

SK – CTE/Skill Center MSOC Technical Corrections

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

Recommendation Summary Text:

Superintendent Dorn requests a technical correction to the materials, supplies and operating costs (MSOC) funding for CTE and Skill Centers. Without this correction, the enhanced MSOC rates for CTE and Skill Center programs will be virtually eliminated when MSOC is fully funded in fiscal year 2015-16. This correction is to restore funding of CTE and Skill Center MSOC rates so that as general education MSOC rates are increased, CTE and Skill Center MSOC rates are automatically increased as well. This retains the legislative policy that CTE and Skill Centers receive an enhanced MSOC rate.

Fiscal Detail

Operating Expenditures		FY 2014	FY 2015	Total
General Fund	001-01	\$21,000,000	\$30,800,000	\$51,800,000
Total Cost		\$21,000,000	\$30,800,000	\$51,800,000

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

Package Description (Includes the following sections)

Background

The BEA funding formula establishes a base MSOC rate for general apportionment. The other programs of basic education are general apportionment plus an enhancement to serve the needs of these students; special education, bilingual, learning assistance, highly capable and historically CTE and Skill Centers.

SHB2776 established the per student funding levels for MSOC for Skill Center and CTE programs through a multiplier of the general education rate. Thus, the enhanced value of these rates remained as BEA rates were increased.

Current Situation

The 2013-15 biennial appropriations act removes this multiplier and creates independent MOSC rates for general education, CTE, and Skill Center programs. CTE and Skill Center rates were not enhanced, the only increase to these two programs rates was an adjustment for inflation. BEA rates were enhanced, and as a result the MSOC enhancement to CTE and Skill Centers was reduced. Prior to the 2013-15 beinnial appropriations, MSOC rates for CTE and Skill Center programs were 244% and 217% enhanced over BEA rates, respectively. That enhancement has been diminished, and if rates are not increased with BEA rates, CTE and Skill Center MSOC rates will be only slight above BEA rates, when BEA rates are fully implemented.

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School Year 2013-2014					
	Per Pupil Rates	2011-12 Multiplier	BEA times Multiplier	Difference	
CTE	\$ 1,399.30	2.44	\$ 1,798.33	\$ 399.03	
Skills Center	\$ 1,244.24	2.17	\$ 1,599.33	\$ 355.09	
BEA	\$ 737.02	n/a	\$ -	\$ -	
School Year 2014-15					
	Per Pupil Rates	2011-12 Multiplier	BEA times Multiplier	Difference	
CTE	\$ 1,423.09	2.44	\$ 1,907.40	\$ 484.31	
Skills Center	\$ 1,265.39	2.17	\$ 1,696.33	\$ 430.94	
BEA	\$ 781.72	n/a	\$ -	\$ -	
Estimated Cost Based on October 2013 Enrollment					
	Enrollment	13-14 Difference	13-14 Cost	14-15 Difference	14-15 Cost
CTE	60,595.69	\$ 399.03	\$ 24,179,425.47	\$ 484.31	\$ 29,347,019.85
Skills Center	6,024.58	\$ 355.09	\$ 2,139,288.60	\$ 430.94	\$ 2,596,234.43
Total			\$ 26,318,714.06		\$ 31,943,254.28

Proposed Solution

Re-instate the multiplier as the mechanism for funding CTE and Skill Center MSOC funding levels.

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?

None.

Performance Measure Detail

None.

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

This technical correction is part of Superintendent Dorn's priorities to fully fund basic education and to make CTE and Skill Center programs a priority.

Reason for change:

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

This restores the enhanced funding to CTE and Skill Center programs which have been an emphasis of the Governor's.

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

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This decision package funds education, the paramount duty of the state.

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

Superintendent Dorn believes it was the intent of the legislature to keep the enhancement to CTE and Skill Center programs constant as BEA was fully funded. It was not the intent of the legislature to devalue or erode these enhancements.

Impact on Clients and Services

It will be financially impossible to operate CTE and Skill Center programs without MSOC rates that are enhanced beyond BEA MSOC rates.

Impact on Other State Programs

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

Superintendent Dorn considers this a technical correction.

What are the consequences of not funding this package?

The CTE and Skill Center enhancements will begin to erode, and it will limit the opportunities for students in Washington State to benefit from these programs.

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?

This would create a need for an adjustment in the biennial appropriations act language.

Expenditure and revenue calculations and assumptions:

Expenditure estimates based on final 2012-13 enrollment numbers. Inflation for school year amounts was applied 2.3% for 2014-15 and 2.0% for each year thereafter.

Revenue Calculations and Assumptions:

Expenditure Calculations and Assumptions:

Please describe the classification and numbers of staff assumed in the calculations.

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

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N	Grants	\$21,000,000	\$30,800,000	\$51,800,000
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$21,000,000	\$30,800,000	\$51,800,000

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				\$21,000,000	\$30,800,000	\$51,800,000
Total Activities					\$21,000,000	\$30,800,000	\$51,800,000

Six-Year Expenditure Estimates

Fund	13-15 Total	15-17 Total	17-19 Total
	\$51,800,000	\$65,300,000	\$66,400,000
Expenditure Total	\$51,800,000	\$65,300,000	\$66,400,000
FTEs	0	0	0

Distinction between one-time and ongoing costs:

These are all ongoing costs.

Budget impacts in future biennia:

This will be impacted by inflation and caseload adjustments.