

SB - Basic Education Funding

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

Recommendation Summary Text:

Superintendent Dorn believes at a minimum, the down payment to fully fund basic education by 2018 must be approximately \$1.4 billion in the 13-15 biennium. The legislature increased basic education by approximately \$1 billion in the 2013 legislative session. This request is for the additional \$400 million in funding for the 13-15 biennium. For the 2014-15 school year increase state funded full-day kindergarten to 50% of the total kindergarten population, reduce high poverty class size in grades 2 and 3 to 20.3, and fund general education Materials, Supplies, and Operating Costs (MSOC) at \$1,090.45 per student FTE.

Fiscal Detail

Operating Expenditures		FY 2014	FY 2015	Total
General Fund	001-01	\$0	\$385,595,000	\$385,595,000
Total Cost		\$0	\$385,595,000	\$385,595,000

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

Package Description (Includes the following sections)

Background

Superintendent Dorn believes at a minimum, the down payment to fully fund basic education by 2018 must be approximately \$1.4 billion in the 13-15 biennium. The legislature increased basic education by approximately \$1 billion in the 2013 legislative session. This request is for the additional funding for the 13-15 biennium, to meet this minimum amount.

For the 2014-15 school year increase state funded full-day kindergarten to 50% of the total kindergarten population, reduce high poverty class size in grades 2 and 3 to 20.3, and fund general education Materials, Supplies, and Operating Costs (MSOC) at \$1,090.45 per student FTE. Additionally this request reinstates the BEA MSOC multiplier as the means for calculating the CTE and Skills Center MSOC. The CTE multiplier is 2.442, and for skills centers it is 2.171.

Current Situation

The Washington Supreme Court ruled in McCleary vs. 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 ESSB 2261 (2009), which includes fully funding full day kindergarten, reducing class size in K-3 high poverty schools to 17 and funding MSOC at the level adopted by the Quality Education Council.

SB - Basic Education Funding

Proposed Solution

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

For the 2014-15 school year increase state funded full-day kindergarten to 50% of the total kindergarten population, reduce high poverty class size in grades 2 and 3 to 20.3, and fund general education Materials, Supplies, and Operating Costs (MSOC) at \$1,090.45 per student FTE. Additionally this request reinstates the BEA MSOC multiplier as the means for calculating the CTE and Skills Center MSOC. The CTE multiplier is 2.442, and for skills centers it is 2.171.

Contact person

- T.J. Kelly 360-725-6301

Narrative Justification and Impact Statement (Includes the following section)

What specific performance outcomes does the agency expect?

Initially OSPI expects that this funding will help to reduce school districts' reliance on local levy funds to support the program of basic. In the long term OSPI expects that this additional funding will provide districts with the tools they need to continue to improve the quality of instruction they provide to students and will ultimately increase student achievement.

Performance Measure Detail

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

Superintendent Dorn's top 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 Goal One of the Governors Results Washington Initiative, to create a world class education system.

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

The state has a constitutional obligation to fully funded basic education as its paramount duty.

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

SB - Basic Education Funding

This decision package creates a total of \$1.4 billion of investment into basic education for the 2013-15 biennium. The increase is aligned with recommendations made by the Quality Education Council.

Impact on Clients and Services

Increased funding for schools, lower class sizes and increased instructional time for high poverty schools.

Impact on Other State Programs

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

N/A

What are the consequences of not funding this package?

The Supreme Court could pursue additional legal action to force the state to comply with its constitutional requirement to fully fund basic education. Additionally, satisfactory progress towards fully funding basic education would not be met.

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

The reduction of high poverty class sizes and expanding full day kindergarten funding will create capacity needs for some school districts. The capacity needs will be estimated in the capital budget request.

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

RCW 28A.150.260 should be amended as required.

Expenditure and revenue calculations and assumptions:

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

Revenue Calculations and Assumptions:

Expenditure Calculations and Assumptions:

<u>Budget Driver</u>	<u>FY 15</u>
Provide Full Day Kindergarten to 50% of Students	\$18,855,000
Reduce Grades 2-3 High Poverty Class Size to 20.3.	\$55,012,000
Fund General Education MSOC at \$1,090.45 per student FTE, including CTE and Skill Center	\$408,126,000
Total for school year 2014-2015	\$481,993,000
Total for fiscal year 2014-2015	\$385,595,000

SB - Basic Education Funding

The reinstatement of the MSOC multiplier for CTE and Skills Center programs contributes \$32 million to the overall MSOC cost.

The remaining 50% of full day kindergarten and class size reduction in grades K-3 is implemented on a linear basis until fully implemented in fiscal year 2017-2018. Current law requires MSOC to be fully funded in 2015-16.

School Year	2015-2016	2016-2017	2017-2018	2018-2019
Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019
Total Enhancements SY	\$ 805,874,755	\$ 1,027,864,704	\$ 1,307,416,780	\$ 1,343,761,295
Total Enhancements FY	\$ 741,032,132	\$ 983,466,714	\$ 1,251,506,365	\$ 1,336,492,392

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	\$0	\$385,595,000	\$385,595,000
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$0	\$385,595,000	\$385,595,000

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					\$385,595,000	\$385,595,000
Total Activities		0	0	0	\$0	\$385,595,000	\$385,595,000

SB - Basic Education Funding

Six-Year Expenditure Estimates

Fund	13-15 Total	15-17 Total	17-19 Total
State General Fund	\$385,595,000	\$1,724,499,000	\$2,587,999,000
Expenditure Total	\$385,595,000	\$1,724,499,000	\$2,587,999,000
FTEs	0	0	0

Distinction between one-time and ongoing costs:

Costs are all ongoing. Materials, supplies, and operating costs allocations are increased by inflation per the projected Seattle IPD. Salary costs are not inflated, but they do align with the salary schedule currently established by the 2013-15 biennial operations act.

Budget impacts in future biennia:

Ongoing costs and inflation will increase cost in subsequent biennia.