

Public Schools

Better Schools Program

The Better Schools Program is created in the supplemental budget and is intended to be ongoing in future biennia. Program funds are provided for two purposes as follows.

The amount of \$37.4 million is provided for class size/extended learning opportunities starting with the 2000-01 school year. The funds are allocated through an additional 2.2 certificated instructional staff per 1000 full-time equivalent students in grades K-4. The funds may be used to provide additional teachers in grades K-4 or to provide extended learning opportunities through before-and-after school, weekend school, summer school, or intersession programs.

An additional \$20.1 million is provided for professional development for certificated and classified staff to ensure that instruction is aligned with state standards and student needs. The funds are allocated starting July 1, 2000, at a rate of \$20.04 per student. The expenditure of the funds will be determined at each school site by the school staff.

Common School Construction

An additional \$6.6 million in education savings account revenues is appropriated to help fund the \$56.8 million K-12 capital supplemental budget. In addition, Chapter 2, Laws of 2000, 2nd sp.s. (EHB 3169), changed the calculation of the 5 percent emergency reserve requirement from a biennial amount to an annual amount. This change will produce an estimated \$115 million for the Education Construction Fund in fiscal year 2001. These moneys may be used for K-12 or higher education construction. A total of \$35 million is appropriated from the Education Construction Fund to the Common School Construction Account.

Pension Enhancements

School districts are provided \$26.5 million General Fund-State for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). The increased pension costs for school districts result from reducing the early retirement reduction factors for Plans 2 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS). In addition, the rate paid for Department of Retirement System administration will increase as a result of the creation of a PERS Plan 3 contained in this legislation. (Additional appropriations for this legislation are made to state agencies, institutions of higher education, and state contributions to the Law Enforcement Officers' and Fire Fighters' [LEOFF] retirement system in Special Appropriations.)

Adjust Pension Contribution Rate

The 1998 actuarial valuations conducted by the Office of the State Actuary determined that the contribution rates necessary to meet the state's pension funding goals are lower than the pension rates currently in effect, due primarily to higher-than-expected returns on the investments in the pension funds. The budget lowers the state and employer contribution rates for PERS, TRS, SERS, and LEOFF to reflect the actuarial valuations. Appropriations to school districts are reduced by \$65.8 million General Fund-State to reflect the savings from the lower rates. (The savings for state agencies, higher education institutions, and state contributions to LEOFF are contained in Special Appropriations.)

School Safety

The 1999 Legislature appropriated \$8.7 million for competitive matching grants to school districts for school security personnel. The supplemental budget provides an additional \$5.6 million to be allocated to all school districts at a maximum rate of \$10 per student. The funds may be expended by school districts for school safety purposes including equipment, training of school staff, and minor remodeling of buildings. Adjustments are made for school districts that received safety program and school security grants.

Substitute Teacher Allocation

The sum of \$4.6 million General Fund-State is provided to increase the state allocation for provision of substitute teachers from \$77.51 to \$98.87 per day starting in the 2000-01 school year. Allocations for five substitute teacher days per state-funded teacher in the apportionment and special education programs are a component of the state's basic education definition.

Enrollment Decline Transition

A number of school districts throughout the state have experienced unanticipated enrollment declines. The amount of \$3.9 million General Fund-State is provided to assist school districts with enrollment decline transition for the 1999-00 school year. A district is eligible for the funds if it has an enrollment decline of 300 or more full-time equivalent students or 4.5 percent or more of its full-time equivalent student enrollment when compared to the prior school year.

Eligible districts will receive funding for up to 50 percent of the enrollment decline at the basic education un-enhanced rate of the district.

Health Benefit Rate Adjustments

A total of \$1.8 million General Fund-State is provided for an expected increase in health benefit insurance rates for school year 2000-01, increasing the monthly rate per K-12 employee by \$1.82 per month. In addition, the rate is increased by \$0.48 per month for insurance market reform costs and by \$0.02 per month for expanded prescription drug benefit coverage. The total increase is \$2.32 per month.

Information Technology Workforce Training

The 1999-01 biennial budget provided \$1 million per year for information technology grants for programs that prepare high school students for careers in the information technology industry. Funding is increased by \$0.8 million in the second year of the biennium to allow more high schools to participate in the grant program.

Principal Internship and Mentorship Programs

The 1999-01 budget provided \$1.6 million for the superintendent/principal internship program. This program funds the cost of release time for teachers and other individuals enrolled in a principal or administrator preparation program so that the individuals may engage in an internship during the school day when children are present. An additional \$0.6 million is provided to increase the number of participants in the internship program. In addition, \$125,000 is provided to create a principal support program to pair new principals with experienced mentors for up to three years.

Internet Filtering Servers

The amount of \$431,000 General Fund-State is made available to purchase an Internet filtering server for districts that currently do not have a filtering system in place.

Teacher Professional Standards Board

An amount of \$431,000 is provided to implement Chapter 39, Laws of 2000 (EHB 2760), which establishes a professional standards board for educators. The function of the board is to advise the State Board of Education on educator issues and to prepare a basic skills teacher assessment to be available September 1, 2001.

Oral Medications Training

Persons administering oral medications in public schools must be trained prior to administering the medications. An amount of \$297,000 is provided for state training in oral medication procedures, using a model program developed by the Office of the Superintendent of Public Instruction.

Accountability Commission

The Academic Achievement and Accountability Commission was established in 1999 to oversee the state's new K-12 accountability system and associated issues. The Legislature appropriated \$340,000 for the operation of the Commission in the 1999-01 biennial budget. An additional \$250,000 is provided in the supplemental budget to expand the research and operations capacity of the Commission.

Civil Liberties Education

The amount of \$150,000 General Fund-State is provided for grants to document the history of the internment of persons of Japanese ancestry during World War II for public education and to prevent similar civil rights violations in the future.

World War II Oral History Projects

A total of \$150,000 is provided for grants to document the experiences of World War II veterans through oral history projects at local schools.

Second Grade Reading Test

The second grade reading test was enacted by the 1997 Legislature and requires teachers to assess individual student's reading ability using approved assessment materials. The amount of \$106,000 General Fund-State is provided to pay for training of new second grade teachers and for replacement of assessment materials.

National Teacher Certification Bonus

The 1999 Legislature provided \$327,000 for a 15 percent pay bonus for teachers achieving certification by the National Board for Professional Teaching Standards. The 1999-01 appropriations act did not specify whether the bonus was one time or for the life of the certificate. The supplemental budget provides an additional \$65,000, and clarifies that the bonus is for two years. Beginning with the 2000-01 school year, the amount of the bonus is changed from 15 percent of pay to a flat \$3,500 bonus and is not considered earnable compensation for pension purposes.

Funding Source Change

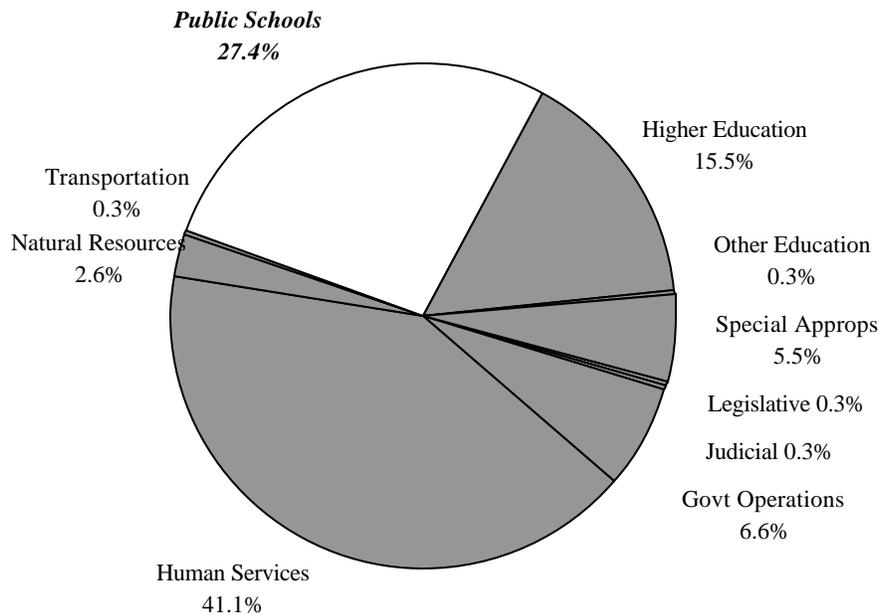
Various dedicated fund sources have been used to fund the K-12 budget. These included the Public Safety and Education Account, the Health Services Account, and the Violence Reduction and Drug Enforcement Account. The supplemental budget replaces these various dedicated fund sources, totaling \$31.0 million, with an equivalent amount from the General Fund-State.

1999-01 Washington State Operating Budget

Total Budgeted Funds

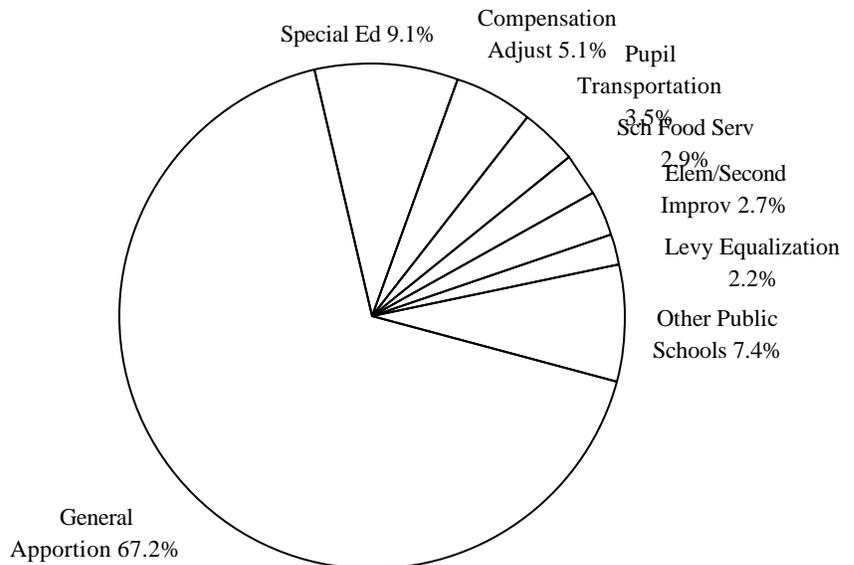
(Dollars in Thousands)

Legislative	124,815
Judicial	123,118
Governmental Operations	2,518,891
Human Services	15,566,757
Natural Resources	997,655
Transportation	110,297
Public Schools	10,398,399
Higher Education	5,875,347
Other Education	101,506
Special Appropriations	2,100,858
Statewide Total	37,917,643



Washington State

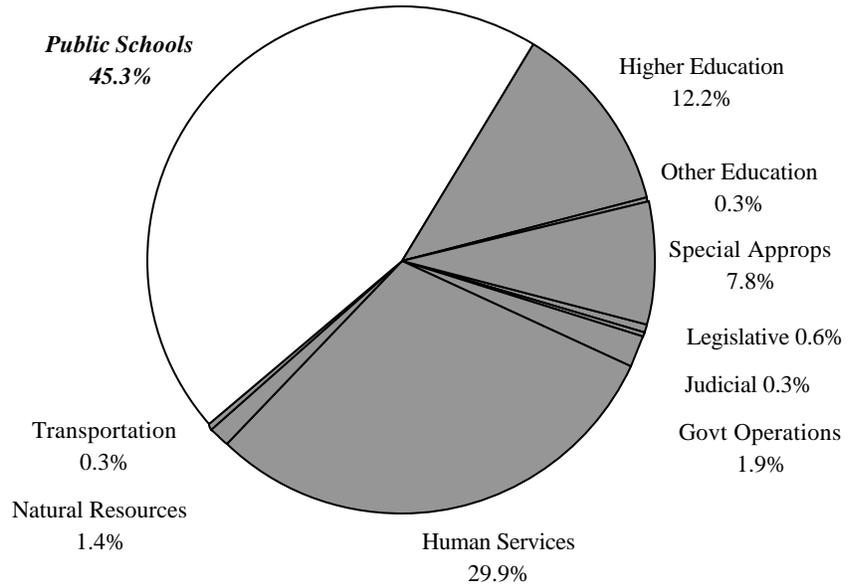
General Apportionment	6,987,997
Special Education	944,160
Compensation Adj	530,327
Pupil Transportation	362,265
School Food Services	297,961
Elem/Second Sch Improve	285,193
Levy Equalization	224,677
Other Public Schools	765,819
Public Schools	10,398,399



Public Schools

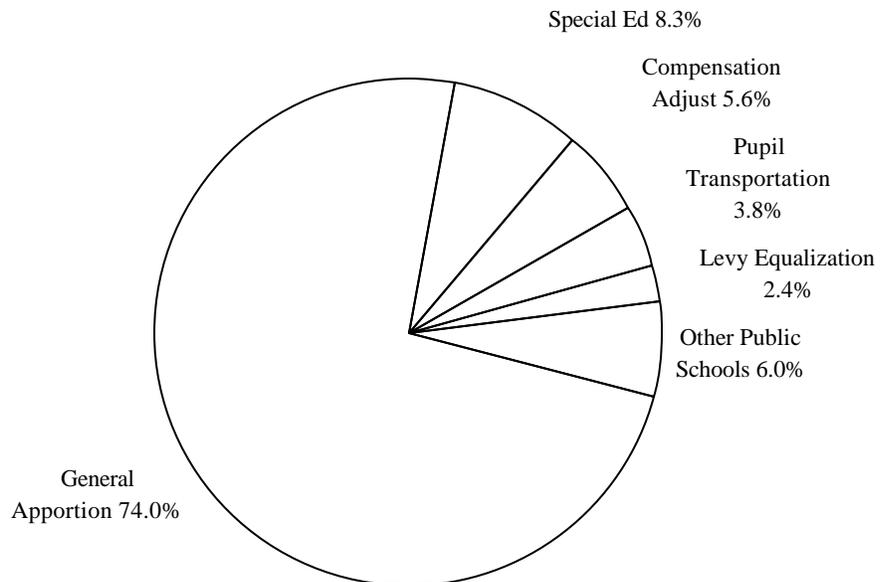
1999-01 Washington State Operating Budget
General Fund-State
(Dollars in Thousands)

Legislative	117,683
Judicial	66,527
Governmental Operations	398,761
Human Services	6,235,457
Natural Resources	299,174
Transportation	52,823
Public Schools	9,442,945
Higher Education	2,547,801
Other Education	54,521
Special Appropriations	1,634,494
Statewide Total	20,850,186



Washington State

General Apportionment	6,987,997
Special Education	772,493
Compensation Adj	530,327
Pupil Transportation	362,265
Levy Equalization	224,677
Other Public Schools	565,186
Public Schools	9,442,945



Public Schools

**Public Schools
 OSPI & Statewide Programs**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	60,638	94,977	155,615
Total Maintenance Changes	0	3,898	3,898
Policy Changes			
1. Information Tech Workforce Training	800	0	800
2. Teacher Professional Standards Bd	431	0	431
3. Civil Liberties Education	150	0	150
4. World War II Oral History Project	150	0	150
5. Filtering Servers	431	0	431
6. Voc Student Organization	100	0	100
7. Funding Source Change	15,513	-15,513	0
8. Oral Medications Training	297	0	297
9. School Safety	5,649	0	5,649
10. Federal Teacher Quality Grant	0	1,078	1,078
Total Policy Changes	23,521	-14,435	9,086
1999-01 Revised Appropriations	84,159	84,440	168,599
Fiscal Year 2000 Total	38,344	39,742	78,086
Fiscal Year 2001 Total	45,815	44,698	90,513

Comments:

- Information Tech Workforce Training** - The 1999-01 biennial budget provided \$1 million per year for information technology grants for programs that prepare high school students for careers in the information technology industry. Funding is increased by 80 percent in the second year of the biennium to allow more high schools to participate in the grant program.
- Teacher Professional Standards Bd** - Funds are provided to implement Chapter 39, Laws of 2000 (EHB 2760), which establishes a professional standards board for educators. The function of the board is to advise the State Board of Education on teacher certification matters and to prepare a basic skills teacher assessment for September 1, 2001. The appropriation includes funds for the operation of the board and for preparation of the teacher assessment.
- Civil Liberties Education** - Funding is provided for grants to develop educational materials under the Washington civil liberties public education program created in Chapter 210, Laws of 2000 (E2SHB 1572). Grants may be provided to develop curriculum materials to complement or augment current resources on the history and the lessons of the World War II exclusion, removal, and detention of persons of Japanese ancestry. In addition, grants can be utilized to develop videos, plays, presentations, speaker bureaus, and exhibitions.
- World War II Oral History Project** - Funding is provided to implement the WWII Oral History Project, created in Chapter 112, Laws of 2000 (SHB 2418). The Office of the Superintendent of Public Instruction (OSPI), with the assistance of an advisory group, will develop instructional guides. Mini-grants will be provided to school districts for documentation projects to supplement the instructional guides.
- Filtering Servers** - As access to the Internet increases, installation of filtering systems can protect students from adult material that is readily available through this medium. Funds to purchase a filtering server are made available for districts that currently do not have a filtering system in place.
- Voc Student Organization** - Additional funding is provided to support the coordination of current vocational student organizations (VSOs). VSOs provide students opportunities to gain competencies and develop leadership skills.
- Funding Source Change** - Various state fund sources have been utilized to fund the K-12 budget, including: General Fund-State; Public Safety and Education Account; Health Services Account; and the Violence Reduction and Drug Enforcement Account. These various state fund sources are changed to a single source, General Fund-State.
- Oral Medications Training** - Persons administering oral medications in schools must be trained prior to administering oral medications. \$297,000 is provided for state training in oral medication procedures using a model program developed by OSPI.

Public Schools OSPI & Statewide Programs

9. **School Safety** - Funding is provided for school safety allocations for all school districts in the state at a maximum rate of \$10 per full-time equivalent (FTE) student. The funds may be used by school districts for school safety purposes including equipment, minor remodeling of buildings, preparation of school safety plans, and training of school staff in school safety. A district's allocation will be adjusted for any state grants received for school security or school safety programs.

10. **Federal Teacher Quality Grant** - Appropriation authority is provided for the second year of a three year federal Teacher Quality Enhancement Grant from the U.S. Department of Education. The grant provides funding for pilot projects that will assist in the development of statewide models that link teacher preparation to pupil outcomes, align teacher preparation programs with ongoing professional training and teacher certification, and extend successful local and regional programs to ensure competent teachers in high-poverty areas. (General Fund-Federal)

Public Schools General Apportionment

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Original Appropriations	7,096,837	0	7,096,837
Total Maintenance Changes	-85,366	0	-85,366
Policy Changes			
1. Pension Changes	-31,567	0	-31,567
2. Enrollment Decline Transition	3,896	0	3,896
3. Substitute Teacher Pay	3,937	0	3,937
4. School District Emergencies	260	0	260
Total Policy Changes	-23,474	0	-23,474
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1999-01 Revised Appropriations	6,987,997	0	6,987,997
Fiscal Year 2000 Total	3,507,296	0	3,507,296
Fiscal Year 2001 Total	3,480,701	0	3,480,701

Comments:

1. **Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.

building suddenly unusable. The Toutle Lake School District recently lost the use of two of its buildings due to a severe mold problem and it is estimated that it will cost \$260,000 to render one of the buildings inhabitable. \$260,000 is provided to supplement the funds available to respond to school district emergencies in FY 2000.

2. **Enrollment Decline Transition** - Enrollment decline transition funds are provided for the 1999-2000 school year. Districts that experience an enrollment decline of 300 or more FTE students or 4.5 percent or more of their FTE student enrollment when compared with the prior school year are eligible for the funds. Eligible districts will receive funding for up to 50 percent of the enrollment decline at the basic education unenhanced rate for the district.

3. **Substitute Teacher Pay** - Allocations for substitute teachers are a component of the state's basic education definition. For the 2000-01 school year, the biennial budget allocated five days of substitute teacher time for state-funded teachers in the apportionment and special education programs at a rate of \$77.51 per day. The budget increases the rate to \$98.87 per day, a 27.6 percent increase.

4. **School District Emergencies** - The 1999-2001 biennial budget provided \$325,000 to the Superintendent of Public Instruction for school district emergencies, such as situations that make a school

Public Schools Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Original Appropriations	536,295	0	536,295
Total Maintenance Changes	-5,104	0	-5,104
Policy Changes			
1. Health Benefit Rate Adjustments	1,464	0	1,464
2. Pension Changes	-2,974	0	-2,974
3. Substitute Teacher Pay	265	0	265
4. Insurance Market Reform	381	0	381
Total Policy Changes	-864	0	-864
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1999-01 Revised Appropriations	530,327	0	530,327
Fiscal Year 2000 Total	186,314	0	186,314
Fiscal Year 2001 Total	344,013	0	344,013

Comments:

1. **Health Benefit Rate Adjustments** - Funding is provided for an expected increase in health benefit insurance rates by increasing the monthly rate per K-12 employee by \$1.82 per month. In addition, the rate is increased by \$0.02 per month for expanded prescription coverage. This is consistent with increases funded for state employees covered under Public Employees' Benefits Board plans for the same purposes.
2. **Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.
3. **Substitute Teacher Pay** - Funds are provided to increase substitute teacher pay allocations in the apportionment and special education programs, which increases the amount of salary increase amounts needed.
4. **Insurance Market Reform** - Chapter 79, Laws of 2000 (E2SSB 6067), will result in higher assessments on health carriers for subsidized care provided through the Washington State Health Insurance Pool. An additional \$0.48 per employee per month is provided for the increased premiums that will result from higher assessments on health carriers providing care to school district employees.

**Public Schools
 Pupil Transportation**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	360,727	0	360,727
Total Maintenance Changes	1,647	0	1,647
Policy Changes			
1. Pension Changes	<u>-109</u>	<u>0</u>	<u>-109</u>
Total Policy Changes	-109	0	-109
1999-01 Revised Appropriations	362,265	0	362,265
Fiscal Year 2000 Total	181,204	0	181,204
Fiscal Year 2001 Total	181,061	0	181,061

Comments:

- Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.

**Public Schools
School Food Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	6,200	259,040	265,240
Total Maintenance Changes	0	32,721	32,721
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1999-01 Revised Appropriations	6,200	291,761	297,961
Fiscal Year 2000 Total	3,100	142,037	145,137
Fiscal Year 2001 Total	3,100	149,724	152,824

Comments:

No policy changes were recommended.

**Public Schools
 Special Education**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	785,497	148,159	933,656
Total Maintenance Changes	-9,999	23,508	13,509
Policy Changes			
1. Pension Changes	-3,427	0	-3,427
2. Substitute Teacher Pay	422	0	422
Total Policy Changes	-3,005	0	-3,005
1999-01 Revised Appropriations	772,493	171,667	944,160
Fiscal Year 2000 Total	387,011	77,729	464,740
Fiscal Year 2001 Total	385,482	93,938	479,420

Comments:

- Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.
- Substitute Teacher Pay** - Allocations for substitute teachers are a component of the state's basic education definition. For the 2000-01 school year, the biennial budget allocated five days of substitute teacher time for state-funded teachers in the apportionment and special education programs at a rate of \$77.51 per day. The budget increases the rate to \$98.87 per day, a 27.6 percent increase.

NOTE: Budget language is added requiring that, if the \$5.5 million federal safety net appropriation for high-cost students does not suffice to fund the awards approved by the safety net committee, the Superintendent shall use all available federal discretionary funds to meet this need. Use of General Fund-State moneys for this purpose is prohibited.

Public Schools
Traffic Safety Education

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	0	16,276	16,276
Total Maintenance Changes	0	-767	-767
Policy Changes			
1. Funding Source Change	<u>15,509</u>	<u>-15,509</u>	<u>0</u>
Total Policy Changes	15,509	-15,509	0
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1999-01 Revised Appropriations	15,509	0	15,509
Fiscal Year 2000 Total	7,738	-1	7,737
Fiscal Year 2001 Total	7,771	1	7,772

Comments:

- Funding Source Change** - Various state fund sources have been utilized to fund the K-12 budget, including: General Fund-State; Public Safety and Education Account; Health Services Account; and the Violence Reduction and Drug Enforcement Account. These various state fund sources are changed to a single source, General Fund-State.

**Public Schools
 Educational Service Districts**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	9,094	0	9,094
Total Maintenance Changes	0	0	0
Policy Changes			
1. Pension Changes	<u>-27</u>	<u>0</u>	<u>-27</u>
Total Policy Changes	-27	0	-27
1999-01 Revised Appropriations	9,067	0	9,067
Fiscal Year 2000 Total	4,537	0	4,537
Fiscal Year 2001 Total	4,530	0	4,530

Comments:

- Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.

**Public Schools
Levy Equalization**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	206,288	0	206,288
Total Maintenance Changes	18,389	0	18,389
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1999-01 Revised Appropriations	224,677	0	224,677
Fiscal Year 2000 Total	102,563	0	102,563
Fiscal Year 2001 Total	122,114	0	122,114

Comments:

No policy changes were recommended.

**Public Schools
 Institutional Education**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	41,743	8,548	50,291
Total Maintenance Changes	-2,785	0	-2,785
Policy Changes			
1. Pension Changes	<u>-193</u>	<u>0</u>	<u>-193</u>
Total Policy Changes	-193	0	-193
1999-01 Revised Appropriations	38,765	8,548	47,313
Fiscal Year 2000 Total	19,296	4,274	23,570
Fiscal Year 2001 Total	19,469	4,274	23,743

Comments:

- Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.

Public Schools
Education of Highly Capable Students

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	12,446	0	12,446
Total Maintenance Changes	-120	0	-120
Policy Changes			
1. Pension Changes	<u>-57</u>	<u>0</u>	<u>-57</u>
Total Policy Changes	-57	0	-57
1999-01 Revised Appropriations	12,269	0	12,269
Fiscal Year 2000 Total	6,164	0	6,164
Fiscal Year 2001 Total	6,105	0	6,105

Comments:

- Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.

Public Schools
Elementary & Secondary School Improvement

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	0	264,388	264,388
Total Maintenance Changes	0	20,805	20,805
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1999-01 Revised Appropriations	0	285,193	285,193
Fiscal Year 2000 Total	0	136,456	136,456
Fiscal Year 2001 Total	0	148,737	148,737

Comments:

No policy changes were recommended.

Public Schools Education Reform

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Original Appropriations	69,499	233	69,732
Total Maintenance Changes	-1,121	0	-1,121
Policy Changes			
1. Accountability Commission	250	0	250
2. Principal Mentorship	125	0	125
3. National Teacher Certif Bonus	65	0	65
4. Superintendent/Principal Internships	610	0	610
5. Second Grade Reading Assessment	106	0	106
Total Policy Changes	1,156	0	1,156
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1999-01 Revised Appropriations	69,534	233	69,767
Fiscal Year 2000 Total	33,234	127	33,361
Fiscal Year 2001 Total	36,300	106	36,406

Comments:

1. **Accountability Commission** - Additional funding is provided to the Academic Achievement and Accountability Commission for a research analyst position, consultant services, and an expanded meeting schedule.
2. **Principal Mentorship** - Funding is provided to create a principal support program. Under the program, new principals will develop an individualized, professional growth plan and will receive mentorship support for up to three years.
3. **National Teacher Certif Bonus** - The 1999 Legislature provided \$327,000 for a 15 percent pay bonus for teachers achieving certification by the National Board for Professional Teaching Standards. The 1999-01 appropriations act did not specify whether the bonus was one-time or for the life of the certificate. The supplemental budget provides an additional \$65,000 and clarifies that the bonus is for two years. Beginning with the 2000-01 school year, the amount of the bonus is changed from 15 percent of pay to a flat \$3,500 bonus and is not considered earnable compensation for pension purposes.
4. **Superintendent/Principal Internships** - The 1999-2001 budget provided \$1.598 million for the superintendent/principal internship program. This program funds the cost of release time for teachers and other individuals enrolled in a principal or administrator preparation program so that the individuals may engage in an internship during the school day when children are present. An additional \$610,000 is provided to increase the number of participants in the program.
5. **Second Grade Reading Assessment** - Funds are provided to pay for training of new second grade teachers and for replacement of assessment materials for the second grade reading test. This test was enacted by the 1997 Legislature and requires teachers to assess individual student's reading ability using approved assessment materials.

**Public Schools
 Transitional Bilingual Instruction**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	71,744	0	71,744
Total Maintenance Changes	2,197	0	2,197
Policy Changes			
1. Pension Changes	<u>-460</u>	<u>0</u>	<u>-460</u>
Total Policy Changes	-460	0	-460
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1999-01 Revised Appropriations	73,481	0	73,481
Fiscal Year 2000 Total	35,876	0	35,876
Fiscal Year 2001 Total	37,605	0	37,605

Comments:

- Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.

**Public Schools
 Learning Assistance Program (LAP)**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	146,250	0	146,250
Total Maintenance Changes	-7,439	0	-7,439
Policy Changes			
1. Pension Changes	<u>-405</u>	<u>0</u>	<u>-405</u>
Total Policy Changes	-405	0	-405
1999-01 Revised Appropriations	138,406	0	138,406
Fiscal Year 2000 Total	68,936	0	68,936
Fiscal Year 2001 Total	69,470	0	69,470

Comments:

- Pension Changes** - In August 1999, the Office of the State Actuary released the results of the 1998 actuarial valuations for the state pension systems. The valuation studies found that the employer contribution rates necessary to fund current pension benefits were less than the current rates, due primarily to higher-than-expected returns on the investments in the pension funds. Starting May 1, 2000, the Public Employees Retirement System (PERS) employer rate will drop from the current 4.41 percent of salary to 3.58 percent of salary, and the Teachers Retirement System (TRS) employer rate will decrease from the current 8.49 percent to 6.03 percent. Beginning September 1, 2000, the PERS rate will increase to 4.44 percent and the TRS rate will increase to 7.10 percent to pay for the increased pension costs resulting from Chapter 247, Laws of 2000 (ESSB 6530). Also beginning May 1, 2000, the Department of Retirement Systems (DRS) administrative rate will increase from 0.19 percent to 0.23 percent.

**Public Schools
Block Grants**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	60,720	0	60,720
Total Maintenance Changes	-424	0	-424
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1999-01 Revised Appropriations	60,296	0	60,296
Fiscal Year 2000 Total	32,981	0	32,981
Fiscal Year 2001 Total	27,315	0	27,315

Comments:

No policy changes were recommended.

**Public Schools
 Better Schools Program**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
Total Maintenance Changes	0	0	0
Policy Changes			
1. Better Schools Program	<u>57,500</u>	<u>0</u>	<u>57,500</u>
Total Policy Changes	57,500	0	57,500
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1999-01 Revised Appropriations	57,500	0	57,500
Fiscal Year 2000 Total	0	0	0
Fiscal Year 2001 Total	57,500	0	57,500

Comments:

1. **Better Schools Program** - Better School Program funds are intended to be ongoing in future biennia and are provided for two purposes as follows:

1) \$37.4 million is provided for class size/extended learning opportunities starting with the 2000-01 school year. The funds are allocated through an additional 2.2 certificated instructional staff per 1000 full-time equivalent students in grades K-4. The funds may be used to provide additional teachers in grades K-4 or to provide extended learning opportunities through before-and-after school, weekend school, summer school, and intersession programs.

2) \$20.1 million is provided for professional development for certificated and classified staff to ensure that instruction is aligned with state standards and student needs. The funds are allocated starting July 1, 2000, at a rate of \$20.04 per student. The expenditure of the funds will be determined at each school site by the school staff.

**Public Schools
 Common School Construction**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1999-01 Original Appropriations	0	72,000	72,000
Total Maintenance Changes	0	0	0
Policy Changes			
1. Transfer to Common School Construct	0	41,612	41,612
Total Policy Changes	0	41,612	41,612
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1999-01 Revised Appropriations	0	113,612	113,612
Fiscal Year 2000 Total	0	42,612	42,612
Fiscal Year 2001 Total	0	71,000	71,000

Comments:

- Transfer to Common School Construct** - Additional Education Savings Account revenues of \$6.6 million are appropriated to help fund the \$56.8 million K-12 capital supplemental budget.

Chapter 2, Laws of 2000, 2nd sp.s. (EHB 3169), changes the calculation of the 5 percent emergency reserve requirement from a biennial amount to an annual amount. This change will produce an estimated \$115 million for the Education Construction Account in FY 2001. These moneys may be used for K-12 or higher education construction. A total of \$35 million is appropriated from the Education Construction Account to the Common School Construction Account.