

Vocational Ed Funding Formula

2017–19 Biennium Budget Decision Package

Agency: 350 Office of Superintendent of Public Instruction

Decision Package Code/Title: AD/Vocational Ed Funding Formula

Budget Period: 2017–19

Budget Level: PL

Agency Recommendation Summary Text:

Vocational and Skill Center education programs play an essential role in creating career ready high school graduates. These programs enrolled a combined 69,460 full-time equivalent (FTE) students during the 2015–16 school year.

Each of these programs receive enhanced funding as compared to the general education program. This enhancement has declined from 28.0% (1995) to 2.2% (2016). The situation has limited the program's enrollment, operation, and growth potential. This proposal increases vocational and skill center funding in both staffing and non-staffing areas, while also aligning the structure of the allocation with program expenditures. Cost for this biennium is \$115 million.

Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-01	\$ 50,000,000	\$ 65,000,000	\$ 147,000,000	\$ 170,000,000
Total Cost	\$ 50,000,000	\$ 65,000,000	\$ 147,000,000	\$ 170,000,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	-	-	-	-
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-01	-	-	-	-
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. N	\$ 50,000,000	\$ 65,000,000	\$ 147,000,000	\$ 170,000,000

Package Description

Background:

CTE and Skill Center Programs rely heavily on the enhancement funding that the state provides to maintain a manageable class size, necessary instructional equipment and indirect cost coverage. These programs provide targeted training in different trade areas to ensure that students are ready and qualified for their careers.

Current Situation:

Career and Technical Education

In school year 2015–16, state funding averaged \$ 6,442.49 per CTE FTE (vocational running start rate excludes lab science enhancement of \$166.22) compared to \$ 6,308.69 per basic education FTE (running

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start rate). The current CTE enhancement funding is insufficient to cover the allowed 15% indirect rate, which is charged to the CTE program, in addition to all the costs that are associated with operating CTE programs.

The CTE enhancement to basic education has deteriorated over time. The 1995 Secondary Vocational Education in the State of Washington report stated that the enhancement at that time was 28.0% above basic education. By 2014 this enhancement was reduced to 5.9%. This enhancement continued to decline for the 2015–16 school year, the statewide average per FTE enhancement was \$ 133.8 or 2.12%.

\$ per FTE	Basic Ed (Running Start)	CTE (Running Start)*	CTE Enhancement	Basic Ed MSOC (Grade 9-12)#	CTE MSOC	CTE MSOC Enhancement
2011–12	\$ 4,936.61	\$ 5,823	\$ 886.39	\$ 546.37	\$ 1,334.24	\$ 787.87
2015–16	\$ 6,308.69	\$ 6,442.49	\$ 133.8	\$ 1,376.27	\$ 1,431.65	\$ 55.38
% of change	27.79%	10.64%	-84.91%	151.89%	7.30%	-92.97%

* This excludes Lab Science enhancement of \$ 166.22 for 2015–16.

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Skill Centers

Skill Centers are facing the same challenges. The current statewide average per FTE enhancement for skill center students is \$ 488.49 or 7.1%. That is \$ (103.28) less than a one grade 9-12 Lab Science FTE (\$ 1,376.27).

\$ per FTE	Basic Ed (Running Start)	Skill Center	Skill Center Enhancement	Basic Ed MSOC (Grade 9-12)#	Skill Center MSOC	Skill Center MSOC Enhancement
2011–12	\$ 4,936.61	\$ 5,934.47	\$ 997.86	\$ 546.37	\$ 1,186.17	\$ 639.8
2015–16	\$ 6,308.69	\$ 6,797.18	\$ 448.49	\$ 1,376.27	\$ 1,272.99	\$ (103.28)
% of change	27.79%	14.54%	-16.92%	151.89%	7.32%	-116.14%

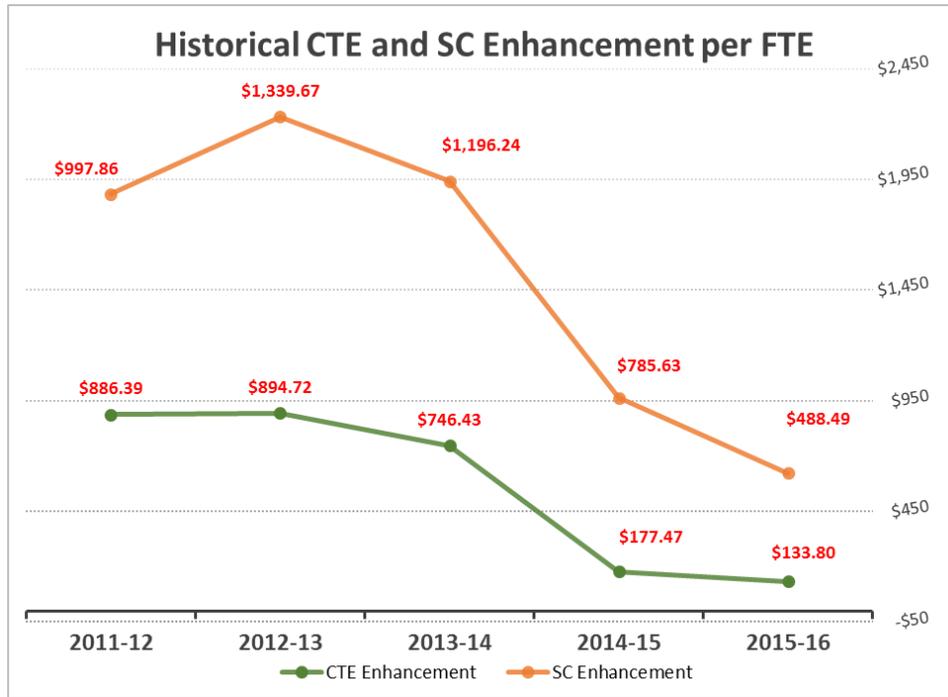
This includes Lab Science enhancement of \$166.22 for 2015–16.

Current Situation Over all

In the past five years, CTE and Skill Center programs funding has not grown as rapidly as funding in the general education program.

\$ per FTE	2011–12	2012–13	2013–14	2014–15	2015–16
CTE Enhancement	\$ 886.39	\$ 894.72	\$ 746.43	\$ 177.47	\$ 133.8
SC Enhancement	\$ 997.86	\$ 1,339.69	\$ 1,196.24	\$ 785.63	\$ 448.49

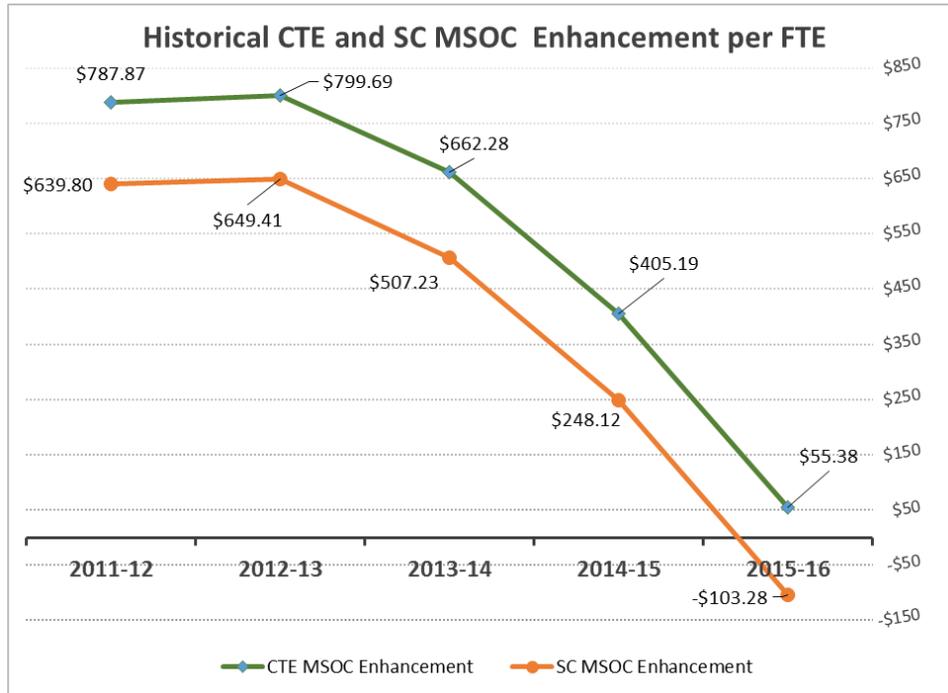
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CTE and Skill Center’s MSOC values show a more dramatic decrease over the years.

	2011-12	2012-13	2013-14	2014-15	2015-16
CTE MSOC enhancement*	\$ 787.87	\$ 799.69	\$ 662.28	\$ 405.19	\$ 55.38
Skill Center MSOC enhancement	\$ 639.8	\$ 649.41	\$ 507.23	\$ 248.12	\$ (103.28)

* This includes Lab Science enhancement of \$ 164.25 for 2014-15, and \$ 166.22 for 2015-16.



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This situation has impacted the ability for programs to plan and budget for future school years, which may negatively impact program growth and limit enrollment opportunities for students. This decision package proposes increases in vocational and skill center funding in both staffing and non-staffing areas, while also aligning the structure of the allocation with program expenditures.

Proposed Solution:

Funding formula changes are proposed through the following four steps:

1. Materials, Supplies, and Operating Costs (MSOC)
2. Other ESA Staff Ratio
3. Vocation Education Director/Principals (Vocational Programs Only)
4. Lower Vocational and Skill Center Class Size

Step 1 - Materials, Supplies, and Operating Costs (MSOC)

Increase the vocational education program allocation to \$ 1,917.89 per FTE for the 2017–18 school year. OSPI requests adding a vocational MSOC allocation multiplier of 1.54 from the general education MSOC rate. This multiplier is based on providing an allocation that meets vocational education program actual expenditures for the allowable vocational categories from the 2014–15 school year adjusted for inflation. The Skill Center MSOC allocation should be increased to \$ 2,257.21 per FTE, which represents actual 2014–15 school year per FTE expenditures adjusted for inflation for the 2017–18 school year.

The total cost for this step is \$68 million for the 2017–19 biennium and \$ 80 million for the 2019–21 biennium.

Step 2 - Other ESA Staff Ratio

Provide an allocation for nurses, social workers, psychologists, and guidance counselors at a rate of 5.3 staff per 1,000 student FTE for both vocational and skill center allocations. This is the same rate at which these staff members are allocated within the general education program.

The total cost for this step is \$ 23 million for the 2017–19 biennium and \$ 27 million for the 2019–21 biennium.

Step 3 - Vocation Education Director/Principals (Vocational Programs Only)

Move the allocation for principals out of vocational education programs back to general education programs. This will align the principal allocation with where the accounting structure allows expenses for the principal's office to be recorded. In lieu of a principal allocation, provide an allocation at a rate of 2.32 per 1,000 student FTE for a vocational education director (certificated instructional staff). This step would not apply to skill center allocations

The total cost for this step is \$ 22 million for the 2017–19 biennium and \$ 25 million for the 2019–21 biennium.

Step 4 - Lower Vocational and Skill Center Class Sizes

Provide an allocation for teachers based on an assumed class size of 19.72 for vocational programs and 16.00 for skill center programs, starting with the 2019-20 school year. This proposed

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vocational class size would show progress towards the required I-1351 class size, while the proposed skill center class size would fully comply with the requirements of the initiative.

The total cost for this step has no impact for the 2017–19 biennium and \$ 185 million for the 2019–21 biennium.

Contact person:

- T.J. Kelly, Director of School Apportionment and Financial Services, 360-725-6301
- Vicky Dyer, Financial Data Analyst, 360-725-6302

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 generates more state funding for existing programs. It does not require programs to expand nor alter their services in any specific way.

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

The calculations in this decision package were based on caseload forecast council enrollment and current law budget drivers as established through the 2020–21 school year.

	2017–18	2018–19	2019-20	2020-21
Inflation	1.8 %	1.9 %	1.9 %	1.9 %
CTE enrollment (FTE)	68,593.0	70,167.8	70,167.8	70,167.8
Skill Center enrollment (FTE)	6,304.5	6,566.3	6,566.3	6,566.3

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Increasing state funding for CTE and Skill Center programs will allow them to provide diverse class offerings at the class sizes necessary to deliver instruction in a safe and productive environment. This will generate more career ready graduates that can quickly and easily transition into the work force.

Performance Measure detail:

Full funding for basic education, including CTE and Skill Centers is the Superintendent's number one priority.

Fully describe and quantify expected impacts on state residents and specific populations served.

Washington's trade companies will continue to benefit from well qualified graduates that are ready to join the workforce in their trade. Implementing this funding proposal will allow vocational and skill center programs the opportunity to grow and provide qualified workers, and to help keeping trade companies from moving out of the state.

Distinction between one-time and ongoing costs:

All costs associated with this decision package are ongoing, as they impact funding drivers in the state funding formula.

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

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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?	Yes	Identify: School District Accounting Advisory Committee sub-group includes representatives from both school districts business officials, and CTE program directors
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?	Yes	Identify: Adding new classrooms
Is change required to existing statutes, rules or contracts?	Yes	Identify: Implementing the new CTE funding structure
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.

Certain elements of this funding proposal would require changes to the underlying statute. Others can be made through language changes in the omnibus appropriations act.

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

The increases to funding in this decision package could also be achieved through adjusting the prototypical school funding formula in other areas. This option was chosen because it accomplishes the objective of increased funding and creating a more transparent alignment between areas of allocation and direct expenses to the programs.

What are the consequences of not funding this request?

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Not funding this decision package means that CTE and Skill Center programs will struggle to create new opportunities for students to participate by limiting the program's ability to budget and plan for future years.

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

In order to address the issue of a deteriorating enhancement in these programs, an increased appropriation level must be established.

Other supporting materials:

Activity Inventory:

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2018	FY 2019	Avg	FY 2018	FY 2019	Total
A038 Basic Education	021				\$ 50,000,000	\$ 65,000,000	\$ 115,000,000
Total Activities					\$ 50,000,000	\$ 65,000,000	\$ 115,000,000

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.)