

# 2009 Legislative Outcome

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- **2009 Session Continued**
    - Session summary
    - Levies and equalization
  - **ARRA, District Requirements**
  - **IDEA, How to Maximize District Flexibility**
  - **226I, What we Know and What we Do Not Know**

# Session Summary

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- ▶ No COLA for teachers and staff
- ▶ 3% Health Benefits Inflation funded
- ▶ 1 of 2 Learning Improvement Days eliminated
- ▶ Math and Science Professional Development eliminated
- ▶ 44% reduction TRS employer contributions for pensions
- ▶ 75% reduction in I-728
- ▶ 100% elimination of transportation “bridge”
- ▶ Possible 15% reduction in Levy Equalization
- ▶ **Roughly the equivalent of 4,000 teachers**
- ▶ Possible 2-4% increase in Levy Revenue statewide

# Legislative Outcome

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- ▶ **\$1.3 billion in 2009-11 reduction**

- ▶ 2 state fiscal years
- ▶ Does not include federal swap (nor should it)
- ▶ Does not include some items not deemed “maintenance”
- ▶ Does include reduction to Levy Equalization
- ▶ Include compensation reductions, so not just operating reductions

- ▶ **Legislative references to 2.6% reduction**

- ▶ Includes Title I and IDEA as an off-set against state-funded reductions
- ▶ Does not include grants and misc. reductions
- ▶ Does not include compensation items
- ▶ Does include Levy Equalization reduction from 12% level, (instead of 14%)

- ▶ **District-by-district critical to debate on levies**

- ▶ **Ed advocate groups and OSPI need to get on the same page and create one message for the statewide impact**

# Levy Lid and Levy Equalization

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- ▶ Increase Levy Lid by 4%-points, up to 35% through 2011
- ▶ Fund 84.15% of Levy Equalization
- ▶ Increase in Levy Revenue

| \$ in Millions | Calendar Year | School Year |
|----------------|---------------|-------------|
| 2010 / 2009-10 | \$74          | \$40        |
| 2011 / 2010-11 | \$64          | \$69        |

- ▶ Decrease in Levy Equalization (from 12% policy)

| \$ in Millions | Calendar Year | School Year |
|----------------|---------------|-------------|
| 2010 / 2009-10 | (\$39)        | (\$28)      |
| 2011 / 2010-11 | (\$40)        | (\$40)      |

- ▶ *Does not include assumptions re: mid-cycle elections and resulting increase in revenue*

## Other Levy Issues

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- ▶ **Ghost money in levy base (I-728/I-732):** current law must be amended by 2010 session, ideal if special session
  - ▶ Little dispute between House and Senate
  - ▶ Levy base for CY 2010 is set (based on 2008-09); statute change is not required in 2009
  - ▶ If not enacted in 2010 Session, levy base for CY 2011 would be lower
  
- ▶ **Mid-cycle return to voters for supplemental levy**
  - ▶ Not disputed between House and Senate

# Special Session, Including Levies

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## ▶ Rumors Only

- ▶ Mid-week, next week
- ▶ Cannot get agreement on Levy Equalization
- ▶ Do not want to lose opportunity to raise Lid
- ▶ Any others?

# ARRA: District Requirements

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- ▶ **\$738 million in swap of state and federal funds**
  - ▶ Equivalent to 4,500 teachers
  - ▶ Significant workload for school districts in 2008-09
  - ▶ Bit easier in 2009-10
- ▶ **Worked very hard to avoid touching 2008-09**
  - ▶ Needed the money
  - ▶ Hemmed in by federal sequence and proportionality
- ▶ **Districts must:**
  - ▶ Apply for federal Fiscal Stabilization funds (5 or so check-boxes in i-Grants; available 5/5 if not sooner)
  - ▶ **IMPACT AID!!!**
  - ▶ JV resources in the 2008-09 SY per pending instructions (no Time and Effort)
  - ▶ Keep track generally of what expenditures were moved to facilitate reporting in Fall

# ARRA Continued

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- ▶ **2009-10 SY**
  - ▶ No new application, same as May 2009
  - ▶ \$376 million, will use all prior to June if we can mechanically
  - ▶ Legislature spends against Levy Equalization and I-728
- ▶ **Reporting Information**
  - ▶ We will provide guidance as soon as we have some from U.S. DOE

# IDEA Facts and Strategy

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- ▶ \$221 million to state for 2 year period
- ▶ Funds available for expenditures through 9/30/11 regardless of when OSPI allocates them to you
- ▶ OSPI will eliminate carry over restrictions
- ▶ Funds will reduce safety net eligibility
  - ▶ Across 1 year or across 2 years?
- ▶ Funds will positively impact levy base
  - ▶ Depending on when we give them to you, added to base in 2010, 2011, or split?
- ▶ November 2008 “Determination” determines “flexibility”
- ▶ How to maximize flexibility
  - ▶ 125 districts do not spend local resources in Program 21
  - ▶ 173 districts did not “Meet Requirements” in 11/2008
  - ▶ 122 districts did “Meet Requirements” in 11/2008

# 125 Districts w/ \$0 Local in Program 21

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- ▶ **IDEA impact limited to:**
  - ▶ More one-time funding for program
  - ▶ Safety net eligibility reduced
  - ▶ Levy base increased, eventually reduces roll-backs

## 122 Districts “Meeting Requirements” and Spend Local \$ in Program 21

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- ▶ Use new MOE calculation worksheets strategically for enhanced flexibility
- ▶ Can exclude up to 50% of new 2009-10 grant from MOE calculation in 2011 (to calculate for 2009-10)
  - ▶ If you receive your allocation split across 2 years, can only take 50% of the first year in MOE calculation; the 2<sup>nd</sup> year would not represent an “increase”
- ▶ No avoiding negative impact safety net eligibility

## 173 Districts not “Meeting Requirements” and Spend Local \$ in Program 21

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- ▶ Use new MOE calculation worksheets strategically for enhanced flexibility
  - ▶ *OSPI must prohibit* a district from using the 50% exception in the MOE calculation while not “Meeting Requirements”
  - ▶ OSPI grant full IDEA amount in 2009-10, then
    - ▶ District spend as little as possible, carry over as much as possible
    - ▶ Work like crazy to “Meet Requirements” in November 2009
    - ▶ *Apply to adjust grant for 2<sup>nd</sup> year so carry over represents the 2010-11 grant or apply for alternate MOE calculation (not sure yet)*
    - ▶ If you have “Met Requirements” as of November 2009, can use 50% exception in MOE calculation on the carryover amount
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- ▶ <sup>13</sup> No avoiding negative impact safety net eligibility

# 2261: Next Steps for Basic Education Funding

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- ▶ **Efforts to have 2261 vetoed are underway**
  - ▶ Section-by-section discussion with Governor's office will start; input welcome
- ▶ **Need to find a way to move forward with all groups, cannot make progress otherwise**
  - ▶ All ideas are welcome
- ▶ **Need to get great Legislators on the QEC**

# 2261: Definition of Basic Education

|                                     | What we Know  | What we Do Not Know  |
|-------------------------------------|---|--|
| Full-day Kindergarten               | <ul style="list-style-type: none"> <li>✓ Included in state's definition of basic education;</li> <li>✓ Ultimately, 1,000 hours of instruction required</li> </ul>   | Phased-in on dates to be determined  |
| Early Learning for At-Risk Students | <ul style="list-style-type: none"> <li>✓ Included in state's definition of BE</li> <li>✓ Legislature must design program</li> <li>✓ Workgroup final report 9/1/2012</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Phased-in on dates to be determined</li> <li>✓ Definition of "At Risk"</li> <li>✓ Program design</li> </ul> |
| Highly Capable                      | <ul style="list-style-type: none"> <li>✓ Included in state's definition of Basic Education</li> <li>✓ Funded at 2.314% of K-12 pop</li> <li>✓ Not constitute an individual entitlement</li> <li>✓ Safety net</li> </ul> | Design of safety net process   |

# 2261: Instructional Changes

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|                     | What we Know  | What we Do Not Know  |
|---------------------|---|--|
| Instructional Hours | <ul style="list-style-type: none"><li>✓ Effective 9/1/2011, to the extent that the funding formulas are adopted and according to implementation schedule by Legislature</li><li>✓ Broad understanding that cannot implement new requirements without new funding</li><li>✓ Kindergarten increased to full-days starting with highest poverty</li><li>✓ 1,000 hours grades K-6</li><li>✓ 1,080 hours grades 7-12</li></ul> | <ul style="list-style-type: none"><li>✓ No state established “starting” point</li><li>✓ Phase-in not established yet</li></ul> |

# 2261: Funding System

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|                        | What we Know   | What we Do Not Know  |
|------------------------|--|--|
| Prototype School Model | <ul style="list-style-type: none"> <li>✓ Is adopted as the finance system structure;</li> <li>✓ School size values are set;</li> <li>✓ General components are set;</li> <li>✓ For allocation purposes only</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Values;</li> <li>✓ Some categories are still squishy</li> </ul> |
| RCW 28A.150.260        | As of 9/1/2011, no longer includes current staffing ratios   | Will values be adopted in statute; if not, determined in budget  |
| Workgroup              | LEAP, Districts/ESDs, All Associations   |  |
| Workgroup Task         | <ul style="list-style-type: none"> <li>✓ Develop new funding formulas</li> <li>✓ Propose concurrent phase-in of program requirements and increased funding</li> <li>✓ Examine possible sources of revenue</li> <li>✓ Recommendations submitted by 12/1/2009</li> </ul> |  |

# 2261: Transportation Funding

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|   | What we Know  | What we Do Not Know  |
|---|---|----------------------|
| 2009-11 Biennium “Bridge”                     | \$12.5 annual million bridge to new formula is eliminated in 2009-10 and 2010-11 SYs                              |                      |
| 2007-08 Basic Education deficit               | \$125 million, including benefit of \$12.5 million  |                      |
| Future Formula                                | Formula itself is determined, based on Advisory Committee recommendation  |                      |
| Implementation Date                           | Begins phase-in no later than 2013-14; QEC recommends phase-in  | How much how quickly |
| Apportionment and Reporting System Re-Tooling | Not funded by Legislature, but must find a way to have ready for 2011-12 SY so no barrier to implementing formula |                      |

# 2261: Process to Define Specifics of New System—Quality Education Commission

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|            | What we Know  | What we Do Not Know |
|------------|---|---------------------|
| Membership | <ul style="list-style-type: none"> <li>✓ 4 members each from the House and Senate</li> <li>✓ SPI, 1 appointee of Governor, SBE, PESB, and DEL</li> </ul>  | Who specifically    |
| Begins     | <p>July 1, 2009</p> <p>First report 1/1/2010</p>  |                     |
| Task       | <ul style="list-style-type: none"> <li>✓ Recommendations to resolve issues requiring legislative action</li> <li>✓ Recommendations for a phase-in of changes to Basic Education and funding formulas (to be fully implemented by 9/1/2018)</li> </ul> |                     |

# 2261: Salaries and Levies

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|                        | What we Know  | What we Do Not Know |
|------------------------|---|---------------------|
| Levies Workgroup       | <ul style="list-style-type: none"> <li>✓ OFM, OSPI convene</li> <li>✓ Begins 7/1/2010</li> <li>✓ DOR, LEAP, Districts,/ESDs, All Associations</li> <li>✓ Report to Legislature 12/1/2011</li> <li>✓ Must include a phase-in plan of any changes so that no district loses resources</li> </ul>  |                     |
| Compensation Workgroup | <ul style="list-style-type: none"> <li>✓ OFM convenes 1/1/2011, initial report 12/1/2012</li> <li>✓ Reducing tiers in SAM</li> <li>✓ Geographic and labor market analyses</li> <li>✓ Role and types of bonuses</li> <li>✓ Phase-in salary equalization</li> <li>✓ Estimate cost, including grandfathering of current staff</li> </ul> |                     |

# 2261: System Capacity

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|                | What we Know  | What we Do Not Know |
|----------------|---|---------------------|
| SPI Determines | <ul style="list-style-type: none"> <li>✓ Biennial capacity of system to accommodate increased resources</li> <li>✓ Where capacity issues, recommendations to address</li> </ul>   |                     |
| Legislature    | <ul style="list-style-type: none"> <li>✓ Ensures that now enhancements are imposed that the system cannot accommodate</li> </ul>  |                     |
| Capacity       | <ul style="list-style-type: none"> <li>✓ Ability of schools to provide the capital facilities to support a particular component of instruction</li> <li>✓ Staffing to support an instructional program</li> <li>✓ Higher education's capacity to prepare the next generation of educators/staff</li> <li>✓ Availability of data capable of helping state allocate its resources in an evidence-based manner consistent with improved student achievement</li> </ul> |                     |

# Other

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## ▶ Certification

- ▶ By 1/1/2010, PESB must adopt standards for effective teaching, definition of “master teacher”, develop a proposal for uniform classroom-based means of evaluating teacher effectiveness at pre-service, recommend length of time residency/professional certificate are valid, estimate costs to implement, changes Professional Certification requirements

## ▶ Accountability

- ▶ SBE continue development of a fair accountability index; develop a proposed timeline for implementing voluntary support and assistance
- ▶ Changes with fiscal impact take effect only if authorized by the Legislature

## ▶ Data System

- ▶ K-12 data governance group
- ▶ Report in 11/15/2009 on progress in developing gap analysis and cost estimates to implement expanded data system, including changes to financial data; final report 9/1/2010

# Quality Education Council

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|            |  |
|------------|--|
| Members    | <ul style="list-style-type: none"><li>• 4 members each from the House and Senate</li><li>• 1 representative from the Governor's Office, OSPI, SBE, Professional Educator Standards Board, &amp; the Department of Early Learning</li></ul>   |
| Tasks      | <ul style="list-style-type: none"><li>• Recommend and inform ongoing implementation of an evolving definition of Basic Education Program</li><li>• Oversee and guide progress of other educational working groups</li><li>• First report to Legislature shall include:<ul style="list-style-type: none"><li>✓ Recommendation to resolve issues requiring legislative action</li><li>✓ Recommendation for a phase-in of changes to Basic Education and funding formulas to be fully implemented by 9/1/2018</li><li>✓ A recommended schedule for phasing-in implementation of the new pupil transportation funding formula beginning in 2013</li><li>✓ Consideration of a statewide mentoring program; and</li><li>✓ Recommendation for a Program of Early Learning for at-risk children.</li></ul></li></ul> |
| Start Date | Council begins July 1, 2009  |
| Deadlines  | <ul style="list-style-type: none"><li>• Initial report due to Governor and Legislature by 1/1/2010</li><li>• Update statewide strategic recommendations every 4 years</li></ul>  |

# Finance Working Group

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|            |   |
|------------|---|
| Members    | <ul style="list-style-type: none"><li>• Office of Financial Management (Lead) &amp; OSPI (Support)</li><li>• Representatives from Legislative Evaluation and Accountability Program, school districts, ESDs, Washington Association of School Business Officers, WEA, WASA, AWSP, WSSDA, PSE &amp; interested stakeholders with expertise in education finance.</li></ul> |
| Tasks      | <ul style="list-style-type: none"><li>• Develop the details of the new funding formulas</li><li>• Recommend to the legislature on implementation schedule for phasing-in of both increased instructional program and funding</li><li>• Examine possible revenue sources to support increases in funding allocation</li></ul>  |
| Start Date | Begins once Governor signs bill   |
| Deadlines  | <ul style="list-style-type: none"><li>• Must submit recommendation to Legislature by 12/1/2009</li></ul>  |

# Local Funding Working Group

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|            |   |
|------------|---|
| Members    | <ul style="list-style-type: none"><li>• Office of Financial Management (Lead) &amp; OSPI (Support)</li><li>• Representatives from the Department of Revenue, Legislative Evaluation and Accountability Program, school districts, ESDs, Washington Association of School Business Officers, WEA, WASA, AWSP, WSSDA, PSE &amp; interested stakeholders with expertise in education finance.</li></ul>                      |
| Tasks      | <ul style="list-style-type: none"><li>• Develop options for a new system of supplemental funding through local school levies and local effort assistance</li><li>• Shall consider the impact on overall school district revenues of the Basic Education Funding System</li><li>• Recommend a phase-in that ensures district do not experience a decrease in funding due to a new system of supplemental funding</li></ul> |
| Start Date | Working group begins July 1, 2010   |
| Deadlines  | <ul style="list-style-type: none"><li>• Must submit recommendation to Legislature by 12/1/2011</li></ul>  |

# Compensation Working Group

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|            |  |
|------------|--|
| Members    | <ul style="list-style-type: none"><li>• Office of Financial Management (Lead)</li><li>• OSPI, Department of Personnel, Professional Educator Standards Board, school districts, ESDs, Washington Association of School Business Officers, WEA, WASA, AWSP, WSSDA, PSE &amp; interested stakeholders with expertise in compensation related matters.</li></ul>  |
| Tasks      | <ul style="list-style-type: none"><li>• Recommend details of an enhanced salary allocation model including:<ul style="list-style-type: none"><li>✓ How to reduce the number of tiers in the salary model</li><li>✓ How to account for different geographic regions</li><li>✓ The role of and types of bonuses</li><li>✓ How to attain salary equalization over time</li><li>✓ Initial fiscal estimate of new system</li></ul></li><li>• Recommendations implementation plan</li><li>• Conduct or contract for a preliminary comparative labor market analysis of salaries</li><li>• Examine salaries and other compensation for teachers and other staff</li></ul> |
| Start Date | Working group begins July 1, 2011  |
| Deadlines  | • Must submit recommendation to Legislature by 12/1/2012   |

# Early Learning Working Group

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|------------|--|
| Members    | <ul style="list-style-type: none"><li>• OSPI(Lead) &amp; Department of Early Learning (Support)</li><li>• Representatives from Head Start and early childhood education and assistance program providers, Thrive by Five Washington, school districts, and other stakeholders with expertise in early learning</li></ul>   |
| Tasks      | <ul style="list-style-type: none"><li>• Recommend student eligibility criteria that focus on children age 3 &amp; 4 most at risk</li><li>• Develop options for a service delivery system</li><li>• Develop options for shared governance between OSPI &amp; DEL</li><li>• Develop recommended parameters and minimum standards for the program</li><li>• Continue development of a statewide kindergarten assessment</li></ul> |
| Start Date | Working group begins July 1, 2009  |
| Deadlines  | • Must submit progress reports to Legislature by 9/1/2011 & 9/1/2011 with a final report due by 9/1/2012   |