Office of Superintendent of Public Instruction
Financial Resources and Governmental Relations

Implications of 2776:

New Basic Education Funding Formula
For School Superintendents and Board Members

Fall 2010

Purpose

- To provide school superintendents and others a walk through of the new funding structure that will be implemented in September 2011.

Walk Away Questions

- As we go through this presentation, we encourage each of you to consider how this will affect your district's:

    – Budgeting (commencing January 2011).

    – Communications with the community.

    – Negotiations with bargaining groups.

    – Decisions and conversations about resource equity.

    – Conversations with your legislators.

BACKGROUND/OVERVIEW

How did we get to SHB 2776?

2261 – The Beginning

- SHB 2261 was passed in the 2009 Legislative Session.

- Established workgroups charged with making various recommendations to the Legislature concerning state funding for public education.

Legislature and Governor

OSPI and/or OFM Work Groups

- Funding Formula
- Levy and Levy Equalization
- Early Learning (lead by DEL)
- Building Bridges
- Data Governance
- Compensation
- Highly Capable
- Learning Assistance Program
- Transitional Bilingual Program

Quality Education Council (QEC)

- State Superintendent
- Governor Appointee
- SBE Member
- PESB Member
- AGOAC Member
- DEL Director
- Legislators (8)

Professional Educator Standards Board

- Teacher Standards

State Board of Education

- Accountability
- Implementation of Core 24

SHB 2776

- Establishes a new funding method based upon prototypical school format.

- It does not provide any improvement in the funding amounts initially.

- Effective September 1, 2011.

Funding Structure - Existing

- The current funding provides high level formula staff units solely at the district level.
  - Certificated Instructional 46/1000.
  - Certificated Administrative 4/1000.
  - Classified Staff Units 1 per 58.75 student FTE.
- No additional detail by job classification exists.

2776 - Functional Structure - NEW

- 2776 breaks out the funding structure into the three major functional areas of a school district:
  - Schools.
  - Districtwide Support.
  - Administration.

SCHOOL BASED FUNDING

This funding is generated based upon student enrollment by grade, and is intended to provide funding for the operation of schools.

Concepts/Technical Terms

- Prototypical Schools.
- Baseline Values.

What is Prototypical School?

- Prototypical school is a fixed theoretical school size that is used for modeling purposes.

- Replaces the current paradigm of a staff ratio per 1,000 students.

- As adopted in 2776, it is fully scalable.
  - I.E. As enrollment increases or decreases from prototypical size, the staff units change proportionately.

2776 - Prototype as a Basis

- Formulas for school funding are based upon a prototypical school and a prototypical class size.

  – Formula class size assumptions are different based upon grade and subject.

  – The formula considers planning time in determination of funded classroom teachers.

2776 - Prototypical School Size

Category	Elementary (K-6)	Middle (7-8)	High (9-12)
Base Enrollment	400	432	600

- In reality, school configurations vary widely and are not always consistent with the Prototype model.

- Funding is generated based on the grade level reported rather than a school's classification.

  - When 6th grade is part of the middle school, the 6th grade students generate staff at the elementary funding level.

  - When 9th grade is part of the middle school, the 9th grade students continue to generate staff at the high school funding level.

2776 - Class Size Assumption in Formula

Grade Level	Class Size (Basic Ed)	Class Size (High Poverty School)
Grades K-3	25.23	TBD
Grade 4	27.00	TBD
Grades 5-6	27.00	TBD
Grades 7-8	28.53	TBD
Grades 9-12	28.74	TBD
CTE 7-8	26.57	Same
CTE 9-12	26.57	Same
Skills Centers	22.76	Same
Lab Science	TBD	Same
Advanced Placement	TBD	Same
International Baccalaureate	TBD	Same

Class Size to Teacher Conversion

- Converting the funding assumption for class size to formula generated teachers is complex and is based upon standard state assumptions about:

  - Student instructional hours per day.

  - Teacher planning time.

  - Instructional workload of each teacher.

Resulting Planning Time

- Assumed Teacher Day:
  - Elementary School 5.6 Hours.
  - Middle and High School 6 Hours.

- Assumed Planning Time
  - 13% for Elementary = 45 minutes.
  - 17% for Secondary = 60 minutes.

2776: School Level Other Staffing

School Level Staffing	Elementary (K-6)	Middle (7-8)	High (9-12)	Staff Type
Base Enrollment	400	432	600	Student
Principals	1.253	1.353	1.880	CAS
Teacher Librarians	0.663	0.519	0.523	CIS
Guidance Counselors	0.493	1.116	1.909	CIS
Health & Social Services:				
School Nurses	0.076	0.060	0.096	CIS
Social Workers	0.042	0.006	0.015	CIS
Psychologists	0.017	0.002	0.007	CIS
Teaching Assistance	0.936	0.700	0.652	CLS
Office Support	2.012	2.325	3.269	CLS
Custodians	1.657	1.942	2.965	CLS
Student & Staff Safety	0.079	0.092	0.141	CLS
Parent Involvement Coordinators	0.0	0.0	0.0	TBD

2776: CTE and Skills Centers

Career and Technical Education	Middle	High	Staff Type
Base Enrollment	100	100	Student
Certificated Administration	TBD	TBD	CAS
Teachers	4.516	4.516	CIS
Other Certificated Support	TBD	TBD	CIS

Skills Center Staffing	High	Staff Type
Base Enrollment	100	Student
Certificated Administration	TBD	CAS
Teachers	5.272	CIS
Other Certificated Support	TBD	CIS

DISTRICT LEVEL

This funding is generated at the district level without regard to the prototypical school model or grade level.

2776: Districtwide Support

Districtwide Support	All Grades	Staff Type
Base Enrollment	1000	Student
Technology	0.628	CLS
Facilities, Maintenance, and Grounds	1.813	CLS
Warehouse, Laborers, and Mechanics	0.332	CLS

2776: Central Administration

Central Administration	Percent	Staff Type
Total Central Admin Staff	5.3%	
Percent Certificated Administrators	25%	CAS
Percent Classified	75%	CLS

- Central Administration is 5.3% of staffing units generated as K-12 Teachers, School Level Staffing, and Districtwide Support.

- The Central Administration staffing is not generated on poverty enhancement, Lab Science enhancement, AP/IB enhancement, CTE, Skills Centers, or categorical program staffing.

2776: MSOC (formerly known as NERC)

Maintenance, Supplies, and Operating Costs	Per Student Starting $$	Target Values 2015-16 SY
Total MSOC per Student FTE	$517.91	$1,082.76
Technology	$54.43	$113.80
Utilities and Insurance	$147.90	$309.21
Curriculum and Textbooks	$58.44	$122.17
Other Supplies and Library Materials	$124.07	$259.39
Instructional Professional Development for Certificated and Classified Staff	$9.04	$18.89
Facilities Maintenance	$73.27	$153.18
Security and Central Office	$50.76	$106.12

MSOC

- Maintenance, Supplies, and Operating Costs.

- Initially established based upon district information from the 2007-08 school year. Values are to be adjusted for inflation.

- MSOC values for Lab Science, CTE Exploratory, CTE Preparatory, and Skills Centers will be defined in future omnibus appropriations acts.

- Transition is not cost neutral because districts have different proportions of K-3/4 to all other grades.

OTHER INSTRUCTIONAL FUNDING

- The new formulas are based upon a staffing assumption for a program.

- The current funding structure provides $ $ per student without conveying any staffing assumptions.

Categorical Program Current Funding

- Current funding is based on dollars only.

- No detail about staffing or service delivery is provided.

- Difficult to determine what the legislature is actually funding.

2776: Categorical Programs

Categorical Programs	Hours Per Week	Staff Type
Class Size	15	Student
Learning Assistance Program	1.5156	CIS
Transitional Bilingual Instruction	4.7780	CIS
Highly Capable	2.1590	CIS

- Calculated hours above are converted to staffing units for funding purposes.
- Assumes staff are allocated as teachers.
- Initially to be funded using statewide staff mix factor, but could be converted to using district staff mix in the future.
- Designed to be cost neutral.

Categorical Programs

- The Funding Remains Categorical Allocations:
  - Funds must be used for those programs.
  - Allocations only; districts can design program structure to meet student needs within governing rules and statutes.

Categorical Programs

- LAP: Poverty and Bilingual concentration factors are not continued.

  – Hold harmless provided to those districts in lieu of continuation of that formula component.

- Current groups headed by OSPI are developing new funding formula proposals for programs such as LAP and TBIP.

2776: Special Education

Special Education	Percent of Basic Ed and MSOC
Birth to Pre-Kindergarten	1.15
Kindergarten to age 21	.9309

- Special Education funding formula did not change.

OTHER FUNDING AREAS

- Small Schools/Districts.

- Enrollment.

- Salary Assumptions.

- Accountability.

Small Schools and Districts

- All districts should be funded using the same prototypical school models. A small school and small district allocation will be articulated with the same ratios for staff units and non-employee cost allocations as currently exists. Districts will receive the greater of the two allocations.

- Formula Blending – As the new funding formulas are phased in, there should be a constant check to assess the points at which regular prototype school funding provides equal or greater funding.

- Formula Integration – Small schools must continue to be considered in ongoing implementation discussions, such as Core 24 and local levy work group.

- Consider incentives or policy for small high schools to increase student participation in internet or distant learning programs.

Funded Student Enrollment

- The district's funding allocations will be calculated based on districtwide grade level enrollment within the prototypical grades.

  Exceptions: High Poverty Schools

  - Enrollment and free and reduced-price lunch percentages shall be calculated at the school level.

  - SHB 2776: The omnibus appropriations act will define an average class size for schools where more than 50% of the students are eligible for free or reduced-price meals.

  - Class size reductions in high poverty schools have not yet been established.

- Changes for school level enrollment will require changes to current data collections.

Salary Assumptions

- Initial funded salaries will not change.

- The staff in prototypical school categories are grouped as certificated instructional staff, certificated administrative staff, and classified staff for salary purposes.

- Future salary changes are dependent upon future legislation. The compensation workgroup is addressing the <u>structure</u> of compensation.

For Allocation Purposes Only

- SHB 2776 states the distribution formula shall be for allocation purposes only. Nothing requires school districts to maintain a particular classroom teacher to student ratio or other funded staff to student ratio.

- *Exception:* Learning Assistance, Special Education, etc., and other categorical funds continue to be restricted for use in programs.

Accountability

- The new funding model will require the following comparisons:

    - Actual district staffing practices to the funded staff units by school and district level.

    - Actual district expenditures to funded levels.

- These comparisons can be used to inform future policy and legislative decisions for funding level changes.

- These comparisons shall be available on a public website and are required of OSPI and school districts.

LOOKING FORWARD

What comes next?

Policy Areas Ahead

- SHB 2776 provides several legislative intent areas that are not yet developed.

- These areas include:
  - "Adequate" Staffing Intent Language.
  - Poverty Enhancements.
  - Lab Science Class Ratio.
  - Advanced Placement/International Baccalaureate.

- Implementation for these areas requires future decisions about funding policies.

Transition of Formula: Hold Harmless

- SHB 2776 contains legislative intent language that funding shall not be decreased below current levels.

  - Per-pupil basic education funding.

  - Hold harmless calculations, if any, are expected to be performed at the aggregate school district level.

  - Intent language does not bind future legislative action.

2776: Build Out

- Legislation targets ending values for MSOC and K-3 class size.

- Establishes a poverty enhancement for schools with FRPL >50%; _however, does not implement_.

How Are New Resources Phased-in Under SHB 2776?

School Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1 **Full-Day Kindergarten** Must be fully funded statewide by 2017-18 Phase-in based on FRPL	219 Schools	More funding *can* begin	More funding **must** begin	Continues to ramp up	Continues to ramp up	Continues to ramp up	Continues to ramp up	Fully Funded
2 **K-3 Class Size Reduction** Must be fully funded statewide by 2017-18 Phase-in based on FRPL	$0	More funding *can* begin	More funding **must** begin	Continues to ramp up	Continues to ramp up	Continues to ramp up	Continues to ramp up	Fully Funded
3 **Maintenance, Supplies, Operation Costs** (MSOC) Must be fully funded by 2015-16 $ per student basis		More funding *can* begin	More funding **must** begin	Continues to ramp up	Continues to ramp up	Funded at new level	Funded at new level	Funded at new level
4 **Basic Transportation** Must be fully funded by 2014-15 % of formula funded basis		More funding *can* begin	More funding **must** begin	Continues to ramp up	Fully Funded	Fully Funded	Fully Funded	Fully Funded

Learning Assistance Program Technical Working Group

LAP Technical Working Group will identify:

- Best practice programs and services that research has shown to be effective for the instruction and support of low-achieving students, specifically in the content areas of reading/language arts and mathematics.

- Best practice programs and services for the support of high school students who are at-risk of not meeting state and local graduation requirements.

- An appropriate state-level funding structure.

- An appropriate system to evaluate the effectiveness of the LAP.

- Barriers or capacity issues that hinder implementation of the LAP program.

Transitional Bilingual Instructional Program Technical Working Group

TBIP Technical Working Group will identify:

- Research based programs and services that effectively support the language acquisition and academic needs of ELLs.

- Identify appropriate outcomes and measures that identify students progress while in program and after they transition out of TBIP.

- An appropriate state-level funding structure.

- Identify appropriate options for funding enhancements (high poverty districts or districts with multiple languages).

- Barriers or capacity issues that hinder implementation of programs for English language learners.

OSPI - Implementation Timeline

Tools & Training

- A projection model is available on OSPI's website to project the new funding model at the school and district level.

- OSPI is providing training throughout the state on the structure and implications of the new funding model.

- The model and other 2776 materials are on our website at:

  www.k12.wa.us/safs/INS/2776/2776.asp

CONCLUSION

- SHB 2776 implements a dramatically new funding formula that will drive the funding discussions around K-12 in the years ahead.

- Full implementation will require annual funding improvements based upon future legislative policy decisions.

QUESTIONS & ANSWERS

Brief Model Demo

A live walk through of beta models to:

- Gain a working understanding of the new funding model.

- Perform funding projections for your districts/ schools using the new funding algorithm.

- Meet the requirements under ESHB 2261 to post school building expenditure information.

- These models are available on the School Apportionment website under the SHB 2776 Link on the left margin.

Where to Find SHB 2776 Information

http://www.k12.wa.us/safs/INS/2776/2776.asp