
APPENDIX F
Budget and Sustainability

July 19, 2011

Bruce H. Hawkins
Superintendent
Educational Service District 123
3918 West Court St.
Pasco, WA 99301

Dear Bruce:

This letter represents the agreement for indirect cost rates for fiscal years 2011-2012 and 2012-2013.

As the cognizant agency for ESDs under Circular A-87, Attachment E, Section D (1)(b), the Office of Superintendent of Public Instruction (OSPI) is authorizing the following agreement with the nine ESDs:

- For the period of September 1, 2011 to August 31, 2013, a predetermined restricted rate of nine percent (9%) is allowed to be charged against federal grants from the U.S. Department of Education. A rate of eleven percent (11%) is allowed to be charged against state grants which pass through OSPI or any other state agency. **ESDs are allowed to charge their individually calculated rate (based on the submitted methodology) for all unrestricted federal grants.** These rates are to be charged consistently by all ESDs unless otherwise limited by other federal or state provisions.

All cooperative arrangements between ESDs; ESDs and school districts; or ESDs and other entities are not subject to these requirements. Administrative charges that are part of cooperative agreements, fee for service programs, and other contracts may be determined by the ESDs and their customers under the terms of these agreements.

Indirect costs exclude all space and occupancy which have been charged to programs directly. Space and occupancy costs are allowed to be charged directly to programs per the 90 day letter that the ESDs submitted to the U.S. Department of Education in 2006.

Bruce H. Hawkins
July 19, 2011
Page Two

Additionally, each ESD is required to submit by February 1st of each year, an indirect cost plan calculating the subsequent year's rate. The use of these calculated rates is contingent upon the approval from the U.S. Department of Education, Office of the Chief Financial Officer, as noted above.

If you have any questions or need additional information, please contact JoLynn Berge, Director of School Apportionment and Financial Services, at 360.725.6301.

Sincerely,

Shawn Lewis
Chief Financial Officer

APPENDIX (F)(1)-2

ESHB 2261 (Summary As Passed the Senate) SUMMARY OF 2261 CHANGES

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| <p>Expanded Definition of Basic Education</p> | <p>An expanded program of basic education and the funding to support it is phased in according to a schedule adopted by the Legislature but fully implemented by 2018.</p> <p>Including:</p> <ul style="list-style-type: none"> • Increased instructional hours to 1000 or 1080 (depending on the grade level & according to an implementation schedule adopted by the Legislature) • Opportunity to complete 24 credits high school graduation (subject to Legislative phase-in) • Transportation to & from school (using new funding formula based on predicted costs phased-in beginning 2013) • All-day Kindergarten (continue to phase-in highest poverty schools first) • Highly Capable (at current 2.314% of student enrollment) • Early Learning <ul style="list-style-type: none"> - Intent to establish program for at-risk children as basic education. - Creates a work group to develop program, as a Washington Head Start program, & report to the Quality Education Council. <p>Full implementation by 2018.</p> |
| <p>Prototypical Schools Funding Formula</p> | <ul style="list-style-type: none"> • For allocation purposes only. • Based on staff and non-staff costs to support instruction and operations in prototypical schools, including enhancements for highly capable, CTE, AP & IB, LAP, Bilingual, and special education. • Creates a Funding Workgroup to recommend details of formula. |
| <p>Transportation to and from school</p> | <ul style="list-style-type: none"> • No later than September 1, 2013, begin phasing-in the new funding formula & current funding based on the radius mile is discontinued. • A new student transportation allocation formula is based on the average predicted costs to school districts. • Beginning September 1, 2013, OSPI must report to the Legislature on the efficiency of school district transportation operations. • OSPI makes quarterly updates to the Legislature on the new formula. |
| <p>Quality Education Council (QEC)</p> | <p>Creates the Quality Education Council</p> <ul style="list-style-type: none"> • Membership: <ul style="list-style-type: none"> - 8 legislators (4 House/4 Senate) - 5 educational agency representatives (Office of the Governor, OSPI, SBE, PESB, & DEL) • Purpose: To recommend & inform the ongoing implementation by the Legislature of an evolving program of basic education & financing. <ul style="list-style-type: none"> - Develop strategic recommendations & update every 4 years. - Identify measurable goals & priorities for a 10-year period for the educational system, including ongoing strategies to eliminate the achievement gap & reduce dropout rates. - Consider the OSPI system capacity report. • Initial report: By Jan. 1, 2010, to include recommendations on: <ul style="list-style-type: none"> - Resolving issues requiring legislative action during the 2010 session - A statewide teacher mentoring & support system - An early learning program for at-risk children - An implementation schedule for concurrent phase-in of changes to the basic education program & the funding to support the changes - A phase-in of the new transportation formula (beginning no later than Sept. 1, 2013) <p>Does not expire.</p> |

Working Groups**Funding Working Group** (convened by OFM with OSPI)

- **Members:** LEAP, district financial managers, WASBO, BEA, WASA, AWSP, WSSDA, PSE, & other interested stakeholder with expertise in education finance.
- **Purpose:**
 - **Develop details of funding formulas**
 - **Recommend implementation schedule for phase-in of increases in program & funding**
 - **Examine possible sources of revenue to support increases**
- **Report:** To the Legislature by **December 1, 2009**

Early Learning Work Group (convened by OSPI with DEL)

- **Members:** Head Start & ECAEP providers, school districts, Thrive-by-Five, & other stakeholders with expertise in early learning.
- **Purpose:** **Develop the basic education program of early learning**, including recommendations for:
 - A statewide WA Head Start program
 - Student eligibility criteria and parameters & minimum standards for the program
 - Options for a service delivery system
 - Options for shared governance between OSPI & DEL
 - Continued development of a statewide kindergarten assessment
- **Reports:** To the QEC by **September 1, 2010, September 1, 2011, and September 1, 2012**

Levy & Levy Equalization Working Group -- Beginning July 2010 (convened by OFM with OSPI)

- **Purpose:** **Develop a new system of supplemental school funding** through local levies & levy equalization & recommend:
 - A phase-in to ensure no district suffers a decrease in funding from one school year to the next due to the new system of supplemental funding
- **Members:** Dept. of Revenue, LEAP, district financial managers, WASBO, WEA, WASA, AWSP, WSSDA PSE, & other interested stakeholders with expertise in education finance.
- **Report:** To the Legislature by **December 1, 2011**

Compensation Working Group -- Beginning July 1, 2011 (convened by OFM)

- **Intent:** To begin the process of developing an enhanced salary allocation model that is collaboratively designed.
- **Purpose:** **Recommend the details of an enhanced salary allocation model that aligns educator development & certification with compensation**, including:
 - A concurrent implementation schedule
 - How to reduce the number of tiers within the existing salary allocation model
 - How to account for regions of the state where it may be difficult to recruit & retain teachers
 - The role of and types of bonuses available
 - Ways to accomplish salary equalization over a set number of years
 - Cost estimates, including a recognition that staff on the existing salary allocation model would have the option to grandfather permanently to the existing schedule
 - AND Conduct a comparative labor market analysis of school employee salaries & other compensation
- **Members:** Dept. of Personnel, PESB, OSPI, WEA, WASA, AWSP, WASA, WSSDA, PSE, & other interested stakeholders with appropriate expertise in compensation related matters.
- **Reports:** To the Legislature by **December 1, 2012**, including whether additional work is necessary.

APPENDIX (F)(1)-2

ESHB 2261 (Summary As Passed the Senate) SUMMARY OF 2261 CHANGES

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| <p>Data</p> | <p>The K-12 Data Governance Group is established in OSPI.</p> <p><u>Purpose:</u> To assist in the design & implementation of a data improvement system for financial, student, & educator data, including:</p> <ul style="list-style-type: none"> - Identifying critical research & policy questions - Identifying reports & other information that should be made available on the Internet - Creating a comprehensive needs requirement document - Conducting a gap analysis - Focusing on financial & cost data necessary to support the new K-12 financial models & funding formulas - Defining the operating rules and governance structure for K-12 data collections <ul style="list-style-type: none"> • Districts that can meet the requirements must report the data. Legislative funding will establish which data subset is required. • <u>Reports:</u> By OSPI to Legislature by November 15, 2009, and September 1, 2010. • SBE must work with the Education Data Center in OFM to determine the feasibility of using the prototypical school funding allocation model as a tool for both allocating and reporting expenditures. |
| <p>Accountability</p> | <p><u>Intent</u></p> <ul style="list-style-type: none"> • State & school districts share accountability for achieving state educational standards & supporting continuous school improvement. <p><u>SBE accountability work to continue:</u></p> <ul style="list-style-type: none"> • Develop an Accountability Index to identify schools & districts for recognition & additional state support. • Develop a proposal for voluntary state support & assistance for schools & school districts accommodating capacity limitations of the system. Changes that have a fiscal impact take effect only if formally authorized by the Legislature. • By December 1, 2009, develop proposal and timeline for implementation a system for schools & districts that do not improve through voluntary support system, which takes effect only if formally authorized by the Legislature. The proposal must include: <ul style="list-style-type: none"> - An academic performance audit using peer review teams of educators; - A requirement for the local school board to develop and implement a corrective action plan taking into account the audit findings; - When the school board's plan is approved by the SBE then the plan becomes binding on the school district; - OSPI monitors the school district progress. • SBE with OSPI must seek federal approval of the accountability index and the state system of support, assistance, and intervention. |
| <p>Teacher Standards & Certification</p> <p><i>NOTE: In 2009, the PESB membership was reduced from 20 to 12 Governor appointees & SPI. A majority of the members must be active practitioners.</i></p> | <p>By January 1, 2010, PESB must:</p> <ul style="list-style-type: none"> • Adopt performance standards for effective teaching, including to the extent possible, cultural competency standards. • Adopt a definition of master teacher that includes teachers with National Board certification. • Update Legislature on the status of implementing the ProCert assessments already in development. • Recommend a proposal for a classroom-based means of evaluating student-teacher effectiveness during the student-teaching field experience, which includes multiple measures of performance. • Recommend length of time a residency certificate is valid. PESB must consult with WEA, WASA, AWSP, & WSSDA and include stakeholder comments with the recommendation <p>No earlier than September 1, 2011, begin awarding the Professional Certificate based on a minimum of 2-years of successful teaching experience as defined by the PESB</p> <p>Beginning January 1, 2011, teacher prep programs will be required to demonstrate how the program produces effective teachers.</p> |