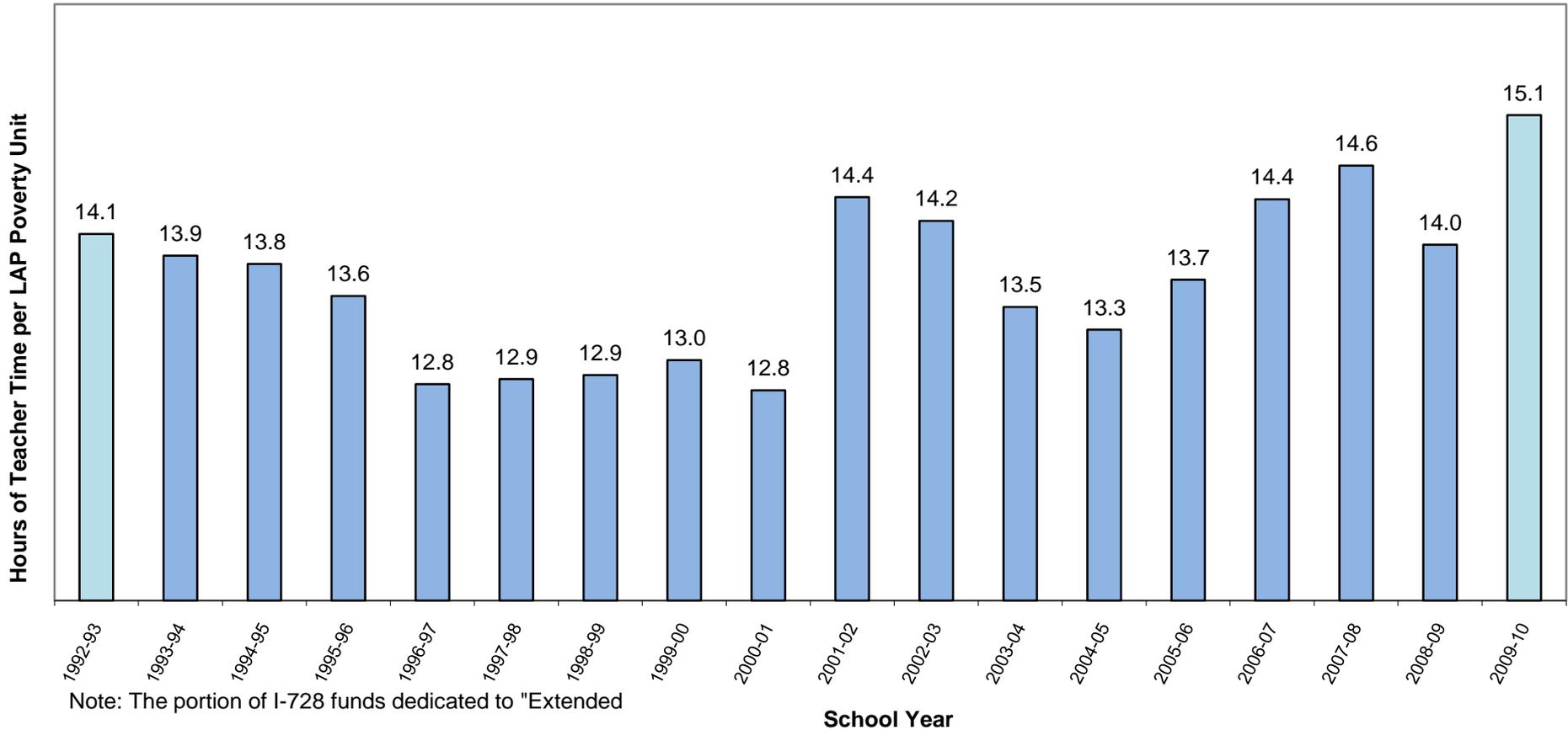
Transportation Costs Exceed State Revenue

Statewide (Expenditures minus Revenues) in Millions



Without Extra Title I from ARRA, 2009-10 Buying Power Would Be 12.3 Hours

Annual Hours of Instruction Purchaseable Per LAP Unit at 1 to 1 Ratio
(Includes LAP, Title I, ARRA Title I, I-728, & PAS funding)



PROPOSED SOLUTION

ESHB 2261 - State Education System

- Elements of an expanded “Program of Basic Education” and the funding to support it are phased-in and intended to be fully implemented by 2018
- This legislation includes the following:
 - Increased Instructional Hours
 - Enhanced High School Diploma requirements
 - New Transportation Funding Formula
 - All-Day Kindergarten added to basic education
 - New Finance Structure for Transparency
 - Governor vetoed:
 - the designation of Early Learning for disadvantaged students as basic education
 - Highly Capable safety net structure



Legislature and Governor

OSPI and/or OFM Work Groups

- Funding (12/01/09)
- Data Governance (12/01/10)
- Levy and Levy Equalization (12/01/11)
- Compensation (12/01/12)
- Early Learning

Professional Educator Standards Board

- Teacher Standards (01/01/10)

State Board of Education

- Accountability (12/01/09)
- Implementation of Core 24

Quality Education Council (QEC)

- State Superintendent
- Governor Appointee
- SBE Member
- PESB Member
- DEL Director
- Legislators (8)



Quality Education Council

- **Purpose:** To recommend & inform the ongoing implementation by the Legislature of an evolving program of basic education & financing.
- **In addition:**
 - Develop strategic recommendations that are then updated by QEC every 4 years
 - Identify measurable goals and priorities
 - Consider capacity of system to absorb additional resources (SPI is charged to conduct analysis)
- **Required Membership**
 - 8 Legislators (Split evenly by chamber and party)
 - Governor's Appointee
 - Chair of State Board of Education
 - Chair of Professional Educator Standards Board
 - Department of Early Learning Director
 - Superintendent of Public Instruction
- **Staffing**
 - OSPI and OFM staff QEC
 - Legislative and other agency staff help as needed



Quality Education Council Initial Deliverables

- Initial report to include recommendations on:
 - Resolving issues requiring legislative action (2010 session)
 - A statewide teacher mentoring & support system
 - An early learning program for at-risk children
 - An implementation schedule for concurrent phase-in of changes to Basic Education Program and the funding to support changes
 - Phase-in of new transportation formula (beginning no later than Sept. 1, 2013.)
- Report due January 1, 2010



Funding Formula Working Group

Background Information

- OFM convenes group
- OSPI assists and supports
- First meeting in late August
- Working group required to:
 - Develop the details of the funding formulas
 - Recommend an implementation schedule
 - Examine possible sources of revenue
- Report due December 1, 2009

Required Membership

- School District and ESD financial managers
- WASBO
- WEA
- WASA
- AWSP
- WSSDA
- PSE
- Stakeholders with expertise in education finance
- Legislative Evaluation & Accountability Program Com.



K-12 Data Governance Group

Background information

- **Purpose:**
 - To assist in the design & implementation of a data improvement system for financial, student & educator data
- **Working group required to:**
 - Focusing on financial & cost data to support new K-12 financial models & funding formulas
 - Conduct a gap analysis
 - Identify critical research & policy questions
- **Report due Nov. 15, 2009**

Membership

- OSPI convenes & staffs group
 - Education Research and Data Center
 - PESB
 - SBE
 - LEAP
 - 3 School Districts
 - CSTP
 - Center for School Effectiveness
 - University of Washington
 - WEA
 - WA Institute for Public Policy
 - Washington School Information Processing Cooperative



Levies and Equalization

- **Levy and Levy Equalization Working Group – Beginning July 2010** (convened by OFM with OSPI)
- **Purpose**: Develop a new system of supplemental school funding through local levies and levy equalization; recommend:
 - A phase-in to ensure no district suffers a decrease in funding from one school year to the next due to the new system of supplemental funding
- **Members**: Dept. of Revenue, LEAP, district financial managers, WASBO, WEA, WASA, AWSP, WSSDA PSE, and other interested stakeholders with expertise in education finance.
- **Report**: To the Legislature by December 1, 2011



Teacher Compensation

- **Compensation Working Group – Beginning July 1, 2011**
(convened by OFM)
- **Intent:** To begin the process of developing an enhanced salary allocation model that is collaboratively designed
- **Purpose:** Recommend the details of an enhanced salary allocation model that aligns educator development and certification with compensation, including:
 - A concurrent implementation schedule
 - How to reduce the number of tiers within the existing salary allocation model
 - How to account for regions of the state where it may be difficult to recruit & retain teachers
 - The role of and types of bonuses available
 - Ways to accomplish salary equalization over a set number of years
 - Cost estimates, including a recognition that staff on the existing salary allocation model would have the option to grandfather permanently to the existing schedule; and
 - Conduct a comparative labor market analysis of school employee salaries and other compensation



Compensation Working Group Cont.

- **Members:** Dept. of Personnel, PESB, OSPI, WEA, WASA, AWSP, WASA, WSSDA, PSE, and other interested stakeholders with appropriate expertise in compensation related matters
- **Reports:** To the Legislature by **December 1, 2012**, including whether additional work is necessary



What 2261 Does Not Do:

- Establish the Prototypical School Model values in statute
- Specify a new teacher compensation system
- Specify a new levy system (lid and/or equalization)
- Specify a new system for salary allocations
- Adopt an accountability system
- Specify the schedule of funding phase-in between now and 2018-19



CROSSWALK FUNDING VALUES

What is the Crosswalk?

- ESHB 2261 enacts a new funding formula 9/1/2011 without funding values
 - Funding formula values currently in RCW 28A.150.260 are repealed
- Whether for the budget construction or for statutory adoption:
 - *Must identify the method and result to distribute all current funding formulas into new staffing and operating costs (MSOC) funding structure in time for 2010 Legislature to adjust any formula structure in ESHB 2261*
 - *Without final formulas in 2010, OSPI cannot be ready for 9-1-11*



Funding Metric of ESHB 2261

Current Metric	New Metric
Certificated Instructional Staff per 1,000 students; Classified Staff per 1,000 students; Administrators per 1,000 students	Class size by grade (and by subject in high school); Staffing ratios by prototype model
Staffing ratios of above are specified in Basic Education Act	Staffing ratios for prototype are specified in the operating budget
NERC Allocation per Certificated Staff	Per Student allocation by category of NERC (student technology, student supplies)
Instructional hours per year; Instructional days per year	Instructional hours per year; Instructional days per year; Teacher course load assumption
\$ per Student for LAP, Bilingual, Highly Capable	Hours of additional instruction for eligible students



Goal: Cost Neutral Transfer of Old Funding Levels into the New Structure (DRAFT)

Current Law Funding (RCW 28A.150.260)	Elementary (400)	Middle (432)	High (600)
Class Size			
Class Size K-3	25.23		
Class Size 4-6; 7-8; 9-12	27.01	28.70	29.13
Other Staff per Prototypical School			
Principal (and Other School Administrators)	1.231	1.404	1.935
Teacher Librarians	.663	.519	.523
Guidance Counselors	.493	1.116	1.909
Nurses/Social Workers	.135	.068	.118
Professional Development Coaches	.00	.00	.00
Instructional Aides	1.26	.48	.68
School Office & Non-Instructional Aides	.798	.849	1.087
Custodians, Grounds Keepers, Maintenance	.534	.577	.801
Student and Staff Safety	.031	.033	.046
Districtwide Support			
Warehouse/Laborer	.024	.026	.036
Supervisors/Central Finance	.018	.019	.027
Certificated Administrators	.008	.007	.010
CTE Central Admin	.779 staff per 1,000		
Technology	.072	.078	.109



Certificated Instructional Staff: Core Teachers

- FFTWG Planning Time assumption
 - At secondary level based on 1 period per day out of 6
 - At elementary level based on typical school day
- K-3 (and K-4) is a classroom teacher enhancement

	Staff /1,000 28A.150.260	Actual Classroom Teachers per 1,000 Students	Students per Staff w/ No Planning Time	% Increase in Teachers to Cover Planning	Students per Staff w/ Planning Time	Funded Class Size
Elem (K-3)	49	45.58	21.94	15%	25.23	25.23
Elem (4-6)	46	42.58	23.49	15%	27.01	27.01
Middle (7-8)	46	41.81	23.92	20%	28.70	28.70
High (9-12)	46	41.19	24.28	20%	29.13	29.13
K-4	53.2 (budget not law)	49.78	20.09	15%	23.10	23.10



PROPOSED ENDING FUNDING VALUES

Background

- **Superintendent Dorn's proposed 2018 Values largely based on BEFTF**
 - Updates for better data or information
 - Funding Formula Technical Workgroup recommendations may require revisiting some of proposal
- **Also based on review of prior studies**
 - Washington Learns
 - Oregon Quality Education Model
 - National Recommendations



Class Size Proposed

1	2	3	4	5	6	7	8
2		Current Law		BEFTF		Dorn 9-29-09	
3		Non-high Poverty Schools	Poverty-Eligible Schools	Non-high Poverty Schools	>50% Free and Reduced Price Lunch	Non-high Poverty Schools	Poverty-Eligible Schools(1)
4	K-3 Class Size	25.23	NA	15	15	15	15
5	4-6 Class Size	27.01	NA	25	22	25	22
6	7-8 Class Size	28.70	NA	25	23	25	23
7	9-12 Standard Class Size	29.13	NA	25	22	25	23 (2)
8	MS or HS Exploratory Voc	23.83	NA	19	19	19	19
9	MS or HS Preparatory Voc / Skills Center	24.24/20.76	NA	16	16	16	16
10	Lab Science	29.13	NA	19	19	19	19
11	AP/IB	29.13	NA	19	19	19	19

[1] The FFTWG is defining an eligibility trigger; this proposal assumes a trigger aligned with the FFTWG recommendation once complete.

[2] Could not identify research that would indicate the High School class size should be lower than Middle School class size.



Student and Staff Schedule

1	2	3	4	5	6	7	8	9	10	11
2		Current Law			BEFTF			Dorn 9-29-09		
3		E	M	H	E	M	H	E	M	H
5	Instructional Blocks	NA			5	6	6	5	6	6
6	Teacher Course Load	NA			4	5	5	NA	5	5
7	Planning Time Expressed as %	NA			17%	17%	20%	15% (1)	20%	20%

[1] Based on initial feedback from FFTWG, but subject to final recommendations.



Cost of Proposed Class Size

- Assumes All-day Kindergarten is already implemented
- Value of I-728 would reduce cost
- Technical issues:
 - Headcount to FTE translation
 - Cost is overstated slightly b/c of grade 4

	Additional Teachers	Cost in Millions
Standard Schools	10,416	\$733.5
High Poverty Schools	1,253	\$88.2
Subtotal	11,669	\$821.7
Reduce CTE, Lab, AP/IB Class Size Further	1,944	\$140.4
Total	13,663	\$962.1



Educational Staff Support

- Principals and School Leadership
 - Teacher Librarians
 - Guidance Counselors
 - Nurses, Social Workers, and Other
 - Professional Development Coaching
 - Instructional Aides
1. Maintain leadership at current levels
 2. Return librarians to schools; keep libraries open
 3. Provide Guidance to prevent drop-out
 4. Increase health services in respond to extensive increases in requirements
 5. Coaches improve learning
 6. Include standard level of assistance via Instructional Aides



Educational Support

1	2	3	4	5	6	7	8	9	10	11
2		Current Law			BEFTF			Dorn 9-29-09		
3		E	M	H	E	M	H	E	M	H
4	Principals and other School Administration	.95	1.40	2.06	1.2	1.3	1.8	1.0	1.4	2.0
5	Teacher Librarians and Media Specialists	.66	.52	.52	1.0	1.0	1.0	1.0	1.0	1.0
6	Guidance Counselors and Parent Outreach	.49	1.12	1.89	0	1.0	1.5	.5	2.0	3.5
7	Student Health, Social Workers and Other	.14	.08	.32	1.0	1.0	1.0	1.0	1.0	1.0
8	Professional Development Coach	.08	.10	.16	.5	.5	.75	.5	.5	.75
9	Instructional Aides	1.26	.48	.68	0	0	0	2	1	1
10	Total	3.58	3.70	5.63	3.70	4.80	6.05	6.00	6.90	9.25
11	Increase over Current				3%	30%	7%	68%	86%	64%



Guidance Counselors

Guidance Counselor FTEs					
		Staff per 1,000 Students	Elementary (400)	Middle (432)	High (600)
1	QEC Recommendation		Pending	Pending	Pending
2	Dorn Proposal 9/29/09	3.9	0.5	2.0	3.5
3	Finance Task Force	1.6	0	1.0	1.5
4	Washington Learns	2.57	0	1.6	2.4
5	Basic Education Level (RCW 28A.150.260)	2.32	0.49	1.12	1.89
6	Oregon Quality Education Model	2.57	0	1.6	2.4
7	American School Counselor Association	4.0	1.6	1.6	2.4
8	Dorn Proposed Cost Over 2.32 per 1,000	\$82.1 million annually			



Professional Development Coaches

7. Professional Development Coach FTEs

		Staff per 1,000 Students	Elementary (400)	Middle (432)	High (600)	Notes
1	QEC Recommendation		Pending	Pending	Pending	
2	Dorn Proposal 9/29/09	1.22	0.5	0.5	0.75	
3	Finance Task Force	1.22	0.5	0.5	0.75	
4	Washington Learns	5.00	2.0	2.16	3.0	Staff also served as instructional technology trainers
5	Basic Education Level (RCW 28A.150.260)	0.23	0.08	0.10	0.16	
6	Oregon Quality Education Model	1.49	0.59	0.86	0.60	
7	Dorn Cost over .23 per 1,000 Students	\$68.7 million annually				



Learning Assistance Model

- Provide opportunity for students to learn state standards
- LAP increases have not kept up with inflation; roughly constant buying power with 1994
- Poverty driven formula; but use not restricted to income-eligible

Assistance for Struggling Students			
Extended-Day Tutoring Assistance	Additional Hours per Week	Size of Class	
Elementary School	2	5	
Middle School	2	5	
High School	2	5	
Extended Year (summer school)	Additional Hours per Week	Size of Class	Number of Weeks
Elementary School	10	10	4
Middle School	10	10	4
High School	10	10	4



Learning Assistance Program

Learning Assistance Program FTEs Allocated by the Formula Scheme of Each Funding Level (Costs Below Do Not Include Value of Instructional Materials Recommendations)

	Value of Program in 2008-09 \$	Elementary (400)	Middle (432)	High (600)	Notes
1 QEC Recommendation		Pending	Pending	Pending	
2 Dorn Proposal 9/29/09(*)	\$527.6 M	3.10	3.34	4.64	
3 Finance Task Force(*)	\$527.6 M	3.10	3.34	4.64	FTEs for extended day and summer school
4 Washington Learns	\$688.2 M	4.04	4.36	6.06	FTEs for extended day, summer school and tutors
5 Basic Education Level (RCW 28A.150.260)	\$123.7 M				I-728 and federal Title I funding is not included here
6 Oregon Quality Ed Model		Assumes additional instructional time for 20% of students; but cost not included in model.			
7 Dorn Proposed Cost	\$403.9 million annually				



Assistance for English Language Learners

- Provide opportunity for students to learn state standards
- Funding has improved only slightly but roughly same buying power as in 1994
- Eligibility driven formula

1	2	3	4	5	6	7	8
2		Current Law		BEFTF		Dorn 9-29-09	
3		Elem	Middle/ High	Elem	Middle/ High	Elem	Middle/ High
4	Percent of Time in ELL Classroom	Crosswalk Not Complete		20%	17%	20%	17%
5	Class Size in ELL Classroom			8	8	8	8



Assistance for English Language Learners

English Language Learner Program FTEs Allocated by the Formula Scheme of Each Funding Level (Costs Below Do Not Include Value of Instructional Materials Recommendations)

		Value of Program in 2008-09 \$	Elementary (400)	Middle (432)	High (600)	Notes
1	QEC Recommendation		Pending	Pending	Pending	
2	Dorn Proposal 9/29/09*	\$155.0 M	1.00	.88	1.22	
3	Finance Task Force*	\$155.0 M	1.00	.88	1.22	Assumes 8% ELL
4	Washington Learns	\$54.6 M	.32	.35	.48	Assumes 8% ELL; 1 per 100 students
5	Basic Education Level (RCW 28A.150.260)	\$75.0 M				
6	Oregon Quality Education Model		1.18	.65	.30	Assumes 11% ELL
7	Dorn Proposed Cost	\$80.1 million annually				



Materials, Supplies, Operating Costs

1	2	3		5	6	7
2		Current Law	District Expenditures on Basic Education	BEFTF	Dorn 9-29-09	Proposed Inflation Factor
3	Technology	\$53.75	\$113.80	\$200	\$223	Basket of Goods
4	Textbooks and Consumable Curriculum	\$57.70	\$122.17	\$155	\$190	Basket of Goods
5	Library and Other Supplies	\$122.52	\$259.39	Included above	\$260	Implicit Price Deflator
6	Professional Development	\$8.82	\$18.89	\$103	\$103	Implicit Price Deflator
7	Utilities/Insurance	\$146.05	\$309.21	\$216	\$309	Weighted for Utilities Index and Insurance Index
8	Central or Districtwide Support	\$50.12	\$98.64	\$310	\$99	Implicit Price Deflator
9	Facilities Maintenance	\$72.35	\$160.66	\$102	\$161	Implicit Price Deflator
10	Total	\$511.42	\$1,082.76	\$1,086	\$1,345	
	Total/Cost (Millions)	\$463.2	\$980.6	\$983.5	\$1,218.1	Total/Cost
	Increase (Millions)		\$517.4	\$520.4	\$754.9	Increase



Professional Development

- Resources calculated based on Certificated Instructional Staff, available for expenditure for all Instructional Staff

1	2	3	4	5
2		Current Law	BEFTF	Dorn 9-29-09
3	Learning Improvement Day	1	10	10
4	Cost of 9 Learning Improvement Days	\$221.7 million annually		
5	1 Mentor for every ██████████ teachers in their first 3 years of teaching	0	3	Unknown at this time



Total Rough Estimate of Cost

	Annual Cost in Millions
Class Size Standard	\$733.2
Class Size Poverty Reduction	88.2
Enhanced Class Size for CTE, Lab Science, AP/IB	140.4
Teacher Librarians	59.7
Guidance Counselors	82.1
Health and Other	123.9
Professional Development Coaches	68.7
Instructional Aides	90.0
Facilities Maintenance	239.2
Security and Safety	26.0
LAP/ELL	484.0
Operating Costs (MSOC)	754.9
Professional Development	221.7
All Other	94.8
Total	\$3,206.8



Contact Information

- QEC website:
<http://www.k12.wa.us/QEC/default.aspx>
- Funding Formula Working Group website:
<http://www.ofm.wa.gov/k12funding/>

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