Long-Term Budget Strategies

A number of efforts will be undertaken during the 1994 legislative interim regarding funding for the state's public school system. The Legislative Budget Committee (LBC) will study the K-12 Learning Assistance Program (LAP) and teacher in-service training programs. A report is expected by December 15, 1994, for use in preparing the 1995-97 biennial budget. The Washington State Institute for Public Policy and LBC will start a study of the special education program.. The study involves a complete fiscal review of a variety of issues. A first progress report is due December 15, 1994. In addition, funding is provided to initiate a long-term longitudinal study of the special education program.

Funding is also provided in the 1994 Supplemental Budget for two additional Transportation Coordinators employed at the Educational Service District level. Part of their activities will involve ensuring the accuracy of data used for state reimbursement, cataloging hazardous walking conditions, and small school district data. Data and analysis from the coordinators will be available for use in preparing future budgets. Anticipated savings in the Pupil Transportation program will offset the current biennium cost of the coordinators.

Instructional Materials and Technology

A one-time appropriation of $18.8 million General Fund-State ($20.61 per student) is provided for the purchase of instructional materials and technology to improve learning for all students. The expenditure of these funds will be determined at each school site.

Added Grants for School to Work

As part of the state's education reform effort, $750,000 is provided for expansion of school-to-work grants for high school vocational programs. The original 1993-95 biennial budget provided $1.8 million for such grants, and awards were made to 28 schools. An additional 50 grant applicants were not approved for lack of additional funding.

Student Learning Improvement Grants

Funding of $16.9 million General Fund-State is provided to increase the new student learning improvement grants from three to four planning days for schools engaged in education reform during the 1994-95 school year. The level of four planning days will also be provided in the 1995-97 biennium, rather than five days, which will reduce projected K-12 spending by $34 million in 1995-97.

Common School Construction

Trust land revenues from timber sales have declined recently by a total of $52.3 million. The budget provides $15.3 million in General Fund-State cash to make up part of the revenue shortfall. This will

help reduce future debt service requirements. The remaining revenue shortfall is addressed in the Supplemental Capital Budget with $37 million in general obligation bonds.

Health Benefit Savings

The budget allocates $322.90 per employee per month for K-12 health benefits. While this represents a decrease from the $350.25 per month rate that was provided in the original 1993-95 biennial budget, it is equivalent to the current rate provided in the 1993-94 school year, after adjustment for the retiree subsidy allocation. The new rate reflects substantially lower medical inflation and utilization and results in General Fund-State savings of $19 million.

Enrollment Adjustment

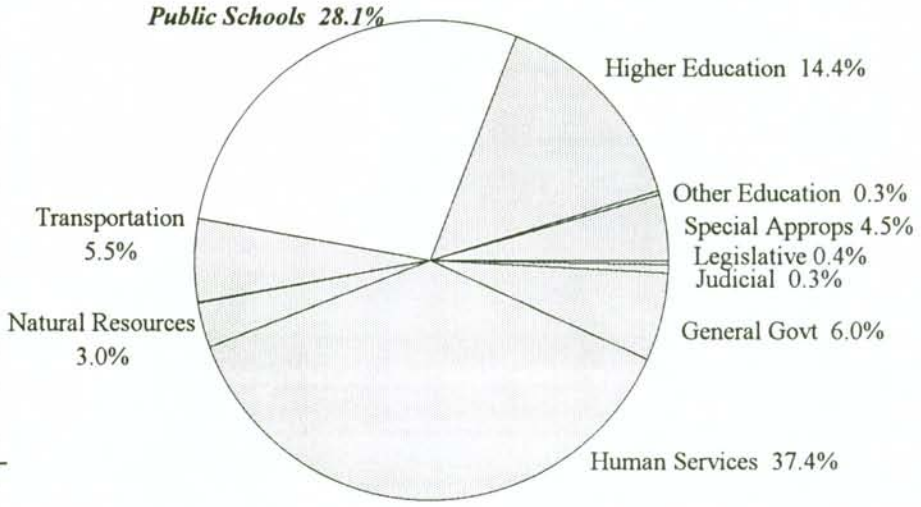
The Office of Financial Management's December 1993 forecast reduces expected enrollment by 3,887 students in the 1993-94 school year and 5,844 students in the 1994-95 school year. In addition, workload in the transportation program is lower than expected due to lower enrollment. These adjustments reduce General Fund-State expenditure requirements by $33.3 million.

Work Transition Programs

One million dollars General Fund-State is provided for start-up grants for school to work program expansion at skill centers and similar organizations through afternoon/evening programs for high school age student dropouts.

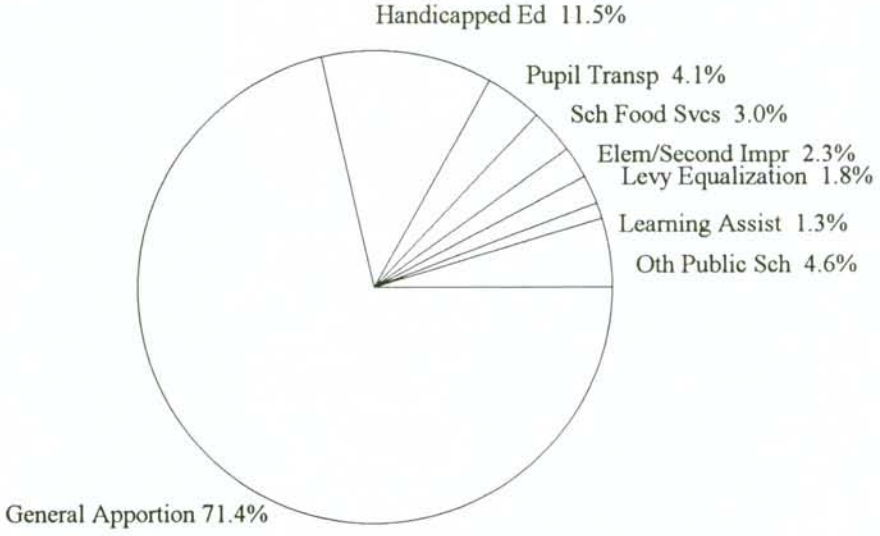
Washington State 1993-95 Operating Budget
Total Budgeted Funds
(Dollars in Thousands)

Legislative	108,358
Judicial	103,365
General Government	1,798,367
Human Services	11,199,948
Natural Resources	906,953
Transportation	1,639,958
Public Schools	***8,412,692***
Higher Education	4,323,056
Other Education	86,387
Special Appropriations	1,348,012
Statewide Total	**29,927,096**



Washington State

General Apportionment	6,007,518
Handicapped Education	968,685
Pupil Transportation	344,886
School Food Services	250,886
Elem/Second Sch Improve	197,580
Levy Equalization	149,596
Learning Assist Pgm (LAP)	107,913
Other Public Schools	385,628
Public Schools	***8,412,692***



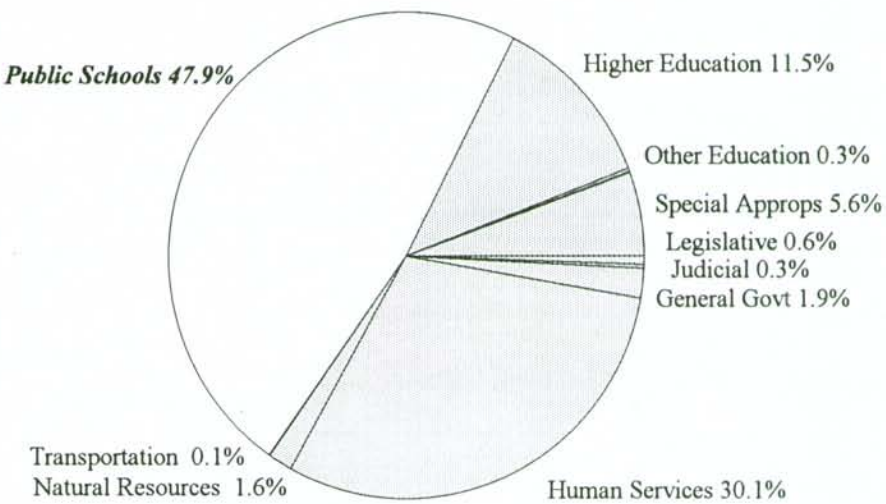
Public Schools

Washington State 1993-95 Operating Budget

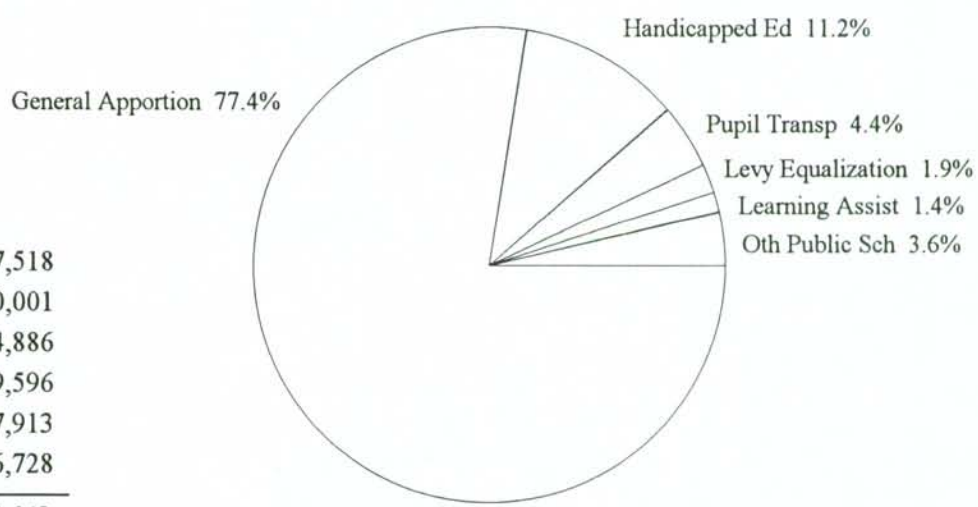
General Fund - State

(Dollars in Thousands)

Legislative	101,321
Judicial	55,359
General Government	308,861
Human Services	4,882,843
Natural Resources	263,032
Transportation	18,065
Public Schools	***7,756,642***
Higher Education	1,860,668
Other Education	44,662
Special Appropriations	913,917
Statewide Total	**16,205,370**



Washington State



General Apportionment	6,007,518
Handicapped Education	870,001
Pupil Transportation	344,886
Levy Equalization	149,596
Learning Assist Pgm (LAP)	107,913
Other Public Schools	276,728
Public Schools	***7,756,642***

Public Schools

Public Schools

Workload History

By School Year

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Estimate 1993-94	Estimate 1994-95
General Apportionment								
FTE Enrollment	733,850	748,418	768,356	795,703	823,355	850,426	871,735	896,872
% Change from prior year		2.0%	2.7%	3.6%	3.5%	3.3%	2.5%	5.5%
Handicapped Education								
Headcount Enrollment	72,634	76,155	80,236	84,808	90,630	95,954	101,103	107,434
% Change from prior year		4.8%	5.4%	5.7%	6.9%	5.9%	5.4%	12.0%
Bilingual Education								
Headcount Enrollment	14,505	16,877	19,344	23,513	28,156	32,200	36,306	41,001
% Change from prior year		16.4%	14.6%	21.6%	19.7%	14.4%	12.8%	27.3%
Learning Assistance Program								
Entitlement Units *	64,697	75,893	86,749	104,123	106,835	114,909	112,771	117,887
% Change from prior year		17.3%	14.3%	20.0%	2.6%	7.6%	-1.9%	2.6%

NOTES:

* Entitlement units used for allocation purposes only. Actual students served may vary. The allocation formula changed for the 1993-94 and 1994-95 school years.

Data Sources:

1987-88 through 1992-93 actuals from OFM/SPI;
1993-94 and 1994-95 FTE Enrollment and Handicapped Headcount from OFM Forecast;
1993-94 and 1994-95 Bilingual and LAP from Legislative Conference Budget.

Superintendent of Public Instruction
State Office Administration

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**34,414**	**37,787**	**72,201**
1994 Supplemental Budget			
1. Administrative Efficiencies	-150	0	-150
2. Extraordinary Board Expenses	30	0	30
3. Teen Aware	403	0	403
4. Holocaust Information Distribution	25	0	25
5. Point Roberts Adjustment	31	0	31
6. Suicide Prevention Transfer to DOH	-25	0	-25
7. School Air Quality	70	0	70
8. Washington St Geographic Alliance	50	0	50
9. Work Transition Programs	1,000	0	1,000
Total Supplemental Items	**1,434**	**0**	**1,434**
1993-95 REVISED APPROPRIATION	**35,848**	**37,787**	**73,635**

Comments:

1. ADMINISTRATIVE EFFICIENCIES - The operating budget for the Office of Superintendent of Public Instruction (OSPI) for the 1993-95 Biennium is reduced by 0.75 percent. To the extent possible, OSPI is to achieve savings through increased administrative efficiencies. Statewide programs administered by OSPI are not affected by the reduction.

2. EXTRAORDINARY BOARD EXPENSES - Funds are provided for one-time costs associated with personnel changes at the state board of education.

3. TEEN AWARE - Funds are provided for media productions by students at up to 40 sites to focus on issues and consequences of teen age pregnancy and child rearing as part of reforming welfare.

4. HOLOCAUST INFORMATION DISTRIBUTION - Funds are provided for allocation to the Washington State holocaust education resource center for reproducing the videotape and teachers guide, "Never Again , I Hope".

5. POINT ROBERTS ADJUSTMENT - The appropriation for operation of a K-2 education program at Point Roberts is increased from $62,000 to $93,000.

6. SUICIDE PREVENTION TRANSFER TO DOH - Suicide prevention funds are transferred to the Department of Health (DOH) for development of a state-wide plan.

7. SCHOOL AIR QUALITY - Funds are provided for development of best management practices to improve indoor air quality in new or modernized schools. The State Board of Education is to work with the Department of Health in developing the best management practices.

8. WASHINGTON ST GEOGRAPHIC ALLIANCE - Funding is provided for the Washington State Geographic Alliance to improve the teaching of geography in the common schools.

9. WORK TRANSITION PROGRAMS - Start-up grants for school-to-work programs are expanded at skill centers and similar organizations through afternoon/evening programs for high school age student dropouts.

Superintendent of Public Instruction
General Apportionment

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**6,019,646**	**0**	**6,019,646**
1994 Supplemental Budget			
1. Enrollment Adjustment	-33,296	0	-33,296
2. Staff Mix Adjustment	3,833	0	3,833
3. Inflation	-1,415	0	-1,415
4. Instruction Materials & Technology	18,750	0	18,750
Total Supplemental Items	**-12,128**	**0**	**-12,128**
1993-95 REVISED APPROPRIATION	**6,007,518**	**0**	**6,007,518**

Comments:

1. ENROLLMENT ADJUSTMENT - The Office of Financial Management released a new enrollment forecast in December 1993. The new forecast changes 1993-94 enrollment from 875,622 full-time equivalent students (FTE) to 871,735 -- a decrease of 3,887 FTE students. For the 1994-95 school year, enrollment is revised from 902,716 to 896,872 -- a reduction of 5,844 FTE students.

2. STAFF MIX ADJUSTMENT - Staff mix refers to the experience and education of certificated instructional staff in each school district. Salary increments are paid for increased education and experience. This item revises assumptions made in the 1993-95 appropriations act based on actual 1993-94 school year data.

3. INFLATION - Basic education programs received an inflation adjustment in the 1993-95 budget. The budget assumption was that inflation would be 2.7 percent in FY 94 and 3.0 percent in FY 95. The February Economic and Revenue Forecast estimates that inflation will be 2.4 percent in FY 94 and 2.9 percent for FY 95. Adjustment for the lowered inflation forecast is made beginning in the 1994-95 school year and utilizes a rate of 2.6 percent. This funds the non-employee related cost rate for 1994-95 at a rate equivalent to what it would have been had inflation rates of 2.4 and 2.9 percent been utilized.

4. INSTRUCTION MATERIALS & TECHNOLOGY - The amount of $20.61 per FTE Student is provided for the purchase of instructional materials and technology to improve learning for all students. The funds are allocated on a fiscal year basis for the 1994-95 school year. Skill centers are each provided $40,000 instead of receiving a per student allocation from participating school districts. The expenditure of the funds shall be determined at each school site by the school building staff, parents, and the community where site-based management has been adopted or, where not adopted, by the building staff.

Superintendent of Public Instruction
Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**22,570**	**0**	**22,570**
1994 Supplemental Budget			
1. Health Benefit Adjustment	-19,031	0	-19,031
Total Supplemental Items	**-19,031**	**0**	**-19,031**
1993-95 REVISED APPROPRIATION	**3,539**	**0**	**3,539**

Comments:

1. HEALTH BENEFIT ADJUSTMENT - Health benefit increases for the 1994-95 school year are reduced due to revised estimates of medical inflation initially 13.5 percent and now 8.5 percent. The health benefit rate for K-12 employees is increased from $317.79 per month to $322.90 per month, beginning October 1, 1994. The 4.7 percent for the retiree subsidy will be remitted to the Health Care Authority in accordance with RCW 28A.400.400.

Superintendent of Public Instruction
Pupil Transportation

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**351,143**	**0**	**351,143**
1994 Supplemental Budget			
1. Enrollment Adjustment	-6,378	0	-6,378
2. Inflation	-154	0	-154
3. Regional Transpo Coordinators	275	0	275
Total Supplemental Items	**-6,257**	**0**	**-6,257**
1993-95 REVISED APPROPRIATION	**344,886**	**0**	**344,886**

Comments:

1. ENROLLMENT ADJUSTMENT - The original 1993-95 budget contained assumptions regarding transportation workload based on expected enrollment increases from the 1991-93 Biennium to the 1993-95 Biennium. The revised numbers are based on actual workload data in this program for the first half of the 1993-94 school year.

2. INFLATION - Basic education programs received an inflation adjustment in the 1993-95 budget. The budget assumption was that inflation would be 2.7 percent in FY 94 and 3.0 percent in FY 95. The February Economic and Revenue Forecast estimates that inflation will be 2.4 percent in FY 94 and 2.9 percent for FY 95. Adjustment for the lowered inflation forecast is made beginning in the 1994-95 school year and utilizes a rate of 2.6 percent. This funds the non-employee related cost rate for 1994-95 at a rate equivalent to what it would have been had inflation rates of 2.4 and 2.9 percent been utilized.

3. REGIONAL TRANSPO COORDINATORS - Regional transportation coordinators are housed at Educational Service Districts and perform many functions including: helping school districts with routing; managing local transportation programs; and data submittal for state reimbursement. The budget provides $275,000 to increase the number of coordinators from three to five and assumes offsetting savings of $275,000 from their services. In addition to other duties, the budget requires the coordinators to: ensure that data submitted by school districts for state funding is accurate; prepare a catalog of hazardous walking conditions in each school district; prepare an analysis of travel times for students in small school districts to contiguous school districts; and prepare an analysis of the small fleet factor used in the transportation formula.

Superintendent of Public Instruction
Handicapped Education

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**867,311**	**98,684**	**965,995**
1994 Supplemental Budget			
1. Enrollment Adjustment	3,941	0	3,941
2. Staff Mix Adjustment	-1,385	0	-1,385
3. Federal Title XIX Rate Adjustment	244	0	244
4. Inflation	-110	0	-110
Total Supplemental Items	**2,690**	**0**	**2,690**
1993-95 REVISED APPROPRIATION	**870,001**	**98,684**	**968,685**

Comments:

1. ENROLLMENT ADJUSTMENT - Revised enrollments are from the Office of Financial Management's December 1993 forecast. Estimated handicapped enrollments decrease by 896 students in 1993-94 and 1,029 students in 1994-95. However, handicapped program costs increase because enrollment increases in higher-cost categories (preschool and health impaired), outweigh enrollment decreases in lower-cost categories (specific learning disabled and communication disordered).

2. STAFF MIX ADJUSTMENT - Staff mix refers to the experience and education of certificated instructional staff in each school district. Salary increments are paid for increased education and experience. This item revises assumptions made in the 1993-95 Appropriations Act based on actual 1993-94 school year data.

3. FEDERAL TITLE XIX RATE ADJUSTMENT - Chapter 149, Laws of 1993 (SB 5727), enacted in 1993 required school districts to seek federal Title XIX Medicaid funds for eligible services provided in the special education program. School districts retain 20 percent of the federal Medicaid funds and the state retains 80 percent. In the 1993-95 budget it was estimated that the state's share of federal Medicaid funds would be $14.4 million, and this amount was used to offset General Fund-State expenditures in this program. The federal Medicaid match was recently reduced, lowering the expected receipt of federal Medicaid funds by $244,000. This requires replacement with General Fund-State moneys.

4. INFLATION - Basic education programs received an inflation adjustment in the 1993-95 budget. The budget assumption was that inflation would be 2.7 percent in FY 94 and 3.0 percent in FY 95. The February Economic and Revenue Forecast estimates that inflation will be 2.4 percent in FY 94 and 2.9 percent for FY 95. Adjustment for the lowered inflation forecast is made beginning in the 1994-95 school year and utilizes a rate of 2.6 percent. This funds the non-employee related cost rate for 1994-95 at a rate equivalent to what it would have been had inflation rates of 2.4 and 2.9 percent been utilized.

Superintendent of Public Instruction
Educational Service Districts

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**9,891**	**0**	**9,891**
1994 Supplemental Budget			
1. Student Teacher Placement	125	0	125
Total Supplemental Items	**125**	**0**	**125**
1993-95 REVISED APPROPRIATION	**10,016**	**0**	**10,016**

Comments:

1. STUDENT TEACHER PLACEMENT - This program places student teachers in areas not supported by local, regional, or state universities. The 1993-95 budget reduced this program by 50 percent. Commitments had already been made by the Professional Development Centers to student teachers for placement in the 1993-94 school year. These commitments were honored by the Superintendent of Public Instruction. But doing so nearly exhausted the biennial appropriation for this program in the first year of the biennium. This provides funding to continue this program in the second year of the biennium.

Superintendent of Public Instruction
Institutional Education

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**22,869**	**8,548**	**31,417**
1994 Supplemental Budget			
1. Enrollment Adjustment	3,251	0	3,251
2. Staff Mix Adjustment	198	0	198
Total Supplemental Items	**3,449**	**0**	**3,449**
1993-95 REVISED APPROPRIATION	**26,318**	**8,548**	**34,866**

Comments:

1. ENROLLMENT ADJUSTMENT - Estimated enrollments in institutions for juveniles are increased from 479 to 713 in the 1993-94 school year and from 426 to 713 in the 1994-95 school year. Original estimates assumed that the Green Hill Institution would close. Green Hill enrollment is estimated to be 155 students both years of the biennium. Estimates for other institutions are also revised.

2. STAFF MIX ADJUSTMENT - Staff mix refers to the experience and education of certificated instructional staff in each school district. Salary increments are paid for increased education and experience. This item revises assumptions made in the 1993-95 Appropriations Act based on actual 1993-94 school year data.

Superintendent of Public Instruction
Education of Highly Capable Students

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**8,983**	**0**	**8,983**
1994 Supplemental Budget			
1. Enrollment Adjustment	-44	0	-44
Total Supplemental Items	**-44**	**0**	**-44**
1993-95 REVISED APPROPRIATION	**8,939**	**0**	**8,939**

Comments:

1. ENROLLMENT ADJUSTMENT - Estimated K-12 enrollment is reduced in the Office of Financial Management's December 1993 forecast. Because funding for highly capable students is based on total K-12 enrollment, state funding is reduced proportionately.

Superintendent of Public Instruction
Transitional Bilingual Instruction

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**46,940**	**0**	**46,940**
1994 Supplemental Budget			
1. Enrollment Adjustment	117	0	117
Total Supplemental Items	**117**	**0**	**117**
1993-95 REVISED APPROPRIATION	**47,057**	**0**	**47,057**

Comments:

1. ENROLLMENT ADJUSTMENT - Estimated bilingual enrollments are revised from 36,029 to 36,306 in 1993-94 and from 41,195 to 41,001 in 1994-95.

Superintendent of Public Instruction
Learning Assistance Program (LAP)

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**108,456**	**0**	**108,456**
1994 Supplemental Budget			
1. Enrollment Adjustment	-543	0	-543
Total Supplemental Items	**-543**	**0**	**-543**
1993-95 REVISED APPROPRIATION	**107,913**	**0**	**107,913**

Comments:

1. ENROLLMENT ADJUSTMENT - Workload in this program is based on the percentage of students scoring in the lowest quartile on the 4th and 8th grade tests multiplied by enrollment in the appropriate grades. The Office of Financial Management's December 1993 K-12 enrollment forecast reduces estimates of K-12 enrollments for both years of the 1993-95 Biennium, thereby reducing eligible students. In addition, actual 1993-94 test scores are incorporated.

Superintendent of Public Instruction
Block Grants

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**47,832**	**0**	**47,832**
1994 Supplemental Budget			
1. Enrollment Adjustment	-245	0	-245
Total Supplemental Items	**-245**	**0**	**-245**
1993-95 REVISED APPROPRIATION	**47,587**	**0**	**47,587**

Comments:

1. ENROLLMENT ADJUSTMENT - Block grant funds are allocated on a per student basis. Since estimated K-12 enrollments are reduced for both years of the biennium based on the Office of Financial Management's December 1993 forecast, there is a negative effect on this budget.

Superintendent of Public Instruction
Education Reform

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**57,990**	**0**	**57,990**
1994 Supplemental Budget			
1. Added Grants for School-to-Work	750	0	750
2. Expanded Assistance for Reform	500	0	500
3. Student Learning Improvement Grants	16,934	0	16,934
Total Supplemental Items	**18,184**	**0**	**18,184**
1993-95 REVISED APPROPRIATION	**76,174**	**0**	**76,174**

Comments:

1. ADDED GRANTS FOR SCHOOL-TO-WORK - Grants for School-to-Work programs, provided as part of the 1993 education reform legislation, were awarded to 28 schools; 50 applicants were not approved for lack of funding. The next round of awards will reduce the number of unfunded programs.

2. EXPANDED ASSISTANCE FOR REFORM - Enhancement is provided to the current information and consultative assistance provided by the Center for the Improvement of Student Learning to the 296 school districts and 1,900 buildings seeking to implement the programs resulting from the 1993 education reform legislation.

3. STUDENT LEARNING IMPROVEMENT GRANTS - 1993 education reform legislation provided for student learning improvement grants of no fewer than three days and not more than five days beginning in the 1994-95 school year and five days for 1995-96 and 1996-97. The original 1993-95 budget provided three days. Chapter 245, Laws of 1994 (ESHB 2850) amends the 1993 legislation and specifies that up to four days will be provided for each of the three school years.

Superintendent of Public Instruction
Common School Construction

(Dollars in Thousands)

	GF-S	Other	Total
1993-95 ORIGINAL APPROPRIATION	**0**	**0**	**0**
1994 Supplemental Budget			
1. General Fund in Lieu of Bonds	15,250	0	15,250
Total Supplemental Items	**15,250**	**0**	**15,250**
1993-95 REVISED APPROPRIATION	**15,250**	**0**	**15,250**

Comments:

1. GENERAL FUND IN LIEU OF BONDS - The latest Department of Natural Resources forecast of timber revenue reduces the common school construction trust fund by $52.3 million. A one-time General Fund appropriation of $15.3 million is provided to fund part of the shortfall. The use of general fund cash rather than bonds reduces future debt service payments. The remainder of the shortfall is made up in the capital budget through use of G.O. bonds.