



**2011-13 OPERATING
BUDGET
(INCLUDING THE 2011 SUPPLEMENTAL)**

**STATEWIDE SUMMARY &
AGENCY DETAIL**

**Second Engrossed
Substitute House
Bill 1087**

**SENATE WAYS & MEANS COMMITTEE
MAY 25, 2011**

APPENDIX 1

2011-13 Omnibus Operating Budget
Public Schools
OSPI & Statewide Programs
 (Dollars in Thousands)

	FTEs	2ESHB 1087 NGF-P	Total
2009-11 Estimated Expenditures	242.4	68,775	160,469
2011-13 Maintenance Level	243.4	62,108	148,509
Policy Non-Comp Changes:			
1. Funding System Development	0.0	200	200
2. State Data Center Rate Increase	0.0	275	275
3. Achievement Gap Committee	-1.0	-100	-100
4. Bullying Prevention Workgroup	0.0	112	112
5. School District Insolvency	0.0	166	166
6. Kindergarten Readiness	1.0	900	900
7. Education Reforms	0.0	96	96
8. Apportionment System Development	0.0	-146	-146
9. State Board of Education Reduction	-1.0	-190	-190
10. Reduce OSPI State Office Staffing	-3.0	-2,167	-2,167
11. Online Learning Program Reduction	-1.0	-140	-140
12. Finance Reform Reduction	0.0	-78	-78
13. Eliminate Skills Center Director	-1.0	-196	-196
14. K-20 Network Reduction	0.0	-1,048	-1,048
15. E-Certification	1.2	-855	-855
16. PESB Reduction	0.0	-134	-134
17. Alt Routes Reduction and Suspension	0.0	-3,184	-3,184
18. Jobs for America	0.0	-30	-30
19. Private/Local Authority	0.0	0	4,000
20. Transfer School Safety Functions	0.0	-392	-392
21. Youth Suicide Prevention	0.0	140	140
22. Interagency Charges - AG	0.0	-102	-102
23. Management Efficiency	0.0	-536	-536
24. Data System Reduction	-3.0	-462	-462
25. Reduce Navigation 101	0.0	-624	-624
26. Eliminate Supp CTE Organizations	-1.0	-194	-194
27. Eliminate Special Services Pilot	0.0	-2,658	-2,658
28. Eliminate Dyslexia Pilot Program	-0.2	-150	-150
29. Suspend Pre-Apprenticeship Grants	0.0	-350	-350
30. Teaching as a Profession Pilot	0.0	-150	-150
31. Reduce Mentoring of WA Achievers	0.0	-150	-150
Policy -- Non-Comp Total	-9.1	-12,147	-8,147
Policy Comp Changes:			
32. Average Final Compensation Adjust	0.0	4	6
33. 3% Salary Cut for State Employees	0.0	-775	-1,238
34. Suspend Plan 1 Uniform COLA	0.0	-435	-732
35. Retire-Rehire Changes (State)	0.0	-2	-2
Policy -- Comp Total	0.0	-1,208	-1,966
Total Policy Changes	-9.1	-13,355	-10,113

2011-13 Omnibus Operating Budget
Public Schools
OSPI & Statewide Programs
(Dollars in Thousands)

	FTEs	2ESHB 1087 NGF-P	Total
Total 2011-13 Biennium	234.3	48,753	138,396
Difference from 2009-11	-8.1	-20,022	-22,073
% Change from 2009-11	-3.3%	-29.1%	-13.8%

Comments:

1. Funding System Development - Funding is provided for apportionment system projects that were underexpended in fiscal year 2011 and for which the amount of underexpenditure is re-appropriated in fiscal year 2012 to ensure project completion.

2. State Data Center Rate Increase - Funds are provided for this agency's share of the cost to design, acquire and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, Various Other Funds)

3. Achievement Gap Committee - Funding to support the Achievement Gap Oversight and Accountability Committee is reduced by 50 percent.

4. Bullying Prevention Workgroup - Funding is provided for the implementation of Second Substitute House Bill 1163 (Bullying prevention), which requires the Office of the Superintendent of Public Instruction to convene a workgroup on school bullying and harassment prevention to develop, recommend, and implement strategies to improve the school climate and create respectful learning environments in public schools.

5. School District Insolvency - Funding is provided for the implementation of Substitute House Bill 1431 (School district insolvency), as amended by the Senate Ways and Means Committee. Funding is provided to OSPI to convene a workgroup with the Educational Service Districts to conduct an analysis and submit a report with recommendations for a clear legal framework and process for dissolution of a school district. The funding covers convening the group and consultant costs.

6. Kindergarten Readiness - Funding is provided for the implementation of Second Substitute House Bill 1510 (State-funded kindergarten), including the development and implementation of the Washington Kindergarten Inventory of Developing Skills (WaKIDS). Funding supports the development and implementation of the inventory, OSPI staffing for oversight of the program, and training of school district staff. The amount funded assumes the availability of private and federal resources to partially defray costs.

7. Education Reforms - Funding is provided for the implementation of House Bill 2111 (implementing selected recommendations from the 2011 report of the quality education council), including additional funding for the Compensation Working Group to analyze educator professional development and mentoring needs, strengthening the availability of data about transitional bilingual students on OSPI's online report card, development of administrative rules for the Highly Capable program by OSPI, and a study of the Learning Assistance Program funding by the Washington Institute for Public Policy. Funding for the LAP study is contained in budget for The Evergreen State College.

8. Apportionment System Development - Funding for the development of the pupil transportation and general apportionment school finance systems required by the enactment of Chapter 236, Laws of 2010 PV (SHB 2776) is reduced.

9. State Board of Education Reduction - The State Board of Education's operating budget is reduced by 10 percent.

10. Reduce OSPI State Office Staffing - The Office of the Superintendent of Public Instruction's (OSPI) operating budget is reduced by 14 percent.

11. Online Learning Program Reduction - OSPI staffing and expenses related to online learning programs are reduced by 10 percent.

12. Finance Reform Reduction - The OSPI's administrative budget contains funding for research, development, and implementation of a new K-12 funding system as required in Chapter 548, Laws of 2009 PV (ESHB 2261). Funding for these functions is reduced by 10 percent.

2011-13 Omnibus Operating Budget Public Schools OSPI & Statewide Programs

- 13. Eliminate Skills Center Director** - The position of Skills Center Director at OSPI is eliminated.
- 14. K-20 Network Reduction** - The K-20 Network provides internet, data processing, and video-conferencing capacity to school districts and state offices. State funding support for the K-20 Network at OSPI is reduced by 30 percent.
- 15. E-Certification** - A new administrative fee of \$33 is authorized for all current teacher certification fees, to be deposited into the newly-created Educator Certification Processing Fund. Funding from the new fee will be used for a web-based, centralized educator licensure/certification system. In Fiscal Year 2013, 12.5 FTE certification staff will be transferred from the General Fund to the new account, saving the General Fund \$855,000. (General Fund-State, Educator Certification Processing Fund-State)
- 16. PESB Reduction** - The Professional Educator Standards Board (PESB) operating budget is reduced by 10 percent.
- 17. Alt Routes Reduction and Suspension** - Alternative certification routes are teacher-training programs that serve as different options to traditional teacher preparation programs. Funding is reduced to reflect changes in demand for new teachers. Funding levels will support continuation of scholarships for existing teacher candidates.
- 18. Jobs for America** - Jobs for America's Graduates is a dropout prevention program at OSPI, started in Fiscal Year 2011. Funding for the program is reduced by 10 percent.
- 19. Private/Local Authority** - Private/local authority is provided for an assortment of gifts, grants, and other funding provided by private parties or local government agencies. (General Fund-local)
- 20. Transfer School Safety Functions** - School safety functions, including school safety training funds, are transferred to the Criminal Justice Training Commission.
- 21. Youth Suicide Prevention** - Funding is provided, consistent with provisions of Second Substitute House Bill 1163 (Bullying prevention), which directs the OSPI to work with other agencies to develop pilot projects to assist schools in implementing youth suicide prevention.
- 22. Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General. (General Fund-State, Various Other Funds)
- 23. Management Efficiency** - Funding is reduce to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and worksessions. (General Fund-State, various other funds)
- 24. Data System Reduction** - Funding for the K-12 data governance group, and ongoing implementation of a comprehensive data system that includes financial, student, and educator data is reduced by 50 percent.
- 25. Reduce Navigation 101** - Navigation 101 provides implementation grants to districts for guidance and career counseling programs in secondary schools. Funding for this program is reduced by 10 percent.
- 26. Eliminate Supp CTE Organizations** - Funding is eliminated for OSPI financial support to student Career and Technical Education organizations.
- 27. Eliminate Special Services Pilot** - Seven districts participate in the Special Services Pilot Program. The program aims to reduce the number of students inappropriately referred to and placed in special education and increase early identification of students struggling academically. The program expires June 2011. Funding is eliminated in the 2011-13 biennium.
- 28. Eliminate Dyslexia Pilot Program** - The Dyslexia Pilot Program provides regional training through the Educational Service Districts for classroom teachers and reading specialists to improve reading skills of students diagnosed with dyslexia. Funding for the pilot is eliminated.

2011-13 Omnibus Operating Budget
Public Schools
OSPI & Statewide Programs

29. Suspend Pre-Apprenticeship Grants - Running Start for the Trades is a program of pre-apprenticeship grants offering incentive awards of up to \$10,000 to districts to develop pre-apprenticeship programs in the trades and crafts, and to recruit students into the programs. Funding for these grants is eliminated.

30. Teaching as a Profession Pilot - OSPI contracts with the Latino/a Educational Achievement project to identify and mentor bilingual students to become interested in the teaching profession. Due to the decrease in demand for new teachers, funding for this program is eliminated.

31. Reduce Mentoring of WA Achievers - Funding for the mentoring of Washington Achievers Scholars is reduced by 10 percent. This funding leverages private funding for the recruitment, training, and matching of volunteer mentors with students selected as Washington Achievers Scholars. The mentoring is provided to low-income high school students in their junior and senior years of high school and into their freshman year of college.

32. Average Final Compensation Adjust - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to House Bill 2070 (average final compensation for state and local government employees). (General Fund-State, various other funds)

33. 3% Salary Cut for State Employees - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

34. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

35. Retire-Rehire Changes (State) - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Engrossed Substitute House Bill 1981, as amended (Higher Education Retirement Plan and post-retirement employment). (General Fund-State, various other funds)

2011-13 Omnibus Operating Budget
Public Schools
General Apportionment
(Dollars in Thousands)

	FTEs	2ESHB 1087 NGF-P	Total
2009-11 Estimated Expenditures	0.0	10,285,778	10,285,778
2011-13 Maintenance Level	0.0	10,837,306	10,837,306
Policy Non-Comp Changes:			
1. ALE Funding Adjustment	0.0	-41,055	-41,055
2. Prior School Year Adjustments	0.0	-20,650	-20,650
3. Eliminate K-4 Class Size Reduction	0.0	-165,081	-165,081
4. June 2011 Apportionment	0.0	128,000	128,000
5. June Contingency Repayment	0.0	-13,000	-13,000
6. Reduce Extended Day Skill Center	0.0	-98	-98
7. Eliminate MSOC from K-4 CSR	0.0	-24,194	-24,194
8. Repayment of Contingency Pool	0.0	-2,500	-2,500
9. Implement New Funding Formula	0.0	25,024	25,024
10. Transfer Full Day Kindergarten	0.0	92,079	92,079
11. Running Start	0.0	-5,854	-5,854
12. K-3 Class Size in High Pov Schools	0.0	29,442	29,442
13. Summer Skills Ctr Programs	0.0	-4,770	-4,770
Policy -- Non-Comp Total	0.0	-2,657	-2,657
Policy Comp Changes:			
14. Suspend Plan 1 Uniform COLA	0.0	-221,582	-221,582
15. K-12 Salary Reduction	0.0	-147,400	-147,400
16. Teacher Retirement Incentive	0.0	-5,893	-5,893
Policy -- Comp Total	0.0	-374,875	-374,875
Total Policy Changes	0.0	-377,532	-377,532
Total 2011-13 Biennium	0.0	10,459,774	10,459,774
Difference from 2009-11	0.0	173,996	173,996
% Change from 2009-11	0.0%	1.7%	1.7%

Comments:

1. ALE Funding Adjustment - Funding allocated for Alternative Learning Experience (ALE) programs, such as online learning and parent-partnership programs, is adjusted pursuant to Engrossed Substitute Senate Bill 2065 (allocation of funding for students enrolled in alternative learning experiences).

2. Prior School Year Adjustments - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in the 2011 supplemental budget Chapter 5, Laws of 2011 (ESHB 1086 PV) for July and August of 2011, the last two months of the 2010-11 school year. School districts budget on a school year basis, while the state budgets on a fiscal year basis. As a result, two months of the prior school year are paid for in FY 2012. The savings in the General Apportionment program are from the elimination of the K-4 class size enhancement for the latter part of the 2010-11 school year.

3. Eliminate K-4 Class Size Reduction - Funding for Kindergarten through Grade 4 class size reduction is eliminated for the 2011-12 and 2012-13 school years. The formula for allocating funding to districts is adjusted to reflect the following increases in average class sizes: grades Kindergarten through Grade 3 will become 25.23, up from 23.11; Grade 4 will become 27, up from 26.15. This reflects minimum statutory funding levels in grades K-4 for general education students.

2011-13 Omnibus Operating Budget Public Schools General Apportionment

4. June 2011 Apportionment - The 2011-13 operating budget shifts \$128 million of the June 2011 apportionment payments to school districts from the last business day of June 2011 to the first business day of July 2011. This increases costs for FY 2012 and reduces costs for FY 2011.

5. June Contingency Repayment - The 2011-13 operating budget shifts \$128 million of the June 2011 apportionment payments to school districts from the last business day of June 2011 to the first business day of July 2011. The 2011 supplemental budget provides a June financial contingency fund for districts that meet specific financial hardship criteria resulting from the June 2011 apportionment shift. The 2011-13 biennial budget assumes repayment of this funding during FY 2012.

6. Reduce Extended Day Skill Center - The Extended Day Skills Center Program provides support services to skills center students at risk of dropping out of school. Funding for this service is reduced by 10 percent for the 2011-13 biennium.

7. Eliminate MSOC from K-4 CSR - The new K-12 funding formula adopted pursuant to Chapter 236, Laws of 2010 PV (SHB 2776) changed the allocation methodology for non-salary related items. In the prior formula, funding was allocated on a per certificated staff unit basis. Beginning September 1, 2011, non-salary funding is allocated on a per student basis. As a result of the conversion to the new funding formula, a portion of the funding for maintenance, supplies, and operating costs (MSOC) is considered an enhancement to basic education because it was previously allocated on the basis of non-basic education staff units. Therefore, funding is adjusted to eliminate that portion of MSOC funding for the 2011-12 and 2012-13 school years which is an enhancement above levels required by statute.

8. Repayment of Contingency Pool - The 2011 supplemental budget provides funding for a financial contingency fund for districts that meet specific financial hardship criteria. The 2011-13 biennial budget assumes repayment of this funding during FY 2012.

9. Implement New Funding Formula - Chapter 236, Laws of 2010 PV (SHB 2776) established new formulas for allocating funding for a number of programs, including General Apportionment, the Learning Assistance Program, the Highly Capable Program, and the Transitional Bilingual Program. Funding is provided to hold districts harmless to per student funding amounts which existed prior to the formula conversion. Districts are held harmless in total across the impacted programs for the 2011-12 and 2012-13 school years. Because of the high correlation of districts with large high poverty school populations receiving funding via item HTO (K-3 class size reduction), and districts needing hold harmless funding due to the formula conversion, item HTO reduces hold harmless funding at approximately a 2:1 ratio.

10. Transfer Full Day Kindergarten - Funding for Full-Day Kindergarten is transferred from the education reform budget to the general apportionment budget. The program is no longer supported by funds from the Education Legacy Trust Account.

11. Running Start - Running Start is a dual-credit program which allows high school juniors and seniors to attend class at participating community colleges and other institutions of higher education, and earn high school and post-secondary credits simultaneously. The enrollment and funding rules for the Running Start Program are adjusted to establish a combined enrollment cap of 1.2 FTE. Currently, students can participate in running start programs up to a combined enrollment cap of 2.0 FTE, allowing full-time enrollment in running start programs, as well as full-time high school enrollment. The savings amount assumes an overall enrollment reduction of 680 student FTEs per year.

12. K-3 Class Size in High Pov Schools - Funding is adjusted to partially restore funding for lower class sizes in grades K-3 in high-poverty schools. Item G0 in this section eliminates all funding for K-4 class size enhancements. This item restores some funding for schools which have free and reduced-price lunch eligible student populations exceeding 50 percent, based on a three-year rolling average of enrollment. The funding amount assumes class sizes of 23.75 in eligible schools, grades K-3. Because of the high correlation of districts with large high poverty school populations, and districts needing hold harmless funding due to the formula conversion (item G5), this item reduces hold harmless funding at approximately a 2:1 ratio.

13. Summer Skills Ctr Programs - Funding is adjusted to reflect a cap of 1.6 FTE on skill center enrollment, including summer skill center programs. Previously, the budget has funded summer programs in excess of this 1.6 FTE cap through a dedicated proviso in the general apportionment budget. The dedicated funding proviso is discontinued. Of the amount reduced for this item, about \$500,000 per year reflects the actual reduction in services due to the 1.6 FTE cap, while the remaining amount is shifted to caseload costs incurred through the maintenance level budget process.

2011-13 Omnibus Operating Budget
Public Schools
General Apportionment

14. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

15. K-12 Salary Reduction - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff, and 3 percent for administrative staff, for the 2011-12 and 2012-13 school years. (General Fund-State)

16. Teacher Retirement Incentive - Savings are assumed from the implementation of a teacher retirement incentive program. The program is designed to incentivize senior teachers to retire as a result of the availability of a \$250 per month health benefit subsidy provided under Substitute Senate Bill 5846 (health benefit subsidies) to members of the Teachers' Retirement System Plan 1 (TRS) who retire before the end of October 2011.(General Fund-State)

2011-13 Omnibus Operating Budget
Public Schools
Pupil Transportation
 (Dollars in Thousands)

	FTEs	2ESHB 1087 NGF-P	Total
2009-11 Estimated Expenditures	0.0	613,863	613,863
2011-13 Maintenance Level	0.0	648,519	648,519
Policy Non-Comp Changes:			
1. Prior School Year Adjustments	0.0	-157	-157
2. Implement Expected Cost Model Formu	0.0	5,000	5,000
Policy -- Non-Comp Total	0.0	4,843	4,843
Policy Comp Changes:			
3. Suspend Plan 1 Uniform COLA	0.0	-3,549	-3,549
Policy -- Comp Total	0.0	-3,549	-3,549
Total Policy Changes	0.0	1,294	1,294
Total 2011-13 Biennium	0.0	649,813	649,813
Difference from 2009-11	0.0	35,950	35,950
% Change from 2009-11	0.0%	5.9%	5.9%

Comments:

1. Prior School Year Adjustments - This item adjusts FY 2012 funding levels to reflect prior school year adjustments that affect the months of July and August of 2011, the last two months of the 2010-11 school year. School districts budget on a school year basis, while the state budgets on a fiscal year basis. As a result, two months of the prior school year are paid for in FY 2012.

2. Implement Expected Cost Model Formu - Chapter 236, Laws of 2010 (SHB 2776) implements a new state formula to allocate funding to districts for pupil transportation to and from school. Pupil transportation allocations are converted to the new formula, and base funding levels are enhanced.

3. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

2011-13 Omnibus Operating Budget
Public Schools
Special Education
(Dollars in Thousands)

	FTEs	2ESHB 1087 NGF-P	Total
2009-11 Estimated Expenditures	2.0	1,283,748	1,948,349
2011-13 Maintenance Level	2.0	1,392,603	2,084,399
Policy Non-Comp Changes:			
1. Prior School Year Adjustments	0.0	-29	-29
2. K-3 Class Size in High Pov Schools	0.0	4,150	4,150
3. School Based Medicaid Elimination	0.0	549	549
4. Management Efficiency	0.0	-12	-12
Policy -- Non-Comp Total	0.0	4,658	4,658
Policy Comp Changes:			
5. Suspend Plan 1 Uniform COLA	0.0	-27,782	-27,782
6. K-12 Salary Reduction	0.0	-18,537	-18,537
7. Teacher Retirement Incentive	0.0	-756	-756
Policy -- Comp Total	0.0	-47,075	-47,075
Total Policy Changes	0.0	-42,417	-42,417
Total 2011-13 Biennium	2.0	1,350,186	2,041,982
Difference from 2009-11	0.0	66,438	93,633
% Change from 2009-11	0.0%	5.2%	4.8%

Comments:

1. Prior School Year Adjustments - This item adjusts fiscal year 2012 funding levels to reflect the continuation of policies adopted in the 2011 supplemental budget (ESHB 1086, Chapter 5, Laws of 2011) for July and August of 2011, the last two months of the 2010-11 school year. The funding adjustment in the special education budget reflects the elimination of the K-4 class size enhancement for the latter part of the 2010-11 school year.

2. K-3 Class Size in High Pov Schools - Funding is adjusted to partially restore funding for lower class sizes in grades K-3 in high-poverty schools. Special Education allocations are calculated as a percentage increase to the per-student General Apportionment allocation and, therefore, an increase to the base allocation increases the special education budget. (General Fund-State)

3. School Based Medicaid Elimination - The 2011-13 operating budget creates an intergovernmental transfer program for School-Based Medicaid services that uses school district funds to partially match federal funding. Because school districts must now pay a portion of the non-federal share for these services, it is anticipated that school district claims for safety net support for eligible special education services formerly funded by state funds will increase for the 2011-13 biennium.

4. Management Efficiency - Funding is reduce to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and worksessions. (General Fund-State, various other funds)

5. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

2011-13 Omnibus Operating Budget
Public Schools
Special Education

6. K-12 Salary Reduction - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff, and 3 percent for administrative staff, for the 2011-12 and 2012-13 school years. The special education budget is impacted through adjustments to the basic education allocate rate upon which special education funding is based. (General Fund-State)

7. Teacher Retirement Incentive - Savings are assumed from the implementation of a teacher retirement incentive program designed to incentivize retirements through offering \$250 per month health benefit subsidies. Special education funding is impacted through the decrease in the staff mix factor, which is a proxy for educator experience and impacts the projected statewide basic education allocation rate next biennium.(General Fund-State)

2011-13 Omnibus Operating Budget
Public Schools
Student Achievement Program
 (Dollars in Thousands)

	FTEs	2ESHB 1087 NGF-P	Total
2009-11 Estimated Expenditures	0.0	25,749	226,044
2011-13 Maintenance Level	0.0	860,716	860,716
Policy Non-Comp Changes:			
1. Suspend I-728	0.0	-860,716	-860,716
Policy -- Non-Comp Total	0.0	-860,716	-860,716
Total Policy Changes	0.0	-860,716	-860,716
Total 2011-13 Biennium	0.0	0	0
Difference from 2009-11	0.0	-25,749	-226,044
% Change from 2009-11	0.0%	-100.0%	-100.0%

Comments:

1. Suspend I-728 - Initiative 728 allocations to school districts are suspended for the 2011-13 biennium. Initiative 728, approved by voters in 2000 and later amended by the Legislature, allocates a per-student dollar amount to districts to be used for class size reduction, extended learning opportunities, early learning programs, or professional development. If not suspended, per-student allocations would have been approximately \$477 per student for the 2011-12 school year and \$484 per student for the 2012-13 school year.

2011-13 Omnibus Operating Budget
Public Schools
Education Reform
 (Dollars in Thousands)

		2ESHB 1087	
	FTEs	NGF-P	Total
2009-11 Estimated Expenditures	53.5	295,836	449,424
2011-13 Maintenance Level	53.5	381,599	485,928
Policy Non-Comp Changes:			
1. Reduce LASER/Pacific Science Center	0.0	-78	-78
2. Eliminate Focused Assistance	-2.0	-3,046	-3,046
3. Eliminate CISL	-2.5	-450	-450
4. Teacher and Principal Evaluations	0.0	3,000	3,000
5. Reduce Ed. Tech. Supt. Ctrs	0.0	-1,958	-1,958
6. Full Day Kindergarten Adjustment	0.0	-8,359	-8,359
7. Transfer Food Service Programs	0.0	-13,904	-13,904
8. Local Farms Healthy Kids Program	0.0	-600	-600
9. Math/Science Prof Development	-1.0	-3,860	-3,860
10. Transfer Full Day Kindergarten	0.0	-92,079	-92,079
11. Kindergarten Phase-In	0.0	5,023	5,023
12. IT Academy	0.0	4,000	4,000
13. PASS Act Program	1.5	3,000	3,000
14. Reading Corps	0.0	-211	-211
15. Pmt. For Scorable COE	0.0	-988	-988
16. Readiness to Learn	0.0	-719	-719
17. BEST Program	0.0	-2,000	-2,000
18. Private/Local Authority	0.0	0	4,000
19. CTE Start-up Grants & Robotics	0.0	130	130
20. Leadership Academy	0.0	-180	-180
21. Superintendent/Principal Internship	0.0	-106	-106
22. Mid/High Sch. Applied STEM Grants	-1.0	-28	-28
23. STEM Lighthouses	0.0	-30	-30
24. Management Efficiency	0.0	-142	-142
25. Graduation Requirement Changes	0.0	-22,337	-22,337
26. Suspend Development Diag. Assessmen	-6.0	-4,400	-4,400
27. Assessment Staff Reduction	-7.0	-1,430	-1,430
28. COE Payment Reduction	0.0	-7,383	-7,383
29. Renew Current Contracts	0.0	-6,429	-6,429
30. Restructure Collection of Evidence	0.0	-7,579	-7,579
Policy -- Non-Comp Total	-18.0	-163,143	-159,143
Policy Comp Changes:			
31. Average Final Compensation Adjust	0.0	2	2
32. 3% Salary Cut for State Employees	0.0	-266	-426
33. Suspend Plan 1 Uniform COLA	0.0	-148	-202
34. National Board Bonus Adjustments	0.0	-59,877	-59,877
Policy -- Comp Total	0.0	-60,289	-60,503
Total Policy Changes	-18.0	-223,432	-219,646
Total 2011-13 Biennium	35.5	158,167	266,282

2011-13 Omnibus Operating Budget
Public Schools
Education Reform
 (Dollars in Thousands)

	FTEs	2ESHB 1087 NGF-P	Total
Difference from 2009-11	-18.0	-137,669	-183,142
% Change from 2009-11	-33.6%	-46.5%	-40.8%

Comments:

1. Reduce LASER/Pacific Science Center - The Leadership and Assistance for Science Education Reform (LASER) program is a statewide project to implement a hands-on science curriculum through ten regional school district alliances. Funding for this program is reduced by 10 percent.

2. Eliminate Focused Assistance - The Focused Assistance program provides technical assistance to schools and school districts struggling to meet adequate yearly progress benchmarks established by the federal government and that do not qualify for Title I federal funds for this purpose. Funding for this service is eliminated.

3. Eliminate CISL - The Center for the Improvement of Student Learning (CISL) provides outreach to districts and communities to improve student outcomes, by serving as a clearinghouse for best practices and identifying strategies to improve the success of certain ethnic and racial student groups. Funding for CISL is eliminated.

4. Teacher and Principal Evaluations - Funding is provided to increase the number of school districts participating on a pilot basis to help develop and implement improved teacher and principal evaluation systems under reforms initiated in Chapter 235, Laws of 2010 (E2SSB 6696).

5. Reduce Ed. Tech. Supt. Ctrs - Education Technology Support Centers are funds directed to the Educational Service Districts who in turn provide school districts with assistance in technology planning, network development, cost-benefit analysis, and professional development. Funding for this service is reduced by 50 percent.

6. Full Day Kindergarten Adjustment - Funding for the full-day Kindergarten Program is reduced to reflect changes made to the K-12 budget such as eliminating funds for K-4 class size reduction; reducing K-12 salaries by 3 percent; and suspending the I-732 COLA. (Education Legacy Trust Account-State)

7. Transfer Food Service Programs - Funding for food service programs in the education reform budget are transferred to the school food services budget for the purpose of meeting federal match requirements under the National School Lunch Program. This item is a continuation of the policy enacted in Substitute House Bill 1086, the 2011 supplemental operating budget.

8. Local Farms Healthy Kids Program - Funding is eliminated for the Local Farms & Healthy Kids Program, which provides funding for schools to purchase fruits and vegetables to offer students as a school day snack.

9. Math/Science Prof Development - Funding for grants to 17 school districts for math and science professional development coaches is discontinued in the education reform budget.

10. Transfer Full Day Kindergarten - Funding for Full Day Kindergarten is transferred from the Education Reform budget to the General Apportionment budget.

11. Kindergarten Phase-In - Funding is provided to continue phasing-in Full-Day Kindergarten programs in high poverty schools. Approximately 21 percent of eligible students will be served in the 2011-12 school year, and 22 percent in the 2012-13 school year.

12. IT Academy - Funding is provided for the Microsoft Information Technology (IT) Academy Program, which provides free educational software, as well as IT certification and software training opportunities for students and staff in public schools. The funding amount represents state match of \$2 million per year for training and \$2 million per year for IT certification for students and staff.

13. PASS Act Program - Funding is provided to implement the provisions of Engrossed Second Substitute House Bill 1599 (Actual student success program), which establishes a system to help schools and school districts successfully reduce drop-out rates and improve attendance.

2011-13 Omnibus Operating Budget

Public Schools

Education Reform

- 14. Reading Corps** - The Reading Corps program provides grants to schools with low reading scores to increase student tutoring through the use of AmeriCorps and VISTA members. Funding is cut by 10 percent for the 2011-13 biennium.
- 15. Pmt. For Scorable COE** - Currently, payments for collections of evidence are made based on submittal. Funding is adjusted to reflect payments for submittals that meet all criteria to be scored.
- 16. Readiness to Learn** - The Readiness to Learn program provides grants to school and community consortia to support students and families with the goal of ensuring that all children are able to attend school prepared to learn. Funding for the grants is reduced by 10 percent.
- 17. BEST Program** - The Beginning Educator Support Team (B.E.S.T) program provides early career educators with mentorship and support. Funding for this service is reduced by 50 percent.
- 18. Private/Local Authority** - Private/local authority is provided for an assortment of gifts, grants, and other funding provided by private parties or local government agencies. (General Fund-local)
- 19. CTE Start-up Grants & Robotics** - Career and Technical Education (CTE) Start-Up grants provide funding to middle schools, high schools, or skills centers to upgrade high-demand career and technical education programs. FIRST Robotics is a national program, funded through a combination of public and private sources, that is oriented to science, technology, engineering, and mathematics. Within the funding provided for CTE start-up grants, is \$600,000 for the FIRST Robotics program, contingent on availability of private matching funds.
- 20. Leadership Academy** - The Leadership Academy supports professional development and training for school administrators. Funding for this service is reduced by 10 percent.
- 21. Superintendent/Principal Internship** - Funding for internships for principals, superintendents, and program administrators completing certification programs is reduced by 10 percent.
- 22. Mid/High Sch. Applied STEM Grants** - OSPI currently staffs coordination and promotion of integrated science, technology, engineering, and math programs. Twenty teachers currently receive grants of \$2,500 for summer training to implement programs in schools. Funding for this program is reduced by 10 percent.
- 23. STEM Lighthouses** - The Science, Technology, Engineering, and Math (STEM) Lighthouses are three districts that practice best practices in the STEM subjects and provide technical assistance to other districts. Funding for this program is reduced by 10 percent.
- 24. Management Efficiency** - Funding is reduce to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and worksessions. (General Fund-State, various other funds)
- 25. Graduation Requirement Changes** - Funding is adjusted to reflect changes in assessment requirements for graduation during the 2011-13 biennium. This item reflects savings realized through the implementation of House Bill 1412 (H.S. math assessments) and House Bill 1410 (H.S. science assessments). Because this budget also proposes reduced collection of evidence rates, the net savings for HB 1410 and HB1412, apart from the rate reductions, is shown here.
- 26. Suspend Development Diag. Assessmen** - Funding for the development of diagnostic assessments is suspended due to Washington State joining the SMARTER Balanced Assessment Consortium. The consortium involves 30 states that will collaboratively develop an assessment system to include summative and formative exams, as well as informal assessments teachers will be able to use to diagnose student performance. (Education Legacy Trust Account-State)
- 27. Assessment Staff Reduction** - Funding for assessment program staffing is reduced by 10 percent for the 2011-13 biennium.
- 28. COE Payment Reduction** - The Collection of Evidence (COE) assessment is an alternative assessment for the high school graduation program. Districts currently receive a payment of \$300 per COE submitted for grading. Funding is adjusted based on an assumed payment rate of \$200 per COE.
- 29. Renew Current Contracts** - The budget provides savings through the execution of renewal clause options on state contracts for student assessments. Savings result from reduced costs for rebidding contracts and potential contract cost increases.

2011-13 Omnibus Operating Budget Public Schools Education Reform

30. Restructure Collection of Evidence - The OSPI contracts for collection of evidence (COE) grading. The OSPI is directed to restructure the COE assessment and renegotiate the grading contract to achieve savings. This reduction assumes an average per-unit grading cost of \$200 per COE.

31. Average Final Compensation Adjust - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to House Bill 2070 (average final compensation for state and local government employees). (General Fund-State, various other funds)

32. 3% Salary Cut for State Employees - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

33. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

34. National Board Bonus Adjustments - Funding is adjusted to reflect two changes to the National Board for Professional Teaching Standards (NBPTS) bonus program: 1) adopting a bonus payment date of July 1st of each school year, beginning in the 2011-12 school year; and 2) prorating the first year national board bonus by 60 percent (a 40 percent reduction), to reflect the percentage of the school year newly NBPTS-certified teachers are certified. This proration produces a first year base bonus amount of \$3,054, and a high poverty school bonus of \$3,000.

2011-13 Omnibus Operating Budget
Public Schools
Transitional Bilingual Instruction
 (Dollars in Thousands)

		2ESHB 1087	
	FTEs	NGF-P	Total
2009-11 Estimated Expenditures	0.0	154,091	219,354
2011-13 Maintenance Level	0.0	180,526	251,527
Policy Non-Comp Changes:			
1. Prior School Year Adjustments	0.0	-37	-37
2. Bilingual Formula Restructure	0.0	-284	-284
Policy -- Non-Comp Total	0.0	-321	-321
Policy Comp Changes:			
3. Suspend Plan 1 Uniform COLA	0.0	-4,772	-4,772
4. K-12 Salary Reduction	0.0	-2,741	-2,741
5. Teacher Retirement Incentive	0.0	-153	-153
Policy -- Comp Total	0.0	-7,666	-7,666
Total Policy Changes	0.0	-7,987	-7,987
Total 2011-13 Biennium	0.0	172,539	243,540
Difference from 2009-11	0.0	18,448	24,186
% Change from 2009-11	0.0%	12.0%	11.0%

Comments:

1. Prior School Year Adjustments - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in the 2011 supplemental budget Chapter 5, Laws of 2011 (ESHB 1086 PV) for July and August of 2011, the last two months of the 2010-11 school year.

2. Bilingual Formula Restructure - A revised funding model for the transitional bilingual program will be established, effective September 1, 2012. Allocations will be scaled to provide more support to students with beginning levels of English language proficiency who require more intensive intervention, and less support to more proficient students. Additionally, the funding model will provide up to two years of bonus funding upon successful exit from the bilingual program to facilitate successful transition to a standard program of education. A statewide method of measuring level of proficiency will be established prior to September 2012 to create more consistent placement across districts. Bonus payments for up to two school years following successful exit from the transitional bilingual program will be allocated to the exiting school district. If the student graduates or transfers to another district prior to the district receiving both years' bonuses, the district shall receive the bonus for only the length of time the student remains enrolled in the exiting district. It is expected that total state funding for the program will remain constant, with the differentials designed to provide additional support to least proficient students, encourage successful exit, and support the transition to other educational programs. Savings in school year 2012-13 are calculated by assuming every student will be tested for proficiency each year and historical exit rates will apply.

3. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

4. K-12 Salary Reduction - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff, and 3 percent for administrative staff, for the 2011-12 and 2012-13 school years. The transitional bilingual education budget is impacted through adjustments to the salary assumptions underlying the hourly instruction cost rate used for bilingual fundign allocations. (General Fund-State)

2011-13 Omnibus Operating Budget
Public Schools
Transitional Bilingual Instruction

5. Teacher Retirement Incentive - Savings are assumed from the implementation of a teacher retirement incentive program designed to incentivize retirements through offering \$250 per month health benefit subsidies. Transitional bilingual student funding is impacted through the decrease in the staff mix factor, which is a proxy for educator experience and impacts the salary assumption used for hourly rates of instruction in the program.(General Fund-State)

2011-13 Omnibus Operating Budget
Public Schools
Learning Assistance Program (LAP)
 (Dollars in Thousands)

	FTEs	2ESHB 1087 NGF-P	Total
2009-11 Estimated Expenditures	0.0	262,157	816,082
2011-13 Maintenance Level	0.0	263,265	844,472
Policy Non-Comp Changes:			
1. Prior School Year Adjustments	0.0	-85	-85
Policy -- Non-Comp Total	0.0	-85	-85
Policy Comp Changes:			
2. Suspend Plan 1 Uniform COLA	0.0	-6,821	-6,821
3. K-12 Salary Reduction	0.0	-3,921	-3,921
4. Teacher Retirement Incentive	0.0	-217	-217
Policy -- Comp Total	0.0	-10,959	-10,959
Total Policy Changes	0.0	-11,044	-11,044
Total 2011-13 Biennium	0.0	252,221	833,428
Difference from 2009-11	0.0	-9,936	17,346
% Change from 2009-11	0.0%	-3.8%	2.1%

Comments:

1. Prior School Year Adjustments - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in the 2011 supplemental budget Chapter 5, Laws of 2011 (ESHB 1086 PV) for July and August of 2011, the last two months of the 2010-11 school year.

2. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

3. K-12 Salary Reduction - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff, and 3 percent for administrative staff, for the 2011-12 and 2012-13 school years. The Learning Assistance Program budget is impacted through adjustments to the salary assumptions underlying the hourly instruction cost rate used for funding allocations. (General Fund-State)

4. Teacher Retirement Incentive - Savings are assumed from the implementation of a teacher retirement incentive program designed to incentivize retirements through offering \$250 per month health benefit subsidies. Learning Assistance Program funding is impacted through the decrease in the staff mix factor, which is a proxy for educator experience and impacts the salary assumption used for hourly rates of instruction in the program.(General Fund-State)

2011-13 Omnibus Operating Budget
Public Schools
Compensation Adjustments
(Dollars in Thousands)

		2ESHB 1087		
	FTEs	NGF-P	Total	
2009-11 Estimated Expenditures	0.0	-6,220	-6,221	
2011-13 Maintenance Level	0.0	285,763	285,765	
Policy Non-Comp Changes:				
1. Eliminate K-4 Class Size Reduction	0.0	-4,519	-4,519	
2. Running Start	0.0	-140	-140	
Policy -- Non-Comp Total	0.0	-4,659	-4,659	
Policy Comp Changes:				
3. Suspend I-732 COLA	0.0	-265,717	-265,717	
4. Suspend Plan 1 Uniform COLA	0.0	-8,672	-8,672	
5. National Board Bonus Adjustments	0.0	-1,257	-1,257	
6. K-12 Salary Reduction	0.0	-5,458	-5,458	
Policy -- Comp Total	0.0	-281,104	-281,104	
Total Policy Changes	0.0	-285,763	-285,763	
Total 2011-13 Biennium	0.0	0	2	
Difference from 2009-11	0.0	6,220	6,223	
% Change from 2009-11	0.0%	-100.0%	-100.0%	

Comments:

1. Eliminate K-4 Class Size Reduction - Funding for Kindergarten through Grade 4 class size reduction is eliminated for the 2011-12 and 2012-13 school years. The formula for allocating funding to districts is adjusted to reflect the following increases in average class sizes: grades Kindergarten through Grade 3 will become 25.23, up from 23.11; Grade 4 will become 27, up from 26.15. As a result of this change, allocations to districts are reduced.

2. Running Start - Enrollment and funding rules for the Running Start Program are adjusted to establish a combined enrollment cap of 1.2 FTE. Currently, students can participate in running start programs up to a combined enrollment cap of 2.0 FTE. The change results in adjustments to related employee compensation costs.

3. Suspend I-732 COLA - The Initiative 732 cost-of-living adjustments are suspended for the 2011-13 biennium. Initiative 732 requires an annual cost-of-living increase for school employees based on the Seattle Consumer Price Index for the prior calendar year. These cost-of-living increases are estimated at 0.3 percent for the 2011-12 school year and 2.5 percent for the 2012-13 school year. Additionally, the statute requires a catch-up cost-of-living increase resulting from the Initiative 732 suspension during the 2009-11 biennium. This requirement is also suspended for the 2011-13 biennium.

4. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

5. National Board Bonus Adjustments - Funding is reduced to reflect the absence of a cost-of-living adjustment for national board bonuses in the 2011-13 biennium.

6. K-12 Salary Reduction - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff, and 3 percent for administrative staff, for the 2011-12 and 2012-13 school years. (General Fund-State)