

CTE & Skill Center Hold Harmless

2017-19 Biennium Budget Decision Package

Agency: 350 Office of Superintendent of Public Instruction

Decision Package Code/Title: AC/CTE & Skill Center Hold Harmless

Budget Period: 2017-19

Budget Level: PL

Agency Recommendation Summary Text:

State law requires the definition of a full-time equivalent (FTE) student, used to calculate allocations from the state to school districts, align with the minimum annual instructional hours for the state's basic education program as set in statute. 2014 legislation increased the minimum instructional hours, creating the need to redefine FTE consistent with the revised law. This definition devalued the FTE and disproportionately reduces funding to career and technical education (CTE) and Skill Center programs. This proposal provides a solution intended to protect CTE and Skill Center programs from related funding losses. Total biennial cost is \$187,600 for 2017-19.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-01	\$65,600	\$122,000	\$135,000	\$135,000
Total Cost	\$0	\$0	\$0	\$0
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0	0	0	0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-01	\$0	\$0	\$0	\$0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	\$0	\$0	\$0	\$0
Obj. B	\$0	\$0	\$0	\$0
Obj. C	\$0	\$0	\$0	\$0
Obj. E	\$0	\$0	\$0	\$0
Obj. G	\$0	\$0	\$0	\$0
Obj. J	\$0	\$0	\$0	\$0
Obj. N	\$65,600	\$122,000	\$135,000	\$135,000

Package Description

Background:

In 2009, the State Legislature adopted a revised definition of the Program of Basic Education giving students the opportunity to earn 24 educational credits for high school graduation, up from the 20 credits previously required to graduate. To accommodate the time needed by students to meet the new

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graduation requirements, the legislature also added hours to the statutorily required minimum number of instructional hours school districts must make available to students each school year.

The 2013-15 biennial operating budget provided \$96 million dollars to implement the increased instructional hours beginning in school year 2015-16. The funding was provided as an on-going increase to the prototypical school funding model as follows: Lab science class size was enhanced from 28.74 to 19.98 full-time equivalent (FTE) students per class; \$164.25 was added to the allocation for maintenance, supplies, and operating costs generated by students in grades nine through 12; and the allocation for high school guidance counselors was increased from 1.909 to 2.539 per 600 FTE students. However, the lab science class size and MSOC funding formula changes were not provided to the CTE or skill center programs.

Current Situation:

RCW 28A.150.260(13)(c) requires that the definition of full-time equivalent student used in funding formulas to allocate resources from the state to school districts be based on the minimum instructional hour offerings required under RCW 28A.150.220. The FTE student definition currently being used for funding purposes needs to be revised to align with the new, increased minimum instructional hours. The legislature further reinforced this requirement by directing OSPI to update these rules for approval by the legislature in the 2015-17 operating budget. OSPI is required to submit a recommended rule change to the legislature this fall as part of the agency's biennial budget request.

CTE and skill center programs are treated as separate and distinct under the umbrella of basic education funding. Students participate in these programs part-time making them especially susceptible to the devaluation of the FTE student on an hourly basis. Their part-time configuration combined with the fact that these programs must operate primarily within the state allocation provided specifically for them, make it necessary to adjust the funding formula drivers so as not to harm these programs as a result of the increase in instructional hours and subsequent change in FTE student definition. OSPI estimates that without these "hold harmless" formula changes funding to vocational education programs will be reduced by 10 percent statewide. The following table illustrates the impact on the hourly full-time equivalency calculation resulting from the change in annual instructional hours.

	A	B	C
School Year	Annual Hours in 1.0 FTE	Hours Per Day (A /180)	Hourly Full-Time Equivalent (1/B)
2016-17	900	5.00	0.20
2017-18	1,000	5.56	0.18

Proposed Solution:

As an unintended consequence of the increase in minimum instructional hours, the vocational and skill center programs are projected to lose a combined \$48.5 million in SY 2017-18, and \$50.7 million in SY 2018-19. The Superintendent proposes increasing the staffing allocations to the programs. This can be done through an adjustment to the other CIS staffing ratio, and through a reduction in the prototypical class size for vocational and skill center programs. Since the fiscal impact of this decision package are intended

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to be cost neutral, there is not the expectation that school districts will hire additional staff for these programs.

Contact Person:

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What specific performance outcomes does the agency expect?

Implementing this decision package will allow CTE and skill center programs to provide a continued level of instruction to students in Washington. OSPI anticipates the Legislature will provide approval of the agency's student FTE rule change. These funding formulas should be coordinated so they are effective at the same time as the rule change.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

This proposal would increase the number of staff units allocated to CTE and Skill Center programs as a means of protecting the programs from funding loss related to the instructional hours shift.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

This decision package is based on caseload forecast enrollment and maintenance level budget drivers for the 2017-18 and 2018-19 school years. Current annual average full-time equivalent enrollment (AAFTE) projections for vocational and skill center programs are as follows:

School Year	High School Voc. Student AAFTE	Middle School Voc. Student AAFTE	Skill Center Student AAFTE
2017-18	59,765.08	8,827.92	6,304.50
2018-19	61,137.20	9,030.60	6,566.30

If OSPI's proposed rules for moving the definition of a 1.0 full-time equivalent student are accepted and implemented by the legislature without this formula change, there will be a 10 percent statewide average reduction in student AAFTE for these programs. Based on currently approved budget drivers, this reduction in student AAFTE creates an estimated loss in state allocation for these programs as follows:

School Year	High School Voc. Fiscal Impact	Middle School Voc. Fiscal Impact	Skill Center Fiscal Impact
2017-18	(\$38,350,000)	(\$5,662,000)	(\$4,464,000)
2018-19	(\$40,044,000)	(\$5,912,000)	(\$4,747,000)

The funding drivers for these programs should be adjusted by increasing staff units allocated in the prototypical school funding formula to hold these programs harmless. This should occur through an increase in the other CIS staff ratio in these programs, and a reduction of the prototypical class size.

Other CIS Staffing Ratio

The Educational Service Associates (ESA) staffing ratio is used to generate a staffing allocation intended for provided services associated with librarians, nurses, social workers, psychologists, and guidance counselors. Current law allocates staff in this area through a per 1,000 student AAFTE ratio of 3.07 for vocational programs and 3.41 for skill center programs. OSPI proposes that the students in vocational and skill center programs generate a state allocation in this same area at a rate equal to what a student in the

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general education program allocates. At the prototypical high school, a 1.00 AAFTE generates other CIS staff at a per student rate as shown below:

Nurses	Social Workers	Guidance Counselors	Psychologists	Librarians	Total Per 600 Student AAFTE	Per 1.0 Student FTE
0.096	0.015	2.539	0.007	0.523	3.18	0.0053

Based on this chart, the per 1,000 student AAFTE ratio for other CIS staff in the vocational and skill center funding model should be increased to 5.3 per 1,000. This newly proposed ratio should be linked to the factors allocated these staff at the prototypical high school, so as the legislature increases general education staffing in these areas, vocational and skill center programs also benefit.

The adjustment to the ESA ratio as proposed would offset the estimated reduction in funding to these programs as shown in the chart at the bottom of this section.

Class Size Reduction

The remaining deficit in these programs should be eliminated through a reduction in the assumed class size in the prototypical school funding model. Current law allocates teachers to these programs through a class size of 26.57 for high school and middle school vocational programs, and 22.76 for skill center programs. OSPI proposes a reduction of the prototypical class sizes to 22.96 for vocational programs, and 19.63 for skill center programs.

The combined impact of the adjustment to the ESA ratio and the reduction of class size as described is shown in the following tables:

SY 2017-18	High School Voc.	Middle School Voc.	Skill Center
Estimated Impact – Current Law	(\$38,350,000)	(\$5,662,000)	(\$4,464,000)
ESA Staff Allocation	\$9,125,000	\$1,348,000	\$816,000
Class Size Reduction	\$29,287,000	\$4,326,000	\$3,657,000
Proposed State Impact	\$62,000	\$12,000	\$9,000

SY 2018-19	High School Voc.	Middle School Voc.	Skill Center
Estimated Impact- Current Law	(\$40,044,000)	(\$5,912,000)	(\$4,747,000)
ESA CIS Staff Allocation	\$9,537,000	\$1,409,000	\$868,000
Class Size Reduction	\$30,608,000	\$4,521,000	\$3,892,000
Proposed State Impact	\$101,000	\$18,000	\$13,000

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

OSPI expects that, through the implementation of this request, funding for vocational and skill center students will not be negatively impacted through the adoption of rules moving the definition of a 1.0 AAFTE to 1,000.

Performance Measure detail: Implementing this proposal will allow CTE and Skill Center programs to maintain their current class sizes and curriculum options for students. This will be reflected in statewide data through seeing enrollment and course offerings either remain consistent or increase through the next biennium.

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Fully describe and quantify expected impacts on state residents and specific populations served. Protecting funding for these programs will allow them to give students multiple options to take the vocational or skills related courses they need to be career ready upon their exit from high school, which will benefit the various employers in Washington’s tech service industry and prepare students for specialized degrees at the state’s colleges and universities.

Distinction between one-time and ongoing costs:

This budget proposal is intended to be cost neutral and does not drive additional cost to the state.

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

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov’t impacts?	No	Identify:
Tribal gov’t impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	Yes	Identify: Adjustments to the prototypical school funding model are statutory in nature.
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General’s Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

Adjustments to the prototypical school funding formula must be done through state statute.

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

OSPI elected to propose an increase in the staff allocations for the program rather than an increase to the non-staffing allocation, because class size reduction is a focus of I-1351 and other budget requests made of the Superintendent.

What are the consequences of not funding this request?

It is likely that without funding this request, districts will have to increase class sizes or reduce curriculum options for vocational or skill center programs.

How has or can the agency address the issue or need in its current appropriation level?

This issue only has impact on the programs if the proposed change in definition of a 1.0 annual average full-time equivalent student is accepted and implemented by the legislature. Therefore, this is not an issue nor a need within current appropriations.

Other supporting materials:

None.

Activity Inventory:

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2018	FY 2019	Avg	FY 2018	FY 2019	Total
A038	021				\$65,600	\$122,000	\$187,600
					\$0	\$0	\$0
Total Activities					\$65,600	\$122,000	\$187,600

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)