Brief Description: Regarding funding distribution formulas for K-12 education.


House Committee on Education Appropriations
House Committee on Ways & Means
Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

Background:

Overview.
Legislation enacted in 2009 (chapter 548, Laws of 2009 or Engrossed Substitute House Bill 2261) revised the definition of the program of Basic Education and established new methods for distributing state funds to school districts to support this program of Basic Education. Various technical working groups were established to continue implementation of the legislation, as well as a Quality Education Council (QEC) composed of eight legislators, leaders of four state education agencies, and a representative of the Governor's Office.

Prototypical School Funding Formula.
The current funding formula for Basic Education relies on allocations of three different types of staff (certificated instructional, certificated administrative, and classified) per 1,000 full-time equivalent (FTE) students, plus an allocation for nonemployee-related costs calculated per certificated staff. Funding for categorical programs such as the Learning Assistance Program (LAP), the Transitional Bilingual Instructional Program (TBIP), and the Highly Capable Program is expressed as a per-student allocation. Funding for Special Education is through an excess cost allocation, which is a specified percent of the Basic Education allocation. With the exception of minimum staffing ratios, these formulas and their funding values are found in the state appropriations act and associated documents rather than in statute.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.
The current statutory allocation for classified staff is based on one staff for each 60 students. The 2009-2011 state appropriations act contains an enhanced allocation of one staff for every 58.75 students.

The 2009 Basic Education legislation provides that, beginning September 1, 2011, to the extent the technical details have been adopted by the Legislature, the distribution formula for the Basic Education allocation will be based on minimum staffing and nonstaff costs to support instruction and operations in prototypical schools. A certain amount of detail about the structure of the formula was placed into statute. However, with the exception of the excess cost allocation for Special Education, the 2009 Basic Education legislation did not contain any numeric values for the various funding formula elements to be implemented in 2011.

The 2009 Basic Education legislation also repealed, effective September 1, 2011, a law requiring school districts to maintain a minimum staffing ratio of 46 certificated instructional staff (CIS) per 1,000 full-time equivalent students.

Funding Formula Technical Working Group.
The Office of Financial Management (OFM) and the Office of the Superintendent of Public Instruction (OSPI) were directed to convene a working group made up of individuals with expertise in education finance to develop the details of the new funding formula and submit recommendations to the Legislature by December 1, 2009.

The Funding Formula Technical Working Group (FFTWG) developed a recommended set of numeric values for the prototypical school funding formula that are intended to represent, as closely as possible, a translation of current levels of state funding for Basic Education into the new formula elements. Its final report calls these the Baseline values. The report also recommends various adjustments to the structure of the formula that appears in statute.

The QEC recommended that the 2010 Legislature adopt the Baseline values and details of the prototypical school funding formula as recommended by the FFTWG and place these values into statute, to take effect September 1, 2011.

Pupil Transportation Funding Formula.
The 2009 Basic Education legislation authorized a new funding formula that uses a regression analysis of various cost factors to allocate funds to school districts. The laws authorizing the new formula take effect September 1, 2013, but implementation of the formula is to be phased-in according to an implementation schedule adopted by the Legislature.

The QEC recommended that the new formula be authorized beginning September 1, 2011, rather than 2013, and further recommended that funding for the new formula be phased-in over a three-year period beginning in 2011.

Other Funding Working Groups.
The 2009 Basic Education legislation also created a Local Finance Working Group and a Compensation Working Group. The Local Finance Working Group is to be convened beginning July 1, 2010, to develop options for a new system of supplemental school funding.
through local levies and local effort assistance. Its report is due December 1, 2011. The Compensation Working Group is to be convened beginning July 1, 2011, with an initial report due by December 1, 2012.

The QEC recommended that these two groups be convened immediately, with reports due in 2010. The QEC also recommended that the FFTWG be continued and asked to provide technical advice to the OSPI and the QEC.

Other QEC Recommendations.
The QEC’s January 2010 report also contained recommendations to phase-in enhancements of state allocations for K-3 class size, maintenance, supplies, and operating costs (MSOC), and full-day kindergarten above the values expressed in the Baseline. The QEC recommended that these enhancements be adopted in statute.

Summary:

Intent.
The Legislature intends to adopt the technical details of a new distribution formula for Basic Education and authorize a phase-in of implementation of a new distribution formula for pupil transportation. The Legislature also intends that per-pupil Basic Education funding for a school district not be decreased as a result of the transition to the new formulas. The Legislature will continue to review the formulas and make revisions as necessary for technical purposes and to correct errors.

Prototypical School Funding Formula.
The following numeric values for average class size, which forms the basis of allocations for classroom teachers in the funding formula, are specified:

- Grades K-3: 25.23
- Grade 4: 27.00
- Grades 5-6: 27.00
- Grades 7-8: 28.53
- Grades 9-12: 28.74
- Middle and high school CTE: 26.57
- Skill center programs: 22.76

The state appropriations act must specify class sizes for high poverty schools, laboratory science, Advanced Placement, and International Baccalaureate.

The following allocations of building-level staff for each level of prototypical school are specified:

<table>
<thead>
<tr>
<th>Type of Staff</th>
<th>Elementary</th>
<th>Middle</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>principals and building administration</td>
<td>1.253</td>
<td>1.353</td>
<td>1.880</td>
</tr>
<tr>
<td>teacher librarians</td>
<td>0.663</td>
<td>0.519</td>
<td>0.523</td>
</tr>
<tr>
<td>guidance counselors</td>
<td>0.493</td>
<td>1.116</td>
<td>1.909</td>
</tr>
<tr>
<td>teaching assistance</td>
<td>0.936</td>
<td>0.700</td>
<td>0.652</td>
</tr>
<tr>
<td>office support and non-instructional aides</td>
<td>2.012</td>
<td>2.325</td>
<td>3.269</td>
</tr>
</tbody>
</table>
The allocations for health and social services staff are subdivided into three new categories:

<table>
<thead>
<tr>
<th></th>
<th>Elementary</th>
<th>Middle</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>school nurses</td>
<td>0.076</td>
<td>0.060</td>
<td>0.096</td>
</tr>
<tr>
<td>social workers</td>
<td>0.042</td>
<td>0.006</td>
<td>0.015</td>
</tr>
<tr>
<td>psychologists</td>
<td>0.017</td>
<td>0.002</td>
<td>0.007</td>
</tr>
</tbody>
</table>

A new category of administrative staff allocations is created, called district-wide support, to be allocated per 1,000 FTE students in the school district:

- technology support 0.628
- facilities, maintenance, and grounds 1.813
- warehouse, laborers, and mechanics 0.332

Staffing unit allocations for central office administration are calculated as 5.3 percent of the staffing unit allocations for classroom teachers, building-level staff, and district-wide support.

Minimum allocations of additional resources to support the LAP, TBIP, and Highly Capable Programs provide, as a statewide average, the following instructional hours per week per student in a class size of 15:

- LAP 1.5156 hours
- TBIP 4.778 hours
- Highly Capable 2.159 hours

The minimum allocations for the MSOC per FTE student are specified as the following 2008-09 values, which must be adjusted annually for inflation:

- technology $ 54.43
- utilities and insurance $147.90
- curriculum and textbooks $ 58.44
- other supplies and library materials $124.07
- professional development $ 9.04
- facilities maintenance $ 73.27
- central administration and security $ 50.76

Total: $517.90

Additional modifications are made to the structure of the funding formula.

For purposes of the statewide salary allocation schedule, those staffing categories from the prototypical school formula that are considered certificated instructional staff are specified. The requirement that school districts maintain a minimum staffing ratio of 46 CIS per 1,000 students in Basic Education is restored rather than repealed as of September 1, 2011.
Enhancements.
The average class size for grades K-3 must be reduced beginning in the 2011-13 biennium and beginning with schools with the highest percent of low-income students, until the class size in the formula beginning in the 2017-18 school year is 17.0 students per classroom teacher.

Beginning in the 2011-13 biennium, funding must continue to be phased-in incrementally each year for full-day kindergarten until full statewide implementation is achieved in the 2017-18 school year.

Beginning in the 2011-13 biennium, the allocations for the MSOC must be annually increased after being adjusted for inflation until the following 2007-08 values are provided beginning in the 2015-16 school year:

- technology $113.80
- utilities and insurance $309.21
- curriculum and textbooks $122.17
- other supplies and library materials $259.39
- professional development $18.89
- facilities maintenance $153.18
- central administration and security $106.12

Total: $1,082.76

Pupil Transportation Funding Formula.
Laws authorizing a new pupil transportation funding formula take effect September 1, 2011, instead of September 1, 2013. The phase-in of the implementation of the new formula must begin no later than the 2011-13 biennium and be fully implemented by the 2013-15 biennium.

Funding Working Groups.
The Local Finance Working Group is convened by April 1, 2010, and a report is required by June 30, 2011. In addition to its existing task, this group is directed to examine district capacity and facility needs associated with phasing in class size reduction and full-day kindergarten, as well as analyze the potential use of local funds that are made available from proposed increases in funding for transportation and the MSOC.

The initial report from the Compensation Working Group is due by June 30, 2012. Lead responsibility for convening the Compensation Working Group is re-assigned to the OSPI, in collaboration with the OFM. The FFTWG is to be periodically convened to provide advice and technical assistance to the OSPI and the QEC.

Other Items.
The OSPI must implement and maintain an internet-based portal that provides, for each school building, the staffing levels and other funding elements assumed in the prototypical school funding formula, along with a comparison of how school districts actually deploy staff and resources in the building.
The Washington State Institute for Public Policy must annually calculate a savings to taxpayers resulting from improved extended graduation rates compared to the prior school year. The OSPI must include this estimate in its annual dropout and graduation report.

One non-legislative representative from the Achievement Gap Oversight and Accountability Committee is added to the QEC. The QEC must submit a report by December 1, 2010, that includes recommendations for closing the achievement gap, increasing the high school graduation rate, and assuring adequate state allocations for classified staff in schools.

**Votes on Final Passage:**

<table>
<thead>
<tr>
<th>House</th>
<th>73</th>
<th>23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senate</td>
<td>32</td>
<td>15</td>
</tr>
<tr>
<td>House</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senate</td>
<td>47</td>
<td>0</td>
</tr>
<tr>
<td>House</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senate</td>
<td>30</td>
<td>17</td>
</tr>
<tr>
<td>House</td>
<td>71</td>
<td>26</td>
</tr>
</tbody>
</table>

**Effective:** June 10, 2010

March 29, 2010 (Section 6)

September 1, 2011 (Sections 2, 3, 4, 8, 10, 13 and 14)

**Partial Veto Summary:** The Governor vetoed a section that required the WSIPP to calculate annually the savings to taxpayers resulting from improved graduation rates. The same section appears in another enacted bill: Chapter 243, Laws of 2010.