



Office of Superintendent of Public Instruction
K-12 Financial Resources

School District Expenditures of Levy and Levy Equalization Resources

Amounts and Purposes for the 2008-
09 School Year



Overview

- Questions
- Basics of the Accounting Structure/Method
- Available Levy and Equalization Funding
- Expenditure of Levy Funds
 - Elements of Levy Fund Expenditures and Tracker
 - Career and Technical Education
 - Facilities Maintenance
 - Additional Salaries
- Conclusions



How do Districts Spend their Levy Funds?

- How much funding does the state provide for major system elements?
- How much funding do districts expend for these elements?
- How do accounting rules help us untangle the revenue sources of various expenditures?



Accounting Basics

- 44 Programs (purpose) of district expenditures
 - Every expenditure is categorized into a Program
 - Within each Program, every expenditure is categorized by Activity (Instruction) and Object (Salaries)
 - For all 100,000 staff on 10/1: Program, Activity, Duty, Base Salary, Total Salary, HLD
- 19 Programs are limited to a specific purpose **AND** a single revenue source
 - Title I expenditures are isolated in a single Program that is tied to a single revenue source
- 25 Programs are for a defined purpose but with *multiple* revenue sources



Accounting Structure

	A: Programs <u>Typically</u> Subsidized/Paid by Levy Funds	B: Programs Assumed Fully Funded by Source; <u>No Levy Subsidy</u>
1	Extra Curricular/Community	Federal Title I (Struggling Students)
2	Pupil Transportation	Federal Title III (ELL)
3	State Special Education	Federal Title II (Teacher Quality)
4	Basic Education:	Federal IDEA (Spec Ed)
5	•BE/CTE NERC	I-728
6	•Extra BE/CTE Classified Staff	Learning Assistance Program
7	•Extra BE/CTE Instructional Staff	Transitional Bilingual Instruct.
8	•Actual BE/CTE Salary (Class, Admin)	
9	Additional BE/SE/CTE Salary (Instructional)	
10	Food and Nutrition	



Method

- Levy = local levy collections and Local Effort Assistance (LEA or equalization)
- District-by-district comparison of state funding to expenditures by major system element
 - Follows “Program” structure but then further detail
 - Used new FFTWG Baseline to delve below Program
- Where there is a deficit:
 - identify how much and why
 - *identify if other funds (non-levy) could be covering the deficit*
 - attribute remaining amount to levy funds
- Results
 - Not perfect, backing into an answer
 - State level only, not identifying districts



Levies and Local Effort Assistance

- Levy revenue totaled \$1,559.9 million
 - Includes timber revenue not deducted from state funding
- Local Effort Assistance totaled \$228.8 million
 - Voters must approve a levy in order to collect
 - Basically tax reduction for voters: voters approve a levy, state gives some of that levy to the district directly and county collects less revenue
 - Purposes are the same as levy funds
- Additional misc. revenue of \$294.3 million
- ***Target to unravel: \$2,083 million*** (21% of expenditures)



EXPENDITURE OF LEVY FUNDS



Extra Curricula and Community

- Sports, radio/T.V. stations, coaching, activities
- Districts expended \$85.5 million (4.1% of levy revenue)
- All attributable to levy
 - Some associated fee revenue is included in the \$2 billion revenue target



Pupil Transportation

- Only “to/from” transportation; no activities
- Levy covered \$130.8 million in deficits (6.3% of levy revenue)



Core Special Education

- After state funding for basic education, special education, and state safety net: Levy covered \$77.2 million (3.7%) in deficits
- Additional Salaries of \$85.1 million are in addition to \$77.2 million gap
 - Included later with all Additional Salaries



Non-Employee Related Cost

- Final 2008-09 data is not yet available
- Estimate that levy covered \$502.6 million (24.1% of levy revenue)



Extra Classified Staff

- State allocated 16,814 FTEs
- Districts employed 19,549 FTEs
 - Includes 100% Basic Ed employees and 97% of Administrative employees (consistent with Baseline methodology)
- Cost to employ 2,735 additional FTEs, attributable to levy \$168.5 million (8.1%)
 - Salaries and benefits



Extra Instructional Staff

- State allocated 48,048 FTEs
- Districts employed 50,819 FTEs
- Cost to employ 2,770 additional FTEs, attributable to levy \$195.0 million (9.4%)
 - Base salaries and benefits
 - Additional Salary for these 2,770 staff included later



Actual Classified Salary

- State allocated an average salary of \$32,294
- Districts paid an average salary of \$43,174
- Difference of \$10,878
 - With mandatory benefits difference is \$12,534/FTE
- Total value of difference on state-funded staff units only is \$210.7 million (10.1%)
 - Equalization is \$86.8 million of this amount (not including special education)



Actual Administrative Salary

- State allocated an average salary of \$59,929
- Districts paid an average salary of \$106,547
- Difference of \$46,618
 - With mandatory benefits difference is \$54,127/FTE
- Total value of difference on state-funded staff units only is \$169.7 million (8.1%)
 - Equalization is \$111.8 million of this amount (not including special education)



Additional Instructional Salaries

- Total value is \$711.1 million (not including National Board Bonus)
 - Not all of this is paid for by levy
 - Title I and IDEA support the additional salary of the staff employed on these programs
 - Same for I-728, LAP, TBIP
- Basic and Special Education and CTE must be covered by levy, \$608.8 million (29.2%)
 - Includes associated mandatory benefits



Summary Use of Levy Funds

	Program and Expenditure Purpose	Levy Funds Expended <i>\$'s in Millions</i>	
1	Levy, LEA, Misc Revenue	\$2,083.1	
2	Extra Curricular/Community	\$(85.5)	(4.1%)
3	Pupil Transportation	\$(130.8)	(6.3%)
4	State Special Education	\$(77.2)	(3.7%)
5	NERC	\$(502.6)	(24.1%)
6	Extra BE/CTE Classified Staff	\$(168.5)	(8.1%)
7	Extra BE/CTE Instructional Staff	\$(195.0)	(9.4%)
8	Actual BE/CTE Salary (Class)	\$(210.7)	(10.1%)
9	Actual BE/CTE Salary (Admin)	\$(169.7)	(8.1%)
10	Additional BE/SE/CTE Salary (Instructional)	\$(608.8)	(29.2%)
11	Food Nutrition	<u>\$(11.7)</u>	<u>(0.6%)</u>
12	Total	\$2,160.5	103.7%



FACILITIES MAINTENANCE



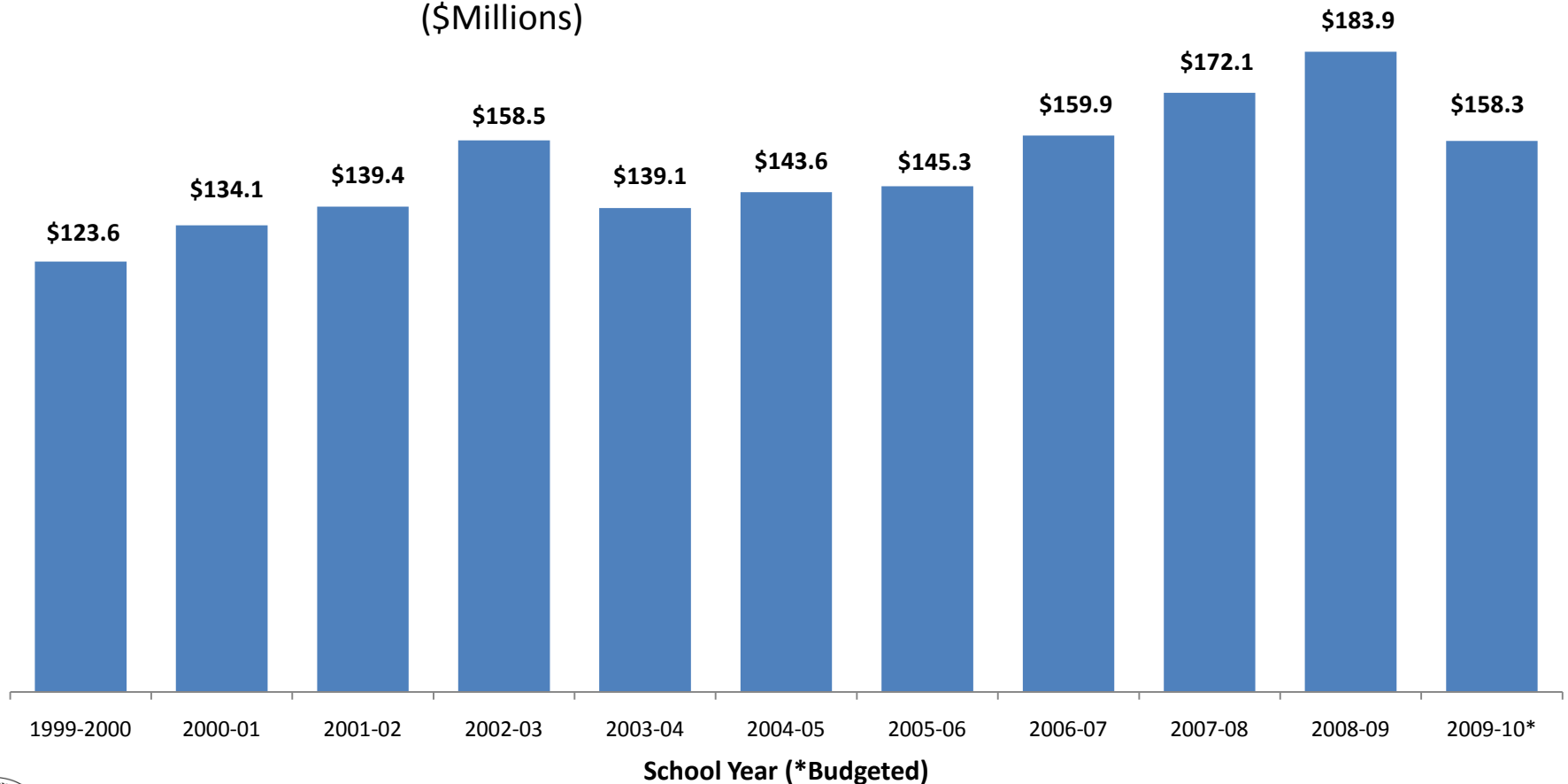
Facilities Maintenance

- Districts heavily subsidize with levy funds
 - Classified salaries/benefits for extra staff
 - Classified salaries/benefits for state-funded staff units allocated at a rate that are below district cost
 - NERC (maintenance contracts, maintenance parts and supplies and cleaning supplies)
 - *Administrative salaries/benefits (but not included in next slide)*



State Revenue Covers about 70% of Facilities Maintenance Expenditures

Facilities Maintenance Expenditures in Excess of State Funding
(\$Millions)



CAREER AND TECHNICAL EDUCATION



Skills Centers and CTE

- Districts expended \$320.3 million (staffing and NERC)
- State Revenue totaled \$291.5 million
- Difference attributable to levy \$28.8 million



ADDITIONAL INSTRUCTIONAL SALARIES



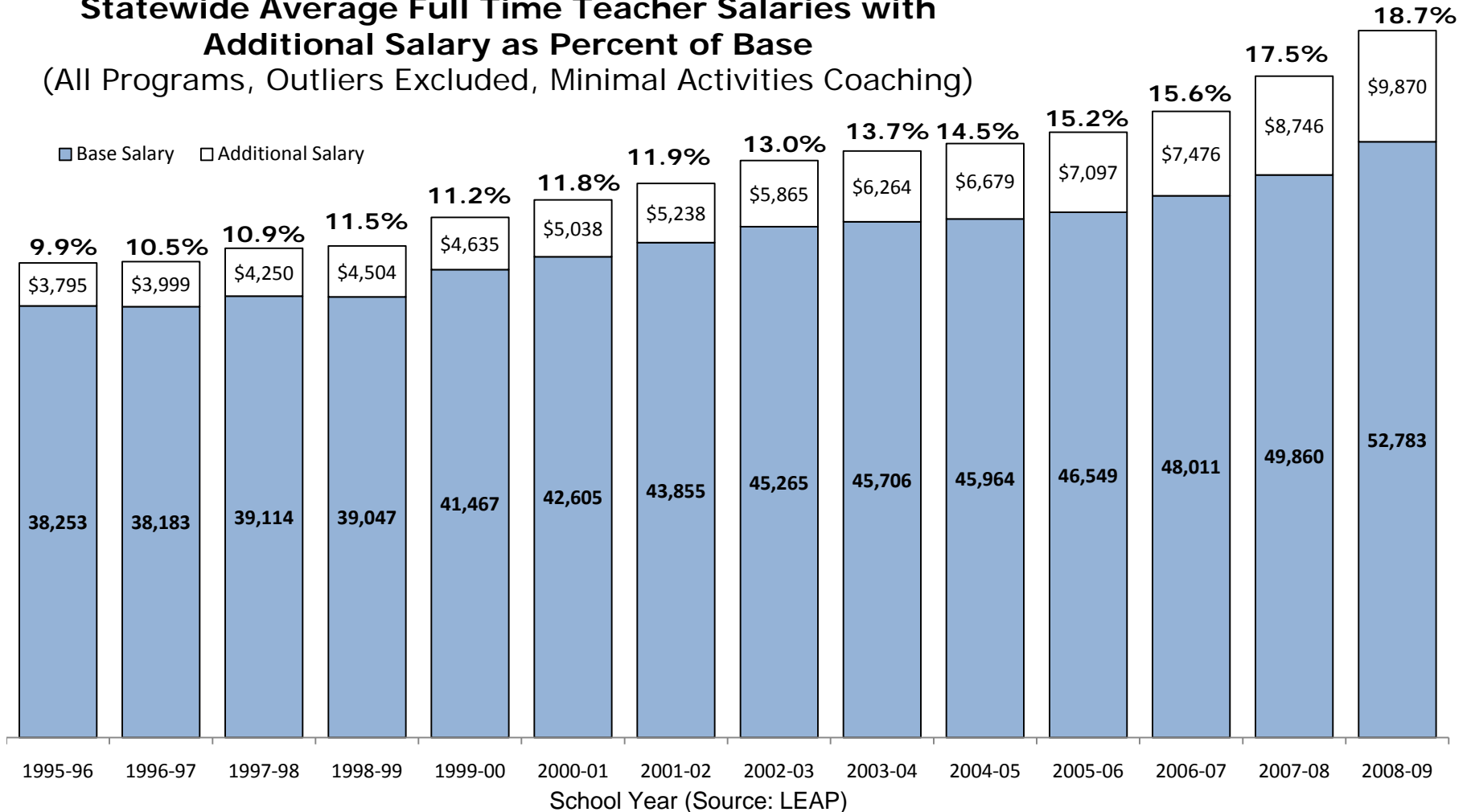
Additional Salaries = TRI and Supplemental Salaries

- **TRI:** Additional compensation associated with additional time (district- or teacher-directed), additional responsibilities, or incentives
 - All teachers in a district; typically education and experience drive amount
- **Supplemental Salaries:** Coaching stipends, vocational leadership, department chair, curriculum committees, mentoring for students and/or other teachers, National Board bonuses
 - Some teachers; dependent on position/requirements
- State has little data to quantify each



Additional Salary is 18.7% of Base Salary

**Statewide Average Full Time Teacher Salaries with
Additional Salary as Percent of Base**
(All Programs, Outliers Excluded, Minimal Activities Coaching)

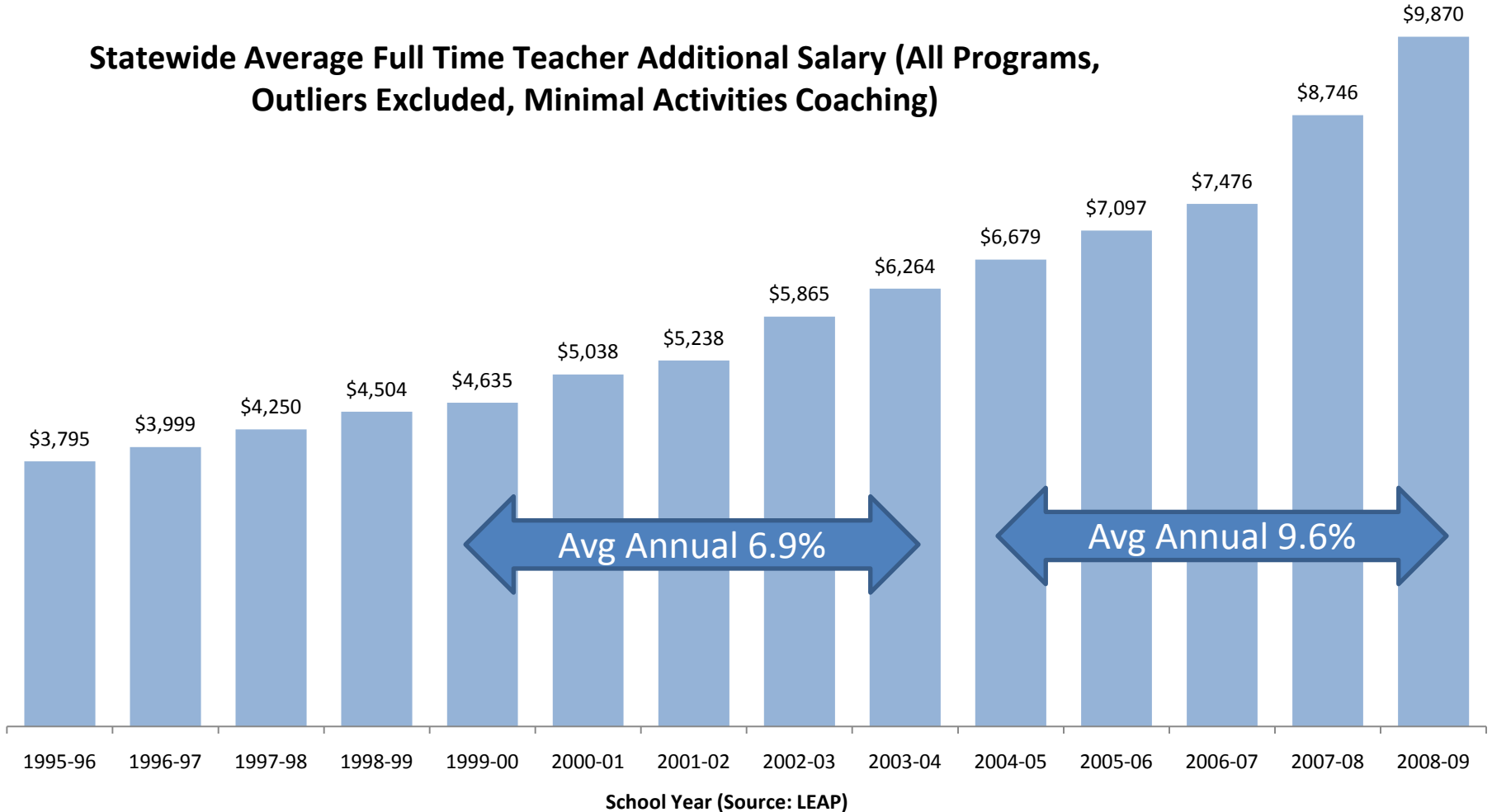


School Year (Source: LEAP)



Additional Salaries Increased an Average of 9.6% Annually During Prior 5 Years

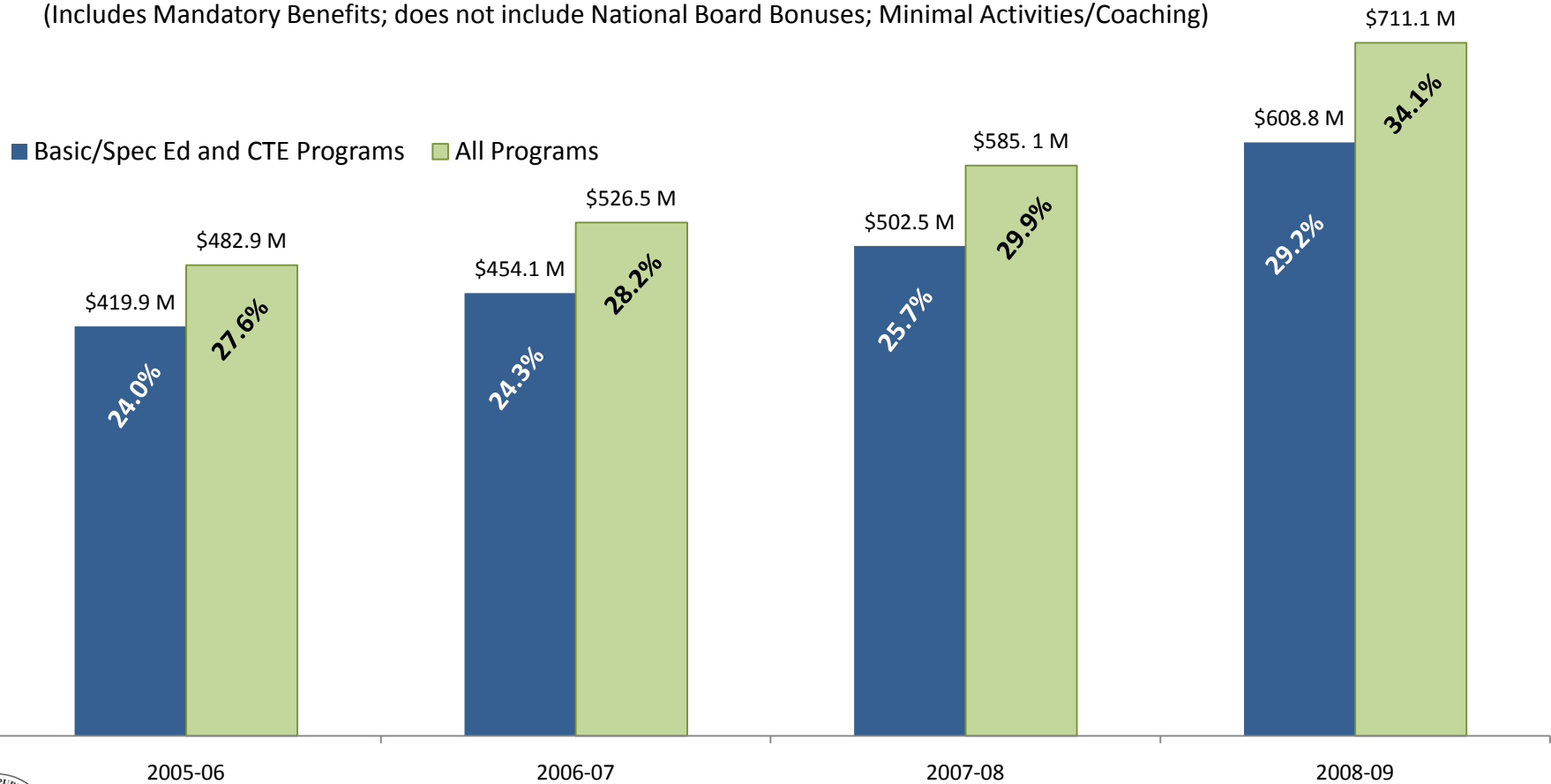
Statewide Average Full Time Teacher Additional Salary (All Programs, Outliers Excluded, Minimal Activities Coaching)



Additional Salaries are an Increasing Share of Levy/LEA Revenue

Certificated Instructional Staff Additional Salary Total Value and % of Levy and LEA Funds

(Includes Mandatory Benefits; does not include National Board Bonuses; Minimal Activities/Coaching)



CONCLUSIONS AND IMPLICATIONS FOR FUTURE SOLVENCY



Levy Expenditures are Largely Compensation

	Program/Expenditure Purpose	Levy Funds Expended	Salaries and Benefits Only
1	Extra Curricular/Community	\$85.5	---
2	Pupil Transportation	\$130.8	\$95.4
3	State Special Education	\$77.2	\$64.4
4	Preliminary NERC	\$502.6	\$0
5	Extra BE/CTE Classified Staff	\$168.5	\$168.5
6	Extra BE/CTE Instructional Staff	\$195.0	\$195.0
7	Actual BE/CTE Salary (Class)	\$210.7	\$210.7
8	Actual BE/CTE Salary (Admin)	\$169.7	\$169.7
9	Additional BE/SE/CTE Salary (Instructional)	\$608.8	\$608.8
10	Food and Nutrition	<u>\$11.7</u>	---
11	Subtotal Supported by Levy in 2008-09	\$2,160.5	\$1,512.5

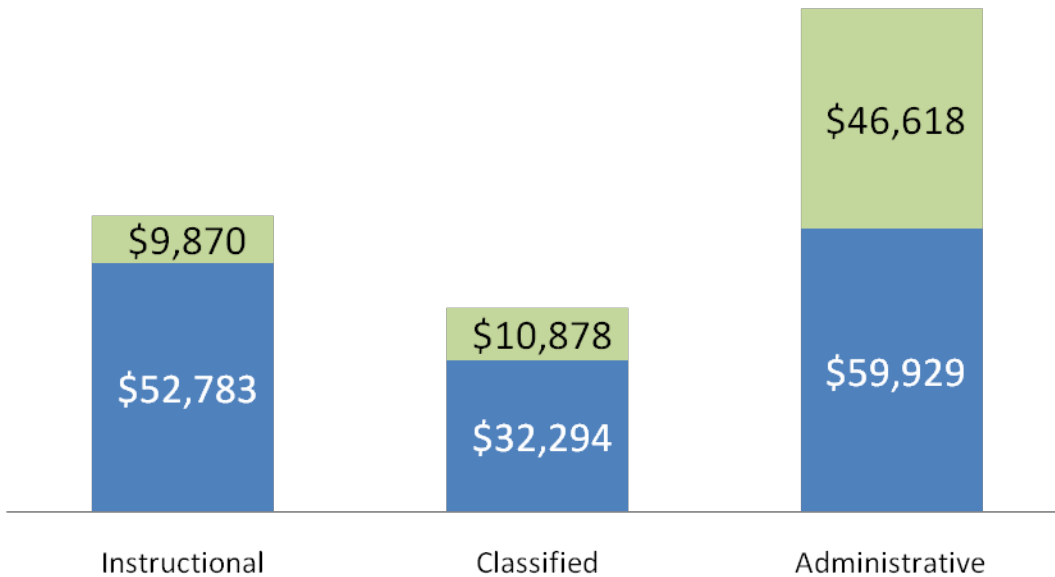
State compensation changes and decisions impact this base also.



3 Compensation Decisions Drive Levy Expenditures

Average Compensation Distribution

■ State Paid ■ Levy Paid



	State Pays	Levy Pays
State Funded Staff Units		
I-732 COLA	On Blue	On Green
Pension Rate Inc.	On Blue	On Green
Negotiated COLA/Sal.	None	On All
Extra Staff Hired with Levy		
I-732 COLA	None	On All
Pension Rate Inc.	None	On All
Negotiated COLA/Sal.	None	On All

Given the amount of levy devoted to compensation and given these drivers, what is the outlook for levy capacity in the near future?



Levy Outlook Assumptions

	2009-10	2010-11	2011-12
Levy Revenue	Absorbing state reductions as possible; paying for contracts in place	\$120 million increase over 2009-10; absorbing state reductions as possible; paying for contracts in place	\$120 million increase over 2010-11
I-732 COLA	0%	0%	Unknown
Health, Life, Disability Insur.	9% increase over 2008-09 for Extra Staff	9% increase over 2008-09 for Extra Staff	9% increase over 2008-09 for Extra Staff
Classified Pension Contr.	1.36% increase over 2008-09	0% change from 2009-10	3.58% increase over 2010-11
Certificated Pension Contr.	1.68% decrease over 2008-09	0% change from 2009-10	6.75% increase over 2010-11
Negotiated COLA/Other	Will Vary	Will Vary	Will Vary
Utilities and Insurance	\$10 million increase above NERC funding increase	\$10 million increase above NERC funding increase	\$10 million increase above NERC funding increase



Levy Solvency Given Minimal Policy Decisions

		2011-12 w/o QEC Recommendations	2011-12 w/ QEC Recommendations
1	Typical Increase in Levy Revenue	\$120 million	\$120 + \$205 (PT/NERC) Ttl New: \$325 million
2	1% I-732 COLA	\$(17.1) million	\$(17.1) million
3	Health, Life, Disability Insurance	\$(8.8) million	\$(8.8) million
4	3.58% Increased Classified Pension Contr.	\$(14.0) million	\$(14.0) million
5	6.75% Increase Certificated Pension Contr.	\$(68.4) million	\$(68.4) million
6	Utilities and Insurance	<u>\$(10.0) million</u>	<u>\$(10.0) million</u>
7	Subtotal Levy Remaining for All Other NERC, HLD, PT, SE, Facilities, Instruction for TBIP/LAP	\$1.7 million	\$206.7 million
8	Contracts in Place? New Negotiations? 6% increase in Additional Salary; 1% on Classified	\$(56.5) million	\$(56.5) million
9	QEC Recommendation for FDK and Class Size Reduction: Impact on Levy Expend.		\$(6.4) million
10	Total	\$(54.8) million	\$150.2 million



Until the State is Responsible for a Larger Share of Compensation, Levy Capacity will Drive Policy

Clear State Responsibility	Partial State Responsibility	Not a State Responsibility
NERC	Instructional Staff Additional Salaries (Spec Ed, Basic Ed, CTE)	Community/Extra Curricular Activities
Pupil Transportation	Extra Instructional Staff (Class Size Reduction) (Career and Technical Ed)	
Core Special Education	Extra Classified Staff (Facilities Maintenance)	
	Actual Classified Salaries	
	Actual Admin Salaries	

Work Plan Discussion: What information does the Council need in order to quantify the state's responsibility for the middle column?

