

Caseload Adjustment Maintenance Level, 95

Agency: 350 Office of Superintendent of Public Instruction
Budget Period: 2013-15

Recommendation Summary Text:

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 that are 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.

Fiscal Detail

Operating Expenditures		FY 2014	FY 2015	Total
95 – Enrollment Adjustment	001-01	\$11,270,000	\$74,340,000	\$85,610,000
9D – Pension Rate Changes	001-01	\$78,191,000	\$100,585,000	\$178,776,000
9C – I-732 COLA	001-01	\$108,939,000	\$238,910,000	\$347,849,000
9I – K-12 Inflation	001-01	\$10,246,000	\$24,368,000	\$34,614,000
9K – Levy Equalization	001-01	\$2,218,000	\$2,218,000	\$4,436,000
9L – Salaries	001-01	\$17,206,000	\$39,545,000	\$56,751,000
National Board Bonuses	001-01	\$5,516,000	\$10,124,000	\$15,640,000
Total Cost		\$233,586,000	\$490,090,000	\$723,676,000

Package Description

Background

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 that are 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 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.

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Pension Rate Changes. The estimate is based on the projected employer contribution rates provided by the Office of the State Actuary.

Initiative 732. Initiative 732 requires an annual cost of living adjustment (COLA) increase for school employees based on the Seattle Consumer Price Index (CPI) for the prior calendar year.

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 2012). These adjustments are applied to non-employee related costs in the funding formulas.

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.

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 teacher entering the Washington teacher ranks.

National Board Bonuses. The state allocates \$5,090 in compensation for teachers that have earned a National Board for Professional Teaching Standards (NBPTS) certificate. The state allocates an additional \$5,000 for teachers serving in a challenging school. The cost estimate is based on a projection of the number of additional teachers that will attain NBPTS certification in the 2013-15 biennium.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

N/A

Performance Measure Detail

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

The maintenance request supports the Superintendent's strategic priority of "Full Funding for Schools"

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

The maintenance request supports the Governor’s education priority.

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

Yes. Many of these resources are the foundation to what is basic education funding.

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

N/A

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

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

What are the consequences of not funding this package?

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

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?

N/A

Which costs and functions are one time? Which are ongoing? What are the budget impacts in future biennia?

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

Object Detail

		FY 2014	FY 2015	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	\$233,586,000	\$490,090,000	\$723,676,000
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$233,586,000	\$490,090,000	\$723,676,000

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Expenditures & FTEs by Program

Activity Inventory Item	Prog	Operating Expenditures		
		FY 2014	FY 2015	Total
A038 Basic Education	021	\$198,639,000	\$420,314,000	\$618,953,000
A033 Student Transportation	022	\$3,125,000	\$7,634,000	\$10,759,000
A027 Special Education	026	\$6,582,000	\$22,058,000	\$28,640,000
A010 Ed Service Districts	028	\$137,000	\$156,000	\$293,000
A017 Local Effort Assistance	029	\$2,218,000	\$2,218,000	\$4,436,000
A014 Institutional Education	035	\$252,000	-\$640,000	-\$388,000
A039 Highly Capable	045	\$118,000	\$321,000	\$439,000
A018 National Board	055	\$6,414,000	\$11,115,000	\$17,529,000
A005 Bilingual Education	060	\$6,104,000	\$10,230,000	\$16,334,000
A016 Learning Assistance	061	\$9,997,000	\$16,684,000	\$26,681,000
Total Activities		\$233,586,000	\$490,090,000	\$723,676,000