

Fully Fund Basic Education, AA

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

Recommendation Summary Text:

As the Superintendent of Public Instruction with the Constitutional duty to supervise all matters pertaining to public schools, Superintendent Dorn requests \$1.3 billion in FY14 to fully fund the 2776 statutory requirements and \$2.8 billion in FY15 for the state to fund the basic education salaries and staffing levels being paid through local resources. This request is necessary in order to fulfill the Constitutional requirement to “make ample provision for the education of all children in Washington” by 2018, as required by the McCleary Supreme Court decision.

Fiscal Detail

Operating Expenditures		FY 2014	FY 2015	Total
General Fund	001-01	\$1,322,557,000	\$2,786,360,000	\$4,108,917,000
Total Cost		\$1,322,557,000	\$2,786,360,000	\$4,108,917,000

Staffing	FY 2014	FY 2015	Annual Avg.
Total FTEs Requested	0	0	0

Package Description

Background and Current Situation

The Washington Supreme Court ruled in *McCleary v. State* that “the state has not complied with its Article IX, Section 1 duty to make ample provision for the education of all children in Washington.” The court references a promising reform package under ESHB 2261 (2009), which includes the responsibility of the Quality Education Council (QEC) to inform the implementation of the reforms. The Compensation Technical Working Group (CTWG) recently released a report in June 2010 that included an estimated annual cost of fully funding basic education at \$6.6 billion, based on fiscal year 2012 dollars. Therefore, Superintendent Dorn requests the incremental funding necessary to reach full funding as determined by the QEC and CTWG by 2017-18.

The Compensation Technical Working Group utilized the recommendations of the QEC to produce their fiscal estimate of \$6.6 billion. The QEC was informed by the recommendations of the Basic Education Finance Taskforce that were informed by an evidence based report conducted by two prominent school finance researchers in the nation, Dr. Lawrence Picus and Allan Odden. The report was “focused on identifying the resources needed by all schools to double student performance.”

Proposed Solution

Superintendent Dorn confirms the need for the prototypical schools funding formula to be fully funded by 2017-18 and puts forth this budget package to make “real and measurable progress toward achieving full compliance with Article IX, section 1 by 2018.”

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Superintendent Dorn's first priority is funding the items identified in statute: lower class size for grades K-3 to 17, full-day kindergarten, materials supplies and operating costs (MSOC), and transportation. Superintendent Dorn requests that those four items be fully funded in FY14 at a total cost of \$1.3 billion in FY14 and \$1.7 billion in FY15. The cost estimates include an Implicit Price Deflator (IPD) inflation factor for MSOC and the Seattle Consumer Price Index (CPI) for salaries.

2776	FY14	FY15
K-3 Class Size	\$419,133,000	\$532,371,000
Full Day Kindergarten	\$177,155,000	\$225,008,000
MSOC	\$635,713,000	\$810,500,000
Pupil Transportation	\$90,556,000	\$115,006,000
TOTAL	\$1,322,557,000	\$1,682,885,000

In addition, Superintendent Dorn requests funding for the additional items school districts are funding through local resources: K-12 employee salaries and staffing levels. The Supreme Court ruled that "the state cannot discharge its funding obligations by relying on local excess levies." Below provides the FY15 cost estimate for the state to fund the average K-12 employee salaries and staffing levels being currently provided through local funds beginning in the 2014-15 school year. The cost estimate includes a salary increase based on the Seattle CPI.

Local Funding Levels	FY14	FY15
Classified Staffing Levels	\$0	\$151,268,000
Classified Salaries	\$0	\$246,154,000
Administrative Salaries	\$0	\$214,126,000
CIS Salaries	\$0	\$491,926,000
TOTAL	\$0	\$1,103,475,000

The cost to fully fund the four items identified in statute plus the locally funded salary and staffing levels is \$2.8 billion in FY15.

By investing in these two priority areas in the 2013-15 biennium, the legislature can then focus their attention on the additional items necessary to amply fund basic education by 2018 such as funding professional development time, decreasing class sizes in grades 4-12, increasing staffing levels and categorical program support.

Contact person

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Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

More students participating in full-day kindergarten and lower class sizes in grades K-3 will result in increased student achievement. Increased investments in MSOC, pupil transportation, and locally funded salaries and staff will result in local dollars being freed up for educational enhancements and/or a reduction in local levies.

Performance Measure Detail

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

Superintendent Dorn's number one priority since being elected to the position is to fully fund basic education.

Reason for change:

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

This decision package supports the Governor's priority to improve student achievement.

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

Education is the paramount duty of the state. Therefore, the state has a constitutional obligation to fully fund basic education.

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

This decision is aligned with the recommendations made by the Quality Education Council that were informed by the Basic Education Finance Taskforce and Washington Learns.

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

No alternatives were explored as the Supreme Court has required the state to make "real and measurable progress toward achieving full compliance with Article IX, section 1 by 2018."

What are the consequences of not funding this package?

If the state does not make steady progress, the Supreme Court could decide to pursue legal action to force constitutional compliance.

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

While some school districts will not have any space needs due to historical declining enrollment or local planning that resulted in ample space for lower class sizes in elementary school and full day kindergarten, some districts will have increased space needs. The Superintendent's Capital Budget has two proposals to assist districts in their capacity needs: Fully Fund K-12 Educational Space Levels and Construction Costs and Full-Day Kindergarten Capacity Grants. The Capital Budget is also proposing a School Facility Space and Capacity Study to conduct an in-depth analysis of actual educational space needs.

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

RCW 28A.150.260 should be amended to increase funded staffing levels as listed below.

Expenditure Calculations and Assumptions

The fiscal year expenditure calculations described in the request are based on the below school year estimates:

2776	2013-14	2014-15
K-3 Class Size	\$523,917,000	\$534,485,000
Full Day Kindergarten	\$221,444,000	\$225,899,000
MSOC	\$794,641,000	\$814,464,000
Pupil Transportation	\$113,195,000	\$115,459,000
2776 TOTAL	\$1,653,197,000	\$1,690,307,000
Classified Staffing Levels	\$0	\$189,085,000
Classified Salaries	\$0	\$307,693,000
Administrative Salaries	\$0	\$267,658,000
CIS Salaries	\$0	\$614,908,000
Local Funding Total	\$0	\$1,379,344,000
SCHOOL YEAR TOTAL	\$1,653,197,000	\$3,069,651,000

Local funding and staffing calculations are based on an analysis of actual school district salaries and classified staffing levels as reported to OSPI through the S-275 School District Personnel Reporting System in school year 2011-12. Below are the staffing and salary assumptions used for these calculations:

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Staffing Classification	Factors used for Prototypical School Allocation (E/M/H)	Average Salary FY13 Value	Average Salary FY15 Value (Inflated by Seattle CPI)
Certificated Instructional Staff			
All CIS	Unchanged	\$60,673	\$61,915
Certificated Administrative Staff			
All CAS	Unchanged	\$101,860	\$106,106
Classified Staff			
Teaching Assistance	Unchanged	\$32,896	\$34,267
Office Support/ Noninstructional Aides	2.425/2.802/3.939	\$37,736	\$39,309
Custodians	2.013/2.360/3.603	\$36,769	\$38,302
Student and Staff Safety	0.218/0.254/0.390	\$37,350	\$38,907
Technology	0.941	\$54,948	\$57,239
Facilities, Maintenance, Grounds	2.139	\$47,315	\$49,287
Warehouse, Laborers, Mechanics	0.332	\$42,442	\$44,211
Other CLS	Unchanged	\$54,571	\$56,846

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

Costs are ongoing and impacted by inflation. The future biennium costs are based on the Quality Education Council's provisional recommendations and working group recommendations. Further detail can be found at the Quality Education Council's website: <http://www.k12.wa.us/qec/>

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	\$1,322,557,000	\$2,786,360,000	\$4,108,917,000
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$1,322,557,000	\$2,786,360,000	\$4,108,917,000

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Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2014	FY 2015	Avg	FY 2014	FY 2015	Total
A038 Basic Education	021	0	0	0	\$1,322,557,000	\$2,786,360,000	\$4,108,917,000
Total Activities		0	0	0	\$1,322,557,000	\$2,786,360,000	\$4,108,917,000

Six-Year Expenditure Estimates

Fund	13-15 Total	15-17 Total	17-19 Total
General Fund - 001	\$4,108,917,000	\$9,929,292,000	\$16,283,011,000
Expenditure Total	\$4,108,917,000	\$9,929,292,000	\$16,283,011,000
FTEs	0	0	0