

Local Effort Assistance Full Funding, JP

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

Recommendation Summary Text (Short Description):

The operating budget, as enacted in 2009, does not represent full funding of the Local Effort Assistance (LEA) allocations to school districts that are prescribed by law. Therefore, the operating budget appropriation must be increased by \$78.3 million for the 2009-11 biennium.

Fiscal Detail

Operating Expenditures		FY 2010	FY 2011	Total
General Fund	001-01	\$31,010,000	\$47,297,000	\$78,307,000
Total Cost		\$31,010,000	\$47,297,000	\$78,307,000

Staffing	FY 2010	FY 2011	Annual Avg.
Total FTEs Requested	0	0	0

Package Description

Background

The 2009-11 Operating Budget, as enacted, does not include sufficient appropriation authority to implement current law. Current law prescribes the calculation of LEA allocation per school district; OSPI must allocate LEA resources to school districts at the higher level required by law.

Proposed Solution

The operating budget must be increased by \$78.3 million.

Contact person

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Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance outcomes do not apply. This request is simply to have the operating budget reflect current law.

Performance Measure Detail

Does not apply.

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

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The agency must implement state law; this package is essential to implementation of state law.

Reason for change:

Does this decision package provide essential support to one of the Governor's priorities?

Yes, after the 2009 Legislative Session ended, the Governor sent a letter to school districts informing them of the inconsistency between current law and the operating budget funding level. At that time, the Governor committed to fully supporting current law and therefore full funding of LEA.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? Unknown

What are the other important connections or impacts related to this proposal?

Not applicable.

Impact on Clients and Services

LEA is a critical funding stream for eligible school districts. It provides tax relief to property-poor school districts that have an extra-ordinary tax burden to raise local levy funds. Local levy funds subsidize the most basic functions of a school district. Without LEA, many districts could not gain voter approval of levy funds and would therefore lose access to resources for basic operations (utilities, transportation, insurance, curriculum and salary for basic education-driven staff units).

Further, school districts must notify Certificated Instructional Staff of their contract status by May 15th. Therefore, districts have already committed to the bulk of their staffing costs based on their total projected budget which includes the current law allocation of LEA. LEA allocations cannot be reduced for the 2009-10 school year as this would significantly impair the solvency of LEA-eligible school districts.

In short, LEA is critical to school districts' ability to subsidize basic education. Districts must have access to LEA for the 2009-10 school year based on current law amounts, as they have significant commitments that cannot be adjusted prior to August 30, 2010 without disastrous implications for district solvency. Further, reductions to LEA for the 2010-11 school year would impair the basic operations of the school districts that educate our lower-income students. For many of LEA-eligible districts, the tax rates their property owners would experience given reductions in LEA would impair passage of levies and/or represent a regressive tax shift.

Impact on Other State Programs

None

What alternatives were explored by the agency, and why was this alternative chosen?

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None

What are the consequences of not funding this package?

See above.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

If LEA is not fully funded based on current law for the 2010-11 school year, the 2010 Legislature must change codified law to reduce LEA obligations. The 2010 Legislature must fully fund LEA for the 2009-10 school year.

Expenditure and revenue calculations and assumptions

Revenue Calculations and Assumptions:

Not applicable.

Expenditure Calculations and Assumptions:

Calculations are based on a model populated with assessed valuation, voter approved levies, and levy base projections for each school district.

Object Detail

		FY 2010	FY 2011	Total
A	Salary and Wages	\$0	\$0	\$0
B	Employee Benefits	\$0	\$0	\$0
C	Contracts	\$0	\$0	\$0
E	Goods/Services	\$0	\$0	\$0
G	Travel	\$0	\$0	\$0
J	Equipment	\$0	\$0	\$0
N	Grants	\$31,010,000	\$47,297,000	\$78,307,000
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$31,010,000	\$47,297,000	\$78,307,000

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Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2010	FY 2011	Avg	FY 2010	FY 2011	Total
A017	029	0	0	0	\$31,010,000	\$47,297,000	\$78,307,000
Total Activities					\$31,010,000	\$47,297,000	\$78,307,000

Six-Year Expenditure Estimates

Six-year estimates are not available. This request does not drive a bow wave, it only implements current law.

Fund	09-11 Total	11-13 Total	13-15 Total
	\$78,307,000	\$0	\$0
Expenditure Total	\$78,307,000	\$0	\$0
FTEs			

Distinction between one-time and ongoing costs:

All costs are on-going.

Budget impacts in future biennia:

Impacts will be a function of current LEA law and on assessed valuation, voter approved levies, and levy base at the time.