

## Caseload Adjustments Maintenance Level

**Agency:** 350 Office of Superintendent of Public Instruction  
**Budget Period:** 2009-11

### **Short Description:**

Funding for most Washington K-12 education programs is allocated through the state apportionment formulas and is based primarily upon reported student enrollments, specified inflation factors, and salary calculations based upon district staff characteristics. Every year adjustments are made to the K-12 system budget to account for changes in the forecasted levels of each of these factors. These adjustments are known as maintenance level adjustments and are identified in this request.

Certain other funding/budget adjustments—such as the education staff cost-of-living adjustment and the scheduled increase in Initiative 728 funds are also considered maintenance level adjustments; however, they are included in separate requests.

### **Fiscal Detail**

<b>Operating Expenditures</b>		<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
95 – Enrollment Adjustment	001-01	(\$21,000)	\$18,748,000	\$18,727,000
9C – Initiative 732 COLA	001-01	\$188,685,000	\$361,274,000	\$549,959,000
9D – Pension Rate Changes	001-01	\$59,431,000	\$73,828,000	\$133,260,000
9I – K-12 Inflation	001-01	\$9,801,000	\$24,047,000	\$33,848,000
9K – Levy Equalization	001-01	November Update		
9L – Staff Mix	001-01	November Update		
9S – Initiative 728 Adjustment	299-01	\$6,240,576	\$8,580,792	\$14,821,368
National Board Bonuses	001-01	\$9,441,000	\$23,293,000	\$32,734,000
<b>Total Cost</b>		<b>\$273,577,576</b>	<b>\$509,770,792</b>	<b>\$783,349,368</b>

### **Package Description:**

Funding for most Washington K-12 education programs is allocated through the state apportionment formulas and is based primarily upon reported student enrollments, specified inflation factors, and salary calculations based upon district staff characteristics. Every year adjustments are made to the K-12 system budget to account for changes in the forecasted levels of each of these factors. These adjustments are known as maintenance level adjustments and are identified in this request.

**Student enrollment.** Adjustments associated with changes in student enrollment represent more than half of this request. The Caseload Forecast Council (CFC) prepares student enrollment projections which are then used to forecast the system funding needs.

The CFC projects enrollment for basic education (K-12 and running start), bilingual education, and special education. These projections are then used to estimate the number of staff units, number of transported students, and other caseload-driven or

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workload items. Once these various workload factors have been calculated and multiplied by the appropriate weighting and funding amounts, a total K-12 funding impact can be estimated.

***K-12 Inflation.*** The inflation adjustments are calculated using the implicit price deflator published in the most recent revenue and economic forecast for Washington (September 2008). These adjustments are applied to non-employee related costs in the funding formulas.

***Staff Mix.*** Certificated instructional staff salary allocations are calculated using each district's "derived base salary" together with the district's "staff mix factor." The staff mix factor is calculated each year based on the combination of education and experience of the district's personnel. The staff mix is a crucial component of calculating the state's salary funding obligation because certificated instructional staff are paid based upon their accumulated education (credit hours) and years of experience. Thus, a district with less experienced educators who, on average, have a bachelor's degree with 30 additional hours of credits will generate a lower staff mix than a district with more senior staff who also, on average, have at least a master's degree. At the state aggregate, staff mix is adjusted each year to account for teachers accumulating additional credit hours of education and experience, to adjust for teachers retiring or otherwise leaving the profession, and for new teachers entering the Washington teacher ranks.

***Levy Equalization.*** The state provides some local tax relief to certain districts in the form of levy equalization, also known as Local Effort Assistance (LEA) funding. In November, an update will be given so a funding adjustment can be made.

***Initiative 728.*** In 2000, Washington voters overwhelmingly passed Initiative 728 (I-728). The additional funding school districts received as a result has been utilized to fund a variety of significant programs. Districts must solicit community input and may use I-728 funds in any of the following ways:

- Reduce class size by hiring more classroom teachers;
- Implement and supplement extended learning programs;
- Conduct educator professional development;
- Make facility improvements; and
- Provide pre-kindergarten programs.

This adjustment is to account for the inflation increase for the per student amount. Totals are adjusted for the school year.

- FY 2010 at 1.7% = \$466
- FY 2011 at 2.0% = \$475

***National Board Bonuses.*** The National Board for Professional Teaching Standards announces the names of the teachers who earn their certificate in December. Based on reports from districts, OSPI will provide adjusted numbers based on newly certificated teachers and school assignment. An update will be provided in February.

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### Narrative Justification and Impact Statement

**Reason for request:**

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**Impact on clients and services:**

State apportionment formulas will disburse funding to local school districts.

**How contributes to strategic plan:**

This maintenance request supports the Superintendent's Goal 4 "K-12 Funding System that Provides the Opportunity for Student Success".

**Impact on other state programs:** None.

**Relationship to capital budget:** None.

**Required changes to existing RCW, WAC, contract, or plan:** None.

**Alternatives explored by agency:**

This request is based on caseload changes and there is no other funding alternative.

**Budget impacts in future biennia:**

These costs will continue in future biennia and will be adjusted based on future caseload changes.

**Distinction between one-time and ongoing costs:**

These maintenance cost are ongoing.

**Effects of non-funding:**

If this maintenance request is not funded, state apportionment funding formulas will not be adequately funded.

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**Object Detail**

		<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
A	Salary and Wages			
B	Employee Benefits			
C	Contracts			
E	Goods/Services			
G	Travel			
J	Equipment			
N	Grants	\$273,577,576	\$509,770,792	\$783,349,368
	Interagency Reimbursement			
	Other			
<b>Total Objects</b>		<b>\$273,577,576</b>	<b>\$509,770,792</b>	<b>\$783,349,368</b>

**Performance Measure Detail**

<b>Activity Inventory Item</b>	<b>Program</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
A012 General Apportionment	010	(\$943,000)	(\$487,000)	(\$1,430,000)
A012 General Apportionment	021	\$49,771,000	\$81,064,000	\$130,835,000
A033 Student Transportation	022	\$2,245,000	\$4,435,000	\$6,680,000
A027 Special Education	026	\$11,204,000	\$20,562,000	\$31,766,000
A010 Ed Service Districts	028	\$85,000	\$85,000	\$169,000
A017 Local Effort Assistance	029	November Update		
A014 Institutional Education	035	\$217,000	\$340,000	\$557,000
A013 Highly Capable Student Education	045	\$82,000	\$121,000	\$203,000
A030 Student Achievement Fund	050	\$6,240,576	\$8,580,792	\$14,821,368
A005 Bilingual Education	060	\$3,392,000	\$6,766,000	\$10,158,000
A016 Learning Assistance	061	\$2,214,000	\$3,252,000	\$5,466,000
A012 General Apportionment	714	\$189,624,000	\$361,757,000	\$551,381,000
A012 General Apportionment	055	\$9,442,000	\$23,293,000	\$32,735,000
A021 General Apportionment	066	\$4,000	\$4,000	\$8,000
<b>Total Activities</b>		<b>\$273,577,576</b>	<b>\$509,770,792</b>	<b>\$783,349,368</b>