

Organization and Financing

Of Washington Public Schools



Dr. Terry Bergeson
State Superintendent of
Public Instruction

January 2006

Office of Superintendent of Public Instruction
Old Capitol Building
P.O. Box 47200
Olympia, WA 98504-7200

For more information about the contents
of this document, please contact:
Christie M. Hazlett, OSPI
E-mail: chazlett@ospi.wednet.edu
Phone: 360.725.6303

To order more copies of this document,
please call 1-888-59-LEARN (1-888-595-3276)
or visit our Web site at <http://www.k12.wa.us/publications>

Please refer to the document number below for quicker service:
06-0009

This document is available online at:
<http://www.k12.wa.us/>

This material is available in alternative format upon request.
Contact the Resource Center at (888) 595-3276, TTY (360) 664-3631.

Organization and Financing

Of Washington Public Schools

Prepared by
Christie M. Hazlett, Supervisor, School District and ESD Accounting

School Apportionment and Financial Services
Office of Superintendent of Public Instruction
Calvin W. Brodie, Director

Dr. Terry Bergeson
Superintendent of Public Instruction

Marty Daybell
Deputy Superintendent, Administration and Operations

Jennifer Priddy
Assistant Superintendent, K-12 Fiscal Services and Policy

January 2006

This page left blank intentionally.

Office of Superintendent of Public Instruction

Dr. Terry Bergeson, State Superintendent

Jennifer Priddy, Assistant Superintendent, K-12 Fiscal Services and Policy

Calvin W. Brodie, Director, School Apportionment and Financial Services

About This Document

The Office of Superintendent of Public Instruction (OSPI) is pleased to present the tenth edition of Organization and Financing of Washington Public Schools. This edition updates school fiscal data through the 2004–05 school year. Other changes from the February 2004 edition include:

- Revised language for the Learning Assistance Program reflects a significant change in the funding calculation to reflect a funding determination based upon poverty rather than test results. This was revised in the 2005 legislative session.

This publication attempts to make the complex subject of school finance understandable to the general public. It is written for school board members, legislators, educators, and interested citizens. It can also be used as a training manual for new school employees or as a reference manual for school finance professionals. It does not take the place of official OSPI instructions to school districts. School business managers and personnel are advised to refer to OSPI bulletins and handbooks for the most current and authoritative policies of this agency. Individuals seeking additional school financial information may refer to OSPI's School Apportionment and Financial Services Web site at: <http://www.k12.wa.us/safs/>.

This publication is available electronically on the OSPI Web site under "Publications/Media" at <http://www.k12.wa.us>. A link is also provided from the "Publications" menu at <http://www.k12.wa.us/safs/>. The document can be printed or downloaded, in PDF format, from the OSPI Web site at no charge. (PDF documents require the Adobe Acrobat Reader software.) Paper copies can be ordered on-line from the "Publications/Media" link or by calling (360) 725-6300. There is a charge to cover printing and shipping costs.

Questions regarding this publication may be addressed to School Apportionment and Financial Services at (360) 725-6300 or PO BOX 47200, Olympia, Washington 98504-7200.

© The contents of this document may be reproduced without permission for educational purposes.

Acknowledgements:

This report was prepared by OSPI's School Apportionment and Financial Services staff with the assistance of numerous other staff throughout OSPI.

Rosauro Bunda, Supervisor, Personnel Reporting

Becky Dillon, Administrative Assistant

Michael Dooley, Supervisor, School District/ESD Budgeting

Christie M. Hazlett, Supervisor, School District/ESD Accounting

Pamela Peppers, Supervisor, School District/ESD Financial Reporting

Steve Shish, Supervisor, Apportionment Payments

Kim Thompson, Supervisor, Enrollment and Institutions Funding

This page left blank intentionally.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
SECTION I. FOUNDATIONS OF SCHOOL FINANCE IN WASHINGTON STATE	9
Chapter 1. Legal Foundations of School Finance	11
A. State Constitution	11
B. State Laws	11
C. The Doran Decisions and Basic Education Funding	12
D. Education Reform	13
E. Key Federal Law	16
F. Washington Administrative Code	20
G. Court Decisions Affecting Educational Funding	21
Chapter 2. Educational Organizations.....	25
A. State Board of Education.....	25
B. Superintendent of Public Instruction.....	25
C. Academic Achievement and Accountability Commission.....	27
D. Washington State Professional Educator Standards Board.....	27
E. Washington State School Directors' Association	28
F. Educational Service Districts	28
G. School Districts	31
H. Private Schools.....	32
I. Nonpublic Agencies	33
J. Education Centers	36
K. Home-Based Instruction	36
Chapter 3. Financial Management Fundamentals	37
A. The Budget Process	37
B. General Accounting Practices	38
C. Financial Reports.....	38
D. School District Cash Flow.....	39
E. School District Audits.....	42
SECTION II. FUNDING FOR MAINTENANCE AND OPERATIONS OF SCHOOLS.....	43
Chapter 4. Sources of State Support for Maintenance and Operations.....	45
A. Retail Sales Tax.....	45
B. Business and Occupation Tax.....	45
C. Property Tax	45
D. Other	49
Chapter 5. State Funding for Maintenance and Operations.....	51
A. Basic Education	52
a. Enrollment-Generated Staff Units.....	53
b. Certificated Instructional Salaries.....	56
c. Certificated Administrative Salaries.....	57
d. Classified Salaries	58
e. Fringe Benefits.....	67
f. Insurance Benefits	67
g. Nonemployee-Related Cost	67
h. Substitute Teacher Pay	67
i. Local Deductible Revenues.....	67
j. Fire District Payments.....	68
B. Special Education	68
a. Special Education Allocation Formula.....	69
b. Home and Hospital Allocation	70
c. Safety Net Allocation	70
C. Pupil Transportation.....	70
D. Local Effort Assistance	72
E. Learning Assistance Program (LAP).....	73
F. Bilingual Education	74

G.	Education Reform Programs	74
H.	Institutional Education.....	76
I.	State Office (OSPI) – Statewide Programs	77
J.	State Administration.....	78
K.	Better Schools	78
L.	Highly Capable Students	78
M.	Educational Service Districts	78
N.	School Food Services.....	78
O.	Initiative 728, The K–12 Student Achievement Act	79
Chapter 6.	Local Funding for Maintenance and Operations	81
A.	Maintenance and Operation Levies	81
B.	Timber Excise Tax	84
C.	Revenues from Other Districts	84
D.	Other Local Receipts	85
Chapter 7.	Federal Funding for Maintenance and Operations.....	89
A.	School Food Services & USDA Commodities	89
a.	National School Lunch and School Breakfast Programs	89
b.	Commodity Distribution.....	90
c.	Special Milk Program.....	90
d.	Summer Food Service Program	90
e.	Seamless Summer Feeding Program	91
B.	No Child Left Behind Act of 2001 – Selected Programs.....	91
a.	Title I, Part A, Basic	91
b.	Title I, Part B, Subpart 1, Reading First.....	92
c.	Title I, Part B, Subpart 2, Early Reading First.....	92
d.	Title I, Part B, Subpart 3, Even Start	92
e.	Title I, Part C, Migrant.....	92
f.	Title I, Part D, Prevention and Intervention Programs for Neglected or Delinquent Children or Youth.....	92
g.	Title I, Part F, Comprehensive School Reform.....	93
h.	Title I, Part G, Advanced Placement	93
i.	Title II, Part A, State Grants for Improving Teacher Quality	93
j.	Title II, Part B, Mathematics and Science Partnerships	93
k.	Title II, Part D, Educational Technology	93
l.	Title III, English Language Acquisition, Enhancement and Academic Achievement	94
m.	Title IV, Part A, Safe and Drug Free Schools and Communities.....	94
n.	Title IV, Part B, 21st Century Learning Centers	94
o.	Title V, Part A, Innovative Programs	94
p.	Title VI, Part B, Rural and Low Income Schools	95
q.	Title VII, Part A, Indian Education.....	95
r.	Title VIII, Federal Impact Aid	95
s.	Title X, Part C, Amendments to the McKinney-Vento Homeless Assistance Act	95
C.	IDEA–Special Education, Supplemental	96
D.	Special Purpose–Direct	96
E.	Medicaid Administrative Match.....	96
F.	Special Purpose–OSPI.....	96
G.	Federal Forests.....	96
H.	Head Start.....	96
I.	Carl D. Perkins Vocational and Technical Education Act.....	96
J.	Special Education, Medicaid	97
K.	Other Federal Revenues	97
L.	Targeted Assistance	97
SECTION III.	FUNDING OTHER SCHOOL DISTRICT FUNCTIONS	99
Chapter 8.	School Construction and Other Capital Projects	101
A.	Capital Projects.....	101
a.	State Revenues	101
b.	Local Revenues	102

c. Other Revenues.....	103
B. Debt Service Fund.....	105
Chapter 9. Purchase of School Buses.....	107
A. Transportation Vehicle Fund.....	107
B. Sources of Revenue to the Transportation Vehicle Fund.....	107
C. Payments to Contracting Districts.....	107
Chapter 10. Associated Student Body, Permanent, and Trust and Agency Funds.....	109
A. Associated Student Body Funds.....	109
B. Permanent Funds.....	109
C. Trust and Agency Funds.....	109
SECTION IV. SCHOOL STATISTICS AND HISTORY.....	111
Chapter 11. History of School Personnel and Compensation.....	113
A. Compensation Legislation.....	113
B. Personnel Staffing History.....	121
Chapter 12. School Enrollment.....	131
A. Enrollment History.....	131
B. Choice Enrollment.....	136
Chapter 13. School District General Fund Revenues and Expenditures.....	137
Chapter 14. History of Education in Washington.....	145
A. First Schools.....	145
B. Establishment of Common School System.....	145
C. Early Administration of Common Schools.....	145
D. Growth and Development of Common Schools During Territorial Period.....	146
E. Financial Support of Common Schools 1854 to 1956.....	146
INDEX.....	149

This page left blank intentionally.

MAPS, TABLES, and GRAPHS

Figure 1 – Educational Service Districts – Boundaries	29
Figure 2 – State Summary – General Expense Fund	30
Figure 3 – Washington Public Schools – By County and Grade Level	34
Figure 4 – Washington Private Schools – By County and Grade Level	35
Figure 5 – State General Fund Revenues by Source	46
Figure 6 – State General Fund Expenditures by Functional Area	47
Figure 7 – LEAP Documents 1Sb	59
Figure 8 – LEAP Documents 12E – Extract	60
Figure 9 – History of Certificated Excess General Fund Levies	86
Figure 10 – Sample District – Illustrating 2006 Levy Authority and Local Effort Assistance	87
Figure 11 – State Summary – Capital Projects Fund	104
Figure 12 – State Summary – Debt Service Fund	106
Figure 13 – State Summary – Transportation Vehicle Fund	108
Figure 14 – State Summary – Associated Student Body Fund	110
Figure 15 – K-12 Salary Allocation Schedule for Certificated Instructional Staff 1997 – 99 School Year	117
Figure 16 - K-12 Salary Allocation Schedule for Certificated Instructional Staff 1999 – 2000 School Year	117
Figure 17 - K-12 Salary Allocation Schedule for Certificated Instructional Staff 2000 – 01 School Year	118
Figure 18 - K-12 Salary Allocation Schedule for Certificated Instructional Staff 2001 – 02 School Year	118
Figure 19 - K-12 Salary Allocation Schedule for Certificated Instructional Staff 2002 – 03 School Year	119
Figure 20 - K-12 Salary Allocation Schedule for Certificated Instructional Staff 2003 – 04 School Year	119
Figure 21 - K-12 Salary Allocation Schedule for Certificated Instructional Staff 2004 – 05 School Year	120
Figure 22 - K-12 Salary Allocation Schedule for Certificated Instructional Staff 2005 – 06 School Year	120
Figure 23 – Historical Comparison of Statewide School District Personnel – Annualized Average Salary	123
Figure 24 – Historical Comparison of Statewide School District Personnel Full-Time Equivalents and Annualized Average Salaries	124
Figure 25 – Historical Comparison of Statewide School District Personnel for All Programs and Basic Education Programs	125
Figure 26 – Certificated Instructional FTE in All Programs - LEAP 1Sb Placement	127
Figure 27 – Historical Comparison of Statewide School District Staff Ratios K–12, K–3, and K–4 Staff Per 1,000 Enrolled Students	129
Figure 28 – Historical Comparison of Statewide School District Enrollments Average Annual Headcount	132
Figure 29 – Historical Comparison of Statewide School District Enrollment Average Annual FTE Enrollment	133
Figure 30 – Historical Comparison of Statewide School District Enrollments Average Special Education Program Headcount Enrollment	134
Figure 31 – Approved Private School and Student Enrollment Ten Year History (1995–2005)	135
Figure 32 – Expenditures by Fund	138
Figure 33 – General Fund Expenditures by Program	139
Figure 34 – General Fund Expenditures by Activity	140
Figure 35 – General Fund Expenditures by Object	141
Figure 36 – State Summary – General Fund Statement of Revenue, Expenditures and Changes in Fund Balance	142
Figure 37 – School District General Fund Revenue	143
Figure 38 – Historical Comparison of Statewide School District General Fund Revenue and Expenditures Per Pupil	144

This page left blank intentionally

EXECUTIVE SUMMARY

The Washington State Constitution establishes the education of all children as the paramount duty of the state. It requires the state to make ample provision for a uniform system of public schools. These constitutional mandates are the foundation of court decisions that make Washington's school funding system unique. To carry out its constitutional responsibility, the state dedicates almost half of all state General Fund resources to support of the public schools which ranks Washington State schools among the highest in the nation in the percent of school district revenue provided from state sources.

Washington State is a leader in developing student learning standards and assessments to measure student performance. Beginning in 1992, Washington embarked on an ambitious program of education reform with the goal of improving student achievement for all students. The Legislature and the citizens of Washington have shown continued support for education reform goals and programs. In November of 2000, Washington citizens passed Initiative 728, the K–12 2000 Student Achievement Act, which dedicates state revenues for improvements to student achievement in all 296 school districts of the state.

Federal education reform also impacts Washington State. The main federal legislation, No Child Left Behind Act of 2001 (NCLB), represents sweeping changes. Its goal is to close the achievement gap by giving all children the opportunity to obtain a high-quality education that will enable them to meet challenging state academic achievement standards. The law's four central themes are: accountability for results of all students; greater flexibility and local control in exchange for greater responsibility for student performance; increased parental information and options; and an emphasis on teaching methods that have been proven to work. NCLB expands the federal government's role in elementary and secondary education, mandating unprecedented national requirements. At all levels of education, Washington State is dedicating resources to meet these requirements.

The public school governance system in the state of Washington consists of the Office of Superintendent of Public Instruction (OSPI), the State Board of Education (SBE), and the Washington State School Directors' Association at the state level, educational service districts (ESDs) at the regional level, and school districts at the local level. These organizations establish state educational policies, administer, and supervise the public schools.

State funding is distributed to school districts through numerous formulas and grants to assure equitable funding that recognizes variable costs of districts and the special needs of disadvantaged students. State funding is supplemented with federal and local funding. Local levy funding is limited by the state's levy lid law. However, the state also partially equalizes local levy funding by providing local effort assistance to property poor school districts.

The financial management of schools rests with locally elected school boards in the state's 296 school districts. The state, through OSPI, supervises school district budgeting, accounting, and financial reporting to provide consistent financial management and accountability. The State Auditor conducts regular examinations of school districts' finances to ensure sound accounting practices and compliance with state and federal fiscal policy.

School districts account for the day-to-day maintenance and operations of the district in their General Fund. Other funds are used to account for specialized activities. These include the Capital Projects Fund for the acquisition of land, equipment, and facilities; the Debt Service Fund for redemption of bonds and payment of interest; the Transportation Vehicle Fund for the acquisition and maintenance of pupil transportation equipment; the Associated Student Body Fund for student activities; and Trust Funds for donations dedicated for specific uses.

OSPI collects information from school districts on school personnel, salaries, student enrollments, revenues, and expenditures (by program, activity, and object), which is compiled and analyzed for use by local, state, and federal policy makers and the public.

1) Who is Responsible for Financial Management of Washington Public Schools?

The locally elected school district board of directors is ultimately responsible for the financial management of a school district. School boards hire a superintendent who oversees the day-to-day management of the school district.

School districts operate within the constraints of:

- Laws passed by the U.S. Congress.
- U.S. Department of Education regulations implementing federal law.
- Laws and budgets passed by the Washington State Legislature.
- OSPI and State Board of Education regulations implementing state and federal law.

The complexity of school finance arises from the number of programs funded and from the many reporting, accounting, and audit requirements of each program. In 2004–05, OSPI administered:

- 14 formula-driven state programs funded through the apportionment process.
- 13 state grant programs.
- 45 federal grant programs.
- Numerous programs funded under contracts between OSPI and school districts.

School districts prepare an annual budget for public review and comment by July 10 of each school year. Budgets must be formally adopted by the school board before the beginning of the school year (September 1). Upon adoption the budgets are submitted to OSPI.

School districts account for all revenues and expenditures using standard account codes defined in the *Accounting Manual for Public School Districts in the State of Washington*. All expenditures are identified by program, activity, and object. The annual financial reports are submitted to OSPI.

The Washington State Auditor examines school districts’ operations and financial records for compliance with applicable state and federal requirements.

Nine regional ESDs help OSPI implement state and federal policies and collect information from school districts. ESDs also assist school districts by providing cooperative services that are more efficiently performed regionally. ESD programs and cooperatives allow districts to eliminate duplication of services, realize significant savings, and receive special program funding that might otherwise be unavailable to them.

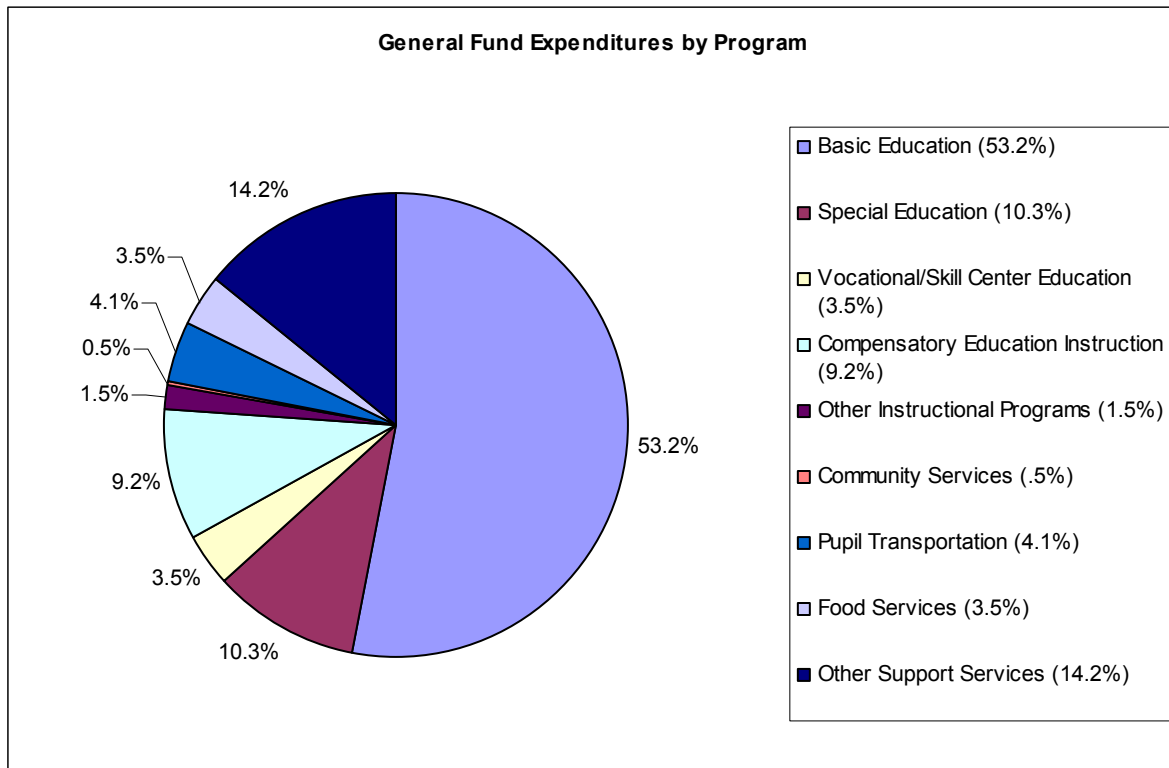
2) How Do Washington Public Schools Spend Their Money?

School districts record expenditures in five funds. About 78 percent of all expenditures are for the day-to-day maintenance and operation of the school district and are recorded in the General Fund. Total 2004–05 school year expenditures by fund are summarized below. (*Dollars are in millions.*)

Fund	Amount	Percentage	Purpose
General Fund	\$ 7,724	78.0%	Maintenance and operations
Capital Projects Fund	1,196	12.1%	Facilities construction/remodeling
Debt Service Fund	827	8.3%	Repayment of bond debt
Transportation Vehicle Fund	43	0.4%	Purchase of school buses
Associated Student Body Fund	118	1.2%	Student body activities
Permanent Fund (amounts insig.)	0	0.0%	Various dedicated purposes
Total	\$ 9,908	100.0%	

The largest program in the school district General Fund is basic education. Major programs in the General Fund for the 2004–05 school year are summarized below. *(Dollars are in millions.)*

Program	Amount	Percent
Basic Education	\$ 4,108	53.2%
Special Education	793	10.3%
Vocational/Skill Center Education	274	3.5%
Compensatory Education Instruction	712	9.2%
Other Instructional Programs	112	1.5%
Community Services	40	0.5%
Pupil Transportation	318	4.1%
Food Services	273	3.5%
Other Support Services	1,094	14.2%
Total	\$ 7,724	100.0%

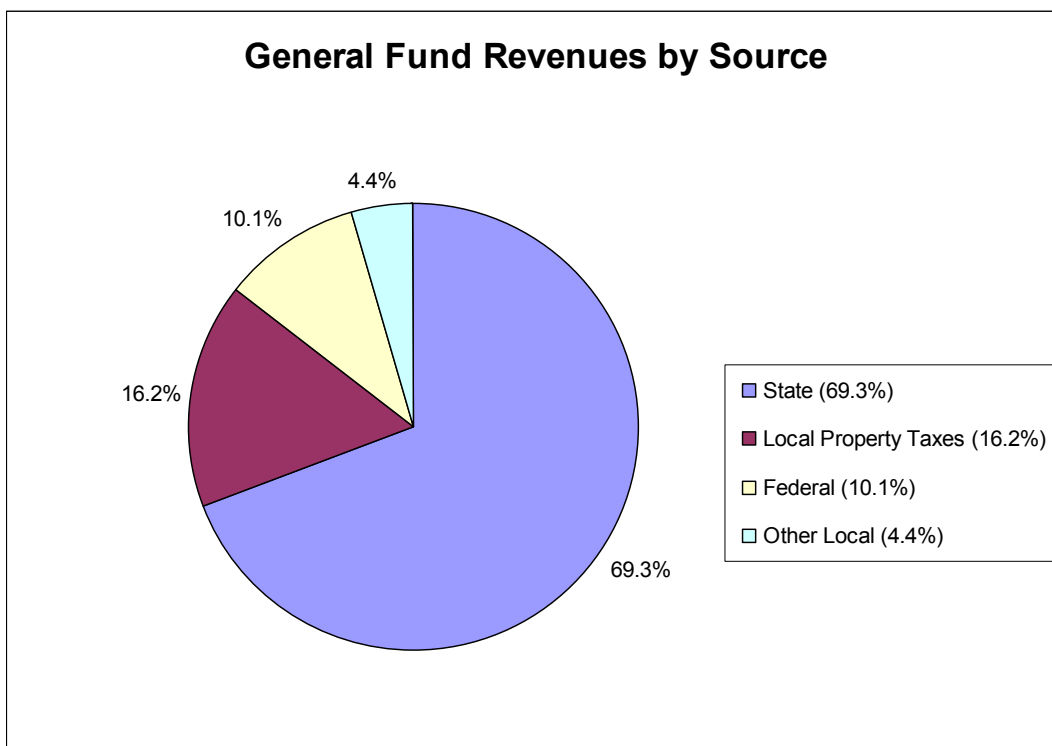


OSPI annually publishes a School District and Educational Service District Financial Reporting Summary containing detailed expenditure data by district. The publication is available electronically from the “Publications” link on the OSPI School Apportionment and Financial Services Web site at: <http://www.k12.wa.us/safs/>.

3) What are the Main Sources of Revenue for Washington Public Schools?

Over 70 percent of school district General Fund revenue comes from the state. Sources of revenue for the 2004–05 school year are shown below. (*Dollars are in millions.*)

Revenue Source	Amount	Percent
State	\$ 5,365	69.3%
Local Property Taxes	1,258	16.2%
Federal	783	10.1%
Other Local	339	4.4%
Total	\$ 7,745	100%



The Washington State Constitution states, "It is the **paramount duty** of the state to make ample provision for the education of all children . . ." In 1977, a landmark court decision required the Washington State Legislature to define and fully fund a basic education program for all public school students to meet this constitutional obligation. In response to this court ruling, Washington State significantly increased state support and imposed limits on local property tax support for schools. The result is that Washington schools are among the highest in the nation for the proportion of state funding received.

4) How is Money Allocated to Schools?

Most of the large state entitlement programs (basic education, special education, learning assistance, and bilingual) are paid through state apportionment formulas based primarily upon the reported student enrollments. Funding to a district may fluctuate in response to its actual student enrollment reported during the school year.

The basic education formula is complex. Formula factors include:

- Varying staff/student ratios for different grade levels.

- Separate staff unit allocations for administrative, instructional, and classified staff.
- Weightings for the education and experience of staff (mix factors).
- Allocations for benefits and nonemployee related costs (NERC).
- Allocations for substitute teachers.
- Enhanced funding for small schools.
- Enhanced funding for vocational programs.
- Separate rates for Running Start students.

The average basic education allocation per full time student in 2004–05 was \$4,291.

RCW 28A.150.260 says that the state allocation formula “shall be for state allocation and equalization purposes only and shall not be construed as mandating specific operational functions of local school districts . . .” School districts retain responsibility for determining staffing levels. However, districts are held to a standard of employing at least 46 certificated instructional employees per 1000 students. School districts negotiate employee salaries and benefits in local negotiations its employees. However, state law limits *average* base contract salaries for certificated instructional staff to the state allocated salary. The state budget also requires districts to demonstrate certain staffing levels in order to receive enhanced funding for K–4.

State funding formulas for the other programs are simpler. The state special education allocation per student is based on 93.09 percent of the district’s basic education allocation per student age 3–21. This funding is provided for up to 12.7% of a district’s basic education population. Special education safety net funding is provided to districts that can demonstrate financial need due to high-cost individual students. Bilingual funding is provided at a rate of \$740.97 per annual average bilingual student in the 2004–05 school year. The large federal compensatory programs (programs for disadvantaged or special need students) are also funded through formulas.

Many of the smaller state and federal programs are funded through competitive grants. Districts must apply for competitive grants. Applicants are scored and awards are made selectively. Successful applicants claim reimbursement for expenses incurred in providing the program.

5) **When Does the State Distribute Money to Schools?**

The state distributes money monthly based on apportionment formulas and reimbursement claimed through the grants management process. The State Treasurer, who is the banker for the state, electronically transmits money to each county treasurer for each of the school districts headquartered within their county. The county treasurers are the bankers for the school districts.

6) **How Do School Districts Raise Local Money?**

Article 7 of the State Constitution and chapter 84.52 RCW grant school districts the authority to levy local property taxes. The voters of the school district must approve such levies by a 60 percent “Yes” vote in a district-wide levy election. School districts may run a levy for a particular fund a maximum of two times in a calendar year. Unsuccessful levies may be resubmitted in subsequent years.

School district levies are of four fund types:

Excess General Fund levies are one to four year levies used for day-to-day operations of the school. Such levies are known as maintenance and operation (M&O) levies. State law limits the majority of school district M&O levies to a limit of 24 percent of the school district’s state and federal funding for the previous school year (called the levy base). Ninety-one school districts have levy limits higher than 24 percent, ranging from 24 to 34 percent of their levy base. These higher limits are based on their historical levels of levy passage prior to the establishment of the limit.

Local effort assistance is state money paid to eligible districts to match voter approved excess General Fund levies. These payments help school districts that have above-average tax rates due to low property valuations.

Debt Service Fund levies are multi-year levies used to pay principal and interest on general obligation bonds sold to finance school construction and remodeling. Voter approval of a bond issue authorizes the sale of bonds and the levy of taxes over the life of the bonds, which is often 15 to 30 years. Tax revenues are deposited in the Debt Service Fund.

Transportation Vehicle Fund levies are one or two year levies used to pay for school buses or other school transportation equipment.

Capital Project Fund levies are one to six year levies used to pay for school construction or remodeling.

7) How Does the State Help Pay for Construction of School Facilities?

The state assists school districts with the costs of construction and modernization of buildings used for instructional purposes. The state does not pay for school district administrative buildings, stadiums, or other non-instructional facilities, nor does the state pay for land purchases.

State assistance varies with the amount of assessed valuation for property tax purposes in each school district. The more wealth (property value) per pupil the district has, the lower the percentage of state assistance. The minimum state matching percentage is 20 percent and the maximum is 90 percent. The percentage of state assistance is applied to a cost allowance per square foot. The State Board of Education sets these latter two values pursuant to law.

8) What are the Sources of State Money for School Construction?

Proceeds from the sale of timber on Common School Trust Lands are dedicated for state school construction matching payments. In recent years, these revenues have been insufficient and the Legislature has found it necessary to appropriate money from other sources. The additional monies have come from the State General Fund or from state-issued general obligation bonds.

9) What are the Sources of State General Fund Revenue?

Retail sales tax and the business and occupation tax combined make up about 71 percent of all State General Fund revenue. Sources of State General Fund revenue for the 2005–07 Biennium are shown below. (*Dollars are in millions.*)

Revenue Source	Amount	Percent
Retail Sales Tax	\$ 13,165.9	52.9%
Business and Occupation Tax	4,643.7	18.7%
Property Tax	2,623.4	10.5%
Real Estate Excise Tax	1,208.9	4.9%
Use Tax	894.2	3.6%
Public Utility Tax	613.7	2.5%
All Other	1,735.5	7.0%
Total	\$ 24,885.3	100.0%

10) What Else is Funded in the State General Fund?

About 53.4 percent of all State General Fund expenditures are for public education programs. Higher education receives approximately 11.2 percent, and Kindergarten through Grade 12 receives approximately 42.1 percent. State General Fund expenditures by major functional area are shown below for the 2005–07 Biennium. (*Dollars are in millions.*)

Functional Area	Amount	Percent
Public Schools (K–12)	\$ 10,915	42.1%
Higher Education	2,901	11.2%
Human Services	9,459	36.4%
General Government, Legislative, Judicial	741	2.8%
Natural Resources	367	1.4%
Transportation	70	0.3%
Special Appropriations	1,500	5.8%
Total	\$ 25,953	100.0%

This page left blank intentionally.

SECTION I. FOUNDATIONS OF SCHOOL FINANCE IN WASHINGTON STATE

Chapter 1. Legal Foundations of School Finance

Chapter 2. Educational Organizations

Chapter 3. Financial Management Fundamentals

This section provides background information useful in understanding the context in which public schools operate.

This page left blank intentionally.

CHAPTER 1. LEGAL FOUNDATIONS OF SCHOOL FINANCE

Washington State's public school system is shaped by the State Constitution, state and federal law, administrative rules adopted by the Superintendent of Public Instruction and the State Board of Education, and by court decisions.

A. STATE CONSTITUTION

The primary legal foundation for the state's public schools is the State Constitution. Article IX reads as follows:

Article IX

Section 1. "It is the paramount duty of the state to make ample provisions for the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex."

Section 2. "The legislature shall provide for a general and uniform system of public schools ... and such ... normal and technical schools as may hereafter be established"

The "paramount duty" and "ample provision" language places a priority on education not found in most state constitutions. This constitutional priority on education was the basis of a 1977 lawsuit that reshaped the state's role in school finance. The lawsuit and resulting court decisions are described in detail in section D. of this chapter.

Article III, Section 1 of the State Constitution establishes the Superintendent of Public Instruction as a separately elected official within the Executive branch of state government. As an elected official, the state superintendent has somewhat more autonomy than superintendents in states where the superintendent is an appointed official. Article III, Section 22 gives the superintendent broad responsibility:

Article III

Section 22. "The superintendent of public instruction shall have supervision over all matters pertaining to the public schools, and shall perform such specific duties as may be prescribed by law"

B. STATE LAWS

The Revised Code of Washington

The Revised Code of Washington (RCW) consists of statutory law enacted by the state Legislature. Title 28A RCW encompasses the laws related to the common schools and establishes the organizational structure of the common school system. ("Common schools" are public schools operating a program for kindergarten through twelfth grade or any part thereof. For the purposes of this publication, the terms "common schools" and "public schools" may be considered synonyms.) Separate chapters define the roles and responsibilities of the Superintendent of Public Instruction (Chapter 28A.300), the State Board of Education (Chapter 28A.305), educational service districts (Chapter 28A.310), and school districts (Chapter 28A.315.343). Other chapters of the RCW define requirements for the allocation of state funds, professional certification, instructional program requirements, student and parent rights, and other subjects of state concern.

Appropriations Acts.

The other state laws that shape school finance are the state operating and capital budgets enacted by the Legislature and signed by the Governor. These are called Biennial Appropriations Acts because they provide funding for a two-year period. The Operating Appropriations Act determines the level of state funding for school district operations and provides detailed state funding formulas and requirements for receiving state funding. The Capital Appropriations Acts determine the amount of state matching money provided for school construction and renovation. Appropriation levels can be changed in “supplemental” budgets adopted after the initial biennial budget is approved. Federal funds are also appropriated in the Operating Appropriations Act. However, federal funding levels are determined primarily by the U.S. Congress. Appropriations acts have the force of law but are not codified in the RCW.

OSPI begins the budget development process by requesting budget items in the fall. RCW 28A.300.170 states:

“... the superintendent of public instruction shall submit such detailed estimates and other information to the governor and in such form as the governor shall determine of the total estimated amount required for appropriation from the state general fund for state support to public schools during the ensuing biennium.”

The Governor considers the OSPI budget request before proposing a budget to the Legislature in December. A budget bill is enacted by the state House of Representatives and Senate and signed by the Governor before taking effect at the beginning of the state fiscal year (July 1).

The laws enacted by the Legislature over the past 25 years have been shaped by two major developments: The court decisions of Judge Doran and the education reform movement. These are described below.

C. THE DORAN DECISIONS AND BASIC EDUCATION FUNDING

In response to a lawsuit initiated in 1976 by Seattle School District, State Superior Court Judge Doran directed the state Legislature to define and fully fund a program of basic education for all students in Washington. In the following legislative session, the Legislature adopted the Basic Education Act of 1977. The court case and this landmark law redefined the state role and continue to shape school funding policy in Washington.

The 1977 Act defined the basic education program to require:

- A minimum of 180 school days per year.
- Minimum instructional hours for kindergarten, Grades 1–3, 4–6, 7–8, and 9–12.
- Specific instructional content for each grade group.
- Minimum ratios of certificated staff to students.

The State Board of Education was given responsibility for approving school district basic education programs for state funding.

The basic education funding formula created by the Legislature matched the program requirements. Funding was provided for each full-time equivalent student based on staff/student ratios and allocations for staff salaries, benefits, and nonemployee related costs.

Subsequent court decisions in the 1980’s expanded the state’s basic education responsibility. Special education, bilingual education, institutional education, learning assistance program, and pupil transportation are now considered “basic” and the state fully funds the formulas defined in law and in the appropriations act.

The state’s basic education responsibility explains the unique character of school finance in Washington:

- Once a program is defined as “basic education,” it becomes part of a state on-going entitlement program. The state may not reduce the funding level due to state revenue problems.
- Funding increases are often labeled “enhancements to basic education” and therefore are not an on-going entitlement.
- The basic education funding formula is not “cast in concrete”; it is the continuing obligation of the Legislature to review the formula as the education system evolves and changes.
- There is a state interest in limiting disparities in local levy revenues; the state levy lid law, and local effort assistance (levy equalization funding) reflect this interest.
- There is a state interest in controlling salary growth; the state salary allocation schedule and salary lid law assure relative uniform salaries for teachers statewide; differences in district pay levels are more often the result of supplemental pay, which is not a state responsibility.
- There is a keen interest in school district reporting of student FTE counts and staff experience and training; these drive state funding and are subject to audit by the State Auditor’s Office.

In recent years many other states have faced lawsuits over the equity and adequacy of state support for public schools and have responded by strengthening the state’s role in education funding. Washington’s Doran decisions were early and decisive. They help explain why Washington ranks seventh in the nation in the percentage of school district operating revenue provided from state funding.

Details of the state funding formulas are provided in Chapter 5 of this publication.

D. EDUCATION REFORM

In the past ten years, education reform efforts have shaped state and federal education policy. Education reform reflects the recognition that in the information age, education is the key to individual success and the health of the economy. It is reinforced by efforts to improve government by focusing on performance (outcomes) rather than inputs. For education, the desired outcome is student achievement and the goal is improving student learning to meet the challenges of the 21st century.

Education reform in Washington began with the Governor’s Council on Education Reform and Funding (GCERF) created by Governor Booth Gardner in 1991. The council’s farsighted recommendations laid the foundation for reforms that reach well into the 21st century.

In 1992, the Legislature passed SSB 5953, which established the initial framework for education reform in Washington. Most significantly, it established the Commission on Student Learning. The Commission was directed to develop and administer the components of education reform. The Commission was charged with developing: clear challenging academic standards; standards-based assessments and other ways of measuring student achievement; and recommendations for an accountability system to hold schools and school districts responsible for results. The Commission on Student Learning worked throughout the 1990s to define essential academic learning requirements (EALRs) for reading, writing, and other prescribed skills and to develop the Washington Assessment of Student Learning (WASL) to measure those skills. The timeline and implementation details of the statewide assessments have been revised many times since 1992.

The second major education reform bill, ESHB 1209 was adopted in 1993. This bill made changes to SSB 5953 and created new learning goals, the Student Learning Improvement Grants (SLIGs) program, and other programs intended to assist educators in helping students meet new academic standards. The goal of the Basic Education Act in RCW 28A.150.210 was rewritten to reflect the new standards for student learning.

The Basic Education Act was amended to replace instructional content requirements by grade with the new EALRs. More flexibility was provided in instructional hour offerings and waiver provisions were created subject to State Board of Education approval. Changes to the Basic Education Act were written initially to take effect in 1998 after academic accountability measures were in place. The effective date was later changed to September 1, 2000, to allow more time for state assessments to be implemented.

As it now reads, the Basic Education Act requires that each school district shall make available to students enrolled in kindergarten at least a total instructional offering of 450 hours. In grades one through twelve, school districts must offer at least a district-wide annual average of 1,000 instructional hours. The program shall include the EALRs under RCW 28A.655.060 and such subjects and activities as the school district determines to be appropriate for the education of the school district's students. The goal of the Basic Education Act reads as follows:

“The goal of the Basic Education Act for the schools of the state of Washington set forth in this chapter shall be to provide students with the opportunity to become responsible citizens, to contribute to their own economic well-being and to that of their families and communities, and to enjoy productive and satisfying lives. To these ends, the goals of each school district, with the involvement of parents and community members, shall be to provide opportunities for all students to develop the knowledge and skills essential to:

- (1) Read with comprehension, write with skill, and communicate effectively and responsibly in a variety of ways and settings.
- (2) Know and apply the core concepts and principles of mathematics; social, physical, and life sciences; civics and history; geography; arts; and health and fitness.
- (3) Think analytically, logically, and creatively, and to integrate experience and knowledge to form reasoned judgments and solve problems.
- (4) Understand the importance of work and how performance, effort, and decisions directly affect future career and educational opportunities. (RCW 28A.150.210.)”

Much of the school funding debate of the last ten years in Washington and nationally is over what strategies contribute most to improving student achievement:

- Reducing class size.
- Improving teacher quality through professional development and compensation.
- Providing more hours of instruction for struggling students.
- Setting goals for improving student reading and math skills.
- Creating charter schools.
- Using technology to promote student learning.
- Providing more and better student assessments.
- Intervening in failing schools.

Class size reduction efforts began in 1989 when the state funded K–4 staffing ratio was increased from 46 certificated instructional staff per 1000 to 49. The basic education K–4 staffing ratio increased to 55.4:1000 in the 2001–02 school year and decreased to 54:1000 in 2002–03. In 2004–05 it was decreased further to 53.2 and continues at that level in 2005–06. Funding above 49:1000 is defined as an enhancement to basic education funding. State funding for Grades 4–12 continues at 46:1000.

Support for professional development of educators was provided beginning in 1993 with the creation of SLIGs. These grants provided training time for educators to understand and implement education reforms. This funding has evolved over time. In 1999, student learning improvement allocations were replaced with funding for three “learning improvement (LID) days” added to the

180-day school year for certificated instructional staff. In 2002–03, and continuing in 2003–04, the three LID days were reduced to two. The LID days are to be used for professional development aimed at improving student achievement.

In 1999, a number of education reform duties were reassigned. The Commission on Student Learning expired on June 30, 1999, and the Office of Superintendent of Public Instruction assumed most of the commission's responsibilities associated with education reform. The Legislature also established the Academic Achievement and Accountability Commission to develop accountability systems for students, schools, and school districts. In 2000, the commission produced recommendations for rewarding successful schools and for intervening to help struggling schools.

In the 2000 session, a number of changes were made in the education reform related programs funded in the budget, such as creation of the Better Schools program. Better Schools funding was provided for reducing class size in Grades K–4 and providing additional classroom contact hours to assist struggling students. Better Schools funding was also provided for additional staff professional development for educators. The 2000 Legislature also funded competitive awards for a Reading Corps and a Math Helping Corps. These programs assist students who do not perform well on the reading and mathematics sections of the WASL.

In November 2000, Washington State voters approved Initiative 728 (I – 728), the K–12 2000 Student Achievement Act. I – 728 dedicated a portion of the state property tax and state lottery revenues to the Student Achievement Fund. School districts have discretion to use the funding for any of six activities for improving student achievement including class size reduction, additional class time for struggling students, and professional development for educators. For the 2005–06 school year, the state allocated \$300.00 per FTE student to all school districts from the Student Achievement Fund. See Chapter 5 Section Q. for specific funding information on I – 728.

In 2001, the Legislature delayed the assessment timeline of some WASL tests and expanded several programs including the Math Helping Corps, Principal Leadership Development Program, and the Teacher Assistance Program. Better Schools funding was transformed into an enhancement to the state K–4 basic education funding formula.

In 2003, for the 2003–05 biennium budget, the Legislature increased focused assistance to school improvement schools and expanded the National Board Certification Bonus for eligible teachers.

Education reform remains a work in progress:

- One premise of education reform is that increased accountability for student achievement should be accompanied by additional flexibility in the use of resources. Recent reauthorizations of the federal Elementary and Secondary Education Act increased flexibility through such programs as the Rural Education Achievement Flexibility Program and the Local Flexibility Demonstration program for school districts. To date no significant progress has been made in increasing fiscal flexibility for state funds.
- State assessments are now in place for students in the third, seventh and tenth grades. To make assessment information more useful to policy-makers, systems are being designed and implemented to track student achievement over time and relate student achievement data to demographic, programmatic, and fiscal data.
- The task of redesigning curriculum and changing classroom teaching skills and lesson plans to align to EALRs is underway. New Grade Level Expectations (GLEs) provide coherence and specificity to the EALRs and are available or are in development for reading, math, science, and writing.

E. KEY FEDERAL LAW

No Child Left Behind Act of 2001 (NCLB)

The No Child Left Behind Act of 2001 (NCLB) reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). The purpose of the reauthorized ESEA is to close the achievement gap by giving all children the opportunity to obtain a high-quality education that will enable them to meet challenging state academic achievement standards.

The new law represents the most sweeping changes to the ESEA since it was enacted. Its four central themes are: accountability for results; flexibility and local control; parental information and options; and an emphasis on teaching methods that have been proven to work.

NCLB expands the federal government’s role in elementary and secondary education, mandating unprecedented national requirements.

Most notably, the federal government has now:

- Set minimum qualifications for teachers in all the nation’s public schools—whether or not the schools receive federal funding.
- Established a mandatory national deadline—school year 2013–14—by which all public schools are expected to bring all their children to a “proficient” achievement level.
- Required that states develop a single, statewide accountability system for all public school districts which tightens the definition of adequate yearly progress (AYP) by incorporating annual statewide measurable objectives for improved achievement by all students as well as specific subgroups (e.g. economically disadvantaged students, students from major racial and ethnic groups, students with disabilities, and limited English proficient (LEP) students).
- Required schools that do not meet state benchmarks for two consecutive years be identified as in need of improvement and develop improvement plans incorporating strategies from “scientifically based research”. Schools receiving Title I funds that continue to fall short of state benchmarks are subject to increasingly intensive interventions.
- Required school districts to offer a choice of public schools for all students attending Title I schools which are identified for school improvement.
- Mandated that school districts provide supplemental education services—a voucher-like program of extra tutoring. Under the new law, supplemental education services must be offered by Title I schools who do not meet AYP for a second time following initial identification for improvement.

Key Events in Federal Education Reform	
1964	Civil Rights Act required desegregation of schools.
1965	Elementary and Secondary Education Act (ESEA) provided first substantial aid for local schools. Title I, by far the biggest ESEA program, focused aid on high-poverty areas.
1975	Education of All Handicapped Children Act (now the Individual with Disabilities Education Act or IDEA) mandated access to education for all children with disabilities.
1981	Education Consolidation and Improvement Act (ECIA) reauthorized ESEA and block-granted many programs. This began an era of budget cuts for school funding. Title I was renamed as Chapter 1.
1986	Congress added Infants and Toddlers with Disabilities: Part H of IDEA that created a mandatory early intervention program for developmentally delayed infants and toddlers, aged birth to 3, and their families.
1990	Education of All Handicapped Children Act reauthorized as IDEA.
1994	ESEA reauthorized under Improving America’s Schools Act (IASA) which broadened the accountability system under Chapter 1. The related Goals 2000: Education America Act set national education goals and provided funds for state standards and assessment systems.
1997	IDEA was amended, strengthening the basic rights and protections of eligible students to receive a free appropriate public education (FAPE) and providing a new emphasis on improving educational results.
2002	No Child Left Behind Act of 2001 (NCLB) enacted, establishing minimum qualifications for teachers and paraprofessionals and setting the “proficient” goal by the end of school year 2013–14.

- Required districts to spend an amount equal to 20% of their Title I funds for transportation of students who exercise a choice option or for supplemental education services, unless a lesser amount is needed. (Note: These funds do not have to be taken from Title I allocations, but may be provided from other allowable federal, state, local, or private sources.)
- Expanded assessment requirements:
 - Annual assessments in reading or language arts and mathematics in Grades 3–8, and at least once in Grades 10–12, for all students by school year 2005–06.
 - Assessments in science at least once in each of three grade spans (Grades 3–5, 6–9, and 10–12) by school year 2007–08.
 - Annual assessments in English proficiency for all Limited English proficient (LEP) students beginning in school year 2002–03.
 - Biennial state participation in National Assessment of Educational Progress (NAEP) reading and math assessments for 4th and 8th graders beginning in school year 2002–03 (provided the federal government bears the cost of administering this assessment).
- Required state and school district report cards to be published at the beginning of the school year, starting with the fall of 2002.

Through NCLB, Congress continued all of the major overarching fiscal provisions of ESEA. These include:

- **Supplement/Supplant**—Under most U.S. Department of Education grants, states and school districts may use federal funds only to supplement (increase) and not to supplant (replace) state and local funds that would, in the absence of the federal funds, be made available for the education of students.
- **Maintenance of Fiscal Effort**—School districts may receive funds under most NCLB programs only if they maintain their nonfederal spending for free public education (per student or in the aggregate) at a level of at least 90% of the previous year from one year to the next.
- **Title I Schoolwide Programs**—Eligible schools are able to use their Title I, Part A funds, in combination with other federal, state, and local funds, in order to upgrade the entire educational program of the school and to raise academic achievement for all students. To be eligible as a Title I Schoolwide program, at least 40% (previously 50%) of the children enrolled in the school or residing in the school attendance area for the initial year of the schoolwide program must be from low-income families.

A table listing major NCLB programs awarded to Washington in school year 2005–06 is provided at the end of this section.

Individuals with Disabilities Education Act Amendments of 1997 (IDEA)

The Individuals with Disabilities Education Act Amendments of 1997, signed into law on June 4, 1997, significantly improved the educational opportunities for children with disabilities who are eligible for special education. IDEA 1997 focuses on teaching and learning, and establishes high expectations for eligible students to achieve real educational results.

The purpose of IDEA 1997 is to:

- Ensure that all eligible children have available to them a free appropriate public education (FAPE) that emphasizes special education and related services to meet their unique needs and prepare them for employment and independent living.
- Ensure that the rights of eligible children and their parents are protected.
- Assist states, localities, educational service agencies, and federal agencies to provide for the education of all eligible children.
- Assess and ensure the effectiveness of efforts to educate eligible children.

IDEA 1997 changes the focus of education for eligible children from one that merely provides them access to an education to one that improves results for all children in our education system. The law provides a strong role for parents in educational planning and decision making on behalf of their children. It focuses the student's educational planning process on promoting meaningful access to the general curriculum.

Like most of the U.S. Department of Education programs under NCLB, IDEA, Part B is subject to non-supplanting requirements. In school fiscal year 2005–06, Washington State's allocation for IDEA, Part B-Grants to States was \$181,398,105. In addition, the state's IDEA, Part B Preschool award for the same period was \$7,077,431.

**Major Programs of the Elementary and Secondary Education Act
(As amended by the No Child Left Behind Act of 2001)
Overview and 2005 Funding Estimates**

Title	Name	Purpose	Amount
Title I	Part A—Improving the Academic Achievement of the Disadvantaged	Aid for pupils in high-poverty schools	\$ 177,054,534
	Part B—Student Reading Skills Improvement	Reading programs, with a focus on younger children	18,459,765
	Part C—Migrant Education Program	Education for migratory children	15,497,554
	Part D—Neglected and Delinquent	Education for children in institutions for neglected & delinquent children	658,459
	Part F—Comprehensive School Reform Demonstration	Grants to foster whole-school reform	2,933,696
Title II	Part A—Preparing, Training & Recruiting High Quality Teachers and Principals	Teacher and principal training and recruitment programs	47,513,211
	Part B—Mathematics and Science Partnerships	Teacher professional development to increase student achievement in Math and Science, particularly for underrepresented populations	2,617,608
	Part D—Enhancing Education Through Technology	Training teachers how to use technology in the classroom	6,543,660
Title III	Language Instruction for Limited-English Proficient and Immigrant Students	Language instruction to foster English fluency	8,847,438
Title IV	Part A—21 st Century Schools	After-school programs	13,158,957
	Part B—Safe and Drug Free Schools and Communities	Anti-drug programs	7,100,097
Title V	Part A—State and Local Innovative Programs (block grant)	Flexible funding for a wide range of school activities	3,896,444
	Part B, Subpart 1—Public Charter Schools	Helps foster development of public charter schools	Footnote 1
Title VI	Part A, Subpart 1—Accountability	Grants to states for assessment development and related activities	7,884,026
	Part B, Subpart 1—Small Rural School Achievement Program	Direct grants for small, rural districts	1,913,995
	Part B, Subpart 2—Rural and Low Income Schools Program	State grants for small, rural districts	825,384
Title VII	Indian, Native Hawaiian and Alaska Native Education	Direct grants for special programs for Native Americans	4,370,886
Title VIII	Impact Aid	Aid for school districts affected by presence of federal land	59,906,426

Footnotes: 1. To be eligible for funds for charter schools, Washington State would need to pass legislation allowing charter schools.

F. WASHINGTON ADMINISTRATIVE CODE

The Washington Administrative Code (WAC) consists of the policies, rules, and regulations adopted by agencies of the state in interpreting and carrying out state law. Changes to the WAC (sometimes called “rules”) are adopted pursuant to the Administrative Procedures Act that requires public notice and hearing for any proposed rule. Agency authority to adopt rules is given in state law.

State Board of Education

The State Board of Education has the power and duty to “adopt rules to implement and ensure compliance with the program requirements” of the Basic Education Act (RCW 28A.150.220[4]). These administrative rules are found in Title 180 WAC.

The State Board of Education (SBE) requires an annual review in October of each school district’s kindergarten through twelfth grade program. The purpose is to determine compliance with the statutory basic education requirements and any supplemental basic education requirements the State Board may establish. Staff from the State Board of Education review each district’s report and make recommendations to the SBE. The SBE annually certifies each school district as being in compliance or noncompliance. Basic education support, in an amount established by the SBE, may be permanently deducted for a school district certified as being in noncompliance unless the SBE provides a waiver. (WAC 180-16-195.)

Statutory basic education requirements include minimum instructional hour offerings, students-to-classroom teacher ratio, the 180-day minimum school year, and certificated staff having current and valid certificates.

Superintendent of Public Instruction

The Superintendent of Public Instruction has “the power and duty to make such rules and regulations as are necessary for the proper administration of” laws authorizing reimbursement of school district programs. (RCW 28A.150.290.) These administrative rules are found in Title 392 WAC.

The Superintendent of Public Instruction adopted chapter 392-121 WAC, which carries out laws governing distribution of basic education support to school districts. Chapter 392-121 WAC defines the following terms used in the basic education formula for distributing state moneys appropriated by the Legislature: enrolled student, full-time equivalent student, certificated employee, basic education certificated instructional employee, full-time equivalent basic education certificated instructional staff, eligible credits, certificated years of experience, staff mix factor, and placement on the LEAP salary allocation schedule. (See Chapter 5 Section A. for an explanation of the basic education allocation formula.)

The Superintendent of Public Instruction adopted chapter 392-122 WAC, which implements laws governing distribution of state moneys to school districts for programs other than basic education apportionment and transportation allocations. Provided in this WAC are apportionment rules for the special education program, state institutional education programs, the learning assistance program, the transitional bilingual instruction program, and the state highly capable program.

G. COURT DECISIONS AFFECTING EDUCATIONAL FUNDING

Doran Decision I

On January 14, 1977, Thurston County Superior Court issued a declaratory judgment by Judge Doran, known as Doran Decision I, in the case of Seattle School District No. 1, et al., vs. State of Washington, et al. It stated:

“... (1) the level of funding provided by the state ... was not fully sufficient ... to fund the basic program of education offered by the district in accordance with state law;

“... (2) Under existing state law, the Legislature has established a general and uniform system for the public schools ... but it has not (A) expressly defined basic education or determined the substantive contents of a basic program of education to which the children of this state are entitled in today’s society or (B) provided a method for the fully sufficient funding of such education without reliance on special excess levies.”

In Doran Decision I the Seattle School District was successful in obtaining a judgment which in effect said the state must make ample provision for the basic education program through a regular and dependable tax source instead of a heavy reliance upon annual local special tax levies. The court refused, however, to accept the district’s position to constitutionally define basic education and a supportive funding formula. Instead, the court deferred to the Legislature, which, after the Superior Court decision, adopted the “Washington Basic Education Act of 1977.”

This act defined the basic education program, established a revised funding formula, substantially increased state funding, and limited the amount and purpose of special levies.

On September 28, 1978, the Washington State Supreme Court affirmed Judge Doran’s decision by a 6–3 margin.

Later Legislatures made additional changes.

Doran Decision II

Seattle School District and the other 25 petitioner school districts sought in Doran Decision II a judicial expansion of the Legislature’s definition of basic education and an order directing a substantial increase in state funding. Later, the reduction of some \$55 million in the original 1981–83 biennial budget for the common schools also became an issue.

On April 29, 1983, Thurston County Superior Court Judge Doran delivered an oral decision in the case of Seattle School District No. 1, et al., vs. State of Washington, et al. that said in part:

“(1) The legislature’s constitutional duty to fully fund basic education includes not only the program contained within the 1977 Basic Education Act, but also the following supplemental programs which the legislature has statutorily mandated or statutorily committed itself to funding: (a) special education programs for handicapped children; (b) transitional bilingual education program; (c) the remediation assistance program; and (d) a transportation program for ‘some’ children such as the handicapped and children for whom transportation may be necessary due to their distance from school or hazardous walking conditions.

“(2) The legislature is not constitutionally obligated to fund the following programs or costs: (a) gifted education; (b) food services; (c) extracurricular activities; (d) desegregation costs; (e) deferred maintenance costs; (f) costs (above and beyond such special needs programs as bilingual education and remediation assistance)

which are allegedly unique to large and urban districts; and (g) costs associated with enrollment declines.

“(3) Once the legislature has established what it deems to be 100% funding for basic education, that level may not be reduced (notwithstanding an economic crisis) unless the amount appropriated was in fact in excess of 100% funding.

“(4) The relief granted is limited to a declaratory judgment; no orders directed to the legislature will ensue; and no relief in the form of additional funding to make up for the 1981–83 biennial shortfalls in funding due to the inadequacy of the original appropriation and reductions therein will be provided in connection with this particular case.”

Judge Doran found that the petitioners failed to establish that the foregoing in (2) above were constitutionally necessary in order to provide students their constitutional entitlement to a basic education.

The state preserved the Legislature’s prerogative to define basic education and establish the funding level for basic education, and warded off the attempt to expand the required level of common school funding. The schools also benefited; what the Legislature establishes in terms of programs and funding levels are commitments upon which the Legislature may not renege.

Doran Decision III

A full-cost special education program funding model was implemented in 1980–81 and later modified. (Now an excess cost model is used; see Chapter 5 for additional information.) This model provided funding to school districts based on a special education student’s educational delay, not on a specific disability condition. The model also determined what portion of time the child spent in the regular basic educational program, and these activities were funded as part of the basic education program.

In 1988, Thurston County Superior Court issued a declaratory judgment by Judge Doran in the case of Washington State Special Education Coalition vs. State of Washington, et al. The judgment did not order the Legislature to take any particular action, upheld the formula approach to funding special education, and upheld the formula itself. Although the court identified a shortcoming in the formula funding approach, a need for some form of “safety net” to address any demonstrable under funding, the court left it to the Legislature to consider and devise an appropriate remedy.

Five school districts and the special education coalition initiated this lawsuit several years earlier. The five districts dropped out when the court did not grant summary judgment, but the coalition continued the suit.

The suit focused narrowly and exclusively upon the state’s special education program funding formula. Previous funding lawsuits, particularly Doran Decision II decided by the Superior Court in 1983, established the principles upon which the coalition premised its case. Perhaps the two most significant principles established by Doran Decision II were that:

- The special education program the state is bound to fully fund is determined under current statutes and regulations by the individualized education programs (IEPs) developed by school districts for each child.
- The state must distribute funding in support of the program in a manner that is as close as reasonably practical to the actual cost of providing the programs set forth in the IEPs.

These two principles could be read as suggesting that the special education program funding formula must be designed to distribute funding based on the actual cost of each student’s IEP. The special education program funding formula on the other hand was based on several assumptions.

One of the basic formula assumptions was that the composition of each district's special education student population reflects statewide averages. In addition, the formula addressed only direct special education program costs, not the indirect or overhead costs such as central office administration. With this in mind, the coalition's challenges boiled down to the following:

- The Severe Learning Disabled (SLD) "E" Component: First, the coalition mounted a narrowly focused challenge to that element of the formula (the SLD "E" component) which distributed a declining amount of additional funding for SLD student counts that exceeded 4 percent of a school district's total student enrollment.

The coalition argued that this formula treatment of SLD counts was not supported by either fact or reason and discriminated against SLD students.

- Assumed Student Population Characteristics: Second, the coalition challenged the funding formula as a whole in arguing against funding based on statewide average of students with disabilities population characteristics (as distinguished from, for example, the actual attributes of SLD students enrolled in each school district).
- Direct Cost Funding Only: Third, the coalition challenged the formula as a whole in arguing that the formula was either intended to or must, in any case, fund both direct costs and indirect or overhead costs. This latter challenge was premised upon the coalition's perception of the meaning of the statutory commitment (chapter 28A.155 RCW) to fund special education "excess costs."

The Superior Court issued a four-part decision as follows:

- (i) First, the Superior Court refused to piecemeal the formula and invalidate the SLD "E" component. Implicit in the court's refusal was acceptance of the state's demonstration that no single formula component acts alone and that the formula components act as a whole to generate a pool of funds. The state also provided factual and program-related evidence in support of the practice of reducing the additional allocation per SLD student as a district's SLD population expands.
- (ii) Second, the Superior Court refused to invalidate the formula method of generally providing funding based in part upon statewide average of students with disabilities population characteristics. Implicit in the court's refusal is the court's recognition that no particular formula should be set in "constitutional concrete" and recognition of practical and public policy considerations which the Legislature must be free to consider from time to time.
- (iii) Third, the Superior Court refused to hold that the special education program funding formula must single-handedly fund both direct and indirect costs.
- (iv) Fourth, the Superior Court did conclude that:
 - The current formula approach resulted in under funding some districts to an unknown extent.
 - If the current formula approach continued, some form of "safety net" means of providing supplemental funding to districts in "need" must be devised and implemented. The court went on to conclude that the burden was upon a district claiming "need" to establish its need to the state's satisfaction. The state must be satisfied that a district requesting additional funding was operating a reasonably efficient program, had properly prepared and formulated IEPs for students with disabilities, and was otherwise making an effort to operate within the basic formula funding provided.

The judgment did not order that the Legislature take any particular action. With customary deference to the Separation of Powers Doctrine and faith in the Legislature, the court simply stated what it believed the general guidelines were as a matter of law and left it to the Legislature to review the funding formula and consider any number of available options.

Since Doran Decision III, the special education funding formula and the “safety net” have been considered by the Legislature. In 1991, the Legislature directed the Superintendent of Public Instruction to propose procedures and standards to meet funding needs beyond the level provided by the current funding formula. The Superintendent of Public Instruction reported back to the Legislature in January 1992.

In 1991, the Legislature developed a new formula for funding special education beginning with the 1995–96 school year. Included with the formula is a safety net formula. These formulas are described in Chapter 5.

CHAPTER 2. EDUCATIONAL ORGANIZATIONS

The Washington public school system consists of the State Board of Education, the Office of Superintendent of Public Instruction, Washington State Professional Educator Standards Board, and the Washington State School Directors Association at the state level; educational service districts at the regional level; and school districts at the local level. Outside of the public school system are private schools, nonpublic agencies, education centers, and other state education agencies involved in kindergarten through twelfth grade education.

A. STATE BOARD OF EDUCATION

The State Board of Education is one of the oldest institutions of Washington State government. It has operated continuously since 1877, when it was created by the Legislature of the Territory of Washington. The Board has been reconstituted by the Legislature four times: 1897, 1909, 1947, and 1992. With the passage of ESSB 5732 (Chapter 497, Laws of 2005) the Legislature once again reconstituted the powers, duties, and membership of the State Board of Education. These changes are effective January 1, 2005.

Under the revised standards the State Board of Education (SBG) is a policy body comprised of 16 statutory members. Seven members will represent the educational system and seven will be gubernatorial appointees. The seven educational members include: five members elected by school board members, two from eastern Washington and three from western Washington; the Superintendent of Public Instruction; and one member elected from private schools. The final two members will be students. The SBE will elect its own chair to two year terms, with a limit of two terms. All members of the SBE, except for students, will be voting members.

The State Board of Education's powers and duties are prescribed by law and relate primarily to the establishment of rules, standards, and guidelines in areas such as school construction, approval of school district minimum basic education requirements, school accreditation, minimum high school graduation requirements, and approval of private schools. The revisions under ESSB 5732 removed from SBE the duties for educator preparation and certification previously held by the Board.

B. SUPERINTENDENT OF PUBLIC INSTRUCTION

The Superintendent of Public Instruction is one of eight state officials whose offices are established by the State Constitution. The Superintendent of Public Instruction is elected on a nonpartisan basis every four years by the voters of the state.

The Superintendent of Public Instruction is an executive officer of state government charged in Section 22 of Article III of the State Constitution with the duty "to supervise all matters pertaining to public schools, and . . . perform such specific duties as may be prescribed by law."

The superintendent's primary responsibilities are to:

- Gather and report school information to state and federal authorities, prepare specifically requested reports each year, and provide other entities of state government (the Legislature, Legislative Evaluation and Accountability Program, and the Office of Financial Management) with information for policymaking and budget preparations as needed.
- Secure needed laws and appropriations from the state and federal governments and implement those statutes enacted. About 150 bills affecting public schools are considered in a typical session of the Washington State Legislature. About 20 percent of these are passed into law each year and require implementation of new programs, policies, or procedures.

- Apportion and distribute moneys to local school districts and ESDs that amounted to \$6 billion in the 2004–05 state fiscal year. Approve and monitor the nine ESDs and 296 local school districts' expenditure budgets. (For 2005–06, the ESD General Fund budgets total \$229.8 million and the local school districts have annual General Fund budgets totaling \$8.3 billion.)
- Administer, for the State Board, the state school construction assistance program, and other grant programs (\$617.4 million in the 2005–07 biennium), provide facilities services, and assist local school districts with boundary issues.
- Provide technical help in finance and curriculum matters to ESDs and school districts. Monitoring and consultation is conducted in such areas as basic education, assessment, curriculum development aligned with the essential academic learning requirements, special needs programs for special student populations, and educational technology.
- Issue certificates for teachers, support personnel, and administrators of the K–12 system. Approximately 68,000 certificated employees were employed in public schools during the 2004–05 school year, excluding substitute teachers.
- Act as ex officio member and chief executive officer of the State Board of Education. Represent the interests and needs of education dealing with technology, environmental, arts, and partnership issues by serving on various state boards including:
 - Board of Natural Resources, member
 - Workforce Training and Education Coordinating Board, member
 - Traffic Safety Commission, member
 - Family Policy Council, board member
 - Governor's Council on School-to-Work, member
 - K–20 Educational Network Board, member
 - Professional Educator Standards Board, member
 - Washington Learns Steering Committee, member
 - K–12 Education Advisory Committee, chair
 - Commission on Children in Foster Care, member
 - Joint Task Force on Sex Offender Management, member

Besides powers and duties, the mission and goals of the Superintendent of Public Instruction are as follows:

Mission

In collaboration with educators, students, families, local communities, business, labor, and government, the Office of Superintendent of Public Instruction leads, supports, and oversees K–12 education, ensuring the success of all learners.

The four state learning goals, from the Basic Education Act of 1993, state that students are able to:

- Read with comprehension, write with skill, and communicate effectively and responsibly in a variety of ways and settings.
- Know and apply the core concepts and principles of mathematics; social, physical, and life sciences; civics and history; geography; arts; and health and fitness.
- Think analytically, logically, and creatively, and to integrate experience and knowledge to form reasoned judgments and solve problems.
- Understand the importance of work and how performance, effort, and decisions directly affect career and educational opportunities.

Goals

- **Goal 1**
Each of Washington's diverse students demonstrates high levels of achievement in the four state learning goals and graduates from high school ready to implement a positive plan for his or her future.
- **Goal 2**
Highly skilled, diverse educators support the academic success of every student.
- **Goal 3**
All schools, in partnership with students, families, and communities, provide safe, civil, healthy, and engaging environments for learning.
- **Goal 4**
Sufficient state resources are provided for every student to succeed through an efficient, equitable, and responsive K–12 funding system that promotes innovation and rewards results.
- **Goal 5**
OSPI supports effective schools and student achievement through focused policies, sound management, and excellent service to the education community.

C. ACADEMIC ACHIEVEMENT AND ACCOUNTABILITY COMMISSION

The 1999 Legislature established the Academic Achievement and Accountability Commission, also known as the "A+ Commission," to provide oversight of the state's K–12 educational accountability system. With the passage of ESSB 5732 by the Legislature (Chapter 497, Laws of 2005), the Academic Achievement and Accountability (A+) Commission was dissolved and its duties transferred to the State Board of Education. For information on the accountability work done by the A+ Commission, contact the State Board of Education.

D. WASHINGTON STATE PROFESSIONAL EDUCATOR STANDARDS BOARD

The Professional Educator Standards Board (PESB) is comprised of the Superintendent of Public Instruction and twenty members appointed by the Governor for four-year terms. The composition of this membership is: four public school teachers, one private school teacher, three who represent higher education educator preparation programs, four school administrators, two educational staff associates, one public school instructional paraprofessional, one parent, and one citizen. The Superintendent of Public Instruction is an ex officio, non-voting member.

The purpose of the PESB is to establish policies and requirements for: the preparation and certification of educators that provide standards for competency in professional knowledge and practice in the areas of certification; a foundation of skills, knowledge and attitudes necessary to help students with diverse needs, abilities, cultural experiences, and learning styles to meet or exceed the four state learning goals.

With the passage of ESSB 5732 by the Legislature (Chapter 497, Laws of 2005), all statutory authority previously held by SBE pertaining to educator preparation and certification transfers to the PESB effective January 1, 2006. The PESB retains all previous statutory authority for alternative routes to certification and educator assessments.

E. WASHINGTON STATE SCHOOL DIRECTORS' ASSOCIATION

The Washington State School Directors' Association (WSSDA) is comprised of all 1,482 school board members from Washington State's 296 public school districts. Founded in 1922, WSSDA is authorized by the State Legislature to be self-governed and self-funded through a president and board of directors elected from school boards from throughout the state. WSSDA's core mission is focused on promoting student learning by ensuring that school board members have the knowledge, tools and services they need to effectively govern their districts and champion public education. In pursuit of its mission, the association provides a wide array of materials and educational services to its members, maintains multiple consultant resources to assist school boards in their work, implements an active governmental relations program to communicate school directors' views to state education policymakers, and convenes a wide array of committee and other meetings to ensure that the association is responsive to its members' needs and direction.

F. EDUCATIONAL SERVICE DISTRICTS

Educational service districts (ESDs) are regional administrative units created by statute that evolved from county superintendents. At present there are nine ESDs within the state. See Figure 1 for a map showing the boundaries of the ESD system.

Statutes regulating ESDs are in chapter 28A.310 RCW. The State Board of Education has statutory authority relating to the number and boundaries of ESDs. Each ESD is governed by a board of either seven or nine members, with each member representing a subdivision of the district called a director district. The board members are elected by the school directors of each school district within the ESD. At the ESD board's option, the size of the board may be increased from seven to nine members. Currently three ESDs have nine-member boards. Each ESD board has the responsibility to hire a superintendent to manage its affairs

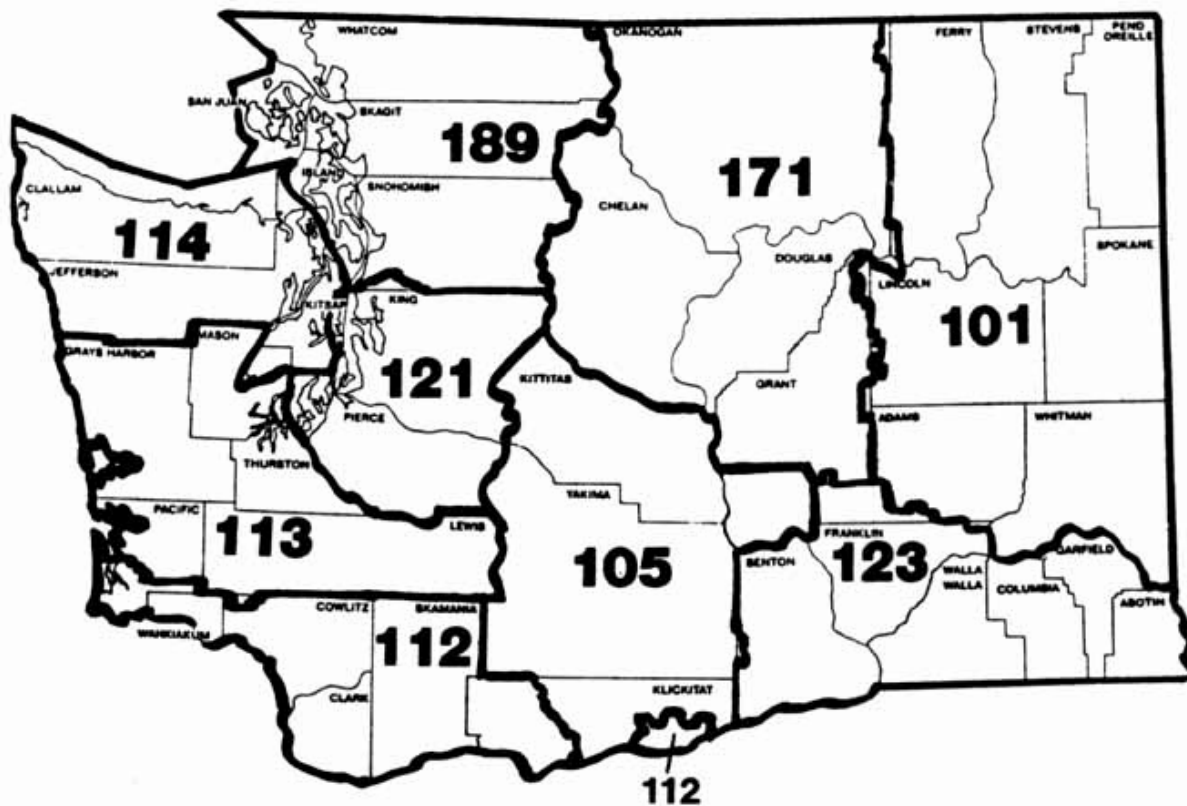
RCW 28A.310.010 defines ESDs as "regional agencies" which:

- "Provide cooperative and informational services to local school districts;
- Assist the superintendent of public instruction and the state board of education in the performance of their respective statutory or constitutional duties; and
- Provide services to school districts . . . to assure equal educational opportunities."

ESDs are not taxing districts and depend on the state, the federal government, and local school districts for funding. The Superintendent of Public Instruction approves and monitors ESD budgets. State aid from the State General Fund is appropriated by the Legislature to the Superintendent of Public Instruction for allocation to ESDs based on a core services funding formula as defined in RCW 28A.310.360. Federal aid is either allocated directly to the ESDs or through grants administered by the Superintendent of Public Instruction. In 2004–05 the revenue of the ESDs totaled about \$194.8 million. Of that amount, \$40.7 million or 20.9 percent were state funds. (See Figure 2.)

ESDs provide a wide range of services to school districts. Many of these services are provided because, due to reasons of economy, the individual districts could not or would not be able to provide them. Examples of these services include data processing, film libraries, and itinerant special education staff activities. ESDs also provide some direct student service programs. Local school districts reimburse ESDs for these services to the degree that they are not funded by state or federal sources.

Figure 1 – Educational Service Districts – Boundaries



EDUCATIONAL SERVICE DISTRICTS BY NUMBER	DISTRICT OFFICE	SCHOOL DISTRICTS SERVED	STUDENTS SERVED 2004-05
101 Educational Service District	Spokane	59	89,340
105 Educational Service District	Yakima	25	58,090
112 Educational Service District	Vancouver	30	96,515
113 Educational Service District	Olympia	45	71,381
114 Olympic Educational Service District	Bremerton	15	52,055
121 Puget Sound Educational Service District	Seattle	35	389,335
123 Educational Service District	Walla Walla	23	59,576
171 North Central Educational Service District	Wenatchee	29	40687
189 Northwest Educational Service District	Mount Vernon	35	164,523
Total		296	1,021,502

Source: SPI Form P-105A, School Enrollment Report, October 2004.

**Educational Service Districts
Figure 2 – State Summary – General Expense Fund
Fiscal Year 2004–05**

REVENUES	
State	\$ 40,695,742
Federal	79,548,362
Cooperative Programs	37,555,375
Local	16,599,907
Payments for Other Sources	15,705,718
Investment Earnings	576,391
Total Revenues and Other Financing Sources	\$ 190,681,495
EXPENDITURES	
Operations	19,258,469
Instructional Support	111,191,745
Non-instructional Support	44,377,489
Capital Outlay	4,214,685
Debt Service	5,851,415
Total Expenditures (Uses of Resources)	\$ 184,893,803
Other Financing Sources (Uses)	4,103,075
Excess of Revenues Over Resources Used	9,890,767
Fund Balance at September 1, 2004	\$ 32,963,976
Correction of Prior Year(s) Errors	0
Fund Balance at August 31, 2003	\$ 42,854,743

G. SCHOOL DISTRICTS

School districts are the statutory delivery system for instruction of our children. RCW 28A.320.010 describes a school district as a corporate body that possesses all the usual powers of a public corporation. The board of directors is elected by the citizens and serves four-year staggered terms. The general powers and duties of the board of directors are prescribed by law, including the requirements that the board shall:

“. . . be vested with the final responsibility for the setting of policies ensuring quality in the content and extent of its educational program and that such program provide students with the opportunity to achieve those skills which are generally recognized as requisite to learning.” (RCW 28A.150.230) and

“Enforce the rules prescribed by the superintendent of public instruction and the state board of education for the government of schools, pupils, and certificated employees.” (RCW 28A.600.010)

The board of directors is empowered to make regulations which are not inconsistent with laws or rules and regulations of the Superintendent of Public Instruction or the State Board of Education (RCW 28A.320.040).

Districts are governed by five elected school board members, except for Seattle School District, which has seven.

School districts are managed by a district superintendent who is responsible to the board of directors for carrying out district policy, administering the operation of the district and schools, supervising district personnel, and advising the board of directors on all educational matters for the welfare and interest of the students.

Other district personnel include certificated administrative personnel such as principals; certificated instructional personnel such as teachers; educational staff associates such as counselors, librarians, school nurses, and psychologists; and classified personnel such as clerks, custodians, bus drivers, and food service workers.

There were 296 local school districts in the 2004–05 school year. They enrolled 1,021,502 students in October 2004.

Superintendent’s Duties

In addition to duties prescribed by the district school board, a superintendent has duties required by statute (RCW 28A.400.030). They are as follows:

- Attend all meetings of the board of directors and ensure that minutes of the meetings are kept.
- Keep records and reports in a form as required by the district board of directors, laws, rules, or regulations of higher administrative agencies. These records and reports must be turned over to a successor.
- Keep accurate and detailed accounts of all receipts and expenditures of school money. At each annual school board meeting the superintendent must present his record book of board proceedings for public inspection and make a statement of the financial condition of the district. The record book must always be open for public inspection.

- Give notice of all annual or special elections required by law; also give notice of the regular and special meetings of the board of directors.
- Sign all orders for warrants ordered to be issued by the board of directors.
- Carry out all orders of the board of directors made at any regular or special meeting.

District Classification

Local school districts are of two classes:

- **First Class District**—Normally any district having a student enrollment of 2,000 pupils or more. There were 103 first class districts in 2004–05. They served approximately 88 percent of all public school students. First class districts range in size from 46,746 pupils (Seattle) to 1,937 pupils (Elma).
- **Second Class District**—Normally all districts having a student enrollment of fewer than 2,000 pupils. There were 193 second class districts in 2004–05. They served 12 percent of public school students. Second class districts range in size from 2,354 pupils (Quincy) to 8 pupils (Star).

High and Nonhigh School Districts

School districts are also either high school districts or nonhigh school districts:

- **High School Districts**—There were 249 high school districts in 2004–05 serving 997,599 students or 99 percent of the total public school students. High school districts must accept students of nonhigh school districts who elect to attend the high school program provided. High school districts may be either first or second class.
- **Nonhigh School Districts**—Nonhigh districts do not offer the particular K–12 grade for which a student in their district is eligible to enroll. Usually nonhigh districts do not have a high school program. There were 47 nonhigh school districts in 2004–05 serving 8,254 students or 1 percent of the total public school students. Nonhigh school districts are typically second class districts because their enrollments are typically less than 2,000.

School Buildings

School districts' organizational patterns may vary. Some districts have grades separated into individual elementary and secondary schools, such as K–8 and 9–12; K–6, 7–8 and 9–12; or K–12. The organizational choice may depend on the educational program offered, the capacity of existing school facilities, or the ages of students present in the district. (See Figure 3.)

H. PRIVATE SCHOOLS

Private schools submit State Standards Certificate of Compliance Form SPI 618A as part of their initial approval process. The Superintendent's designee reviews the certificates and makes recommendations for approval to the State Board of Education at regularly scheduled meetings in August and October. Once a school is approved, their approval is reviewed annually when the school submits Form SPI 618B.

The requirements for approval of a private school are established by statute (chapter 28A.195 RCW) and include a minimum total program hour offering for students; Washington State certification of classroom teachers (except for teachers of religion or persons of unusual competence as defined in WAC 180-90-125); and meeting local fire, health, and safety building standards.

Private schools may be profit or nonprofit, parochial, or independent. As of October 2004 there were 449 approved private schools enrolling 77,496 pupils. (See Figure 4.) Private school enrollment constituted 7.15 percent of students enrolled in both public and private schools. See Chapter 12, Figure 31 for historical trends in private school enrollments.

I. NONPUBLIC AGENCIES

If a student's special education needs cannot be met by a local school district, then the district may contract with a nonpublic agency (NPA) for special education and related services; provided, that the school district establishes it cannot provide an appropriate education for the student with disabilities within the district or another school district. School districts are responsible to provide a free appropriate public education (FAPE) program. Nonpublic agencies must adhere to the same legal requirements as school districts, therefore offering students, for whom they may be contracted to serve, the same rights and protections they are afforded in their local school district.

Furthermore, a district may not contract with a NPA until such time as the NPA has received State Board of Education (SBE) approval. This process involves completion of an application, with technical assistance and on-site validation provided by the local education agency (LEA) that will contract with the NPA. When the application packet is completed, it is forwarded to Special Education at OSPI for a second tier review. Upon completion of this review, a recommendation for approval or disapproval is forwarded to the SBE for consideration. Following SBE action, OSPI Special Education notifies the applicant of the outcome. SBE approval is for three years, with annual updates required. A current NPA list can be found at the Special Education Web site at: <http://www.k12.wa.us/specialed/>.

Figure 3 – Washington Public Schools

As of October 2004 the 296 operating school districts in Washington State reported a total of 1,021,502 pupils enrolled in public schools. The following chart breaks this reporting down by county and grade level.

<u>County</u>	<u>Preschools*</u>	<u>Elementary Schools (K-5)</u>	<u>Middle Schools (6-8)</u>	<u>High Schools (9-12)</u>	<u>Grand Total</u>
Adams	23	1,818	943	1,064	3,848
Asotin	38	1,395	810	1,114	3,357
Benton	200	12,784	7,143	9,929	30,056
Chelan	147	5,620	2,996	4,111	12,874
Clallam	160	3,966	2,300	3,507	9,933
Clark	447	32,984	16,939	22,802	73,172
Columbia	9	263	141	161	574
Cowlitz	205	7,511	4,384	5,811	17,911
Douglas	53	2,949	1,584	2,130	6,716
Ferry	1	488	274	353	1,116
Franklin	159	6,501	2,965	3,538	13,163
Garfield	2	144	100	157	403
Grant	302	8,035	3,958	5,129	17,424
Grays Harbor	164	5,031	2,830	4,190	12,215
Island	126	4,015	2,217	3,047	9,405
Jefferson	84	1,225	817	1,193	3,319
King	2,826	112,214	59,434	81,001	255,475
Kitsap	263	17,081	9,707	13,638	40,689
Kittitas	74	2,074	1,124	1,534	4,806
Klickitat	10	1,409	799	1,147	3,365
Lewis	52	5,257	2,873	4,288	12,470
Lincoln	9	921	497	661	2,088
Mason	120	3,434	1,958	2,754	8,266
Okanogan	263	2,834	1,614	2,195	6,906
Pacific	14	1,236	717	1,201	3,168
Pend Oreille	27	744	455	616	1,842
Pierce	2,414	56,302	30,713	40,182	129,611
San Juan	7	719	412	627	1,765
Skagit	270	8,445	4,459	5,991	19,165
Skamania	17	563	256	421	1,257
Snohomish	1,487	46,538	25,656	33,592	107,273
Spokane	551	31,054	17,174	23,889	72,668
Stevens	84	2,626	1,480	2,091	6,281
Thurston	395	16,205	9,014	13,562	39,176
Wahkiakum	-	204	120	177	501
Walla Walla	17	3,895	2,096	2,839	8,847
Whatcom	262	11,318	6,418	8,917	26,915
Whitman	94	1,985	1,096	1,498	4,673
Yakima	563	22,729	11,598	13,919	48,809
Grand Total	11,939	444,516	240,071	324,976	1,021,502

Source: SPI Form P-105A, School Enrollment Report, October 2004.

*Preschool numbers primarily represent preschool Special Education students served in the school districts.

Figure 4 – Washington Private Schools					
As of October 2004 the approved Private Schools operating in Washington State reported a total of 77,496 pupils enrolled in private schools. The following chart breaks this reporting down by county and grade level.					
<u>County Name</u>	<u>Preschools</u>	<u>Elementary Schools (K-5)</u>	<u>Middle Schools (6-8)</u>	<u>High Schools (9-12)</u>	<u>Grand Total</u>
Adams	2	30	13	8	53
Asotin	34	96	17	-	147
Benton	180	948	446	120	1,694
Chelan	97	329	83	56	565
Clallam	85	228	88	30	431
Clark	191	1,534	521	217	2,463
Columbia	4	11	-	-	15
Cowlitz	91	455	162	74	782
Douglas	-	-	-	-	-
Ferry	-	-	-	-	-
Franklin	60	262	85	134	541
Garfield	-	-	-	-	-
Grant	65	183	63	77	388
Grays Harbor	39	69	37	-	145
Island	97	223	78	-	398
Jefferson	4	84	13	-	101
King	3,900	15,695	7,982	9,511	37,088
Kitsap	401	1,017	437	264	2,119
Kittitas	-	52	26	-	78
Klickitat	-	-	-	-	-
Lewis	62	291	102	22	477
Lincoln	-	66	36	26	128
Mason	19	95	32	-	146
Okanogan	-	28	20	1	49
Pacific	-	-	-	-	-
Pend Oreille	-	-	-	-	-
Pierce	807	4,267	2,014	2,333	9,421
San Juan	-	39	56	71	166
Skagit	69	389	193	132	783
Skamania	-	-	-	-	-
Snohomish	786	2,659	1,070	649	5,164
Spokane	675	2,781	1,344	1,373	6,173
Stevens	-	-	-	-	-
Thurston	183	1,025	478	214	1,900
Wahkiakum	-	-	-	-	-
Walla Walla	56	475	256	438	1,225
Whatcom	316	1,327	569	440	2,652
Whitman	-	100	58	22	180
Yakima	167	934	435	488	2,024
Grand Total	8,390	35,692	16,714	16,700	77,496

Source: SPI Form P-105B, School Enrollment Report, October 2004.

J. EDUCATION CENTERS

Education centers (formerly called educational clinics) are special-purpose programs for public school dropouts. They were created by the Legislature to address the skill, knowledge, and behavioral problems that prevent students from becoming productive members of society. They follow an individualized procedure of diagnosis, prescription, and treatment through evaluation and remediation of educational deficiencies.

An education center is a private educational institution certified by the State Board of Education. The center must employ a clinical, client-centered approach and be devoted to:

- Teaching the basic academic skills including specific attention to improvement of student motivation for achieving.
- Employment orientation (RCW 28A.205.010).

An education center is certified up to three years and reports annually any changes in its operation to OSPI. In 2005–06, there were 11 education centers operating programs across the state.

K. HOME-BASED INSTRUCTION

In 1985 the Legislature authorized home-based instruction. A parent may provide home-based instruction to his or her child only. The parent is expected to meet certain qualifications or be supervised by a certificated person. The parent has the duty to:

- (1) File annually a signed declaration of intent with the superintendent of the local school district.
- (2) Ensure that test scores or annual academic progress assessments and immunization records and other instructional records are forwarded to any school to which the child transfers.
- (3) Ensure that a standardized achievement test approved by the State Board of Education is administered annually by a qualified individual or that an annual assessment of the student's progress is prepared by a certificated person.

In 2004–05 there were 16,463 students in home-based instruction.

CHAPTER 3. FINANCIAL MANAGEMENT FUNDAMENTALS

Responsibility for financial management of each school district rests with the local school board and the superintendent they retain to manage the operations of the school district. However, the district’s financial management is regulated by state law and supervised by the Superintendent of Public Instruction. School districts must follow uniform guidelines for budgeting, accounting, and financial reporting practices. These guidelines ensure consistent and comparable data for each of the state’s school districts. The Washington State Auditor audits school district financial records for compliance with laws and regulations, general accounting practices, and adequate internal controls.

A. THE BUDGET PROCESS

Each school district develops and adopts its own budget prior to the beginning of each school year. The budget process is governed by state law (chapter 28A.505 RCW), regulations (chapter 392-123 WAC), and instructions provided by the Superintendent of Public Instruction. Budgets are prepared on forms prescribed by the Superintendent of Public Instruction. These include Form F-203C, Estimate for State Revenues, and Form F-195, School District Budget Document. These forms are prepared in accordance with the following time schedule as set forth in chapter 28A.505 RCW:

Final Date for Action	First Class Districts	Second Class Districts
July 10	Final date to prepare budget. Final date to have copies of budget available to public. Final date to forward budget to educational service district for review and comment.	Final date to prepare budget. Final date to have copies of budget available to public. Final date to forward budget to educational service district for review and comment.
Aug. 1		Final date for adoption of budget.
Aug. 3		Final date to forward adopted budget to educational service district for review, alteration, and approval.
Aug. 31	Final date for adoption of budget.	Final date for budget review committee to approve budget.
Sept. 3	Final date for filing adopted budget with educational service district.	
Sept. 10	Final date for ESD to file with OSPI.	Final date for OSPI to return a copy of the approved budget to the local school district.

Second class districts’ budgets are required by law to be approved by a budget review committee. This committee consists of an educational service district representative, a representative of the local school district, and a representative of the Superintendent of Public Instruction. First class districts’ budgets are required by law to be filed with the Superintendent of Public Instruction.

B. GENERAL ACCOUNTING PRACTICES

The *Accounting Manual for Public School Districts in the State of Washington* prescribes uniform accounting practices for school districts. The accounting manual was developed by the School District Accounting Advisory Committee under joint direction of the Office of Superintendent of Public Instruction and the State Auditor's Office.

The manual provides for a basic double-entry modified accrual system of accounting. Under this basis, revenues are recognized in the accounting period in which they become available and measurable. School districts with an average full-time equivalent enrollment of fewer than 1,000 pupils for the preceding fiscal year may use a cash basis system of accounting for revenues and expenditures.

The manual establishes basic minimum accounting principles and procedures necessary for school district reporting. It is intended that school districts maintain detailed revenue and expenditure accounts as well as provide required periodic reports. Reporting from school districts provides detail of revenues and expenditures to supplement the county treasurers' reports.

The accounting system described in the accounting manual is organized and operated on a fund basis. Funds that school districts may use are those established in law. They are:

- General Fund
- Associated Student Body Fund (a Special Revenue Fund)
- Debt Service Fund
- Capital Projects Fund
- Transportation Vehicle Fund (a Capital Projects Fund)
- Trust and Agency Funds
- Permanent Fund

C. FINANCIAL REPORTS

Annual Financial Reports

A set of annual fund financial statements presents all major funds. The set includes:

- Combined Balance Sheet.
- Combined Statement of Revenues, Expenditures, and Changes in Fund Balance.
- Budgetary Comparison Schedule—for each fund.
- Statement of Changes in Fiduciary Net Assets—Other Trust and Agency Funds.

Notes to the financial statements are essential to explain significant accounting policies and circumstances that affect a district's financial position and results of operations and are therefore required for the financial statements.

Financial statements and reports are prepared by school district administration on a monthly basis as required by WAC 392-123-110. The reports contain the most current information available at the time of preparation. These financial reports provide the board of directors of the district with certain financial information necessary for the proper financial management of the district.

Monthly Budget Status Report

The school district is required by WAC 392-123-115 to prepare a monthly budget status report for each fund. Each member of the district board of directors is required to be provided a copy at the board's regular monthly meeting. The report contains the most current approved budget amounts by summary level accounts and the fund balance at the beginning and end of the period being analyzed. OSPI prescribes use of Form F-198 Budget Status Report.

As part of the budget status report, the administration is required to provide each member of the board of directors with a brief written explanation of any significant deviations in revenue and expenditure projections that may affect the financial status of the district.

Monthly Statement of Financial Condition

The school district administration is required by WAC 392-123-120 to provide the board of directors with a monthly statement of financial condition. The statement of financial condition is a balance sheet showing the assets, liabilities, reserves, and equities for each fund type and account group.

Monthly Personnel Budget Status Report

Each school district is required to maintain the capability to prepare a monthly personnel status report according to WAC 392-123-125. This report displays the combined responsibilities of the district's administrative staff for personnel management and budget control and shows the status of expenditures and commitments for salaries and wages. The report also shows the number of certificated and classified positions planned in the budget and the amount of funds budgeted for those positions summarized by program and responsibility area. The number of positions filled and the amount of funds expended and encumbered in support of these positions are also shown in a manner that can be compared with budget. Any significant variance between budgeted positions and actual should be explained.

A district's board of directors may use the personnel status report with a monthly budget status report and the statement of financial condition to manage the financial position of the district.

D. SCHOOL DISTRICT CASH FLOW

Several agencies must be included in any discussion of school district cash flows and related reports. The school district, county treasurer, educational service district, Superintendent of Public Instruction, and state treasurer all play a part in the process.

The county treasurer acts as banker for each school district within the county. All school district revenue and expenditure moneys are deposited with and released by the county treasurer. The school district may have revenues from federal, state, and local sources. Monthly, the Superintendent of Public Instruction authorizes state and federal moneys to be electronically transmitted by the state treasurer to the county treasurer. Other federal moneys may be transmitted directly to the school district by federal authorities. Local taxes are collected directly by the county for the school districts. Other moneys, such as school lunch receipts, are collected by the school district and deposited with the county treasurer.

Many districts experience significant variations in their cash reserve depending upon the month of the year. The table below summarizes the flow of cash into the school district General Fund.

Sources	Type Of Revenue Transferred or Deposited	Transactions Occur
Superintendent of Public Instruction	State revenues; Federal revenues passing through SPI	Monthly according to apportionment schedule
Federal agencies	Federal revenues	Various times according to agency schedule
Local tax payers	Property taxes	Daily, with bulk of payments occurring in the months of April and October
Local school district	School lunch receipts; ASB activity receipts, etc.	Receipts deposited daily

Expenditure warrants are authorized by the school district board of directors and paid from available funds held by the county treasurer.

School districts and county treasurers are required by law to prepare various forms and reports (RCW 28A.510.270 and RCW 28A.400.030). Other forms and reports are required of districts by OSPI.

Monthly Reporting by OSPI

At the end of the month OSPI calculates state funding for the school districts and prepares several reports for each school district.

- Report 1191** Basic Education Allocation
- Report 1191E** Enrollment and Staff Units Used in the Basic Education Allocation
- Report 1191FS** School Food Services Allocation
- Report 1191SA** Student Achievement Allocation
- Report 1191SE** Special Education Allocation
- Report 1191SN** Learning Assistance, Bilingual, and Highly Capable Allocation
- Report 1191TRN** Transportation Operations and Depreciation Allocations
- Report 1197** Monthly Apportionment by Account
- Report 1220** Special Education Allocation

Three other reports are prepared as part of the monthly calculations. The first is sent to the ESD, the second to the county treasurer, and the third to the state treasurer.

- Report 1195** Summary of Monthly Apportionment for All Districts in the ESD
- Report 1196** Monthly Apportionment for All Districts in the County
- Report 1198** Monthly Apportionment by County

The state treasurer uses Report 1198 as authorization to transmit moneys to the county treasurer. The county treasurer uses Report 1196 to reconcile moneys received from the state treasurer with individual school district funds. The school district then reconciles its records with the county treasurer's.

Payments to school districts are made monthly on a school fiscal year basis, September through August. Initially based on estimates, the formula amounts are adjusted during the year to reflect actual enrollments, staff mix factors and, in the case of basic education, certain local revenues. The payment schedule is as follows:

<u>Month</u>	<u>Payment Percent</u>	<u>Month</u>	<u>Payment Percent</u>
September	9.0	March	9.0
October	9.0	April	9.0
November	5.5	May	5.5
December	9.0	June	6.0
January	9.0	July	10.0
February	9.0	August	<u>10.0</u>
		Total:	100.0%

Monthly Reporting by County Treasurers

The county treasurer prepares and submits to each school district superintendent in the county a written report (RCW 28A.510.270 and WAC 392-123-132) of the state of district finances as of the last day of the preceding month. The report F-197 County Treasurers Report must:

- Be certified by the county auditor.
- Contain the cash balance on the first of the preceding month; the receipts during the month; warrants paid during the month, including any interest; the number of warrants issued and not paid; and the cash balance as of the end of the month.

After each monthly settlement with the county commissioners, the county treasurer submits a statement of all canceled district warrants to the school district superintendent. The statement is verified by the county auditor. The canceled warrants of each district must be preserved separately and be open to inspection by the school district superintendent or by any authorized accountant of the district.

Monthly Reporting by School Districts

The school district reports to OSPI enrollments as of the fourth school day of September and first school day of each month, October through May. Enrollment is the major component in determining state funding to the school district.

The school district must keep accurate and detailed accounts of all receipts and expenditures of school district money. The records must always be open for public inspection.

The school district reconciles ending net cash and investments, revenues, and expenditures reported by the county treasurer with district records for all funds. Any differences are noted and adjustments to school district records are made if necessary.

Monthly financial statements and reports are prepared by school district administration on a monthly basis as discussed in Section C. of this chapter.

Year-End Reporting by School Districts

At the end of the year, the school district submits to OSPI Form SPI F-196, Annual Financial Statement for School Districts (also discussed in Section C. of this chapter). These data are used in many calculations, one of which is the recapture of unspent state categorical funding.

Year-End Reporting by OSPI

In January of the following school year, state funding is recalculated using final enrollment, final staff data, final revenue, and final expenditure data for the prior school year. Any adjustments are treated as prior year adjustments.

E. SCHOOL DISTRICT AUDITS

School district financial records are audited by the State Auditor's Office. Large school districts are audited annually. The districts may be audited on a cyclical basis depending on a number of factors including, but not limited to size, risk, financial data, previous audit cycle, etc. The audit examines school district records for compliance with federal and state laws and regulations, general accounting practices, and adequate internal controls. The audit also encompasses areas affecting state funding such as student enrollment (including basic, vocational, bilingual, special education, etc.), transportation ridership, and staff mix. Errors discovered as a result of an audit may require revised reports and/or adjustments to state or federal funding, and may result in recovery and/or payment to the district

SECTION II. FUNDING FOR MAINTENANCE AND OPERATIONS OF SCHOOLS

Chapter 4. Sources of State Support for Maintenance and Operations

Chapter 5. State Funding for Maintenance and Operations

Chapter 6. Local Funding for Maintenance and Operations

Chapter 7. Federal Funding for Maintenance and Operations

Maintenance and operations include all the normal, recurring operations of the district such as instruction of students, maintenance of plant and facilities, administration of the district, food services, and pupil transportation. In the 2004-05 school year, a combination of state, local, and federal revenues provided a total of \$7.7 billion dollars for school district maintenance and operations of the districts.

Maintenance and operations are accounted for in the school district's General Fund.

This page left blank intentionally.

CHAPTER 4. SOURCES OF STATE SUPPORT FOR MAINTENANCE AND OPERATIONS

In the 2004–05 school year 69.3 percent of school district General Fund (maintenance and operations) revenues came from state government. The Legislature appropriates state moneys for schools from the State General Fund. As shown in Figure 6, public schools make up 42.1 percent of all budgeted State General Fund expenditures in the 2005–07 Biennium.

Taxes are the primary sources of State General Fund revenue. Figure 5 shows the State General Fund revenues by source.

A. RETAIL SALES TAX

Washington State's chief revenue source is the retail sales tax. The state levies a tax of 6.5 percent on retail sales and rental of tangible personal property and the sale of many services, such as cleaning, repair, construction, accommodations, and certain recreational activities. In the 2005–07 biennial budget, the retail sales tax provides 52.9 percent of State General Fund revenues from state sources.

B. BUSINESS AND OCCUPATION TAX

The Business and Occupation Tax is a tax on the gross receipts of most businesses in the state of Washington. The tax rate varies by class of business. The most significant tax rates are: 0.484 percent for manufacturing and wholesaling, 0.471 percent for retailing, and 1.5 percent for all services. The Business and Occupation Tax is Washington's second largest source of revenue from within the state; it accounts for 18.7 percent of State General Fund revenues from state sources in the 2005–07 biennial budget.

C. PROPERTY TAX

Property owners pay taxes to the state and to several local jurisdictions based on the assessed value of their property. The taxes are paid to county treasurers who distribute the moneys to the various jurisdictions. The state property tax levy proceeds are sent to the state treasurer and are deposited in the State General Fund. The state property tax accounts for 10.5 percent of State General Fund revenue from state sources in the 2005–07 biennial budget.

(For a discussion of property taxes levied by school districts, see Chapter 6 Section A.)

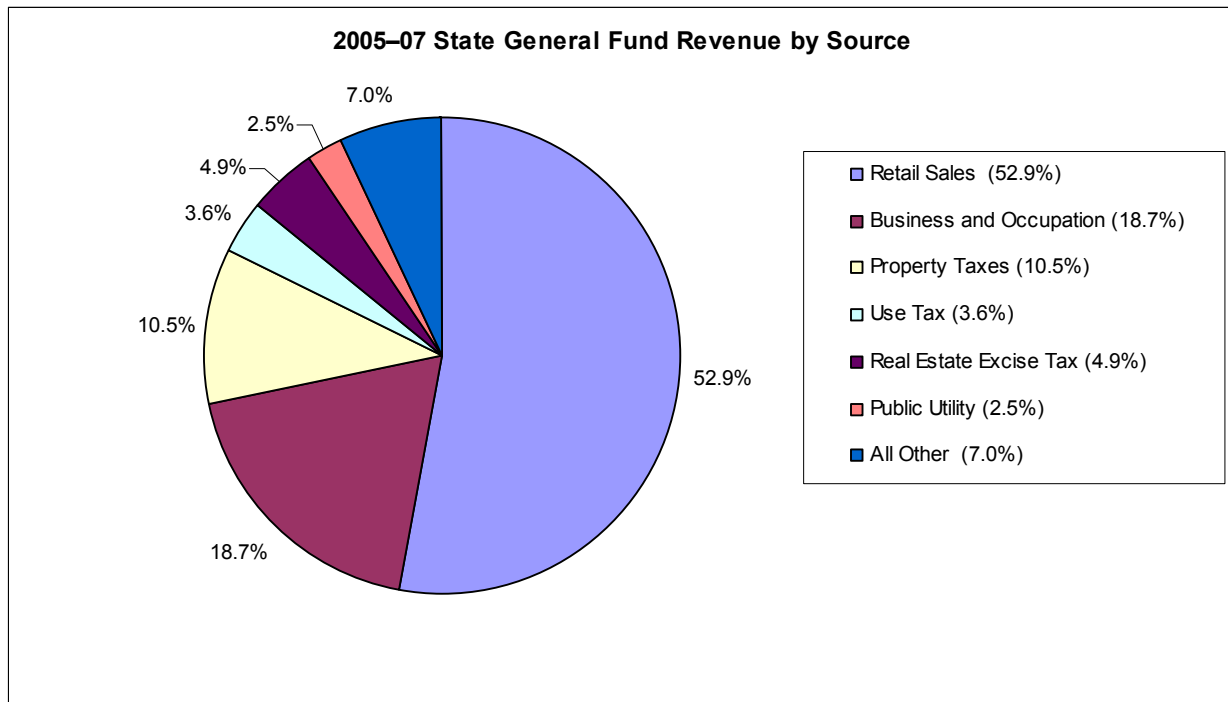
The state property tax was revised January 1, 1975, as part of a total property tax limitation plan enacted by constitutional amendment in November 1972. This amendment limited regular property taxes to 1 percent of true and fair valuation (\$10 per \$1,000 true and fair valuation). Prior to this change, the constitutional limit was 40 mills on an assessed valuation of 50 percent of true and fair value, or an effective 2 percent levy limit.

Figure 5 - State General Fund Revenues by Source

1995–97 Biennium through 2005–07 Biennium

(Dollars in Millions)

Source	1995–97	1997–99	1999–2001	2001–03	2003–05	2005–07
Retail Sales	8,542	9,610	10,904	11,014	11,945	13,166
Business and Occupation	3,300	3,604	3,773	3,789	4,171	4,644
Property Taxes	2,212	2,453	2,652	2,607	2,478	2,623
Use Tax	626	662	779	765	820	894
Real Estate Excise Tax	533	746	801	853	892	1,209
Public Utility	387	416	495	526	530	614
All Other	1,730	2,129	1,858	1,609	1,616	1,736
Total	\$ 17,330	\$ 19,620	\$ 21,262	\$ 11,945	\$ 22,452	\$ 24,886

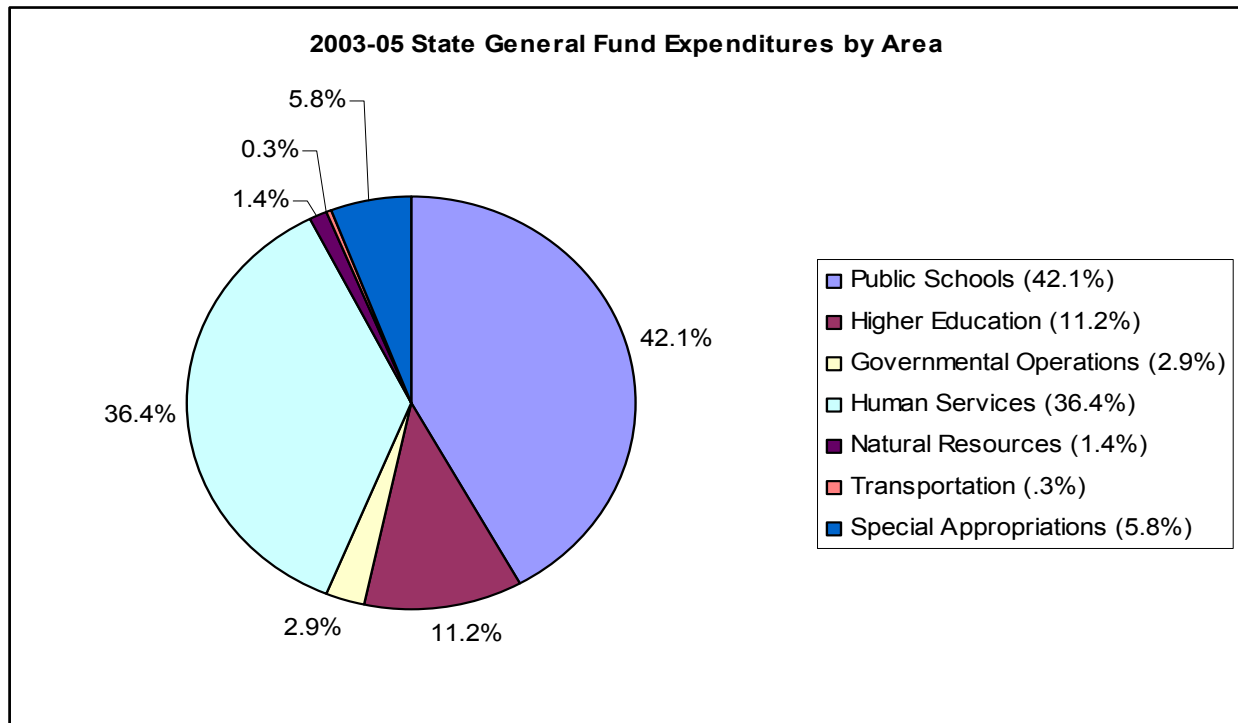


*Source: Legislative Budget Notes 2003–05 Biennium.

Note: Data for 2001–03 and 2003–05 reflect the March 2003 Revenue Forecast (Cash Basis).

Figure 6 - State General Fund Expenditures by Functional Area
1995-97 Biennium through 2005 - 07 Biennium
 (Dollars in Millions)

Function	1995-97	1997-99	1999-01	2001-03	2003-05	2005-07
Public Schools	8,335	8,824	9,447	9,872	10,139	10,915
Higher Education	1,969	2,207	2,543	2,733	2,708	2,900
Governmental Operations	587	586	760	728	669	741
Human Services	5,435	5,921	6,512	7,499	8,112	9,459
Natural Resources	224	259	317	336	336	367
Transportation	30	41	56	42	49	70
Special Appropriations	1,149	1,321	1,411	1,338	1,586	1,500
Total	\$ 17,729	\$ 19,159	\$ 21,046	\$ 22,548	\$ 23,599	\$ 25,952



The following is a schedule of maximum statutory taxing district regular levy rates:

<u>Tax Authority</u>	<u>Tax Rates per \$1,000</u>	
	<u>Incorporated Areas</u>	<u>Unincorporated Areas</u>
State	\$3.60	\$3.60
Counties	1.80	1.80
County Roads	-	2.25
Cities	3.60	-
Other	<u>1.00</u>	<u>2.35</u>
Total	\$10.00	\$10.00

In 1972, a constitutional limit of 1.0 percent was adopted by the voters; this applies to all regular levies (except port and PUD district levies). It states that the aggregate of such levies cannot exceed 1.0 percent of the current market value of any individual property (real or personal). This limit would equate to a regular levy rate of \$10.00 per \$1,000 of assessed value, if the property were assessed at its true and fair value. Ratios are applied to bring values to true and fair or market value.

During the 1980s property values began to slow from the fast pace of the previous decade. As taxing districts raised rates in order to maintain levies, they began to come up against statutory maximums. In 1987 the Legislature ranked taxing districts to provide for orderly proration of levy rates and in 1988 removed the state levy from the possibility of proration.

The 1979 Legislature limited the growth of the state levy to 106 percent of the highest tax levy of the three most recent years, exclusive of new construction. This change caused the growth in levy yield to be reduced significantly from what would have been collected absent a 106 percent limitation. This same 106 percent limitation has been in effect for regular levies of cities, counties, and other taxing districts since 1974. School district excess tax levies are exempt because they are approved by voters in dollar amounts.

During the early 1980s the state levy rate declined substantially below the statutory \$3.60 rate because of the 106 percent limit. Late in the decade, as a result of lower inflation in property values, the school levy rate rose to its statutory maximum of \$3.60. Recently, however, property values have risen rapidly. Referendum 47 passed in 1997, limiting the growth of the state levy to the rate of inflation as measured by the implicit price deflator. Because property values have grown faster than inflation, Referendum 47 causes the state property tax rate to decline. In 2001, the voters approved Initiative 747. I-747 further limited the growth in the state property tax levy to the lesser of the rate of inflation or 1 percent. As a result, the state levy rate has declined further. The resulting school levy rate for 2005 collections is \$2.53 based on equalized assessed valuations.

The state property tax is equalized by countywide ratios determined by the Department of Revenue for each tax assessment year. The ratios are the comparison of real estate sales and appraisals to corresponding values on the assessor's rolls and a comparison of the value of personal property as determined by the Department of Revenue to the value of personal property on the assessor's rolls.

The percent of true and fair value to county assessed value for both real and personal property is called the combined indicated ratio. For 2005 the combined indicated ratio ranged from 79.0% for Whatcom County to 97.8% for Adams County. The statewide average combined indicated ratio was 91.8%. Dividing the state tax rate of \$2.53 by .918 yields \$2.76, which is the average state tax rate based on county-assessed valuations.

The county's ratio is used to adjust the county levy rate to provide an equalized yield. For example, if a county is determined to be assessed at 75 percent of true and fair value, the

2005 levy rate of \$2.53 would be adjusted to \$3.37 by dividing by 0.75. If a county was determined to be at 100 percent assessment level, the full \$2.63 would be collected on the assessor's valuation. This approach provides that all taxpayers of the state pay their state taxes on an equal basis regardless of the assessment practices of their county.

By statute, state property tax levies are designated as exclusively for the support of the common schools, but the money goes to the State General Fund. However, state support of schools is approximately 4.2 times the amount of state property tax. Therefore changes in state property tax collections have no direct impact on state allocations to schools.

Initiative 728, passed in 2000, directed \$140 per pupil of state property tax to be placed in the Student Achievement Fund for calendar years 2001 through 2003. The Initiative directed that this amount would increase in 2004 to \$450 per pupil and be adjusted for inflation thereafter. The 2003 Legislature revised the per pupil amounts of state property tax to be placed in the Student Achievement Fund to \$140 in 2003–04, \$254 in 2004–05, \$300 for 2005–06, \$375 for 2006–07, \$450 for 2007–08 and adjusted annually for inflation thereafter.

D. OTHER

There are approximately 18 other tax sources that support the State General Fund. Major sources include the use tax, real estate excise tax, public utilities tax, cigarette tax, several taxes on alcoholic beverages, and the insurance premiums tax.

In addition, the state receives revenue from nontax sources including licenses and fees, college tuition, sales of property and state-owned timber, charges for services, net proceeds of the lottery and excess liquor funds derived from the state's price markup. Together the other tax and nontax revenues represent 18 percent of the State General Fund revenues in the 2005–07 biennial budget.

This page left blank intentionally.

CHAPTER 5. STATE FUNDING FOR MAINTENANCE AND OPERATIONS

State funding for public schools is determined by the Legislature in the biennial (two-year) operating budget. State funding for school districts takes two basic forms: formula allocations and competitive grants.

Formula allocations are based on student enrollments and other characteristics of each school district and are paid on a predefined allocation schedule. All of the large state-funded programs (basic education, special education, pupil transportation, etc.) are formula allocations. Most state formula allocations are funded as entitlements. This means that a district's funding rises or falls automatically when the district's enrollment and other funding factors change. The Legislature provides an initial appropriation based on estimates and provides additional funding in a supplemental budget if needed.

Competitive grants are numerous but usually of smaller amounts. Districts typically apply or compete for the grants and receive reimbursement after they incur the expenses. The Legislature typically appropriates a fixed amount, which is divided among qualifying districts. Most competitive grants are funded in Education Reform or Statewide Programs.

State moneys are paid out to school districts by the Superintendent of Public Instruction based on the language in the biennial operating budget. When needed, the Superintendent of Public Instruction adopts rules defining exactly what districts must do to qualify and how allocations will be calculated. These rules are codified in Title 392 of the Washington Administrative Code (WAC).

State funding makes up 70% of all school district operating (General Fund) revenues. The State appropriations to K–12 education (excluding construction) for the 2005–06 state fiscal year are summarized below:

2005–06 State Fiscal Year	Total (millions)	Percent of Total
Basic Education	\$4,243.1	75.15%
Special Education	466.8	8.27%
Student Achievement Fund	280.7	4.97%
Pupil Transportation	244.9	4.34%
Local Effort Assistance (LEA)	174.5	3.09%
Learning Assistance Program (LAP)	76.6	1.36%
Bilingual Education	60.7	1.07%
Education Reform	43.1	.76%
Institutional Education	19.3	.34%
State Administration	12.9	.23%
State Office (OSPI) Statewide Programs	10.2	.18%
Highly Capable (Gifted)	6.9	.12%
Educational Service Districts	3.7	.07%
Food Services	3.1	.05%
Total	\$5,646.5	100.00%

- Amounts shown are State appropriations for the 2005–06 state fiscal year from the 2005–07 Biennial Operating Appropriations Act (Part V, Education, Chapter 518, Laws of 2005, 2005 Regular Session). Amounts shown above include salary and benefit increases for school district and ESD staff.
- State Office (OSPI) Statewide programs – represents monies that flow through OSPI to school districts, ESDs, and other educational entities.

A. BASIC EDUCATION

Washington was the first state in the nation except for Hawaii, a single school district state, to assume the responsibility for a fully funded basic education program for its public school system. Basic education is an entitlement in Washington State. The Basic Education Act defines the basic education program in terms of a minimum program hour offering in the various grade levels (RCW 28A.150.220). In order to receive state basic education moneys, the school district's basic education program must be approved by the State Board of Education.

State funds, supplemented by certain school district resources, are distributed to school districts through the basic education funding formula to equalize education opportunities throughout the state. Washington's formula is now intended to provide equalization in three major aspects:

- **Program content**, as evidenced in the Basic Education Act of 1977 as amended.
- **The staffing and nonemployee allocations**, as evidenced in the formula set forth in the operating budget.
- **The resources**, at the prescribed level identified in the Basic Education Act and the operating budget without dependence on local property tax levies.

The basic education funding formula, in brief, begins with student enrollment. School districts report the number of full-time equivalent (FTE) students enrolled on the fourth school day of September and the first school day of October through May. (An FTE student is one enrolled four hours per day for Grades 1–3 and five hours per day for Grades 4–12.) These nine counts are then averaged to obtain an annual average FTE (AAFTE) enrollment. This enrollment is multiplied by various ratios to determine the number of allocated certificated instructional, certificated administrative and classified staff units.

These staff units are then translated into dollars by multiplying the units by the district's state-recognized salary level for instructional, administrative, and classified staff. Salary increases, benefits, and allocations for nonemployee-related costs and substitute teachers are then added into the formula. Certificated units generated by vocational education enrollment receive additional nonpersonnel cost allocations. Finally, several adjustments must be made before the allocation is determined.

As of October 2005, the average basic education allocation per FTE student in the 2005–06 school year is \$4,448. Each district's allocation per student varies based on the formula factors described below.

The state funding formula determines the state dollars allocated to each school district. Each school district determines the actual number and type of staff it will employ with the dollars generated by the formula. Salaries paid by school districts are also negotiated locally by the school district and its employees. State law sets a maximum average salary for basic education certificated instructional staff. State law also sets a minimum salary for a certificated instructional employee with a bachelor's degree and certificated instructional employee with a master's degree.

The following sections describe steps in the basic education funding formula in more detail.

a. Enrollment-Generated Staff Units

Each district’s basic education staff allocation is determined by using four basic elements.

- i. A ratio of certificated instructional staff (CIS) units for each 1000 FTE pupils enrolled. The ratios are:
 - For Grades K–3: minimum 49:1000 (20.4 pupils per staff)
 - For Grade 4: minimum 46:1000 (21.7 pupils per staff)
 - For Grades K–4: maximum 53.2:1000 (18.8 pupils per staff)
 - For Grades 5–12 46:1000 (21.7 pupils per staff)

Districts may receive funding for Grades K–4 at a ratio of 53.2:1000 (18.8 pupils per staff) if they demonstrate an actual ratio of 53.2:1000 or greater full-time basic education certificated instructional staff. For any school district documenting a lower ratio, the funding ratio is based on the district’s actual ratio achieved in 2005–06, or the minimum funding ratio, if greater. The minimum funding ratio used in generating K–4 CIS staff units is calculated as follows:

$$\begin{aligned}
 &\text{Minimum Funding 2005–06 K–4 BEA CIS Ratio} = \\
 &\quad (\text{Annual Average Grades K–3 FTE times 49} \\
 &\quad \quad \text{Plus} \\
 &\quad \quad \text{Annual Average Grade 4 FTE times 46}) \\
 &\quad \quad \text{Divided by} \\
 &\quad \quad \text{Annual Average Grades K–4 FTE}
 \end{aligned}$$

For the purposes of this formula, basic education certificated instructional staff means certificated teachers and certificated educational staff associates in the following programs as defined for statewide school district accounting purposes: basic education, secondary vocational education, skills centers, general instructional support, and general supportive services.

- ii. A ratio of certificated administrative staff (CAS) units for Grades K–12 of 4:1000 (250 pupils per staff).
- iii. A ratio of classified units for Grades K–12 of 16.67:1000 (60 pupils per staff).
- iv. A nonemployee-related cost (NERC) allocation for each certificated unit generated above.

The basic education allocation formula is for state apportionment and equalization purposes only and does not mandate specific operational functions of school districts other than those identified in:

- RCW 28A.150.220, Basic Education Act—Definitions—Program requirements—Program accessibility—Rules and regulations.
- RCW 28A.150.100, Basic education certificated instructional staff—Definition—Ratio to students “. . . In the 1988–89 school year and thereafter, each school district shall maintain a ratio of at least forty-six basic education certificated instructional staff to one thousand annual average full-time equivalent students.”
- RCW 28A.150.250, Annual basic education allocation of funds according to average FTE student enrollment—Student/teacher ratio standard which requires that the ratio of

students per classroom teacher in Grades K–3 be no greater than the ratio of students per classroom teacher in Grade 4 and above.

-
- RCW 28A.400.200, Salaries and compensation for employees which set minimum salaries and maximum average salaries for certificated instructional staff. (See Chapter 11 for additional information about salary policies.)

A district's FTE enrollment generates CIS and CAS units in accordance with the ratios in a.i. and a.ii. above, per 1000 FTE enrollment. FTE enrollment is determined by calculating total FTE

enrollment and subtracting the FTE enrollment of vocational-secondary programs and skills center programs and FTE enrollments for small school districts, remote and necessary (R&N) plants, and small high schools. Calculation of certificated units for small school districts, remote and necessary plants, and small high schools are described below.

Small Schools

For small school districts and remote and necessary plants with fewer than 25 FTE enrollment, the formula ensures the provision of a minimum number of certificated staff units. These minimum levels are as follows:

Program Level	FTE Enrollment		Instructional Staff Units	Administrative Staff Units
	>	To		
K–6	0	5	1.76	0.24
K–8	0	5	1.68	0.32
K–6	5	25	$1.76 + [(FTE - 5)/20]$	0.24
K–8	5	25	$1.68 + [(FTE - 5)/10]$	0.32

For small school districts and remote and necessary plants with 25 or more FTE enrollment but not more than 100 FTE in Grades K–8, the formula provides certificated staff units as follows:

Program Level	FTE Enrollment Up to	Minimum Instructional Staff Units	Minimum Administrative Staff Units
K–6	60	2.76	0.24
7–8	20	0.92	0.08

For K–6 programs with FTE enrollment of more than 60 and 7–8 programs with FTE enrollment of more than 20, staff units are calculated based on the regular ratio described above.

For nonhigh districts meeting the enrollment conditions described below, the formula provides an additional 0.5 certificated instructional staff unit. The enrollment conditions and additional units are provided as follows:

Program Level	FTE Enrollment Between	Additional Instructional Staff Units
K–8	70 and 180 FTE	0.5
K–6 or 1–6	50 and 180 FTE	0.5

For districts operating not more than two high schools having total Grades 9–12 FTE enrollment of not more than 300 in each high school, the formula ensures a minimum number of certificated staff units. This does not apply to alternative schools. The FTE enrollment used for determining eligibility includes vocational FTE. Staff units are reduced at the rate of 46 certificated instructional staff units and four certificated administrative staff units per 1000 vocational FTE. For districts meeting the above criteria, the formulas for calculating certificated instructional and certificated administrative staff units are as follows:

R&N Plants with High School Students*

Instr.	4.5 - [Voc FTE X .046]
Admin.	0.25 - [Voc FTE X .004]

60 or less High School FTE

Instr.	9.0 - [Voc FTE X .046]
Admin.	0.5 - [Voc FTE X .004]

60 to 300 High School FTE

Instr.	9.0 + [(FTE - 60)/43.5 X .8732] - [Voc FTE X .046]
Admin.	0.5 + [(FTE - 60)/43.5 X .1268] - [Voc FTE X .004]

* For remote and necessary schools with Grades 9–12 students and total K–12 FTE enrollment of 25 or less.

One classified staff unit is allowed for every three certificated staff units in the small schools discussed above and an additional one-half of a classified unit is provided for any nonhigh school district with an enrollment between 50 and 180.

The small school factor takes into consideration the sparsity factor over which many of our small schools have no control. During 2004–05 there were seven small districts and eight remote and necessary plants with enrollment under 25 FTE, 32 small districts and four remote and necessary plants with enrollment between 25 and 100 FTE, 14 nonhigh districts that received 0.5 additional certificated instructional staff units, and 99 school districts that had small high schools.

<u>Small Schools</u>	<u>Number</u>
Districts with less than 25 FTE	7
R&N plants with less than 25 FTE	8
Districts with 25–100 FTE	32
R&N plants with 25–100 FTE	3
Nonhighs between 50–180 FTE	14
Small high schools (under 300 FTE)	99

* One district has two small high schools.

Vocational-Secondary and Skills Centers

The formula also includes factors for approved secondary vocational education programs.

- FTE enrollment for vocational-secondary and skills centers is determined by dividing approved vocational-secondary enrollment hours by 900.
- Vocational-secondary enrollment generates 0.92 of a CIS unit and .08 of a CAS unit per 19.5 FTE students in approved vocational classes.
- Skills center enrollment generates 0.92 of a certificated instructional staff unit and 0.08 of a certificated administrative staff unit per 16.67 FTE enrollment in approved vocational classes.

Enrollment Increases

Special consideration has been given to districts that experience an increase in enrollment during a given month. Districts must meet the following conditions to be eligible:

- Total FTE enrollment of at least 250.

- An FTE enrollment count for at least one day during a given month that exceeds the first of the month FTE count by 5 percent or more.

Districts meeting the above conditions receive an additional allocation of 110 percent of the per-pupil allocation multiplied by the increase in FTE. This increase in FTE is determined by

subtracting the first-of-the-month FTE count from the highest monthly FTE count, then dividing by nine to obtain an annualized count.

One classified staff unit is allowed for every three certificated staff units in schools with enrollment increases.

Private School, Home-Based Students and Summer Enrollments

In addition, the formula provides for funding to school districts for some summer enrollments and private school or home-based students receiving ancillary services. The actual total number of hours served are divided by 900 to convert hours to annual average full-time equivalent students. School districts were funded for approximately 390 summer annual average FTEs in 2004–05 and 100 FTEs for ancillary services to private school and home-based students. Additionally private school and home-based students are eligible to enroll in school districts on a part-time basis. The actual hours of attendance for these students is converted to an FTE and included in the basic education enrollment reported which is used to calculate the district's funding for basic education.

Running Start

Students enrolled in a community college or technical college under the Running Start program (see Chapter 12 Section B.) are reported and funded separately. Running Start enrollment is funded at a uniform statewide rate estimated at \$4,166 per AAFTE nonvocational student and \$4,935 per AAFTE vocational student for 2005–06. Moneys generated by Running Start students are collected by the school district and paid to the community or technical college. School districts may retain up to 7 percent of moneys generated by Running Start enrollment.

b. Certificated Instructional Salaries

Certificated instructional staff unit salary allocations are calculated using the school district's "derived base salary" together with the district's "staff mix factor." The purpose of using the district staff mix factor is to provide more funding to districts that have staff with more education and educational work experience. This is done because professional educational staff are paid on the basis of education and experience. Thus, the formula recognizes this cost factor.

The Legislative Evaluation and Accountability Program (LEAP) Committee, a research arm of the Legislature, developed staff weighting tables (called LEAP Document 1Sb) which reflect a format similar to a school district salary schedule for certificated employees. (See Figure 7.)

The numerical factors shown at each step of the LEAP Document 1Sb indicate how much greater the salary recognized at that step is than the starting base salary, due to an employee's experience and education.

The staff mix factors of a district are determined by placing each of the district's certificated instructional employees on LEAP Document 1Sb for 2005–06 according to their actual experience and education and computing an average mix factor for each year. The average mix factor reflects the district's average certificated staff experience and education. Such average mix factors are computed for funding basic education and state institutional education programs.

The school district's derived base salary or derived starting salary for a certificated employee with a bachelor's degree and no educational experience is computed by dividing the actual average basic education certificated staff salary of a district by the district's average basic education staff mix factor. Stated as an equation:

$$\text{Derived Base Salary} = \text{Actual Average Salary} \div \text{Staff Mix Factor}$$

Funding is provided for maintenance of the school district's legislatively authorized certificated instructional salaries for basic education.

- i. "Maintenance salaries" are the continuation of the previous biennium's salary allocation levels. For 2005–06 the certificated instructional staff (CIS) unit salary maintenance allocation is determined by multiplying the district's formula-generated CIS units (described in 1. above) by the district's 2004–05 certificated instructional derived base salary shown on LEAP Document 12E, and then multiplying the result by the district's

2005–06 CIS mix factor computed using LEAP Document 1Sb. (See Figure 8 for LEAP Document 12E.)

- ii. The CIS salary increase allocation is the difference between the maintenance allocation above and the formula-generated CIS units multiplied by the following:
 - For any district with a 2004–05 salary allocation of \$30,023 on LEAP Document 12E, the district's average salary determined by placing the district's actual full-time equivalent basic education CIS for 2005–06 on the 2005–06 salary allocation schedule.
 - For any district with a 2004–05 salary allocation greater than \$30,023 on LEAP Document 12E, the district's 2005–06 LEAP Document 12E base salary multiplied by the district's CIS mix factor computed using LEAP Document 1Sb.

For the 2005–06 school year, this results in a 1.2% salary increase.

Initiative 732 was approved by the voters of Washington State in 2000. This initiative provides cost-of-living salary adjustments to school employees based on the Puget Sound area consumer price index (CPI) as determined by the U. S. Department of Labor, Bureau of Labor Statistics. The Legislature suspended Initiative 732 in 2003 for the 2003–04 and 2004–05 school years. In the 2005–07 biennial budget, the Legislature resumed the initiative requirements commencing with the 2005–06 school year.

c. **Certificated Administrative Salaries**

Certificated administrative staff unit salary allocations are calculated using the school district's average certificated administrative salary as developed by the LEAP Committee.

Funding is provided for maintenance of the school district's legislatively authorized certificated administrative salaries for basic education.

- i. "Maintenance salaries" are the continuation of the previous biennium's salary levels. For 2005–06 the certificated administrative staff (CAS) unit salary maintenance allocation is determined by multiplying the district's formula-generated CAS units by the district's 2004–05 certificated administrative average salary shown on LEAP Document 12E.

- ii. The CAS unit salary increase for 2005–06 is 1.2% of the districts 2004–05 LEAP document 12E certificated administration salary, further multiplied by the formula generated CAS units.

d. Classified Salaries

Funding is provided for maintenance of the school district's legislatively authorized classified salaries for basic education.

- i. Classified staff unit maintenance salary allocation for basic education for 2005–06 is determined by multiplying the 2004–05 district classified salary as shown on LEAP Document 12E by the formula classified staff units.
- ii. The classified staff unit salary increase for 2005–06 is 1.2% of the districts 2004–05 LEAP document 12E classified salary, and multiplied by the formula generated classified staff units.

**Figure 7 – LEAP Documents 1Sb
Table of Staff Mix Factors for Certificated Instructional Staff
2005–06**

YEARS OF SERVICE	EDUCATION EXPERIENCE								MA+90 OR PHD
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	
0	1.00000	1.02701	1.05499	1.08304	1.17303	1.23099	1.19891	1.28891	1.34693
1	1.01346	1.04084	1.06918	1.09846	1.18939	1.24704	1.21224	1.30317	1.36079
2	1.02628	1.05393	1.08257	1.11411	1.20478	1.26303	1.22566	1.31632	1.37458
3	1.03950	1.06741	1.09636	1.12890	1.21940	1.27905	1.23838	1.32881	1.38850
4	1.05246	1.08160	1.11072	1.14439	1.23542	1.29551	1.25171	1.34274	1.40286
5	1.06585	1.09513	1.12454	1.16008	1.25077	1.31206	1.26526	1.35599	1.41728
6	1.07961	1.10825	1.13866	1.17597	1.26623	1.32785	1.27915	1.36942	1.43100
7	1.10379	1.13286	1.16367	1.20301	1.29461	1.35793	1.30517	1.39673	1.46008
8	1.13919	1.16984	1.20138	1.24398	1.33681	1.40246	1.34610	1.43896	1.50458
9		1.20814	1.24125	1.28538	1.38038	1.44826	1.38747	1.48253	1.55041
10			1.28158	1.32891	1.42517	1.49532	1.43104	1.52733	1.59744
11				1.37371	1.47207	1.54362	1.47584	1.57423	1.64574
12				1.41708	1.52023	1.59391	1.52240	1.62236	1.69607
13					1.56956	1.64544	1.57060	1.67169	1.74756
14					1.61913	1.69890	1.62022	1.72451	1.80105
15					1.66126	1.74310	1.66233	1.76934	1.84788
16 or more					1.69447	1.77794	1.69557	1.80472	1.88482

Source: Legislative Evaluation and Accountability Program Committee.

Figure 8 – LEAP Document 12E – Extract

<u>School District</u>	Salary Allocations For Certificated Instructional Staff		Salary Allocations For Certificated Administrative Staff		Salary Allocations For Classified Staff	
	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>
01 109 Washtucna	30,023	30,383	57,937	58,632	26,932	27,255
01 122 Benge	30,229	30,592	35,627	45,000	28,640	28,984
01 147 Othello	30,023	30,383	49,430	50,023	28,044	28,381
01 158 Lind	30,023	30,383	64,085	64,854	26,792	27,114
01 160 Ritzville	30,023	30,383	55,390	56,055	28,189	28,527
02 250 Clarkston	30,023	30,383	52,172	52,798	28,118	28,455
02 420 Asotin-Anatone	30,023	30,383	50,549	51,156	25,365	25,669
03 017 Kennewick	30,023	30,383	48,474	49,056	27,687	28,019
03 050 Paterson	30,023	30,383	50,805	51,415	24,451	24,744
03 052 Kiona-Benton City	30,023	30,383	54,512	55,166	27,910	28,245
03 053 Finley	30,023	30,383	53,306	53,946	27,732	28,065
03 116 Prosser	30,023	30,383	55,506	56,172	27,652	27,984
03 400 Richland	30,023	30,383	51,995	52,619	27,806	28,140
04 019 Manson	30,023	30,383	57,657	58,349	27,706	28,038
04 069 Stehekin	30,023	30,383	59,028	59,736	22,613	22,884
04 127 Entiat	30,023	30,383	68,107	68,924	27,199	27,525
04 129 Lake Chelan	30,865	31,235	47,794	48,368	28,321	28,661
04 222 Cashmere	30,023	30,383	61,976	62,720	28,094	28,431
04 228 Cascade	30,023	30,383	55,808	56,478	27,708	28,040
04 246 Wenatchee	30,191	30,553	54,080	54,729	28,136	28,474
05 121 Port Angeles	30,023	30,383	54,671	55,327	27,558	27,889
05 313 Crescent	30,023	30,383	56,446	57,123	27,604	27,935
05 323 Sequim	30,023	30,383	49,287	49,878	28,118	28,455
05 401 Cape Flattery	30,023	30,383	54,820	55,478	27,525	27,855
05 402 Quillayute Valley	30,023	30,383	53,272	53,911	27,688	28,020
06 037 Vancouver	30,023	30,383	54,319	54,971	27,719	28,052
06 098 Hockinson	30,023	30,383	55,271	55,934	25,983	26,295
06 101 La Center	30,023	30,383	56,002	56,674	25,363	25,667
06 103 Green Mountain	30,230	30,593	70,707	71,555	27,233	27,560
06 112 Washougal	30,023	30,383	50,842	51,452	28,224	28,563
06 114 Evergreen (Clark)	30,023	30,383	49,071	49,660	27,832	28,166
06 117 Camas	30,023	30,383	57,580	58,271	28,237	28,576
06 119 Battle Ground	30,023	30,383	53,231	53,870	27,609	27,940
06 122 Ridgefield	30,023	30,383	55,950	56,621	27,568	27,899
07 002 Dayton	30,023	30,383	48,540	49,122	27,944	28,279
07 035 Starbuck	30,023	30,383	32,770	45,000	25,444	25,749
08 122 Longview	30,023	30,383	51,156	51,770	27,800	28,134
08 130 Toutle Lake	30,023	30,383	60,564	61,291	28,296	28,636
08 401 Castle Rock	30,023	30,383	51,199	51,813	28,721	29,066
08 402 Kalama	30,023	30,383	52,099	52,724	26,992	27,316
08 404 Woodland	30,023	30,383	52,226	52,853	27,789	28,122
08 458 Kelso	30,069	30,430	51,493	52,111	27,451	27,780
09 013 Orondo	31,865	32,247	48,800	49,386	25,550	25,857
09 075 Bridgeport	30,023	30,383	55,966	56,638	28,495	28,837
09 102 Palisades	30,023	30,383	31,752	45,000	27,746	28,079
09 206 Eastmont	30,342	30,706	54,248	54,899	27,517	27,847
09 207 Mansfield	30,023	30,383	68,055	68,872	28,518	28,860
09 209 Waterville	30,023	30,383	52,319	52,947	27,878	28,213
10 003 Keller	30,023	30,383	35,859	45,000	27,088	27,413
10 050 Curlew	30,023	30,383	68,043	68,860	27,621	27,952

Source: Legislative Evaluation and Accountability Program Committee.

The "Salary Allocation" shown for certificated instructional staff reflects the base salaries before weighting for experience and training of staff (LEAP 1Sa mix factors). Base salaries include the two additional learning improvement days that are available to the districts.

Figure 8 - LEAP Document 12E - Extract

School District	Salary Allocations For Certificated Instructional Staff		Salary Allocations For Certificated Administrative Staff		Salary Allocations For Classified Staff	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
10 065 Orient	30,023	30,383	63,076	63,833	28,105	28,442
10 070 Inchelium	30,023	30,383	59,310	60,022	26,700	27,020
10 309 Republic	30,023	30,383	48,416	48,997	27,058	27,383
11 001 Pasco	30,023	30,383	51,309	51,925	28,159	28,497
11 051 North Franklin	30,023	30,383	52,826	53,460	27,695	28,027
11 054 Star	30,023	30,383	40,052	45,000	22,752	23,025
11 056 Kahlotus	30,023	30,383	51,540	52,158	25,647	25,955
12 110 Pomeroy	30,023	30,383	56,691	57,371	28,209	28,548
13 073 Wahluke	30,023	30,383	61,306	62,042	26,387	26,704
13 144 Quincy	30,023	30,383	52,236	52,863	28,167	28,505
13 146 Warden	30,023	30,383	54,281	54,932	27,967	28,303
13 151 Coulee-Hartline	30,023	30,383	58,267	58,966	26,721	27,042
13 156 Soap Lake	30,023	30,383	50,340	50,944	28,144	28,482
13 160 Royal	30,023	30,383	51,921	52,544	27,780	28,113
13 161 Moses Lake	30,023	30,383	52,547	53,178	27,304	27,632
13 165 Ephrata	30,023	30,383	50,685	51,293	26,845	27,167
13 167 Wilson Creek	30,023	30,383	72,588	73,459	28,055	28,392
13 301 Grand Coulee Dam	30,023	30,383	51,111	51,724	27,201	27,527
14 005 Aberdeen	30,023	30,383	52,115	52,740	27,734	28,067
14 028 Hoquiam	30,023	30,383	54,127	54,777	27,563	27,894
14 064 North Beach	30,023	30,383	59,326	60,038	28,017	28,353
14 065 McCleary	30,371	30,735	55,389	56,054	29,251	29,602
14 066 Montesano	30,023	30,383	51,755	52,376	28,006	28,342
14 068 Elma	30,023	30,383	51,753	52,374	29,023	29,371
14 077 Taholah	30,238	30,601	66,241	67,036	26,566	26,885
14 097 Quinalt	30,023	30,383	52,315	52,943	28,366	28,706
14 099 Cosmopolis	30,047	30,408	51,923	52,546	26,021	26,333
14 104 Satsop	30,023	30,383	34,119	45,000	25,078	25,379
14 117 Wishkah Valley	30,023	30,383	66,229	67,024	28,894	29,241
14 172 Ocosta	30,023	30,383	51,434	52,051	28,325	28,665
14 400 Oakville	30,023	30,383	71,090	71,943	29,042	29,391
15 201 Oak Harbor	30,615	30,982	49,849	50,447	27,614	27,945
15 204 Coupeville	30,023	30,383	51,130	51,744	26,707	27,027
15 206 South Whidbey	30,023	30,383	51,877	52,500	28,493	28,835
16 020 Queets-Clearwater	30,023	30,383	53,421	54,062	28,365	28,705
16 046 Brinnon	30,023	30,383	39,925	45,000	24,258	24,549
16 048 Quilcene	30,023	30,383	71,604	72,463	26,979	27,303
16 049 Chimacum	30,023	30,383	53,372	54,012	28,783	29,128
16 050 Port Townsend	30,095	30,456	48,305	48,885	27,482	27,812
17 001 Seattle	30,623	30,990	52,952	53,587	32,495	32,885
17 210 Federal Way	30,023	30,383	48,174	48,752	27,582	27,913
17 216 Enumclaw	30,023	30,383	51,346	51,962	27,426	27,755
17 400 Mercer Island	30,023	30,383	55,859	56,529	28,390	28,731
17 401 Highline	30,023	30,383	55,193	55,855	27,910	28,245
17 402 Vashon Island	30,023	30,383	57,364	58,052	26,472	26,790
17 403 Renton	30,023	30,383	51,660	52,280	28,031	28,367

Source: Legislative Evaluation and Accountability Program Committee.

The "Salary Allocation" shown for certificated instructional staff reflects the base salaries before weighting for experience and training of staff (LEAP 1Sa mix factors). Base salaries include the two additional learning improvement days that are available to the districts.

Figure 8 - LEAP Document 12E - Extract

School District	Salary Allocations For Certificated Instructional Staff		Salary Allocations For Certificated Adminstrative Staff		Sallary Allocations For Classified Staff	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
17 404 Skykomish	30,023	30,383	74,541	75,435	28,326	28,666
17 405 Bellevue	30,104	30,465	54,101	54,750	30,490	30,856
17 406 Tukwila	30,023	30,383	61,890	62,633	27,938	28,273
17 407 Riverview	30,023	30,383	55,060	55,721	27,262	27,589
17 408 Auburn	30,023	30,383	50,932	51,543	27,989	28,325
17 409 Tahoma	30,023	30,383	51,045	51,658	28,301	28,641
17 410 Snoqualmie Valley	30,023	30,383	50,119	50,720	27,428	27,757
17 411 Issaquah	30,023	30,383	52,722	53,355	27,314	27,642
17 412 Shoreline	30,023	30,383	55,763	56,432	29,537	29,891
17 414 Lake Washington	30,173	30,535	54,042	54,691	27,984	28,320
17 415 Kent	30,023	30,383	50,085	50,686	27,718	28,051
17 417 Northshore	31,682	32,062	50,567	51,174	28,551	28,894
18 100 Bremerton	30,023	30,383	52,049	52,674	29,153	29,503
18 303 Bainbridge Island	30,023	30,383	53,585	54,228	27,697	28,029
18 400 North Kitsap	30,023	30,383	51,407	52,024	28,577	28,920
18 401 Central Kitsap	30,023	30,383	50,732	51,341	27,244	27,571
18 402 South Kitsap	30,023	30,383	52,501	53,131	28,252	28,591
19 007 Damman	30,023	30,383	31,568	45,000	21,479	21,737
19 028 Easton	30,023	30,383	50,138	50,740	27,641	27,973
19 400 Thorp	30,198	30,560	51,336	51,952	28,882	29,229
19 401 Ellensburg	30,023	30,383	52,391	53,020	27,531	27,861
19 403 Kittitas	30,023	30,383	52,470	53,100	27,579	27,910
19 404 Cle Elum-Roslyn	30,023	30,383	55,141	55,803	28,158	28,496
20 094 Wishram	30,023	30,383	63,877	64,644	26,621	26,940
20 203 Bickleton	30,023	30,383	63,839	64,605	27,871	28,205
20 215 Centerville	30,096	30,457	34,048	45,000	27,328	27,656
20 400 Trout Lake	30,023	30,383	56,450	57,127	24,417	24,710
20 401 Glenwood	30,023	30,383	56,861	57,543	27,748	28,081
20 402 Klickitat	30,023	30,383	61,778	62,519	24,143	24,433
20 403 Roosevelt	30,023	30,383	35,764	45,000	23,778	24,063
20 404 Goldendale	30,023	30,383	50,298	50,902	27,445	27,774
20 405 White Salmon	30,023	30,383	57,792	58,486	27,285	27,612
20 406 Lyle	30,023	30,383	58,034	58,730	27,253	27,580
21 014 Napavine	30,023	30,383	59,359	60,071	28,203	28,541
21 018 Vader	31,020	31,392	44,339	45,000	26,573	26,892
21 036 Evaline	30,222	30,585	30,583	45,000	26,599	26,918
21 206 Mossyrock	30,023	30,383	56,973	57,657	27,070	27,395
21 214 Morton	30,023	30,383	55,024	55,684	28,359	28,699
21 226 Adna	30,023	30,383	59,993	60,713	26,105	26,418
21 232 Winlock	30,023	30,383	53,878	54,525	27,244	27,571
21 234 Boistfort	30,296	30,660	53,083	53,720	23,698	23,982
21 237 Toledo	30,023	30,383	53,500	54,142	27,247	27,574
21 300 Onalaska	30,023	30,383	52,500	53,130	27,556	27,887
21 301 Pe Ell	30,023	30,383	58,920	59,627	28,690	29,034
21 302 Chehalis	30,023	30,383	51,033	51,645	27,943	28,278
21 303 White Pass	30,023	30,383	51,721	52,342	26,789	27,110

Source: Legislative Evaluation and Accountability Program Committee.

The "Salary Allocation" shown for certificated instructional staff reflects the base salaries before weighting for experience and training of staff (LEAP 1Sa mix factors). Base salaries include the two additional learning improvement days that are available to the districts.

Figure 8 - LEAP Document 12E - Extract

School District	Salary Allocations For Certificated Instructional Staff		Salary Allocations For Certificated Administrative Staff		Salary Allocations For Classified Staff	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
21 401 Centralia	30,023	30,383	55,727	56,396	27,282	27,609
22 008 Sprague	30,023	30,383	58,380	59,081	28,273	28,612
22 009 Reardan-Edwall	30,023	30,383	52,408	53,037	27,332	27,660
22 017 Almira	30,023	30,383	66,477	67,275	26,434	26,751
22 073 Creston	30,023	30,383	65,941	66,732	26,793	27,115
22 105 Odessa	30,023	30,383	55,191	55,853	27,235	27,562
22 200 Wilbur	30,023	30,383	63,405	64,166	27,031	27,355
22 204 Harrington	30,023	30,383	74,541	75,435	26,962	27,286
22 207 Davenport	30,023	30,383	56,136	56,810	27,832	28,166
23 042 Southside	30,877	31,247	35,868	45,000	26,181	26,495
23 054 Grapeview	30,023	30,383	55,478	56,144	25,317	25,621
23 309 Shelton	30,023	30,383	53,556	54,199	28,248	28,587
23 311 Mary M. Knight	30,023	30,383	65,627	66,415	28,632	28,976
23 402 Pioneer	30,023	30,383	44,210	45,000	26,058	26,371
23 403 North Mason	30,023	30,383	48,467	49,049	28,174	28,512
23 404 Hood Canal	30,023	30,383	53,497	54,139	29,230	29,581
24 014 Nespelem	30,023	30,383	60,154	60,876	25,604	25,911
24 019 Omak	30,023	30,383	55,684	56,352	27,257	27,584
24 105 Okanogan	30,023	30,383	52,714	53,347	28,489	28,831
24 111 Brewster	30,023	30,383	52,110	52,735	28,216	28,555
24 122 Pateros	30,023	30,383	52,345	52,973	27,618	27,949
24 350 Methow Valley	30,023	30,383	63,176	63,934	28,328	28,668
24 404 Tonasket	30,023	30,383	53,897	54,544	27,154	27,480
24 410 Oroville	30,023	30,383	51,652	52,272	28,735	29,080
25 101 Ocean Beach	30,023	30,383	57,765	58,458	27,440	27,769
25 116 Raymond	30,023	30,383	53,351	53,991	27,542	27,873
25 118 South Bend	30,023	30,383	50,098	50,699	27,387	27,716
25 155 Naselle-Grays River Valley	30,023	30,383	61,168	61,902	27,156	27,482
25 160 Willapa Valley	30,023	30,383	48,972	49,560	27,356	27,684
25 200 North River	30,023	30,383	58,355	59,055	25,595	25,902
26 056 Newport	30,023	30,383	51,294	51,910	27,311	27,639
26 059 Cusick	30,023	30,383	64,728	65,505	27,946	28,281
26 070 Selkirk	30,023	30,383	49,736	50,333	26,731	27,052
27 001 Steilacoom Historical	30,023	30,383	52,996	53,632	28,311	28,651
27 003 Puyallup	31,031	31,403	49,765	50,362	27,900	28,235
27 010 Tacoma	30,023	30,383	49,721	50,318	30,884	31,255
27 019 Carbonado	30,023	30,383	62,566	63,317	26,915	27,238
27 083 University Place	30,023	30,383	48,400	48,981	27,197	27,523
27 320 Sumner	30,079	30,440	52,301	52,929	27,652	27,984
27 343 Dieringer	30,023	30,383	56,040	56,712	27,847	28,181
27 344 Orting	30,023	30,383	52,748	53,381	27,478	27,808
27 400 Clover Park	30,023	30,383	52,470	53,100	27,466	27,796
27 401 Peninsula	30,023	30,383	53,790	54,435	28,169	28,507
27 402 Franklin Pierce	30,023	30,383	55,458	56,123	27,341	27,669
27 403 Bethel	30,023	30,383	52,873	53,507	28,095	28,432
27 404 Eatonville	30,260	30,623	51,022	51,634	27,644	27,976

Source: Legislative Evaluation and Accountability Program Committee.

The "Salary Allocation" shown for certificated instructional staff reflects the base salaries before weighting for experience and training of staff (LEAP 1Sa mix factors). Base salaries include the two additional learning improvement days that are available to the districts.

Figure 8 - LEAP Document 12E - Extract

School District	Salary Allocations For Certificated Instructional Staff		Salary Allocations For Certificated Administrative Staff		Salary Allocations For Classified Staff	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
27 416 White River	30,023	30,383	51,267	51,882	27,835	28,169
27 417 Fife	30,023	30,383	53,518	54,160	27,650	27,982
28 010 Shaw Island	30,998	31,370	43,188	45,000	29,802	30,160
28 137 Orcas Island	30,023	30,383	49,319	49,911	28,228	28,567
28 144 Lopez Island	30,747	31,116	55,455	56,120	27,847	28,181
28 149 San Juan Island	30,023	30,383	54,273	54,924	27,838	28,172
29 011 Concrete	30,023	30,383	56,420	57,097	26,721	27,042
29 100 Burlington-Edison	30,023	30,383	51,861	52,483	26,972	27,296
29 101 Sedro-Woolley	30,023	30,383	48,955	49,542	28,241	28,580
29 103 Anacortes	30,023	30,383	52,848	53,482	27,985	28,321
29 311 La Conner	30,023	30,383	58,098	58,795	28,038	28,374
29 317 Conway	30,023	30,383	55,359	56,023	26,399	26,716
29 320 Mount Vernon	30,023	30,383	48,487	49,069	27,501	27,831
30 002 Skamania	30,023	30,383	64,616	65,391	29,979	30,339
30 029 Mount Pleasant	30,023	30,383	32,227	45,000	31,114	31,487
30 031 Mill A	30,023	30,383	47,344	47,912	28,572	28,915
30 303 Stevenson-Carson	30,023	30,383	51,887	52,510	27,100	27,425
31 002 Everett	31,927	32,310	55,256	55,919	29,633	29,989
31 004 Lake Stevens	30,023	30,383	57,275	57,962	28,033	28,369
31 006 Mukilteo	30,780	31,149	54,185	54,835	27,313	27,641
31 015 Edmonds	30,386	30,751	53,371	54,011	27,440	27,769
31 016 Arlington	30,023	30,383	51,823	52,445	28,044	28,381
31 025 Marysville	31,588	31,967	51,396	52,013	27,594	27,925
31 063 Index	30,023	30,383	33,037	45,000	27,886	28,221
31 103 Monroe	30,023	30,383	53,374	54,014	27,199	27,525
31 201 Snohomish	30,023	30,383	54,484	55,138	28,149	28,487
31 306 Lakewood	30,023	30,383	51,002	51,614	27,670	28,002
31 311 Sultan	30,023	30,383	48,890	49,477	27,304	27,632
31 330 Darrington	30,229	30,592	59,716	60,433	26,984	27,308
31 332 Granite Falls	30,023	30,383	51,335	51,951	28,104	28,441
31 401 Stanwood	30,023	30,383	50,292	50,896	27,555	27,886
32 081 Spokane	30,023	30,383	50,250	50,853	27,160	27,486
32 123 Orchard Prairie	30,023	30,383	31,355	45,000	27,639	27,971
32 312 Great Northern	30,023	30,383	33,011	45,000	26,194	26,508
32 325 Nine Mile Falls	30,023	30,383	56,547	57,226	27,282	27,609
32 326 Medical Lake	30,023	30,383	50,511	51,117	27,761	28,094
32 354 Mead	30,023	30,383	47,789	48,362	27,678	28,010
32 356 Central Valley	30,023	30,383	48,672	49,256	28,456	28,797
32 358 Freeman	30,023	30,383	50,842	51,452	28,202	28,540
32 360 Cheney	30,023	30,383	52,595	53,226	27,775	28,108
32 361 East Valley (Spokane)	30,023	30,383	51,116	51,729	27,539	27,869
32 362 Liberty	30,023	30,383	53,218	53,857	27,386	27,715
32 363 West Valley (Spokane)	30,023	30,383	56,226	56,901	27,473	27,803
32 414 Deer Park	30,023	30,383	52,435	53,064	27,841	28,175
32 416 Riverside	30,023	30,383	52,674	53,306	28,072	28,409
33 030 Onion Creek	30,023	30,383	35,305	45,000	26,459	26,777

Source: Legislative Evaluation and Accountability Program Committee.

The "Salary Allocation" shown for certificated instructional staff reflects the base salaries before weighting for experience and training of staff (LEAP 1Sa mix factors). Base salaries include the two additional learning improvement days that are available to the districts.

Figure 8 - LEAP Document 12E - Extract

School District	Salary Allocations For Certificated Instructional Staff		Salary Allocations For Certificated Administrative Staff		Salary Allocations For Classified Staff	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
33 036 Chewelah	30,023	30,383	51,175	51,789	28,682	29,026
33 049 Wellpinit	30,023	30,383	66,178	66,972	25,904	26,215
33 070 Valley	30,023	30,383	56,953	57,636	28,050	28,387
33 115 Colville	30,023	30,383	49,925	50,524	25,341	25,645
33 183 Loon Lake	30,222	30,585	50,028	50,628	22,036	22,300
33 202 Summit Valley	30,023	30,383	33,028	45,000	24,301	24,593
33 205 Evergreen (Stevens)	30,023	30,383	37,034	45,000	23,679	23,963
33 206 Columbia (Stevens)	30,023	30,383	74,541	75,435	27,912	28,247
33 207 Mary Walker	30,023	30,383	57,432	58,121	25,218	25,521
33 211 Northport	30,023	30,383	60,861	61,591	27,994	28,330
33 212 Kettle Falls	30,023	30,383	50,224	50,827	28,409	28,750
34 002 Yelm	30,023	30,383	54,270	54,921	27,823	28,157
34 003 North Thurston	30,023	30,383	51,362	51,978	27,084	27,409
34 033 Tumwater	30,023	30,383	54,536	55,190	27,128	27,454
34 111 Olympia	30,023	30,383	52,893	53,528	28,170	28,508
34 307 Rainier	30,023	30,383	54,509	55,163	27,279	27,606
34 324 Griffin	30,023	30,383	45,338	45,882	27,048	27,373
34 401 Rochester	30,023	30,383	50,447	51,052	28,077	28,414
34 402 Tenino	30,023	30,383	48,745	49,330	27,870	28,204
35 200 Wahkiakum	30,023	30,383	49,663	50,259	27,410	27,739
36 101 Dixie	30,023	30,383	56,259	56,934	25,573	25,880
36 140 Walla Walla	30,023	30,383	51,577	52,196	28,038	28,374
36 250 College Place	30,023	30,383	52,695	53,327	27,727	28,060
36 300 Touchet	30,023	30,383	53,079	53,716	25,145	25,447
36 400 Columbia (Walla Walla)	30,023	30,383	50,757	51,366	27,184	27,510
36 401 Waitsburg	30,023	30,383	62,506	63,256	27,100	27,425
36 402 Prescott	30,023	30,383	60,801	61,531	29,199	29,549
37 501 Bellingham	30,023	30,383	51,775	52,396	27,221	27,548
37 502 Ferndale	30,023	30,383	53,882	54,529	27,613	27,944
37 503 Blaine	30,023	30,383	54,037	54,685	28,504	28,846
37 504 Lynden	30,023	30,383	47,678	48,250	27,739	28,072
37 505 Meridian	30,023	30,383	49,338	49,930	27,553	27,884
37 506 Nooksack Valley	30,023	30,383	49,964	50,564	28,172	28,510
37 507 Mount Baker	30,023	30,383	49,161	49,751	27,222	27,549
38 126 Lacrosse	30,023	30,383	61,655	62,395	28,472	28,814
38 264 Lamont	30,023	30,383	57,555	58,246	27,811	28,145
38 265 Tekoa	30,023	30,383	68,739	69,564	28,025	28,361
38 267 Pullman	30,023	30,383	51,130	51,744	28,302	28,642
38 300 Colfax	30,023	30,383	51,544	52,163	27,998	28,334
38 301 Palouse	30,023	30,383	61,140	61,874	28,474	28,816
38 302 Garfield	30,023	30,383	59,841	60,559	26,747	27,068
38 304 Steptoe	30,023	30,383	37,582	45,000	28,541	28,883
38 306 Colton	30,023	30,383	61,963	62,707	26,771	27,092
38 308 Endicott	30,023	30,383	68,765	69,590	25,593	25,900
38 320 Rosalia	30,023	30,383	64,854	65,632	28,202	28,540
38 322 St. John	30,023	30,383	74,541	75,435	27,306	27,634

Figure 8 - LEAP Document 12E - Extract

School District	Salary Allocations For Certificated Instructional Staff		Salary Allocations For Certificated Administrative Staff		Salary Allocations For Classified Staff	
	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>
38 324 Oakesdale	30,023	30,383	67,078	67,883	25,803	26,113
39 002 Union Gap	30,023	30,383	56,661	57,341	27,505	27,835
39 003 Naches Valley	30,023	30,383	55,159	55,821	27,636	27,968
39 007 Yakima	30,023	30,383	56,230	56,905	28,218	28,557
39 090 East Valley (Yakima)	30,023	30,383	52,021	52,645	28,422	28,763
39 119 Selah	30,023	30,383	55,332	55,996	28,129	28,467
39 120 Mabton	30,023	30,383	58,618	59,321	29,043	29,392
39 200 Grandview	30,023	30,383	53,046	53,683	26,793	27,115
39 201 Sunnyside	30,023	30,383	47,745	48,318	27,134	27,460
39 202 Toppenish	30,048	30,409	55,428	56,093	27,331	27,659
39 203 Highland	30,023	30,383	56,070	56,743	27,742	28,075
39 204 Granger	30,023	30,383	54,738	55,395	27,244	27,571
39 205 Zillah	30,023	30,383	54,220	54,871	27,518	27,848
39 207 Wapato	30,023	30,383	53,389	54,030	26,882	27,205
39 208 West Valley (Yakima)	30,023	30,383	50,451	51,056	27,490	27,820
39 209 Mount Adams	30,023	30,383	55,685	56,353	26,791	27,112

Source: *Legislative Evaluation and Accountability Program Committee.*

The "Salary Allocation" shown for certificated instructional staff reflects the base salaries before weighting for experience and training of staff (LEAP 1Sa mix factors). Base salaries include the two additional learning improvement days that are available to the districts.

e. Fringe Benefits

School districts receive additional allocations for fringe benefits required by law. These benefits are employer contributions to OASI, industrial insurance, medical aid and the supplemental pension contribution, unemployment compensation, certificated employee Teachers' Retirement System contribution, and classified employee Public Employees' Retirement System contribution.

Fringe benefits percentages as listed in the 2005–07 biennial budget to be applied to salary allocations for 2005–06 are:

- 10.90 percent for certificated salary maintenance.
- 10.26 percent for certificated salary increase.
- 14.57 percent for classified salary maintenance.
- 11.07 percent for classified salary increase.

f. Insurance Benefits

School districts receive state funding for employee insurance benefits at a rate of \$629.07 per month from September 2005 through August 2006 for each formula certificated and classified staff unit. This results in an annual allocation of \$7,548.84 per formula unit.

Full-time equivalent classified employees are determined on the basis of 1,440 hours (instead of 2,080 hours) solely for the purpose of calculating the amount of state funding necessary to contribute toward insurance benefits for classified employees who work for nine months in state-supported programs. For funding purposes, this is recognized by multiplying the classified formula-generated staff units by 1.152.

Insurance benefits include such items as liability, life, health, health care, accident, disability, and salary protection insurance. School districts must pay \$48.42 per month per full-time employee to the state Health Care Authority to fund a reduction in premiums for retired school employees.

g. Nonemployee-Related Cost

The formula provides for a nonemployee-related cost (NERC) allocation per each allocated certificated staff unit. For 2005–06 the NERC allocation for the basic education program is \$9,112 per certificated staff unit, \$22,377 per certificated staff unit for the vocational-secondary allocation, and \$17,362 per certificated staff unit for the skills center allocation. These amounts are specified in each biennial operating budget.

Nonemployee-related costs are those costs other than salary and benefits. They include instructional supplies, textbooks, staff travel, equipment, and contractual services such as heat, lights, and computer services.

h. Substitute Teacher Pay

For 2005–06, school districts receive \$537.46 per year multiplied by 91.8 percent of the basic education formula-generated CIS units.

i. Local Deductible Revenues

The total basic education allocation (the sum of the amounts calculated in subsections a. through h. above) is supported by state funds amounting to approximately 99 percent of the formula amount and approximately 1 percent from deductible local revenues. For 2005–06, revenues from the following sources are formula deductibles pursuant to law or rule of the Superintendent of Public Instruction:

- Local in lieu of taxes includes county in lieu of tax payments by housing authorities or from lands purchased by the Department of Natural Resources.
- County-administered forests includes proceeds from the sale, rental, or lease of stone, minerals, timber, forest products, other crops and matter, and improvements to or on tax title real property managed by a county.
- State forests includes proceeds from the lease of state forest lands or from the sale of forest and mineral products from those lands.
- Federal in lieu of taxes includes revenue from the Federal Housing Administration, Bureau of Land Management, military forest yield pursuant to Public Law 97-99, and reclamation projects.
- Federal forests includes federal forests revenue diverted to the Capital Projects and Debt Service Funds.

Deductible revenues from any of the foregoing sources received by a school district due solely to the district's Capital Projects Fund or Debt Service Fund excess tax levy do not constitute school district General Fund revenues and are not deducted in the computation of the district's annual basic education allocation.

Formula-deductible revenues amounted to \$32.7 million in the 2003–04 school year.

j. Fire District Payments

Eligible school districts under the formula receive state funds as part of the July apportionment to reimburse fire districts for the costs of fire protection services. The state payment is \$1.09153 per pupil for 2004–05. Fire district payments received but not expended by school districts for this purpose are recovered by the state.

Fire district payments, while part of the basic education allocation, are not part of the basic education entitlement.

B. SPECIAL EDUCATION

In 1971, House Bill 90 was adopted by the Legislature. This bill became the foundation of chapter 28A.155 RCW, which states its purpose is to ensure that all children with disabilities "have the opportunity for an appropriate education at public expense as guaranteed to them by the Constitution of this state." This law is known as the "Education for All Act of 1971."

With passage of this act, Washington's approach to special education became a model for the nation. Under the act, children with disabilities must be provided an education directed to the unique needs, abilities, and limitations of the children, and their programs commence at age 3.

RCW 28A.155.020 further states that "Children with disabilities are those children in school or out of school who are temporarily or permanently retarded in normal educational processes by reason of physical or mental disability, or by reason of emotional maladjustment, or by reason of other disability, and those children who have specific learning and language disabilities resulting from perceptual-motor disabilities, including problems in visual and auditory perception and integration."

The Superintendent of Public Instruction has the duty and authority (RCW 28A.155.090) to:

- Assist school districts in the formation of total school programs to meet the needs of children with disabilities.

- Develop interdistrict cooperative programs for children with disabilities.
- Provide, upon request, to parents or guardians of children with disabilities, information about the special education programs offered within the state.
- Assist, upon request, the parent or guardian of any child with disabilities in the placement of the child.
- Approve school district and agency programs for special excess cost financial aid.
- Adjudge, upon appeal by a parent or guardian of a child with disabilities who is not receiving an educational program, whether the school district superintendent is justified in not providing special education services.
- Promulgate such rules and regulations as are necessary to carry out state laws relating to special education and to ensure educational opportunities within the common school system for all children with disabilities who are not institutionalized.

a. Special Education Allocation Formula

The special education allocation is over and above the full basic education allocation. The result is that school districts have two main sources of revenue to support special education services to students: basic education and special education.

Prior to 1995–96 the special education allocation formula was designed to provide full funding for special education. In turn, students with disabilities were not included in basic education funding for the time they spent in the special education program. In addition, that special education formula was based on 14 categories of disability, with more resources provided for the more severe disability categories. The Legislature revised the formula beginning in 1995–96.

The state special education formula consists of an allocation for students with disabilities age 3–21 plus an allocation for students with disabilities aged birth through two. The allocation for students with disabilities age 3–21 is limited for those school districts whose percentage of resident students with disabilities exceeds 12.7 percent. The rate on which the students are funded is based on the basic education allocation rate.

The formula for 2005–06 is as follows:

- i. The annual average headcount of birth through age 2 special education enrollment, times the district's 2005–06 BEA allocation rate per student, times 1.15.
- ii. Plus the annual average headcount of age 3–21 special education enrollment, limited to a maximum of 12.7 percent of annual average K–12 resident FTE basic education enrollment, times the district's 2005–06 BEA allocation rate per student, times .9309.

The terms used above in the special education formula are defined as follows:

“BEA allocation” is based on staff ratios of 49 per 1000 for Grades K–3 and 46 per 1000 for Grades 4–12. K–3, vocational, and small school enhancements are not included.

“Annual average K–12 resident FTE basic education enrollment” means the resident enrollment, including students enrolled through choice and students from nonhigh districts, and excluding students residing in another district enrolled through interdistrict cooperatives.

Special education enrollments are reported in individual counts (headcount) rather than in full-time equivalents (FTE). Average headcounts for the months of October through May are used to calculate state allocations.

The legislative appropriation language starting in 2001–03 requires all districts to use the 1077 excess cost methodology when recording state special education program expenditures. The purpose of the change is to reflect that special education students are basic education students first and as a class are entitled to their full basic education allocation.

The Legislature appropriated \$466.8 million for special education programs for the 2005–06 state fiscal year.

b. Home and Hospital Allocation

The cost for tutoring students in home/hospital care is reimbursed at a maximum rate of \$60 per student per week. See ABRF, Chapter 2 Budget Preparation, Section 2, page 13, for more information.

c. Safety Net Allocation

The 2005 Legislature funded \$18,940,000 of the general fund—state appropriation and \$28,698,000 of the general fund—federal appropriation for safety net awards. Safety net funding is available to school districts with a demonstrated need for special education funding in excess of state and federal funding otherwise provided. Actual awards are based upon the cumulative need demonstrated on individual high need student's worksheets. Safety net funding is available for special education and related services in excess of \$14,902 provided to an individual student and documented by a properly formulated individualized education program (IEP). For the 2005–06 school year, individual student costs between \$14,902 and \$21,287 will be reimbursed with state funding and costs in excess of \$21,287 will be reimbursed with federal funding.

C. PUPIL TRANSPORTATION

Each school district electing to provide student transportation to and from school is entitled to state pupil transportation funding at the rate provided by the state. Prior to 1982–83, state support for the operation of the pupil transportation program was on a reimbursement basis and was computed on the basis of approved route miles, driving time, drivers' salaries, maintenance, operation, and supervision costs. This reimbursement method for funding approved transportation costs was replaced by an allocation system effective with the 1982–83 school year. The allocation system enabled the state to better estimate transportation costs, provided school districts with a more stable and predictable source of funding, and removed the state from compliance review. Local control increased and paperwork decreased.

In the 1982–83 transition year, the basis for this allocation system was "eligibility" which meant state funding to districts was based on the number of pupils eligible to ride buses.

In 1983–84 the allocation system was changed again with the adoption of RCW 28A.160.150 through 28A.160.190. This system is still in use. The allocation basis is "ridership" which means allocations to districts are based on the number of students eligible to ride who actually do ride buses. The allocation system for pupil transportation provides the following:

- Allows school districts to determine which students are to be transported and which routes are to be used.
- Authorizes school districts to transport students enrolled in their schools who live in other school districts.
- Establishes an allocation formula to distribute the state transportation appropriation to districts.

The allocation formula is based on the following transportation services:

- Transportation to and from school on school buses or transit buses of students who live beyond one radius mile from school.
- Transportation of certain students with disabilities from home to school and return on school buses with specialized equipment to accommodate the special needs of the disabled.
- Transportation of students with disabilities from their assigned school to other facilities for part of their school program.
- Transportation of basic education students from their assigned school to other school facilities for instruction which is specifically required by statute and is offered in different locations.
- Transportation of kindergarten pupils who live beyond one radius mile from school. Said transportation occurs during the regularly scheduled school day, preceding or following their half-day kindergarten program.
- Transportation of basic education students from their assigned schools to other school facilities pursuant to an interdistrict agreement, e.g., skills centers.
- Arrangements for transportation of students in lieu of transportation by school bus where school bus use is not safe or practical.

The allocation formula uses the following factors:

- Number of students transported in all radius mile intervals.
- Distance weighting factors assigned to distances in one radius mile intervals from pickup location to school location (measured along a straight line between the two locations).
- A minimum load factor for certain school districts which cannot achieve cost-effective bus operation due to reasons beyond their control.
- Special load factor ratios for bus routes that serve students with disabilities.
- Use of motor pool (passenger car) vehicles.
- A standard cost rate. The 2005–06 rate for each weighted student unit is set at \$42.21 per weighted student unit.

In 1996, RCW 28A.160.160 through 28A.160.190 was amended to provide for eligibility funding of K–5 students living within one radius mile of their school of enrollment. Previously all students whose bus stops were within one radius mile of their school of attendance and who were transported due to the existence of hazardous walking conditions were funded. With the new law, all kindergarten through Grade 5 students living within one radius mile, whether transported or not, generate funding. The number of students is (less the number of K–5 special education riders within one radius mile) multiplied by a factor of 1.29 and further multiplied by the current allocation rate, which is \$42.21 for 2005–06.

Excluded from allocation formula calculations are field trips, extended day or activity runs, and extracurricular transportation.

The replacement of approved transportation equipment is also supported with state funds. School districts are reimbursed for all district-owned school buses placed on depreciation schedules. The

allocation for transportation vehicle replacement and depreciation is governed by RCW 28A.160.195 – 200 and chapter 392-142 WAC. Prior to 1980, school districts were reimbursed at 90 percent and after 1980 at 100 percent.

Payments for buses placed on the reimbursement system after September 1, 1982, are based on the state-supported purchase price (determined by annual bid). These payments are decreased annually to include imputed interest assumed to be earned at the annualized 90-day “T” bill rate on prior depreciation payments to school districts. This is designed to provide districts with sufficient funds to replace buses when they have reached the end of their useful lifetimes. Transportation depreciation payments go into the district’s Transportation Vehicle Fund and can be used only for purchase of new buses, or major repairs to pupil transportation vehicles receiving prior approval by OSPI.

Beginning in the 2005–06 school year, the formula was modified to use a five year average price for reimbursement payments until the final year on the system, when the actual state-supported price will be used. This process will provide school districts with reduced variation in school bus reimbursement.

The Superintendent of Public Instruction also certifies school bus drivers. Drivers must meet the following requirements for certification:

- Have an acceptable driving record.
- Demonstrate acceptable understanding of school bus operational concepts.
- Have an acceptable background free of certain crimes.
- Take annual in-service training as required.
- Pass a biennial (or more frequent) Department of Transportation physical examination.
- Hold a valid first aid card.
- Have a valid and current authorization.

About 1,500 drivers are authorized each year. In any given year there are about 10,000 authorized drivers.

During the 2004–05 school year, it is estimated that 483,250 students were transported by 7,500 buses on 25,000 routes. School buses traveled an estimated 90 million miles transporting these students.

D. LOCAL EFFORT ASSISTANCE

In 1987 the Legislature approved payments of State General Fund moneys to match excess General Fund levies in eligible districts. These moneys, known as local effort assistance (LEA), help school districts with above-average tax rates due to low property valuations. The state began making LEA payments to school districts in January 1989.

“Eligible districts” are those districts with a 12 percent levy rate, which exceeds the statewide average 12 percent levy rate. The district 12 percent levy rate is the tax rate needed to collect a levy equal to 12 percent of the district’s levy base.

In determining both district and statewide average 12 percent levy rates, assessed valuations are adjusted to bring property assessments to 100 percent of market value.

The district’s 12 percent levy rate is therefore a **hypothetical** rate and should not be confused with the district’s actual tax rate.

A district’s maximum LEA equals the district’s 12 percent levy amount multiplied by the following ratio (see Figure 10 in Chapter 6 for an example):

$$\frac{\text{district 12\% levy rate}}{\text{statewide average 12\% levy rate}} \text{ minus } \frac{\text{statewide average 12\% levy rate}}{\text{district 12\% levy rate}} \text{ divided by } \frac{\text{district 12\% levy rate}}{\text{statewide average 12\% levy rate}}$$

For the 2006 calendar year, LEA allocations are reduced to 95.63 percent of the formula amount. A district must certify an excess levy in order to receive LEA. To receive maximum LEA, a district must certify a levy amount greater than or equal to the district's share of the 12 percent levy amount (the 12 percent levy amount minus maximum LEA). Districts certifying less than the district's share of the 12 percent levy amount receive a pro rata portion of maximum LEA. For such districts, LEA equals the certified levy times the state matching ratio for the district. The state matching ratio is calculated as follows:

$$\frac{\text{district 12\% levy rate}}{\text{statewide average 12\% levy rate}} \text{ minus } \frac{\text{statewide average 12\% levy rate}}{\text{statewide average 12\% rate}}$$

In other words, a district whose 12 percent levy rate is twice the statewide average 12 percent levy rate would be matched one-to-one (up to the maximum LEA). If such a district certified a levy equal to or greater than 6 percent of its levy base (adjusted for transfers), the district would receive maximum LEA. If such a district certified a levy equal to less than 6 percent of its levy base (adjusted for transfers), the district would receive an amount equal to the certified levy times the state matching ratio for the district. See Figure 10 for an example of the calculation of maximum LEA.

In calendar year 2005, 215 of the state's 296 school districts received LEA allocations totaling \$165.3 million. Twenty more districts were eligible but did not pass an M&O levy to qualify for state matching money. LEA allocations make up about 2 percent of all school district revenues statewide, are paid into school districts' General Fund and may be spent on any General Fund program or purpose.

E. LEARNING ASSISTANCE PROGRAM (LAP)

In 1979 the Legislature enacted the "Remediation Assistance Act of 1979" to provide statewide remediation assistance to public school students who are deficient in basic skills achievement. "Basic skills" means reading, mathematics, and language arts. All students participating in the program must be educationally deprived by consequence of being below grade level in basic skills achievement.

The 1979 act created the statewide remediation assistance program for Grades 2 through 6. In 1984 the Legislature expanded the program to Grades 7 through 9. Finally, in 1987 the Legislature replaced the remediation program with a broader range of program options known as the Learning Assistance Program.

Through 2004–05, the Learning Assistance Program allocation was based upon a Grades K–6 component, a Grades 7–9 component, a Grades 10–11 component, and a poverty component. Funding for each grade component was based upon the percentage of students scoring in the lowest quartile of the test. The poverty component provided additional funding for a district if the district's free and reduced price lunch, FRPL, count exceeded the state average.

Commencing in 2005–06 the funding methodology was revised to two components based upon a district's FRPL count.

First Component—District Poverty

The district’s prior year free and reduced price lunch count
 -- Times --
 The district’s total average FTE enrollment for grades kindergarten through 12 for the prior year
 -- Times --
 The rate of \$187.47.

Second Component—Poverty Concentration

The district’s prior year percentage of free and reduced price lunch
 minus the state average percentage
 -- Times --
 The district’s total average FTE enrollment for Grades kindergarten through grade 12 for the prior year
 -- Times --
 The rate of \$187.47

An additional amount is also allocated to a school district for each school year in which the district’s allocation is less than the amount the district received for the learning assistance program in the 2004-05 school year.

F. BILINGUAL EDUCATION

Bilingual education is the use of two languages as mediums of instruction: English and one other. The non-English language is a bridge, a language the child understands, that can be used while English skills are being acquired.

The Transitional Bilingual Instruction Act of 1979, amended in 1984, provides funding to school districts to implement programs of bilingual education for students who qualify. The funding is intended for those with the greatest need; therefore, not all students who have a primary language other than English may be eligible. However, many students do qualify, especially if they are non-English speaking or almost non-English speaking.

Under the transitional bilingual instructional program, eligible students have a primary language other than English and their English language skills are sufficiently deficient or absent to impair learning. Initial assessment must be made by the district to identify eligible students. An individual annual reassessment must be made for a student to continue in the program. A student’s program eligibility ends whenever the student scores above the 35th percentile in reading and language arts. A student cannot stay in a bilingual program more than three school years unless English language skills remain below the 35th percentile. The program is administered through chapter 392-160 WAC.

The rate per eligible student is approximately \$741.15 for the 2004–05 school year, in which there were 75,255 eligible bilingual students.

G. EDUCATION REFORM PROGRAMS

The state budget provided \$43.1 million in General Fund—State funding for education reform programs in the 2005–06 state fiscal year. This includes a variety of components funded to support the state’s four learning goals, raise academic standards, and improve student achievement. Programs funded this biennium are directed toward increasing and improving the skills of both students (for example, Assessment of Student Learning) and practitioners (for example, National Teacher Certification). Programs receiving more than \$1 million have a brief narrative explanation.

Education Reform Component	School Year 2005–06
Assessment of Student Learning	\$ 19,810,000
Readiness to Learn	3,594,000
Focused Assistance to Schools	3,046,000
National Teacher Certification	3,010,000
Meals for Kids Program	2,500,000
Mentor Teaching Assistance	2,348,000
Improving Technology Infrastructure	1,959,000
Mathematics Helping Corps	1,764,000
High School and School District Improvement Program	1,000,000
Washington Reading Corps	850,000
Superintendent/Principal Leadership Internship	705,000
Paraprofessional Training	548,000
Reading and Mathematics Textbooks	515,000
Other	463,000
Principal Support Program	338,000
Summer Accountability Institutes	250,000
Web Based Instructional Tools	126,000
Reading Achievement	125,000
Early Reading Grant Program	125,000
Total	43,076,000

Assessment of Student Learning – Funding is provided for the development and implementation of the Washington Assessment of Student Learning (WASL). In 2005–06 funds are provided for development and implementation of retake assessments for high school students who are not successful in one or more content areas of the WASL and development of alternative assessments or appeals procedures to implement the certificate of academic achievement.

Readiness to Learn – Funding is grant-based to school districts to provide a continuum of care for children and families to help children become ready to learn. School district programs are designed collaboratively and in cooperation with community service providers.

Focused Assistance to Schools – Funding is provided to the Office of Superintendent of Public Instruction to conduct educational audits of low-performing schools and to enter into performance agreements between school districts and the office to implement the recommendations of the audit and the community. Each educational audit shall include recommendations for best practices and ways to address identified needs and shall be presented to the community in a public meeting to seek input on ways to implement the audit and its recommendations.

National Teacher Certification – Funding provides a \$3,500 annual bonus to all teachers who are certified by the National Board for Professional Training. Previously, the bonus was paid for four years per teacher. The 2005–07 biennial budget continues to provide annual bonuses for all of the approximately 400 national board certified teachers.

Meals for Kids – Funding is provided for school breakfast, lunch, and summer food service programs.

Mentor Teacher Assistance – Funding for the teacher assistance program is allocated to eligible mentor programs in school districts that match a beginning teacher with an experienced teacher in the district. The allocation to each district is based on the number of beginning teachers.

Technology Infrastructure – Funding is provided for improving technology infrastructure, monitoring and reporting on school district technology development, promoting standards for school district technology, promoting statewide coordination and planning for technology development, and providing regional educational technology support centers. Funding is also provided to facilitate the use of online curriculum.

Mathematics Helping Corps – Funding allows schools access to expert math teachers to identify barriers to student learning and develop and implement an action plan for improving learning of math skills. The experts also provide consultation on curricula, research-based instructional math practices, staff training, and family and community involvement programs.

High School and School District Improvement Program – Modeled after the Office of Superintendent of Public Instructions' existing focused assistance program, the state funding for this improvement program will match an equal amount committed by a nonprofit foundation in furtherance of a jointly funded program.

H. INSTITUTIONAL EDUCATION

The state funds a 220-day educational program for children in certain institutions. Institutional education moneys are allocated to the school districts, educational service districts, or others that provide the educational program on a monthly basis. Other costs of the institutions are funded from other sources.

The five types of institutions receiving institutional education program moneys are described below:

- **Residential habilitation centers** provide 24-hour-a-day care of children with disabilities, most of whom are profoundly mentally retarded, physically impaired, or severely behaviorally disordered. There are three centers maintained by the Division of Developmental Disabilities and the Division of Mental Health of the Department of Social and Health Services (DSHS).
- **State group homes** provide 24-hour-a-day services for adjudicated youth. There are six group homes maintained by the Juvenile Rehabilitation Administration of DSHS.
- **Institutions for juvenile delinquents** provide 24-hour-a-day diagnosis, confinement, and rehabilitation of juveniles committed by the courts. There are five institutions maintained by the Juvenile Rehabilitation Administration of DSHS.
- **County detention centers** provide 24-hour-a-day treatment and care for juveniles who have been placed under protective custody or have committed a criminal offense. There are 21 centers maintained by county governments.
- **State corrections facilities** provide 24-hour-a-day incarceration of adults and juveniles committed as adults. Institutional education funding is provided for the education of juveniles under 18 years of age. There is one correctional facility operated by the Department of Corrections that houses juvenile inmates.

The biennial operating budget requires the Superintendent of Public Instruction to monitor school district expenditure plans for these programs to ensure that the expenditure plans provide for a full 220-day school year.

State funding for each type of institution is provided based on a formula resembling the basic education funding formula. Each full-time equivalent student generates staff units, which in turn generate dollars for salaries, benefits, and other costs of the program. Allocations are paid to the

school district operating the educational program in the same manner as the basic education allocation.

The Legislature budgeted \$19.1 million for institutional education programs in the 2005–06 state fiscal year.

I. STATE OFFICE (OSPI) – STATEWIDE PROGRAMS

The state budget provides \$10.192 million to the Superintendent of Public Instruction for a variety of statewide programs during the 2005–06 state fiscal year. Most of this money flows through OSPI to school districts and other educational institutions for specific activities that benefit Washington students. The activities are listed in the table below. Those activities receiving more than \$1 million are described in greater detail.

Activity	Amount
ESD Nursing Corps	2,541,000
K–20 Telecommunications	1,939,000
Pacific Science Center	1,224,000
LASER Science Program	1,079,000
Washington State Achievers Scholarship	1,000,000
Special Services Pilot Project	787,000
Alternative Certification Routes	548,000
Lorraine Wojahn Dyslexia Pilot Reading Program	383,000
School Safety Funding	342,000
Washington Civil Liberties Education	146,000
Vocational Student Leadership Organizations	97,000
Women's Role in WWII Instructional Material	75,000
Cispus Environmental Learning Center	31,000
Total	10,192,000

ESD Nursing Corps – Funds are provided to staff a corps of nurses housed in the ESDs throughout the state to provide services in the neediest schools not having available nurse services and to provide training for school staff in the provision of health services to students.

K–20 Telecommunications – Funds are provided for K–20 telecommunications network technical support in the K–12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. Funds may also be used to purchase engineering and advanced technical support for the network.

Pacific Science Center – Funds are provided for in-service training and educational programs conducted by the Center.

LASER Science Center – Funds are provided for the leadership assistance for science education reform (LASER) regional partnership coordinated at the Pacific Science Center.

Washington State Achievers Scholarship – Funds are provided to support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars.

J. STATE ADMINISTRATION

The state budget provides a total of \$12.9 million in the 2005–06 fiscal year solely for administrative expenses of OSPI, the State Board of Education, and the Washington Professional Educator Standards Board.

The budget provides \$10.8 million to the Superintendent of Public Instruction for the 2005–06 state fiscal year for core functions of the agency, which include administration of state laws and state funding for schools. Certain grant programs also allow a portion of state funding to be used for administration. However, almost all funding provided for instructional programs such as basic education, special education, bilingual education, etc., flows through to school districts without deduction for OSPI administrative expenses.

The budget provides \$428,000 for the operation and expenses of the State Board of Education and \$509,000 for the operation and expenses of the Washington Professional Educator Standards Board.

K. BETTER SCHOOLS

Better Schools program funds were appropriated in 2000–01 to provide additional school improvement resources to help students meet the essential academic learning requirements and student assessment performance standards. This funding is provided as an enhancement to the basic education staffing ratios for Grades K–4. Starting in 2004–05, the enhancement was reduced to 53.2 full-time equivalent teachers per 1000 full-time equivalent K–4 students.

L. HIGHLY CAPABLE STUDENTS

In an effort to provide for the realization of each individual's potential, one's right to learn at one's own rate, and individual responsibility for one's own education, programs for students exhibiting high achievement and unique creative thinking have been initiated.

Under this program established by the Legislature in 1984, a highly capable student is defined as a student assessed to have superior intellectual or creative ability as demonstrated by multiple criteria. The ultimate goal of the program is to expand the state support for this program to 3 percent of the student population.

The appropriation for the 2005–06 state fiscal year is \$6.9 million. School districts with highly capable student programs may apply to the Superintendent of Public Instruction and receive funding based on up to 2 percent of the district's total full-time equivalent (FTE) enrollment multiplied by a maximum rate estimated to be approximately \$347.24 in 2005–06.

M. EDUCATIONAL SERVICE DISTRICTS

The state budget provides about \$3.7 million for the 2005–06 state fiscal year for core funding for educational service districts. The core funding is provided for ESD assistance to OSPI and the State Board of Education in administering state laws and collecting information from school districts.

N. SCHOOL FOOD SERVICES

State money is provided by the Legislature for three of the child nutrition programs: National School Lunch, School Breakfast, and the Summer Food Service Programs.

The National School Lunch Program (NSLP) requires a matching effort in state funds. The 2005–06 state fiscal year appropriation of \$3.1 million meets this federal matching requirement. Reimbursement is estimated to be \$.0361 (3.61 cents) per lunch for all lunches served to students participating in the NSLP for the 2005–06 school year.

“Meals for Kids” legislation provides a biennial appropriation of \$5 million or \$2.5 million annually. Each year \$2,279,000 is provided for additional reimbursement for free and reduced-price breakfasts served as a part of the School Breakfast Program. Reimbursement is estimated to be \$.12 per free and reduced-price breakfast during the 2005–06 school year. The remaining \$221,000 is used to provide assistance grants to help public school districts start new lunch and breakfast programs, to increase participation in existing programs, and to improve program quality. Additionally, this money may be used to help Summer Food Service Program (SFSP) sponsors start new programs and/or to increase participation in existing programs.

Since 1997, state money has been provided to supplement the federal reimbursement for the Summer Food Service Program due to rate cuts that resulted from P.L. 104-193. Currently \$100,000 is paid to SFSP renewing sponsors based upon the federal meal dollars paid the prior year.

During 2003–04, 82,069,158 lunches and 22,178,574 breakfasts were served. On a typical day, 460,408 students had a school lunch and 124,312 students had a school breakfast in the public schools.

Student fees paid for 44 percent of food service program costs, federal revenue and commodities paid for 57 percent, and state revenue paid for 2 percent in 2003–04.

O. INITIATIVE 728, THE K–12 STUDENT ACHIEVEMENT ACT

Initiative 728, approved by the voters in November 2000, dedicated certain state revenues to provide additional resources to support high standards of achievement for all students. These were to be deposited into a new Student Achievement Fund in the state treasury. School districts were encouraged to use these monies to implement any of the following strategies that they determined to be most effective in increasing student performance and helping students meet the state’s new, higher academic performance standards:

- (1) Major reductions in K–4 class size.
- (2) Selected class size reduction in Grades 5–12, such as small high school writing classes.
- (3) Extended learning opportunities for students who need or want additional time in school.
- (4) Investments in educators and their professional development.
- (5) Early assistance for children who need pre-kindergarten support in order to be successful in school.
- (6) Providing improvement or additions to facilities to support class size reductions and extended learning opportunities.

Beginning in 2001, portions of state property tax and state lottery revenues were dedicated to the Student Achievement Fund.

Beginning in 2004, the Initiative directed that the state property tax contribution to the Student Achievement Fund was to increase to \$450 per student FTE and that lottery revenues would be deposited to the School Construction Fund. The 2003 Legislature revised the property tax per student FTE contributed to the Student Achievement Fund to \$254 for 2004, \$300 for 2005, \$375 for 2006, \$450 for 2007, and an amount adjusted annually for inflation thereafter.

This page left blank intentionally.

CHAPTER 6. LOCAL FUNDING FOR MAINTENANCE AND OPERATIONS

Local revenues made up about 20 percent of total school district maintenance and operations (General Fund) revenues for the 2003–04 school year. Districts differ significantly in their dependence on local funding. Local revenues discussed in this chapter include maintenance and operation levies, timber excise tax, revenues from other districts, and other local receipts.

A. MAINTENANCE AND OPERATION LEVIES

The State Constitution (Article VII, Section 2) gives school districts authority to levy local property taxes provided the voters of the district approve the levy by a 60 percent “Yes” vote in a district-wide levy election. Such local levies are sometimes called “excess levies” because the levy is in excess of the statutory 1 percent limit on property tax. They are also referred to as “special levies” because they require voter approval. School district levies may be of four types: excess General Fund (maintenance and operations or “M&O”), Debt Service Fund levies, Transportation Vehicle Fund levies, and Capital Project Fund levies. Debt Service Fund levies, Transportation Vehicle Fund levies, and Capital Project Fund levies will be discussed in Chapters 8, 9, and 10. This chapter addresses only General Fund (M&O) levies.

In 2005, 271 of the state’s 296 school districts passed General Fund M&O levies. The average revenue per FTE student statewide was \$1,328. M&O revenues are deposited in the school district’s General Fund. In the 2004–05 school year M&O levies made up about 16 percent of total school district operating revenues statewide.

Reliance on M&O levies has declined since the 1977 Supreme Court decision in Seattle vs. State of Washington. Before 1977 M&O levies made up as much as 30 percent of school district operating revenues statewide. (See Figure 9.) The failure of Seattle School District’s 1976 levy led to a court case and to the Doran decision requiring the state to fully fund “basic education.” (See Chapter 1 Section D. for more information about Doran Decision I.)

In response to the court case, the Legislature passed the Basic Education Act in 1977, increasing state support to schools. The same year the Legislature passed the “levy lid law” limiting school district M&O levies.

As a result of the passage of the Basic Education Act and the levy lid law, state funding as a percent of total school district revenues has increased from 51 percent in the 1974–75 school year to just 70 percent in the 2003–04 school year. During the same period, General Fund M&O levy revenues as a percent of total operating revenues for the school year declined from 32 percent in the 1974–75 school year to 8 percent in the 1980–81 school year and has gradually increased to 16 percent in 2004–05.

The average M&O levy tax rate declined from \$7.10 per \$1,000 for the 1975 collection year to \$1.39 per \$1,000 for the 1981 collection year and stands at \$2.23 in the 2005 collection year.

School district reliance on M&O levies varies widely among districts. Eighteen school districts did not submit a levy for collection in 2005. Six other districts attempted levies for 2005 but failed to gain voter approval. The remaining two hundred seventy-two districts passed levies for 2005.

Voter Approval Process

Local school boards may submit levies for initial voter consideration on state primary, state general, or standardized election dates as provided by law. Maintenance and operation levies may be for one through four years. School districts may run a levy only two times in a calendar year. Unsuccessful levies may be resubmitted in subsequent years.

In order to receive voter approval:

- At least 40 percent of the voters in the district voting in the last preceding general election must vote on the issue(s), and the “yes” votes must equal at least 60 percent of those voting on the issue(s).
- If the number of votes cast on the proposition is less than 40 percent of the total votes cast on the issue in such taxing district at the preceding general election, “yes” votes must equal 24 percent of the total votes cast in that preceding general election for the issue to pass.

The Levy Lid

In 1977, when the state assumed additional responsibility for funding schools, the Legislature limited school district M&O levy authority by passing the levy lid law (RCW 84.52.0531). This law sets the maximum amount of a school district’s M&O levy for a calendar year. This maximum levy is also known as the district’s “levy authority.”

The original 1977 levy lid law, which took effect in 1979, sought to limit excess General Fund levy revenue to 10 percent of the school district’s state basic education allocation for the school year prior to the levy collection year. The 1977 law allowed local levies to make up for less than 100 percent state funding of basic education during the 1978–79 school year. The law also contained a “grandfather clause” which permitted districts that historically relied heavily on M&O levies to exceed the 10 percent limit. The law provided for gradual reduction of grandfathered levy authority and elimination by 1982.

Since 1977, the Legislature has amended the levy lid law as follows:

In 1979, the Legislature expanded the “levy base” on which the 10 percent levy lid was calculated effective with levies collected in 1981. State categorical funding, such as allocations for transportation and special education, were added to basic education allocations in determining the base on which the 10 percent levy amount is calculated.

The 1979 amendments also provided that effective with 1981 levy collections, transfers of levy authority would occur between school districts for nonresident students served in interdistrict cooperatives and for high school students residing in a school district not operating a high school and attending school in another district.

In 1981, the Legislature modified the grandfather provision in the levy lid law. The 1981 amendments temporarily froze the levy amounts for 1983 collections at the 1982 level and provided for a gradual seven-step phase out of grandfathered levy authority percentage from 1984 to 1990, at which time all M&O levies would be limited to 10 percent of the prior year’s state and local funding.

In 1985, the Legislature once again revised the timetable for phasing out grandfathered levy authority. Levy lid percentages were temporarily frozen at 1985 levels for 1986 through 1988 collection and a five-year phase out was implemented beginning in 1989 and ending in 1993, when all districts would be at 10 percent.

In 1987, the Legislature modified the levy lid for 1988 collections and thereafter by:

- Expanding the levy base to include selected federal revenues and state block grant revenues.
- Expanding the levy base by multiplying the prior school year’s revenue in the levy base by the percentage increase in state basic education allocations per pupil between the prior and current school years.
- Increasing all districts’ levy authority percentage to at least 20 percent of their levy base.

- Changing the reduction of grandfathered levy authority for those districts with levy authority percentages over 20 percent from a five-year phase out of levy authority to 10 percent to having levy authority reduction occur only when the Legislature provides increases in state funding known as “levy reduction funds.”
- Implementing a new program providing state matching money known as “local effort assistance” for M&O levies in eligible school districts beginning with 1989 levy collections.
- Reducing school district levy authority by the maximum possible amount of a school district’s local effort assistance for the school year effective with 1989 levy collections.

In 1988, the Legislature revised the meaning of levy reduction funds effective with 1989 levy collections.

In 1989, the Legislature again revised the meaning of levy reduction funds to require that they be identified as such by the Legislature in the biennial operating budget. This was effective with 1989 levy collections and thereafter.

In 1992, the Legislature expanded the levy base for levies collected in 1993 and thereafter by dividing the percentage increase in state basic education allocations per pupil by 55 percent.

In 1993, the Legislature increased the levy authority percentage by 4 percent for the 1994 and 1995 collection years. This resulted in a minimum levy authority percentage of 24 percent. After 1995 the percentage was to revert to the 1993 figure with a 20 percent minimum.

In 1995, the Legislature extended the 4 percent increase to the levy authority percentage for the 1996 and 1997 collection years. After 1997 the percentage was to revert to the 1993 percentage. For levies for 1998 collection and thereafter, the amount submitted to the voters was to be calculated consistent with the levy limitation.

In 1997, the Legislature reduced the 4 percent increase to the levy authority percent to 2 percent for the 1998 collection year. For levies for the 1999 collection year and thereafter, the percentage was restored to the 4 percent increase. Also, the limitation of the dollar amount submitted to the voters for approval was repealed. Note this repeal only impacts the amount that voters can approve. The repeal does not allow districts to collect levy amounts in excess of the levy lid.

Under the current law, a school district’s levy lid equals:

$$(\text{Levy Base} \times \text{Levy Authority Percentage}) \pm \text{Transfers} - \text{Maximum LEA}$$

A district’s **levy base** includes most state and federal revenues for the prior school year (e.g., 2004–05 revenues make up the 2006 levy base). This base is further increased by the percentage increase in state basic education funding per pupil between the prior and current school years (e.g., between 2004–05 and 2005–06 for the 2006 levy base) and divided by 55 percent.

All districts have a **levy authority percentage** of at least 24 percent of their levy base. For levies collected in 2005, 91 districts have levy authority between 24 percent and 34 percent. Levy authority percentages above 24 percent could be reduced if the Legislature enhances the state funding and designates such increases as levy reduction funds. Levy authority is reduced one dollar for each dollar of levy reduction funds. The district’s levy authority percentage is permanently reduced by an equivalent amount.

Levy authority **transfers** are made for students residing in one school district but served by another district. The resident district’s levy authority is increased and the serving district’s levy authority is reduced by these transfers. Transfers protect taxpayers in serving districts from subsidizing the education of students from sending districts. Transfers also allow resident districts to raise money for payments to serving districts for any locally funded costs.

Finally, levy authority is reduced by a district's **maximum local effort assistance (LEA)**. See Chapter 5 for more information about LEA. (See Figure 10 for a sample calculation of levy authority and local effort assistance.)

B. TIMBER EXCISE TAX

The state-collected timber excise tax is imposed on all timber harvested from state, federal, or privately owned land. The tax rate on public timber is 5 percent of the harvest value, and all revenue goes to the State General Fund. The tax on private timber is composed of a 4 percent county tax and a 1 percent state tax for a combined rate of 5 percent of harvest value. The 4 percent county tax is distributed quarterly to local taxing districts, including schools.

Distributions to local school districts are based on a timber assessed value (TAV) formula. A TAV is calculated annually by the Department of Revenue for each county. County treasurers, in turn, compute a TAV for each school district. In order to receive timber excise tax revenues, a school district must have a TAV and a property tax special levy.

C. REVENUES FROM OTHER DISTRICTS

State law promotes cooperation among school districts. This cooperation often involves payments between districts for the programs and services that are provided.

Nonhigh Participation

Forty-seven school districts do not offer a full range of grades kindergarten through 12th to their resident students. These are known as "nonhigh" districts. Students in these nonhigh districts are eligible to enroll in neighboring "high" school districts when they reach the grade levels not offered in their resident district. The high school districts report the enrollment of the nonhigh student and receive all state monies generated by that enrollment. The nonhigh district makes a payment to the neighboring high school districts designed to cover the additional local costs of educating the nonhigh students. This payment protects the high school district's taxpayers from subsidizing the education of the nonhigh students attending school in the high school district.

The Superintendent of Public Instruction calculates the amount payable by the nonhigh district based on the excess maintenance and operations levy per pupil in the high school district. If the high school district has no levy, no payment is required.

Nonhigh payments are made in two installments per year at about the same time as property tax collections for the year. The first payment, made in May, is 50 percent of the amount due for the year based on estimated nonhigh enrollment. The second payment, made in November, is based on actual nonhigh enrollment for the school year just ended. For example, the November 2005 payment is the actual amount due for the 2004–05 school year minus the May 2005 payment, which was based on estimated 2004–05 enrollment.

Calculation of payments to high school districts from nonhigh districts that will occur during FY 2005–06 can be estimated as follows:

$$\begin{array}{r}
 \textbf{November 2005 Payment} \\
 \text{Actual 2005 high school district certified levy} \\
 \text{-- Divided by --} \\
 \text{Actual FY 2004–05 high school district resident FTE enrollment} \\
 \text{-- Times --} \\
 \text{Actual FY 2004–05 enrollment from nonhigh district} \\
 \text{-- Minus --} \\
 \text{50 percent of the estimated payment for FY 2004–05 (amount paid in May 2005)}
 \end{array}$$

May 2006 Payment

Estimated 2006 high school district certified levy
-- Divided by --
Estimated FY 2005–06 high school district resident FTE enrollment
-- Times --
Estimated FY 2005–06 FTE enrollment from nonhigh district
-- Times 50 percent --

A high school district may elect to assess a smaller nonhigh payment. The high school district cannot assess a higher amount without the consent of the nonhigh district board of directors.

To facilitate nonhigh payments, the nonhigh district's levy lid is increased and the high school district's levy lid is decreased by the same amount. The additional levy authority is intended to permit the nonhigh district to collect local levy money for the nonhigh payment.

Interdistrict Cooperatives

Some districts cooperate in providing special education, vocational, or alternative education programs. These interdistrict cooperative arrangements often involve payments between districts.

The district providing the program reports any nonresident students. Except for special education moneys, the district providing the program receives state moneys generated by these students. The resident district receives the state special education moneys generated by their students. (The district providing the special education program receives the basic education moneys generated by these nonresident students.) However, the resident district may request that these special education moneys be paid directly to the serving district.

Costs of serving nonresident students that are not covered by state or federal funding are typically billed to the district in which students reside pursuant to an interdistrict agreement. In the case of a resident district receiving state special education moneys for students served by another district, the agreement would also provide for billing the resident district for these moneys.

D. OTHER LOCAL RECEIPTS

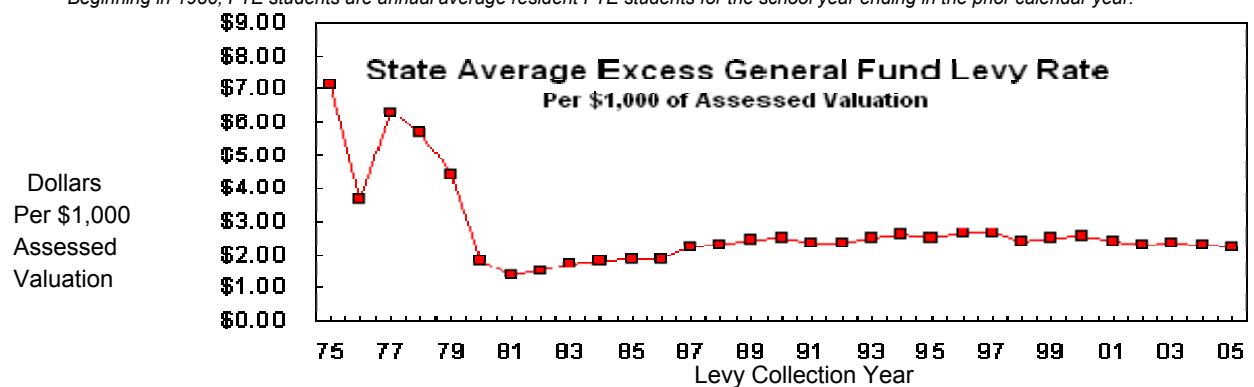
Other local receipts include student fees and tuition, investment earnings, grants, gifts, donations, lunch reimbursement, sale of supplies and materials, fines, and insurance recoveries.

**Figure 9—History of Certified Excess General Fund Levies
1975–2005 Collections
ALL DISTRICTS**

Collection Year	Special Levy Assessed Value	Certified Levy	FTE Students*	Assessed Value/FTE	Levy Rate \$/1000	Levy Per Student
1975	\$42,102,530,625	\$299,119,863	757,254	\$55,599	\$7.10	\$395
1976	45,720,451,776	167,401,902	755,255	60,536	3.66	222
1977	51,628,300,300	325,308,505	751,132	68,734	6.30	433
1978	60,171,788,507	341,997,043	748,984	80,338	5.68	457
1979	66,943,834,225	295,017,156	741,443	90,289	4.41	398
1980	77,465,689,190	142,858,449	760,771	101,825	1.84	188
1981	109,298,621,831	152,100,918	728,187	150,097	1.39	209
1982	122,632,338,299	186,986,494	720,156	170,286	1.52	260
1983	145,240,878,794	247,743,267	707,920	205,166	1.71	350
1984	140,517,105,886	260,477,644	705,421	199,196	1.85	369
1985	146,530,580,778	278,243,779	708,535	206,808	1.90	393
1986	151,665,001,214	283,900,278	702,682	215,837	1.87	404
1987	157,914,216,520	349,857,531	709,081	222,703	2.22	493
1988	161,389,416,037	369,752,484	720,878	223,879	2.29	513
1989	170,640,469,002	418,518,182	734,062	232,461	2.45	570
1990	178,122,370,184	441,531,571	748,639	237,928	2.48	590
1991	217,088,939,734	510,251,620	768,639	282,433	2.35	664
1992	234,446,716,042	547,403,154	795,710	294,638	2.33	688
1993	259,662,868,081	643,946,581	823,400	315,354	2.48	782
1994	275,587,971,827	710,784,442	850,098	324,184	2.58	836
1995	295,748,277,143	735,351,127	868,720	340,441	2.49	846
1996	309,961,781,124	812,709,036	886,176	349,775	2.62	917
1997	326,501,379,600	862,880,332	903,719	361,286	2.64	955
1998	347,549,016,191	832,987,308	923,432	376,367	2.40	902
1999	373,370,987,239	922,972,370	936,390	398,734	2.47	986
2000	401,891,342,161	1,011,793,800	946,345	424,677	2.52	1,069
2001	438,809,026,285	1,048,450,507	948,445	462,662	2.39	1,105
2002	476,021,739,578	1,099,723,067	950,965	500,567	2.31	1,156
2003	504,889,825,032	1,172,630,366	956,524	527,838	2.32	1,226
2004	533,143,521,495	1,230,268,152	958,774	556,068	2.31	1,283
2005	572,408,582,574	1,278,350,252	962,254	594,862	2.23	1,328

* FTE students for 1975–85 are October full-time equivalent (FTE) students for the prior year.

Beginning in 1986, FTE students are annual average resident FTE students for the school year ending in the prior calendar year.



Source: Report SPI 1061.

Figure 10 – Sample District – Illustrating 2006 Levy Authority and Local Effort Assistance

2006 LEVY AUTHORITY

A. 2004–05 State and Federal Allocations.	\$2,009,967	(Selected state and federal revenues)
B. % Increase in Basic Ed Funding.	5.20%	(2004–05 to 2005–06 increase)
C. 2006 Excess Levy Base.	2,200,000	(A x (1 + (B/ .55)))
D. Levy Authority Percentage	24%	(1993 percent + 4%)
E. Levy Authority Before Transfers	528,000	(C x D)
F. Transfers for Nonhigh and Nonresident Students	-4,000	(Serving district negative, sending district positive)
G. Levy Authority After Transfers	524,000	(E + F)
H. Maximum 2006 Local Effort Assistance.	125,275	(Line g below – 2006 Max LEA)
I. 2006 Levy Authority	398,725	(G - H)

2006 LOCAL EFFORT ASSISTANCE (LEA)

a. District 12% Levy Amount	262,000	((G ÷ D) x 0.12)
b. 2004 Assessed Valuation for 2005 Levies	90,000,000	(From county assessor(s))
c. 2004 County-Indicated Ratio	90%	(From Department of Revenue)
d. 2004 Adjusted Assessed Valuation for 2005 Levies	100,000,000	(b ÷ c)
e. District 12% Levy Rate	2.62	((a ÷ d) x 1000) (\$/1000)
f. 2006 Statewide Average 12% Levy Rate	1.31	(SPI calculation) (\$/1000)
g. 2006 Maximum LEA	125,275	((e - f) ÷ e) x a x .9563)
h. Certified Levy Needed to Qualify for Maximum LEA	131,000	(a – (g ÷ .9563))
i. State Matching Ratio	1:1	((e - f) ÷ f)
j. Voter Approved Levy	200,000	(Ballot Amount)
k. Certified M&O Levy	200,000	(Certified in November 2005)
l. LEA Payable in 2006 Calendar Year.	125,275	(If k > h then g, otherwise (i x k x .9563))

ANNOTATION FOR SAMPLE DISTRICT**Item**

- A. Most district 2004–05 state and federal revenues are included in the levy base. Some federal revenues are 2003–04 revenues increased by the implicit price deflator.
- B. The biennial operating budget specifies the percent increase in basic education funding.
- D. All districts have levy authority percentages of at least 24 percent for 2005. Ninety-one districts have “grandfathered” levy authority percentages between 24 percent and 34 percent.
- F. Levy authority is transferred from the serving district to the resident district for nonhigh students and interdistrict cooperative students. No transfer is made for Choice students.
- G. Note that levy authority transfers affect the 12 percent levy amount. Levy authority after transfers is used in calculating the 12 percent levy amount.
- b. Adjusted assessed valuations are for the year before the year of the levy being matched (e.g., 2004 assessed valuations for levies collected in 2005 are used in determining 12 percent levy rates for 2006). The 2005 assessed valuations and county-indicated ratios will be available in spring 2006.
- c. The county-indicated ratio reflects the ratio of property assessments in a county to 100 percent of market value. If the school district is located in more than one county, the assessed valuation in each county must be adjusted separately using property valuation and indicated ratios from each county.
- e. The district 12 percent levy rate is a hypothetical rate, not an actual tax rate assessed for the school district.
- f. The Superintendent of Public Instruction calculates the statewide average 12 percent levy rate to be used for 2006 levies in September of 2005. The rate for 2006 levies is \$1.310.
- g. LEA is funded at 95.63% for 2005.
- j. Note that voter approval is required only for the district’s share. The amount of LEA receivable is not to be included in the district’s voter approved levy.
- l. Note that LEA payments are based on actual certified levies. If the sample district certifies a levy of \$131,000 or more, the district would qualify for maximum LEA of \$125,275.

Rules governing levy authority and LEA calculations are codified in chapter 392-139 WAC.

CHAPTER 7. FEDERAL FUNDING FOR MAINTENANCE AND OPERATIONS

Revenues from federal sources made up 10.1 percent of school district General Fund revenue in the 2004–05 school year. Sources of federal revenues for the 2004–05 school year are shown below:

2004–05 School Year Revenues	Revenue Account Code	Dollars in Millions	Percentage of Total
School Food Services & USDA Commodities Programs Under NCLB	6198, 6998	156.8	20.0%
Title I, Part A Basic	6151	172.0	22.0%
Title I, Part C, Migrant	6153	13.1	1.7%
School Improvement*	6152	68.7	8.8%
Title VIII, Federal Impact Aid	5300, 5329	54.3	6.9%
Title III, Limited English Proficient	6164, 6264	9.0	1.1%
Title I, Part B, Reading First	6154	13.6	1.7%
Title VII, Indian Education	6367, 6268, 6267, 6167	4.8	0.6%
IDEA Special Education, Supplemental	6124	194.0	24.8%
Medicaid Administrative Match	6310	5.8	0.7%
Special Purpose	6100, 6200, 6300	36.3	4.6%
Federal Forests	5500	18.7	2.4%
Head Start	6361, 6261	15.0	1.9%
Carl Perkins - Vocational Education	6138	8.2	1.0%
Special Education, Medicaid	6121	4.7	0.6%
Other Federal Revenues	5400, 6157, 6188, 6289, 6352, 6389	3.7	0.5%
Skills Center, Youth Training Programs	6146, 6278, 6378	1.1	0.1%
Direct Federal Grants - General Purpose	5200	2.9	0.4%
Total		782.7	100.0%

* The School Improvement revenue account encompasses the following Federal programs under NCLB:
 Title II, Part A–State Grants for Improving Teacher Quality
 Title II, Part B–Mathematics and Science Partnerships
 Title II, Part D, (1), (2), and (3)–Educational Technology
 Title IV, Part A–Safe and Drug-Free Schools
 Title IV, Part A–Community Service for Expelled Students
 Title IV, Part B–21st Century Learning Centers
 Title V, Part A–Innovative Programs
 Title VI, Part B (1) and (2)–Rural and Low Income Schools

A. SCHOOL FOOD SERVICES & USDA COMMODITIES

a. National School Lunch and School Breakfast Programs

The National School Lunch Program (NSLP) and School Breakfast Program (SBP) are designed to promote the health and well-being of children by providing nutritious meals to children in public and private schools and residential child care institutions (RCCIs).

The income eligibility guidelines for school meals are intended to direct benefits to those children most in need. These guidelines are based on the federal income poverty guidelines and are revised annually. The eligibility criteria are 130% of the income poverty guidelines for free and 185% for reduced-price meals.

There are currently 379 local education agencies (LEAs) in Washington State that participate in the NSLP/SBP which includes 277 public school districts, 46 private schools, and 56 RCCIs.

b. Commodity Distribution

School districts and approved Recipient Agencies (RAs) that participate in the NSLP are eligible to receive food purchased by the U.S. Department of Agriculture (USDA). In 2005, commodities valued at over \$20 million and totaling over 20 million pounds were allocated and distributed in Washington State by the commodity distribution section of Child Nutrition Services at OSPI.

For 2005–06, 365 RAs are allocated commodities at the rate of 17.50 cents for each lunch served and are eligible to select from a variety of dry, canned, frozen, and fresh foods up to nine times during the year. These commodities represent between 20–25 percent of the value of all foods purchased for the lunch program. In cooperation with the Department of Defense, 48 RAs were allocated \$935,401 of USDA entitlement funds for the purchase of fresh fruits and vegetables in a pilot program.

Summer Food Service sponsors also receive USDA commodities based on 1.5 cents for each meal served.

c. Special Milk Program

The Special Milk Program (SMP) was established in 1955 to increase the consumption of milk for children in nonprofit schools. In 1966, the Special Milk Program was incorporated into the Child Nutrition Act. In 1981, legislation was enacted that limited participation in the milk program to schools and institutions not participating in other child nutrition programs. Participation was restored to schools on the NSLP/SBP with split session kindergarten in which these children had no access to a meal service.

d. Summer Food Service Program

The Summer Food Service Program (SFSP) was created to ensure that children in lower-income areas could continue to receive nutritious meals during long school vacations, when they do not have access to school lunch or breakfast. State education agencies, such as the Office of Superintendent of Public Instruction (OSPI), administer most programs at the state level. Locally, the programs are operated by approved sponsors.

SFSP sponsors receive payment for serving healthy meals and snacks to children and teenagers, 18 years and younger, at approved sites in low-income areas. Schools (public and private); units of local, municipal, county, tribal, or state government; camps; and private nonprofit organizations may apply to sponsor the program. All sponsors receive training before they start the program to learn how to plan, operate, and monitor a successful program.

OSPI assumed the administration of the SFSP in Washington State in 1989. The first year 23 organizations sponsored the program in the state, with only one being a school district. During the last 17 years, the number of sponsors, feeding sites, and children participating has fluctuated some, and especially since 2002, when school districts received the option of operating the Seamless Summer Feeding Program instead of the SFSP. However, in 2005, breakfast, lunch, and snacks were served to children in 26 of the 39 counties in Washington. In 2005, the SFSP sponsors were as follows:

- Schools (public and private) 22
- Private nonprofit organizations 18
- Indian tribes 6
- City and county governments 8
- Colleges and universities 6
- Residential camps 4

Meals were served throughout the summer of 2005 at 442 sites statewide to an average of 22,102 children each day.

e. Seamless Summer Feeding Program

The Seamless Summer Feeding Program combines features of the NSLP, the SBP, and the SFSP. The purpose of the program is to reduce the administrative burden and paperwork requirements placed on school districts to run a summer program.

The Seamless Summer Feeding Program began as a pilot program in California and Florida. The program expanded to all states in 2002 and became a permanent option for school districts to use in operation of a summer feeding program in 2004.

School districts must apply to operate a Seamless Summer Feeding Program. Once approved, schools operate sites in low-income areas and may feed children 18 years old and younger. Meals are reimbursed at the free NSLP/SBP rates. Sites may be in schools and non-school settings. For the summer of 2005, there were 82 school districts participating, with 204 meal service sites. Meals were served to an average of 13,136 children each day.

B. NO CHILD LEFT BEHIND ACT OF 2001 – SELECTED PROGRAMS

a. Title I, Part A, Basic

Title I, Part A, Basic is the largest NCLB program. It provides flexible funding that may be used to provide additional instructional staff, professional development, extended-time programs, and other strategies for raising student achievement in high-poverty schools. The program focuses on promoting schoolwide reform in high-poverty schools and ensuring students' access to instructional strategies that have been proven effective and ensure that poor and minority children have the same opportunity as other children to meet challenging state academic content and student academic achievement standards.

Most of the major new provisions of NCLB are found in Title I, Part A, including:

- Additional standards and assessments.
- Strengthened accountability and reporting requirements.
- Modified provisions for adequate yearly progress (AYP), rewards, and sanctions.
- New qualifications for teachers and paraprofessionals.
- Intensified provisions related to services to students in private schools.

Title I is allocated based on four separate funding formulas: Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants. Allocations are based primarily on the number of poor children in each school district as determined through the U.S. Census. School districts receive a single combined allocation. Although NCLB made few direct changes to the extremely technical and complex rules governing distribution of Title I, Part A funds to schools, it added numerous new set-aside mandates that may significantly reduce the share and or flexible use of funds available for individual schools.

b. Title I, Part B, Subpart 1, Reading First

This program provides funds to help states and local school districts implement comprehensive reading instruction for children in kindergarten through third grade. The program emphasis is on training teachers in the essential components of reading (phonemic awareness, phonics, fluency, vocabulary, comprehension) and to select and administer screening, diagnostic and classroom-based instructional reading assessments to identify those children who may be at risk of not learning to read. Reading First also provides funds for professional development for special education teachers, kindergarten through grade 12.

Funds are allocated to each state by formula based on the state's relative share of children age 5–17 from families with incomes below the poverty line. Subgrants are awarded competitively to eligible school districts by the state education agency. In awarding subgrants, the state education agency must give priority to eligible school districts that have at least 15 percent of students from families with incomes below the Census poverty line or at least 6,500 children from families with incomes below the poverty line. Any school district that receives a subgrant must receive, at a minimum, the school district's relative share of the amount the district received for Title I, Part A for the preceding fiscal year.

c. Title I, Part B, Subpart 2, Early Reading First

This program provides early language, literacy, and pre-reading development of preschool-age children, particularly those from low-income families. Funds are awarded competitively by the U.S. Department of Education directly to eligible entities.

d. Title I, Part B, Subpart 3, Even Start

This program supports family literacy programs that integrate early childhood education, adult education, and literacy activities for low-income families, including parents eligible for services under the Adult Education and Family Literacy Act and their children from birth through age seven. Formula allocations to states are based on each state's current-year share of Title I, Part A funds. State education agencies award competitive subgrants to partnerships of school districts and other organizations, giving priority to proposals that target areas designated as empowerment zones or enterprise communities or that propose to serve families in other high-poverty areas.

e. Title I, Part C, Migrant

This program provides funds to establish and improve programs that are designed to meet the special educational needs of children of migratory agricultural workers or migratory fishers. Funds are allocated to states through a formula on the basis of each state's per-pupil education expenditure for education and its count of migratory children, age 3–21, residing within the state and an adjustment for those students receiving summer services. The state education agency then provides migrant education services either directly or through subgrants to school districts or other entities.

f. Title I, Part D, Prevention and Intervention Programs for Neglected or Delinquent Children or Youth

This program provides financial assistance to state educational agencies for educational services to neglected and delinquent children and youth under age 21 in state-run institutions, and to local education agencies for educational services to children and youth in local correctional facilities and to other at-risk populations.

Funds are allocated to states through a formula based on the number of children in state-operated institutions and per-pupil education expenditures for the state. Each state's allocation is generated

by child counts in state institutions that provide at least 20 hours of instruction from non-federal funds; adult correctional institutions must provide 15 hours a week. Once the U.S. Department of Education determines the state's allocation, the state education agency makes subgrants to each state agency based on its proportionate share of the state's adjusted enrollment count of neglected and delinquent children and youth.

g. Title I, Part F, Comprehensive School Reform

This program supports the development, adoption, and implementation of comprehensive school reforms that are based on reliable research and effective practice and that will improve the academic achievement of children in participating schools. Allocations to states are by formula based on each state's prior share of Title I, Basic Grants. State education agencies make competitive subawards to school districts that receive funds under Part A of Title I, with a priority for school districts planning to use funds in schools in improvement or corrective action status under Title I.

h. Title I, Part G, Advanced Placement

The purpose of this program is to increase the number of low-income students participating in Advanced Placement classes and taking Advanced Placement tests. Under the previous authorization, states in which no low-income student paid more than a nominal fee to take Advanced Placement tests could also use funds for other activities designed to increase the access of low-income students to Advanced Placement classes. As reauthorized under NCLB, the former program has been replaced with two separate programs—one for test fees, the other for activities designed to increase access to Advanced Placement classes for low-income students.

Allocations to states under the test fee program are based on the number of low-income students in the state in relation to the number of such students in all states. Grants under the incentive program are competitive.

i. Title II, Part A, State Grants for Improving Teacher Quality

NCLB authorized this new program that combines the Eisenhower Professional Development State Grants and Class-Size Reduction programs into one program that focuses on preparing, training, and recruiting high-quality teachers.

Funds are allocated to states by formula, with each state first receiving its FY 2001 amount for Eisenhower Professional Development State Grants and Class-Size Reduction programs. Remaining funds are allocated based 35 percent on child population (age 5–17) and 65 percent on child poverty. Subgrants to school districts are also by formula. Districts receive the amount they received in FY 2001 for the Eisenhower Professional Development State Grants and Class-Size Reduction programs. Remaining funds are allocated based 20 percent on child population (age 5–17) and 80 percent on child poverty.

j. Title II, Part B, Mathematics and Science Partnerships

This program provides competitive 3-year grants to partnerships for activities to improve the academic achievement of students in the areas of mathematics and science. Funds are allocated to states by formula based on each state's share of children age 5–17 from families with incomes below the poverty line. State education agencies then make competitive subawards to eligible partnerships.

k. Title II, Part D, Educational Technology

This program supports the integration of educational technology into classrooms to improve teaching and learning. Funds are allocated to states by formula based on each state's current-year

share of Title I, Part A funds. States are required to subaward one-half of the amount available for school districts by formula based on each district's prior-year share of Title I, Part A. States must use the remaining funds for competitive subawards to high-need school districts or partnerships that include high-need school districts. Districts receiving funds must use at least 25 percent for high-quality professional development activities to prepare teachers to integrate technology into instruction.

I. Title III, English Language Acquisition, Enhancement and Academic Achievement

Under NCLB, this section consolidates 13 previous separate bilingual and immigrant education programs into a state formula program. It provides funds for programs that help children who are limited English proficient (LEP) attain English proficiency, develop high levels of academic attainment in English, and meet the same challenging state academic content and achievement standards as all children are expected to meet.

The state receives formula allocations based on the state's share of limited English proficient students (80 percent) and recent immigrant students (20 percent). States allocate funds to school districts based on their share of the limited English proficient student population, except that states can reserve up to 15 percent for school districts that have experienced significant increases in the percentage or number of immigrant students or that have limited or no experience in serving immigrant students.

m. Title IV, Part A, Safe and Drug Free Schools and Communities

This program provides funding for support programs for drug and violence prevention. The program requires: states to allow students who attend a persistently dangerous school, or who become the victim of a violent crime at school, to transfer to a safe school; states to report on school safety to the public; and school districts to implement drug and violence prevention programs of demonstrated effectiveness.

State grant allocations are based 50 percent on the Title I concentration grants formula and 50 percent on population, with a hold-harmless to ensure that no state receives less in 2002 or future years than it received in 2001. States allocate subgrants to school districts based 60 percent on Title I basic and concentration grants, and 40 percent on enrollment.

n. Title IV, Part B, 21st Century Learning Centers

This program provides tutorial services and an academic enrichment opportunity designed to reinforce the regular academic program in low performing schools. The program was reauthorized under NCLB as a state-administered program. Previously the U.S. Department of Education made competitive awards directly to school districts. Under the new program, states receive funds based on their prior-year share of Title I, Part A funds. States then make competitive subawards to eligible entities.

o. Title V, Part A, Innovative Programs

This program provides flexible funds to states and school districts for innovative educational programs. Funds are allocated to states by formula based on a state's relative share of the school-age population. The state must then allocate funds to school districts based on the relative enrollments in public and private schools. This formula must be adjusted, upon approval of the U.S. Department of Education, to provide higher per-pupil allocations to districts that have the greatest numbers or percentages of children whose education imposes a higher than average cost per child, such as: 1) children living in areas with high concentrations of low-income families; 2) children from low-income families; and 3) children living in sparsely populated areas.

p. Title VI, Part B, Rural and Low Income Schools

This program provides funds to rural districts that lack the personnel and resources to compete effectively for Federal competitive grants and that receive grant allocations in amounts that are too small to be effective in meeting their intended purposes.

Under the Small, Rural School Achievement Program, funds are allocated directly to districts in an amount equal to: (1) \$20,000 plus \$50 for each student in average daily attendance above 50 students served by the district, except that no district may receive more than \$60,000; (2) minus the amount the district received the previous year under the Teacher Quality, Innovative Programs, Safe and Drug-Free Schools, and Educational Technology Programs.

Under the Rural and Low-Income School Program, states receive formula grants based on each state's share of students in average daily attendance in eligible districts. Washington State then awards subgrants to districts by formula based on districts' share of the number of students in average daily attendance in eligible districts within the state.

q. Title VII, Part A, Indian Education

This program addresses the educational needs of Native American children. Formula grants are awarded directly to school districts and Bureau of Indian Affairs (BIA)-supported schools based on the number of Indian children and the state's per-pupil expenditure for education. Grants go to districts or BIA schools in which the number of Indian children is at least 10 or constitutes at least 25 percent of total enrollment.

r. Title VIII, Federal Impact Aid

This program provides financial assistance to school districts affected by federal activities. Impact Aid helps replace the lost local revenue that would otherwise be available to districts to finance the education of their students. Programs include: basic support payments; payment for children with disabilities; facilities maintenance; payments for federal property; and construction.

With the exception of facilities maintenance and the competitive portion of construction, all Impact Aid funds are awarded on a formula basis. The formula funds are distributed directly to school districts using formulas that are all based, in part, on the number and type of federally connected students in the districts.

s. Title X, Part C, Amendments to the McKinney-Vento Homeless Assistance Act

This program provides funds to state education agencies to ensure that homeless children have equal access to public education, including access to services that enable them to meet the same state student academic and achievement standards that all students are expected to meet.

Under the new amendments, states that receive McKinney-Vento funds are prohibited from segregating homeless students. School districts must, at the request of the parent or guardian, provide or arrange for transportation to the homeless child's school of origin when that school is within the district. When the school of origin is in a different district from the district where the homeless child is living, the districts must agree on a method for sharing transportation responsibility and costs. All school districts, not just districts receiving subgrants, must designate a local liaison for homeless children and youth.

Funds are allocated to states by formula based on each state's current year Title I share. State educational agencies then provide competitive subawards to districts.

C. IDEA–SPECIAL EDUCATION, SUPPLEMENTAL

Funds are used by states and school districts (in accordance with the Individuals with Disabilities Education Act (IDEA)) to help provide special education and related services needed to make a free appropriate public education available to eligible children. This program is subject to non-supplanting and excess cost requirements.

Funds are allotted to states based on a certified count of the number of eligible children age 3–21 who are receiving special education and related services on December 1 of the fiscal year that the grant is made.

D. SPECIAL PURPOSE–DIRECT

Revenues from special purpose direct grants do not flow through OSPI but go directly to the districts. Examples of Special Purpose–Direct programs are Taylor Grazing and Federal Emergency Management Act (FEMA).

E. MEDICAID ADMINISTRATIVE MATCH

These funds are received from the Washington State Department of Health and Social Services for outreach and linkage services to students and families eligible for Medicaid benefits.

F. SPECIAL PURPOSE–OSPI

Revenues from many federal sources that are distributed through OSPI are recorded in this category by school districts. Examples of Special Purpose–OSPI programs are AIDS Education and Learn and Serve America.

G. FEDERAL FORESTS

Over 21 percent of all Washington State land is in national forests. These lands are exempt from local property tax. The federal government shares a portion of the revenues from the management of these lands with public schools, universities, community colleges, and state institutions. The majority of the revenues are derived from the harvest of timber. Current statutes require county commissioners to distribute the proceeds from national forests between schools and roads in their counties. The division between schools and roads is legally specified at not less than 50 percent for the schools, based on prorated enrollment of the districts in which timber was cut the previous year.

The amount of funds varies greatly from year to year, depending on the harvesting activities in the federal forestlands within the various counties.

H. HEAD START

Head Start is authorized by the Community Opportunities, Accountability, Training and Educational Services Act of 1998 to provide comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children and to involve parents in activities with their children so that the children will attain overall social competence. This program is administered by the Office of Trade and Economic Development.

I. CARL D. PERKINS VOCATIONAL AND TECHNICAL EDUCATION ACT

The 1998 Carl D. Perkins Vocational and Technical Education Act amendments assist states to further develop the academic, vocational and technical skills of vocational students through setting high standards, linking secondary and postsecondary vocational programs, increasing flexibility in the administration and use of federal funds, disseminating national research about vocational and

technical education, and providing professional development and technical assistance to vocational educators.

The Workforce Training and Education Coordinating Board allocates federal vocational education funds to OSPI for distribution to school districts for vocational-secondary and skills center programs.

J. SPECIAL EDUCATION, MEDICAID

Federal Medicaid reimbursement is paid through OSPI to districts for medical services provided to Medicaid eligible students. These services are for special education students or students who are being evaluated for potential special education eligibility. The rate of reimbursement is based on the district's level of participation.

The school district must claim reimbursement from the state. The state retains a portion for the state as well as a portion of the federal allocation. School districts may receive up to 50% of the federal portion of Medicaid after administrative fees are deducted.

K. OTHER FEDERAL REVENUES

Federal funding is also provided for several other specialized purposes. The majority of these are direct grants made by the federal government to school districts.

L. TARGETED ASSISTANCE

This category consists of revenue from federal grants authorized under Title I, Part A of the Improving Americas Schools Act of 1994 distributed through OSPI.

This page left blank intentionally.

SECTION III. FUNDING OTHER SCHOOL DISTRICT FUNCTIONS

Chapter 8. School Construction and Other Capital Projects

Chapter 9. Purchase of School Buses

Chapter 10. Associated Student Body, Permanent, and Trust and Agency Funds

This section deals with specialized activities that are not accounted for in each school district's General Fund. School districts are required to account for these activities separately because they are not recurring operating costs of the district or because funding for the activities must be kept separate.

This page left blank intentionally.

CHAPTER 8. SCHOOL CONSTRUCTION AND OTHER CAPITAL PROJECTS

The cost of constructing or remodeling school buildings or acquiring certain other school property is accounted for in the school district's Capital Projects Fund. If the school district sells bonds to finance school construction or remodeling, the bond proceeds are deposited in the school district's Capital Projects Fund. Property taxes collected for payment of principal and interest on the bonds are deposited in the school district's Debt Service Fund.

A. CAPITAL PROJECTS

School districts may use the Capital Projects Fund to account for the purchase or improvement of school sites; the construction of new facilities; remodeling or modernization of existing buildings; and for initial expenditures for the purchase of library books, textbooks, and reference books in new buildings. Capital projects are budgeted as needed, virtually annually, in large or growing districts. In smaller districts and those with stable or declining enrollments, this fund is often dormant.

The decision to purchase sites or construct facilities is entirely within the authority of the local district board of directors.

Moneys accrue to the Capital Projects Fund from local revenues and miscellaneous sources and, in addition, the state provides matching funds for many projects.

a. State Revenues

Housing the state's education program requires a major public investment that is shared by the local district and the state. A program of state assistance to school districts in providing school plant facilities was established in 1947 to respond to the disparities in wealth and fiscal capacity between local school districts. The intent was to eliminate the disparities and equalize the tax burden of providing educational facilities so that the constitutional guarantee of equal educational opportunity could be achieved. State financial assistance is available for new construction projects or additions needed to accommodate enrollment growth and for modernization projects that upgrade existing buildings to new educational standards or building codes.

The State Board of Education is authorized to prescribe rules and regulations governing the administration, control, terms, conditions, and disbursements of allotments to school districts to assist them in providing and preserving school plant facilities based on need and financial capability. The Superintendent of Public Instruction administers the school construction assistance program under statutory authority and chapters 180-25 through 180-33 WAC.

Districts must generate eligibility for state assistance on two bases. The first requirement is need, which is also expressed as unshoused pupils. Need usually results from enrollment growth. If a district can generate need (eligibility) for additional space based on the State Board of Education's allocation formula then it can receive state assistance for new construction projects or additions. Further, a district can qualify for modernization assistance if it can document a need for their existing space based on the same calculation and the facility is at least 20 years old (30 years old for buildings completed after January 1, 1993). The second requirement is that districts must have sufficient local funds to cover their share of the cost. The local share is usually secured by a bond issue, a capital levy, any other capital fund revenue sources, or a combination of sources.

If a school district meets the eligibility requirements for new construction or modernization and receives approval by the State Board of Education then it is authorized to proceed with the project. The Superintendent of Public Instruction administers the process. Information on the process (known as the D-Form Process) can be found in the *School Facilities Manual* on the OSPI Facilities Web site at: <http://www.k12.wa.us/facilities/>. Note: A district may construct any facilities it desires without State Board of Education approval or state support whenever local funds are available.

The state's financial participation is limited by eligibility and cost factors established by the State Board of Education. The State Board of Education's allocation formula establishes the maximum amount of state assistance based on enrollment projections, space allowances, and cost allowances. Further, there are some costs that are not shared with the district. The resulting eligible cost is then subjected to a final calculation to divide it into state and local shares.

The final amount of state assistance for which a district is eligible is determined by the application of a statutory formula—called the matching ratio—to the eligible cost. The matching ratio is designed to provide the average district with 50 percent state aid. It is based on a formula that establishes a relationship between the adjusted assessed valuation per pupil in the individual district and the statewide adjusted assessed valuation per pupil. Additional percentage points are awarded to districts that have experienced significant enrollment growth during the latest three-year period. State assistance ranges from 20 to 100 percent depending on the matching ratio calculation.

If available state funds are insufficient to meet all local school district requests, a priority system is imposed. A priority system was established in 1984 and amended in 1991. The priority system provides a system for weighing the relative urgency of eligible projects consistent with the policy judgments of the State Board of Education. It provides an opportunity for modernization projects and new construction in lieu of modernization to compete with projects needed to meet growing enrollments.

A sum of \$335 million was appropriated for the school construction assistance program for the 2005–07 biennium. In addition to the priority system, the State Board of Education can impose a moratorium on the state funded portion of school construction projects if there is a shortfall of funds in the Common School Construction Fund.

The state may occasionally administer programs that directly fund district capital improvements under state or federal grant programs. One example is the high performance building program (ESSB 6094.PL, sec. 609) made available during the 2005–07 state capital budget.

b. Local Revenues

These are derived from three major sources:

Sale of Bonds

In recent years, the sale of bonds has been the primary source of funding. Bond issues authorized at a special or regular election must have at least 60 percent of the voters casting ballots. A further qualification requires that there must be a 40 percent voter turnout based upon the number of votes cast in the most recent state General Election. Such bonds are amortized by an annual levy over a period of years, which is authorized at the time the issue is approved and set each year by county authorities.

Additional authority to contract indebtedness is authorized in RCW 28A.530.080. This allows districts the ability to incur debt without a vote of the qualified electors of the district. They may issue bonds, notes, or other evidence of indebtedness, which shall be sold in accordance with chapter 39.46 RCW.

The statutory limit for school district voted and nonvoted debt is 5 percent as follows:

- 0.375 percent without a vote of the people.
- 2.5 percent with a vote of the people—to include the 0.375 percent.
- 2.5 percent with a vote of the people if this added 2.5 percent is used for capital outlay.

Approval of Excess Capital Projects Fund Levies

An excess levy for a school district's Capital Projects Fund is subject to the same requirements for passage as an excess levy for the district's General Fund. Capital projects fund levies have a six-year limitation.

Interest on Investments

The most common minor revenue source available to the Capital Projects Fund is interest earned from investing building fund moneys. Following the sale of a bond issue, there is often a period of time before payments must be made to contractors. It is permissible for districts to invest these funds in U.S. government securities with interest accruing to the Capital Projects Fund.

c. Other Revenues

Federal Aid

From 1950 to 1994, districts that qualified for impact aid maintenance and operation assistance may have also qualified for capital construction needs through Public Law 81-815. Said public law was repealed in 1994 by the Improving America's School Act (IASA). The impact aid provision of IASA continues to provide for some construction assistance.

Insurance Settlements

Settlements received by a school district for fire damages or other losses are placed in the district's Capital Projects Fund.

Sale of School Property

Whenever a school building or site is sold, the money is either deposited in the Capital Projects Fund or used to reduce bonded indebtedness.

Developer Fees

One-time developer (impact) fees paid to local government on residential developments to help offset facility needs may be placed in the district's Capital Projects Fund.

The cost of constructing or remodeling school buildings or acquiring certain other school property is accounted for in the school district's Capital Projects Fund. If the school district sells bonds to finance school construction or remodeling, the bond proceeds are deposited in the school district's Capital Projects Fund. Property taxes collected for payment of principal and interest on the bonds are deposited in the school district's Debt Service Fund.

Other Sources

Receipts derived from federal forestlands or state forestlands may be placed in the school district's Capital Projects Fund. Under certain circumstances, various other local resources may become available to the Capital Projects Fund.

**Figure 11–State Summary–Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended August 31, 2005**

Revenues	
Local	\$ 257,560,473
State	181,670,635
Federal	12,835,728
Other	16,597,358
<i>Total Revenues</i>	<u>468,664,194</u>
Expenditures	
Capital Outlay	
Sites	71,855,124
Building	983,554,055
Equipment	116,165,776
Energy	17,047,529
Debt Service	
Principal	1,707,870
Interest and Other	6,067,494
<i>Total Expenditures</i>	<u>1,196,397,848</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(727,733,654)</i>
Other Financing Sources (Uses)	
Bond Sales	739,500,608
Long-Term Financing	9,852,869
Transfers In	11,854,944
Transfers Out	(7,455,786)
Other Sources	17,903,144
<i>Total Other Financing Sources (Uses)</i>	<u>771,655,779</u>
<i>Excess of Revenues/Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<i>43,922,125</i>
Beginning Fund Balance (September 1, 2004)	2,158,913,530
Correction of Prior Year(s) Errors	(21,465,054)
<i>Ending Fund Balance (August 31, 2005)</i>	<u><u>\$ 2,181,370,601</u></u>

Source: SPI Report F-196, Annual Financial Statement for School Districts.

B. DEBT SERVICE FUND

When voters of a school district authorize a bond issue to finance a capital project, they also authorize the levy of property taxes to pay interest and repay the principal over the life of the bond (which is often 20–30 years). RCW 28A.320.330 creates the school district Debt Service Fund for accounting for tax proceeds and disbursements for this purpose.

Prior to each tax collection year, school district and county officials determine the levy amount and tax rate needed for payments of principal and interest. Property taxes collected for this purpose are deposited with the county treasurer in the school district's Debt Service Fund. Disbursements are made by the county treasurer or fiscal agent; school district warrants are not issued from this fund.

The Attorney General has ruled that it is improper to levy excessive taxes to retire bonds in advance of the redemption schedule.

Revenues and expenditures from the Debt Service Fund are shown in Figure 12.

**Figure 12–State Summary–Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended August 31, 2005**

Revenues	
Local	765,220,549
State	8,193,789
Federal	610,809
<i>Total Revenues</i>	<u>774,025,147</u>
Expenditures	
Debt Service	
Principal	505,884,491
Interest and Other	320,873,420
<i>Total Expenditures</i>	<u>826,757,911</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(52,732,764)</u>
Other Financing Sources (Uses)	
Bond Sales	702,018,545
Transfers In	23,069,820
Transfers Out	(32,516,900)
Other Financing Uses	(646,804,627)
Other Financing Sources	1,093,239
<i>Total Other Financing Sources (Uses)</i>	<u>46,860,077</u>
<i>Excess of Revenues/Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(5,872,687)</u>
Beginning Fund Balance (September 1, 2004)	386,556,546
Correction of Prior Year(s) Errors	32,235
Ending Fund Balance (August 31, 2005)	<u><u>380,716,094</u></u>

Source: SPI Report F-196, Annual Financial Statement for School Districts.

CHAPTER 9. PURCHASE OF SCHOOL BUSES

Most school districts purchase and operate their own school buses. Fifteen districts contract with private operators to provide pupil transportation.

A. TRANSPORTATION VEHICLE FUND

School districts use a Transportation Vehicle Fund, authorized by RCW 28A.160.130, to account for purchases of pupil transportation vehicles (school buses). (The cost of operating and maintaining school buses is accounted for in the school district's General Fund. See Chapter 5 Section C.) Figure 13 provides a summary of 2004–05 revenues and expenditures for the Transportation Vehicle Fund.

B. SOURCES OF REVENUE TO THE TRANSPORTATION VEHICLE FUND

Transportation Vehicle Fund revenue sources are state funding, local levies, and transfers from other funds. Proceeds from the sale of used school buses are also deposited into this fund. School districts may also finance bus purchases.

The state funding formula for transportation equipment is defined in chapter 392-142 WAC, Transportation—Replacement and Depreciation Allocation. State funding provides annual payments based on depreciation and replacement costs over the scheduled lifetime of buses owned by the school district. Scheduled lifetimes of new buses are either 8 or 13 years depending on the type of bus. State funding provides \$34 million for transportation equipment in the 2004–05 school year. This is in addition to state funding for transportation operations. (See Chapter 5 Section C. for a description of state funding of pupil transportation operating costs.)

School districts may levy a local property tax for deposit into the Transportation Vehicle Fund. Levies may be for one or two years. Authority for such levies is found in Article VII, Section 2 of the State Constitution and RCW 84.52.053. Levies must receive a 60 percent yes vote and satisfy the same validation requirement as maintenance and operation levies. (See Chapter 6 Section A. for a description of maintenance and operation levies.) In 2004, three districts submitted Transportation Vehicle Fund levies totaling \$2.8 million. Two districts passed levies totaling \$2.6 million for collection in 2005 through 2006. During the 2004–05 school year, local levies provided \$1.7 million in revenue to the Transportation Vehicle Fund.

Transfers from other funds provided \$4.7 million in revenue to the Transportation Vehicle Fund in the 2004–05 school year.

C. PAYMENTS TO CONTRACTING DISTRICTS

School districts that contract with private operators of school buses receive state payments in lieu of depreciation payments for district-owned buses. Such payments are deposited in the district's General Fund to assist with the payment of the capital cost of the contractor's services. State payments in lieu of depreciation totaled \$6.6 million in the 2004–05 school year.

Figure 13 - State Summary - Transportation Vehicle Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended August 31, 2005

Revenues	
Local	4,208,360
State	33,888,235
Federal	300,000
Other	301,608
	301,608
<i>Total Revenues</i>	38,698,203
Expenditures	
Capital Outlay	
Sites	
Building	
Equipment	41,552,503
Energy	
Debt Service	
Principal	826,028
Interest and Other	412,442
	412,442
<i>Total Expenditures</i>	42,790,973
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,092,770)
Other Financing Sources (Uses)	
Bond Sales	3,365,464
Long-Term Financing	2,999,136
Transfers In	4,766,751
Transfers Out	(4,084,139)
Other Sources	265,091
	265,091
<i>Total Other Financing Sources (Uses)</i>	7,312,303
<i>Excess of Revenues/Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	3,219,533
Beginning Fund Balance (September 1, 2004)	62,769,053
Correction of Prior Year(s) Errors	52,000
	52,000
Ending Fund Balance (August 31, 2005)	66,040,586

Source: SPI Report F-196, Annual Financial Statement for School Districts.

CHAPTER 10. ASSOCIATED STUDENT BODY, PERMANENT, AND TRUST AND AGENCY FUNDS

Separate funds are used to account for certain other school district functions.

A. ASSOCIATED STUDENT BODY FUNDS

RCW 28A.325.030 creates “a fund on deposit with each county treasurer for each school district of the county having an associated student body as defined in RCW 28A.325.020.” The fund is financed by fees collected from students and nonstudents attending optional noncredit extracurricular events of the district, donations, and fundraisers.

The school district board of directors approves budgets for all associated student bodies in the district. Accounting records are maintained for each associated student body and provide separate accounting when there is more than one associated student body. Disbursements are made with the approval of the associated student body and school district board of directors and are paid by warrant.

In the 2004–05 school year, school districts reported \$120.6 million in revenues to the Associated Student Body Fund. Figure 14 provides a summary of 2004–05 revenues and expenditures for the Associated Student Body Fund.

B. PERMANENT FUNDS

Permanent funds are used where resources are legally restricted such that only the earnings, not the principal, may be expended, and where those resources can be used for the support of the district. Such moneys that benefit individuals or specific organizations should be accounted for as private-purpose trust funds. The determining factor is who may benefit, not the legal requirement that only earnings may be spent. Scholarship moneys, for example, benefit individuals and are accounted for in private-purpose trust funds whether or not the principal may be expended.

C. TRUST AND AGENCY FUNDS

Trust and agency funds account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The two types of trust funds used in Washington State are the private-purpose trust fund and the pension (and other employee benefit) trust fund.

The private-purpose trust fund is used to account for assets donated to school districts to benefit individuals or organizations and is established when either principal and earnings or only earnings of the trust can be spent. Examples include moneys for scholarship, student aid, charitable, and other similar purposes. The authority to use the assets comes from the donor who specifies a use or range of allowed uses for assets held in trust, and the school board has the authority to determine the use of the assets only within the confines of the original trust agreement. Donated assets that are available for the general use of the district and permit only the earnings to be expended are accounted for in the permanent fund. The pension (and other employee benefit) trust fund is used only by districts that operate individual pension trust funds and hold resources in trust.

Agency funds are used to account for activities in which the district is acting in an agent capacity for some other organization, government, individual, or fund. Agency funds are purely custodial in nature (i.e., assets equal liabilities) and thus do not focus on the measurement of operations. An agency fund differs from a trust fund in that agency funds have no formal trust agreement, and the government’s role in them is purely custodial.

**Figure 14—State Summary—Associated Student Body Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended August 31, 2005**

Revenues	
General Student Body	55,999,507
Athletics	21,775,612
Classes	9,145,050
Clubs	31,409,435
Private Moneys	2,290,726
<i>Total Revenues</i>	<u>120,620,330</u>
Expenditures	
General Student Body	43,903,123
Athletics	29,225,126
Classes	9,089,292
Clubs	33,851,134
Private Moneys	2,214,832
<i>Total Expenditures</i>	<u>118,283,507</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,336,823</u>
Beginning Fund Balance (September 1, 2004)	59,669,830
Correction of Prior Year(s) Errors	<u>(147,961)</u>
Ending Fund Balance (August 31, 2005)	<u><u>61,858,692</u></u>

Source: SPI Report F-196, Annual Financial Statement for School Districts.

SECTION IV. SCHOOL STATISTICS AND HISTORY

Chapter 11. History of School Personnel and Compensation

Chapter 12. School Enrollment

Chapter 13. School District General Fund Revenues and Expenditures

Chapter 14. History of Education in Washington

This section provides statistical and historical information regarding school district personnel, enrollment, and revenues and expenditures. Information shown here is through the 2004-05 school year.

This page left blank intentionally.

CHAPTER 11. HISTORY OF SCHOOL PERSONNEL AND COMPENSATION

For state funding purposes, school employees are identified as either “certificated” or “classified” personnel.

Certificated personnel are those employed in a position for which a certificate issued by the State Board of Education is required. The State Board issues certificates for teachers, administrators, vocational instructors, and educational staff associates. Educational staff associates include counselors, school nurses, occupational therapists, physical therapists, psychologists, social workers, reading resource specialists, and communication disorders specialists. Beginning in the 1987–88 school year, state funding formulas distinguish between certificated instructional staff (teachers, vocational instructors, and educational staff associates) and certificated administrative staff.

Classified personnel include all school district personnel other than certificated personnel. Classified personnel include instructional aides, office/clerical workers, crafts/trades workers, bus drivers, and many directors and supervisors (other than superintendents and deputy/assistant superintendents).

A. COMPENSATION LEGISLATION

Every school district board of directors has the responsibility to determine salaries and compensation for its employees. This is influenced, but not controlled, by state law and state salary allocations. State policy determines salary allocations to the school districts. Local collective bargaining and employment contracts determine how much any employee is paid. However, state law limits salaries paid to certificated instructional staff as described below.

RCW 28A.400.200 (2) requires that the minimum salary paid to certificated instructional staff shall not be less than the state allocated salary for an employee with a baccalaureate degree and zero years of service; and the salary paid to an employee with a masters degree shall not be less than the state allocated salary for an employee with a masters degree and zero years of service.

The state salary lid law, RCW 28A.400.200(3), requires that a district’s actual average salary paid to basic education and special education certificated instructional employees shall not be greater than the district’s state allocated salary for formula staff units. This salary limit applies to the base contract salaries, which do not include supplemental pay for additional time, responsibilities, and incentives. The salary lid law does not apply to classified staff or certificated administrative staff of the school district.

References to salary increases authorized by the Legislature contained in this chapter refer to increases in state allocated salaries, which are applied to state formula staff units in the various funding formulas (basic education, special education, etc.). Actual salary increases paid to school employees are determined locally, as described above. This section references significant legislative changes to the funding formula for the years 1991–2003. Information prior to 1991 can be found in earlier editions of *Organization and Financing of Washington Public Schools* posted under Publications on the OSPI School Apportionment and Financial Services Web site at: <http://www.k12.wa.us/safs/>.

The 1991 Legislature

For 1991–92, certificated instructional staff unit salaries were increased by 4 percent, including the 34 school districts still above the state salary allocation schedule. Minimum salary levels for certificated instructional staff were increased to \$20,801 when the highest degree was a bachelor’s and \$24,939 for a master’s. A further increase of 3.547 percent was authorized for the 1992–93 school year.

LEAP Document 1R was revised to LEAP Document 1A in order to return a value of 1.00 to the upper left-hand corner of the table.

Certificated administrative staff units received an increase of 4 percent of the 1990–91 state-recognized average salary for certificated administrative staff for 1991–92. This was \$1,872 per funded staff unit. A further increase of 3.547 percent was authorized for the 1992–93 school year. Classified staff units received an increase of 4 percent of the 1990–91 state-recognized average salary for classified staff. This was \$853 per funded staff unit. A further increase of 3.547 percent was authorized for the 1992–93 school year.

The 1992 Legislature

The 1992 Legislature reduced the increase provided for all staff units for 1992–93 from 3.547 percent to 3 percent.

The 1993 Legislature

The 1993 Legislature did not grant any salary increases for 1993–94 and 1994–95. Also the Legislature encouraged districts not to grant salary increases to administrative employees who earned more than \$45,000 a year. Allocated administrative salaries were reduced by 10 percent.

The 1995 Legislature

For 1995–96, certificated instructional staff unit salaries were increased by 4 percent, including the 34 school districts still above the state salary allocation schedule. Minimum salary levels for certificated instructional staff were increased to \$22,282 for a bachelor's degree and \$26,715 for a master's degree.

Certificated administrative staff units received an increase of 4 percent for 1995–96. However, the increase was applied to the 1994–95 district-recognized average salary for certificated administrative staff after that salary had been reduced by multiplying it by .951. This is a net 1.095 percent decrease from 1994–95 allocation salaries.

Classified staff units received an increase of 4 percent of the 1994–95 district-recognized average salary for classified staff.

No salary increases were provided for 1996–97.

The 1997 Legislature

For 1997–98, certificated instructional staff units, certificated administrative staff units, and classified staff units all increased by 3 percent, including the 34 school districts still above the state salary allocation schedule.

No salary increases were provided for 1998–99.

The 1999 Legislature

For 1999–2000, LEAP Document 1A was revised to LEAP Document 1S (see Figure 7, Chapter 5). Certificated instructional staff unit salary increases ranged from 12.05 percent in the zero years of service cells in the salary schedule to 4.72 percent in the years six through 15 cells. The 34 “grandfathered” school districts continued their allocation above the state salary allocation schedule. In addition, a “16 years of service” row was added to the salary schedule.

The increase included funding for three additional contract days. The days were provided for activities related to improving student learning consistent with education reform implementation. If fewer than three days were added to the district's base contract for these activities, the salary allocation was reduced accordingly.

Certificated administrative units and classified staff units received an increase of 3 percent for 1999–2000.

For 2000–01, certificated instructional staff units, certificated administrative staff units, and classified staff units all received 3 percent increases.

The 2001 Legislature

In November 2000, Washington State voters approved Initiative 732. Initiative 732 provides cost-of-living salary adjustments to school employees based on the Puget Sound area consumer price index as determined by the U. S. Department of Labor, Bureau of Labor Statistics. Previously, the Legislature determined state allocated salary increases in the state operating budget. The state allocated increases greatly influenced, but did not dictate, salaries set by school districts in the collective bargaining process.

The state budget funded this increase for all state-funded formula staff units; however, it did not provide for salary increases for federally funded or locally funded staff.

School employee advocates filed a lawsuit seeking a declaration that the Initiative required the state to fund the cost-of-living adjustment for all school employees, including those supported by federal and local revenues. In December 2002 the State Supreme Court sided with the plaintiffs and held that the language of the Initiative required state funding sufficient to provide a cost-of-living increase for all employees. However, the court struck down part of the Initiative that made the increase a part of the basic education mandate on the Legislature. During the following session, the Legislature amended the language of the law to conform to its original understanding that sufficient state funding is provided for costs-of-living increases for state-funded formula staff units.

The 2002 Legislature

The 2002 Legislature reduced the number of funded learning improvement days, originated during the 1999 Legislature, from three to two. The salary allocation for certificated instructional staff was reduced accordingly.

The 2003 Legislature

The Legislature amended I-732 to clarify that state funds for the automatic salary increases are provided for state-funded staff units only. In addition, the legislature suspended I-732 for the 2003–05 biennium citing a weak economy and a large state budget deficit. Therefore, no cost-of-living adjustments were provided for the 2003–04 or 2004–05 school years.

However, a salary adjustment was provided for state formula certificated instructional staff in their first seven years of service. Specifically, the Legislature provided funding to increase the salary of certificated instructional staff (CIS) units in the 2003–04 school year by the following percentages:

- 3.0 percent for CIS in their first and second years of service
- 2.5 percent for CIS in their third year of service
- 1.5 percent for CIS in their fourth year of service
- 1.0 percent for CIS in their fifth year of service
- 0.5 percent for CIS in their six and seventh years of service.

Similar increases for CIS were funded for 2004–05. No increase was funded for certificated administrative staff. No increase was funded for classified staff for 2003–04.

The 2004 Legislature

The 2004 Legislature provided a 1.0 percent increase for classified staff for 2004–05.

The 2005 Legislature

The 2005 Legislature provided a 1.2 percent increase for certificated instructional staff, certificated administrative staff, and classified staff for 2005–06.

**Figure 15 – K–12 Salary Allocation Schedule for Certificated Instructional Staff
1997–99 School Year**

YEARS OF SERVICE	EDUCATION EXPERIENCE						MA+90		
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	OR PHD
0	22,950	23,570	24,212	24,855	26,920	28,251	27,516	29,581	30,912
1	23,702	24,342	25,005	25,690	27,816	29,165	28,351	30,477	31,825
2	24,469	25,129	25,812	26,563	28,725	30,115	29,224	31,386	32,774
3	25,275	25,955	26,657	27,450	29,650	31,100	30,111	32,311	33,761
4	26,095	26,818	27,540	28,375	30,632	32,123	31,036	33,293	34,783
5	26,953	27,695	28,437	29,336	31,629	33,180	31,996	34,290	35,840
6	27,847	28,586	29,370	30,333	32,661	34,250	32,994	35,322	36,911
7	28,756	29,513	30,316	31,341	33,727	35,377	34,002	36,388	38,038
8	29,678	30,477	31,299	32,408	34,827	36,537	35,069	37,488	39,198
9		31,475	32,337	33,487	35,962	37,730	36,147	38,623	40,391
10			33,388	34,621	37,129	38,956	37,282	39,790	41,617
11				35,788	38,351	40,214	38,449	41,012	42,875
12				36,918	39,605	41,525	39,662	42,266	44,186
13					40,890	42,867	40,917	43,551	45,528
14					42,182	44,260	42,210	44,927	46,921
15					43,279	45,411	43,307	46,095	48,141

Source: Substitute House Bill 2259.

**Figure 16 – K–12 Salary Allocation Schedule for Certificated Instructional Staff
1999–2000 School Year**

YEARS OF SERVICE	EDUCATION EXPERIENCE						MA+90		
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	OR PHD
0	25,716	26,410	27,130	27,850	30,165	31,656	30,831	33,146	34,637
1	26,062	26,765	27,494	28,248	30,586	32,068	31,174	33,511	34,994
2	26,649	27,367	28,111	28,930	31,284	32,797	31,827	34,181	35,694
3	27,527	28,267	29,033	29,895	32,291	33,871	32,794	35,189	36,769
4	28,146	28,927	29,705	30,605	33,040	34,647	33,476	35,910	37,518
5	28,790	29,581	30,375	31,334	33,785	35,440	34,176	36,627	38,282
6	29,161	29,935	30,756	31,765	34,203	35,866	34,551	36,989	38,653
7	30,113	30,906	31,747	32,820	35,319	37,047	35,607	38,105	39,833
8	31,079	31,915	32,776	33,938	36,471	38,261	36,724	39,257	41,048
9		32,960	33,863	35,067	37,659	39,511	37,853	40,446	42,297
10			34,964	36,255	38,881	40,795	39,042	41,668	43,581
11				37,477	40,161	42,112	40,264	42,948	44,899
12				38,660	41,474	43,485	41,534	44,261	46,271
13					42,820	44,890	42,848	45,607	47,677
14					44,173	46,349	44,202	47,047	49,136
15					45,322	47,554	45,351	48,270	50,413
16					46,228	48,505	46,258	49,236	51,421

Source: Engrossed Substitute Senate Bill 5180 and Chapter 309, Laws of 1999.

**Figure 17 – K–12 Salary Allocation Schedule for Certificated Instructional Staff
2000–01 School Year**

YEARS OF SERVICE	EDUCATION EXPERIENCE						MA+90		
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	OR PHD
0	26,487	27,203	27,943	28,686	31,070	32,605	31,756	34,140	35,676
1	26,843	27,568	28,319	29,095	31,503	33,030	32,109	34,517	36,044
2	27,448	28,189	28,954	29,798	32,223	33,781	32,782	35,207	36,765
3	28,352	29,115	29,904	30,792	33,260	34,887	33,778	36,245	37,872
4	28,991	29,794	30,596	31,524	34,031	35,687	34,480	36,988	38,643
5	29,653	30,469	31,286	32,274	34,798	36,503	35,202	37,726	39,431
6	30,036	30,833	31,679	32,718	35,229	36,942	35,588	38,099	39,813
7	31,017	31,833	32,699	33,805	36,378	38,158	36,675	39,249	41,028
8	32,011	32,873	33,759	34,956	37,565	39,409	37,826	40,435	42,279
9		33,949	34,879	36,119	38,789	40,696	38,989	41,659	43,566
10			36,013	37,343	40,048	42,018	40,213	42,918	44,889
11				38,601	41,366	43,375	41,471	44,236	46,246
12				39,820	42,718	44,789	42,780	45,589	47,659
13					44,105	46,237	44,134	46,975	49,107
14					45,498	47,739	45,528	48,459	50,610
15					46,681	48,981	46,711	49,719	51,926
16					47,615	49,960	47,645	50,713	52,964

Source: Engrossed House Bill 2487 and Chapter 1, Laws of 2000, 2nd Special Session.

**Figure 18 – K–12 Salary Allocation Schedule for Certificated Instructional Staff
2001–02 School Year**

YEARS OF SERVICE	EDUCATION EXPERIENCE						MA+90		
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	OR PHD
0	27,467	28,209	28,977	29,746	32,219	33,811	32,931	35,403	36,996
1	27,836	28,588	29,366	30,171	32,668	34,252	33,297	35,793	37,377
2	28,464	29,231	30,025	30,900	33,414	35,030	33,995	36,509	38,124
3	29,401	30,192	31,009	31,931	34,490	36,177	35,027	37,585	39,273
4	30,063	30,896	31,727	32,689	35,290	37,007	35,755	38,355	40,072
5	30,750	31,595	32,443	33,468	36,085	37,853	36,503	39,121	40,889
6	31,147	31,974	32,850	33,928	36,531	38,308	36,904	39,508	41,285
7	32,164	33,010	33,909	35,055	37,724	39,569	38,031	40,700	42,546
8	33,195	34,088	35,008	36,248	38,954	40,867	39,225	41,930	43,843
9		35,205	36,169	37,455	40,223	42,201	40,430	43,200	45,177
10			37,344	38,724	41,529	43,572	41,700	44,505	46,549
11				40,029	42,895	44,979	43,005	45,872	47,956
12				41,293	44,298	46,446	44,362	47,275	49,422
13					45,736	47,947	45,766	48,712	50,923
14					47,181	49,505	47,212	50,251	52,481
15					48,408	50,792	48,439	51,557	53,846
16					49,376	51,808	49,407	52,589	54,923

Source: Chapter 7, Laws of 2001, 2nd Special Session.

**Figure 19 – K–12 Salary Allocation Schedule for Certificated Instructional Staff
2002–03 School Year**

YEARS OF SERVICE	EDUCATION EXPERIENCE						MA+90		
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	OR PHD
0	28,300	29,064	29,856	30,649	33,196	34,836	33,929	36,476	38,118
1	28,680	29,455	30,257	31,086	33,659	35,291	34,306	36,879	38,510
2	29,327	30,117	30,936	31,837	34,428	36,093	35,025	37,616	39,280
3	30,293	31,107	31,950	32,899	35,536	37,274	36,089	38,725	40,464
4	30,975	31,833	32,690	33,681	36,360	38,129	36,840	39,519	41,288
5	31,682	32,553	33,427	34,483	37,179	39,001	37,610	40,307	42,129
6	32,091	32,943	33,847	34,956	37,639	39,470	38,023	40,706	42,537
7	33,139	34,012	34,937	36,118	38,868	40,769	39,185	41,934	43,836
8	34,202	35,122	36,069	37,348	40,135	42,106	40,414	43,202	45,172
9		36,272	37,266	38,591	41,443	43,481	41,656	44,510	46,548
10			38,477	39,898	42,788	44,894	42,964	45,855	47,960
11				41,243	44,196	46,344	44,309	47,263	49,410
12				42,545	45,642	47,854	45,707	48,708	50,921
13					47,123	49,401	47,154	50,189	52,467
14					48,611	51,006	48,644	51,775	54,073
15					49,876	52,333	49,908	53,121	55,479
16					50,873	53,379	50,906	54,183	56,588

Source: Engrossed Substitute Senate Bill 6387, Sec. 503 and Chapter 371, Laws of 2002.

**Figure 20 – K–12 Salary Allocation Schedule for Certificated Instructional Staff
2003–04 School Year**

YEARS OF SERVICE	EDUCATION EXPERIENCE						MA+90		
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	OR PHD
0	29,149	29,936	30,752	31,568	34,192	35,881	34,947	37,570	39,262
1	29,540	30,339	31,165	32,019	34,669	36,350	35,335	37,985	39,665
2	30,060	30,870	31,709	32,633	35,289	36,995	35,901	38,556	40,262
3	30,747	31,574	32,429	33,392	36,069	37,833	36,630	39,306	41,071
4	31,285	32,151	33,017	34,018	36,724	38,510	37,208	39,914	41,701
5	31,840	32,716	33,594	34,655	37,365	39,196	37,798	40,509	42,340
6	32,251	33,108	34,016	35,131	37,827	39,667	38,213	40,910	42,750
7	33,139	34,012	34,937	36,118	38,868	40,769	39,185	41,934	43,836
8	34,202	35,122	36,069	37,348	40,135	42,106	40,414	43,202	45,172
9		36,272	37,266	38,591	41,443	43,481	41,656	44,510	46,548
10			38,477	39,898	42,788	44,894	42,964	45,855	47,960
11				41,243	44,196	46,344	44,309	47,263	49,410
12				42,545	45,642	47,854	45,707	48,708	50,921
13					47,123	49,401	47,154	50,189	52,467
14					48,611	51,006	48,644	51,775	54,073
15					49,876	52,333	49,908	53,121	55,479
16					50,873	53,379	50,906	54,183	56,588

Source: Engrossed Substitute Senate Bill 5404, Sec. 503.

**Figure 21 – K–12 Salary Allocation Schedule for Certificated Instructional Staff
2004–05 School Year**

YEARS OF SERVICE	EDUCATION EXPERIENCE						MA+90		
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	OR PHD
0	30,023	30,834	31,674	32,516	35,218	36,958	35,995	38,697	40,439
1	30,427	31,249	32,100	32,979	35,709	37,440	36,395	39,125	40,855
2	30,812	31,642	32,502	33,449	36,171	37,920	36,798	39,520	41,269
3	31,209	32,047	32,916	33,893	36,610	38,401	37,180	39,895	41,687
4	31,598	32,473	33,347	34,358	37,091	38,895	37,580	40,313	42,118
5	32,000	32,879	33,762	34,829	37,552	39,392	37,987	40,711	42,551
6	32,413	33,273	34,186	35,306	38,016	39,866	38,404	41,114	42,963
7	33,139	34,012	34,937	36,118	38,868	40,769	39,185	41,934	43,836
8	34,202	35,122	36,069	37,348	40,135	42,106	40,414	43,202	45,172
9		36,272	37,266	38,591	41,443	43,481	41,656	44,510	46,548
10			38,477	39,898	42,788	44,894	42,964	45,855	47,960
11				41,243	44,196	46,344	44,309	47,263	49,410
12				42,545	45,642	47,854	45,707	48,708	50,921
13					47,123	49,401	47,154	50,189	52,467
14					48,611	51,006	48,644	51,775	54,073
15					49,876	52,333	49,908	53,121	55,479
16					50,873	53,379	50,906	54,183	56,588

Source: Engrossed Substitute Senate Bill 5404, Sec. 503.

**Figure 22 – K–12 Salary Allocation Schedule for Certificated Instructional Staff
2005–06 School Year**

YEARS OF SERVICE	EDUCATION EXPERIENCE						MA+90		
	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	OR PHD
0	30,383	31,204	32,054	32,906	35,640	37,401	36,426	39,161	40,924
1	30,792	31,624	32,485	33,375	36,137	37,889	36,831	39,594	41,345
2	31,181	32,022	32,892	33,850	36,605	38,375	37,239	39,994	41,764
3	31,583	32,431	33,311	34,299	37,049	38,861	37,626	40,373	42,187
4	31,977	32,862	33,747	34,770	37,536	39,361	38,031	40,796	42,623
5	32,384	33,273	34,167	35,247	38,002	39,864	38,442	41,199	43,061
6	32,802	33,672	34,596	35,729	38,472	40,344	38,864	41,607	43,478
7	33,536	34,420	35,356	36,551	39,334	41,258	39,655	42,437	44,362
8	34,612	35,543	36,502	37,796	40,616	42,611	40,899	43,720	45,714
9		36,707	37,713	39,054	41,940	44,002	42,156	45,044	47,106
10			38,938	40,376	43,301	45,432	43,479	46,405	48,535
11				41,737	44,726	46,900	44,840	47,830	50,003
12				43,055	46,189	48,428	46,255	49,292	51,532
13					47,688	49,993	47,720	50,791	53,096
14					49,194	51,618	49,227	52,396	54,721
15					50,474	52,961	50,507	53,758	56,144
16					51,483	54,019	51,517	54,833	57,266

Source: Engrossed Substitute Senate Bill 6090, Sec. 503.

B. PERSONNEL STAFFING HISTORY**Pupil-Teacher Ratios**

As education receives more and more national attention, pupil-teacher ratios also receive increasing scrutiny. The Legislature has made efforts in recent years to improve Washington State's pupil-teacher ratios. Pupil-teacher ratios are expressed "20 pupils per teacher" or simply 20:1. School finance in this state, however, works with what is called the teacher-pupil ratio. The teacher-pupil ratio, which is equivalent to the example above, is written "50 teachers per 1000 pupils" or simply 50:1000. The rest of this section will show, for clarity, both methods of expressing the same ratio.

Prior to the 1986–87 school year, the basic education funding formula provided for 50 certificated staff per 1000 full-time equivalent (FTE) pupils. This included certificated instructional staff and certificated administrative staff, although these groups were not yet defined in law. Between 1987 and 1990, ratios were established for certificated administrative, certificated instructional, and classified staff and the K–3 funding formula was enriched.

The 1991 Legislature further increased the K–3 formula staff ratio by 2 to a maximum of 54.3:1000 (18.42:1). Districts with actual K–3 staffing ratios less than 54.3:1000 and greater than 49:1000 were funded at their actual K–3 ratio. Districts with actual K–3 ratios of less than 49:1000 were funded at the statutory minimum of 49:1000. Under certain circumstances, up to 1.3 of the 54.3 funding ratio could be used to increase classified instructional assistants. See Chapter 5 Section A.a. for a more complete discussion.

The 1999 Legislature revised the funding ratio for K–3 into a funding ratio for K–4. Beginning in the 1999–2000 school year, school districts were allocated up to 53.2 certificated instructional staff per 1000 FTE K–4 students.

The 2000 Legislature funded a new Better Schools program for the 2000–01 school year. This provided for an additional 2.2 certificated instructional staff units per 1000 K–4 students to supplement the basic education certificated staffing allocations. This additional staffing could also be provided under a supplemental contract for additional classroom contact hours beyond the normal school day.

The 2001 Legislature rolled funding for Better Schools into the funding for basic education. In the 2001–02 school year, school districts were allocated up to 55.4 certificated instructional staff per 1000 K–4 students. As state funding for Student Achievement increased (see next paragraph), Better Schools funding for additional certificated staff units decreased. In the 2002–03 school year, school districts were allocated up to 54.0 certificated instructional staff per 1000 K–4 students. In 2004–05, the K–4 funding ratio was reduced to 53.2, the original funding level when K–4 funding was implemented beginning in the 1999–2000 school year.

Initiative 728, K–12 2000 Student Achievement Act, was approved by Washington State voters in November 2000 and took effect in the 2001–02 school year. Initiative 728 provides additional funding for improving student learning. The initiative identifies six allowable uses of the money including reducing class size by hiring additional teachers and providing extended learning opportunities for struggling students. Each school district determines how Initiative 728 funding can best be used to improve student learning. In the 2003–04 school year, approximately half of Initiative 728 funding was reported as used to reduce class size.

See Figure 27 for information about staff ratios.

Other Personnel Staffing History

The tables presented in this section are intended to provide a statistical overview of personnel in the common schools for the past ten years (Figure 23) and twenty-five years (Figures 23, 24, and 27). Certificated and classified employees of school districts are reported annually on the S-275 reporting

process. Personnel information, contract data, and assignment information are reported for every employee in the district as of October 1 of each year.

S-275 personnel data are used by OSPI to calculate staff mix factors and staffing ratios used for calculating state funding. Further information is available in prior issues of this handbook or under Publications/Personnel Summary Reports on the OSPI School Apportionment and Financial Services Web site at: <http://www.k12.wa.us/safs/>.

The sources for Figures 23 through 27 are as follows:

All Certificated Staff

1978–79 through 1982–83, SPI Annual Salary Bulletins
1983–84 through 2004–05, SPI Report S-275 History Files

All Administrative Certificated Staff

1978–79 through 1982–83, SPI Annual Salary Bulletins
1983–84 through 2004–05, SPI Report S-275 History Files

All Instructional Certificated Staff

1978–79 through 1982–83, SPI Annual Salary Bulletins
1983–84 through 2004–05, SPI Report S-275 History Files

Basic Education Certificated Staff

1978–79 through 1982–83, SPI Annual Salary Bulletins
1983–84 through 2004–05, SPI Report S-275 History Files

Classified Staff

1978–79 through 1982–83, SPI Annual Salary Bulletins
1983–84 through 2004–05, SPI Report S-275 History Files

Figure 23 – Historical Comparison of Statewide School District Personnel Salaries, Annualized Average Salaries, and Per Capita Income

SCHOOL YEAR	ANNUALIZED AVERAGE BASE SALARY		WASH. AVERAGE	AVERAGE BASE SALARY AS A % OF AVERAGE INCOME		ADJUSTED TO CONSTANT 2002–03 DOLLARS			
	ALL CERTIFICATED	ALL CLASSIFIED	PER CAPITA INCOME	ALL CERTIFICATED	ALL CLASSIFIED	SCHOOL YEAR CPI-U	ALL CERTIFICATED	ALL CLASSIFIED	PER CAPITA INCOME
1980–81	22,430	14,040	11,630	193%	121%	88.1%	46,482	29,095	24,101
1981–82	24,158	15,233	12,024	201%	127%	94.6%	46,589	29,377	23,188
1982–83	24,681	15,440	12,685	195%	122%	98.6%	45,698	28,588	23,487
1983–84	25,667	16,249	13,447	191%	121%	102.5%	45,715	28,941	23,950
1984–85	26,806	17,099	14,096	190%	121%	106.4%	45,993	29,338	24,185
1985–86	27,562	17,505	14,884	185%	118%	109.0%	46,147	29,309	24,920
1986–87	28,673	A 18,038	A 15,568	184%	116%	112.3%	46,597	29,314	25,300
1987–88	29,683	A 18,732	A 16,360	181%	114%	116.7%	46,406	29,285	25,577
1988–89	30,756	A 19,577	A 17,558	175%	111%	122.0%	45,995	29,277	26,258
1989–90	32,085	A 20,518	A 19,201	167%	107%	128.4%	45,592	29,155	27,284
1990–91	34,826	A 21,560	A 20,063	174%	107%	134.4%	47,302	29,283	27,250
1991–92	36,665	22,715	21,391	171%	106%	138.9%	48,162	29,838	28,099
1992–93	37,698	23,562	21,945	172%	107%	143.1%	48,077	30,049	27,987
1993–94	37,777	23,837	22,541	168%	106%	147.0%	46,911	29,600	27,991
1994–95	38,100	24,042	23,548	162%	102%	151.0%	46,048	29,057	28,460
1995–96	39,900	B 25,092	24,861	160%	101%	155.4%	46,858	29,468	29,196
1996–97	39,868	B 25,314	26,368	151%	96%	159.3%	45,674	29,001	30,208
1997–98	40,914	B 26,332	28,231	145%	93%	162.2%	46,044	29,634	31,771
1998–99	40,900	B 26,662	29,774	137%	90%	165.4%	45,128	29,418	32,852
1999–2000	43,359	B 27,735	31,538	137%	88%	170.3%	46,456	29,716	33,791
2000–01	44,588	B 28,896	31,941	140%	90%	175.5%	46,375	30,054	33,221
2001–02	46,053	B 30,122	32,693	141%	92%	179.0%	46,962	30,717	33,338
2002–03	47,677	B 31,512	33,422	143%	94%	182.5%	47,677	31,512	33,422
2003–04	48,141	B 31,828	35,208	137%	90%	187.3%	49,675	32,842	36,330
2004–05	48,479	B 32,513	36,044	135%	90%	193.2%	48,479	32,513	36,044
SALARY NOTES					SOURCES				
A Includes vocational-technical institutes.					1980-91 "Organization and Financing of Washington Public School System"				
B Includes contractor staff.									
ABBREVIATIONS					PER CAPITA INCOME NOTES				
CPI-U = Consumer Price Index - Urban U.S.					Per capita income is influenced by the increase in two income families.				

Figure 24 – Historical Comparison of Statewide School District Personnel Full-Time Equivalents and Annualized Average Salaries

SCHOOL	CERTIFICATED STAFF								CLASSIFIED STAFF			
	ADMINISTRATION				INSTRUCTIONAL				TOTAL		TOTAL	
	CENTRAL		UNIT		TEACHERS		ESA's		FTE	SALARY	FTE	SALARY
YEAR	FTE	SALARY	FTE	SALARY	FTE*	SALARY	FTE**	SALARY	FTE	SALARY	FTE	SALARY
1980-81	1,136.5	35,307	2,304.2	32,721	35,599.7	21,267	3,677.9	23,255	42,719.0	22,430	21,402.3	14,040
1981-82	1,003.0	38,252	2,246.7	35,193	35,004.2	22,954	3,605.9	25,045	41,859.7	24,158	19,520.1	15,233
1982-83	909.3	39,311	2,190.0	35,746	34,117.0	23,485	3,470.3	25,622	40,686.0	24,681	18,962.8	15,440
1983-84	940.7	41,409	2,191.5	37,350	34,889.5	24,420	3,596.5	26,506	41,634.0	25,667	19,690.0	16,249
1984-85	967.6	43,395	2,276.9	38,902	35,727.1	25,505	3,736.8	27,728	42,735.0	26,806	20,465.0	17,099
1985-86	992.2	44,697	2,255.5	40,349	36,199.5	26,210	3,822.7	28,377	43,292.0	27,562	20,959.0	17,505
1986-87	1,007.8	46,883	2,186.0	42,354	37,126.9	27,285	3,995.3	29,503	44,321.0	28,673	21,590.0	18,038
1987-88	995.9	49,579	2,224.2	44,572	37,948.5	28,217	4,060.9	30,343	45,236.4	29,683	22,430.0	18,732
1988-89	1,022.0	52,049	2,266.0	46,720	38,818.0	29,199	4,193.0	31,331	46,338.0	30,756	23,489.0	19,577
1989-90	1,047.0	54,772	2,251.0	49,563	40,337.0	30,457	4,419.0	32,618	48,111.0	32,085	24,283.0	20,518
1990-91	1,055.6	59,220	2,334.1	53,376	41,918.6	33,079	4,627.0	35,674	49,996.9	34,826	25,791.0	21,560
1991-92	1,058.0	63,128	2,316.7	56,755	42,923.9	34,824	4,839.1	37,544	51,209.2	36,665	26,681.4	22,715
1992-93	1,046.5	65,585	2,397.1	59,293	44,328.9	35,761	5,035.2	38,598	52,955.4	37,698	28,249.9	23,562
1993-94	1,022.2	65,998	2,420.4	59,660	45,456.2	35,863	5,293.2	38,695	54,343.4	37,777	29,399.4	23,837
1994-95	1,032.9	66,811	2,462.2	60,360	46,346.5	36,149	5,547.2	39,058	55,563.3	38,100	30,485.6	24,042
1995-96	1,008.1	70,400	2,492.3	63,805	46,899.9	37,851	5,599.6	40,820	56,171.4	39,900	30,712.8	25,092
1996-97	1,017.1	71,378	2,561.9	64,276	48,212.6	37,812	5,695.7	40,649	57,673.0	39,868	31,757.4	25,314
1997-98	1,051.0	73,636	2,596.5	66,598	49,015.0	38,761	5,822.6	41,573	58,658.7	40,914	32,678.4	26,332
1998-99	1,059.3	74,495	2,621.4	67,314	49,597.6	38,693	6,009.3	41,600	59,457.9	40,900	33,118.7	26,662
1999-2000	1,075.8	78,183	2,658.2	70,892	50,238.6	41,047	6,346.7	44,132	60,488.0	43,359	34,195.9	27,735
2000-01	1,088.5	81,494	2,673.2	73,864	50,855.1	42,143	6,341.9	45,427	61,138.8	44,588	34,765.3	28,896
2001-02	1,142.6	84,703	2,713.3	77,238	52,566.7	43,470	6,592.9	47,030	63,204.2	46,053	35,638.5	30,122
2002-03	1,168.7	88,245	2,741.6	80,318	53,100.1	44,961	6,710.0	48,614	63,912.3	47,677	36,157.3	31,512
2003-04	1,146.6	89,363	2,751.0	80,957	52,892.4	45,437	6,747.2	48,848	63,721.8	48,141	36,041.7	31,828
2004-05	1,126.0	91,018	2,799.4	81,880	53,253.8	45,722	6,911.9	49,135	64,273.5	48,479		

I	Superintendent	Elementary Principal	Elementary Teacher	Library Media Specialist	Central Administration	Director/Supervisor
N	Assistant/Deputy Supt.	Elementary Vice Principal	Secondary Teacher	Counselor	Unit Administration	Aides
C	Other Administrators	Secondary Principal	Other Teacher	Physical/Occup. Therapist	Classroom Teachers	Crafts/Trades
L		Secondary Vice Principal		Social Worker	Educational Staff Assoc.	Laborers
U		Other Unit Administrators		Speech Path. or Audiologist	Duty 51 Extracurricular	Office/Clerical
D				Psychologist		Operators
E				Nurse		Professional
S				Reading Resource Spec.		Service Workers

Figure 25 – Historical Comparison of Statewide School District Personnel for All Programs and Basic Education Programs

ALL PROGRAMS	1995–96	1996–97	1997–98	1998–99	1999–2000	2000–01	2001–02	2002–03	2003–04	2004–05
All Certificated										
FTE staff	56,171.0	57,673.0	58,658.7	59,457.9	60,488.0	61,138.8	63,204.2	63,912.3	63,721.8	64,273.5
Annualized avg base salary	\$39,900	\$ 39,868	\$ 40,914	\$ 40,900	\$ 43,359	\$ 44,588	\$ 46,053	\$ 47,677	\$ 48,141	\$ 48,479
Avg. LEAP 1A mix	1.713	1.711	1.710	1.707	NA	NA	NA	NA	NA	NA
Avg. LEAP 1S mix	NA	NA	NA	NA	1.616	1.612	1.604	1.610	NA	NA
Derived base	\$ 23,295	\$ 23,297	\$ 23,923	\$ 23,955	\$ 26,827	\$ 27,668	\$ 28,715	\$ 29,609	\$ 30,523	\$ 31,488
Administrative Certs										
FTE staff	3,500.0	3,579.0	3,647.5	3,680.8	3,733.9	3,761.7	3,855.9	3,910.3	3,897.6	3,925.4
Annualized avg base salary	\$ 65,705	\$ 66,294	\$ 68,626	\$ 69,381	\$ 72,993	\$ 76,072	\$ 79,450	\$ 82,687	\$ 83,430	\$ 84,502
Avg. LEAP 1A mix	1.958	1.958	1.951	1.950	NA	NA	NA	NA	NA	NA
Avg. LEAP 1S mix	NA	NA	NA	NA	1.841	1.830	1.814	1.816	NA	NA
Derived base	\$ 33,560	\$ 33,858	\$ 35,177	\$ 35,587	\$ 39,649	\$ 41,577	\$ 43,801	\$ 45,535	\$ 47,177	\$ 49,416
Instructional Certs										
FTE staff	52,499.0	53,908.3	54,837.6	55,606.9	56,585.3	57,197.0	59,159.7	59,810.1	59,639.7	60,165.7
Annualized avg base salary	\$ 38,168	\$ 38,112	\$ 39,059	\$ 39,007	\$ 41,393	\$ 42,507	\$ 43,866	\$ 45,371	\$ 45,823	\$ 46,114
Avg. LEAP 1A mix	1.696	1.695	1.694	1.691	NA	NA	NA	NA	NA	NA
Avg. LEAP 1S mix	NA	NA	NA	NA	1.601	1.597	1.590	1.596	NA	NA
Derived base	\$ 22,503	\$ 22,490	\$ 23,057	\$ 23,064	\$ 25,852	\$ 26,618	\$ 27,591	\$ 28,420	\$ 29,289	\$ 30,175
Avg. supplemental	\$ 2,614	\$ 2,741	\$ 3,090	\$ 3,072	\$ 3,237	\$ 3,529	\$ 3,671	\$ 4,191	\$ 4,593	\$ 4,913
All Classified										
FTE staff	30,712.8	31,757.4	32,678.4	33,118.7	34,195.9	34,765.3	35,638.5	36,157.3	36,041.7	36,602.0
Annualized avg base salary	\$ 25,092	\$ 25,314	\$ 26,332	\$ 26,662	\$ 27,735	\$ 28,896	\$ 30,122	\$ 31,512	\$ 31,828	\$ 32,513

Figure 25 – Historical Comparison of Statewide School District Personnel for All Programs and Basic Education Programs

	1995–96	1996–97	1997–98	1998–99	1999–2000	2000–01	2001–02	2002–03	2003–04	2004–05
BASIC EDUCATION PROGRAMS										
All Certificated										
FTE staff	48,787.5	50,057.0	50,645.6	51,025.6	51,459.7	51,218.5	51,763.6	51,656.0	51,387.1	51,240.2
Annualized avg base salary	\$ 40,132	\$ 40,126	\$ 41,189	\$ 41,153	\$ 43,653	\$ 45,030	\$ 46,732	\$ 48,212	\$ 48,579	\$ 48,894
Avg. LEAP 1A mix	1.719	1.718	1.717	1.713	NA	NA	NA	NA	NA	NA
Avg. LEAP 1S mix	NA	NA	NA	NA	1.622	1.622	1.620	1.620	NA	NA
Derived base	\$ 23,344	\$ 23,352	\$ 23,986	\$ 24,025	\$ 26,911	\$ 27,768	\$ 28,839	\$ 29,756	\$ 30,683	\$ 31,669
Administrative Certs										
FTE staff	3,208.3	3,277.6	3,336.8	3,368.4	3,409.6	3,414.7	3,467.5	3,493.9	3,504.8	3,531.6
Annualized avg base salary	\$ 66,040	\$ 66,639	\$ 68,951	\$ 69,732	\$ 73,383	\$ 76,546	\$ 80,038	\$ 83,394	\$ 84,016	\$ 84,960
Avg. LEAP 1A mix	1.957	1.958	1.949	1.948	NA	NA	NA	NA	NA	NA
Avg. LEAP 1S mix	NA	NA	NA	NA	1.839	1.827	1.811	1.815	NA	NA
Avg. LEAP 1Sa mix	NA	NA	NA	NA	NA	NA	NA	NA	1.766	NA
Avg. LEAP 1Sb mix	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.707
Derived base	\$ 33,749	\$ 34,036	\$ 35,375	\$ 35,795	\$ 39,909	\$ 41,891	\$ 44,186	\$ 45,951	\$ 47,580	\$ 49,785
Instructional Certs										
FTE staff	45,420.0	46,608.0	47,150.4	47,501.4	47,903.3	47,642.0	48,129.6	47,983.4	47,715.9	47,546.9
Annualized avg base salary	\$ 38,291	\$ 38,257	\$ 39,213	\$ 39,120	\$ 41,524	\$ 42,760	\$ 44,322	\$ 45,632	\$ 45,962	\$ 46,196
Avg. LEAP 1A mix	1.702	1.701	1.701	1.696	NA	NA	NA	NA	NA	NA
Avg. LEAP 1S mix	NA	NA	NA	NA	1.606	1.607	1.606	1.606	NA	NA
Derived base	\$ 22,497	\$ 22,486	\$ 23,058	\$ 23,063	\$ 25,848	\$ 26,614	\$ 27,591	\$ 28,418	\$ 29,282	\$ 30,165
All Classified										
FTE staff	17,053.0	17,558.0	18,126.6	18,339.4	18,872.8	18,843.2	19,226.8	19,410.8	19,374.3	19,481.6
Annualized avg base salary	\$ 26,541	\$ 26,773	\$ 27,868	\$ 28,207	\$ 29,443	\$ 30,766	\$ 32,208	\$ 33,753	\$ 34,052	\$ 34,814

*Beginning in 1986–87, enrollment figures include P-240 enrollment and exclude special education program student FTEs. For 1988–89 through 1992–93, enrollment figures further excluded learning center program FTE. Beginning in 1993–94, former learning center enrollment and staff FTE were no longer reported in program 56 and so no longer required adjustment for calculation of these ratios. Also beginning in 1993–94, enrollment figures exclude Running Start program FTE. Beginning in 1995–96, enrollment figures exclude program FTE for University of Washington and direct-funded technical colleges. Enrollment figures for the same period are ht enrollments used for apportionment purposes. Only staff assigned to basic education are used in the computation of the ratios. Staff counts used in the ratios for 1978–86 include the basic education portion of special education program staff time.

**Source: SPI Form 1159. This measurement is made pursuant to chapter 392–140 WAC. Enrollment periods used in the calculation of these ratios may be selected by school districts and may differ among school districts.

***Beginning in 1999–2000 enhanced staffing for kindergarten through third grade was expanded to also include fourth grade.

Figure 26 – Certificated Instructional FTE in All Programs–LEAP 1Sb Placement

Exp. Years	Total	BA+0	BA+15	BA+30	BA+45	BA+90	BA+135	MA+0	MA+45	PhD / MA+90
0	1,894	759	44	22	146	123	0	504	191	105
1	2,408	848	124	66	179	160	0	576	311	145
2	2,525	745	233	123	208	162	0	531	370	153
3	2,876	518	297	201	304	236	0	668	450	202
4	2,939	265	301	220	304	238	0	832	527	252
5	2,742	142	185	168	359	224	0	879	502	284
6	2,700	89	147	127	366	256	1	785	584	346
7	2,496	56	77	112	340	263	3	700	583	363
8	2,262	35	51	71	320	252	4	557	575	398
9	2,060	17	27	50	299	244	1	464	553	404
10	1,924	17	25	37	280	210	4	364	519	469
11	1,876	10	18	29	265	246	8	303	536	461
12	1,951	10	12	26	289	269	10	252	546	537
13	1,913	2	6	22	248	287	23	237	511	578
14	1,891	4	7	16	228	299	31	194	474	637
15	1,926	4	3	15	198	336	41	155	494	678
16	1,710	5	4	11	179	332	38	115	423	603
17	1,678	3	4	11	148	298	53	109	393	660
18	1,574	0	4	5	123	311	52	67	349	664
19	1,544	3	0	4	108	341	35	63	323	667
20	1,541	1	1	6	101	319	57	61	297	697
21	1,418	1	1	5	82	309	61	51	280	627
22	1,345	3	1	11	69	256	69	38	260	637
23	1,249	1	1	4	66	280	76	45	217	560
24	1,316	2	2	1	51	242	82	45	248	643
25	1,405	0	0	4	60	237	129	54	228	694
26	1,323	1	0	2	46	236	143	37	198	659
27	1,214	0	2	5	46	220	140	33	160	609
28	1,268	2	2	3	38	250	156	33	166	619
29	1,052	0	1	1	23	211	131	27	137	521
30	974	0	2	0	38	166	133	16	123	496
31	814	0	3	1	31	140	116	19	117	388
32	650	1	3	3	23	117	91	11	102	299
33	488	0	0	2	18	80	77	11	63	238
34	357	0	0	1	13	55	66	10	42	169
35	277	0	1	0	8	46	56	6	31	128
36	190	0	0	0	6	32	41	6	25	79
37	149	0	0	1	5	26	35	4	13	66
38	86	0	0	0	2	18	23	2	4	37
39	61	0	0	1	1	6	11	1	13	29
40	40	0	0	0	3	4	9	0	8	15
41	17	0	0	0	1	5	7	0	3	1
42	19	0	1	0	3	1	2	0	2	9
43	5	0	0	0	0	0	3	0	0	2
44	6	0	0	0	0	0	1	0	1	4
45	2	0	0	0	0	2	0	0	0	0
46	1	0	0	0	0	0	1	0	0	0
47	1	0	0	0	0	0	0	0	1	0
48	2	0	0	0	0	0	0	0	0	2
49	1	0	0	0	0	1	0	0	0	0
53	2	0	0	0	0	0	1	0	1	0
	60,162	3,544	1,590	1,387	5,625	8,346	2,021	8,865	11,954	16,834

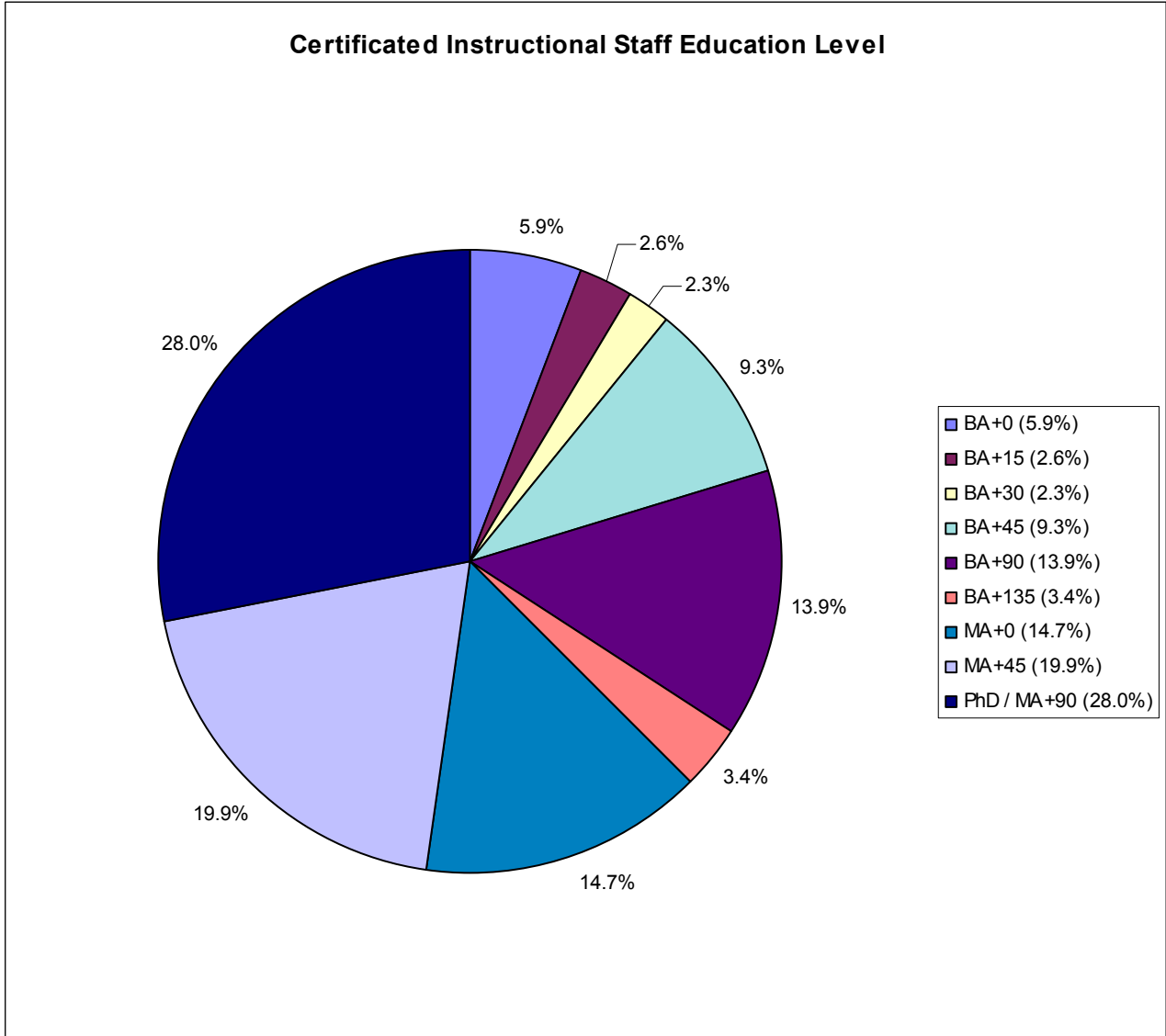


Figure 27– Historical Comparison of Statewide School District Staff Ratios K–12, K–3, and K–4 Staff Per 1,000 Enrolled Students

SY	Avg. Ann. Enroll. P-223*	K-12											K-3			K-4		
		All Education Programs						Basic Education Programs					Basic Education Programs			Basic Education Programs***		
		Certificated Staff						Report T-165B*					Report T-165A**			Report T-165A**		
		Admin Cert.	Unit	Instructional		Total Staff	Class. Total Staff	Ann. Enroll. 1191E	Certificated			Class. Total	Enroll.	Cert. Instr.	Instr. Assts.	Enroll.	Cert. Instr.	Instr. Assts.
Teach	ESAs			Admin	Instr.				Total									
80-81	722,623	1.57	3.19	49.26	5.09	59.12	29.62											
81-82	712,769	1.41	3.15	49.11	5.06	58.73	27.39	712,872			50.26	16.98						
82-83	701,777	1.30	3.12	48.62	4.94	57.98	27.02	701,875			49.61	16.87						
83-84	699,622	1.35	3.13	49.87	5.14	59.48	28.14	699,693			51.64	17.52						
84-85	702,550	1.38	3.24	50.85	5.32	60.79	29.13	702,681			52.45	17.91						
85-86	708,949	1.40	3.18	51.06	5.39	61.04	29.56	709,089			52.46	17.99						
86-87	720,744	1.40	3.03	51.51	5.54	61.49	29.96	698,961	4.08	49.14	53.22	18.75						
87-88	733,872	1.36	3.03	51.71	5.53	61.63	30.56	711,281	4.04	49.32	53.36	18.90						
88-89	748,417	1.37	3.03	51.87	5.60	61.91	31.38	724,228	4.02	49.55	53.57	19.11						
89-90	768,356	1.36	2.93	52.50	5.75	62.62	31.60	742,995	3.95	50.38	54.33	19.11	236,508	50.95				
90-91	795,736	1.33	2.93	52.68	5.81	62.83	32.41	768,602	3.93	50.59	54.53	19.31	242,034	52.44	2.91			
91-92	823,040	1.29	2.81	52.15	5.88	62.22	32.42	794,542	3.85	50.76	54.60	19.44	246,036	53.95	3.11			
92-93	849,759	1.23	2.82	52.17	5.93	62.23	33.23	819,338	3.80	50.75	54.55	19.54	248,455	54.32	3.19			
93-94	865,796	1.18	2.80	52.50	6.11	62.68	33.94	833,854	3.75	51.10	54.85	19.65	249,103	54.27	3.13			
94-95	882,097	1.13	2.83	53.06	6.31	62.87	34.56	847,966	3.76	51.28	55.04	19.76	250,070	54.60	3.24			
95-96	899,083	1.12	2.77	52.16	6.23	62.48	34.16	899,083	3.57	50.52	54.09	18.97	258,670	55.23	3.43			
96-97	917,504	1.11	2.79	52.53	6.21	62.84	34.60	917,504	3.57	50.80	54.37	19.14	264,358	55.39	3.48			
97-98	929,914	1.13	2.79	52.71	6.26	63.08	35.14	929,914	3.59	50.70	54.29	19.49	267,841	55.22	2.95			
98-99	938,974	1.13	2.79	52.82	6.40	63.32	35.27	938,974	3.59	50.59	54.18	19.53	268,575	55.36	2.91			
99-00	940,395	1.14	2.83	53.42	6.75	64.32	36.36	940,395	3.63	50.94	54.57	20.07	-	-	-	341,412	53.79	2.76
00-01	942,323	1.16	2.84	53.97	6.73	64.88	36.89	942,323	3.62	50.56	54.18	20.00	-	-	-	335,785	53.78	2.66
01-02	947,622	1.21	2.86	55.47	6.96	66.70	37.61	947,622	3.66	50.79	54.45	20.29	-	-	-	332,838	55.82	2.69
02-03	949,356	1.23	2.89	55.93	7.07	67.32	38.09	949,356	3.68	50.54	54.22	20.45	-	-	-	329,698	55.15	2.72
03-04	952,113	1.20	2.89	55.55	7.09	66.93	37.85	952,113	3.68	50.12	53.80	20.35	-	-	-	328,752	55.00	2.82
04-05	955,614	1.18	2.93	55.73	7.23	67.26	38.30	955,614	3.70	49.76	53.45	20.39	-	-	-	331,203	54.44	2.79

*Beginning in 1986–87, enrollment figures include P-240 enrollment and exclude special education program student FTEs. For 1988–89 through 1992–93, enrollment figures further exclude learning center program FTE. Beginning in 1993–94, former learning center enrollment and staff FTE were no longer reported in program 56 and so no longer required adjustment for calculation of these ratios. Also beginning in 1993–94, enrollment figures exclude Running Start program FTE. Beginning in 1995–96, enrollment figures exclude program FTE for University of Washington and direct-funded technical colleges. Enrollment figures for the same period are the enrollments used for apportionment purposes. Only staff assigned to basic education are used in the computation of the ratios. Staff counts used in the ratios for 1980–86 include the basic education portion of special education program staff time.

**Source: SPI Form 1159. This measurement is made pursuant to chapter 392–140 WAC. Enrollment periods used in the calculation of these ratios may be selected by school districts and may differ among school districts.

***Beginning in 1999–2000, enhanced staffing for kindergarten through third grade was expanded to also include fourth grade

This page left blank intentionally.

CHAPTER 12. SCHOOL ENROLLMENT**A. ENROLLMENT HISTORY**

Washington public school enrollment declined from 1970 through 1984, reaching a low of about 700,000 full-time equivalent (FTE) students in the 1983–84 school year. Since then enrollment has grown by 38 percent, reaching 966,262 FTE students in the 2004–05 school year. Additional growth of 0.6 percent is expected in the 2005–06 school year. Some major factors that affect enrollment growth:

- Demographics - The annual number of births per year in Washington increased from year to year from the 1970s to 1991. From 1992 to 1995, births declined. At the same time, more juniors and seniors are remaining in school. These two forces result in relatively small total enrollment increases.
- Immigration - More families are moving into Washington State than are moving out. New families moving to this state bring children that must be educated.

The tables presented in this chapter are intended to provide a statistical overview of pupils over the past decade.

Figure 28 shows average headcount enrollments for 1993–94 through 2004–05 as reported by school districts on Form P-223 and shown on SPI Report 1251H. Average headcount enrollment is the average number of individual students enrolled on the nine monthly count dates of the school year (September–May). (Counts are in thousands.)

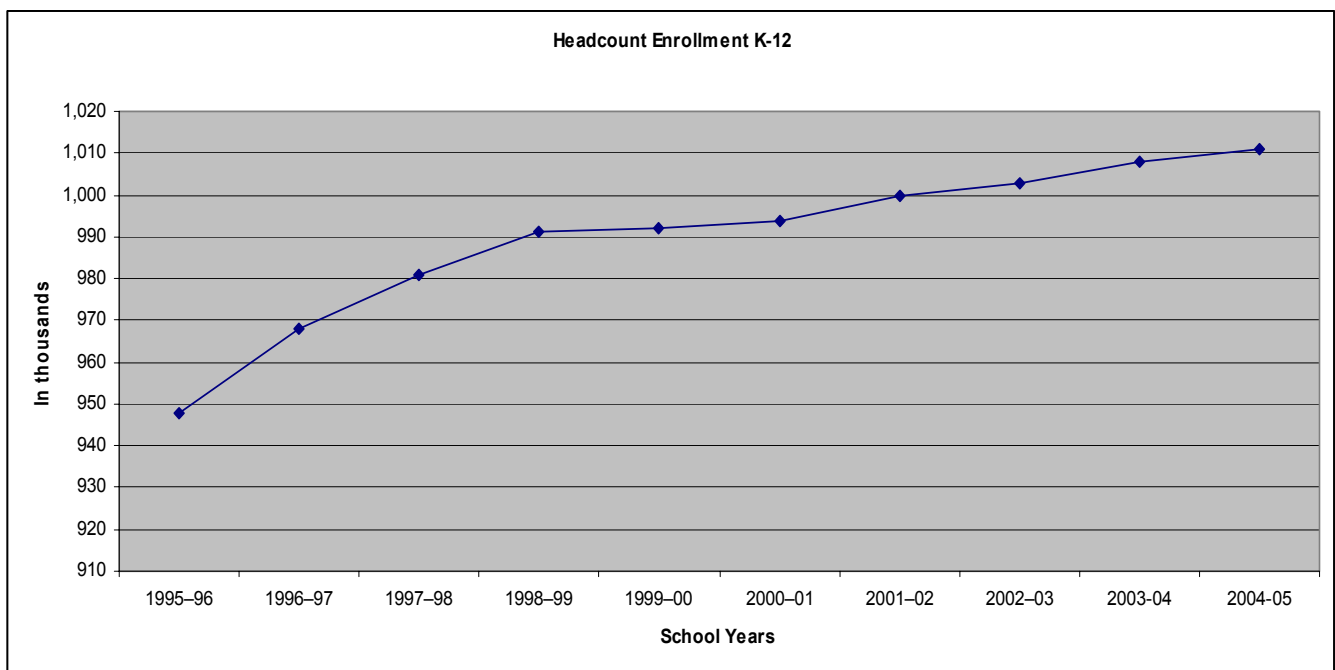
Figure 29 shows average full-time equivalent (FTE) students for 1995–96 through 2004–05 as reported by school districts on Form P-223 and shown on SPI Report 1251. Kindergarten students are counted as a maximum of one-half of an FTE. First through third grade students enrolled for 20 hours per week or more and fourth through twelfth grade students enrolled for 25 hours per week or more are counted as one FTE. Other enrollments reflect state funded summer school and ancillary services provided to private school or home school students.

Figure 30 shows special education enrollment by age category for 1995–96 through 2004–05 as reported on Form P-223H. Average special education enrollment is the average number of individual students in each category on eight count dates (October through May) from SPI Report 1735T.

Figure 31 shows private school enrollments from 1995–96 through 2004–05.

Figure 28 - Historical Comparison of Statewide School District Enrollments Average Annual Headcount

GRADE	1995-96 restated	1996-97 restated	1997-98 restated	1998-99 restated	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
K	74	74	73	71	69	68	68	69	71	72
1	76	78	78	78	76	74	74	73	74	75
2	74	76	78	77	77	75	73	74	73	74
3	74	75	77	79	78	78	77	74	74	73
4	75	75	75	77	79	78	78	77	75	75
5	76	76	75	76	78	80	79	79	78	76
6	75	76	77	76	76	79	81	80	80	79
7	76	76	77	78	77	77	79	82	81	81
8	75	16	76	77	77	77	78	79	82	81
9	77	80	82	84	85	86	85	86	88	89
10	71	74	77	77	78	79	80	79	80	82
11	64	67	69	71	72	73	74	75	75	77
12	59	61	63	65	67	67	68	70	72	73
SUMMARY										
K	74	74	73	71	69	68,487	68	69	71	72
GR. 1-3	224	229	233	234	231	226,960	224	220	221	222
GR. 4-6	226	227	228	229	233	236,753	239	236	233	230
GR. 7-8	150	152	153	155	154	153,829	157	161	163	162
GR. 9-12	271	283	291	297	302	303,829	307	311	315	320
RUNNING START	3	3	4	4	4	4,570	5	5	6	6
TOTAL	948	968	982	990	993	994,428	1,000	1,002	1,009	1,012

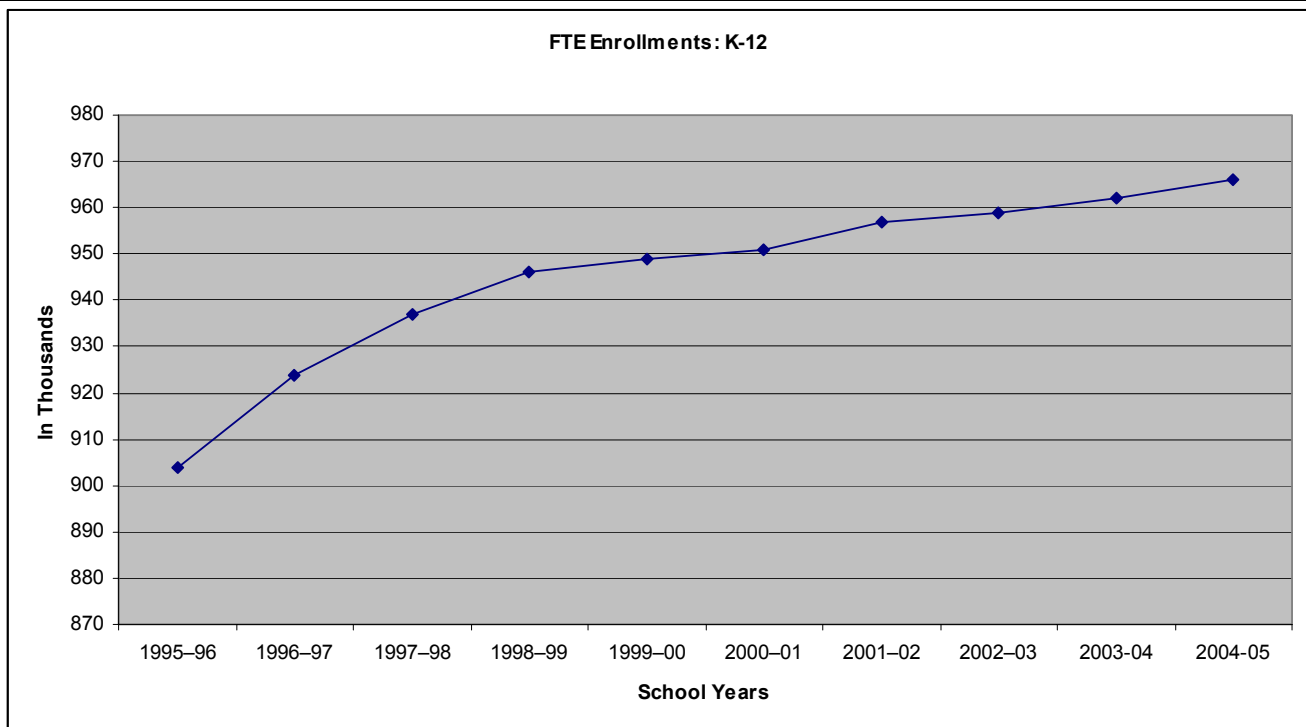


Footnote: Certain years, as noted, have been restated to consistently include the Running Start enrollments in the total amounts.

Source: SPI Form P-223, Monthly Report of School District Enrollment Eligible for Basic Support.

Figure 29 - Historical Comparison of Statewide School District Enrollment Average Annual FTE Enrollment

GRADE	1995-96 restated	1996-97 restated	1997-98 restated	1998-99 restated	1999-00 restated	2000-01 restated	2001-02 restated	2002-03 restated	2003-04	2004-05
K	36,843	36,751	36,430	35,612	34,236	34,212	34,163	34,698	35,281	35,796
1	75,822	78,105	77,795	77,829	75,692	73,490	73,620	72,570	74,027	74,835
2	73,679	76,032	78,145	77,391	76,980	75,295	73,237	73,448	72,444	74,061
3	73,801	74,675	76,673	78,747	77,648	77,799	76,371	74,051	74,294	73,300
4	75,187	74,641	75,227	77,311	78,854	78,284	78,325	76,940	74,941	75,232
5	75,581	75,991	75,303	75,775	77,589	79,599	79,187	78,966	77,698	75,665
6	75,272	76,285	76,468	75,813	76,060	78,321	80,435	79,605	79,700	78,373
7	75,521	75,861	76,908	77,330	76,201	76,803	79,168	81,237	80,358	80,464
8	74,321	75,330	75,800	76,707	76,718	76,317	77,185	79,081	81,525	80,802
9	76,482	79,730	81,394	82,980	84,094	84,803	84,353	85,311	86,700	88,360
10	70,665	73,277	75,705	76,649	77,404	77,689	78,855	78,071	79,135	81,137
11	61,522	64,257	65,656	67,424	68,034	68,832	70,489	71,574	71,031	72,098
12	54,305	56,505	58,101	59,258	60,983	60,954	62,193	63,956	65,226	65,855
SUMMARY										
K	36,843	36,751	36,430	35,612	34,236	34,212	34,163	34,698	35,281	35,796
GR. 1-3	223,302	228,812	232,612	233,967	230,319	226,583	223,230	220,069	220,765	222,195
GR. 4-6	226,040	226,917	226,998	228,900	232,504	236,205	237,947	235,512	232,340	229,269
GR. 7-8	149,842	151,191	152,708	154,038	152,919	153,120	156,353	160,318	161,883	161,265
GR. 9-12	262,974	273,768	280,856	286,311	290,515	292,278	295,890	298,912	302,091	307,451
RUNNING START *	4,452	5,510	6,251	7,002	7,467	7,938	8,306	8,814	9,351	9,761
OTHER*	735	518	579	548	525	707	678	523	632	634
TOTAL	904,288	923,467	936,434	946,378	948,485	951,043	956,567	958,846	962,342	966,371

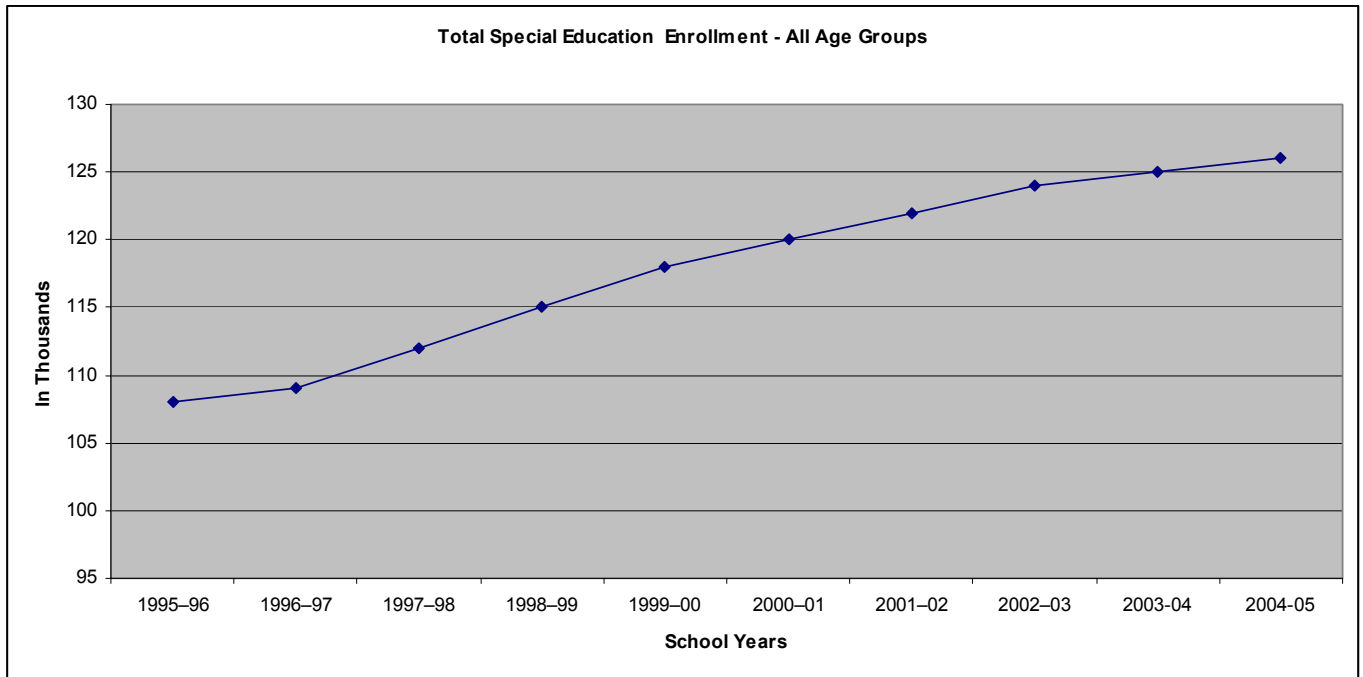


Footnote: Certain years, as noted, have been restated to include Other Enrollments. Other Enrollment includes enrollment in summer school, ancillary services and the University of Washington. Prior to 1995-96 these were not reported on the P-223.

Source: SPI Form P-223, Monthly Report of School District Enrollment Eligible for Basic Support

Figure 30 - Historical Comparison of Statewide School District Enrollments Average Special Education Program Headcount Enrollment

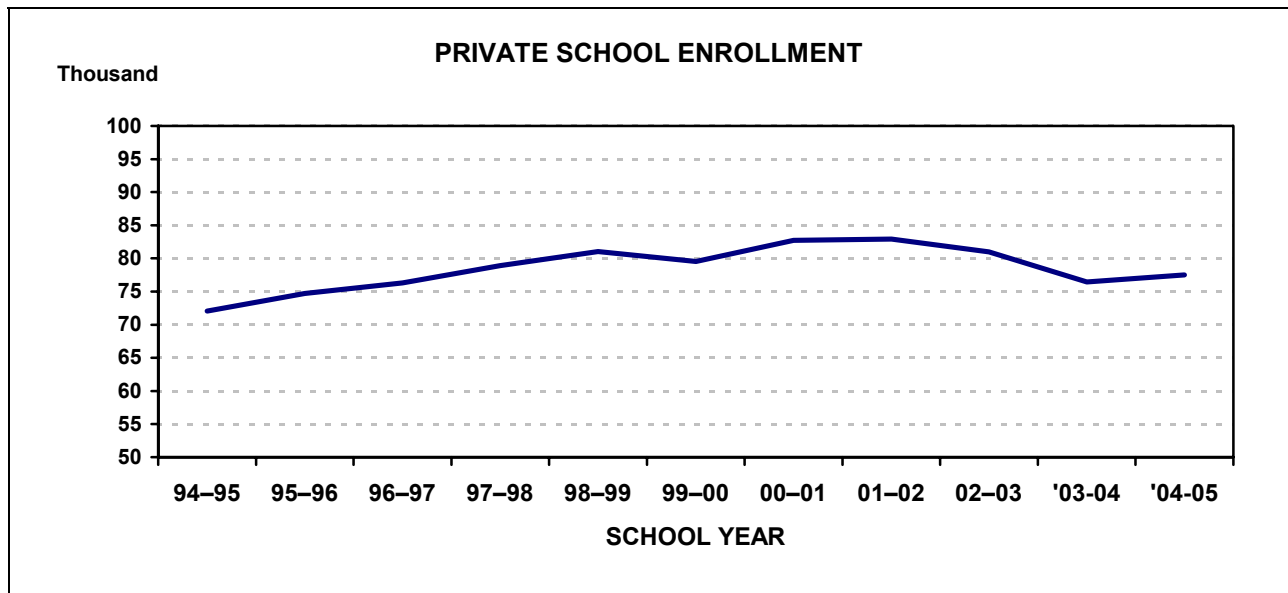
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
AGE 0-2	1,761	1,691	1,733	1,793	1,887	1,966	2,224	2,459	2,614	2,960
AGE 3-21	106,666	107,749	110,575	113,633	116,215	118,333	120,226	121,801	122,639	123,152
TOTAL	108,426	109,440	112,308	115,426	118,102	120,299	122,450	124,260	125,253	126,112



Source: SPI Form P-223H, Monthly Report of School District Special Education Enrollment.

**Figure 31 – Approved Private School and Student Enrollment
Ten Year History (1995–2005)**

Total Approved Private Schools and Student Enrollments By Year		
Year	Schools	Enrollment
1995–96	455	74,709
1996–97	470	76,306
1997–98	465	78,926
1998–99	468	81,048
1999–00	498	79,543
2000–01	493	82,729
2001–02	505	82,938
2002–03	492	80,985
2003–04	477	76,432
2004–05	449	77,496



Source: SPI Form P-105B School Enrollment Report - Private School.

B. CHOICE ENROLLMENT

In 1990 the Legislature passed the Student Enrollment Options law (Chapter 9, Laws of 1990 1st extraordinary session), also known as the Choice law. The chief elements of the Choice law are:

Interdistrict Choice which facilitates transfers of students between school districts.

Intradistrict Choice which requires districts to adopt policies regarding transfers between schools within the district.

Running Start which permits students to attend a community or technical college and simultaneously earn high school and college credit.

7th and 8th Grade Choice which permits seventh and eighth grade students to earn high school credit for qualifying courses.

The Choice law also requires school districts to publicize student enrollment options.

With the exception of 7th and 8th grade Choice, the enrollment options existed in some form before the passage of the Choice law. Many districts allowed interdistrict and/or intradistrict transfers. Several districts allowed students to fulfill high school graduation requirements by taking selected community college courses.

The Choice law broadens these options. It requires all districts to adopt interdistrict and intradistrict transfer policies and makes it more difficult to deny the release of a student to another district. It allows students to gain high school credit for most community college and technical college courses. And it gives greater publicity to the enrollment options. Beginning with 1993–94, it prohibits school districts from charging a transfer fee or tuition.

The Superintendent of Public Instruction does not collect data on transfers between schools or districts or community college credit.

The Choice laws are codified within RCW 28A.225; seventh and eighth grade Choice laws are codified in RCW 28A.230.

CHAPTER 13. SCHOOL DISTRICT GENERAL FUND REVENUES AND EXPENDITURES

This chapter presents several figures displaying summaries of General Fund revenues and expenditures as reported on the school district's annual financial statement, the F-196. Summaries for the 2004–05 fiscal school year cover the period September 1, 2004, through August 31, 2005.

Figure 32 shows expenditures for all funds. Note that General Fund expenditures make up over 78% of all school district expenditures. The General Fund is used for the day-to-day maintenance and operations of the districts. The other funds are used for special purposes such as school construction and remodeling (Capital Projects) and Associated Student Body activities. Expenditures for the other funds are discussed in Chapters 8, 9, and 10.

All 296 school districts and nine ESDs submit their annual financial statement to the Office of Superintendent of Public Instruction after the close of the school year. Revenue and expenditure reports are summarized and consolidated in the *Financial Reporting Summary* published each year by OSPI. The publication is available on the School Apportionment and Financial Services Web site under "Publications" at <http://www.k12.wa.us/safs/>. District-to-district comparisons are available in the publication. Most comparisons are made by grouping districts of similar enrollment sizes based on the number of full-time equivalent students and by county. The *Financial Reporting Summary* is particularly useful to districts during budget preparation and provides information to individuals and groups interested in the financial operations of school districts and ESDs in the state of Washington.

PUBLIC SCHOOL DISTRICTS
Figure 32 – Expenditures by Fund
2004–05 School Year

Fund	Dollars	% of Total	\$ Per Student FTE
General Fund	\$ 7,724,204,969	78.0%	\$ 7,876
Capital Projects Fund			
Building	983,554,055	9.9%	1,003
Equipment	116,165,776	1.2%	118
Sites	71,855,124	0.7%	73
Energy	17,047,529	0.2%	17
Debt Principal	1,707,870	0.0%	2
Interest and Other	6,067,494	0.1%	6
Total CPF Expenditures	1,196,397,848	12.1%	1,220
Debt Service Fund			
Principal	505,884,491	5.1%	516
Interest	320,873,420	3.2%	327
Total DSF Expenditures	826,757,911	8.3%	843
Transportation Vehicle Fund			
Equipment	41,552,503	0.4%	42
Debt Principal	826,028	0.0%	1
Interest and Other	412,442	0.0%	0
Total TVF Expenditures	42,790,973	0.4%	44
Associated Student Body Fund	118,283,508	1.2%	121
Permanent Fund	22,697	0.0%	0
Total Expenditures All Funds	\$ 9,908,457,906	100.0%	10,103

Source: SPI Report F-196 Annual Financial Statements for School Districts.

Figure 32 displays a summarized total of all district funds for the 2004–05 school year. A fund is defined as a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations. Total average annual FTE pupil enrollment for 2004–05 is used to calculate the dollars per FTE pupil calculation.

PUBLIC SCHOOL DISTRICTS
Figure 33 – General Fund Expenditures by Program
2004–05 School Year

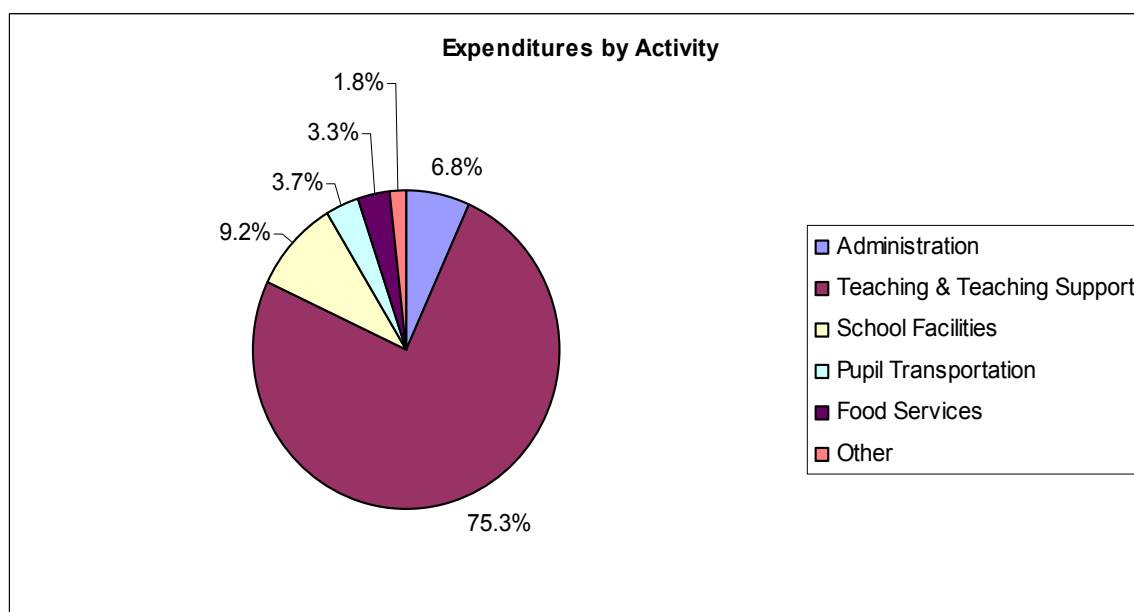
Fund	Dollars	% of Total	\$ Per Student FTE
Basic Instruction	\$ 4,108,491,880	53.2%	\$ 4,189
Special Education	793,216,632	10.3%	809
Vocational/Skills Center	274,227,875	3.5%	280
Pupil Transportation	317,335,372	4.1%	324
School Food Services	273,367,984	3.5%	279
Compensatory Education			
Disadvantaged	167,136,179	2.2%	170
Learning Assistance	63,944,152	0.8%	65
Limited English Proficiency	9,198,590	0.1%	9
Special and Pilot Programs	14,994,881	0.2%	15
Institutions	14,549,074	0.2%	15
All Others	442,063,044	5.7%	451
Total Compensatory Education	711,885,920	9.2%	726
Other Instruction			
Highly Capable	10,841,279	0.1%	11
Traffic Safety Education	5,260,478	0.1%	5
Targeted Assistance	1,229,684	0.0%	1
All Others	94,873,824	1.2%	97
Total Other Instruction	112,205,265	1.5%	114
Community Support	39,587,147	0.5%	40
Other Support Services	1,093,886,895	14.2%	1,115
Total Expenditures – All Programs	7,724,204,970	100.0%	7,876

Source: SPI Report F-196 Annual Financial Statements for School Districts.

Figure 33 presents a summarized comparison of district student expenditures by program for the 2004–05 school year. Total average annual FTE pupil enrollment for 2004–05 is used to calculate the dollars per FTE pupil calculation and not the enrollment in the individual programs. Programs of expenditures describe the categories that are directly involved in the instruction and education of students.

PUBLIC SCHOOL DISTRICTS
Figure 34 – General Fund Expenditures by Activity
2004-05 School Year

Activity	Dollars	% of Total	\$ Per Student FTE
Administration	\$ 522,730,487	6.8%	533
Teaching & Teaching Support	5,816,596,361	75.3%	5,931
School Facilities	711,868,271	9.2%	726
Pupil Transportation	283,609,519	3.7%	289
Food Services	254,065,510	3.3%	259
Other	135,334,821	1.8%	138
Total Expenditures	\$ 7,724,204,969	100.0%	7,876



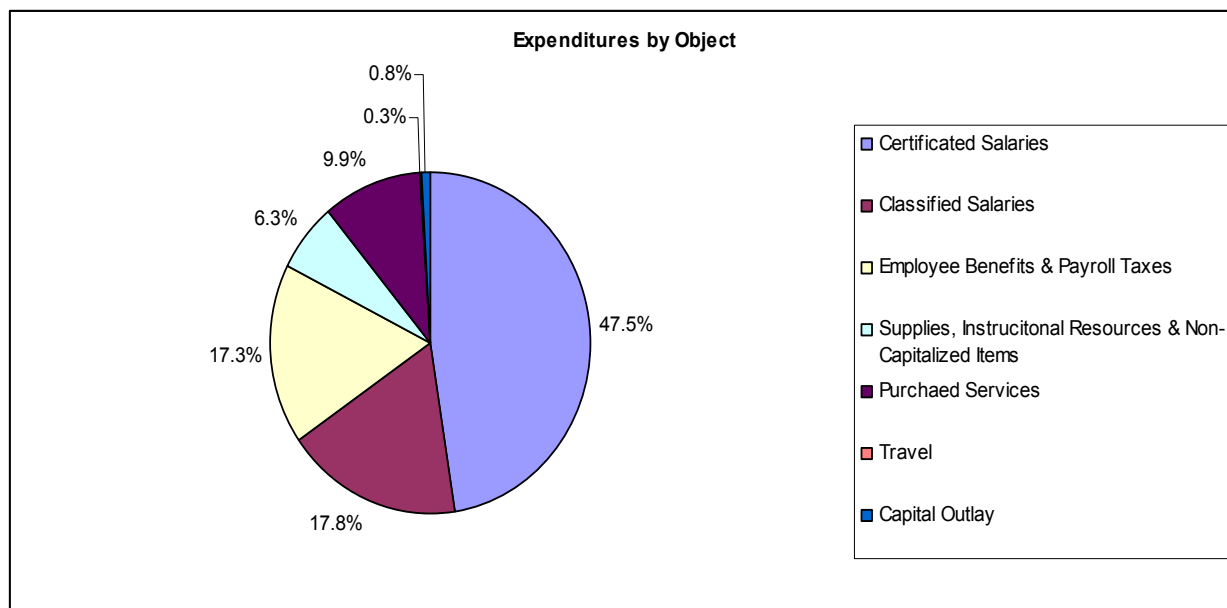
Source: SPI Report F-196 Annual Financial Statements for School Districts.

Figure 34 presents a summarized comparison of district expenditures by activity. Activities categorize district expenditures by a functional area.

* Administration expenditures include building principals and the supervision of the food services, transportation, and the grounds and maintenance activities.

PUBLIC SCHOOL DISTRICTS
Figure 35—General Fund Expenditures by Object
2004–05 School Year

Object	Dollars	% of Total	\$ Per FTE
Certificated Salaries	\$ 3,669,755,934	47.5%	\$ 3,742
Classified Salaries	1,375,624,347	17.8%	1,403
Employee Benefits & Payroll Taxes	1,334,248,077	17.3%	1,360
Supplies, Instructional Resources & Non-Capitalized Items	489,157,007	6.3%	499
Purchased Services	768,539,312	9.9%	784
Travel	24,957,682	0.3%	25
Capital Outlay	61,922,610	0.8%	63
Total Expenditures	7,724,204,969	100.0%	7,876



Source: SPI Report F-196 Annual Financial Statements for School Districts.

Figure 35 presents a summarized comparison of district student expenditures by object. Objects of expenditures describe the general nature of the goods or services required to accomplish the objectives of the program and activity.

PUBLIC SCHOOL DISTRICTS
Figure 36—State Summary - General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended August 31, 2005

Revenues	
Local	1,547,207,617
State	5,364,756,460
Federal	782,704,425
Other	44,725,547
<i>Total Revenues</i>	<i>7,739,394,049</i>
Expenditures	
Regular Instruction	4,089,791,857
Special Education Instruction	791,771,264
Vocational Education	241,709,952
Skills Center Instruction	22,989,335
Compensatory Education	706,487,562
Other Instructional Programs	109,679,749
Community Services	39,350,503
Support Services	1,658,632,241
Capital Outlay	61,922,610
Debt Service Principal	1,501,813
Interest and Other	368,083
<i>Total Expenditures</i>	<i>7,724,204,969</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>15,189,080</i>
Other Financing Sources (Uses)	
Bond Sales	1,729,487
Long-Term Financing	690,942
Transfers In	2,142,262
Transfers Out	(29,935,138)
Other Sources	556,579
<i>Total Other Financing Sources (Uses)</i>	<i>(24,815,868)</i>
<i>Excess of Revenues/Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<i>(9,626,788)</i>
Beginning Fund Balance (September 1, 2004)	584,450,616
Correction of Prior Year(s) Errors	(319,823)
Ending Fund Balance (August 31, 2005)	574,504,005

Source: SPI Report F-196, Annual Financial Statement for School Districts.

Figure 36 includes capital expenditures for all areas under the line item “Capital Outlay”.

PUBLIC SCHOOL DISTRICTS
Figure 37 - School District General Fund Revenue
Sources of Revenue by Percent

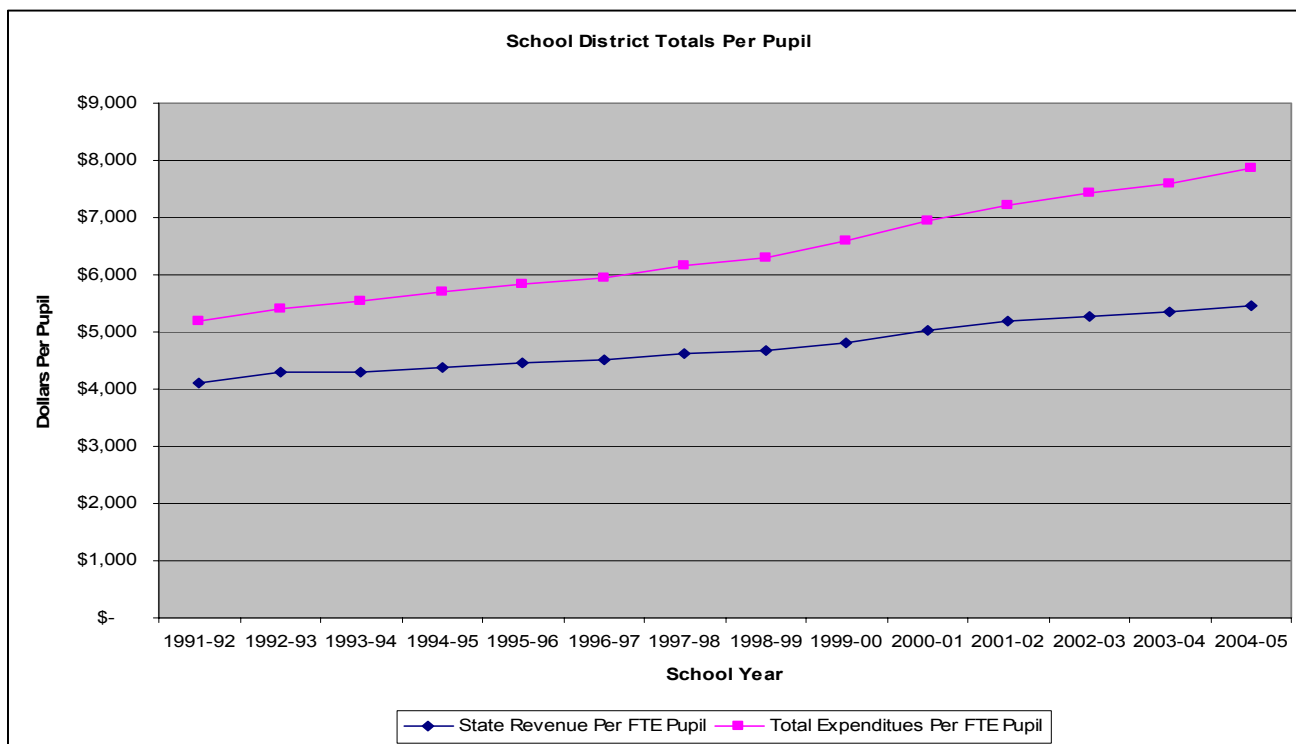
School Year	Local Taxes	State Revenue	Federal Revenue	Local Fees and Other Revenue
1973-74	36.80%	47.28%	8.19%	7.73%
1974-75	31.95%	50.94%	9.03%	8.08%
1975-76	20.72%	61.72%	9.35%	8.21%
1976-77	21.34%	60.40%	9.06%	9.20%
1977-78	23.70%	57.02%	9.01%	10.27%
1978-79	20.20%	59.95%	8.98%	10.87%
1979-80	11.36%	70.87%	8.33%	9.44%
1980-81	7.90%	73.57%	8.59%	9.94%
1981-82	8.77%	79.71%	6.20%	5.32%
1982-83	10.85%	77.68%	6.58%	4.89%
1983-84	11.15%	77.51%	6.38%	4.96%
1984-85	10.92%	78.18%	6.09%	4.81%
1985-86	11.01%	77.74%	6.71%	4.54%
1986-87	11.17%	78.14%	6.56%	4.13%
1987-88	11.75%	77.78%	6.41%	4.06%
1988-89	11.88%	77.43%	6.47%	4.22%
1989-90	11.82%	77.74%	6.25%	4.19%
1990-91	11.50%	78.50%	6.00%	4.00%
1991-92	11.89%	78.46%	5.98%	3.67%
1992-93	12.47%	78.08%	5.98%	3.47%
1993-94	13.60%	76.61%	6.22%	3.57%
1994-95	13.78%	76.28%	6.29%	3.65%
1995-96	14.12%	75.76%	6.18%	3.94%
1996-97	14.70%	75.00%	6.32%	3.98%
1997-98	14.35%	73.95%	7.12%	4.57%
1998-99	15.91%	73.95%	7.12%	3.02%
1999-00	15.16%	72.58%	7.71%	4.55%
2000-01	15.22%	71.87%	8.20%	4.71%
2001-02	15.12%	71.22%	8.84%	4.82%
2002-03	15.59%	70.21%	9.46%	4.74%
2003-04	16.12%	69.71%	9.79%	4.38%
2004-05	16.24%	69.27%	10.11%	4.38%

Source: SPI Report F-196 Annual Financial Statements for School Districts.

PUBLIC SCHOOL DISTRICTS

Figure 38—Historical Comparison of Statewide School District General Fund Revenues and Expenditures Per Pupil

School Year	Total FTE Enrollment	Total Revenue Per FTE Pupil	State Revenue Per FTE Pupil	Total Expenditures Per FTE Pupil
1991-92	836,827	\$ 5,241	\$ 4,112	\$ 5,196
1992-93	860,764	5,500	4,294	5,417
1993-94	880,700	5,601	4,291	5,532
1994-95	899,203	5,750	4,386	5,702
1995-96	917,652	5,902	4,472	5,845
1996-97	936,395	6,019	4,514	5,953
1997-98	949,349	6,186	4,611	6,169
1998-99	959,541	6,318	4,672	6,292
1999-00	961,449	6,616	4,802	6,586
2000-01	964,037	6,987	5,024	6,945
2001-02	969,838	7,301	5,200	7,225
2002-03	972,639	7,512	5,274	7,436
2003-04	976,466	7,651	5,339	7,598
2004-05	980,716	7,891	5,470	7,876



Sources: SPI Form F-196, Annual Financial Statement for School Districts.
 Per pupil is calculated using SPI Form P-223 plus enrollment reported in programs for preschool special education, and state institutions.

Figure 38 presents a 12-year comparison of total revenues and state revenues per pupil with total expenditures per pupil.

CHAPTER 14. HISTORY OF EDUCATION IN WASHINGTON

A. FIRST SCHOOLS

The first known school in the Oregon Country was taught during the winter of 1832–33 at Fort Vancouver by John Ball, a graduate of Dartmouth College, who had come west with Nathaniel Wyeth, a Boston merchant who attempted to build a fur-trading and salmon fishing business in Oregon. Ball agreed to teach the children of the fort, including the son of Dr. John McLoughlin, the fort's factor. His class contained mostly Indian and part Indian children of several different tribes.¹

About the time that John Ball began his school at Fort Vancouver, a Spokane Indian, Spokane Garry, started a school among his people near Spokane Falls within the present city limits of Spokane. The school structure was 20 by 50 feet and made of poles over which were stretched tulle or reed mats. In 1825 young Garry had been taken to the Red River Valley by Sir George Simpson, governor-general of the Hudson's Bay Company. Garry spent five years there studying both English and French in addition to the Christian religion. On his return to Spokane, he began to preach and teach among the Indians.²

Other schools, conducted by missionaries, lasted for a period of some ten years, but none of these early schools, except those at Fort Vancouver and Willamette, continued after 1847. In November 1852, the first school for white children on Puget Sound was opened in his home in Olympia by the postmaster, A. W. Moore. Three such schools were in existence north of the Columbia River by the end of 1853.

B. ESTABLISHMENT OF COMMON SCHOOL SYSTEM

The common school system of the State of Washington dates from the passage in 1854 of the basic common school law of Washington Territory by the first territorial Legislature. This law was enacted in response to a stirring address to the Legislature by Governor Isaac I. Stevens, first territorial governor, urging that special attention be given to public education. It provided for the formation of school districts by action of the county superintendent, created the offices of school director and county superintendent and prescribed the duties of these officers, authorized the levying of a school district tax by vote of the electors, and created the Permanent School Fund.

C. EARLY ADMINISTRATION OF COMMON SCHOOLS

Although the first territorial Legislature established the offices of county superintendent and directors of school districts, it failed to provide for a chief school administrative officer for the territory. During the next 18 years, except for the one year—1861–62—the highest school administrative office in the territory was that of the county superintendent. No qualifications were required of this official. The term was one year; the salary set at \$25 (increase possible); and the duties were to visit schools, to examine persons wishing to teach, to divide the inhabited part of the county into school districts, and to continue to make such divisions as the need arose.

In 1861 the Legislature established the office of Territorial Superintendent of the Common Schools and appointed B. C. Lippincott of Olympia as superintendent for a term of three years. His duties were to collect information about the schools, to make an annual report of such information to the Legislature, and to make recommendations for improvements. His report, made in 1862, showed 53 schools in the territory and more than 2,000 children between 4 and 21 years.³

¹ Bolton, Frederick E. and Bibb, Thomas W. *History of Education in Washington*. U.S. Bulletin No. 9. Washington D.C.: U.S. Government Printing Office, 1935. pp. 33–35.

² *Ibid* p. 41.

³ Washington Territory. "Report of the Territorial Superintendent of Common Schools." House Territorial Journal for 1861. Olympia, Washington: State Printing Plant.

The territorial superintendent of schools was removed from office and the office itself abolished in 1862 because of Lippincott's recommendation against the establishment at that time of a territorial university. In 1871 the Legislature created the office of Territorial Superintendent of Public Instruction, the superintendent to be elected for a term of two years by the two houses of the Legislature in joint session. Nelson Rounds, who had just resigned as president of Willamette University, was appointed superintendent. Except for Lippincott's report in 1861, little is known about the schools of the territory until Rounds made his report in 1872.

Since no provision had been made by law for the maintenance of the territorial superintendent's office. Rounds and his successors maintained their offices in their homes. As a result, six towns served at times as the Territory's school center—Olympia, Goldendale, Waitsburg, Port Townsend, Garfield, and Ellensburg.

Establishment of Territorial Board of Education

The Legislature established the Territorial Board of Education in 1877. The board consisted of the Territorial Superintendent of Public Instruction and one person from each of the three judicial districts to be appointed for a term of two years by the Governor with the approval of the Legislature. The chief duties of this board were to adopt textbooks and to prepare a course of study for the common schools. The composition and duties of this board remained practically unchanged until statehood in 1889.

D. GROWTH AND DEVELOPMENT OF COMMON SCHOOLS DURING TERRITORIAL PERIOD

The Legislature in 1854 established three months as the minimum length of the school term, but reports of the superintendents indicate this was extended until, when Washington became a state in 1889, the term ranged from three to eight months with an average of four and one-half months.⁴

Other noteworthy developments during the territorial period were (1) establishment of graded schools (made mandatory in 1877 for towns having 500 or more pupils), (2) beginning of the movement for the uniting of school districts for purposes of improving educational services, and (3) extension of the powers and duties of boards of directors of school districts to permit more expeditious and effective operation of schools. Authority of the board to employ a superintendent of schools for the district and to levy a specified local district tax with authorization of the voters was established by law prior to statehood.

E. FINANCIAL SUPPORT OF COMMON SCHOOLS 1854 TO 1956

Support during Territorial Period

Common school support has been recognized as the joint responsibility of the territory or state, the county, and the local district since enactment of the first school law by the Territorial Legislature of 1854. The question at issue throughout the years has been the measure of responsibility of each unit.

In establishing the Permanent School Fund, the 1854 Legislature provided that the interest from the fund should be divided annually among the school districts of the territory on the basis of the number of census children in each district. The support accruing to local districts from this source was relatively small throughout the territorial period because the amount of the Permanent School Fund was extremely limited. The law of 1854 also provided that each board of county commissioners should levy a two-mill county property tax, the proceeds to make up a county school fund to be used for matching on a fifty-fifty basis the funds raised by local district taxation. To be eligible for county matching funds, a school district had to operate a school for three months

⁴ Washington Territory. Superintendent of Public Instruction. *Ninth Report of Superintendent of Public Instruction, 1889*. Tacoma, Washington: Puget Sound Printing Company, 1889. pp. 33–35.

during each school year. Although this early law governing school support was modified from time to time, no adequate provision was made for the support of schools in all districts during the entire territorial period. Only those districts that had a substantial per-pupil valuation found it possible to maintain schools for six months or more during each year.

State Support since Statehood

The principles on which state financial support of education are based may be found in Sections 1 and 2 of Article IX of the State Constitution: first, that it is “the paramount duty of the State to make ample provision for the education of all children residing within its borders;” and second, that there shall be “a uniform system of public schools.” In accordance with these principles, when Washington became a state it continued apportioning the interest from the Permanent School Fund to the districts. In 1895 the Barefoot School Boy Law was enacted by the Legislature providing for an annual state tax which, when added to the interest of the Permanent School Fund, would equal \$6 per annum for each child of school age residing in the state.

The amount of state support was increased later by the Legislature from \$6 to \$8 for each census child; later still to \$10; and, in 1920, to \$20. Subsequent to 1920 the following increases in the amount of state support were made by legislative acts: in 1933, to 25 cents for each day of attendance credit computed in the manner prescribed by law or \$45 per annum; in 1945, to 30 cents per day or \$54 per annum; and in 1953, to 40 cents per day or \$72 per annum.

In addition, the 1937 Legislature adopted a special equalization plan whereby the relatively poor districts were given additional state funds to supplement their resources to approximately the state average. Furthermore, since 1943 the state has provided supplemental allotments to districts where special conditions, such as necessarily small classes in the small schools, call for the expenditure of additional funds to maintain reasonable standards of school service.

County Support since Statehood

The first state legislature made provision for the continuance of county support for schools by increasing the territorial county school levy from 2 mills to a millage that should be not less than 4 mills or more than 10.⁵ This more than doubled county school support. In 1909 the county fund was changed to equal the state’s \$10 for each census-counted child.

When state school support was changed in 1933 to the attendance day basis, the amount of county support was also changed to 5 cents for each day of attendance credit. This amount was changed from time to time until 1949 when it was fixed at 10 cents for each day of attendance credit, but the county property tax as the source of the revenue was eliminated. The necessary funds were paid to the counties from the proceeds of the statewide motor vehicle tax. Finally, in 1951, the amount of county support was fixed at 17 cents for each day of attendance credit, the funds to be derived from a 1 percent excise tax on the sale of real estate within each county supplemented by allotments from the proceeds of the statewide motor vehicle tax to make up the deficiency, if any, in receipts from the real estate excise tax.

⁵ Laws of Washington, 1889–90. p. 374, sec. 52.

Local District Support since Statehood

From the date of admission of the state into the Union until 1951, boards of directors of school districts possessed almost uniformly the power to authorize a 10 mill school district tax levy without a vote of the electors. In 1951, this levy was fixed by law at 12 mills; in 1953, at 14 mills. Any levy in excess thereof has required authorization by the voters. In addition, the tax limitation law now in effect provides that no excess levy may be made unless approved by a three-fifths majority at an election in which the number of persons voting on the proposition equals or exceeds 40 percent of the number of votes cast in the school district at the last general election in the district.

INDEX

—A—

Appropriations Act, 12
 Associated Student Body Fund, 38, 109

—B—

Basic Education Act, 12, 14, 21, 52
 Basic education allocation, 52
 Better Schools, 15, 78
 Bilingual education, 74
 Board of directors, 31
 Budget process, 37
 Business and occupation tax, 45

—C—

Capital Projects Fund, 38, 68, 101, 103
 Certificated administrative salaries, 57
 Certificated instructional salaries, 56
 Choice law, 134
 Classified salaries, 57
 Commission on Student Learning, 13, 15
 County administered forests, 68

—D—

Debt Service Fund, 38, 68, 101, 103, 105
 Definitions
 AAFTE, 52
 Basic education certificated instructional staff, 53
 CAS, 57
 CIS, 57
 ESD, 28
 Form F-195, 37
 Form F-196, 41
 Form F-203C, 37
 FTE, 52
 Headcount, 70
 IEP, 22
 LEA, 72
 LEAP, 56
 NERC, 67
 RCW, 11
 SLD, 23
 TAV, 84
 WAC, 20
 Derived base salary, 56
 District classification, 32
 Doran Decision I, 21
 Doran Decision II, 21
 Doran Decision III, 22

—E—

Education centers, 36
 Education for All Act, 68
 Education Reform, 13, 74
 Educational service districts, 28
 Enrollment increases, 55
 Enrollment-generated staff units, 52
 ESD Nursing Corps, 77
 Excess levies, 81

—F—

Federal Forests, 68
 Federal in lieu of taxes, 68
 Financial reports, 38
 Fire district payments, 68
 Fringe benefits, 67

—G—

General accounting practices, 38

—H—

High and nonhigh school districts, 32
 Highly capable students program, 78
 Home and hospital allocation, 70
 Home-based instruction, 36
 Home-based student enrollments, 56

—I—

Initiative 728, 15, 79
 Institutional education, 76
 Insurance benefits, 67
 interdistrict cooperative, 85

—L—

LAP, 73
 LEAP Document 12E, 57
 LEAP Document 1S, 56, 57
 Legal foundation, 11
 Levy authority, 82
 Levy base, 83
 Levy lid, 82
 Local deductible revenues, 67
 Local Effort Assistance, 72

—M—

Maintenance And Operation Levies, 81

Maintenance salaries, 57
 Mathematics Helping Corps, 76
 Mentor teacher assistance, 76

—N—

Nonemployee-related cost, 67
 Nonhigh participation, 84
 Nonhigh school districts, 32
 Nonpublic agencies, 33

—P—

Payment schedule, 40
 Private school enrollments, 56
 Private schools, 32
 Property tax, 45
 Pupil transportation, 70
 Pupil-teacher ratios, 120

—R—

Remediation Assistance Act, 73
 Ridership, 70
 Running start, 56, 134

—S—

Safety net, 22, 70
 Sale of bonds, 102
 Sales tax, 45
 School district audits, 42

School Districts, 31
 Small schools, 54
 Special education allocation, 68
 Special levies, 81
 Staff mix factor, 56
 State Board of Education, 20, 25
 State constitution, 11
 State forests, 68
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance, 38
 Substitute teacher pay, 67
 Summer enrollments, 56
 Superintendent of public instruction, 20, 25
 Superintendent's duties, 31

—T—

Tax authority, 48
 Timber excise tax, 84
 Transitional Bilingual Education, 74
 Transportation Vehicle Fund, 38, 72, 107
 Trust Funds, 38, 109

—V—

Vocational - Secondary and Skills Centers, 55

—W—

Washington Administrative Code, 20
 Washington Assessment of Student Learning, 13